

4/12/00

Overview:

Negot.

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Contracts

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FILE

UNIVERSITY OF ALASKA

Statewide Administration

Renee Howell
Senator Sean Parnell's Office
Alaska State Legislature

Dear Ms. Howell:

Below is the information you requested on estimated faculty contract salary increases by funding source. The three-year estimate for the general fund portion of the request was detailed in the information sheets provided earlier in the session (attached). The general fund increment estimates for FY02 and FY03 are based on the assumptions in the current budget request. The FY01 general fund salary increments are calculated based on number of faculty positions and the portion of positions budgeted on general fund and student tuition and fees. The non-general fund increments are calculated based on number of faculty positions and the portion of positions budgeted on federal and university receipts.

Student tuition and fee revenue has been flat since FY96, with full funding for the university budget, tuition revenue estimates will be revised and could cover up to 15% of the estimated general fund increment in FY02 and FY03.

University of Alaska
FY01-FY03
Bargaining Unit Salary Increment Estimates

| | Year 1 FY01 | Year 2 FY02 | Year 3 FY03 | Total Increment | Cumulative Cost |
|------------------|----------------|----------------|----------------|--------------------|--------------------|
| ACCF | | | | | |
| General Fund | 428.5 | 440.0 | 450.0 | 1,318.5 | 2,615.5 |
| Non General Fund | 1.0 | | | 1.0 | 3.0 |
| Total Funds | 429.5 | 440.0 | 450.0 | 1,319.5 | 2,618.5 |

| | Year 1 FY01 | Year 2 FY02 | Year 3 FY03 | Total Increment | Cumulative Cost |
|-------------------------|----------------|----------------|----------------|--------------------|--------------------|
| United Academics | | | | | |
| General Fund | 1,145.7 | 1,375.0 | 1,400.0 | 3,920.7 | 7,587.1 |
| Non General Fund | 114.1 | 136.9 | 164.3 | 415.3 | 780.4 |
| Total Funds | 1,259.8 | 1,511.9 | 1,564.3 | 4,336.0 | 8,367.5 |

If you have any further questions or concerns, please contact me at 474-2602.

Sincerely,

Pat Pitney

UNIVERSITY OF ALASKA
SUMMARY OF CONTRACT SETTLEMENT WITH UNITED ACADEMICS
February 2000

Introduction

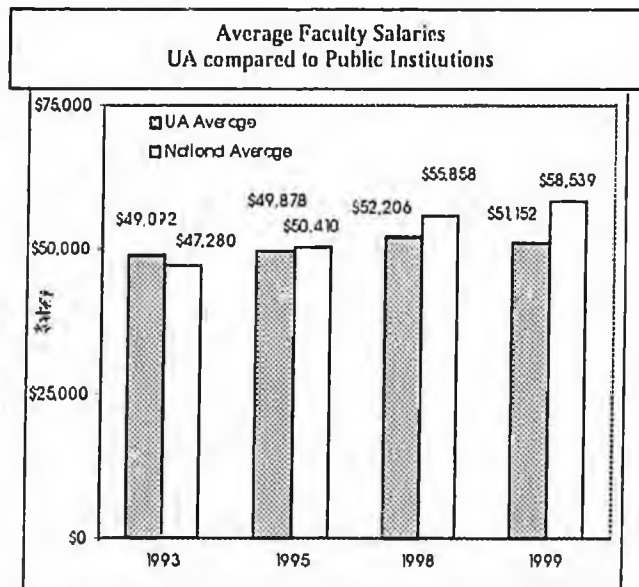
The University's ability to recruit and retain the most qualified faculty is critical to achieving our teaching, research, and service mission. The faculty members represented by United Academics (675) deliver high quality instruction and research, and provide university and public service on UA's Anchorage, Fairbanks, and Southeast campuses.

Background

Collective bargaining negotiations often divert faculty and administrative resources from our students to the battle at the bargaining table. Last month, the administration and United Academics agreed to an expedited negotiation that would not harm the educational process. The process resulted in a reasonable agreement, meeting the needs of the administration, the faculty, and most important our students.

The National Context

The University of Alaska recruits its faculty from a national (and in some cases international) market, in large part because the University has a limited number of programs that prepare faculty for university teaching and research. As the following figure demonstrates, faculty salaries across the nation have increased much more than salaries at UA and now exceed them.



Economic Highlights

Provide 2.6% annual across the board increases; provide a 0.6% pool for promotions, equity, and retention; provide a 0.8% pool for non-base merit bonuses to recognize extraordinary performance as determined by administration; and maintain that increases are subject to legislative approval and funding. (Note, last year, faculty contracts nationally, resulted in a 4.8% average increase.) The general fund increment request for FY01 is \$1,145,700. Based on the current membership, additional funding requirements for FY02 and FY03 are estimated at \$1,375,000 and \$1,400,000 respectively.

Provide three health benefits options to the union – (1) maintain current coverage, (2) withdraw from all UA health plans, (3) or participate in another UA health plan – such as the UA 2000 plan currently offered to non-represented employees; and clarify that costs in excess of the university's defined contribution are based on the participants in a particular plan.

Discontinue annual \$400 lump sum payment.

Operational Highlights

The agreement is for three years, January 1, 2001 through December 31, 2003. Streamline and improve faculty evaluation processes.

**Highlights of
January 01, 2001 to December 31, 2003
Agreement Between
United Academics & University of Alaska**

Duration

- 3 years, January 1, 2001 to December 31, 2003

Compensation

- Lift salary cap for purpose of raises;
- 2.6% across the board raises on July 1 2001, 2002 & 2003;
- .6% pool for promotions, retention and equity;
- .8% pool for non-base merit bonuses determined solely by management – awards not subject to grievance process;
- FY01 Merit paid Across the Board.

Health Benefits

- Retain current defined contribution plan with no entitlement to participant pool;
- Discontinue annual \$400 lump sum payment.

Sabbatical Leaves

- Add one-semester leaves at 3 months pay. Eliminate grievances.

Evaluation of Faculty

- Streamline and improve evaluation processes;
- Clarify confidentiality of faculty evaluator votes.

Contract Extensions

- Allow sick leave accrual on certain contract extensions.

Department Heads/Chairs

- Increase discretion of dean to compensate heads/chairs;
- Provide heads/chairs an optional role in evaluating faculty.

Dispute Resolution

- Limit arbitrations to grievances filed by United Academics;
- Limit discrimination grievances to union activity.

Negotiations

- Limit compulsory negotiation window.

COLLECTIVE BARGAINING AGREEMENT

Between the

UNIVERSITY OF ALASKA

and the

ALASKA COMMUNITY COLLEGES'
FEDERATION OF TEACHERS

July 1, 2000 – June 30, 2003

ARTICLE 1

Agreement

1.1 Term of Agreement

- A. The effective dates of this Agreement are July 1, ~~1997-2000~~ to June 30, ~~2000~~2003.
- B. All appendices to this Agreement are incorporated as a part of this Agreement.
- C. After June 30, ~~2000~~2003, this Agreement shall be renewed from year to year through June 30 of the following year, unless written notice that changes are desired is given by either party to the other party. If notice is provided by either party, the Agreement shall expire the following June 30. Such written notice must be given not later than June 30 of the year preceding the expiration of the agreement. Negotiations shall begin not later than September 1, and the parties agree to meet no less than two days each week until December 1, unless otherwise agreed to in writing by the parties. If agreement is not reached by December 1, the parties mutually agree to be at deadlock and to request mediation under AS 23.40.190.
- D. One copy of this Agreement shall be provided each Faculty Member for the term of this Agreement.

1.2 Recognition of Rights

The terms of this Agreement together with the conditions of appointment not inconsistent with this Agreement constitute the terms of the appointment of each Faculty Member. Written conditions of appointment shall be signed by the Faculty Member to acknowledge receipt.

1.3 Sharing of Information

- A. The University and the Union shall make available on written request all information which is reasonably required or legally necessary for the negotiation and implementation, application and administration of this Agreement. Information is to be provided on a cost reimbursable basis when the cost per information request exceeds one hundred dollars (\$100). Information requested under this paragraph shall be provided within ten (10) working days. If either party is unable to meet this time frame, the other party shall be notified of the approximate date the information will be provided.
- B. Neither of the parties shall be required to provide the other with information which is privileged, is confidential or which would require revealing personnel information of

a private nature, or which has been gathered specifically for purposes of preparing for or conducting collective bargaining.

- C. Nothing in this section is to be construed so as to require either party to compile information or statistics in the form requested if such data is not already compiled in the form requested.
- D. The University shall provide to the Union a current listing of the names of Faculty Members each biweekly pay period.

1.4 Negotiations

- A. Negotiations shall be scheduled at times and places that provide minimal interference with the instructional, administrative, and other employment duties of the negotiating teams. Unless otherwise agreed to by the parties, negotiations shall be held in Anchorage.
- B. Faculty Members who serve as negotiators shall be excused without prejudice from class duties as necessary during the course of negotiations. A University approved substitute shall be provided by the Faculty Member or the Union. Faculty Members serving as negotiators may be released from their entire professional assignment during negotiations, provided that the Union pays the cost of University substitutes. Such cost for substitutes shall not exceed one thousand dollars (\$1,000) per credit hour, or three thousand dollars (\$3,000) per three credit course.

ARTICLE 2

Definitions

As used in this Agreement and except as the context may otherwise require:

Adult Basic Education (ABE) includes any non-credit basic skill program, including GED, High School Diploma, English as a Second Language (ESL) and other adult skills or life skills.

Board means the Board of Regents of the University of Alaska.

Campus Executive means, as the context requires, either the community college campus President, extended site Director, or campus Chancellor.

Campus President means Director as used in AS 14.40.590.

Chief Academic Officer (CAO) means the title of Provost, Vice Chancellor for Academic Affairs, or Dean of Academic Affairs at the University of Alaska Anchorage, the University of Alaska Fairbanks, or the University of Alaska Southeast.

Community College means the physical facility or facilities of a community college established by the Board of Regents pursuant to the Alaska Community Colleges Act, AS 14.40.560, et seq., including but not limited to Prince William Sound Community College.

Date of this agreement means the date on which the agreement was signed between the parties.

Dependent means any dependent as defined by the Internal Revenue Code, as amended, and Internal Revenue Service Regulations.

Extended Site means an educational facility or facilities not located on the principal campuses of the University of Alaska Anchorage, the University of Alaska Fairbanks and the Juneau campuses of the University of Alaska Southeast, including but not limited to: the Bristol Bay Campus, Chukchi Campus, Interior-Aleutians Campus, Kenai Peninsula College, Ketchikan Campus, Kodiak College, Kuskokwim Campus, Matanuska-Susitna College, Northwest Campus, Sitka Campus, and Tanana Valley Campus.

Faculty Member or Bargaining Unit Member means an employee covered by Article 9.1, Recognition of the Union.

Primary Campus means the campus at which the Faculty Member's Chancellor resides (Anchorage, Fairbanks, or Juneau).

Temporary Employee means a person employed for a period of one semester or less.

Union or ACCFT means the Alaska Community Colleges' Federation of Teachers, Local 2404, AFL-CIO.

University means the University of Alaska.

University Policy means the Board of Regents' Policy and University Regulation in effect on ~~the date of this Agreement~~ April 12, 1997. Unless otherwise specifically provided in this Agreement, any statement within Board of Regents' Policy or University Regulation which may refer to the right of the University to alter Board of Regents' Policy or University Regulation notwithstanding, it is the intention of the parties that the Board of Regents' Policy and University Regulation referenced in this Agreement are those in effect on ~~the date of this Agreement~~ April 12, 1997. No change in policy, regulation, or rule made after the date of this Agreement shall extend or abridge any right established by this Agreement during the period that this Agreement is in force, except through agreement with the Union.

ARTICLE 3

Rights of the Faculty Member

3.1 Academic Freedom and Responsibility

- A. The University and the Union agree that academic freedom is essential to the mission of the University and that providing the environment of free and honest inquiry is essential to its functioning. Nothing contained in this Agreement shall be construed to limit or abridge any person's right to free speech or to infringe upon the academic freedom of any member of the University community.
- B. Academic freedom is accompanied by the corresponding responsibility to provide objective and skillful exposition of one's subject, to at all times be accurate, to exercise appropriate restraint, to show respect for the opinions of others and to indicate when appropriate that one is not an institutional representative.

3.2 Nondiscrimination

Neither the University nor the Union shall discriminate on any basis prohibited by law, including union-related activity.

3.3 Personnel Files

- A. The University maintains two official personnel files, one called the Employment Record File and the other the Academic Record File, for each Faculty Member. The Employment Record File shall be located in the Campus Academic Administration or Personnel Office and the Academic Record File shall be located in the Faculty Member's Dean's or Campus Director's office on the Faculty Member's campus of their primary assignment. Other files containing information regarding Faculty Members may exist from time to time; however, information in such other files may not be placed in the official personnel files after the information is more than one (1) year old. The University shall not take action with respect to a Faculty Member based upon information which is not contained in the official personnel files.
- B. Faculty Members shall have the right to examine their personnel files at any time during normal business hours. Faculty Members shall have the right to receive a copy of the official personnel files upon submission of advance written request to the Campus Academic Administration or Personnel Office or the Faculty Member's Dean or Campus Director. Faculty Members may place in either official personnel file a response to adverse information contained in either official personnel file.

- C. The Union representative, having written authorization from the Faculty Member concerned, and subject to the University's duty to provide for security of the records, may examine and copy the official personnel file of that Faculty Member. Other persons may have access to the official personnel files as provided by law.
- D. When a reprimand, disciplinary action, or delinquency in job performance is reduced to writing by a supervisor, the findings and decisions of the supervisor shall be filed, in writing, in the Faculty Member's Academic Record File, and a copy thereof simultaneously given to the Faculty Member. No material may be placed in a Faculty Member's Academic Record File without an original signature of the Dean or Campus Director, or designee, and Faculty Member. The Faculty Member shall sign such material to signify receipt and notification of such action. Such signature shall not be construed as agreement or disagreement with material contents. Upon written request to a Faculty Member's Dean or Campus Director, or designee, disciplinary material may be removed after two years.
- E. The Employment Record File may contain the following, including but not limited to:
 - 1. Information relating to the Faculty Member's original hire, such as application; job evaluation form or current job description; curriculum vitae; transcripts; and hire documents, including benefit enrollment forms.
 - 2. Correspondence relating to the individual's employment.
 - 3. Documents showing the history of the Faculty Member's work assignments and compensation, including workers' compensation documents and letter(s) of appointment.
 - 4. Faculty Member responses to the above, if any.
- F. The Academic Record File may contain the following, including but not limited to:
 - 1. Commendations; official reprimands, including notices of unsatisfactory performance; disciplinary action; and appropriate material relating to the Faculty Member's job performance.
 - 2. Correspondence relating to the individual's employment.
 - 3. Final grievance awards relating to the Faculty Member's job performance or discipline.
 - 4. Performance evaluations.
 - 5. Written documentation of faculty workload and evaluations relating to promotion, retention, tenure, and contractual obligations.

6. Faculty Member responses to the above, if any.
- G. The University shall not include material in Faculty Member's official personnel files unless the material's source is identified, such as student evaluations. Anonymous material shall be removed by the University upon demand of the affected Faculty Member, or if discovered by the University with written notice to the Faculty Member.
- H. No items, except for anonymous material, may be removed from a Faculty Member's official personnel file without the expressed written authorization of the Faculty Member, except for brief inspection or copying.

3.4 Seniority

- A. Acquisition: A Faculty Member shall acquire bargaining unit seniority commencing on the Faculty Member's initial employment date. Faculty Members having the same initial employment date shall have equal bargaining unit seniority.
- B. Accrual: A Faculty Member whose employment has not been terminated by resignation, discharge, or death, and whose bargaining unit seniority has not been lost under Paragraph 3.4.D, will accrue seniority in these cases:
 1. While actively employed; or
 2. While on leave for military service which complies with the conditions of such leave for which there is a statutory right to re-employment but not to include voluntary extensions; or
 3. While on any leave for illness or disability so long as the Faculty Member complies with the conditions of such leave.
- C. Retention: A Faculty Member whose employment has not been terminated by resignation, discharge, or death, whose seniority has not been lost under Article 3.4.D, will retain, but not accrue, seniority in these cases:
 1. While on leave of absence; or
 2. For ninety (90) days while on assignment to a position not included in this bargaining unit, except seniority shall be retained for the entire term of service as a department head/chair; or
 3. Up to three (3) years following termination based on financial exigency; or
 4. Up to two (2) years following termination of a tenured Faculty Member based on program discontinuation or reduction.

- D. Loss: Except as otherwise stated in this Agreement, a Faculty Member will lose seniority and all re-employment rights by:
1. Resignation; or
 2. Termination of employment, unless voluntarily rescinded by the University or vacated by a valid arbitration/grievance award or unless otherwise provided below; or
 3. After ninety (90) days while on assignment to a position not included in the bargaining unit, except for service as a department head/chair; or
 4. After three (3) years following termination based on financial exigency; or
 5. After two (2) years following termination of a tenured Faculty Member based on program discontinuation or reduction.
- E. A Faculty Member's seniority shall be established at the Faculty Member's initial day of continuous hire as a Faculty Member. Bargaining unit seniority shall not accrue for service in positions not included in this bargaining unit, except for service as a department head/chair.
- F. The University will provide the Union with an updated seniority list by October 15 of each year of this Agreement.

3.5 Governance

The Union and University agree that the opportunity for Faculty Members to participate in the governance of the University is important to its effective operation. It is further agreed that Faculty Members' voluntary participation in University governance is an integral part of the University community's culture. Such service is to be voluntary and may be recognized as part of the workload established under Article 5.1 of this Agreement.

3.6 Notification

- A. Faculty Members, within sixty (60) calendar days after initial hire, shall receive an orientation and be provided with materials which communicate University human resources policies and regulations and applicable benefits and obligations for ACCFT bargaining unit members, and include, but are not limited to, applicable handbooks, ACCFT's deduction authorization form, and ACCFT benefits summary booklet.
- B. Written letters of appointment shall be provided for all newly hired Faculty Members and shall be signed by the Faculty Member to acknowledge receipt.

- C. Letters of appointment shall be provided in writing for returning Faculty Members on July 1 for the following academic year, and shall include the following information:
1. Term of the appointment, including semester starting dates, registration dates, and the first week of instruction.
 2. Duties, including professional assignment for the relevant semester. Days and times, when known shall be included in the appointment letters.
 3. Percentage of full-time.
 4. Annual salary and biweekly pay, including geographic salary differential.
 5. Rank and notification of pending review and tenure status. In case of a failure to correctly notify the Faculty Member of any review, the Faculty Member may choose to proceed with the review. If the Faculty Member chooses to delay the review, an appropriate extension of time for the review, not to exceed one year, will result.
 6. Location of personnel files.
 7. Academic Calendar (Appendix A).

ARTICLE 4

Grievance Procedure

It is the objective of the parties to encourage the prompt and informal resolution of disputes of Faculty Members, the Union, and the University as they arise and to provide recourse to orderly procedures for the satisfactory adjustment of grievances.

A. Definition of Grievance

A grievance is any dispute or controversy between the University and the Union or between the University and any Faculty Member with respect to matters arising out of the application or interpretation of this Agreement. No other matters are subject to the grievance procedure. This grievance procedure shall be the exclusive remedy for grievances.

B. Grievance Procedure

1. Any Faculty Member who believes that the Faculty Member has a basis for a grievance will first informally discuss the grievance with the Faculty Member's immediate supervisor. If after the discussion the Faculty Member still believes a grievance exists, the Member may invoke the formal procedure.

In the event the Union files a notice of grievance, it shall be processed directly at Step 2. In the event the Union files a grievance on behalf of Faculty Members at more than one MAU, it shall be processed directly at Step 3. A grievance filed by the Union shall be heard on the University of Alaska Anchorage campus, unless agreed to otherwise by the Union and the University.

All nonretentions and terminations shall be processed initially at Step 2.

2. To be valid, a notice of grievance must be filed in writing at the office of the Campus Chief Executive, at the proper step, within thirty (30) calendar days from the time the aggrieved became aware or reasonably should have become aware of the event which gave rise to the alleged grievance. Time periods may be extended by mutual agreement of the parties.
3. The number of days indicated at each step is the maximum and every effort should be made to expedite the process; however, the time limits may be extended by mutual written consent of the parties to the grievance. The University's failure to answer a dispute within the allotted time at any step shall be considered an advancement of the grievance to the next step.

4. At any step of the procedure, either party may have a representative present. This is in addition to the Union representative mentioned in the various steps. At any step of the procedure, either party shall have the right to bring in witnesses to participate in the hearings. At Steps 2 and 3, the aggrieved and the aggrieved's witnesses shall be released from duties on appearance days; however, it is understood that hearings at Steps 2 and 3 may be on Saturday.
5. At the initial step at which a grievance is filed, the grievance shall state with specificity in writing:
 - a. The grievant's name;
 - b. The claimed facts giving rise to the grievance;
 - c. The provisions of the Agreement allegedly violated giving rise to the grievance;
 - d. The grievant's contention regarding the proper interpretation and application of the Agreement; and
 - e. The grievant's contention regarding what relief should be afforded.
6. The grievant shall sign the notice.
7. The notice of grievance may be fairly amended at any time, provided that such amendment does not result in unfairness or surprise and is within the general subjects raised in the notice as originally filed.

C. Formal Grievance Procedure

Step 1: Notice of a grievance shall be presented, in writing in triplicate, to the office of the Campus Executive. One copy shall be receipted and returned to the aggrieved and one copy shall be provided at the same time by that office to the Union representative of the Union office.

A meeting shall be held on the campus where the grievance arose within five (5) working days of the receipt of the notice of a grievance. At the meeting, the appropriate Campus President, Director, Dean or Vice Chancellor shall hear the aggrieved's evidence. Following the meeting, a written answer shall be presented to the aggrieved with a copy to the Union within ten (10) working days of the receipt of the notice of grievance. The aggrieved or the Union shall have five (5) working days to appeal to Step 2 by filing a notice of appeal.

Step 2: Notice of a grievance taken or appealed to Step 2 shall be given in quadruplicate to the office of the Campus Executive. That office shall provide the aggrieved, the Union and the appropriate Chancellor with a receipted copy of the appeal notice.

The grievance shall be discussed at a meeting to be held within ten (10) working days of the filing of the appeal and include the appropriate Chancellor, the aggrieved and the Union. Notice of the meeting shall be given by placing a copy of the notice in the aggrieved's campus mailbox and providing a copy to the Union representative of the Union office. Following the meeting, the Chancellor shall provide a written response to the grievance within five (5) working days. A copy of the answer shall be given to the aggrieved and the Union. The aggrieved or the Union shall have ten (10) working days to appeal the decision to Step 3.

Step 3: Notice of a grievance taken or appealed to Step 3 shall be given in triplicate to the office of the President of the University. That office shall provide the aggrieved and the Union with a receipted copy of the appeal notice.

Grievances at the Step 3 level will be resolved by arbitration under AS 09.43.010 - 180 and as provided by the Agreement. Where the Union and the University mutually agree, Steps 1 and 2 may be waived and the grievance filed initially at Step 3.

Arbitration under Step 3 shall be conducted as follows:

The President of the University, or designee, shall have the opportunity to review any grievance filed at or appealed to Step 3. The President, or designee, shall have ten (10) days to review the evidence and render a decision, or may request a hearing with dates, time limits, and other details to be agreed upon between the parties. In no case shall this Presidential review result in more than a ten (10) day delay in moving to the process described below, without the written consent of the parties. The President may, at any time, move to the process below.

1. There shall be a panel of ten (10) arbitrators which are found in Appendix B. This panel will be composed from a list of twenty-five (25) arbitrators provided by the USFMCS. The parties shall alternately strike from the panel of twenty-five (25) until ten (10) arbitrators remain. If during the term of the Agreement, the panel attrits to seven (7) arbitrators, the vacant positions shall be filled using the same method as was used to compose the original panel.
2. Within ten (10) working days after the receipt of notification of an appeal to arbitration, representative(s) of the University and the grievant shall meet and select an arbitrator by alternately striking from the panel of arbitrators until one (1) name

remains. The first strike shall be decided by a flip of a coin. The arbitrator remaining on the list shall be accepted as the arbitrator of the grievance.

3. The parties to the arbitration may not assert any ground or present any evidence not substantially similar to that presented at Step 2 of the grievance procedure.
4. The arbitrator shall limit the decision strictly to application and interpretation of the provisions of this Agreement and shall be without proper authority to make any decision contrary to or inconsistent with or modifying or varying in any way the terms of this Agreement.
5. The decision of the arbitrator shall be final and the parties shall abide by it. The decision of the arbitrator shall be enforceable and/or appealable as provided by law.
6. Each party shall bear the cost of preparing and presenting its own case. The fees and expenses of the arbitrator shall be allocated by the arbitrator as follows:
 - a. Assign the arbitrator's fees and expenses to the losing party.
 - b. If the arbitrator determines that neither party is the losing party, then the arbitrator shall assign the arbitrator's fees and expenses proportionally to the parties as judged to be equitable.

ARTICLE 5

Professional Obligations and Assignment

5.1 Professional Assignment

- A. The professional assignment of Faculty Members shall be consistent with the procedures and practices in place on the campus of their principal assignment as of the date of this agreement. The assignment of an upper division course or courses is permitted, provided that the Faculty Member and appropriate University administrator agree to the assignment and such agreement is reduced to writing (Appendix C).
- B. Bipartite Faculty Members normally have a five-part workload which consists of four parts teaching and one part service. They may be assigned up to twelve (12) credit hours of teaching or equivalent teaching-related activity in any semester. Service assignments may include teaching-related activity. Promotion and tenure decisions will be consistent with workload. Faculty Members may not be assigned more than twelve (12) credit hours of teaching in any semester as part of a normal workload.
- C. Tripartite Faculty Members have three-part teaching workloads and shall normally have one part of the five-part workload assigned as research, and shall otherwise be assigned in a manner consistent with the paragraphs above. Faculty Members assigned a tripartite workload as of the date of this agreement shall continue in a tripartite assignment during the continuation of this agreement.

5.2 Teaching Preparation

Faculty Members shall not normally be assigned more than three (3) preparations. Consistent with past practice, at extended sites faculty shall not normally be assigned more than four (4) preparations.

5.3 Professional Improvement

A Faculty Member is encouraged and may attend professional conferences, meetings, seminars, or workshops during the academic year, upon prior approval of the Faculty Member's Dean or Campus Director, or designee. Expenses incurred by a Faculty Member and documented by a receipt for such conferences, meetings, seminars, or workshops may be reimbursed in part or entirely by the University at the discretion of the Faculty Member's Dean or Campus Director, or designee. Such reimbursement shall be agreed upon at the time of the approval. A Faculty Member who attends professional conferences, meetings, seminars, or workshops without gaining prior approval may request reimbursement, which may be granted at the sole discretion of the University.

5.4 Evaluation

Evaluation processes, such as those for promotion and tenure review, for individual Faculty Members shall be the same as ~~found in University policy as of the date of this agreement~~ except as follows in effect on April 12, 1997 and all changes as agreed to by the parties:

- A. For the purpose of this agreement, and any statement in University policy which may conflict notwithstanding, the policy covering evaluation of individual Faculty Members shall not be changed for Faculty Members during the course of this Agreement.
- B. The University and the Union agree that evaluation policies in which decisions are made within MAUs are desirable. New policies which reflect this goal will be generated through the normal governance structure and will be patterned on the current Regional Review Process. These policies will become effective when approved by the University and the Union. No changes will be made in UAA policy, which shall continue to include department head review.

5.5 Post-Tenure Review

Faculty Members who have been awarded tenure shall, in accordance with the policies of their MAU, as defined in Article 5.4, and not less than every five (5) years, submit a file for post-tenure review. Disciplinary action taken by the University on the basis of a post-tenure review shall be taken in accordance with Article 12.2, Management Rights.

5.6 Nonrenewal, Nonretention and Nondisciplinary Termination

A. If Faculty Members are nonretained or terminated for nondisciplinary reasons, such action shall be in accordance with the terms of this Agreement and University Policy in effect as of the date of this Agreement April 12, 1997.

B. Nonrenewal of Non-tenure Track Faculty Members

Non-renewal follows a decision not to continue the employment of a non-tenure track Faculty Member. Written notification of non-renewal shall be provided to the Faculty Member. Failure to provide notice as provided below shall not result in renewal of appointment. If notice is provided after the dates prescribed below, the University must pay the faculty member for the work days in the notice period in lieu of notice. The following schedule of notification shall be based upon consecutive years of uninterrupted service as a non-tenure track Faculty Member within the University of Alaska.

- a. Within the first two (2) years, regardless of contract extensions, the Faculty Member shall be notified no later than the expiration of the appointment.

- b. From the third (3rd) through the sixth (6th) years, regardless of contract extensions, the Faculty Member shall be notified not less than 45 days prior to the expiration of the appointment.
- c. After seven (7) years, the Faculty Member shall be notified not less than 90 days prior to the expiration of the appointment.

5.7 Sabbaticals

- A. Policy: Sabbatical leaves for professional development may be made available to Faculty Members with academic rank who meet the requirements set forth below. The objective of such leave is to increase the Faculty Member's value to the University and thereby improve and enrich its programs.
- B. Purpose: Sabbatical leaves shall be granted for study, formal education, research and other scholarly and creative activity, or other experience of professional value and may include associated travel.
- C. Eligibility: Faculty holding academic rank who will have completed at least five (5) consecutive years of service within the University system shall be eligible for consideration to take sabbatical leave during the sixth (6th) or subsequent year of service. Applicants who will have completed at least five (5) consecutive years of service within the University system from the date of return from any previous sabbatical leave shall be eligible to be granted another sabbatical leave to be taken during the sixth (6th) or subsequent year. In computing consecutive years of service for the purpose of this section, periods of vacation leave and periods of sick leave with salary shall be included. A partial year of service which includes at least one (1) semester of full-time faculty service may be included as a full year of service for the purposes of eligibility for sabbatical leave if also counted as time towards mandatory tenure review. The Faculty Member must apply for such inclusion in writing. Periods of leaves of absences, other than vacation and sick leave with salary, and periods of part-time service, shall not be included but shall not be deemed an interruption of otherwise consecutive service.
- D. Terms and conditions: Sabbatical leaves may be granted for one (1) academic year or an equivalent period at rates not to exceed six (6) months' salary or for one (1) semester or an equivalent period at rates not to exceed one semester's salary. Faculty may, with the prior approval of the Chancellor, accept fellowships, grants-in-aid, or earned income to assist in accomplishing the purposes of their sabbatical leaves. In such cases, the Chancellor may adjust the sabbatical leave salaries to reflect such income, provided that total earnings for the leave period are not less than full salary had the recipient not been on leave. A Faculty Member on a terminal appointment loses any rights to a sabbatical leave.

- E. Applications: Applications for sabbatical leaves shall be submitted to the Chancellor through channels and procedures contained in approved policies and procedures. Each application shall include a statement outlining the program to be followed while on sabbatical leave and indicating any prospective income from outside of the University system.
- F. The recipient is obligated to return to the University for further service of at least one (1) appointment period. Failure of the recipient to fulfill this obligation will require the full and immediate repayment of salary and benefits received from the University while on leave, except in extenuating circumstances acceptable to the Chancellor.
- G. A written report detailing the professional activities and accomplishments for which the leave was granted and specifying the sources and amounts of additional funds secured for this period shall be submitted by the recipient to the Chancellor within three (3) months after returning from leave.
- H. Approval: Consistent with provisions set forth in this Agreement, the Chancellor may approve such sabbatical leave as the Chancellor deems appropriate. A record of such leaves shall be reported to the President annually.
- I. Leave credits: Vacation and sick leave credits shall not be accrued or used during sabbatical leave.
- J. Special Sabbatical Leave
1. Any full-time exempt employee who has completed four (4) years of uninterrupted service is eligible to apply during the fifth (5th) or later year for Special Sabbatical Leave during the sixth (6th) or later year. The recipient shall receive a salary of at least one dollar (\$1) during the period of the leave. In all other respects the Special Sabbatical Leave bears rights and responsibilities identical to the normal sabbatical leave.
 2. Applications for special sabbatical leave may be initiated at any time. The application, specifying the qualifications and eligibility for leave, a description and justification of the proposed project including dates of the beginning and the end of the leave, and details of projected funding of the leave, shall be made to the applicant's immediate supervisor. The application shall be forwarded through normal administrative channels with recommendations and justifications being added at each level, up to and including the Chancellor. The Chancellor shall notify the applicant in writing of the action taken.
 3. In cases in which the special sabbatical salary exceeds one dollar (\$1), the funding required to produce the additional salary will be secured from sources other than the state appropriation, and will normally be secured through the efforts of the leave recipient. A copy of the leave conditions and notification

as provided to the recipient shall be forwarded to the employee's personnel file. No annual leave is earned during a Special Sabbatical Leave.

5.8 Summer Appointments and Overload Assignments

A. Summer Appointments:

Summer appointments may be made for summer session instruction or other activities.

1. **Summer Session Instructional Assignments:** Summer session instructional programs are intended to be provided on a self-support basis. Salary provided to regular faculty with an academic year appointment for summer session instruction may range from a minimum rate set by the temporary faculty salary structure to a maximum rate set proportional to a Faculty Member's base academic year salary, depending on the needs of the summer session program.
2. **Other Summer Assignments (Contract Extensions):** Faculty holding an academic year appointment and employed in the summer for other than instructional purposes may receive up to one-ninth (1/9) of the academic base salary for each month of full-time service outside the academic year. In some cases, if the granting agency approves and the Faculty Member takes no time off, an equivalent to three (3) months of the base academic year salary may be paid. In no case will payments exceed one-third (1/3) of the base academic year salary.

B. Overload Appointments:

Overloads are additional and separate work assignments during the base academic year appointment. Faculty who accept overload assignments will continue to be held fully accountable for base academic year responsibilities. Overloads may be granted as follows:

1. **Instructional Overload Assignments:** Consist of additional instructional assignments in programs external to the base academic year appointment. Such instruction will constitute an assignment above that of a full-time academic year assignment and there will be no opportunity in subsequent semesters for an adjustment in the Faculty Member's academic year appointment.
2. **Other Overload Assignments:** Consist of non-instructional activities or services required for short periods of time within an academic year. The additional workload is granted when no feasible alternative means can be found for absorbing the work into a regular full-time assignment.

ARTICLE 6

Working Conditions

6.1 Health and Safety

- A. It shall be the policy of the University that the occupational safety and health of its employees, the protection of work areas, and the prevention of accidents are continuing and integral parts of its everyday operating responsibility. The University is committed to providing a safe and healthful working environment for its employees. The employees shall have the responsibility to use any provided safety equipment and procedures in their daily work and shall cooperate in all safety and accident prevention programs. The University agrees to abide by all relevant required local, state and federal safety and health standards, and no Faculty Member shall be disciplined or suffer any retaliatory action for, in good faith, exercising legal rights to a safe and healthful workplace.
- B. Any Faculty Member who is injured or who is involved in an accident during the course of his/her employment, no matter how slight the injury, shall file an accident report with his/her Dean or Director, or their designee, as soon as possible after the injury or accident and prior to the end of the workday, whenever possible.
- C. The University agrees to assess any unsafe or unhealthy working conditions in a timely manner, and will take remedial action as appropriate. Results of such assessments shall be reported to the Faculty Member(s) who reported the conditions and to the Union.
- D. The University will make available to Faculty Members all information as required by local, state, and federal law dealing with occupational safety and health.
- E. The University shall determine and supply any safety-related equipment necessary to do the work safely and to avoid injury or accidents. Faculty Members agree to use such equipment properly and as directed by the University to prevent injury and accidents.
- F. A Faculty Member shall not be required to operate University equipment which does not conform to local, state or federal safety requirements.

6.2 Faculty Member Hours

- A. Faculty Members shall establish, post, and maintain reasonable office hours which will meet the educational and programmatic needs of the students. A copy of the notice posted by each Faculty Member shall be filed with the Faculty Member's Dean or Campus Director, or their designee.

- B. Faculty Members will not be required to perform assigned classroom activities for a span of more than ten (10) contiguous hours in a day, or which allow less than twelve (12) hours between the end of the last class on one day and beginning of the first class assigned on the next day. Librarians and counselors will not be required to perform assigned duties more than ten (10) contiguous hours in a day, or which allow less than twelve (12) hours between the end of the last assignment on one day and the beginning of the assignment on the next day.

6.3 Faculty Offices

Office space will be assigned by the University in a fair, nondiscriminatory manner.

6.4 Assignments Requiring Use of Personal Vehicle or Travel

- A. Faculty Members shall be eligible for mileage expenses incurred while using a personal vehicle on University business in accordance with applicable provisions of University Regulation and reimbursed at the rate of 31 cents per mile.
- B. Faculty Members incurring expenses while traveling on University business shall be reimbursed in accordance with applicable provisions of University Regulation, as of the date of this agreement.
- C. Faculty Members required to travel between work stations that are a distance of one-fourth (1/4) mile or more apart shall be provided with at least thirty (30) minutes of travel time and normal teaching aids at the destination work station.

6.5 Relocation

No Faculty Member shall be transferred to a work location at a different campus during the term of appointment without the Faculty Member's consent. If the University transfers a Faculty Member to a different campus, the Member shall be reimbursed for moving expenses in an amount up to one month's salary at the Faculty Member's current rate of pay. The University shall give at least five (5) months advance notice to any Faculty Member whom it intends to transfer.

6.6 Outside Activities

- A. Faculty Members may engage in outside activities which fall outside of the scope of their University assignment provided they comply with applicable provisions of University Regulation and the provisions of the Alaska Executive Branch Ethics Act, AS 39.52.110 et seq. A copy of the Alaska Executive Branch Ethics Act Handbook will be provided upon request to a Faculty Member by the Regional Personnel Office or Statewide Office of Human Resources.

- B. Outside activities means work or activities which are not within the scope of the regular employment duties of the Faculty Member. It is agreed that outside activities which will increase the effectiveness and broaden the experience of employees in relation to their functions at the University or which will be of service to the community or the state are encouraged, provided outside activities do not interfere with the performance of the employee's regular University duties; and provided the outside activities do not involve the appropriation of University property, facilities, equipment or services.

ARTICLE 7
Salaries and Benefits

7.1 Salaries

- A. All Faculty Members shall be paid at least the minimum rate for their rank, as provided below. Only Faculty Members paid within the range for their rank shall be eligible for salary adjustments. All promotions shall result in an overall ten (10) percent salary increase, and any Faculty Member who receives a promotional increase shall be ineligible for any other salary increase in that year.

| | Minimum/Year | Maximum/Year |
|------------|--------------|-----------------------------|
| Instructor | \$ 28,000 | \$ 50,000 51,300 |
| Assistant | \$ 32,000 | \$ 58,000 59,508 |
| Associate | \$ 38,000 | \$ 68,000 69,768 |
| Professor | \$ 44,000 | \$ 78,000 80,028 |

- B. The initial rank, type of appointment, and base academic year salary shall be established by the appropriate Chancellor within the ranges provided above. Rank, appointment, and salary shall be based on the needs of the institution, the Faculty Member's education and experience, and prevailing market conditions as provided in University Policy.
- C. Effective with the first pay period after July 1, 2000, July 1, 2001 and July 1, 2002, the university shall distribute a two and six-tenths (2.6%) percent salary increase across the board to eligible Faculty Members whose salaries are within the appropriate ranges. If this Agreement is extended beyond June 30, 2003 in accordance with Article 1.1 C, effective with the first pay period after July 1 of succeeding years of this Agreement the university shall distribute a two and six-tenths (2.6%) percent salary increase across the board to eligible faculty members whose salaries are within the appropriate ranges. If, however, either party indicates its intent to open this Agreement for negotiation, the salary increases provided above will not continue and there will be no salary increases during the negotiation of a new Agreement.
- D. Across the board salary increases are subject to legislative approval and funding pursuant to AS 23.40.215.

~~C. On July 1, 1997, a three (3) percent salary increase shall be provided for distribution pursuant to paragraph D below. On July 1, 1998, a two and six tenths (2.6) percent salary increase shall be provided for distribution pursuant to paragraph D below. On July 1, 1999, a two and six tenths (2.6) percent salary increase shall be provided for distribution pursuant to paragraph D below. If this Agreement is extended beyond June 30, 2000 in accordance with Article 1.1 C, on July 1 of succeeding years of this Agreement Faculty Members shall receive a two and six tenths (2.6) percent salary increase. If, however, either party indicates its intent to open this Agreement for negotiation, the salary increases provided above will not continue and there will be no salary increases during the negotiation of a new Agreement.~~

~~D. The salary adjustments provided above shall be distributed according to this section:~~

~~1. Equity adjustments shall be made in the following amounts: Effective July 1, 1997, up to one (1) percent from the three (3) percent increase; effective July 1, 1998, up to six tenths of one (.6) percent from the two and six tenths (2.6) percent increase; and effective July 1, 1999, up to six tenths of one (.6) percent from the two and six tenths (2.6) percent increase. These equity adjustments shall be distributed as follows:~~

~~a. Faculty Members' salaries below the minimum of the ^{appropriate range} appropriate range shall be increased to the minimum of the range.~~

~~b. Faculty Members whose salaries have been identified by mutual agreement of the parties as requiring equity adjustments shall receive appropriate salary adjustments.~~

~~2. Across the Board: The remainder of salary adjustment funds, at least two (2) percent each year, shall be distributed effective July 1, 1997, July 1, 1998, and July 1, 1999, as across the board increases to all Faculty Members whose salaries are within the appropriate salary range.~~

7.2 Geographic Differential

The following shall be the geographic differentials applicable to Faculty Members hired or transferred to a different campus after the effective date of this Agreement. Faculty Members whose current geographic differential exceeds the schedule set forth below shall be frozen at the higher geographic differential so long as:

- A. The Faculty Member remains in their current geographic differential area; or
- B. Until salary increases to the Faculty Member's base salary results in the Faculty Member receiving a higher salary than the frozen amount.

| | |
|--|----|
| Aleutian Islands/Adak/Sand Point | 27 |
| Anchorage/Girdwood/Chugiak/Eagle River | 0 |
| Aniak/McGrath/Gaiena | 30 |
| Barrow/Kotzebue | 42 |
| Bethel | 38 |
| Bristol Bay/Dillingham | 27 |
| Cordova/Glenallen/Copper Center | 11 |
| Delta Junction/Tok | 16 |
| Fairbanks | 0 |
| Ft. Yukon | 42 |
| Juneau | 0 |
| Kenai/Soldotna/Homer | 0 |
| Ketchikan | 0 |
| Kodiak | 9 |
| Nenana | 20 |
| Nome | 34 |
| Palmer/Wasilla | 0 |
| Seward | 0 |
| Sitka/Angoon | 0 |
| Skagway/Haines | 5 |
| Valdez | 11 |
| Yakutat | 5 |

7.3 Insurance

- A. The University shall contribute four hundred and thirty nine dollars and fifty-nine cents (\$439.59) per month per Faculty Member toward the cost of health benefits. The University contribution shall increase effective January 1 of each year of this Agreement by up to three (3) percent (e.g. effective January 2001, the contribution could increase to as much as \$452.78). In the event the cost of the benefits as prorated among participants in a particular plan exceeds the University's defined contribution, such cost in excess of the University's defined contribution will be borne by Faculty Members. Coverage levels shall not be altered without the agreement of the parties.

B. No later than July 1 of each year the union shall by written notice to the university elect one of the following health care options for the bargaining unit. If timely notice is not given, the option in effect for the prior year shall continue:

(1) Continue coverage on the same basis as provided to Faculty Members by the University Plan in place on the date of this Agreement.

(2) Cease participation, effective January 1 of the succeeding year, in any university plan. In such case, the University shall remit to Alaska Community Colleges' Federation of Teachers the defined contribution amount in effect at the time of notice given to the University. Subsequent annual increases to the defined contribution shall be on the same basis as provided in Article 7.3.A.

(3) Participate in another plan the university will offer or continue to offer other employees. In such case that plan shall replace the current plan for the bargaining unit effective January 1 of the succeeding year.

C. The university shall provide life insurance, long-term disability, and accidental death and dismemberment coverage on the same basis as provided to Faculty Members by the University Plan in place on the date of this Agreement.

~~A. All terms and provisions of the University/Union Health Care Agreement signed March 22, 1994 identified in this section shall be maintained and apply to all Faculty Members through December 31, 1997.~~

~~B. Effective January 1, 1998, Faculty Members shall be provided health insurance, life insurance, long-term disability, and accidental death and dismemberment coverage on the same basis as provided by the University Plan in place on the date of this Agreement. The University contribution of four hundred and two dollars and twenty-nine cents (\$402.29) per faculty member per month shall increase effective January 1 of each year of this Agreement by up to three (3) percent, and coverage shall not be altered without the agreement of the parties in a Labor/Management meeting. In the event the cost of the plan exceeds the University's defined contribution, such cost in excess of the University's defined contribution will be borne by Faculty Members.~~

~~C. Each Faculty Member shall receive a bonus payment of two hundred dollars (\$200) in the first salary payment in January 1998. No further payments shall be paid pursuant to this Article.~~

7.4 Reimbursement Accounts, Tax Sheltered Annuities

Faculty Members shall be provided reimbursement accounts and tax sheltered annuities on the same basis as provided in the University Plan in place on the date of this Agreement.

7.5 Educational Benefits

- A. Faculty Members shall have graduate and/or undergraduate course credit hours charges waived up to six (6) credits per semester for a maximum of twelve (12) credits per academic year, beginning with the fall semester and ending with the summer term.
- B. Faculty Members who will be employed by the University for the following academic year and who are not employed by the University during the summer shall have graduate and/or undergraduate course credit hour charges waived up to twelve (12) credits per summer within the twelve (12) credit per year limitation.
- C. Spouses and dependent children under the age of twenty-four (24) shall have course credit hour charges waived.
- D. Faculty Members who qualify as permanently disabled under the applicable state retirement system or have included University coursework as part of an approved leave of absence are entitled to the same educational benefits as regular Faculty Members.

ARTICLE 8

Leave

8.1 Holidays

A. The following holidays are observed by the University:

1. Day of Spring Recess
2. Memorial Day
3. Independence Day
4. An additional day before or after July 4, as specified by the President
5. Labor Day
6. Thanksgiving Day and the day immediately following
7. An additional day before or after December 25, as specified each year by the President
8. Christmas Day
9. New Year's Day
10. An additional day before or after January 1, as specified by the President

B. Holidays falling on a Saturday will be observed on the preceding Friday, and holidays falling on a Sunday will be observed on the following Monday.

C. Religious holidays may be observed by Faculty Members as leave without pay. Advance approval must be obtained from the Faculty Member's supervisor.

8.2 Time Off

Faculty Members with less than twelve-month contracts will receive fifteen (15) days off to be used when classes are not in session and which must be taken during the contract period. Time off will not accrue from one contract period to the next if not used, and no payment is made for time off not used when a Faculty Member terminates employment.

8.3 Annual Leave

A. Regular full-time and part-time Faculty Members with a twelve-month contract shall accrue annual leave as specified below:

1. Full-time Faculty Members shall accrue annual leave on a pay period basis except for those pay periods in which active work status begins for a new Faculty Member; annual leave will then accrue on hours worked.
 2. Part-time Faculty Members shall accrue annual leave on a pay period basis prorated according to proportion of full-time except for those pay periods in which active work status begins for a new faculty member; annual leave will then accrue on hours worked.
 3. Rates of accrual are based on length of employment in a position which is eligible for annual leave.
 4. Annual leave may not be used in advance of accrual.
 5. Rates of accrual for full-time regular employees are:
 - a. 5.54 hours per pay period during the first five (5) years
 - b. 6.46 hours per pay period during six to ten (6-10) years
 - c. 7.38 hours per pay period over ten (10) years.
- B. Use of annual leave must be mutually agreed to and approved by the Dean or Campus Director, or designee. If a request for annual leave is denied by the Dean or Campus Director, or designee, the reason(s) for denial shall be provided to the employee in writing.
- C. Annual leave accrued, but not used, shall accrue to a maximum of not more than two hundred and forty (240) hours (30 days) prior to the first full pay period of any calendar year. Unused leave in excess of the maximum at the close of business in the pay period which includes December 31 shall be forfeited.
- D. The salary equivalent of unused annual leave up to a maximum of two hundred and forty (240) hours may be paid upon retirement or termination of an employee from the University. In the event of death, all accrued annual leave shall be paid to the employee's estate.
- E. Anyone transferring from a position that provides annual leave to one which does not shall have his/her accumulated balance, up to a maximum of two hundred and forty (240) hours, paid off at the effective date of the termination of former status. The annual leave accrual rate is determined by the date of new hire into a position which provides annual leave, and does not include years of University employment when a Faculty Member was in a status which did not permit the accrual of annual leave.
- F. Annual leave does not accrue during sabbatical leave; special sabbatical leave; pay periods consisting solely of leave without pay; special assignments; temporary overload or additional assignment contracts; periods of suspension or other

disciplinary action as approved by the regional personnel office; or terminal leave which must be approved by the Dean or Campus Director, or designee, and is defined as leave taken during pay periods immediately prior to an identified termination date.

- G. Annual leave payments will not be continued after the date of termination or retirement. Faculty Members, excluding those on terminal leave, will receive full pay period leave accrual in the pay period encompassing the date of termination.
- H. Faculty Members on academic-year appointments do not accrue annual leave.

8.4 Sick Leave

- A. Sick leave may be taken for reasons of medical treatment or condition of the employee, emergency care for immediate family members of the employee, for attendance at a funeral, for childbirth by the employee or employee's spouse, adoption of a child, or placement of a foster child with the employee.
- B. Regular full-time employees earn 4.62 hours sick leave per pay period. Exempt and nonexempt full-time employees shall accrue sick leave on a pay period basis except for those pay periods in which work status begins for a new employee; sick leave will then accrue on hours worked. Exempt and nonexempt part-time employees shall accrue sick leave on a pay period basis, prorated according to the proportion of full-time employment. Overtime and premium pay does not qualify for leave accrual. Employees, excluding those on terminal leave, will receive full pay period leave accrual in the pay period encompassing the date of termination. Extended temporary employees shall accrue sick leave on hours worked. Temporary employees earn no sick leave, however, appropriate sick leave credit, not to exceed 60 hours, is granted retroactively to temporary employees employed on at least a half-time basis whose status changes to regular without a break in service.
- C. After layoffs resulting from reduction in force, sick leave accumulations are lost except that accumulations are reinstated following re-employment for employees who are rehired in a regular/term-funded position within thirty-six (36) months (3 years). At retirement, any unused sick leave hours may count toward retirement.
- D. Sick leave does not accrue during sabbatical leave; special sabbatical leave; pay periods consisting solely of leave without pay; terminal leave (leave taken during pay period(s) immediately prior to an identified termination date); special assignments; or other temporary overload or additional assignment contracts. Sick leave will accrue at appropriate full pay period rates when a continuing employee returns to a new fiscal year contract. Full pay period rates are also accrued when both worked hours and leave without pay hours are accrued in a single pay period unless the leave without pay is a result of suspension or other disciplinary action as approved by the regional personnel office.

E. Conditions of use of sick leave are as follows:

1. Pursuant to the Family Medical Leave Act of 1993 and the Alaska Maternity and Family Leave Act of 1992, all regular and extended temporary employees are entitled to a minimum of 18 weeks of sick leave (paid or unpaid) during a calendar year. Extended temporary employees are eligible until the expiration of their appointment or the end of the 18 week period, whichever is less. If an employee requests a second leave or continuation of their original request pursuant to the Family Medical Leave Act of 1993 and the Alaska Maternity and Family Leave Act of 1992, the employee must have worked at least 1,250 hours (excluding leave and holiday hours) in the prior calendar year.
2. The use of sick leave requires the approval of the employee's immediate supervisor. The supervisor may request evidence of the illness at their discretion. Sick leave may not be used in advance of accrual. The qualifying event period in excess of an employee's accrued sick leave will be charged against the employee's annual leave accumulation. Sick leave will not be used during a holiday or a regular day off. An employee may use sick leave during the three (3) day calendar year end holiday closure upon submission of written evidence of illness or a professional appointment or treatment recommended by a recognized health care professional covered by the University of Alaska health care program.
3. Sick leave benefits will not be paid during any period for which workers' compensation benefits are paid. Eligible employees will receive workers' compensation benefits and will continue to receive other regular University employer-paid benefits, but will not accrue annual or sick leave.

F. Sick leave may be used by the employee for:

1. An illness, disability, injury, or other medical condition of the employee including the first three (3) days off work due to a work related injury or illness
2. An illness which continues for more than three (3) days when the employee is on annual leave.
3. A professional appointment or treatment recommended by a recognized health care professional covered by the University of Alaska health care program.
4. Avoidance of passing on a contagious disease.

3. Upon refusal or failure by the employee to submit clear evidence of a qualifying event on request; or
 4. When the employee is eligible and qualified for disability retirement under the applicable State Retirement System, Social Security; or
 5. Upon exhaustion of sick leave.
- L. Sick leave requests which are not covered in this Regulation, or requests for special consideration, are to be submitted through administrative channels to the regional personnel office. The personnel office, after evaluation, will forward its recommendations to the appropriate Chancellor, or designee, or Vice President for final determination. Copies of requests, recommendations and final determinations will be provided to the Statewide Office of Human Resources.
- M. To qualify for sick leave benefits, the employee is required to make proper notification as follows:
1. The employee who is absent because of illness must notify or if unable, have another notify their supervisor or department head within the first hour of the normally scheduled work day. The supervisor or department head may exercise discretion to accept other evidence in lieu of either or both of these requirements. If requested, employees are to provide to their supervisor or department head statements or certificates from the employee's health care provider as proof of need for sick leave. Failure to notify will result in denial of sick leave unless the immediate supervisor or department head decides the circumstances justify a waiver.
 2. Unless it is known the employee's absence is expected, the employee must continue to notify the supervisor or department head each normal work day of an absence for the qualifying event.
 3. During periods of sick leave in excess of two (2) biweekly pay periods (4 weeks), the employee will provide to his/her supervisor or department head statements at predetermined regular intervals from the employee's or immediate family member's health care provider stating the condition of the employee's availability for return to work.
 4. During a qualifying event of any duration, regardless of how long or short, the employee should provide the supervisor or department head with as much advance notice as possible of the anticipated beginning and ending dates of the absence.
- N. It is the policy of the University to recognize substance abuse as a treatable disease. Therefore, any employee or immediate family member suffering from alcoholism or

G. Parental leave.

Sick leave may be used when a qualifying event of a member of the employee's immediate family requires attendance of the employee. The following restrictions apply to such use:

1. The immediate family consists of: spouse, child, stepchild, foster child, parent, grandparent, or sibling, or the spouse's parent, grandparent, or sibling.
2. The supervisor may request evidence of the family member's qualifying event at his/her discretion.

H. Sick leave may be used to arrange or attend a funeral. The eligibility rules for such use are as follows:

1. The sick leave must be approved by the employee's department head and/or supervisor.
2. Sick leave of up to five (5) consecutive work days may be used to arrange or attend the funeral of a member of a employee's immediate family. A written request for periods exceeding five (5) consecutive work days must be provided and approved by the department head and/or supervisor.
3. Up to one (1) work day of sick leave may be taken to attend the funeral of a friend or relative not in the immediate family.
4. For the funeral of a deceased employee, the department head determines the number of employees who may attend. Sick leave is permitted, and the attendance must be reported as sick leave.

I. Sick leave may be taken as terminal leave only in the event the employee meets requirements for taking such leave as stated in Policy and Regulation.

J. Sick leave is paid at the employee's regular rate of pay effective for the time period for which leave is taken. Full payment for accumulated unused sick leave is made to the employee's estate in the event of the death of an employee while employed by the University.

K. Paid sick leave is discontinued immediately:

1. Upon employee's return to work status; or
2. Upon determination by the employee's supervisor or department head with professional medical advice that the employee is able to return to work; or

another form of substance abuse, will receive the same consideration that is extended to employees having other qualifying events.

8.5 Disability Leave Bank

- A. The Union and the University agree that the existing Disability Leave Bank shall continue.
- B. Faculty Members who have completed one (1) academic year of employment with the University of Alaska shall participate in the Disability Leave Bank.
- C. Each Faculty Member shall contribute two (2) days of that Faculty Member's accumulated disability leave in the first month of eligibility. Participating Faculty Members shall contribute one (1) accumulated disability leave day each September to the Disability Leave Bank after initial contribution. Thereafter, Faculty Members having more than four (4) days accumulated disability leave shall contribute two (2) days each time the bank is depleted.
- D. A Faculty Member may withdraw disability leave days from the Disability Leave Bank immediately upon depletion of that Faculty Member's personal accumulation of sick leave. The Disability Leave Bank and Leave Share Program shall be the exclusive sources of additional sick leave for Faculty Members after depletion of their personal accumulation of sick leave.
- E. A Faculty Member may withdraw a maximum of ninety (90) days for any one (1) disability or complications therefrom.
- F. A Faculty Member withdrawing disability leave days from the bank shall not have to replace those days, except as a regular contributing member of the bank.
- G. A two-member Disability Leave Bank Administration Committee is established to administer the Disability Leave Bank and develop recommended policies for the administration of the Disability Leave Bank and submit those recommendations to the President of the University annually. This committee shall include one (1) representative from the University and one (1) representative from the ACCFT. The committee may, upon agreement, permit a Faculty Member to withdraw more than ninety (90) days in special circumstances, as an exception to Article 8.5.E. The Disability Leave Bank is administered by the University.

8.6 Other Leave

- A. Leave Share

The University will provide access to the Leave Share program in place as of the date of this Agreement and as it may be modified by the University from time to time. The

University shall provide notice of any proposed changes to the program to the Union and will meet and confer on these changes upon written request from the Union. The University retains the sole and exclusive right to change, modify, or terminate this program at any time.

B. Sick Leave Without Pay

1. A sick leave without pay absence may only be granted when an employee has exhausted all accrued sick leave with pay and accrued annual leave.
2. The granting of sick leave without pay is subject to the same conditions as sick leave with pay, and is granted independently of leave without pay.

C. Parental Leave

Parental leave is available to employees and will be granted in the following order: sick leave with pay; accrued annual leave; and sick leave without pay.

The employee must specify in writing the anticipated schedule of parental leave. Changes in approved parental leave must be submitted in writing to the supervisor.

Parental leave will be granted in one of the above named categories of leave for the personal care by the employee of his/her newborn infant child, and, in cases of adoption or foster care placement, for the purpose of permitting personal care by the employee of his/her newly adopted or foster minor child for a maximum of 24 weeks (extension from 18 to 24 weeks shall be at the supervisor's discretion) during a calendar year as allowable by Regulation. The employee will receive basic health plan, basic life, and long term disability (LTD) insurance coverage without charge for the 18 weeks per calendar year or as allowable by the Regulations. Other supplemental insurance elections must be paid by the employee.

D. Jury Duty

1. In order that University employees may fulfill their civic responsibility as jurors or witnesses, regular employees are granted leave of absence with pay for these purposes.
2. Definition: Jury duty or duty as a court witness is that service and time spent away from a University job as a result of a subpoena issued by a court. Service as a volunteer expert witness, representative of a party other than the University, or other volunteer court duty is not included in the provisions of this leave of absence.
3. Regulations: Department heads are authorized to grant such leave with pay upon the presentation of a subpoena by the employee. A record of absences for these purposes will be maintained and reported as jury duty leave with pay.

4. It is the responsibility of the employee to keep her/his supervisor or department head informed of the anticipated time to be spent away from the job for this purpose.
5. The employee's regular University pay will continue to be paid during such leaves of absence.
6. Any pay received by an employee from a court system for service on jury duty or as court witness duty will promptly be returned by the employee to the University to offset part of the cost of such absences.

E. Military Leave

1. A regular employee who is a member of a reserve component of the United States Armed Forces is entitled to a leave of absence without loss of pay to a maximum of sixteen and one-half (16-1/2) working days in one calendar year during which the employee is required to serve in order to keep current his or her status with the National Guard or Reserve Forces.
2. For other than training periods discussed above, regular employees of the University are entitled to a military leave of absence without pay to serve in the Armed Forces of the United States and shall be entitled to statutory benefits provided for by state or federal law.

F. Leave of Absence (nonmedical)

1. Leave of absence must be approved by the Chancellor or, in appropriate cases, the President. The employee's supervisor may approve in writing a leave without pay request of ten (10) working days or less.
2. Granting leave of absence shall not affect the employee's status except as provided by Regulation or as agreed to in writing at the time leave is granted.
3. During the leave the employee is entitled to full rights and privileges as if he/she were in regular service except that he/she shall not receive salary and will not accumulate annual or sick leave. The employee may continue the health/life insurance and retirement programs to the extent allowed by law and/or Regulation, and shall pay the employee and the University's portions of any cost.
4. Leave of absence may be granted for a variety of purposes. Leave of absence may be granted for up to one (1) year, and may be renewed for up to one (1) additional year. The justification and merit of an application for leave of absence shall be assessed in each individual case.

5. Unless otherwise agreed to in writing, the leave recipient shall return to the same position which he/she occupied before leaving, or, if the position no longer exists, to a comparable position.
6. An employee wishing to take leave of absence shall apply to their immediate supervisor. The application shall be forwarded through normal administrative channels, with recommendations being added at each level, to the appropriate Chancellor who shall then notify the applicant in writing of the decision. Notification will also be sent to the President of the University and the Statewide Office of Human Resources. The applicant may withdraw an application for leave of absence prior to the making of a commitment by the University or change of position by the University.

G. Special Assignments

Special assignments will not be considered breaks in service nor affect the privileges and the status of that person with the University, unless specified otherwise in Regulation. Any special conditions of such special assignments shall be clearly set forth in writing. They shall become binding only after having been signed by the staff member concerned and by the appropriate Chancellor, or, in appropriate cases, the President.

ARTICLE 9

Union Rights

9.1 Recognition of the Union

- A. The University of Alaska recognizes the Alaska Community Colleges' Federation of Teachers, Local 2404, AFL-CIO, as the exclusive bargaining representative for the following employees of the University of Alaska: faculty, librarians and counselors of a community college established by the University of Alaska Board of Regents; faculty, academic counselors and librarians whose principal assignment is at an extended site of the University of Alaska; faculty whose principal assignment is vocational-technical instruction; and faculty who are employed to teach exclusively at the lower division level, that is 200 level courses or below, or are employed to teach exclusively at the lower division level with a single part service assignment; but excluding department heads/chairs, supervisors, cooperative extension personnel, temporary personnel, aides, assistants, office clericals, those administrators who are not elected by the faculty and other persons not employed as instructional personnel or counselors as described above for ~~at least sixty (60)~~ more than fifty (50) percent of a full-time workload assignment or of the full-time workload assignment for the counselors and librarians described above.
- B. The professional assignment criteria set forth in 9.1.A. above determine unit membership.
- C. An individual shall be a Faculty Member at the time of appointment to a position meeting the professional assignment criteria set forth in 9.1.A above, except for; persons appointed to positions which by the term of the appointment is intended to be for less than one (1) academic year in duration; ~~and except for~~ visiting faculty; and adjunct faculty. Visiting faculty meeting the professional assignment criteria set forth in 9.1.A above shall be a member of the bargaining unit only if appointed to the visiting position for more than one (1) academic year. For the purposes of this Agreement, "adjunct faculty" are employees who meet the definition of "adjunct" as it has been consistently used by the parties in the past.
- D. Should additional community colleges or extended sites of the University of Alaska be established, Faculty Members employed by the University meeting the criteria established in 9.1.A shall be covered by terms and conditions of this Agreement.

9.2 Agency Shop

- A. Except as provided herein, all Faculty Members shall, as a condition of employment or continued employment, pay to the Union a service fee which shall not exceed the

Union dues, to reimburse the Union for the expense of representing the Faculty Members.

- B. Except as provided herein, all Faculty Members shall, as a condition of employment or of continued employment, provide the University with a written authorization to deduct from each paycheck the Union service fee.

9.3 Checkoff

- A. The University agrees to deduct the service fee of the Union from the pay of those Faculty Members who authorize in writing that such deductions be made. Deductions shall be made in equal installments for the academic year, including those Faculty Members on ten (10), eleven (11) or twelve (12) month contracts. The aggregate deductions from all Faculty Members for each payroll period shall be remitted to the Union together with an itemized statement containing the names of the Faculty Members from whom the deduction has been made and the amount so deducted from each. The aforesaid remittance shall be made within fifteen (15) working days following the pay period in which such deductions have been made. Each Faculty Member's written authorization shall be irrevocable for the term of this Agreement or any extension thereof.
- B. The University shall remit the service fee (or dues) collected to the Union Treasurer at the address provided by the Union. The University's responsibility shall extend solely to collection and remittance and shall cease when the University's correct remittance check is cashed.
- C. The Union shall provide a Deduction Authorization Form to the University which shall be used by the University for all Faculty Members, Appendix D.

9.4 Union Campus Representative

- A. If the Union representative becomes subject to disciplinary action of any nature, the appropriate senior Union representative will be so notified and will together with the appropriate University administrator jointly investigate and report on the situation to the President of the Union and the President of the University within five (5) working days. Only following this investigation can the disciplinary process proceed.
- B. Official business between the Union and the University at each campus will be conducted through one designated Union representative.
- C. The Union shall provide the University with a list of duly certified officers, Union representatives, and senior representatives, including names, official addresses, and phone numbers, and maintain that list's currency.

- D. Substitutes will be provided for a Union campus representative from each campus to attend a regularly scheduled Union meeting on the first Friday of each month if the meeting conflicts with the representative's classroom duties or other duties for non-classroom members.
- E. Union campus representatives shall have their work assignment reduced according to the following schedule:
 - 1. The campus representatives who teach on those campuses where there are nine (9) or fewer Faculty Members shall have this activity fulfill a portion of their non-teaching assignment.
 - 2. The campus representatives who teach on those campuses where there are ten (10) or more Faculty Members shall have this activity fulfill their non-teaching assignment.
 - 3. Non-teaching Faculty Members shall have their workload reduced commensurately.

9.5 Union Use of University Facilities

- A. The Union may use the University's meeting facilities on the same basis as other organizations are permitted to use University facilities.
- B. The Union shall be permitted to use the University mail service for the purposes of intra-campus distribution on the same basis as other organizations are permitted to use University facilities.
- C. The University shall designate reasonable bulletin board space for the posting of official Union notices at each campus at which a Faculty Member is employed.
- D. University support services shall be provided the Union on the same basis as any other campus organization.

9.6 Union Office Space

The University will provide an unfurnished office in Building K, Room 214 or equivalent, with heat, lights, power, and two (2) telephone stations to the Union.

9.7 Union Release Time

- A. The Union shall, in each semester of the regular academic year, have the right to buy out the classes or, proportionally, the work of other Faculty Members who serve as officers, or on Labor-Management committees or other work of the Union.

- B. The Union may, in each semester of the regular academic year, buy out thirty six (36) credits, or equivalent, at their sole option. It is understood by the parties that the Union may distribute these releases in any combination, including the buy out of all classes for one or more Faculty Members.
- C. The Union shall pay the University for the released time. The cost for buy outs shall be the actual salary cost for the substitute or one thousand dollars (\$1,000) per credit hour or equivalent, whichever is less.
- D. The past practice between the parties involving the mandatory release of Union officials is hereby extinguished. As of the date of this Agreement, the University has no further responsibility to provide unreimbursed release time, and the Union has no residual claim to unreimbursed release time.
- E. Each Faculty Member shall receive a bonus payment of two hundred dollars (\$200) in each of the three years of this Agreement. This bonus shall be added to the first salary payment on or after July 1, ~~1997~~2000, July 1, ~~1998~~2001, and July 1, ~~1999~~2002. This provision shall expire on June 30, ~~2000~~2003, and if the Agreement is automatically extended by its own terms, no further bonus payments shall be paid.

ARTICLE 10

No Strike or Lockout

During the period of this Agreement, the Union will not cause or condone its members, nor will it encourage, cause or sanction other Faculty Members, to take part in any strike, work stoppage, work interruption, or activity which would violate the Public Employment Relations Act, as amended. The University will not engage in any lockout during the period of this Agreement. The University will not cause or condone its supervisory employees, nor will it encourage, cause, or sanction other University employees, to take part in any lockout or activity which would violate the Public Employment Relations Act, as amended, during the period of this Agreement.

ARTICLE 11

Availability of the Parties

The Union and the University agree that they will meet and confer at reasonable times concerning this Agreement, its interpretations, continuations, or modification. Both parties agree that an obligation exists to meet and confer expeditiously and in good faith. If no agreement is reached, the Agreement will remain unchanged.

It is agreed that a meeting may be requested by either party to this Agreement, at any time, and that within ten (10) working days a schedule for a meeting will be arranged. It is agreed that such meetings will be held expeditiously and, in that interest, that they may, when appropriate, be held by teleconference or other technological device.

ARTICLE 12

Scope and Interpretation

12.1 Past Practices

- A. This Agreement shall supersede any rules, regulations, or practices of the University which shall be contrary to or inconsistent with its terms, and supersedes and cancels all previous Agreements, verbal or written or based on alleged past practices, between the University and the Union, and shall constitute the entire Agreement between the parties. Any amendment or agreement supplemental hereto shall not be binding upon either party until such amendment or agreement has been reduced to writing and duly ratified by both parties. This Agreement shall likewise supersede any contrary or inconsistent terms contained in any individual contracts of Faculty Members.
- B. No change in policy, regulation, or rule made after the date of this Agreement shall extend or abridge any right established by this Agreement during the period that this Agreement is in force, except through agreement with the Union.

12.2 Management Rights

The parties agree that all of the rights and responsibilities of the University which have not been specifically provided for in this Agreement are retained in the University alone. The University's responsibility to determine the structure and goals, purposes, functions, and policies of the University shall extend but not be limited to the following:

- A. Except as provided elsewhere to the contrary: to classify and reclassify personnel; to direct employees; to determine qualifications, standards for work, and to hire, transfer, shift, allocate and assign work within the Faculty Members; to retain employees in positions; to evaluate and to reprimand, reprove, suspend, demote, or discharge for just cause; to relieve an employee from duty because of lack of work or other legitimate reasons such as illness; to take action necessary to maintain the cost effectiveness of University operations; to determine the means, methods, and personnel by which the University's operations and programs are to be conducted; to take such actions as may be necessary to carry out the missions of the University in case of emergencies; and to make rules, regulations, and policies not inconsistent with the provisions of this Agreement and to require compliance therewith, subject to the right to grieve as provided in this Agreement.
- B. Where a goal, purpose, function, or policy is provided for expressly elsewhere in this Agreement, such provision shall control over the preceding paragraph.
- C. Any other provision of this Agreement notwithstanding, nothing in this Agreement shall in any way limit the right of the University to add, delete, or alter any

community college, extended site, campus or other educational facility, and in no way requires that such community college, extended site, campus or other educational facility be maintained at any location specified by this Agreement or existing as of the date of this Agreement.

- D. No Faculty Member may be assigned work against their will which disqualifies them from the bargaining unit.

12.3 Zipper Clause

The parties acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Therefore, the Union and the University, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to or covered by this Agreement and with respect to any subject or matter not specifically referred to or covered by this Agreement, even though such subject may not have been within the knowledge and contemplation of either or both of the parties at the time that they negotiated or signed this Agreement.

12.4 Savings Clause

- A. If any decision of any legislative body or court or administrative body of competent jurisdiction affects any provision or application of this Agreement, or requires conduct inconsistent with any provision or application of this Agreement, then such provision or application shall not be deemed valid and subsisting, except to the extent permitted by law, but all other provisions and applications of this Agreement shall continue in full force and effect.
- B. In the event of any such court or administrative decision or in the event of failure of the Legislature to appropriate money or enact legislation as expressly contemplated herein, the parties agree that, upon written request by either party, the parties shall promptly reopen this Agreement for the specific and limited purpose of negotiating language to deal with the application ruled invalid or not appropriated or not enacted or to replace the provisions ruled invalid. If this Agreement is so reopened, all the remaining terms shall remain in effect. The written request shall state what provisions or applications were invalidated upon which it is proposed to negotiate, the substance of the rights affected, and the substance of the proposed amended provisions.

12.5 Legislative Appropriation

- A. No legislative appropriation requested by the University, with regard to funding this Agreement, shall be made without prior discussion with the Union pursuant to Article 11. The University shall give adequate notice to the Union of such requests as to provide reasonable response time from the Union. The University shall request full funding of this Agreement.
- B. It is agreed by and between the parties that any provision of this Agreement requiring legislative action to permit its implementation, by amendment of law or by providing additional funds therefore, shall not become effective until the appropriate legislative body has given approval.

Letters of Agreement

- A. The University of Alaska and the Alaska Community Colleges' Federation of Teachers agree that the issues surrounding distance delivery should be studied through Labor/Management meetings which may include representatives from the United Academics AAUP/AFT, and the United Academics Adjuncts AAUP/AFT.
- B. The University of Alaska and the Alaska Community Colleges' Federation of Teachers agrees that the parties shall request a meeting with the United Academics AAUP/AFT for the purpose of discussing and resolving the issues of bargaining unit status of visiting professors who in their second year would become members of the ACCFT, and department chairs who are selected from positions within the ACCFT.
- C. The University of Alaska and the Alaska Community Colleges' Federation of Teachers agree that the following memoranda and letters of agreement shall continue for the duration of this contract:
1. Department Heads and Chairs (8-21-97):
 2. Disability Leave Bank Deductions (4-9-98):
 3. Agency Fee (6-24-98 and 8-31-99 agreements):
 4. UAA Faculty Evaluation 98-99 (9-25-98):
 5. UAS Faculty Evaluation (12-8-98):
 6. UAA Faculty Evaluation 99-00 (3-25-99):
 7. Contract Reduction (9-21-98):
 8. Article 9.7.E. Bonus Payment (6-8-99 and 6-23-99).

Letter of Dispute Resolution

It is agreed that upon the ratification of this Agreement by the parties:

~~A. Unfair Labor Practices~~

- ~~1. The Union shall dismiss Unfair Labor Practice case number 97-730, and Unfair Labor Practice case number 95-394.~~
- ~~2. The University shall dismiss Unfair Labor Practice case number 97-728.~~
- ~~3. The University will write a letter to the Union indicating that the University will not take disciplinary action against Faculty Members for concerted activities preparatory to the planned strike.~~

~~B. Union Grievances~~

- ~~1. The Union shall dismiss grievance 97-41, 97-42 and 96-36.~~
- ~~2. Grievance 97-43 shall be settled on a nonprecedent setting basis by payment of the salary increases to the twenty six (26) Faculty Members party to the grievance.~~
- ~~3. Grievance 97-41 shall be settled on a nonprecedent setting basis by the payment of one half (1/2) of the agency fees owed by the nine (9) grievants.~~
- ~~4. A pre-arbitration meeting will be scheduled to review the facts in the Warner (96-10) and Ayugaruk (96-38) cases prior to May 6, 1997.~~

~~C. Lawsuits~~

~~The Union and University shall cause to be dismissed with prejudice all actions relative to ACCFT vs. University of Alaska case number 3AN 96-8294.~~

COLLECTIVE BARGAINING AGREEMENT
between the
UNIVERSITY OF ALASKA
and the
ALASKA COMMUNITY COLLEGES' FEDERATION OF
TEACHERS
AFT LOCAL 2404, AFL-CIO
July 1, ~~1997~~2000 - June 30, ~~2000~~2003

FOR THE UNIVERSITY OF ALASKA:

FOR THE ACCFT:

Date

Date

UNIVERSITY OF ALASKA
SUMMARY OF CONTRACT SETTLEMENT WITH ACCFT
February 2000

Introduction

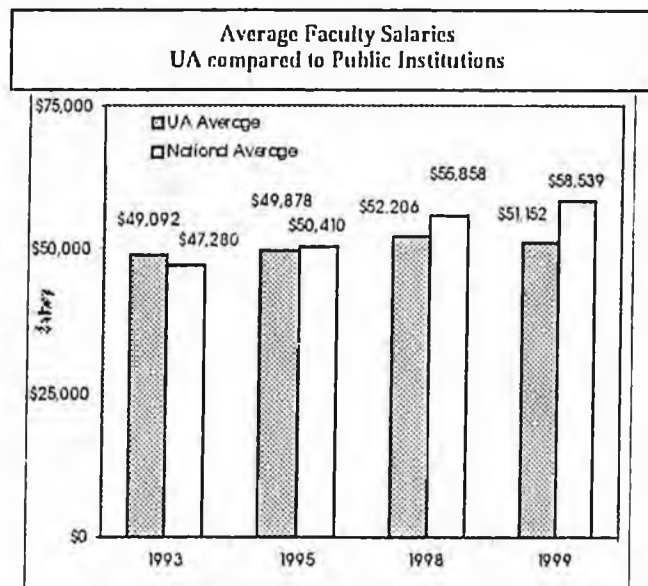
The University's ability to recruit and retain the most qualified faculty is critical to achieving our teaching, research, and service mission. The faculty members (266) represented by ACCFT deliver high quality instruction and provide university and public service on all UA campuses across the state.

Background

Collective bargaining negotiations often divert faculty and administrative resources from our students to the battle at the bargaining table. Last year, the administration and ACCFT agreed to an expedited negotiation that would not harm the educational process. The process resulted in a reasonable agreement, meeting the needs of the administration, the faculty, and most important our students.

The National Context

The University of Alaska recruits its faculty from a national (and in some cases international) market, in large part because the University has a limited number of programs that prepare faculty for university teaching and research. As the following figure demonstrates, faculty salaries across the nation have increased much more than salaries at UA and now exceed them.



Economic Highlights

Continue 2.6% annual across the board increases; continue an annual \$200 lump sum bonus; and clarify that increases are subject to legislative approval and funding. (Note, last year, faculty contracts nationally, resulted in a 4.8% average increase.) The general fund increment request for FY01 is \$428,500. Based on the current membership, additional funding requirements for FY02 and FY03 are estimated at \$440,000 and \$450,000 respectively.

Provide three health benefits options to the union – (1) maintain current coverage, (2) withdraw from all UA health plans, (3) or participate in another UA health plan – such as the UA 2000 plan currently offered to non-represented employees; and clarify that costs in excess of the university's defined contribution are based on the participants in a particular plan.

Operational Highlights

The agreement is for three years, July 1, 2000 through June 30, 2003. Non-tenure track term faculty will be given notice of non-retention, based on longevity.

SUMMARY OF JULY 1, 2000-JUNE 30, 2003
AGREEMENT BETWEEN ACCFT & UNIVERSITY OF ALASKA

- **TERM**—Provide a three-year collective bargaining agreement, beginning July 1, 2000, ending June 30, 2003.
- **BARGAINING UNIT**—Expand the bargaining unit by including faculty with ACCFT workloads who work more than 50 but less than 60 per cent of a full time workload, while excluding adjunct faculty. This brings this unit into line with the other bargaining units by using a threshold of 50%.
- **ECONOMIC**—Continue 2.6% across the board salary increases in FY01, 02 and 03 (adjusting salary maximums for each rank by 2.6% in FY01 only); continue a ten per cent salary increase in the year of a promotion, with no other increase that year; continue an annual \$200 lump sum bonus; and clarify that across the board salary increases are subject to legislative approval and funding.
- **HEALTH BENEFITS**—Provide three health benefits options to the union - maintain current coverage, withdraw from any university plan and use the defined contribution amount (pegged at \$439.59/employee/month on July 1, 2000) for health coverage, or elect another university plan; clarify that costs in excess of the university's defined contribution are based on the participants in a particular plan. The defined contribution MAY increase by up to 3% per year, if the cost of benefits increases that much.
- **EVALUATION**—Continue the promotion/tenure/post-tenure review evaluation processes currently in place at the three MAUs.
- **NON-RENEWAL OF TERM EMPLOYEES**—Provide for minimum notice periods based on longevity, or payment in lieu of notice, when the university does not renew the appointment of a fixed term faculty member with more than two consecutive years of uninterrupted service.
- **INCORPORATION OF UNIVERSITY POLICY**—Continue to use the April 12, 1997. versions of Regents' Policy and University Regulation (those used in the current CBA) wherever they are referenced in the CBA, except as otherwise agreed.
- **OTHER PROVISIONS**—Continue the balance of the current collective bargaining agreement with appropriate adjustments in dates, and with modifications agreed to during the life of the current agreement.



Federation of teachers

321 Providence Anchorage, Alaska 99508-4670, (907) 562-2660, fax (907) 786-4095
e-mail: n.parr@juse.alaska.edu

alaska community colleges' american fed. of teachers, local 2104, america fed. of labor - congress of industrial organizations

March 30, 2000

Eldon Mulder, Co-Chair
House Finance Committee
Room 507 Capitol
Juneau, Alaska 99801-1182

Sean Parnell, Co-Chair
Senate Finance Committee
Room 518 Capitol
Juneau, Alaska 99801-1182

Re: University of Alaska
Alaska Community Colleges' Federation of Teachers FY01
budget request

Dear Representative Mulder and Senator Parnell:

This letter will clarify the status of the Alaska Community Colleges' Federation of Teachers' budget request for salary adjustments in FY01 within the budget request for the University of Alaska.

The 2.6% increase requested is exactly the same as was requested and funded last year and as negotiated in 1997. The current (July, 1997--June, 2000) contract states that the 2.6% increase will continue for subsequent fiscal years if the parties do not negotiate a new contract.

As it turned out, university managers wanted to clarify some nonmonetary language and asked to enter into limited negotiations last summer. We entered into those negotiations, leaving 99% of the contract intact and 100% of the funding terms intact. Aware of the price of oil last summer and willing to live with terms agreed to in 1997 for another three years, **ACCFT specifically did not request any salary adjustments different than that which would have been in effect had both the union and management done absolutely nothing.** In other words, the 1997-2000 contract contains language that extends the 2.6% salary adjustment. The 2000-2003 contract embodies that same 2.6% adjustment.

Only the most strained interpretation would characterize such a contract as "new." It is not new; it is an extension of the same monetary terms of the current contract.

We entered into the 1997 contract in good faith and a few months ago extended the same monetary terms in good faith for FY01. We did not ask for the kinds of substantial monetary increases enjoyed by some university managers this year nor for those being negotiated and funded consistently across the nation this year in public sector, especially public university contracts. Our faculty, doing most of the teaching on all the university campuses, respectfully request you fund this modest, continued request.

Sincerely,

Bob Congdon
President

cc: Sam Kilo
W. Redman

university
bethel
dillingham
gateway
ketchikan
kodiak
matanuska
prince george
sitka
university
valdez
wasilla
wrangell

UNIVERSITY OF ALASKA

Statewide Administration

Senator Sean Parnell
Senate Finance Committee
Alaska State Legislature

Dear Senator Parnell:

Our discussion last week regarding the UA collective bargaining contracts and the salary increases for non-covered UA employees was a little confusing and I want to take the opportunity to clarify the facts relating to the University salary requests. The primary point of confusion (and it may only have been mine) stems from the fact that we reached a successor agreement with our United Academic faculty ten months ahead of the termination of the existing agreement, and 16 months ahead of the date that any new salary increases will go into effect. As a result, there are no new monetary terms requested for the current FY01; all new provisions will be included in the FY02 UA Request.

To summarize our collective bargaining situation, the following may help:

NEW CONTRACTS:

ALASKA COMMUNITY COLLEGE FEDERATION OF TEACHERS (ACCFT)

(266 faculty who teach primarily at the lower division level, with no research assignment)

Term of New CBA: 7/1/00 - 6/30/03
Term of New Monetary Terms: 7/1/00 - 6/30/03
Legislative Action: Approve new contract and Fund Monetary terms of NEW contract

FY01 Monetary Terms: 1st raise under new CBA, 7/1/00 -- \$428.5 gf/1.0 other
FY02 Monetary Terms: 2nd raise under new CBA, 7/1/01
FY03 Monetary Terms: 3rd raise under new CBA, 7/1/02

CONTINUING CONTRACTS:

UNITED ACADEMICS (UA)

(675 faculty who teach lower and upper division and have a research assignment)

Term of Current CBA: 1/1/98 - 12/31/00
Term of Continuing Monetary Terms: 7/1/00 - 6/30/01
Term of New CBA: 1/1/01 - 12/31/03
Term of New Monetary Terms: 7/1/01 - 6/30/03
Legislative Action: Approve new contract and Fund Monetary Terms of CURRENT contract

FY01 Monetary Terms: Last raise under Current CBA, 7/01/00 -- \$1,145.7 gf/114.1 other
FY02 Monetary Terms: 1st raise under new CBA, 7/1/01
FY03 Monetary Terms: 2nd raise under new CBA, 7/1/02

CLASSIFIED EMPLOYEES ASSOCIATION (CEA)
(250 Maintenance/Trade Workers)

Term of Current CBA: 1/1/98 - 12/31/00
Term of Continuing Monetary Terms: 7/1/00 - 6/30/01
Legislative Action: Fund Monetary Terms of CURRENT contract

FY01 Monetary Terms Last raise under Current CBA, 7/1/00 -- \$164.3 gf

UNITED ACADEMIC ADJUNCT FACULTY (UAA)
(Part time faculty who teach less than 50% of full time -- membership is approximately 950 faculty)

Term of Current CBA: 1/1/99 - 12/31/01
Term of Continuing Monetary Terms: 7/1/00 - 6/30/02
Legislative Action: Fund Monetary Terms of CURRENT contract

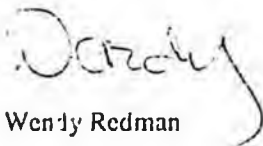
FY01 Monetary Terms 2nd raise under Current CBA, 7/1/00 -- \$246.3 gf
FY02 Monetary Terms 3rd raise under Current CBA, 7/1/01

I hope this provides clarity rather than further muddling. The confusion regarding the United Academic contract results from PERA requirement that contracts be submitted to the Legislature for approval within 10 days of settlement -- even if there are no monetary terms that are effective during the current fiscal year.

As a final note, I remind you that we have a request of \$4.1 million (\$2.9 gf/1.2 other) for our approximately 2,500 non-organized employees. This request provides for a 2.6% annual, merit-based increase for the state's largest group of non-represented employees.

If you or your staff have any further questions or concerns, please contact me at 463-3086 or in Fairbanks at 474-7582.

Sincerely,


Wendy Redman

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

RECEIVED

MAR 30 2000

Senate Finance
Committee

March 30, 2000

Dear Senator Parnell:

Attached is our response to some of the questions asked in the March 23 Senate Finance Committee hearing on the state labor contracts. Responses are included to the following questions/requests:

- What is the current dollar value of the GGU accrued sick leave?

The attached table entitled "General Government Bargaining Unit Sick Leave Balances as of March 2000" provides the distribution of sick leave in the unit with the dollar value for those leave balances.

- What is the potential impact of the GGU conversion to the Leave Cash-in and Terminal Leave accounts?

The attached analysis shows the potential impact to budgeted leave cash-in rates (which are calculated individually for each department) and terminal leave (which is calculated as a statewide rate). Actual implementation of any rate adjustment is not anticipated until FY 2002. These rates are reviewed annually by the Division of Finance, and are based upon a three-year rolling average of actual expenses incurred.

There are many other factors which may also influence these rates, i.e. early retirement incentive programs, rapid reductions in force such as layoffs, or changes in the elected/appointed administration.

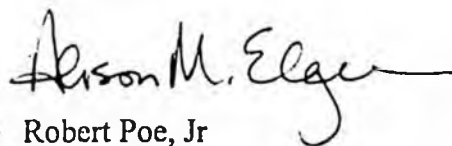
In addition, we are providing detailed sick leave account information as requested by the Senate Finance Committee on Friday March 24. The table entitled "GGU Sick Leave Balances in Excess of 2000 Hrs." provides details for 26 accounts. The table includes the number of hours of leave, the numbers of years of service for that employee, the dollar value of that leave and the dollar value of that portion of the sick leave balance that would be converted to personal leave.



I hope this information is helpful. Additional information is being assembled and will be provided as quickly as possible.

If you have follow-up questions, please call.

Sincerely,

A handwritten signature in cursive script that reads "Alison M. Elger". The signature is written in black ink and is positioned above the typed name.

for Robert Poe, Jr
Commissioner

Enclosures

cc: Annalee McConnell
Pat Pourchot

**GENERAL GOVERNMENT BARGAINING UNIT SICK LEAVE BALANCES AS OF
MARCH 2000**

| NUMBER OF SICK HOURS | NUMBER OF EMPLOYEES | TOTAL HOURS | TOTAL DOLLARS | 50% CONVERSION VALUE |
|---------------------------------|--------------------------------|--------------------|--------------------------|-------------------------------------|
| <100 | 3314 | 118,067 | 2,164,852 | 1,082,426 |
| 101-200 | 1100 | 158,875 | 3,212,062 | 1,606,031 |
| 201-300 | 635 | 157,379 | 3,318,263 | 1,659,131 |
| 301-400 | 476 | 164,681 | 3,583,741 | 1,791,870 |
| 401-500 | 341 | 154,139 | 3,478,400 | 1,739,200 |
| 501-600 | 248 | 135,670 | 3,204,630 | 1,602,315 |
| 601-700 | 206 | 134,278 | 3,161,479 | 1,580,739 |
| 701-800 | 165 | 124,047 | 2,919,500 | 1,459,750 |
| 801-900 | 115 | 97,634 | 2,333,920 | 1,166,960 |
| 901-1000 | 96 | 90,827 | 2,229,741 | 1,114,871 |
| 1000-1250 | 170 | 189,514 | 4,925,881 | 2,462,940 |
| 1251-1500 | 106 | 145,125 | 3,842,300 | 1,921,150 |
| 1501-2000 | 92 | 155,056 | 4,389,948 | 2,194,974 |
| >2000 | 26 | 59,225 | 1,691,025 | 845,513 |
| TOTALS | 7090 | 1,884,517 | 44,455,741 | 22,227,871 |

Analysis of the Impact on Working Accounts

Facts:

7,090 GGU employees have 1,884,517 hours of sick leave
 Multiplied by annualized hourly pay rates this is \$44,455,741
 Converted to personal leave at 50%, this is \$22,227,870

| | |
|---|---------------------|
| Total leave paid out in FY99 (about 50/50 cash-in & terminal) | in millions 20.4 |
|---|---------------------|

Estimate on how this conversion would affect department budgets:

| | |
|---|---------------|
| Personal leave conversion | \$ 22,227,870 |
| % of leave accrual converted to cash based upon historical averages | X 18% |
| | 4,001,017 |

Impact on Working Reserves

| | Leave Cash-in | Terminal Leave |
|---|---------------|----------------|
| Total impact of conversion | \$ 2,000,508 | \$ 2,000,508 |
| Ave. length service for all active PERS employees | 7.5 years | 7.5 years |
| Annual impact of conversion | \$ 266,734 | \$ 266,734 |
| | | |
| FY99 Usage | \$ 10,218,127 | \$ 10,818,823 |
| | | |
| % increase for annual impact | 2.61% | 2.47% |
| | | |
| Apply % increase to rate | | |
| FY 01 Rates (before leave conversion) | High 4.22% | |
| | Low 0.64% | |
| | Average 2.15% | 1.88% |
| | | |
| FY 01 Rates adjusted for % annual impact *(after leave conversion) | High 4.33% | |
| | Low 0.66% | |
| | Average 2.21% | 1.93% |

*adjusted FY 01 shown for comparison purposes only--will not impact rates until budgeted in FY 02

GGU EMPLOYEES WITH SICK BALANCES IN EXCESS OF 2000 HOURS, CURRENT AS OF MARCH 2000

| NUMBER OF EMPLOYEES | YEARS OF SERVICE | TOTAL HOURS | TOTAL DOLLARS | 50% CONVERSION VALUE |
|---------------------|------------------|-------------|---------------|----------------------|
| 1 | 22 | 2,009 | 77,155 | 38,577.60 |
| 1 | 22 | 2,143 | 62,489 | 31,244.51 |
| 1 | 26 | 2,209 | 46,137 | 23,068.82 |
| 1 | 20 | 2,002 | 31,616 | 15,807.92 |
| 1 | 2 | 2,443 | 76,827 | 38,413.66 |
| 1 | 25 | 2,955 | 92,924 | 46,461.87 |
| 1 | 30 | 2,188 | 84,462 | 42,230.91 |
| 1 | 24 | 2,171 | 61,427 | 30,713.43 |
| 1 | 35 | 2,401 | 80,565 | 40,282.41 |
| 1 | 25 | 2,808 | 88,324 | 44,162.25 |
| 1 | 25 | 2,765 | 83,592 | 41,796.00 |
| 1 | 29 | 2,255 | 49,795 | 24,897.63 |
| 1 | 21 | 2,117 | 78,579 | 39,289.66 |
| 1 | 24 | 2,258 | 74,387 | 37,193.63 |
| 1 | 24 | 2,263 | 42,282 | 21,140.91 |
| 1 | 22 | 2,146 | 35,552 | 17,776.22 |
| 1 | 23 | 2,187 | 94,706 | 47,353.10 |
| 1 | 19 | 2,089 | 60,925 | 30,462.58 |
| 1 | 28 | 2,617 | 72,751 | 36,375.61 |
| 1 | 27 | 2,874 | 57,712 | 28,855.97 |
| 1 | 22 | 2,029 | 72,569 | 36,284.55 |
| 1 | 28 | 2,082 | 38,884 | 19,441.87 |
| 1 | 27 | 2,094 | 61,073 | 30,536.65 |
| 1 | 21 | 2,044 | 68,232 | 34,116.20 |
| 1 | 25 | 2,028 | 63,250 | 31,624.79 |
| 1 | 29 | 2,048 | 34,808 | 17,404.01 |

| | | | | | |
|-----------------|-----------|---------------|----------------|------------------|------------------|
| TOTALS | 26 | 652 | 59,225 | 1,691,025 | 845,512 |
| AVERAGES | 26 | 25.077 | 2277.87 | 65039.42 | 32,519.71 |

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

April 10, 2000

RECEIVED

APR 11 2000

Senate Finance
Committee

The Honorable Sean Parnell
Alaska State Senator
State Capitol
Juneau, AK 99801-1182

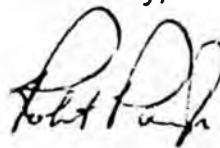
Dear Senator Parnell:

Attached you will find the information your office requested regarding the conversion from annual and sick leave to the personal leave system.

The information provided gives a summary of the conversion by bargaining unit. Also attached is the contract language prior to and after the conversion by each bargaining unit.

Please let me know if I can provide additional information.

Sincerely,



Robert Poe, Jr.
Commissioner

cc: Annalee McConnell

HISTORY OF ANNUAL/SICK LEAVE CONVERSION TO THE PERSONAL LEAVE PROGRAM

| CONTRACT | CNVRSN DATE | TERMS* | CASH-IN AMOUNT PRIOR TO CNVRSN | CASH-IN AMOUNT AFTER CNVRSN | CASH-IN CURRENT (contracts eff 7/1/00) | EXHIBITS |
|--|-------------|--|---|---|---|--|
| GGU 7/1/00-6/30/03 | 12/16/00 | 50% to personal leave; 50% to medical leave bank | 37.5 hrs per leave year; 37.5 hr balance required before & after cash-in | 37.5 hr bal required before & after cash-in | 37.5 hr bal required before & after cash-in | A (after conversion-Art 26 Imp. and Art 26.07) B (prior conversion-Art 25.01.C) |
| SU 1/1/90-12/31/92 | 1/1/90 | 40% to personal leave; 60% to medical leave bank - 12/16/95 another 20% of medical lv converted to personal lv | 8 days per calendar year; no mention of specific balance required before or after cash-in | 8 days per leave year; 30 day balance required before & 10 day balance required after cash-in | 37.5 hr bal required before & after cash-in | C (after conversion-Art 29.1.H, I and J) D (prior conversion-Art 29.1.C) |
| LTC 11/1/95-6/30/96 | 12/16/95 | 50% to personal leave; 50% remains sick leave for immediate use | 75 hrs per leave year; no mention of balance required before, but 37.5 hrs required after cash-in | 75 hrs per leave yr; 225 hr balance required before & 75 hr balance required after cash-in | 75 hrs per leave yr; no mention of required bal before, but 75 hr balance required after cash-in | E (after conversion-Art 19.04 and Art 19.08) F (prior conversion-Art 19.4) |
| CEA Supplemental Agreement signed 7/14/75 | 7/14/75 | Up to a max of 15 days retained for sick leave use for any CEA appointment through 6/30/98 | Information not available | 8 days per calendar year; 45 day balance required before & no mention of balance required after cash-in | 37.5 hr bal required before & after cash-in | G (after conversion-Supplemental agreement Article 9 and 9.III) (Art IX.8 of the 1980-1982 contract) H (prior conversion- no contract available) |
| MEBA 89-92 | 4/1/89 | 40% of sick leave to personal leave; 60% to union administered leave bank | If has 84 hours, 84 hrs per calendar year, with a longevity condition | 168 hrs per calendar yr; 168 hr balance required before, but no mention of bal required after cash-in | 168 hrs per calendar yr; 168 hr bal required before, but no mention of bal required after cash-in | I (after conversion Rule 23.01/Rule 29) J (prior conversion Rule 23/Rule 29) |
| COU 7/1/96-6/30/99 (ASEA) | 7/1/96 | 60% to personal leave; 40% eliminated | 5 days per calendar year; no mention of balance required before, but 5 day balance required after cash-in | 80 hrs per leave year; 37.5 hr balance required before & 37.5 hr balance required after cash-in | 80 hrs per leave year; no mention of required bal before, but 40 hr bal required after cash-in | K (after conversion-Art 26.04.C and Art 26.04.F & G) L (prior conversion-Art 25.1.C) |
| TROOPERS 78-79 | 1/1/78 | Up to a max of 15 days retained for sick leave use | No provision in contract discussing leave cash-in processing | 8 days per calendar year; 45 day balance required before & no mention of balance required after cash-in | 3 request per lv yr; 40 hr bal required before & after cash-in | M (after conversion-Art 14, Sec I and Sec I.C and Sec I.II) N (prior conversion-no mention of leave cash-in processing) |

* 100% of Annual leave always converted to the Personal leave account in each Unit's conversion process

HISTORY OF ANNUAL/SICK LEAVE CONVERSION TO THE PERSONAL LEAVE PROGRAM

| CONTRACT | CNVRSN DATE | TERMS* | CASH-IN AMOUNT PRIOR | CASH-IN AMOUNT AFTER | CASH-IN TODAY (Proposed TA's) | EXHIBITS |
|-------------------------|--|---|--|--|--|--|
| TEAME 7/1/88-6/30/91 | 7/1/89 | 100% of sick leave to medical leave bank | 8 days per leave year; 30 day balance required before & 5 day balance required after cash-in | 8 days per leave year; 30 day balance required before & 5 day balance required after cash-in | 8 days per leave year; 30 day balance required before & 5 day balance required after cash-in | O (after conversion-Section XII,H) P (prior conversion-Section XII,F.1 and H) |
| NON-COVERED | Prior to 1978 | 40% to personal leave; 60% to sick leave bank | NA | NA | Eff 4/6/86, 3 requests per lv yr; 5 day bal required before & after cash-in | Q Alaska Statute R Leave Rules |
| ACSEA | No convrsn - currently using sick & annual leave | NA | NA | NA | NA | NA |
| AVTECTA | No convrsn - currently using sick & annual leave | NA | NA | NA | NA | NA |
| IBU | No convrsn - currently using vacation & sick leave | NA | NA | NA | NA | NA |
| MMP | No convrsn - currently using sick & annual leave | NA | NA | NA | NA | NA |

* 100% of Annual leave always converted to the Personal leave account in each Unit's conversion process

EXHIBIT (A)

~~C. An employee who has accrued sick leave shall have sixty percent (60%) of that sick leave transferred to the employee's personal leave account. The remaining portion of accrued sick leave shall be canceled without pay.~~

~~D. The use of leave under this section shall be reduced by the amount of wage continuation payments under the Alaska Worker's Compensation Act (AS 23.30).~~

~~E. Each employee shall take at least eighty (80) hours of personal leave each leave year.~~

~~F. Each employee may cash in up to eighty (80) hours of personal leave each leave year. Up to forty (40) hours may be applied against the mandatory leave usage of E.~~

~~G. In the application of other provisions of the 1996 - 1999 Agreement regarding annual or sick leave, personal leave shall be substituted on an hour for hour basis. The maximum leave accrual provisions of Section 25.01.E shall not apply to employees covered by personal leave.~~

~~26.05 Labor Management Committee on Corrections. Within sixty (60) days following the effective date of this Agreement, the parties shall meet to establish a statewide labor management committee on Corrections pursuant to the provisions of Article 7. The committee shall be composed of no more than five (5) representatives of the Employer and no more than five (5) representatives of the Union. Additional individuals may be included in particular labor management meetings by mutual agreement. The topic of a transfer policy for Correctional Officers shall be a subject of the committee's first meeting. The parties recognize that issues concerning the Division of Community Corrections are appropriate for this labor management committee.~~

ARTICLE 26 PERSONAL LEAVE

Implementation:

Effective December 16, 2000, a personal leave system shall be made available to eligible bargaining unit members under the terms of this Article. Eligible bargaining unit members employed in the unit prior to July 1, 2000 may irrevocably elect to participate in a personal leave system as described herein, in lieu of the annual and sick leave system provided in Article 25. All eligible bargaining unit members employed prior to July 1, 2000 will be provided with a written election form which must be completed and returned to the State (i.e., received) not later than October 31, 2000. Each eligible bargaining unit member may elect to remain covered either by the provisions of Article 25, or those of Article 26. Such election may be exercised only once, and is irrevocable for the duration of a member's employment. Any eligible member for whom an election form is not received by October 31, 2000 will be automatically covered by the personal leave provisions of this article.

Any leave eligible bargaining unit member entering the unit on or after July 1, 2000 will be covered by the provisions of this article from and after December 16, 2000. Prior to that date, the terms of Article 25 will apply. Any leave eligible bargaining unit members entering the unit on or after December 16, 2000 will be covered by the terms of this article.

At such time as the total number of leave eligible bargaining unit members remaining covered by the terms of Article 25 is less than one thousand five-hundred (1,500) members, all leave eligible bargaining unit members shall be converted to the personal leave system provided in this article. Such conversion shall be made on the sixteenth (16th) day of the month following the month in

which the number of members remaining covered by Article 25 reaches less than one thousand five-hundred (1,500).

From and after the date of individual or collective conversion to the personal leave system, personal leave shall be earned and used in lieu of all sick and annual leave. A bargaining unit member who has accrued annual leave shall have one-hundred percent (100%) of the annual leave balance transferred to the member's personal leave account. A member who has accrued sick leave shall have fifty percent (50%) of the sick leave balance transferred to the member's personal leave account. The remaining sick leave balance shall be retained and is available for use in accordance with section 26.03 of this article. No additional sick leave shall accrue.

In the event that a member enters the unit between July 1, 2000 and December 16, 2000, and has a previously established medical leave bank as a result of a prior personal leave conversion, such member's banked medical leave shall not be available for additional conversion under this article. Such banked medical leave remains available for utilization as provide in section 26.03.

26.01 - Rate of Accrual

All full-time bargaining unit members holding permanent, probationary, provisional or long-term nonpermanent status shall accrue personal leave as follows:

| <u>Years of Service</u> | <u>Hours Per Pay Period</u> |
|-------------------------|-----------------------------|
| <u>0 - 2</u> | <u>7.50</u> |
| <u>2 - 5</u> | <u>8.44</u> |
| <u>5 - 10</u> | <u>9.38</u> |
| <u>10 +</u> | <u>11.25</u> |

Personal leave accruals for partial months of service will be on a prorated basis. Leave eligible members who work less than full-time shall accrue personal leave on a prorated basis according to the above schedule and hours in pay status. Accrued leave shall be posted on a semimonthly pay period and shall be available for use when posted except as noted herein. In determining years of service for the purpose of computing personal leave, all permanent/probationary/provisional/long-term nonpermanent service with the Territory and State of Alaska is included.

Accrued personal leave is available for use by a member following the successful completion of thirty (30) consecutive calendar days of leave eligible employment.

All full-time bargaining unit members holding permanent, probationary, provisional or long-term nonpermanent status who are regularly assigned to forty (40) hour workweeks pursuant to a Letter of Agreement establishing such alternate workweeks shall accrue personal leave as follows:

| <u>Years of Service</u> | <u>Hours Per Pay Period</u> |
|-------------------------|-----------------------------|
| <u>0 - 2</u> | <u>8</u> |
| <u>2 - 5</u> | <u>9</u> |
| <u>5 - 10</u> | <u>10</u> |
| <u>10 +</u> | <u>12</u> |

26.02 - Changes of Accrual Rate

Changes in the rate of personal leave accrual shall take effect at the beginning of the pay period immediately following the pay period in which the employee completes the prescribed period of full-time service.

26.03 - Medical Leave Bank and Transfer of Accrued Sick Leave

A. A leave eligible member in the bargaining unit who becomes covered by the provisions of this article and who has accrued sick leave shall have fifty percent (50%) of that sick leave transferred to the employee's personal leave account and fifty percent (50%) of that sick leave transferred to a medical leave bank. Banked medical leave may only be taken in accord with this article.

B. Medical Leave Bank. Such leave is to be used only in the event of illness or injury of the member or the member's immediate family, or other events authorized in this article. There will be no further additions to the medical leave bank.

The medical leave bank balance can be authorized for use only after the personal leave balance has been exhausted, except that any one (1) medical disability which prevents the employee from working, as certified by the attending health care provider, which exceeds five (5) consecutive working days shall be charged as follows:

1. shall be charged to personal leave up to a maximum of five (5) consecutive working days.
2. after exceeding the five (5) consecutive days the total leave taken shall be charged to the medical leave bank.
3. if the medical leave bank has been exhausted, the leave shall be charged to personal leave.

Such illnesses shall in all cases require a report from a health care provider recognized under the FMLA.

- C. Except as otherwise provided in this article, upon separation from state service, a maximum of fifteen (15) hours in an employee's medical leave bank shall be transferred to a Union Catastrophic Medical Leave Bank. A Labor-Management committee will be established to develop the procedures regarding use of this leave bank.
- D. Death of an Employee. Upon the death of an employee, any unused sick leave balance shall be paid in cash to the employee's beneficiaries at the employee's base pay rate.
- E. The use of leave under this section may be reduced by the amount of wage continuation payments under the Alaska Workers Compensation Act (AS 23.30).

26.04 - Utilization and Disposal

Personal leave shall be used for any and all purposes for which sick and/or annual leave have heretofore been used. This includes medical or dental appointments, and illness or injury of the member or the member's immediate family as defined in 2 AAC 08.999.

Personal leave requests require the prior approval of the supervisor except in the case of illness or injury to the member. Member requests shall be given full consideration and, to the extent practicable, approved. However, the parties agree that the final decision with regard to approval or disapproval of any request will be based on the supervisor's evaluation of the needs of the job. In an absence due to illness or injury, the supervisor may require a physician's certificate.

Members will not be required to provide a physician's certificate for illnesses of less than three (3) days unless improper use is suspected.

Personal leave accrued but not used shall accumulate until separation; however, at least 37.5 hours of personal leave must be used each full leave year (December 16 of one (1) calendar year through December 15 of the following calendar year). Seasonal employees of less than twelve (12) months duration shall be exempt from mandatory leave. Personal leave cashed-in pursuant to Section 26.07 of this article does not count toward the mandatory 37.5 hours usage. Part-time members shall have the mandatory leave requirement prorated based upon the number of hours the member is regularly scheduled to work.

If the member fails to use the 37.5 hours in any full leave year, the member shall be entitled to payment for the unused portion. This payment shall be at the member's annualized hourly rate and shall be included in the first (1st) regular payroll following the close of the leave year. The period of time for which payment is made will be deducted from the member's personal leave balance. It is understood that, should the member fail to schedule the 37.5 hours leave, the Employer may direct that the member take the personal leave at any time to satisfy the 37.5 hours requirement.

26.05 - Separation

- A. Members who separate from State service for any reason including layoff shall receive within seven (7) days a lump sum payment for accrued personal leave in accordance with statutory provisions in effect on the date of separation.
- B. Members who go on personal leave and subsequently give notice of resignation, or who do not return to work, will be considered to have separated on the last day worked. No additional leave will accrue after the last day worked.
- C. Any exception to the policy stated in B of this section requires the prior written approval of the Commissioner of the Department of Administration.
- D. Upon separation from state service, the medical leave bank balance shall be automatically canceled without pay except in case of death of an employee who, at the time of death, is a bargaining unit member. All unused medical leave shall be paid to the member's designated beneficiary in a lump sum at the member's annualized hourly rate of pay.

26.06 - Funeral Leave

If a death occurs among members of an member's immediate family, the member will be excused from work and allowed to use up to 37.5 hours of leave to attend the funeral and make arrangements. The funeral leave time will be charged first to personal leave, then to the banked sick leave or, if no leave is available, to leave without pay. Additional days may be authorized under extenuating circumstances. Immediate family, for the purpose of funeral leave, shall mean the member's spouse, children, stepchildren, father, mother, father-in-law and mother-in-law, sister, brother, grandparents, and grandchildren.

26.07 - Leave Cash-In

Members having in excess of 37.5 hours of personal leave shall, upon written request to the Employer, receive payment for accrued but unused personal leave, subject to the following limitations:

1. Under no circumstances may a member request or receive a leave cash-in which would reduce the employee's accrued personal leave balance below 37.5 hours.
2. Payment will be made no later than one (1) pay period following the pay period in which the request was made.
3. Leave cashed in under this section does not reduce the 37.5 hour mandatory leave requirement in section 25.04 of this article.

26.08 - Union Business Leave Bank

A. There is hereby created an Union Business Leave Bank which shall be administered by the State with a monthly report of the balance and withdrawals provided to the Union. The Bank shall be established by an automatic transfer of seven and one-half (7.5) hours of personal leave from each new bargaining unit member. Such bargaining unit members shall donate seven and one-half (7.5) hours of personal leave when the bargaining unit member's balance is at least seven and one-half (7.5) hours or more and such leave shall be transferred to the Bank.

In addition, any bargaining unit member at his/her option may transfer personal leave in one (1) hour increments to the Bank. Transfers may be made at any time during the duration of the Agreement with no maximum limit on the number of increments except that a bargaining unit member may not transfer more increments of personal leave than are posted to the member's personal leave balance at the time of authorization. The bargaining unit member's leave balance will be reduced by the amount of leave transferred to the Bank.

B. Leave assessments from new bargaining unit members to the unit and donated personal leave will be converted to its dollar value at the rate of pay of the bargaining unit member from whom the leave was received. Those dollars (with benefit costs) shall be placed in the ASEA Business Leave Bank. When business leave is used in accordance with the other provisions of this section, dollars will be withdrawn from the Union Business Leave Bank equal to the hourly rate (with benefit costs) of the bargaining unit member utilizing the leave times the hours of leave taken.

C. 1. Withdrawal requests from the Bank will be for purposes of compensation of bargaining unit members for absences due to contract negotiations and formulation, meetings, conventions, training sponsored by the Union, attendance at arbitration or other hearings as witnesses for the Union, and other like purposes as may be determined by the Union. Requests for withdrawals from the Bank shall be made only by the Business Manager of the Union or such other person as designated by the Union to the Director of the Division of Personnel on forms mutually agreed by the parties. The original leave slip shall be presented to the Union by the bargaining unit member and must accompany all requests for withdrawal from the Bank. All personal leave transferred to the Bank is final and not recoverable for recredit to an individual's personal leave account.

2. The purposes listed in C.1 shall first be met through use of the Union Leave Bank. Should there be insufficient money available through the leave bank, the Employer shall approve personal leave or leave without pay for purposes listed in C.1.

D. 1. The release of bargaining unit members for Union business leave shall be handled on the same basis as release from duty for personal leave. Such approval shall not be unreasonably withheld by the supervisor. The Union may authorize business leave in

EXHIBIT (B)

deducted from the employee's leave balance at the end of the leave year and paid in cash.

- C. Each employee shall upon request to the Employer receive payment for accrued but unused annual leave up to a maximum of thirty-seven and one-half (37.5) hours in any leave year. This payment may be applied against the mandatory leave. The employee's leave balance shall be reduced by the number of hours for which payment is made. Payment shall be made on the subsequent payroll warrant.

The Employer may authorize payment for accrued but unused annual leave in excess of the thirty-seven and one-half (37.5) hour maximum established herein. Payment in excess of the thirty-seven and one-half (37.5) hour maximum shall not be applied against the mandatory leave usage requirement.

In no event shall a payment be made which reduces the employee's leave balance below 37.5 hours.

- D. Annual leave may be taken by an employee at any time business permits, upon prior permission by the head of the department or agency for whom the employee works. Such approval may be delegated. An employee's request for annual leave will not be unreasonably denied.
- E. Annual leave accrued but not used shall accumulate to a maximum of not more than four hundred fifty (450) hours on December 15 of any calendar year.
1. If as of December 15 an employee will have an amount of leave in excess of 450 hours, the Employer may, after consultation with the employee, schedule such leave in excess of 450 hours or arrange in writing for an excess leave carry-over to be used within ninety (90) days.
 2. If an employee has an amount of annual leave in excess of 450 hours as of December 15, such amount in excess of 450 hours shall be paid in cash except as otherwise provided in paragraph 1.
- F. Terminal Leave. Any employee who is separated from State service for any reason including layoff shall receive within seven (7) days a lump sum payment for the number of hours of accrued annual leave at the employee's annualized hourly rate of pay.

25.02 Sick Leave.

- A. Accrual. Full-time employees in the bargaining unit shall accrue sick leave at the rate of 4.69 hours prorated over the semi-monthly pay period. Less than full-time employees shall accrue sick leave credit semi-monthly on a prorated basis according to the hours in pay status. There shall be no accrual of sick leave during any semi-monthly pay period during which the employee is absent without approved leave. Employees on approved sick leave shall receive payment at their current salary to the extent that they have sick leave accrued.
- B. Sick leave accrued but not used shall accumulate until termination of employment. Upon the death of an employee, any unused sick leave balance shall be paid in cash to the employee's beneficiaries at the employee's current annualized hourly rate of pay.
- C. Availability of Sick Leave. Sick leave shall be granted by the department or agency only in the following instances:
1. At the discretion of the supervisor, an employee may be granted sick leave for a medical or dental appointment or illness or injury of the employee. The employee may be required

6. Donations of leave under this section will not reduce the mandatory leave usage provided in Section C.3 of this Article.

G. Terminal Leave

1. Terminal leave for unused personal leave shall be allowed upon separation from service as provided in Article 24, Section 7.E. A payment of terminal leave to an employee shall be made as a lump sum payment or installments over a period of time, as the employee elects.
2. If the employee is reemployed in State service before the expiration of the period covered by the balance of the unused leave payment, the employee shall refund to the State an amount equal to the leave payment covering the period between the date of reemployment and the expiration of the unused leave period which has been paid. The leave represented by a refund shall be recredited to the employee by the employing department or agency.
3. The payment authorized by this section is not considered salary or compensation except for purposes of taxation.

H. Conversion of Accrued Annual Leave to Personal Leave

An employee who has accrued annual leave shall have the annual leave transferred to the employee's personal leave account.

I. Transfer of Accrued Sick Leave

An employee who has accrued sick leave shall have 40 percent of that sick leave transferred to the employee's personal leave account and 60 percent of that sick leave transferred to a medical leave bank. Banked medical leave may be taken only in accordance with this section.

1. An employee may not take any banked medical leave unless the employee:
 - a. has no accrued personal leave and has a medical disability exceeding ten (10) consecutive working days in duration; or
 - b. has a medical disability exceeding thirty (30) consecutive working days in duration.
2. When leave is taken under 1.a of this section, a department or agency head may require a doctor's certificate showing the disability. When leave is taken under 1.b of this section, the employee must submit a doctor's certificate showing the disability.
3. Once the requirements of 1 and 2 of this section have been met, an employee may take banked medical leave until the medical disability is terminated or the banked medical leave is exhausted. If an employee qualifies for banked medical leave under 1.b of this section, the banked medical leave may be taken for all working days of the medical disability following the tenth (10th) working day of the disability.
4. The taking of leave under this section shall be reduced by the amount of wage continuation payments under the Alaska Workers' Compensation Act (AS 23.30).
5. Upon an employee's separation from State service, the employee's banked medical leave shall be canceled without pay.

J. Leave Cash-In

An employee covered by this chapter who has at least thirty (30) days of personal leave may cash in up to eight (8) days of personal leave in a leave year. Additional days of leave may be cashed in at the discretion of the employee's principal executive officer provided that such leave cash in shall not reduce an employee's leave balance to less than ten (10) days.

In the absence of mutual agreement, the Employer has the right, effective July 1, 1988, to reduce the level of health benefits to an amount equal to \$307.00 per month per employee, as long as any benefit reduced will be made available if practicable through the Supplemental Benefits System.

ARTICLE 29

LEAVE

Section 1 - Annual Leave

- A. 1. Accrual of annual leave for full-time employees is according to the following schedule:
 - a. One and one-quarter (1-1/4) working days for each full monthly pay period in the case of employees with less than two (2) years of service;
 - b. One and three-quarter (1-3/4) working days for each full monthly pay period in the case of employees with two (2) but less than five (5) years of service.
 - c. Two (2) working days for each full monthly pay period in the case of employees with five (5) but less than ten (10) years of service;
 - d. Two and one-half (2-1/2) working days for each full monthly pay period in the case of employees with ten (10) years or more of service.

Annual leave accruals for partial months of service will be on a prorated basis.

Employees who work less than full-time shall accrue annual leave credit monthly on a prorated basis according to the above schedule and hours in pay status.

- 2. An employee shall not accrue annual leave until completion of ninety (90) calendar days of full-time service, whereupon the employee shall be credited with accrual as provided in Paragraph 1. above, retroactive to the date of appointment.

- 3. Leave Anniversary Date. Changes in the rate of annual leave accrual shall take effect at the beginning of the pay period immediately following the pay period in which the employee completes the prescribed period of service.
- 4. Annual leave earned during the monthly pay period will be credited on the first day of the following pay period.

- B. 1. Each employee shall take at least five (5) days annual leave during each calendar period beginning January 16 and ending January 15 of the succeeding year. Seasonal employees of less than twelve (12) months duration shall be exempt from mandatory leave.

- 2. Any employee who does not use this leave shall have the unused portion deducted from their leave account balance as of January 15.

- 3. Should circumstances cause the Employer to refuse the employee any opportunity to take the full five (5) days of annual leave during the calendar year, any unused portion of the five (5) day mandatory leave shall not be deducted from the employee's leave balance at the end of the calendar year.

- C. Each employee shall, upon request to the Employer, receive payment for accrued but unused annual leave up to a maximum of eight (8) days in any calendar year. Additional days may be granted by the agency head or their designee in demonstrated hardship cases. This payment may be applied against the five (5) days required leave. The employee's leave balance shall be reduced by the number of days for which payment is made. Payment shall be made within ten (10) working days of the receipt of the request.

- D. Annual leave may be taken by an employee at any time business permits, upon prior permission by the head of the department or agency for whom the employee works. Such approval may be delegated. An employee's request for annual leave will not be unreasonably denied.

- E. Terminal Leave. Any employee who is separated from State service for any reason including layoff shall receive within thirty (30) calendar days a lump sum payment for the number of working days of accrued annual leave. If an employee who resigned is reemployed in State service prior to the end of the period covered

The twelve (12) month period for utilizing leave entitlements shall commence with the first day leave is taken under the FMLA. Approved leave without pay taken under the provisions of the FMLA shall have the same effect as any other period of approved leave without pay on the employee's terms and conditions of employment, except as provided herein.

An employee may be required to recertify the qualifying reason for remaining on family leave. An employee may be required to provide a fit-for-duty statement prior to returning to work.

The parties recognize that if leave provisions in this Article are found to be in conflict with the FMLA, FMLA entitlements prevail.

- D. Family and Health Leave (State). The parties recognize that qualified employees may be entitled to up to 18 workweeks of leave during a 24 month period pursuant to AS 39.20.305, and that such entitlements may run concurrently with FMLA entitlements.

19.03 MANDATORY LEAVE USAGE. Each employee shall use at least 37.5 hours of personal leave during each leave year beginning December 16 and ending December 15 of the succeeding year. If the employee does not use at least 37.5 hours of personal leave during the leave year, the difference between 37.5 hours and the amount of personal leave used shall be canceled without pay unless the department or agency head certifies in writing that the employee was denied the opportunity to use 37.5 hours of personal leave during the leave year. Should circumstances cause the Employer to refuse the employee the opportunity to use the full 37.5 hours, any unused portion of the 37.5 hours mandatory leave shall be deducted from the employee's leave balance at the end of the leave year and paid at the employee's regular hourly rate.

19.04 LEAVE CASH-IN. Upon written request to the Employer, an employee who has at least 225 hours of personal leave shall receive payment for up to 75 hours of personal leave in a leave year. Leave shall be paid at the employee's regular hourly rate. Additional hours of personal leave may be granted at the Employer's discretion. The employee's leave balance will be reduced by the number of hours of personal leave for which payment is made. In no case may an employee's leave balance be reduced to less than 75 hours through cash-in.

Withdrawals under this section shall not eliminate the employee's obligation to use personal leave as provided in Section 19.03, nor shall the hours withdrawn take the place of leave which an employee is required to use.

19.05 TERMINAL LEAVE. An employee who is separated from State service shall receive within 30 days a lump sum payment for the hours of accrued personal leave at the employee's regular hourly rate. However, an employee who is laid off in accordance with Section 22.04.A, may elect to retain up to 150 hours of personal leave for use upon return to work. If the employee has not returned to work within six (6) months of the layoff date, the employee may elect to have the leave balance cashed out. If the employee has not returned to work within two (2) years of the layoff date, the leave balance shall be cashed out.

19.06 LEAVE DONATIONS. Members of this bargaining unit shall be allowed to donate personal leave to and receive personal or annual leave from employees in this unit or those represented by a different union or noncovered employees subject to the following conditions:

- A. Each employee wishing to donate personal leave will fill out, date, and sign a leave slip showing the hours of personal leave he or she wishes to donate in increments subject to a minimum of four (4) hours. The leave slip will have written or typed along the bottom, or in the space provided, "Leave donation to: (employee name, social security number)."
- B. The recipient's union will be responsible for gathering all leave donations and submitting them to the recipient's Human Resources Manager. Leave donations will be posted in date and

order received to the recipient's Donated Leave Account during the pay period in which personal and sick leave is exhausted, for use from that pay period forward.

- C. The Employer will convert the donated leave hours to dollars at the regular (annualized) hourly rate of the donor. The dollars will then be converted to hours of leave at the regular (annualized) hourly rate of the recipient, and the resulting number of hours will be added to the recipient's Donated Leave Account for use in accordance with the requirements of this Article. The total amount of leave credited to the recipient's Donated Leave Account shall not exceed three hundred (300) hours during the life of the agreement.
- D. Once the Employer has completed the above process, the State will not be obligated for further processing or liabilities resulting therefrom. Once the donation has been transferred to the recipient's account, the donation cannot be withdrawn, modified or otherwise returned to the donor's account.
- E. Donations of leave under this section will not reduce the mandatory leave usage requirements established in Section 19.03.
- F. Donated leave may not be used unless and until all accrued personal leave and all sick leave have been exhausted. Donated leave may only be used for those purposes described in Sections 19.2.B, C, and D. Upon termination, any balance in the Donated Leave Account shall be cancelled without pay. Upon the death of an employee, the balance of the Donated Leave Account will be paid to the employee's beneficiaries at the employee's regular hourly rate.

19.07 CASH DONATIONS. Members of this bargaining unit shall be allowed to donate personal leave to and receive donations of personal or annual leave from employees in this unit, those represented by a different unit and noncovered employees. The Employer will convert the leave to earnings at the regular (annualized) hourly rate of the donor and appropriate deductions required by law will be made. The net sum of donations after deductions will be combined into a single check and delivered to the Human Resources Manager for distribution to the employee. An individual letter of agreement between the State and the recipient's union will be required for each recipient.

19.08 TRANSFER OF ACCRUED ANNUAL AND SICK LEAVE. An employee who has accrued annual leave shall have the hours of annual leave transferred to the employee's personal leave account.

An employee who has accrued sick leave shall have fifty percent (50%) of the sick leave balance transferred to the employee's personal leave account. The remaining sick leave balance shall be retained and is available for use as sick leave in accord with Section 19.09. No additional sick leave shall accrue.

19.09 SICK LEAVE. In the event of serious illness or injury within the employee's immediate family which requires the attendance of the employee for emergency care or when the employee's presence on the job would jeopardize the health of fellow employees, the employee shall be entitled to the use of sick leave provided that a physician's certificate may be required by the Employer that the presence of the employee was required or that the illness or injury would jeopardize the health of other employees. Immediate family shall be defined as father, mother, husband, wife, sons, daughters, brothers and sisters.

- A. **Doctor's Certificate.** Employees using three (3) days sick leave or less shall not be required to furnish a doctor's certification before returning to work unless there is reason to believe malingering is involved. Any employee with more consecutive sick leave days than specified above may be required to furnish a doctor's certificate to the Employer, certifying that the employee was physically unable to perform their duties. Any employee who abuses the sick leave privilege is subject to disciplinary action.

Vacation time credits, however, shall not be allowed to any employee whose term of employment is less than sixty (60) days. However, any employee who has worked over a sixty (60) day period, but who terminates prior to the time that a vacation is taken, shall receive credit for one and one-quarter (1.25) days per month for each month worked from the inception of employment, and shall receive pay for the amount of credits so accumulated.

- B. Employees with two (2) years or more employment shall start accruing one and three-quarter (1.75) days per month beginning on the sixteenth (16th) of the first full month of the third (3rd) year of employment. Any employee who has worked over the two (2) year period, but who terminates prior to the time a vacation is due, shall receive credit for one and three-quarter (1.75) days per month for each month worked from the beginning of the third (3rd) year of employment, and shall receive pay for the amount of credits so accumulated.
- C. Employees with five (5) years or more employment shall start accruing two (2) days per month beginning on the sixteenth (16th) of the first (1st) full month of the sixth (6th) year of employment. Any employee who has worked over the five (5) year period, but who terminates prior to the time that a vacation is due, shall receive credit for two (2) days per month for each month worked from the beginning of the sixth (6th) year of employment and shall receive pay for the amount of credits so accumulated.
- D. Employees with ten (10) years or more of employment shall start accruing two and one-half (2.5) days per month beginning on the sixteenth (16th) of the first (1st) full month of the eleventh (11th) year of employment. However, any employee who has worked over the ten (10) year period, but who terminates prior to the time that a vacation is due, shall receive credit for two and one-half (2.5) days per month for each month worked from the beginning of the eleventh (11th) year of employment, and shall receive pay for the amount of credits so accumulated.
- E. The leave anniversary date must be moved one month later for each twenty-three (23) days of leave without pay in a leave year (December 16 through December 15).
2. **SCHEDULING.** Vacations may be taken at any time with the permission of the Employer whenever business permits.

Employees desiring vacations should submit a request for that vacation at least sixty (60) days prior to the time they are to leave on vacation. The Employer shall respond to the request within fifteen (15) working days. Once leave has been approved, the approval may not be rescinded unless the Commissioner of the Department declares that a situation exists which requires the employee's presence on the job. Disputes concerning denials shall enter the grievance procedure at Step Two.

3. **MANDATORY LEAVE USAGE.** Each employee shall take at least 75 hours annual leave during each leave year beginning December 16 and ending December 15 of the succeeding year. Should circumstances cause the Employer to refuse the employee the opportunity to take the full 75 hours, any unused portion of the 75 hours mandatory leave shall not be deducted without payment from the employee's leave balance at the end of the leave year.

Annual leave accrued but not used shall accumulate to a maximum of 450 hours on December 15 of any calendar year. If an employee would have, as of December 15, an amount of leave in excess of 450 hours the Employer may, after consultation with the employee, schedule such leave in excess of 450 hours.

If an employee has an amount of annual leave in excess of 450 hours as of December 15, the excess hours shall be paid in cash at the annualized hourly rate.

4. **LEAVE CASH-IN.** Upon written request to the Employer, an employee shall receive payment for accrued but unused annual leave up to a maximum of 75 hours in any leave year. Leave shall be paid at the annualized hourly rate. Additional hours may be granted at the Employer's discretion. The employee's leave balance shall be reduced by the number of hours for which payment is made. In no case may an employee's leave balance be reduced to less than 37.5 hours.

Such withdrawal shall not eliminate the employee's obligation to use 75 hours of annual leave per leave year, nor shall the hours withdrawn take the place of the hours of annual leave which an employee is required to take. If the employee does not request annual leave or chooses not to take the mandatory leave, the untaken portion of the mandatory leave required by Section 6 will be deducted from the leave balance without payment.

5. **LEAVE RETENTION.** Employees who are laid off in accordance with the provisions of Article 22, Section 4.A, may elect to retain up to 37.5 hours of annual leave for use upon return to work. If the employee is not

EXHIBIT (G)

SUPPLEMENTAL AGREEMENT *
BETWEEN
STATE OF ALASKA
AND
CONFIDENTIAL EMPLOYEES ASSOCIATION
REPRESENTING
CONFIDENTIAL BARGAINING UNIT

This supplemental agreement is entered into in accordance with Article 26 of the collective bargaining agreement signed October 16, 1974, between the parties. This supplemental agreement is effective on date of signing and shall not be retroactive unless specifically provided for in the agreement. The collective bargaining agreement between the parties signed October 16, 1974, shall be added to and amended as follows:

ARTICLE 2, paragraph 3 is amended and shall be in effect as follows:

The Employer may hire temporary employees for positions similar in duties and requirements to positions in the bargaining unit. A temporary employee can be employed for nine (9) months or less in any twelve (12) month period. A temporary employee is not entitled to personal leave, or unit-voting privileges, except that:

1. Temporary employees are covered by the holiday provisions of this agreement and the Personnel Regulations.
2. Temporaries who begin a shift and are then sent home during the first half of the shift shall receive four hours pay or their normal hours of work, whichever is less. Temporaries who are sent home during the second half of a shift shall receive seven and one-half (7 1/2) hours pay or their normal hours of work, whichever is less.

ARTICLE 9 is amended and shall be in effect as follows:

ARTICLE 9

PERSONAL LEAVE

It is understood that from and after the date of the signing of this Agreement, personal leave shall be earned and used in lieu of all sick and annual leave except as specified in this Article. Employees who, as of the day prior to the signing of this Agreement, have annual leave earnings credited to their State annual leave accounts shall, coincidental with the signing of this Agreement, have the annual leave balances transferred to their personal leave account.

* Signed 7/14/95

I. RATE OF ACCRUAL: An employee who has permanent and/or probationary status shall accrue personal leave as follows:

- A. Two (2) working days for each full monthly pay period if the employee has less than two (2) years of service.
- B. Two and one-quarter (2 1/4) working days for each full monthly pay period if the employee has more than two (2) but less than five (5) years of service.
- C. Two and one-half (2 1/2) working days for each full monthly pay period if the employee has more than five (5) but less than ten (10) years of service.
- D. Three (3) working days for each full monthly pay period if the employee has more than ten (10) years of service.

In determining years of service for the purpose of computing personal leave, all service with the Territory and State of Alaska is included.

II. CHANGES OF ACCRUAL RATE: All accrual rate changes shall become effective the first day of the pay period following the pay period in which the employee completes the service requirement and becomes eligible for the higher accrual rate.

III. SICK LEAVE BANK: Employees who, as of the day preceding this Agreement have sick leave earnings credited to their State sick leave accounts, shall, coincidental with the signing of this Agreement, have such earnings transferred to a sick leave bank.

A. From the date of signing of this Agreement, the employee may draw upon a maximum of fifteen (15) days or the balance in the sick leave account on date of signing, whichever is less. Such leave is to be used consistent with the Personnel Rules governing the use of sick leave. Any one medical disability which prevents the employee from performing his duties, as certified by the attending physician, which exceeds seven (7) working days shall be charged as follows:

1. shall be charged first to the fifteen (15) days referred to in this section.
2. shall be charged to Personal Leave up to a maximum of seven (7) working days.
3. after exceeding the seven (7) days charged to Personal Leave, the additional leave shall be charged to the sick leave bank.
4. if the sick leave bank has been exhausted, the leave shall be charged to personal leave.

Such illnesses shall in all cases require a report from a licensed physician.

B. There will be no further additions to the sick leave bank and the balance can be authorized for use only for those purposes consistent with Personnel Rules regarding the use of sick leave and only after the personal leave balance has been exhausted.

IV. UTILIZATION AND DISPOSAL: Personal leave shall be used for any and all purposes for which sick and/or annual leave has heretofore been used. Personal leave requests require the prior approval of the supervisor except in the case of illness or injury to the employee. Employee requests shall be given full consideration and, to the extent practicable, approved. However, the parties agree that the final decision with regard to approval or disapproval of any request will be based on the supervisor's evaluation of the needs of the job. In an absence due to illness or injury, the supervisor may require a physician's certificate.

Personal leave accrued but not used shall accumulate until separation; however, at least five (5) days of personal leave must be used each full calendar year.

If the employee is denied the use of these five (5) days, or a portion thereof, the employee shall be entitled to payment for the unused portion. This payment shall be at the rate of one and one-half (1.5) times his hourly rate and shall be included in the first (1st) regular monthly pay following the close of the calendar year in which the denial occurred. The period of time for which payment is made will be deducted from the personal leave balance. It is understood that, should the employee take no action to schedule the five (5) days leave, the State may direct that he take personal leave at any time to satisfy the five-day requirement.

V. SEPARATION: An employee shall receive a lump-sum payment of personal leave upon separation from State service. The lump-sum payment shall equal the compensation that the employee would have received if he had remained in the service until the expiration of the period of unused personal leave. The sick leave bank balance shall be automatically cancelled without pay except in case of death of an employee who, at the time of his death, is a bargaining unit member. All unused sick leave shall be paid to his beneficiary in a lump sum.

VI. MOVEMENT FROM THE UNIT: If an employee transfers to a position outside the bargaining unit without a break in service, his personal leave shall be credited to his annual leave account and banked sick leave shall be credited to his sick leave account in the new position. If the employee transfers to a bargaining unit which has a maximum accrual of annual leave, he shall be credited with up to the maximum annual leave allowed in his new position by virtue of transfer of personal leave earnings. Any personal leave remaining after the transfer of the maximum allowed, shall be transferred along with any banked sick leave into the sick leave account in the new position.

Immediate family, for the purpose of funeral leave, shall mean husband, wife, child, father, mother, sister, brother, father-in-law and mother-in-law.

8. Employees having in excess of forty-five (45) days of personal leave shall, upon written request to the Employer, receive payment for accrued but unused personal leave up to a maximum of eight (8) days in any calendar year. Additional days may be granted in demonstrated hardship cases. The employees' leave balance shall be reduced by the number of days for which payment is made. Such payment shall not eliminate the employees' obligations to use five (5) days personal leave per calendar year. Payment shall be made within ten (10) working days of the receipt of the request.

9. Effective the sixteenth (15th) of the month following the date of signing this agreement, there is created a personal leave bank for members of the bargaining unit. The bank shall be established by assessment of one day of personal leave for each employee in the bargaining unit on the payroll of the employer on the date the bank is created. If a member's individual personal leave balance is less than one day on that date, the day will be assessed as soon as a sufficient amount is posted to the member's individual leave account. New employees in the bargaining unit shall have one day of personal leave assessed as soon as a sufficient amount is posted to individual leave accounts.

The purpose of the bank is to provide CEA with a reserve of personal leave for Association Business meetings and/or to provide for an employee who has exhausted personal and banked sick leave due to extended illness. In addition to the day of personal leave assessed each employee, voluntary contributions may be made by any member who wishes to donate personal leave to a fellow employee for any compassionate reason.

When the number of days in the personal leave bank falls below 60, upon notice by the President of CEA to the Employer, each employee will be assessed personal leave in equal amounts necessary to raise the balance to 120 days. All personal leave transferred to the bank is final and not recoverable for recredit to an employee's individual leave account.

Withdrawal requests from the personal leave bank will be made by the President of CEA addressed to the Director of Labor Relations. The President and officers of CEA assume complete responsibility for:

Evaluating requests for use of the leave bank;

Approving withdrawal requests in given amounts;

Withdrawal from the bank for other than compassionate purposes shall be made only when leave has been approved on the same basis as any personal leave request.

NO EXHIBIT

(A)

SICK LEAVE

29.01 TRANSFER OF ACCRUED SICK LEAVE

- (A) 1) Bargaining Unit Sick Leave Bank Sixty (6) percent of the dollar value each Engineer Officer's accrued sick leave balance will be transferred to a bargaining unit wide sick leave bank which will be maintained by the Employer and administered by the MEBA. For purposes of this subsection "administered by MEBA" shall mean the Union approves or disapproves payment from the sick leave bank for work missed by an Engineer Officer due to illness or injury. The Employer retains the right to determine if such absences are authorized or unauthorized according to its absentee control policy. This leave account may be used when any member is scheduled for work but is incapacitated due to an illness or injury. The MEBA will administer the sick leave account in a prudent and responsible manner until exhaustion, but in no event will the Employer be obligated to pay out more than seventy-five thousand dollars (\$75,000.00) in any six (6) month period (January to June/July to December) under this Rule. In the event of the death of an Engineer Officer prior to retirement, and provided the BUSLB has sufficient funds to pay, the MEBA shall submit to the Employer a sick leave request equal to 50 percent of that Engineer Officer's original (as of July 1, 1989) sick leave balance less any sick leave used from the BUSLB by the officer after July 1, 1989, which was converted to personnel leave

for payment to the Engineer Officer's beneficiary. Employees who cannot report to work because of an illness or injury may, shall be individually responsible to apply to the MEBA for sick leave compensation. ~~Such absences are subject to employer verification.~~

- 2) Personal Leave Account Forty (40) percent of the dollar value of each Engineer Officer's accrued sick leave balance will be transferred to the individual's annual leave account; the 10 percent deduction made per Rule 23.1 and thereafter shall be called PERSONAL LEAVE. In the event, the individual's personal leave account reaches or exceeds the dollar equivalent of three hundred thirty-six (336) times the Engineer Officer's regular straight-time rate of pay after the lump sum payment has been deducted per Rule 23.01(A) it shall be administered in accordance with Rule 23.
- (B) When a doctor's certification is requested by the Employer it must be presented prior to the Engineer's return to work, or the absence will be regarded as unauthorized, unexcusable and subject to disciplinary action. The doctor's certification is to cover the period from the date the Engineer Officer became incapacitated until the date the Engineer Officer became fit for duty, disregarding the Engineer's scheduled crew change date.

RULE 30

STANDARD DRESS

30.01 All Licensed Engineer Officers will be required to wear white coveralls or clean starched and pressed khaki with tie at all times while on duty and, the Employer will pay a cash allowance of three hundred dollars (\$300.00)

LEAVE

23.01 PERSONAL LEAVE

- (A) Conversion of Accrued Annual and Sick Leave to Personal Leave: All Regularly Assigned and Vacation Relief Engineers on the payroll as of April 1, 1989, and thereafter employees permanently transferring from other vessel bargaining units who have accrued annual and sick leave shall have the entire annual leave balance and 40 percent of their sick leave balance as of March 31, 1989, converted to the employee's personal leave account except as specified in 23.07 and 23.08(B) below. Additionally, those Engineer Officers shall be paid a lump sum equal to 10 percent of their established personal leave balance as of March 31, 1989, and this payment shall be made to eligible Engineer Officers by or before August 31, 1989.
- (B) Accrual Rates Effective April 1, 1989. Personal leave shall accrue according to the following schedule:

| <u>Years of Continuous Service</u> | <u>Personal Leave Accrual (Hours/Year)</u> |
|--|--|
| 1 but less than 2 | 188 |
| 2 but less than 3 | 250 |
| 3 but less than 4 | 318 |
| 4 but less than 5 | 390 |
| 5 but less than 7 | 468 |
| 7 but less than 10 | 551 |
| more than 10 | 638 |

- (C) Eligibility for Accrual. Eligibility for personal leave accrual shall commence once the Engineer Officer has accumulated two thousand one hundred eighty-four (2,184) straight-time hours of compensation. The Engineer Officer will then be considered as having one (1) year of continuous service, thereby establishing a leave anniversary date. Upon the establishment of a leave anniversary date, the Engineer Officer will be credited with one hundred and eighty-eight (188) hours personal leave. Personal leave in successive years shall be at rate shown in Rule 23.01(b).

Personal leave benefits awarded under this Rule will not be construed as establishing seniority, which is separately defined in Rule 26.

Once eligible for personal leave accrual, an Engineer Officer will be credited with one-thirteenth (1/13) of the year's [twenty-six (26) pay periods] personal leave accrual during each calendar month in which he or she is compensated for a minimum of eighty-four (84) straight-time hours. An Engineer Officer's leave anniversary date will be adjusted forward one (1) month for each calendar month that he or she does not receive personal leave credit.

- (D) Cash Out: Engineer Officers covered by this section who have personal leave balances of at least one hundred and sixty-eight (168) hours, shall be permitted to cash out one hundred and sixty-eight (168) hours of personal leave per calendar year when mutually agreed to by the Union and

the Employer. The Engineer Officer's personal leave balance as specified in Section 23.05 shall be reduced by the number of hours for which payment is made, but shall not be counted as personal leave used. Cost of living differential (COLD) will be paid on cash-ins, except that COLG will not be duplicated for any period.

23.02 LEAVE SCHEDULING.

- (A) The Leave Scheduling Committee will consist of a chairperson, co-chairperson, and four (4) committee members. The co-chairperson will become the chairperson the following year. The Union will select a chairperson and a co-chairperson. The other four (4) committee members will be selected by the Union from those vessels in for the annual yard period. The Director of Operations, Alaska Marine Highway System, will designate up to two (2) Employer representatives to serve as full members of the Leave Scheduling Committee in addition to those committee members selected by the Union.
- (B) Allocation of vacation for this program will be based on Time in Grade seniority.
- (C) The Port Engineer's office will be consulted concerning the schedules and the number of reliefs required.
- (D) Those Engineers who participate on the Leave Scheduling Committee are to receive pay on the basis of one (1) day's pay for each day served when not on the payroll, but not to exceed eighty-four (84) hours per calendar year. The rate of pay shall be at the Engineer's regularly assigned classification. The Leave Scheduling Committee shall meet in part or in whole as frequently as necessary to adjust the operational changes. The frequency and nature of these meetings shall be mutually agreed to by the Union and the Director of Operations, Alaska Marine Highway System, or designee.
- (E) During periods of layup of vessels, Engineering Officers with greater amount of usable personal leave may be directed by the Leave Scheduling Committee to utilize this time in order to permit other Alaska Marine Highway System Engineering Officers to remain working.
- (F) Personal leave shall be taken as scheduled following notification by the Leave Scheduling Committee and the Director of Operations of the Alaska Marine Highway System or designee working in unison to arrive at the individual's leave dates. However, the Committee scheduling per individual shall not exceed the maximum personal leave usage per year of three hundred and thirty-six (336) hours, unless specifically exempted per Rule 23.05. This program will provide Vacation Relief Engineers who shall have a schedule and relieve for vacations throughout the year, and shall not be removed from their vacation relieving schedule unless they are ill. However, during the annual overhaul period Vacation Relief Engineers must contact an active Leave Scheduling Committee representative of the Union and the State no later than seven (7) days prior to returning to work from leave. It is recognized that Vacation Relief Engineers may be reassigned from the first day to the seventh day following the actual date of the end of the approved leave. Management reserves the right of final approval for all personal leave requests.

Engineer Officers desiring to take personal leave not scheduled by the Leave Scheduling Committee including but not limited to those reasons specified in 23.06, must contact a Union dispatch office and one of the two employer representatives on the Leave Scheduling Committee to have such leave approved.

23.03 VACATION RELIEF ENGINEERS

The Vacation Relief Engineers' work assignments shall be as prescribed by the Leave Scheduling Committee. Vacation Relief Engineers will be designated as: Vacation Relief Chief Engineer, Vacation Relief First Assistant Engineer and Vacation Relief Second Assistant Engineer.

When a Vacation Relief Engineer Officer is working in his or her regularly assigned job classification, or is working a temporary downgrade, he or she will be paid at the payrate of his or her regularly assigned job classification. When a Vacation Relief Engineer Officer is temporarily working in a higher classification (i.e., First Assistant working as a Chief), he or she will be paid the eighty-four (84) hour [or one hundred sixty-eight (168)] straight-time hour base pay rate per assignment, and all other hours earned during the pay period at the rate of pay for the job classification he or she is working.

23.04 VACATION PAYRATE.

Regularly Assigned and Vacation Relief Engineers shall be paid for vacation at the rate of their regular assignment. Vacation Relief Engineers shall be paid for vacation at the rate of the highest rating he or she has relieved in accord with Rule 23.03 when such relief work constituted more than 50 percent of all straight-time hours of work performed within the calendar year the vacation is to be taken. Temporary Relief Engineers shall be paid for vacation at the rate of the classification in which the Engineer worked. (If more than one [1] classification was worked, the Temporary Relief Engineer shall receive the rate of pay in which the majority of his or her time during the last year was worked.) Minimum guarantee and holiday pay entitlements shall not be affected by vacation.

23.05 MAXIMUM ACCUMULATION OF PERSONAL LEAVE.

Personal leave accrued or used shall accumulate only to a maximum of three hundred and thirty-six (336) hours at any given point. When an Engineer Officer has an amount of personal leave in excess of three hundred and thirty-six (336) hours the excess amount shall be automatically transferred by the Employer to the employee's Employee Reserve Account (ERA) as in 23.07(A). Employees shall be allowed to use a maximum of three hundred and thirty-six (336) hours of personal leave in any fiscal year (July 1-June 30), unless specifically exempted in writing by the System Director, Alaska Marine Highway System.

23.06 PERSONAL LEAVE USAGE

(A) In addition to scheduled vacations, personal leave may be claimed for the following:

1. illness or injury which incapacitates any Engineer Officer to the extent that the Engineer is unable to perform assigned work. The Engineer Officer shall notify the Employer of incapacitating illness or injury at the earliest possible time so that arrangements for a relief Engineer Officer may be made.

2. Illness or disability within the Engineer Officer's immediate family which requires the attendance of the Engineer at the direction of a physician. Such absences shall in all instances be supported by a physician's certificate.
3. Funeral attendance of deaths in the immediate family to the maximum of eighty-four (84) hours. "Immediate family" is defined as father, mother, husband, wife, sons, daughters, brothers, sisters, grandchildren, grandparents, father-in-law and mother-in-law. It shall be the Engineer's responsibility to provide evidence of such attendance.
4. Pregnancy and/or childbirth for an Engineer Officer. Claims for personal leave submitted for these reasons shall be treated in the same manner as are any other personal leave claims. If a medical doctor certifies the father's presence is necessary, the leave provisions as above shall be applicable to him also.
5. Nonwar Military Duty Absence and Payment. An employee who is required to report for a military physical examination is entitled to a leave of absence without loss of pay, time or performance rating. The leave of absence shall not exceed three (3) working days.

An employee who is a member of a reserve or auxiliary component of the U.S. Armed Forces is entitled to a leave of absence without loss of pay, time or performance rating without regard to other compensation earned during that period on all days during which the employee is ordered to training duty as distinguished from active duty, with troops or at field exercises, or for instruction, or under direct military contact in the performance of a search and rescue mission. The leave of absence may not exceed sixteen and one-half (16-1/2) working days in any twelve (12) month period, beginning January 16 and ending January 15.

An employee on personal leave shall not go on military leave without returning to duty unless military leave is approved prior to commencement of personal leave.

6. Upon application by the MEBA Branch Agent to the Director of Labor Relations, an employee may be granted leave without pay for purposes of serving as an official of MEBA, provided that such leave, if approved, shall be not less than three (3) months. Approval of such leave shall not be unreasonably withheld.
 7. Exempt and Partially-Exempt Appointments. Upon application and approval of the appointing authority, a permanent employee may be granted leave of absence without pay for purposes of accepting an exempt or partially-exempt position.
- (B)
1. All Engineer Officers contemplating taking leave without pay to attend MEBA schools shall request such time on the appropriate form to be turned in to the Director of Operations, Alaska Marine Highway System, or designee.
 2. An Engineer Officer who is called to serve as a juror or is subpoenaed as a witness shall be entitled to court leave provided that he or

she would have been working aboard a vessel of the Alaska Marine Highway System. Engineer Officers must notify the personnel section upon receipt of notice and prior to jury service in order to be eligible to use court leave. Court leave shall be in the form of straight-time pay for the hours of work missed due to service as a juror or witness at the payrate which would be appropriate if the Engineer were on vacation. To receive pay for court leave, the Engineer must turn over to the Alaska Marine Highway System all monies received from the court as compensation for service as a juror, or any monies received as compensation for service as a witness. Claims for court leave must be supported by written documents such as a subpoena, marshall's statement of attendance and compensation for service, per diem and travel. Eligibility for court leave shall be in accord with the memorandum entitled "Court Leave" in effect on the date of signing of this Agreement (Addendum A).

23.07 EMPLOYEE RESERVE ACCOUNT.

(A) There shall be established and maintained by the Employer in dollar form an Employee Reserve Account (ERA) for each eligible member per Rule 23.01. This account will initially be comprised of the dollar value of the balance of the employees personal leave account in excess of three hundred and thirty-six (336) hours after the conversion per Rule 23.01(A), Rule 29.01 and after the deduction for the Union Business Leave Bank in accordance with 23.08(b). This account is to be compiled and reconciled on or before April 30, 1989. The initial conversion to dollars as with all other hour to dollar conversions in Rules 23 and 29 will be calculated at the Engineer Officer's regularly assigned rate of pay as in effect on January 1, 1989. Transfers to an employee's ERA after April 1, 1989, will be made by converting the employee's leave hours to their regular hourly rate at the time of the transfer in accordance with Rules 23.01 (A) 23.05, 23.07, and 23.08(b). However, employees transferring from another vessel bargaining unit will not be entitled to the lump sum payment as in Rule 23.01(A).

(B) WITHDRAWALS: The Employee Reserve Account shall not be used by the employee except under the following conditions:

1. Separation (If separation is due to the death of the Engineer Officer, the ERA shall be paid to the officer's beneficiary named for the officer's SBS account); or
2. The employee is incapacitated due to an injury or illness, has no personal leave balance, is unable to perform his assigned duties and the Union's sick leave account as described in Article 29 is exhausted or their cap as in Rule 29.01(a) has been reached; or
3. During a reduction in force period. Use under this section [23.07(b)3] shall be limited to two (2) weeks.

Request for withdrawals under this section 23.07(b)2 and 3 shall be made in writing directly to the Systems Director of the Alaska Marine Highway System or his designee, and to the appropriate Union office.

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Vacation

23.02 PRESENT EMPLOYEES. The vacation accrual and eligibility for accrual of Engineer Officers hired prior to April 1, 1985, shall be in accordance with 23.02(a) and (b) below.

(a) Accrual Rates. Vacation credits shall accrue according to the following schedule:

| Years of Continuous Service | Vacation Accrual (Hours/Year) |
|-----------------------------|-------------------------------|
| 1 but less than 2 | 84.0 |
| 2 but less than 3 | 168.0 |
| 3 but less than 4 | 252.0 |
| 4 but less than 5 | 336.0 |
| 5 but less than 7 | 420.0 |
| 7 but less than 10 | 504.0 |
| 10 or more | 588.0 |

(b) Eligibility for Accrual. Eligibility for vacation accrual shall commence once the Officer has accumulated one thousand six hundred (1,600) straight-time hours of compensation within any twelve (12) month period from date of original hire. The Engineer Officer will then be considered as having one (1) year of continuous service, thereby establishing a leave anniversary date. Upon the establishment of a leave anniversary date, the Engineer Officer will be credited with eighty-four (84) hours vacation. Vacation in successive years shall be at rate shown in Rule 23.02(a).

Vacation benefits awarded under this Rule will not be construed as establishing seniority, which is separately defined in Rule 26.

Once eligible for vacation accrual, an Officer will be credited with one twelfth (1/12) of the year's vacation accrual during every month in which he or she is compensated for a minimum of eighty-four (84) straight-time hours. An Engineer Officer's leave anniversary date will be adjusted forward one (1) month for each calendar month that he or she does not receive vacation credit.

(c) Engineer Officers covered by this section who have vacation balances of at least eighty-four (84) hours, and who established eligibility for vacation at least ten (10) years ago, shall be permitted to cash out eighty-four (84) hours of vacation per calendar year when mutually agreed to by the Union and the Employer. The Engineer Officer's vacation balance shall be reduced by the number of hours for which payment is made.

23.03 VACATION SCHEDULES. The vacation shall be taken as scheduled following notification by the Vacation Committee and the Director of Operations of the Alaska Marine Highway System or designee working in unison to arrive at the individual's vacation dates. This program will provide Vacation Relief Engineers who shall have a schedule and relieve for vacations throughout the year, and shall not be removed from their vacation relieving schedule unless they are ill. However, during the annual overhaul period Vacation Relief Engineers must contact an active Vacation Committee representative no later than seven (7) days prior to returning to work from vacation. It is recognized that Vacation Relief Engineers may be reassigned from the first day to the seventh day following the actual date of the end of the approved vacation.

23.04 VACATION COMMITTEE. **(a)** The Vacation Committee will consist of a chairperson, co-chairperson, and four (4) committee members. The co-chairperson will become the chairperson the following year. The Union will select a chairperson and a co-chairperson. The other four (4) committee members will be selected by the Union from those vessels in for the annual yard period. The Director of Operations, Alaska Marine Highway System, will designate up to two (2) Employer representatives to serve as full members of the Vacation Committee in addition to those committee members selected by the Union.

(b) Allocation of vacation for this program will be based on seniority (Time in Grade).

(c) The Port Engineer's office will be consulted concerning the schedules and the number of reliefs required.

(d) Those Engineers who participate on the Vacation Committee are to receive pay on the basis of one (1) day's pay for each day served when not on the payroll. The rate of pay shall be at the Engineer's regular classification. The Vacation Committee shall meet as frequently as necessary to adjust the operational changes. The frequency and nature of these meetings shall be mutually agreed to by the Union and the Director of Operations, Alaska Marine Highway System, or designee.

23.05 VACATION RELIEF ENGINEERS. **(a)** The Vacation Relief Engineers' work assignments shall be as prescribed by the Vacation Committee. Vacation Relief Engineers will be designated as: Vacation Relief Chief Engineer, Vacation Relief First Assistant Engineer and Vacation Relief Second Assistant Engineer.

(b) Pay Period by Pay Period. On a pay-period-by-pay-period basis, the Vacation Relief Engineer Officers shall be paid for eighty-four (84) hours every two (2) week pay period. The eighty-four (84) hour base pay per pay period shall not vary if the Vacation Relief Engineer Officer works more or less than eighty-four (84) hours in any given pay period. All overtime, excluding Rule 22.03, late arrival pay, holiday pay, travel pay, etc., shall be paid as earned within the pay period.

When a Vacation Relief Engineer Officer is working in his or her designated job classification, or is working a temporary downgrade, he or she will be paid at the payrate of his or her designated job classification for the highest vessel rating (*M/V Columbia* or *M/V LeConte*) he or she has worked. When a Vacation Relief Engineer Officer is temporarily working in a higher classification (i.e., First Assistant working as a Chief), he or she will be paid the eighty-four (84) straight-time hour base pay, and all other hours earned during the pay period at the rate of pay for the job classification he or she is working.

(c) Six (6) Month Audit. Each Vacation Relief Engineer Officer shall have his or her payroll records audited twice each calendar year. The audits will be performed for hours worked January through June and July through December.

Vacation Relief Engineer Officers will then be paid overtime at time and one-half for the hours worked in excess of the normal eighty-four (84) straight-time hours per pay period ($13 \times 84 = 1,092$) as shown by the Employer's June and December audits.

During each six (6) month audit period in which a Vacation Relief Engineer Officer is temporarily upgraded, he or she shall receive pay for three (3) months (either the first three months or the last three months) at the highest rating he or she has relieved. The three (3) month period to be paid at the higher rate shall be the period in which the Vacation Relief Engineer Officer has worked the greatest number of hours.

During the three (3) month period paid at the higher rate of pay, all non-watch pay already received by a Vacation Relief Engineer Officer who is normally a watchstanding Vacation Relief Engineer (First or Second Assistant Engineers), will be used as an offset against the higher rate of pay owed to said Engineer Officer.

23.06 TERMINAL LEAVE. In case of an Engineer Officer terminating services at any time after the Officer has established eligibility for vacation

benefits, the Engineer shall receive cash payment for whatever vacation that Engineer has accrued.

23.07 VACATION PAYRATE. Regularly Assigned Engineers shall be paid for vacation at the rate of their regular assignment. Vacation Relief Engineers shall be paid for vacation at the rate of the highest rating he or she has relieved in accordance with Rule 23.05(b). Temporary Relief Engineers shall be paid for vacation at the rate of the classification in which the Engineer worked. (If more than one [1] classification was worked, the Temporary Relief Engineer shall receive the rate of pay in which the majority of his or her time during the last year was worked.) Minimum guarantee and holiday pay entitlements shall not be affected by vacation.

23.08 MAXIMUM ACCUMULATION OF VACATION: (a) Vacation accrued but not used shall accumulate to a maximum of eight hundred and forty (840) hours on June 30 of any calendar year. If an Engineer Officer has, as of June 30, an amount of vacation in excess of eight hundred and forty (840) hours, the Engineer Officer shall be scheduled to use such excess vacation as soon as practical. However, if circumstances cause the Employer to refuse an Engineer's timely request for vacation, the amount of vacation refused will be carried over.

(b) It is the intent of the vacation program to provide vacation relief for each year's accumulation of vacation. No Engineer Officer shall accumulate more than one (1) year's vacation allowance unless mutually agreed upon between the Union and Employer due to possible inability of the vacation program to produce necessary relief.

23.09 All Engineer Officers contemplating taking leave without pay to attend MEBA schools shall request such time on the appropriate form to be turned in to the Director of Operations, Alaska Marine Highway System, or designee.

23.10 COURT LEAVE. An Engineer Officer who is called to serve as a juror or is subpoenaed as a witness shall be entitled to court leave provided that he or she would have been working aboard a vessel of the Alaska Marine Highway System. Engineer Officers must notify the personnel section upon receipt of notice and prior to jury service in order to be eligible to use court leave. Court leave shall be in the form of straight-time pay for the hours of work missed due to service as a juror or witness at the payrate which would be appropriate if the Engineer were on vacation. To

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Sick Leave

RULE 28. PENSIONS

28.01 The Employer agrees that it shall remain a participant in the MEBA Pension Plan, and shall so remain throughout the life of this Agreement. To accomplish this the Employer shall make the contributions set forth herein to said Plan for all Engineer Officers who may be in the services of the Employer.

28.02 The Employer contributions shall be made for each full-time Engineer Officer assigned to the Southeast System for two hundred eighty (280) days per year. A full-time Southeast Engineer Officer is one who is in pay status for two thousand one hundred and eighty-four (2,184) straight-time hours per calendar year. Contributions for all other Engineer Officers, including those assigned to the Southwest System, shall be made on the basis of one (1) day's contribution for each day in pay status.

28.03 The amount of Employer contributions per day to the defined benefit fund shall be set by the Trustees of the Plan as necessary to support the existing benefits, but shall not exceed eighteen dollars and fifty cents (\$18.50) per day. During the period of this contract the amount of Employer contributions to the money purchase fund shall be thirteen dollars and fifty cents (\$13.50) per day.

28.04 As soon as practical after December 31 of each year, the Employer shall pay the balance, if any, of contributions required.

28.05 Any time during the term of this Agreement the parties may mutually agree to reopen this Rule for the purpose of participation in Alaska State PERS pursuant to AS 3930.150. To that end the parties shall arrange for a joint actuarial study as described in the Letter of Agreement on Pension Plan Study which is attached hereto.

RULE 29. SICK LEAVE

29.01 Each full-time Engineer Officer with a minimum of six (6) months service shall accrue sick leave credit at the rate of fifteen (15) hours for each completed month of service.

(a) For Engineer Officers hired prior to April 1, 1985, "six (6) months service" shall mean accrual of eight hundred (800) straight-time hours within any six (6) month period.

(b) For Engineer Officers hired on or after April 1, 1985, "six (6) months service" shall mean accumulation of one thousand and ninety-two (1,092) straight-time hours.

29.02 Each Engineer Officer's sick leave credits are terminated on the same basis as seniority credits. Terminating Engineer Officers do not receive sick leave credit for the month in which they terminate unless they have worked at least eighty-four (84) hours in the month.

29.03 Sick leave may be claimed from the accumulated days of credit for any Engineer Officer for illness or injury which incapacitates the Engineer Officer to the extent that the Engineer is unable to perform assigned work. The Engineer Officer shall notify the Employer of incapacitating illness or injury at the earliest possible time so that arrangements for a relief Engineer Officer may be made.

29.04 All sick leave claims must be accompanied by a doctor's certification to support the claim when so requested by the Director of Operations, Alaska Marine Highway System, whether it be for only one (1) day or more. This verifying statement must be presented upon the Engineer's return to work, or the absence will be regarded as unauthorized and unexcusable and subject to disciplinary action. The doctor's certification is to cover the period from the date the Engineer Officer became incapacitated until the date that the Engineer Officer became fit for duty, disregarding the Engineer's scheduled crew change date.

29.05 FUNERAL LEAVE. Sick leave can be claimed for funeral attendance of deaths in the immediate family to the maximum of eighty-four (84) hours. "Immediate family" is defined as father, mother, husband, wife, sons, daughters, brothers, sisters, grandchildren, father-in-law and mother-in-law. It shall be the Engineer's responsibility to provide evidence of such attendance.

29.06 No leave may be used in excess of that accrued as of the date leave commences. Upon return to work, leave accrued during the Engineer Officer's absence becomes payable.

29.07 Accumulated unused sick leave will be paid to the beneficiary when death occurs during employment and prior to retirement.

29.08 Sick leave may be claimed when there is an illness or disability within the Engineer Officer's immediate family which requires the attendance of the Engineer at the direction of a physician. Such absences shall in all instances be supported by a physician's certificate.

29.09 MATERNITY LEAVE. Pregnancy and/or childbirth may be medical reasons for an Engineer Officer to take sick leave. Claims for sick leave submitted for these reasons shall be treated in the same manner as are any other sick leave claims (see Rules 29.03 and 29.04). If a medical doctor certifies the father's presence is necessary, the leave provisions as above shall be applicable to him also.

RULE 30. STANDARD DRESS

30.01 All Licensed Engineer Officers will be required to wear white coveralls or clean starched and pressed khaki with tie at all times while on duty and, effective July 1, 1985, the Employer will pay a cash allowance of \$300.00 per annum to each Engineer Officer. (Prior to July 1, 1985, this payment will be at the preexisting rate of \$247.00 per annum.)

30.02 Effective July 1, 1985, the above per annum payment will be increased to \$400.00 if the Engineer Officer elects to wear the usual navy blue uniform while off duty aboard the ship. (Prior to July 1, 1985, this payment will be at the preexisting rate of \$338.00 per annum.)

RULE 31. RESTRICTIONS

31.01 It is understood that the Agreement at all times shall be applied subject to Federal laws, State laws and Executive Orders to the extent these affect the Engineer Officers.

RULE 32. FREE PASSAGE

32.01 Engineer Officers with two (2) years of company seniority as per Rule 26.01, will be issued annual passes upon request for the Engineer Officer and his or her spouse, subject to the following:

(a) The Engineer Officer, Officer's dependents and personally-owned vehicle shall be authorized free transportation on a space-available basis

EXHIBIT (K)

duplicated. Hours paid at the rate of one and one-half the appropriate rate of pay for any reason shall be credited only once in the calculation of hours in the workweek.

- E. Overtime pay for hours worked on a holiday shall be computed only on the hours worked between 12:01 a.m. and the following 11:59 p.m. on the holiday. This overtime compensation will be paid in addition to the eight (8) hours at the straight-time rate for holiday pay and is subject to paragraph D above.
- F. If a holiday falls on the employee's regularly scheduled day off, the employee shall receive payment for the holiday for eight (8) hours at the straight-time rate provided the employee was in pay status for a portion of the last regularly scheduled workday prior to the holiday and in pay status for a portion of the next regularly scheduled workday after the holiday. Such holiday pay does not count for the purpose of computing overtime nor for the purpose of fulfilling the work period unless worked as provided in paragraph E above.
- G. Every effort will be made to include adjustment(s) for holiday pay in the pay warrant issued for the appropriate pay period. If not possible, the adjustment(s) for holiday pay may appear on the next regularly issued pay warrant for the pay period following the pay period in which the holiday(s) occurred. Penalty pay shall not apply for pay shortages which result from holiday pay adjustments.

26.04 Personal Leave. It is agreed that personal leave shall be earned and used in lieu of sick and annual leave for employees covered by this article.

- A. Accrual of personal leave for full-time employees is according to the following schedule:

| Years of Service | Hours/Pay Period |
|------------------|------------------|
| 0 - 2 | 8 |
| 2 - 5 | 9 |
| 5 - 10 | 10 |
| 10 + | 12 |

Personal leave accruals for partial periods of service will be on a prorated basis. Employees who work less than full-time shall accrue personal leave on a prorated basis according to the above schedule and the hours in pay status. There shall be no accrual of personal leave during any pay period during which the employee is absent without approved leave.

Accrued personal leave is available for use after an employee has completed thirty (30) continuous calendar days of employment. Employees shall use accrued personal leave on an hour for hour basis.

- B. An employee who has accrued annual leave shall have that annual leave transferred to the employee's personal leave account.
- C. An employee who has accrued sick leave shall have sixty percent (60%) of that sick leave transferred to the employee's personal leave account. The remaining portion of accrued sick leave shall be canceled without pay.
- D. The use of leave under this section shall be reduced by the amount of wage continuation payments under the Alaska Worker's Compensation Act (AS 23.30).
- E. Each employee shall take at least eighty (80) hours of personal leave each leave year.
- F. Each employee may cash in up to eighty (80) hours of personal leave each leave year. Up to forty (40) hours may be applied against the mandatory leave usage of E.

- G. In the application of other provisions of the 1996 - 1999 Agreement regarding annual or sick leave, personal leave shall be substituted on an hour for hour basis. The maximum leave accrual provisions of Section 25.01.E shall not apply to employees covered by personal leave.

26.05 Labor-Management Committee on Corrections. Within sixty (60) days following the effective date of this Agreement, the parties shall meet to establish a statewide labor-management committee on Corrections pursuant to the provisions of Article 7. The committee shall be composed of no more than five (5) representatives of the Employer and no more than five (5) representatives of the Union. Additional individuals may be included in particular labor-management meetings by mutual agreement. The topic of a transfer policy for Correctional Officers shall be a subject of the committee's first meeting. The parties recognize that issues concerning the Division of Community Corrections are appropriate for this labor-management committee.

ARTICLE 27

SHIFT ASSIGNMENT

- A. Hours of Operation.
1. Hours of operation shall be established by the Employer.
 2. The Employer will notify the Union prior to implementing any large scale change in the hours of operation.
- B. Shift Assignments.
1. Shift assignments shall be made in accordance with the needs of the Employer.
 2. Seniority shall be considered in assigning employees to desired shift assignments. For purposes of this Article, seniority means continuous length of service in the job class.
 3. Neither permanent assignments nor temporary reassignments shall be used as a means of disciplining bargaining unit members. The parties acknowledge that changes in assignment may be appropriate as part of a corrective or investigatory action.
- C. Alternative Workweeks.
1. A four (4) day workweek or other form of alternative workweek schedule may be established by written mutual agreement of the Employer and the Union, the terms of which schedules shall be set forth in letters of agreement.
 2. All letters of agreement establishing alternative workweek schedules in effect on the date of signing of this Agreement shall be automatically cancelled ninety (90) days after signing unless specifically renewed or renegotiated.
- D. Flexible Work Hours.
1. Flexible work hours may be established by the commissioner of the employing department.
 2. The commissioner or the commissioner's designee shall be the approving authority for bargaining unit member requests for flexible work hours.
- E. Shift bidding procedures may be established for a particular work site by letter of agreement between the Employer and the Union.

2. An employee shall not accrue annual leave until completion of ninety (90) calendar days of full-time service, whereupon the employee shall be credited with accrual as provided in Paragraph 1 above, retroactive to the date of appointment.
 3. Leave Anniversary Date. Changes in the rate of annual leave accrual shall take effect at the beginning of the pay period immediately following the pay period in which the employee completes the prescribed period of service.
 4. Annual leave earned during the monthly pay period will be credited on the first (1st) day of the following pay period.
- B.
1. Each employee shall take at least ten (10) days annual leave during each calendar period (leave year) beginning January 16 and ending January 15 of the succeeding year. Seasonal employees of less than twelve (12) months duration shall be exempt from mandatory leave.
 2. Any employee who does not use this leave shall have the unused portion deducted from their leave account balance as of January 15.
 3. Should the Employer refuse the employee any opportunity to take the full ten (10) days of annual leave during the leave year, any unused portion of the ten (10) day mandatory leave shall not be deducted from the employee's leave balance at the end of the leave year.
- C.
- Each employee shall upon request to the Employer receive payment for accrued but unused annual leave up to a maximum of five (5) days in any calendar year. This payment may be applied against the ten (10) days required leave. The employee's leave balance shall be reduced by the number of days for which payment is made. Payment shall be made within ten (10) working days of the receipt of the request.

In demonstrated hardship cases the Employer may authorize

payment for accrued but unused annual leave in excess of the five (5) day maximum established herein. However, in no event shall a payment be made which reduces the employee's leave balance below five (5) days. Payment in excess of the five (5) day maximum shall not be applied against the ten (10) day leave usage requirement.

D. Annual leave may be taken by an employee at any time business permits, upon prior permission by the head of the department or agency for whom the employee works. Such approval may be delegated. An employee's request for annual leave will not be unreasonably denied.

E. Annual leave accrued but not used shall accumulate to a maximum of not more than sixty (60) days on January 15 of any calendar year.

1. If as of January 15 an employee will have an amount of leave in excess of sixty (60) days, the Employer may, after consultation with the employee, schedule such leave in excess of sixty (60) days or arrange in writing for an excess leave carry-over to be used within ninety (90) days.

2. If an employee has an amount of annual leave in excess of sixty (60) days as of January 15, such amount in excess of sixty (60) days shall be paid in cash except as otherwise provided in paragraph 1.

F. Terminal Leave.

1. Any employee who is separated from State service for any reason including layoff shall receive within thirty (30) days a lump sum payment for the number of working days of accrued annual leave. If an employee who resigned is reemployed in State service prior to the end of the period covered by the terminal leave, the employee may, at his or her option, refund to the State an amount equal to the compensation covering the period between the date of reemployment and the expiration of terminal leave. The hours of leave represented by this refund shall then be recredited to the employee's annual leave account.

**Article 13
BUSH HOUSING**

Section 1 – General

The Employer and the Association mutually agree that the provision of State housing for members is a vital concern, and that good quality housing which is made available at fair and equitable rental rates and which is subjected to a program of continuous, preventive maintenance affects the member's effectiveness in the protection of the public's safety.

The Employer agrees to continue to implement a program of regular housing inspections and to budget and expend funds necessary to maintain housing in a state of good repair.

The Employer agrees that repairs or replacement of housing or furniture and fixtures will be carried out by the most expeditious means available when the repairs or replacements are needed to continue the health and welfare of the member and his family. Illustrative examples of such items would include but not be limited to: frozen water or sewer line, loss of heating capability, leaking roof, electrical failure, failure of major electrical appliance such as a range, washer or refrigerator.

Concerted efforts shall be continued to improve the conditions of all housing units. Those units in the poorest condition shall continue to receive first priority.

The Association shall continue to participate in this effort by providing a recommended list of units in need of repair and/or replacement. Those units in greatest need of repair and/or replacement shall be listed first.

Section 2 – Interim Measures

1. In the event of a major maintenance problem which, due to inclement weather or other factors causing the housing to be uninhabitable, cannot be corrected by the Employer without delay, the mem-

ber and his family shall be eligible for per diem to cover the cost of temporary housing in a hotel, motel, lodge, etc., in the vicinity of the member's post. The per diem shall continue until repairs are completed, other housing is arranged or a transfer is effected:

2. If an essential service or condition such as heat, water or structural integrity fails, the member may advise the first-line supervisor outside the bargaining unit of the problem and, if Employer-furnished repair is not immediately available and is deemed of such a critical nature that it cannot be deferred, arrange an immediate emergency repair. The cost of the repair shall be billed to the Employer.

Section 3 – Rental Rates

The Letter of Agreement dated June 29, 1977 remains in effect.

**Article 14
LEAVES OF ABSENCE**

Section 1 – Personal Leave

It is understood that from and after the date of signing of this Agreement, personal leave shall be earned and used in lieu of all sick and annual leave except as specified in this Article. Employees transferring into the bargaining unit who have annual leave earnings credited to their State annual leave accounts, shall have the annual leave balances transferred to their personal leave account.

A. **RATE OF ACCRUAL:** A member who has permanent and/or probationary status shall accrue personal leave as follows:

1. Two (2) working days for each full monthly pay period if the member has less than two (2) years of service.
2. Two and one-quarter (2¼) working days for

each full monthly pay period if the member has more than two (2) but less than five (5) years of service.

3. Two and one-half (2½) working days for each full monthly pay period if the member has more than five (5) but less than ten (10) years of service.

4. Three (3) working days for each full monthly pay period if the member has more than ten (10) years of service.

In determining years of service for the purpose of computing personal leave, all service with the Territory and State of Alaska is included.

B. CHANGES OF ACCRUAL RATE: All accrual rate changes shall become effective the first day of the pay period following the pay period in which the member completes the service requirement and becomes eligible for the higher accrual rate.

C. PERSONAL SICK LEAVE BANK: Employees transferring into the bargaining unit who have sick leave earnings credited to their State sick leave accounts, shall have such earnings transferred to their personal sick leave bank.

On the sixteenth of the month following the date of signing, or the date of entry into the bargaining unit, whichever is later, the employee may draw upon a maximum of fifteen (15) days or the balance in the sick leave bank, whichever is less. Such leave is to be used consistent with the Personnel Rules governing the use of sick leave. There will be no further additions to the sick leave bank, and the balance can be authorized for use only for those purposes consistent with Personnel Rules regarding the use of sick leave, and only after the personal leave balance has been exhausted, except that any medical disability which prevents the member from performing his duties, as certified by the attending physician, which exceeds seven (7) working days shall be charged as follows:

1. shall be charged first to the fifteen (15) days referred to in this section.

2. shall be charged to personal leave up to a maximum of seven (7) working days.

3. after exceeding the seven (7) days charged to personal leave, the additional leave shall be charged to the sick leave bank.

4. if the sick leave bank has been exhausted, the leave shall be charged to personal leave.

Such illness may require a report from a licensed physician, at the discretion of the supervisor.

D. UTILIZATION AND DISPOSAL: Personal leave shall be used for any and all purposes for which sick and/or annual leave has hereto been used. Personal leave requests require the prior approval of the supervisor except in the case of illness or injury to the member. Member requests shall be given full consideration and, to the extent practicable, approved. However, the parties agree that the final decision with regard to approval or disapproval of any request will be based on the supervisor's evaluation of the needs of the job. In an absence due to illness or injury, the supervisor may require a physician's certificate.

Personal leave accrued but not used shall accumulate until separation; however, at least five (5) days personal leave must be used each full calendar year.

If the member is denied the use of five (5) days in any full calendar year, the member shall be entitled to payment for the unused portion. This payment shall be at the rate of one and one-half (1½) times his hourly rate and shall be included in the first (1st) regular monthly pay following the close of the calendar year in which the denial occurred. The period of time for which payment is made will be deducted from the personal leave balance. It is understood that, should the member take no action to

schedule the five (5) days leave, the State may direct that he take the personal leave at any time to satisfy the five (5) day requirement.

E. SEPARATION: A member shall receive a lump sum payment of personal leave upon separation from State service. The lump sum payment shall equal the compensation that the member would have received if he had remained in the service until the expiration of the period of unused personal leave. The sick leave bank balance shall be automatically canceled without pay except in case of death of an employee who, at the time of his death, is a bargaining unit member. All unused sick leave shall be paid to his beneficiary in a lump sum.

F. MOVEMENT FROM THE UNIT: If a member transfers to a position outside the bargaining unit without a break in service, his personal leave shall be credited to his annual leave account and banked sick leave shall be credited to his sick leave account in the new position. If the member transfers to a bargaining unit which has a maximum accrual of annual leave, he shall be credited with up to the maximum annual leave allowed in his new position by virtue of transfer of personal leave earnings. Any personal leave remaining after the transfer of the maximum allowed, shall be transferred along with any banked sick leave into the sick leave account in the new position.

G. FUNERAL LEAVE: If a death occurs among members of a member's immediate family, the member will be excused from work to attend the funeral and make other necessary arrangements without loss of pay from the day of death until the day after the funeral, but not more than a total of five (5) days. The funeral leave time will be deducted first from personal leave and then from the banked sick leave.

Immediate family, for the purpose of funeral leave, shall mean husband, wife, child, father, mother, sister,

brother, father-in-law and mother-in-law.

H. Effective January 1, 1978, members having in excess of forty-five (45) days of personal leave shall, upon written request to the Employer, receive payment for accrued but unused personal leave up to a maximum of eight (8) days in any calendar year. Additional days may be granted in demonstrated hardship cases. The member's leave balance shall be reduced by the number of days for which payment is made. Such payment shall not eliminate the member's obligations to use the five (5) days personal leave per calendar year. Payment shall be made within ten (10) working days of the receipt of the request.

Section 2 - Sick Leave Bank

There is hereby created a sick leave bank which shall be administered by a sick leave bank committee. The committee shall consist of two (2) members selected by the Association and two (2) members selected by the Employer. Approval or denial for sick leave by the committee shall be final and not subject to grievance procedures. A member is eligible to become a participant in the sick leave bank after he has donated not more than one (1) day of personal leave to the bank. The bank shall be administered through the same administrative channels and regulations as for sick leave except as noted in this Article.

Personal leave donations to the sick leave bank shall not in any way diminish a member's responsibility to take not less than five (5) days' personal leave per year. All leave transferred to the bank by a member is final and not recoverable for recredit to the donor's accrued personal leave.

Requests for withdrawal from the bank may be approved by the committee when:

- (a) A participant's accrued sick leave has been exhausted; and

NO EXHIBIT

(N)

EXHIBIT C

SECTION XII: LEAVE

A. Personal Leave

Teachers are entitled to personal leave with pay that accrues as follows:

1. Two (2) days for each full monthly pay period in the case of teachers with less than two (2) years of service;
2. Two and one-quarter (2.25) days for each full monthly pay period in case of teachers with two (2) but less than five (5) years of service.
3. Two and one-half (2.5) days for each full monthly pay period in the case of teachers with five (5) but less than ten (10) years of service;
4. Three (3) days for each full monthly pay period in the case of teachers with ten (10) years or more service.

B. Use of Personal Leave

1. A teacher may take personal leave any time business permits upon permission by the immediate supervisor.
2. A teacher may take personal leave for medical reasons, regardless of whether business permits, upon permission by the immediate supervisor. The supervisor shall grant personal leave for medical reasons if the supervisor is satisfied that the teacher is absent for medical reasons. The taking of personal leave for medical reasons shall be reduced by the amount of wage continuation payments made under the Alaska Workers' Compensation Act (AS 23.30). The following constitute "medical reasons" and are subject to the conditions noted:
 - a. Medical disability of teacher is medical reason for taking personal leave. A supervisor may require a doctor's certificate showing the disability if the

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absence exceeds three (3) consecutive working days.

- b. Medical disability of a member of a teacher's immediate family is a medical reason for taking personal leave if the disability is such that the attendance of the teacher is required. A supervisor may require a doctor's certificate showing the disability if the absence exceeds three consecutive working days.
- c. A medical condition of a teacher that makes presence at work a danger to the health of fellow employees or students is a medical reason for taking personal leave. A supervisor may require a doctor's certificate showing the condition if the absence exceeds three consecutive working days.

3. Parental Leave

- a. Short-Term Maternity-Disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth or recovery therefrom are temporary disabilities and shall be subject to the provisions of this Article.
- b. A pregnant teacher shall be entitled to leave benefits during any period of disability and child care which arise as a result of the pregnancy and shall have the same status as a teacher on the other leaves for purposes of determining tenure, salary increments, retirement benefits, and other benefits that teachers in the system may accrue. Leave is first charged to the teacher's personal leave, then sick leave, then to leave without pay. After exhausting said leave benefits, unpaid parental leave may, at the option of the teacher, be granted, said leave not to exceed eight (8) months. A written statement from the doctor shall be used to determine when leave should begin prior to the expectant birth of the child. The teacher shall

provide the superintendent with adequate advance notice of the intended beginning and termination of such leave so that appropriate arrangements can be made for substitutes. In a case where there are extenuating circumstances regarding the health of the mother and child, parental leave and conditions thereof may be extended subject to approval by the superintendent.

- c. In addition to the disability provisions of this Section, upon birth or adoption of a child, a teacher may take up to ten (10) days of personal leave.
4. Death of a member of a teacher's immediate family is a medical reason for taking personal leave. No more than ten (10) days of personal leave may be taken for this purpose.
5. Each teacher shall, during the school year, take at least five (5) days of personal leave. If the teacher does not take at least five (5) days of personal leave during the school year, the difference between five (5) days and the amount of personal leave taken shall be canceled without pay unless the superintendent certifies in writing that the teacher was denied the opportunity to take five (5) days of personal leave during the school year.

C. Accumulation of Personal Leave

Except as provided in Section XII, B.5, personal leave that is not taken by a teacher during a twelve (12) month period accumulates for use in succeeding twelve (12) month periods.

D. Donation of Leave

1. A teacher may donate one or more days of personal leave a year to the memorial scholarship revolving loan fund, or to a scholarship account in the fund, under AS 14.42.250-14.43.325. The Commissioner of the Department of Administration shall pay to the account

of the memorial scholarship revolving loan fund, or to a scholarship account in the fund, an amount equal to the value of the day or days of personal leave contributed by the teacher.

2. A teacher, with the approval of the superintendent, may donate accrued personal leave to another teacher or employee only for use as leave for medical reasons. The official responsible for employee leave accounts shall debit the donor's personal leave account and credit the recipient's personal leave account, or sick leave account, as appropriate, for medical reasons only, by converting the donated leave into cash value of hours of leave at the recipient's rate of pay. Leave donated under this subsection is not leave taken by the donor for purpose of Subsection B.

E. Terminal Leave

1. Terminal leave for unused personal leave shall be allowed upon separation from service. The payment equals the compensation that the teacher would have received if the teacher had remained in the service until the expiration of the period of unused personal leave. A payment of terminal leave to a teacher shall be made as a lump sum payment or in installments over a period of time, as the teacher elects.
2. If the teacher is reemployed in the State service before the expiration of the period covered by the balance of the unused leave payment, the teacher shall refund to the State an amount equal to the leave payment covering the period between the date of reemployment and the expiration of the unused leave period which has been paid. The leave represented by a refund shall be recredited to the teacher by the employing department or agency.
3. The payment authorized by this subsection is not considered salary or compensation except for purposes of taxation.

F. Sick Leave

1. Effective July 1, 1989, the provisions of AS 14.14.105-107 do not apply to teachers in the bargaining unit except as expressly provided herein. All sick leave accrued prior to that date by a teacher shall be transferred to a medical leave bank, and may only be taken in accordance with this Section.
2. A teacher may not take any banked medical leave unless the teacher:
 - a. Has no accrued personal leave; and
 - b. Has medical disability exceeding ten (10) consecutive working days in duration; or
 - c. Has a medical disability exceeding thirty (30) consecutive working days in duration.
3. Once the requirements of 2 and 4 of this Section have been met, a teacher may take banked medical leave until the medical disability is terminated or the banked medical leave is exhausted. If a teacher qualifies for banked medical leave under 2.c of this Section, the banked medical leave may be taken for all working days of the medical disability following the tenth (10th) working day of the disability.
4. When leave is taken under 2.a and b of this Section, the superintendent may require a doctor's certificate showing the disability. When leave is taken under 2.c of this Section, the teacher must submit a doctor's certificate showing the disability.
5. The taking of leave under this Section shall be reduced by the amount of wage continuation payments made under the Alaska Workers' Compensation Act (AS 23.30).

6. Upon a teacher's separation from State service, the teacher's banked medical leave shall be canceled without pay, unless transferred under the terms of AS 14.14.107.

G. Other Paid Temporary Leaves

1. **Professional Improvement:** Professional improvement days may be used for professional improvement in the employee's subject area with prior approval of the superintendent. The administration will make every reasonable effort to see that as many employees as possible attend professional conferences each year.
2. **Association Leave:** Five (5) days of paid leave will annually be available to TEAME for use at TEAME's discretion for purposes of conducting Association business.

H. Leave Cash-In

A teacher who has at least thirty (30) days of accrued leave may cash in up to eight (8) days of personal leave in a leave year. Additional days of leave may be cashed in at the discretion of the superintendent. The teacher's leave balance will be reduced by the number of days of personal leave cashed in. Leave cash-ins must not reduce a teacher's leave balance to less than five (5) days.

SECTION XIII: SALARY

A. Compensation

1. Contracted teachers serving a school term of one hundred and forty (140) instructional days or more shall be credited with a year of teaching service.

B. Placement on Column

1. Each teacher shall be placed on the highest numbered row and column step for which he/she qualifies from the

SECTION XII

LEAVES

A. PERSONAL LEAVE

Teachers are entitled to personal leave with pay that accrues as follows:

- (1) two days for each full monthly pay period in the case of teachers with less than two years of service;
- (2) two and one-quarter days for each full monthly pay period in case of teachers with two but less than five years of service;
- (3) two and one-half days for each full monthly pay period in the case of teachers with five but less than ten years of service;
- (4) three days for each full monthly pay period in the case of teachers with ten years or more service.

B. USE OF PERSONAL LEAVE

- (1) A teacher may take personal leave any time business permits upon permission by the immediate supervisor.
- (2) A teacher may take personal leave for medical reasons, regardless of whether business permits, upon permission by the immediate supervisor. The supervisor shall grant personal leave for medical reasons if supervisor is satisfied that the teacher is absent for medical reasons. The taking of personal leave for medical reasons shall be reduced by the amount of wage continuation payments made under the Alaska Workers' Compensation Act (AS 23.30). The following constitute "medical reasons" and are subject to the conditions noted:

- a) Medical disability of teacher is medical reason for taking personal leave. A supervisor may require a doctor's certificate showing the disability of the absence exceeds three consecutive working days.

- b) Medical disability of a member of a teacher's immediate family is a medical reason for taking personal leave if the disability is such that the attendance of the teacher is required. A department or agency head may require a doctor's certificate showing the disability if the absence exceeds three consecutive working days.

- c) A medical condition of a teacher that makes presence at work a danger to the health of fellow employees or students is a medical reason for taking personal leave. A supervisor may require a doctor's certificate showing the condition if the absence exceeds three consecutive working days.

(3) Parental Leave:

- a) Short-term Maternity-Disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth or recovery therefrom are temporary disabilities and shall be subject to the provisions of this article.

- b) A pregnant teacher shall be entitled to leave benefits during any period of disability and child care which arise as a result of the pregnancy and shall have the same status as a teacher on the other leaves for purposes of determining tenure, salary increments, retirement benefits, and other benefits that teachers in the system may occur. Leave is the first charge to the teacher's personal leave, then sick leave, then to leave without pay. After exhausting said leave benefits, unpaid parental leave may, at the option of the teacher, be granted, said leave not to exceed eight (8) months. A written statement from the doctor shall be used to determine when leave should begin prior to the expectant birth of the child. The teacher shall provide the superintendent with adequate advanced notice of the intended beginning and termination of such leave so that appropriate arrangements can be made for substitutes. In a case where there are extenuating circumstances regarding the health of the mother and child, parental leave and conditions thereof may be extended subject to approval by the superintendent.

- c) In addition to the disability provisions of this section, upon birth or adoption of a child, a teacher may take up to ten (10) days of personal leave.

(4) Death of a member of a teacher's immediate family is a medical reason for taking personal leave. No more than ten days of personal leave may be taken for this purpose.

(5) Each teacher shall, during the school year, take at least five days of personal leave. If the teacher does not take at least five days of personal leave during the school year, the difference between five days and the amount of personal leave taken shall be canceled without pay unless the superintendent certifies in writing that the teacher was denied the opportunity to take five days of personal leave during the school year.

C. ACCUMULATION OF PERSONAL LEAVE

Except as provided in Section XII, B(5), personal leave that is not taken by a teacher during a 12-month period accumulates for use in succeeding 12-month periods.

D. DONATION OF LEAVE

1. A teacher may donate one or more days of personal leave a year to the memorial scholarship revolving loan fund, or to a scholarship account in the fund, under AS 14.42.250 - 14.43.325. The commissioner of administration shall pay to the account of the memorial scholarship revolving loan fund, or to a scholarship account in the fund, an amount equal to the value of the day or days of personal leave contributed by the teacher.

2. A teacher, with the approval of the superintendent, may donate accrued personal leave to another teacher or employee only for use as leave for medical reasons. The official responsible for employee accounts shall debit the donor's personal or annual leave account and credit the donee's personal leave account, or sick leave account, as appropriate, for medical reasons only, by converting the donated leave into cash value to hours of leave at the donee's rate of pay. Leave donated under this subsection is not leave taken by the donor for purpose of Subsection B.

E. TERMINAL LEAVE

1. Terminal leave for unused personal leave shall be allowed upon separation from service. The payment equals the compensation that the teacher would have received if the teacher had remained in the service until the expiration of the period of unused personal leave. A payment of terminal leave to a teacher shall be made as a lump sum payment or in installments over a period of time, as the teacher elects.

2. If the teacher is re-employed in the state service before the expiration of the period covered by the balance of the unused leave payment, the teacher shall refund to the state an amount equal to the leave payment covering the period between the date of re-employment and the expiration of the unused leave period which has been paid. The leave represented by a refund shall be re-credited to the teacher by the employing department or agency.

3. The payment authorized by this subsection is not considered salary or compensation except for purposes of taxation.

F. SICK LEAVE

1. Effective July 1, 1989, the provisions of AS 14.14.105-107 do not apply to teachers in the bargaining unit except as expressly provided herein. All sick leave accrued prior to that date by a teacher shall be transferred to a medical leave bank, and may only be taken in accordance with this section.

2. A teacher may not take any banked medical leave unless the teacher:

- a) has no accrued personal leave; and
- b) has medical disability exceeding 10 consecutive working days in duration; or
- c) has a medical disability exceeding 30 consecutive working days in duration.

3. Once the requirements are of (2) and (4) of this section have been met, a teacher may take banked medical leave until the medical disability is terminated or the banked medical leave is exhausted. If a teacher qualifies for banked medical leave under (2)(c) of this section, the banked medical leave may be taken for all working days of the medical disability following the 10th working day of the disability.

4. When leave is taken under (2)(a) and (b) of this section, the superintendent may require a doctor's certificate showing the disability. When leave is taken under (2)(c) of this section, the teacher must submit a doctor's certificate showing the disability.

5. The taking of leave under this section shall be reduced by the amount of wage continuation payments made under the Alaska Workers Compensation Act (AS 23.30).

6. Upon a teacher's separation from state service, the teacher's banked medical leave shall be canceled without pay, unless transferred under the terms of AS 14.14.107.

G. OTHER PAID TEMPORARY LEAVES

1. Professional Improvement - Professional improvement days may be used for professional improvement in the employees subject area with prior approval of the superintendent. The administration will make every reasonable effort to see that as many employees as possible attend professional conferences each year.

2. Association Leave - Five (5) days of paid leave will annually be available to TEAME for use at TEAME's discretion for purposes of conducting Association business.

H. LEAVE CASH-IN

A teacher who has at least 30 days of accrued leave may cash in up to eight days of personal leave in leave year. Additional days of leave may be cashed in at the discretion of the superintendent. The teacher's leave balance will be reduced by the number of days personal leave cashed in. Leave cash-ins must not reduce a teacher's leave balance to less than five days.

SECTION XIII

SALARY

A. COMPENSATION

1. Contracted teachers serving a school term of one hundred forty (140) instructional days or more shall be credited with a year of teaching service.

B. PLACEMENT ON COLUMN

1. Each teacher shall be placed on the highest numbered row and column step for which he/she qualifies from the time the teacher receives their teaching certificate issued by a state.

The total creditable years of teaching experience shall be the sum of:

- a. 1. Each year of teaching experience in an Alaskan public school, whether operated by a school district, REAA, the State, or the BIA; and
2. Each year of teaching experience in a nationally, regionally or state accredited public school outside Alaska, including overseas schools; to a maximum of 5 years
- b. Each year of certificated, international teaching experience up to a maximum of two additional years with the approval of the superintendent.

2. Employees on the Teacher's Salary Schedule who advance from one vertical column to another at any time shall move to the corresponding eligible step on the higher column, if he/she has filed notice of additional educational credit with the Superintendent no later than Nov. 1 of the current year.

Sec. 39.20.200. Computation of personal leave. (a) Officers and employees of the state are entitled to personal leave with pay that accrues as follows:

- (1) two days for each full monthly pay period in the case of officers and employees with less than two years of service;
- (2) two and one-quarter days for each full monthly pay period in the case of officers and employees with two but less than five years of service;
- (3) two and one-half days for each full monthly pay period in the case of officers and employees with five but less than 10 years of service;
- (4) three days for each full monthly pay period in the case of officers and employees with 10 years or more service.

(b) Personal leave accrued by an officer or employee during each pay period shall be converted monthly to a cash value by multiplying the hours accrued during the pay periods in that month by the officer's or employee's annualized hourly rate of pay for the pay period. The resulting amount shall be added to the cash value amounts calculated for previous pay periods. The total of all of the cash values is the cash value of the officer's or employee's personal leave balance. (§ 11-5-6 a ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am § 10 ch 148 SLA 1976; am § 1 ch 136 SLA 1978; am § 9 ch 4 FSSLA 1996)

Effect of amendments. — The 1996 amendment, effective July 1, 1996, added subsection (b).

Editor's notes. — Section 43, ch. 4, FSSLA 1996 provides that, for the purposes of implementing subsection (b), "the beginning total cash value of an officer's or employee's personal leave balance on July 1, 1996 is calculated by multiplying the officer's or employee's personal leave balance as of June 30, 1996 by the officer's or employee's annualized hourly rate of

pay on July 1, 1996." Section 44, ch. 4, FSSLA 1996 provides that nothing in that Act, which added subsection (b), "modifies or terminates the terms of a collective bargaining agreement in effect on July 1, 1996." Under § 45, ch. 4, FSSLA 1996, the provisions of that act, which added subsection (b), are not severable, notwithstanding AS 01.10.030.

Collateral references. — 63A Am. Jur. 2d, Public Officers and Employees, §§ 167, 476.

Sec. 39.20.210. Determining years of service. In determining years of service for the purpose of computing personal leave, all service with the Territory and State of Alaska is included. A change in the rate of accrual of personal leave by an officer or employee takes effect upon the beginning of the monthly pay period following the monthly pay period in which the officer or employee completes the prescribed period of service. (§ 11-5-6 b ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am § 2 ch 136 SLA 1978)

Sec. 39.20.220. Requirement that employment be continuous. Notwithstanding AS 39.20.200, an officer or employee is entitled to personal leave only after having been employed currently for a continuous period of 30 days under one or more appointments without break in service. When an officer or employee completes a period of continuous employment of 30 days, an amount of personal leave is credited to the officer or employee equal to the amount which, but for this section, would have accrued under AS 39.20.200 during the period. (§ 11-5-6 c ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am § 3 ch 136 SLA 1978)

Sec. 39.20.225. Use of personal leave. (a) An officer or employee may take personal leave at any time business permits upon permission by the head of the department or agency for which the officer or employee works.

(b) An officer or employee may take personal leave for medical reasons, regardless of whether business permits, upon permission by the head of the department or agency for which the officer or employee works. A department or agency head shall grant personal leave for medical reasons if the department or agency head is satisfied that the officer or employee is absent for medical reasons. The taking of personal leave for medical reasons shall be reduced by the amount of wage continuation payments made under AS 23.30

(Alaska Workers' Compensation Act). The following constitute "medical reasons" and are subject to the conditions noted:

(1) medical disability of an officer or employee is a medical reason for taking personal leave. A department or agency head may require a doctor's certificate showing the disability if the absence exceeds three consecutive working days;

(2) medical disability of a member of an officer's or employee's immediate family is a medical reason for taking personal leave if the disability is such that the attendance of the officer or employee is required. A department or agency head may require a doctor's certificate showing the disability if the absence exceeds three consecutive working days;

(3) a medical condition of an officer or employee that makes presence at work a danger to the health of fellow employees is a medical reason for taking personal leave. A department or agency head may require a doctor's certificate showing the condition if the absence exceeds three consecutive working days;

(4) pregnancy and childbirth or the placement of a child, other than the employee's stepchild, with the employee for adoption is a medical reason for an officer or employee to take personal leave;

(5) death of a member of an officer's or employee's immediate family is a medical reason for taking personal leave. No more than five days of personal leave may be taken for this purpose.

(c) Each officer and employee shall, during each 12-month period, take at least five days of personal leave. If the officer or employee does not take at least five days of personal leave during a 12-month period, the difference between five days and the amount of personal leave taken shall be canceled without pay unless the department or agency head certifies in writing that the officer or employee was denied the opportunity to take five days of personal leave during the 12-month period. (§ 4 ch 136 SLA 1978; am § 8 ch 96 SLA 1992)

Effect of amendments. — The 1992 amendment, effective September 16, 1992, rewrote paragraph (b)(4).

NOTES TO DECISIONS

Cited in *Moore v. State, DOT & Pub. Facilities*, 875 P.2d 765 (Alaska 1994).

Sec. 39.20.230. When annual leave may be taken. [Repealed, § 15 ch 136 SLA 1978. For current law see AS 39.20.225.]

Sec. 39.20.240. Accumulation of personal leave. Except as provided in AS 39.20.225(c) personal leave that is not taken by an officer or employee during a 12-month period accumulates for use in succeeding 12-month periods. (§ 11-5-6 e ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am § 1 ch 37 SLA 1967; am § 1 ch 31 SLA 1971; am § 1 ch 151 SLA 1972; am § 5 ch 136 SLA 1978)

Sec. 39.20.245. Donation of leave. (a) An officer or employee may donate one or more days of personal leave a year to the memorial scholarship revolving loan fund, or to a scholarship account in the fund, under AS 14.43.250 — 14.43.325. The commissioner of administration shall pay to the account of the memorial scholarship revolving loan fund, or to a scholarship account in the fund, an amount equal to the value of the day or days of personal leave contributed by the officer or employee.

(b) An officer or employee, with the approval of the person authorizing the employment, may donate accrued personal or annual leave to another officer or employee only for use as leave for medical reasons. The official responsible for employee accounts shall debit the donor's personal or annual leave account and credit the donee's personal leave

account, or sick leave account, as appropriate, for medical reasons only, by converting the donated leave into cash value at the donor's rate of pay and reconverting the cash value to hours of leave at the donee's rate of pay. Leave donated under this subsection is not leave taken by the donor for purposes of AS 39.20.225(c). An employee who is covered by a collective bargaining agreement may donate leave to or receive donations of leave from an employee or officer who is not covered by a collective bargaining agreement, notwithstanding AS 39.20.310(8) and (9). (§ 2 ch 33 SLA 1969; am § 23 ch 136 SLA 1974; am § 6 ch 136 SLA 1978; am § 1 ch 75 SLA 1981; am § 1 ch 1 SLA 1985)

Sec. 39.20.250. Terminal leave. (a) Terminal leave for unused personal leave shall be allowed upon separation from service. The payment equals the cash value of the officer's or employee's personal leave balance at the time of separation from state service.

(b) [Repealed, § 20 ch 4 FSSLA 1996.]

(c) The payment authorized by this section is not considered salary or compensation except for purposes of taxation. (§ 11-5-6 f ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am § 7 ch 136 SLA 1978; am § 1 ch 16 SLA 1979; am §§ 10, 20 ch 4 FSSLA 1996)

Effect of amendments. — The 1996 amendment, effective July 1, 1996, rewrote subsection (a) and repealed subsection (b).

Editor's notes. — Section 43, ch. 4, FSSLA 1996 provides that, for the purposes of implementing the amendments to subsection (a) made by § 10, ch. 4, FSSLA 1996, "the beginning total cash value of an officer's or employee's personal leave balance on July 1, 1996 is calculated by multiplying the officer's or employee's personal leave balance as of June 30, 1996 by the officer's or employee's annualized hourly rate of pay on July 1, 1996." Section 44, ch. 4, FSSLA 1996 provides that nothing in that Act, which amended

subsection (a), "modifies or terminates the terms of a collective bargaining agreement in effect on July 1, 1996." Under § 45, ch. 4, FSSLA 1996, the provisions of that act, which amended subsection (a), are not severable, notwithstanding AS 01.10.030.

Opinions of attorney general. — Application to judicial and permanent legislative employees of the general laws of the state covering leave, including the Department of Administration's regulation on terminal leave, does not infringe upon the power of the judicial and legislative branches to supervise, hire, or discharge personnel, or the power to determine employee salaries. April 9, 1985 Op. Att'y Gen.

Sec. 39.20.255. Conversion of accrued annual leave to personal leave. An officer or employee who has accrued annual leave shall have that annual leave transferred to the officer's or employee's personal leave account. (§ 8 ch 136 SLA 1978)

Sec. 39.20.256. Transfer of accrued medical leave. (a) An officer or employee who has accrued medical leave shall have 40 per cent of that medical leave transferred to the officer's or employee's personal leave account and 60 per cent of that medical leave transferred to a medical leave bank. Banked medical leave may be taken only in accordance with this section.

(b) An officer or employee may not take any banked medical leave unless the officer or employee

- (1) has no accrued personal leave; and
- (2) has a medical disability exceeding 10 consecutive working days in duration; or
- (3) has a medical disability exceeding 30 consecutive working days in duration.

(c) Once the requirements of (b) and (d) of this section have been met, an officer or employee may take banked medical leave until the medical disability is terminated or the banked medical leave is exhausted. If an officer or employee qualifies for banked medical leave under (b)(3) of this section, the banked medical leave may be taken for all working days of the medical disability following the 10th working day of the disability.

(d) When leave is taken under (b)(1) and (2) of this section, a department or agency head may require a doctor's certificate showing the disability. When leave is taken under (b)(3) of this section, the officer or employee must submit a doctor's certificate showing the disability.

(e) The taking of leave under this section shall be reduced by the amount of wage continuation payments made under AS 23.30 (Alaska Workers' Compensation Act).

(f) Upon an officer's or employee's separation from state service, the officer's or employee's banked medical leave shall be canceled without pay. (§ 8 ch 136 SLA 1978; am 1 -- 3 ch 52 SLA 1979)

Legislative history reports. — For the House No. 116 (ch. 52, SLA 1979), see 1979 House Journal, p. 1052.
State Affairs Committee letter of intent on Senate Bill

Sec. 39.20.260. Medical leave. [Repealed, § 15.ch 136 SLA 1978. For current law see S 39.20.225(b).]

Sec. 39.20.270. Court leave. Notwithstanding AS 39.20.310(7), court leave shall be granted to an employee who is classified as full time, whether permanent, nonpermanent, temporary. An officer or employee called to serve as a juror or subpoenaed as a witness entitled to administrative leave with pay, but compensation received by the employee to which the employee is entitled, whichever is greater, for service as a juror or witness shall be deducted from pay to which the employee is entitled as a state officer or employee. (§ 11-5-6 h ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am 1 ch 39 SLA 1984)

Sec. 39.20.280. Maternity leave. [Repealed, § 2 ch 67 SLA 1974. For current law see AS 39.20.225(b)(4).]

Sec. 39.20.290. Definition of days of leave. The days of leave provided for in AS 39.20.200 — 39.20.330 mean days upon which an officer or employee would otherwise work and receive pay, and are exclusive of holidays. (§ 11-5-6 j ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960)

Sec. 39.20.295. Special regulations on leave period. In accord with the procedures established in AS 39.20.320, the Department of Administration shall adopt regulations defining and establishing a uniform beginning and a uniform concluding date for the 12-month periods applicable to leave use and accumulation by officers and employees of state government. (§ 2 ch 151 SLA 1972)

Sec. 39.20.300. Personal and banked medical leave transfers with officer or employee. When an officer or employee terminates employment with one department, office, institution, or agency of the state government and is employed by another department, office, institution, or agency of the state government without break in service, accumulated personal leave and banked medical leave also transfer and shall be credited to the officer or employee in the employing department, office, institution, or agency. (§ 11-5-6 k ACLA 1949; am § 1 ch 182 SLA 1957; am § 1 ch 145 SLA 1960; am 9 ch 136 SLA 1978)

Sec. 39.20.305. Family and health leave. (a) An officer or employee of the state who is otherwise qualified to take leave of absence may take family leave because of a serious health condition for a total of 18 workweeks during any 24-month period. An otherwise qualified officer or employee may take family leave because of pregnancy and childbirth or adoption for a total of 18 workweeks within a 12-month period; the right to take leave for this reason expires on the date one year after the birth or placement of the child. An officer or employee taking leave under this section shall use accrued paid leave until the officer or employee has only five days of paid leave remaining. The officer or employee may choose whether to retain a balance of five days of paid leave and take the remaining leave as unpaid leave or whether to exhaust the paid leave balance. After reducing accrued paid leave as required by this subsection, the officer or employee may take leave without pay for the balance of the family leave. If the employee is entitled to

(8) persons employed by the state who are covered by collective bargaining agreements as provided in AS 23.40.210 except as provided in such an agreement and except as provided by AS 39.20.245 (b). (Eff. 6/28/84, Register 91; am 4/6/86, Register 102)

Authority: AS 22.20.037 AS 24.10.060 AS 39.20.310

2 AAC 08.020. APPLICATION FOR LEAVE OF ABSENCE. Application for leave of absence must be made on forms prescribed by the director. (Eff. 6/28/84, Register 91)

Authority: AS 39.20.320

2 AAC 08.030. LEAVE ACCOUNTING. (a) Upon return to duty after leave usage, or after each pay cycle that the employee is absent, a completed leave report must be submitted to the employee's supervisor.

(b) Upon receipt of the completed leave slip, the employee's leave account will be adjusted for the pay periods during which the employee was on leave.

(c) Accrued leave must be posted at the end of each monthly pay period. Prorated accrued leave may be posted at the end of each pay cycle.

(d) Leave may not be used before it is accrued and posted to the employee's leave account. (Eff. 6/28/84, Register 91; am 5/16/90, Register 132)

Authority: AS 39.20.320

2 AAC 08.040. LEAVE ACCRUAL. (a) Employees will accrue leave at the rate established by statute.

(b) Accrual rate changes will become effective the 16th day of the month following the monthly pay period in which the employee completes the service requirement and becomes eligible for the higher accrual rate.

(c) The departmental payroll office will provide each employee with a statement of leave accrual, usage and assessments at least once each year. (Eff. 6/28/84, Register 91)

Authority: AS 39.20.200

2 AAC 08.045. CASH VALUE OF PERSONAL LEAVE. (a) Effective July 1, 1996, personal leave balances are converted monthly to a cash value, by multiplying the hours accrued during the pay cycles in that month by the officer's or employee's annualized hourly rate of pay for the pay period.

(b) The amount resulting from the calculation in (a) of this section shall be added to the cash value amounts calculated for previous pay periods. The total of all of the cash values is the cash value of the officer's or employee's leave balance.

(c) To implement this section, the beginning total cash value of an officer's or employee's personal leave balance on July 1, 1996, is calculated by multiplying the

officer's or employee's personal leave balance as of June 30, 1996, by the officer's or employee's annualized hourly rate of pay on July 1, 1996.

(d) The cash value of personal leave when personal leave is used by the officer or employee as time off shall be reduced by the officer's or employee's annualized hourly rate times the number of hours used on a first-in-first-out basis. For "first-in-first-out basis", the value of the leave accrued earliest is subtracted from the balance to calculate the remaining value of the cash value after the use of accrued leave.

(e) The value of leave donated under AS 39.20.245(a) for the memorial scholarship revolving loan fund, or to a scholarship account in the fund, under AS 14.43.250-14.43.325 is calculated in the manner set out at (d) of this section.

(f) The value of leave donated by an employee to another employee for leave for medical reasons under AS 39.20.245(b) is calculated by multiplying the officer's or employee's present annualized hourly rate by the number of hours of leave donated, and then dividing the resulting amount by the annualized hourly rate of the donee, to arrive at the number of hours to be added to the donee's account.

(g) The value of leave cashed in under 2 AAC 08.065 is calculated in accordance with (d) of this section. (Eff. 8/29/96, Register 143)

Authority: AS 39.20.200 AS 39.20.320

2 AAC 08.050. USE OF PERSONAL LEAVE. (a) Accrued personal leave is available for use after an employee has completed 30 continuous calendar days of employment. Personal leave may be granted at any time business permits with the prior approval of the employee's supervisor.

(b) Personal leave for medical reasons must be granted if the supervisor is satisfied that the employee is absent for a "medical reason" as defined in AS 39.20.225 (b) or for family leave under AS 39.20.305, except that family leave need not be granted to two employees simultaneously for a serious health condition of the parent or child of two employees. Employees must provide prior notice of foreseeable use of family leave to the principal executive officer of their agencies and must make reasonable efforts to schedule family leave so as not to unduly disrupt the state's operations in accordance with AS 39.20.305 (b). Family leave for pregnancy and childbirth, or the placement of a child, other than the employee's stepchild, with the employee for adoption may be taken on an intermittent or reduced schedule basis until the employee has recovered from the incapacity of delivery or the child has been placed for adoption. Thereafter, family leave shall be taken in a single block of time.

(c) If wage continuation payments are made to an employee under the Alaska Workers' Compensation Act (AS 23.30), the amount of those payments will be deducted from payments for personal leave. The employee's accrued personal leave account will be charged only to the extent that payments are made for personal leave.

(d) Leave use by an employee who is receiving a higher rate of pay under 2 AAC 07.333 shall be at the employee's normal rate of pay that would apply absent the delegation to perform essentially all the duties of a specific position in a higher range. (Eff. 6/28/84, Register 91; am 7/25/94, Register 137; am 8/29/96, Register 143)

Authority: AS 39.20.225 AS 39.20.256 AS 39.20.320

Editor's note: The 7/25/94 amendments to 2 AAC 08.050(b) and the adoption of 2 AAC 08.050(d) first appeared in print in the Alaska Administrative Code with Register 137, April 1996.

2 AAC 08.060. MANDATORY USE OF PERSONAL LEAVE. (a) At least five days of personal leave must be used each leave year. Employees and supervisors will be advised by the employee's payroll office on or before November 16 of each year how many days of leave must be used to fulfill the five-day minimum requirement. For the purpose of this subsection, "personal leave" means paid leave or authorized leave without pay; it does not include disciplinary leave without pay and unauthorized leave without pay.

(b) If the employee does not schedule the mandatory five days' leave or remainder of it, the employee's supervisor may direct that the appropriate amount of leave be used to satisfy the five-day requirement.

(c) If at the end of the leave year the employee has failed to use the five days of leave required, the difference between five days and the amount of personal leave actually used and its cash value will be deducted from the leave account and cash value balances. No payment will be made to the employee for the leave that was deducted.

(d) Notwithstanding the provisions of (c) of this section, the unused portion of the mandatory five-days' leave will not be deducted from the leave account and cash value balances if the employee's department or agency head certifies in writing that the employee was denied the opportunity to use mandatory leave.

(e) When an employee changes employment or changes to a new bargaining unit resulting in a change from annual and sick leave to a personal leave plan, or from personal leave to an annual and sick leave plan, the employee will be subject to the mandatory leave usage provisions of the unit in which employed at the end of the leave year.

(f) An employee under a leave plan requiring the use of more than five days of mandatory leave each year, who changes to a leave plan requiring only five days of mandatory leave each year will not receive a refund of, or payment for, leave used in excess of the mandatory requirement.

(g) Repealed 10/16/87.

(h) Leave cashed in under the authority of this chapter or a collective bargaining agreement does not reduce the five-day mandatory leave requirement. (Eff. 6/28/84, Register 91; am 10/16/87, Register 107; am 8/29/96, Register 143)

Authority: AS 30.20.200 AS 39.20.225 AS 39.20.320

Editor's note: Even though 2 AAC 08.060(g) was repealed effective October 16, 1987, it was not published until Register 107, October 1988.

2 AAC 08.065 LEAVE CASH-IN. (a) An employee covered by this chapter who has at least five days of accrued leave may cash in personal leave. An employee may cash in personal leave up to three times in a leave year. The employee's leave account and cash value balances will be reduced by the number of days and cash value of personal leave cashed in. Leave cash-in must not reduce an employee's leave balance to less than five days.

(b) Repealed 10/16/87.

(c) An employee who comes under the authority of this chapter and a collective bargaining agreement during the same leave year may cash in leave under the provisions of both this chapter and the collective bargaining agreement during that year.

(d) Leave cash-in by an employee who is receiving a higher rate of pay under 2 AAC 07.333 shall be at the employee's normal rate of pay that would apply absent the delegation to perform essentially all the duties of a specific position in a higher range. (Eff. 4/6/86, Register 102; am 10/16/87, Register 107; am 7/25/94, Register 137; am 8/29/96, Register 143)

Authority: AS 39.20.320

Editor's note: Even though 2 AAC 08.065(b) was repealed effective October 16, 1987, it was not published until Register 107, October 1988.

The 7/25/94 adoption of 2 AAC 08.065 (d) first appeared in print in the Alaska Administrative Code with Register 137, April 1996.

2 AAC 08.070. DONATION OF PERSONAL LEAVE. (a) Any employee covered by this chapter may donate the cash value of one or more days of personal leave each year to the memorial scholarship revolving loan fund, or to a scholarship account in the fund.

(b) Any employee, whether covered by the authority of this chapter or a collective bargaining agreement, may donate accrued personal or annual leave to another employee for use as leave for medical reasons.

(c) Leave donated under the authority of this chapter or a collective bargaining agreement does not reduce the five-day mandatory leave requirement. (Eff. 6/28/84, Register 91; am 4/6/86, Register 102; am 8/29/96, Register 143)

Authority: AS 39.20.200 AS 39.20.245 AS 39.20.320

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
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April 10, 2000

RECEIVED
APR 11 2000
Senate Finance
Committee

The Honorable Sean Parnell
Alaska State Senator
State Capitol
Juneau, AK 99801-1182

Dear Senator Parnell:

Included in this package is additional information requested in the March 23 Senate Finance Committee hearing on the state labor contracts.

- **Do the Department of Labor payroll figures include benefits?**

No.

- **Provide a cost-benefit analysis for the GGU leave conversion.**

Please see the attachment entitled "Cost/Benefit Analysis of Sick/Annual Leave Conversion to Personal Leave"

- **Provide a vignette of the average GGU employee with respect to leave.**

The average GGU employee is a 42-year-old Caucasian married male who has worked for the State for 7.5 years. He has a sick leave balance of about 125 hours which means he uses an average of 11 sick leave days per year.

The average GGU employee has an annual leave balance of less than 100 hours; he uses over 3 weeks of annual leave per year.

GGU employees did convert leave to cash during 1999. For those employees who used the cash-in provisions, the average cash-in was 57 hours.

- **How many GGU employees are currently at step F?**

2,731 employees are at "F" step currently, half of whom might be eligible for longevity increase in any one year.

- **Is there a group of GGU employees who will somehow get an "additional" 4% increase over the life of the contract?**

Employees who benefit from the creation of the new "G" step are not eligible for any portion of the \$1,200 lump sum payment. Those employees who have been at "F" step for one year or longer and so move to "G" step, and those currently at "J," "K," "L" or "M" step, will receive approximately a 3.5% increase as a result of "G" step, and then will be subject to the Year 2 and Year 3 salary schedule increases. The costs of these increases are included in the appropriation requests and are detailed in the Cost Analyses.

Employees in steps "A" – "E" steps will benefit from the lump sum payment in Year 1, prorated for length of service. An employee at range 14, step C for all 24 pay periods in FY 2000 benefits by a 3% increase in pay in Year 1, plus the general schedule increases in Year 2 and Year 3.

There is a group of individuals, those in the first year of "F" step, who will benefit from the lump sum payment and will move to "G" step in Year 2, and then in Years 2 and 3 will benefit from the 2% and 3% schedule increases. This group of employees, up to 1350, could receive an additional 3 - 3.5% increase in wage. The General Government negotiating team proposed this strategy to benefit their senior employees. Upon study, the State team recognized the value to the employer. The additional benefit for employees at advanced steps is intentional and is designed to promote retention of skilled staff. The cost was funded within the package by delaying the 2% and 3% increases for all employees until the second half of years 2 and 3.

- **Were reserves transferred when other units converted to a health trust?**

An arbitrator's award relating to the ownership of health insurance reserve funds is attached. The award validates the transfer of reserve funds and explains the ownership of reserve funds. If new union trusts are formed based on these contracts, any reserves remaining after payment of liabilities must be transferred to the trust.

PSEA received \$400,000 from reserves. The balance of the \$1,050,000 that PSEA received as a result of conversion to a health trust was through direct appropriation.

- ✱ Local 71 received \$1,000,000 in start-up money from direct appropriation, but these funds were repaid by Local 71 through reduced employer contributions during the ten months following the conversion to a health trust.

- **What is the statutory authority for the health insurance reserves accounts?**

AS 39.30.095 establishes the Group Health and Live Insurance Fund.

The concept of retaining reserves to fund actuarial liabilities is applied from commonly accepted accounting practices.

- **How many employees in other bargaining units have over 450 hours of leave?**

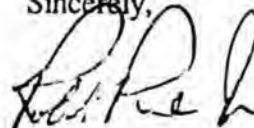
The table entitled "All State Employees with Personal Leave Balances > 450 Hours, By Bargaining Unit" details this information.

- **How does the number of state work holidays compare with private sector work holidays?**

Based on studies and inquiry, state employees accrue eleven paid holidays each year while private sector employees accrue an average of nine (see attachment from the Comparison of Wages and Benefits for State and Non-State Employees, 1999).

I hope this information is helpful. If you have follow-up questions, please call.

Sincerely,



Robert Poe, Jr
Commissioner

cc: Annalee McConnell

Sec. 39.30.095. Group health and life benefits fund.

(a) The commissioner of administration shall establish the group health and life benefits fund as a special account in the general fund to provide for group life and health insurance under AS 39.30.090 and 39.30.160 or for self-insurance arrangements under AS 39.30.091 . The commissioner shall maintain accounts and records for the fund. The fund consists of employer contributions, employee contributions, appropriations from the legislature, and income earned on investment of the fund as provided in (d) of this section.

(b) After obtaining the advice of an actuary, the commissioner of administration shall determine the amount necessary to provide benefits under AS 39.30.090 , 39.30.091, and 39.30.160 and shall set the rate of employer contribution and employee contribution, if any. With money in the fund, the commissioner of administration shall pay premiums, claims, and administrative costs required under the insurance policies in effect under AS 39.30.090 and 39.30.160, or required under self-insurance arrangements in effect under AS 39.30.091 .

(c) The commissioner of administration or the designee of the commissioner is administrator of the fund. The commissioner may contract with

(1) an insurer authorized to transact business in this state under AS 21.09, or a hospital or medical service corporation authorized to transact business in this state under AS 21.87 to reimburse the state for the cost of administering group insurance provided under AS 39.30.090 and 39.30.160; and

(2) a life or health insurer authorized to transact business in the state under AS 21.09, a hospital or medical service corporation authorized to transact business in this state under AS 21.87, or a third-party administrator licensed to transact business in this state for the administration of benefit claims and payments under AS 39.30.091.

(d) If the commissioner of administration determines that there is more money in the fund than the amount needed to pay premiums, benefits, and administrative costs for the current fiscal year, the surplus, or so much of it as the commissioner of administration considers advisable, may be invested by the commissioner of revenue in the same manner as retirement funds are invested under AS 14.25.180 .

(e) In this section, "fund" means the group health and life benefits fund.

Cost/Benefit Analysis of Sick/Annual Leave Conversion to Personal Leave

In a conversion from a sick/annual leave accrual environment to a personal leave accrual environment, management's primary objective is to improve productive work hours. This is accomplished by providing less leave accrual annually to an employee, and providing an incentive to employees (by giving all leave a cash value) to use the leave only as necessary, instead of promoting an attitude of "use it, or lose it". Secondly, this equalizes the benefit among employees. In a "use it, or lose it" environment, the less conscientious employees receive a greater benefit than employees who are judicious in their use of sick leave because the less conscientious employee is more willing to take off sick days when they are not really ill.

In reviewing leave usage patterns for the General Government Unit (GGU) employees, it was determined that the annual pattern for the unit as a whole has been that 73% of all of the sick leave accrued on an annual basis is taken during the course of the year. It also became apparent that 25% of the employees within the unit were using 54% of all of the leave.

The conversion to a personal leave accrual environment will reduce the total annual accrual of leave for a GGU member with over 2 years of service from 15 days per year of sick leave to a personal leave equivalent of 6 days. The annual leave accrual component is converted to personal leave on a one-to-one ratio. Assuming the sick leave usage was evenly distributed among all employees, the average sick leave usage equates to 11 days per year. This would result in attendance of each and every employee 5 days more per year on average than is currently the case.

For most programs, the primary benefit is in improving productivity. When employees take sick leave it is generally an unscheduled absence. Work that is the responsibility of that employee is temporarily halted causing delays in completion and burdening other staff. Employees recognize others who abuse their use of sick leave. This may also create morale problems within an organization

However, there is a measurable cost to absenteeism in an environment like the Pioneers' Homes, where the absence of a direct care staff member must be covered by an on-call substitute employee to maintain safe staff-to-resident ratios. Again, assuming that the Pioneers' Home staff met the

averages in terms of leave usage, and assuming that on-call substitutes are required 80% of the time an employee is sick, the 5 days per year of the leave usage that would no longer be available and used by employees will save the Pioneer Home program as much as \$140,000 annually, providing additional funding that can be redirected to providing more direct care staff to meet the increasing needs of a frail, elderly population.

At the time the statutory conversion ratio was developed in 1978, employees were using an average of 40% of all sick leave accrued in any given year. Conversion ratios were developed to recognize that that use carried a cost and to equalize the benefit among employees. The GGU contract contains a leave balance conversion of 50%, significantly lower than the actual leave usage of 73% within the unit. Employees who have traditionally used all or the majority of their sick leave annually will receive little or no benefit from the conversion. (The average GGU member has approximately 125 hours or approximately 16 1/2 days of sick leave on the books, which will convert to 8 1/4 days of personal leave.) It is unrealistic to expect employees to agree to a leave conversion that significantly reduces their annual leave accrual, even if the leave is given cash value, unless there is also recognition of the value that accrued sick leave has to an individual as a protection against a protracted illness. Those employees who have been responsible with their leave utilization will benefit most greatly in this conversion environment.

The projected outcome of the leave conversion provision will meet management's goals of improving employee productivity, reducing costs where replacement hires are necessary in the absence of an employee, and equalize an existing benefit to reward conscientious employees rather than penalize them.

BEFORE THE ARBITRATOR

In the Matter of the Interest
Arbitration Between

The State of Alaska

the Employer

and

Alaska State Employees Association,
AFSCME Local 52

the Union

ARBITRATOR'S

AWARD

Class 1 Employees

Appearances:

For the State:

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For the Union:

Don Clocksin
Sonosky, Chambers, Sachse,
Miller, Munson & Clocksin
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January 17, 1994

Jane R. Wilkinson
Labor Arbitrator
P.O. Box 1708
Lake Oswego, OR. 97035
(503) 635-7773

Dept. of Administration

JAN 21 1994

Division of Personnel / OEEC
Labor Relations Section

RECEIVED

JAN 21 1994

DIV. OF RET. & BENEFITS
DIRECTOR'S OFFICE

WITNESS LIST

For the State:

Diane Corso, Labor Relations Manager

Janet Parker, Deputy Director for Division of Retirement and Benefits

Pat Pechacek, Senior Manager, Deloitte and Touche

Steve LeBrun, Account Manager, Aetna Health Plans

Mike Smith, Consultant, Wyatt Co.

For the Union:

Don Wasserman, AFSCME (national) Director of Collective Bargaining

Carl Smith, Benefits Consultant and Actuary, Segal Co.

Jennie Day Peterson, Business Manager, ASEA

EXHIBIT LIST

State Exhibits

- A. Excerpts from the 1990-93 Collective Bargaining Agreement
- B. Excerpts of the April 23, 1990 Interest Arbitration Decision and Award of J. C. Fogelberg
- C. Notice, dated December 17, 1992, from Commissioner Nancy Bear Usera to General Government Unit and other bargaining units' members of changes to the State's health insurance plan
- D. Order of the Alaska Labor Relations Agency, dated January 29, 1993, directing the State and ASEA to bargain over health benefits until February 15

- E. Decision and Order No. 158 of the Alaska Labor Relations Agency, dated May 13, 1993, including findings and conclusions regarding the Agency's January 29 Bargaining Order
- F. Proposals I through V that the State made during bargaining over health benefits in February
- G. Proposals that ASEA made during bargaining over health benefits in February
- H. Letter, dated February 3, 1993, from Jim Johnson to Jennie Day Peterson regarding responses to health benefits questions (with attachments)
- I. Unfair labor practice accusation, dated March 17, 1993, by ASEA against the State, concerning the bargaining over health benefits in February
- J. Notice of accusation, dated April 5, 1993, from the Alaska Labor Relations Agency concerning ASEA's unfair labor practice accusation (dismissing ASEA's claims regarding the State's failure to bargain over use of the reserve funds)
- K. Order on ASEA's appeal from dismissal, dated May 20, 1993, from the Alaska Labor Relations Agency, affirming dismissal of ASEA's claims regarding the State's failure to bargain over use of the reserve funds
- L. Order on the State's motion to compel arbitration, dated May 24, 1993, from the Alaska Labor Relations Agency, ordering ASEA to proceed to interest arbitration immediately
- M. Description of the Employee Assistance Program and Human Affairs Alaska
- N. Funding Requirements for the State of Alaska for February 1, 1994 through February 1, 1995, from Aetna Health Plans, dated October 1993
- O. Letter, dated September 28, 1992, from Catherine C. Isham of Aetna Life Insurance Company to Mike Coughlin regarding 1993 renewal information (with attachments)
- P. Professional Service Contract (with amendments) between the State and Aetna Life Insurance Company, dated July and September 1992
- Q. Documents regarding Union's motions for extension of time in superior court proceedings

Union Exhibits

1. Interest Arbitration Award of Arbitrator J. C. Fogelberg dated April 23, 1990
2. ASEA/State of Alaska GGU Collective Bargaining Agreement
3. Decision and Order No. 158 of the Alaska Labor Relations Agency, dated May 13, 1993
4. State of Alaska proposals on health benefits for (Options I through V)
5. ASEA proposal on health benefits (Options A and B)
6. State of Alaska/Aetna Group Health Administrative Agreement (State approved February 4, 1992)
7. Amendment to Professional Services Contract (State approved June 1, 1993)
8. Letter, dated August 13, 1993, from Powelson to Peterson
9. Letter, dated November 30, 1993, from Jones to Clocksin
10. "Health Premiums - General Government"
11. Financial Accounting Report for July 1992 - July 1993 prepared by Aetna on October 29, 1993
12. Funding Requirements for the State of Alaska for February 1, 1994 through February 1, 1995, from Aetna Health Plans, dated October 1993
13. Financial Balances - Actives & SBS Option (July 1, 1992 and July 1, 1993)
14. Documents regarding news release to use Aetna reserves, December 1993
15. Carl D. Smith resume
16. Affidavit of Jody Osterweil
17. Alaska Statute 39.30.090 et seq.

PROCEEDINGS

This dispute, between the State of Alaska (the State or the Employer) and the Alaska State Employees Association, AFSCME Local 52 (the Union), concerns the level of health benefits to be provided to certain bargaining unit employees known as Class 1 employees for the period of time commencing with the date of this award and ending on either: 1) the effective date of a new contract, or 2) as specified by an interest arbitration award for a new contract. The parties submitted evidence and argument on the issue to the undersigned Arbitrator at hearings held in Anchorage, Alaska on December 20 and 21, 1993. They stipulated that the Arbitrator would retain jurisdiction over her award for a period of 60 days. At the conclusion of proceedings, the hearing closed and the case stood fully submitted for decision.

CRITERIA

Alaska state statute does not set forth criteria to be utilized by an arbitrator in interest arbitration proceedings. However, standards in these cases are well-established by precedent, applied both in conjunction with and separate from any state statute. The appropriate criteria, as gleaned from a number of authorities are:

- (A) The lawful authority of the employer.
- (B) The stipulation of the parties.
- (C) The interest and welfare of the public.

- (D) The financial ability of the unit of government to pay.
- (E) Comparisons of the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally.
 - (1) In public employment in comparable communities.
 - (2) In private employment in comparable communities.
- (F) The average consumer price for goods and services, known as the cost of living.
- (G) The overall compensation presently received by the employees, including the direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, continuity and stability of employment, and all other benefits received.
- (H) Such other factors not confined to the foregoing which are normally or traditionally taken into consideration in the determination of wages, with hours and conditions of employment through voluntary collective bargaining, mediation, factfinding, arbitration or otherwise between the parties in the public service or in private service.

See, e.g., E. Elkouri and F. Elkouri, *How Arbitration Works*, Ch. 18 (4th ed. 1985).

In this case, because of the narrow and peculiar scope of the issue, most of the traditional interest arbitration considerations are not relevant. Nevertheless in resolving the issues before me, I have been mindful of any relevant criteria, and have given consideration to all of the evidence and arguments presented by the parties. I also am mindful of the generally-accepted premise that arbitrators favor the status quo and the burden of persuasion rests with the party seeking to change the status quo.

RELEVANT PROVISIONS OF EXPIRED CONTRACT

ARTICLE 19 - HEALTH AND SECURITY

Section 3. Health Insurance

- A.1. The Employer will provide a policy of group insurance covering the employee, the employee's spouse and the employee's dependents. The Employer shall maintain the current level of benefits as modified by the Memorandum of Understanding (incorporated as Appendix H and I) executed May 19, 1989, (as amended October 4, 1989) until February 1, 1992, and thereafter shall convert to a "defined contribution plan" effective with the premium renewal date of February 1, 1992, at which time a premium "cap" to be paid by the Employer will be established at no more than 10 percent above the February 1, 1991, rate.
- C. The Employer's responsibility under Section 3 is limited to the payment of necessary premiums to purchase the insurance described in paragraphs A and B of this section....

BACKGROUND INFORMATION

There are about 13,300 employees covered by the State's health care plan. About 8,000 to 8,500 of those employees are in a bargaining unit known as the "General Government Unit" (GGU), which is represented by the Union. About 2,000 to 2,200 of those employees are known as "Class 1" employees, who are defined by statute as employees whose services the State cannot do without. This definition includes police, firefighters, corrections officers and certain hospital personnel. Class 1 employees do not have the right to strike.

However, they have the right to take unresolved bargaining issues to interest arbitration.

The parties' first and only Collective Bargaining Agreement expired on December 31, 1992, as to Class 2 and 3 employees and on April 30, 1993, for Class 1 employees. Prior to the expired Collective Bargaining Agreement, the State paid the entire cost of its employee health care plan, absorbing all cost increases, which in some years were substantial. AFSCME Collective Bargaining Director Don Wasserman testified, without contradiction, that monthly full-family health care premiums in 1989 were \$435 per employee and that cost-containment measures agreed to by the Union in a 1989 Memorandum of Understanding ("MOU") reduced to the State's premium to \$385.¹

Health insurance provisions of the expired contract, which remain at issue here, were awarded as to Class 1 employees through the interest arbitration process in an award of Arbitrator J.C. Fogelberg on April 23, 1990. Arbitrator Fogelberg's award noted that national trend for employers to discontinue paying the full cost of medical insurance and endorsed the movement to joint responsibility. Arbitrator Fogelberg capped the premium (specifically, the amount "paid by" the Employer)² at 10% over the (\$385) rate in effect in

1. In *ASEA v. Alaska*, ALRA No. 158 (May 13, 1993) the Alaska Labor Relations Agency quoted from Wasserman's Affidavit as a finding of fact (No. 3, at 2), as follows:

The effect of this MOU was to maintain the 'defined benefits' plan paid for by the State, but to reduce the State's costs from \$435 to \$385 per month per employee-- a decrease of over 11 percent. This MOU allowed the State to realize a saving of about \$600,000 per month.

2. Arbitrator Fogelberg's award stated:

Accordingly, based upon the foregoing analysis, the Memorandum of Understanding executed by the parties and dated May 19, 1989 shall be incorporated into the new Master Agreement. Further the State is to maintain the current level of benefits as modified by the Memorandum of Understanding until February 1, 1992 and to thereafter convert to a "defined contribution plan" effective with the premium renewal

February 1991.³ However, in recognition of the savings achieved by Union concessions in the 1989 MOU, Arbitrator Fogelberg deferred the effective date of the cap until February 1992.⁴

Thus, by reason of the Fogelberg award, until February 1, 1992, the State's premium obligation under the now-expired Collective Bargaining Agreement was to provide a prescribed level of benefits. This is known as a "defined benefit" obligation. After February 1, 1992, by contract, the State's obligation was to pay a specified amount in premiums for health insurance. This is known as a "defined contribution" obligation. Neither the Fogelberg award nor the resulting Collective Bargaining Agreement specified what happens when the premium exceeds the cap.⁵

The parties began their negotiations for a successor contract in November 1992. They have not reached agreement.

The State contracts with Aetna Insurance Company to provide an employee

date in 1992, at which time a premium "cap" to be paid by the Employer will be established at no more than 10% above the February 1, 1991 rate. Finally, the State's proposal for the establishment of a Joint Committee on Health Benefits (or in the alternative, a Union provided health insurance plan) is to be implemented, and to coincide with the conversion to the defined contribution system in 1992.

3. Arbitrator Fogelberg also included a provision in the new contract that set up joint labor-management committee on health care issues, as well as a provision giving the Union the option of taking the defined contribution and putting it in its own health care trust.
4. After the issuance of Arbitrator Fogelberg's award, the parties adopted its provisions on health coverage as to Class 2 and 3 employees also.
5. In *ASEA v. State of Alaska*, ALRA No. 158 (May 13, 1993), the Alaska Labor Relations Agency found, at Finding of Fact No. 10, at 6:

The arbitration award does not establish that the State has authority to make changes to the health benefits without bargaining first with ASEA. The language providing the State would retain final authority appears only in the arbitrator's summary of the State's position.

health-care plan.⁶ The plan is "experience rated," meaning that premiums reflect the actual claims experience of Alaska employees for a defined period. The State pays a monthly premium for each employee, which is based on past and projected claims, plus a four percent administrative charge and a charge for a vision care plan that Aetna contract's out. Under the State's agreement with Aetna, the latter maintains reserves funded by the State and held in trust for the State.⁷ Some of those reserves exist as a "margin" to protect Aetna from the risk of short-term claims fluctuations. (The State's alternative to maintaining this margin is to pay Aetna an additional premium of about 5%). However, over the years, additional reserves have accrued because the State had paid premiums in excess of actual claims. As of June 30, 1993, the unencumbered amount held in reserve was somewhere between \$11 and \$16 million; testimony varied as to the exact amount. That reserve has increased by about \$70,000 since then. However, the claims surplus (excess of agreed-upon premiums over claims experience) between July 1 and November 30, 1993, was \$3,200,000. The reserve fund did not increase significantly because during the same period of time the State paid part of the agreed-upon premiums out of that fund.⁸

A State witness testified that the State believes that all accrued reserves under

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6. The State entered into a five-year agreement with Aetna in February 1992 that provides for negotiated premium increases in the second through fifth year of that agreement. Aetna must give the State 120 days' notice of proposed premium changes. Those rates must be based "on the experience of the plan and projections for the next 12 month period. This notice must also identify the amount of the risk charge for the same period and provide financial criteria as outlined in Section 6 of this appendix."
 7. Some witnesses preferred to distinguish "reserves" from "surplus." In this proceeding, the difference in terminology makes no difference, so long as it is clear that one is dealing with unencumbered amounts that result from excess premiums paid by the State.
 8. Between the time of the premium increase for 1992-93 and the present, the State has paid premiums equivalent to \$385 per employee by check, and the balance has been drawn from reserves. This payment practice has occurred, according to a State witness, because, through oversight, the State failed to obtain a supplemental appropriation from the Legislature for funding the increased premium.

a "defined benefit" obligation is the property of the State; all accrued reserves under a "defined contribution" obligation inure to the benefit of the employees. (The Union disagrees with the second part of this witness's assertion, taking the position that all reserves accrued, no matter when, inure to the benefit of employees). There was no evidence the parties have discussed, much less agreed upon, a way of distributing the employees' reserves back to them.

Aetna set the full family monthly premium for the policy year 1991-92 at \$385 per employee and the parties agreed upon the same amount for policy year 1992-93. (A policy year begins in February). Aetna, with the State's concurrence, set the premium for 1993-94 at \$501.25 (a 31% increase), and has indicated it will remain at that level for 1994-95. In *ASEA v. State of Alaska*, ALRA No. 158 (Order issued January 29, 1993, followed by Decision and Order dated May 13, 1993) (hereafter referred to as "ALRA No. 158"), the Alaska Labor Relations Agency found:

The State did not attempt to negotiate any changes in the amount of the premium increase stated by Aetna, and it did not attempt to negotiate any delay in the effective date.

Finding of Fact No. 26. The evidence supports a similar finding in this case.

While the 1993-94 premium change represents a large increase over the prior rate, it amounts to an annualized increase over three years of 9.3% per year, which Union witnesses stated was comparable to rate increases elsewhere with which they were familiar. The State hired a consultant, as it routinely does, to review the reasonableness and necessity of the rate set by Aetna. The consultant determined that the rate was reasonable and necessary.⁹ The State

⁹. The State changed consultants in September 1993. Both its present and former

could have, based on Aetna projections, opted for a three-percent premium decrease for 1994-95 (to \$486.21), but it elected not to. Janet Parker, Deputy Director of the Division of Pensions and Benefits, explained that premium levels are a "best guess" of future claims experience; therefore, three percent is not large enough to affect its decision-making.

After learning that the premium for 1993-94 would exceed the cap and after a study of various alternatives, the State decided to unilaterally implement a modified health-care plan for all bargaining unit employees having a price tag of \$423.05 monthly. The plan, to the detriment of employees, increased the deductible, co-pay and stop loss over the previous plan, but (to the employees' benefit) it also increased the maximum payment for catastrophic illness and created an employee assistance program that allows for six "free" counseling visits annually.

The Union filed unfair labor practice charges with the Alaska Labor Relations Agency ("the Agency") contending that the State violated its duty to bargain in good faith by unilaterally implementing the modified plan. The Agency agreed with the Union, and in ALRA No. 158, ordered the State to bargain the plan and it to restore the status quo ante as to employee benefits. Recognizing that restoration of the status quo ante, with its continuation during bargaining, would be costly, the Agency ordered the parties to complete bargaining by February 15, 1993. The parties bargained over the plan in February, 1993, and upon reaching impasse, brought in a federal mediator for mediation sessions held on March 9 and 10, 1993. The issue was not resolved. The State unilaterally

consultant testified at hearing. Its new consultant, Mike Smith, however, did not review the rate increase at the time it was made.

implemented the modified plan for Class 2 and 3 employees on March 15, 1993. The State has not implemented the modified plan for Class 1 employees.

On March 17, 1993, the Union again filed unfair labor practice charges, alleging, *inter alia*, that the State had not bargained the health care coverage issue in good faith and that reserves held by Aetna should be applied for the full benefit of employees. As to the latter allegation, a hearing officer for the Alaska Labor Relations Agency dismissed that contention on the grounds that the Aetna reserves are not a mandatory subject of bargaining. Therefore, the hearing officer opined, the State has no duty to bargain the use of those reserves. *ASEA v State of Alaska*, Case No. 93-205-ULP (Partial Dismissal, April 5, 1993). The Agency's Board upheld the hearing examiner's ruling. *ASEA v State of Alaska*, Case No. 93-205-ULP (Order on Appeal from Dismissal, May 20, 1993). The matter is currently pending before the courts on appeal.

On May 26, 1993, responding to a petition brought by the State, the Agency issued an order compelling the Union to proceed to interest arbitration as to Class 1 employees. *ASEA v. State of Alaska*, Case No 93-205-ULP (Order on State's Motion to Compel Arbitration, May 24, 1993). This proceeding is the one contemplated by that order.

The Union's primary evidentiary thrust in these proceedings, which it presented through the expert testimony of actuarial Carl Smith of the Seattle-based Segal Company, was that Aetna's current premium levels are substantially higher than necessary. Mr. Smith analyzed data provided by Aetna and testified that based on the State's September 1992-93 claims experience data, the current premium

(1993-94) should be about \$397, as compared to the actual premium level of \$501.25. Using the same methodology, the premium for 1994-95 should be about \$444. Mr. Smith testified that the premium for Class 2 and 3 employees, who now are under the modified plan, should be about \$375, instead of the \$423.50 the State currently pays. Mr. Smith also testified that Aetna holds an aggregate \$33 million in reserves or surplus (encumbered and unencumbered combined). The unencumbered portion of that reserve amounted to \$11.2 million as of July 1, 1993. These funds currently accrue interest at about a 6.5% rate. He also testified that the contract with Aetna gives the State an incentive to have an artificially high premium, because it gets a 1% (of premium) rebate, which amounted to \$619,000 in 1992. Finally, he testified that the State has considerable buying power, given the number of employees insured and the size of the reserves, and it would not be difficult for it to persuade Aetna to adjust premiums to a level that more closely approximate actual claims experience (plus administrative costs). (One should bear in mind that Aetna does not pocket premiums that exceed claims. Instead, the excess money goes to the reserve account).

In rebuttal to Mr. Smith's testimony, Steve LeBrun, of Aetna, testified that the following considerations could skew the results reached by Mr. Smith:

1. There is no track record of Class 1 claims experience. The data Mr. Smith used as the Class 1 experience was a pro-rated share (by population) of the total employee experience. Because Class 1 benefits are better, there may be a higher utilization, thus producing more claims. He added that separate Class 1 tracking only began in November, 1993.

2. The "SBS1" contribution rate (for employee-paid additional insurance) that Mr. Smith backed out was too high. Mr. Smith used a figure of 9.15%. The actual figure should be about 7.3%. Mr. LeBrun conceded, however, that this would affect Mr. Smith's totals by less than two percentage points.

3. Mr. LeBrun questioned the accuracy of the vision claims experience utilized by Mr. Smith because they lack a "fully mature eligibility base." (Vision coverage is subcontracted by Aetna to VSP).

4. Mr. Smith did not include a "margin" or "hedge" in his analysis. A five-percent figure (added to the premium) is frequently utilized, but because of the smaller risk pool with Class 1 employees, he would raise that figure to eight percent. (The Union pointed out that there is a \$3.4 million reserve dedicated to this purpose, although Mr. LeBrun questioned its efficacy when the reserve is not mandatory).

Mr. LeBrun conceded that based on recent claims experience, Aetna could reduce the premium. He testified that the State has not asked Aetna to do this. The State did not present any evidence breaking down the \$501 premium, and its expert and consultant, Mike Smith, questioned the desirability of "micro-analyzing" premium components over a relatively short time period, such as one year.

PROPOSALS

The State proposes to place Class 1 employees on the modified plan that currently covers Class 2 and 3 employees, for which the premium is \$423.50, the maximum contribution level specified in the contract. The State emphasizes that its principal concern is that its obligation does not exceed the cap established in the previous Collective Bargaining Agreement, although it would prefer that Class 1 employees be covered by the modified plan.

The Union proposes that Class 1 employees remain under the plan currently in effect, and that the State fund any excess premium from reserves, as it is doing now.¹⁰

ARGUMENT OF THE PARTIES

Argument of the State

1. The Arbitrator should look at the "big picture" in a dispute over premiums and health care costs. The rules of this arbitration are set by the Alaska Labor Relations Agency and by the prior interest arbitration award of Arbitrator Fogelberg. The Agency ordered the parties to bargain "within the level of Employer contribution in the agreement." ALRA No. 158, at 19. The Agency also said that the reserves are not a mandatory subject of bargaining; therefore, use of those reserves is irrelevant here. Even if the Agency's ruling is overturned by the courts, use of reserves cannot be considered in these

¹⁰. During negotiations, the parties presented one another with some variations on these positions, but the "bottom line" at time of hearing is reflected in the parties' positions set forth in the text.

proceedings because they have not yet been bargained to impasse.

2. The Fogelberg award clearly distinguished a defined benefits plan from a defined contribution plan. It makes a lot of sense for reserves to accrue to the State under a defined benefits plan and for the reserves to accrue to employees under a defined contribution plan. The employer is obligated under a defined benefits plan to buy a defined level of benefits. Any allocated money left over after the purchase should accrue to the purchaser (i.e., the State). Further, there is nothing wrong with the State using its own reserves to pay premiums. The reserves are the State's money, that is, another account of the State's. For purposes of this proceeding, it is irrelevant where the money comes from, so long as the State is using its own funds.

3. The Union wants "to have its cake and eat it too." It wants the benefit of a large group risk pool to avoid a margin premium. But, it wants a Class 1 risk rating that is separate from the GGU rating. If this is what the Union wants, it should pursue the contractual option of setting up its own plan. The Union's contention that premiums can be reduced substantially is based on incomplete data. Five months' of experience is not sufficient for projecting future claims.

4. The issue for the Arbitrator is to determine what benefits Class 1 employees will receive for \$423.50. The State, for sake of uniformity, prefers the plan used by the rest of the bargaining unit. And, it deems it to be in the employees' interest to have a higher catastrophic coverage ceiling and the employee assistance plan provisions. The State deems it prudent to avoid 100% coverage, which under the old plan, employees can have by purchasing the

extra 10% in insurance. However, the State's main concern is keeping its obligation at the \$423.50 level, and not higher.

5. The Union has not presented the Arbitrator with any options except for a continuation of the old \$501.25 plan. That plan goes way over the premium cap in the contract, even using the Union projections.

6. The State does not have the burden of proof. There is no burden of proof in an interest arbitration proceeding.

7. The Arbitrator's award should continue the \$423.50 cap on premiums and adopt the modified plan for Class 1 employees.

Argument of the Union

1. If the Arbitrator upholds the State's position, she will be allowing the State to pay \$375 a month for Class 1 coverage, and not the contractually specified \$423.50. The \$375 month represents the actual claims experience for these employees.

2. The State has the burden of proving its position, and must present compelling evidence of the need to change health care benefits.

3. The State is incorrect in arguing that the Alaska Labor Relations Agency and the Arbitrator Fogelberg award have defined the rules of the game. The Arbitrator is not bound by those decisions. The state interest arbitration statute does not compel the Arbitrator to select the "last best offer" either.

4. The Union agrees that the contract caps the Employer's contribution at \$423.50. However, this figure does not include the use of reserves.

5. The problem the Union faces is that the State seems happy to pay Aetna whatever Aetna asks, even though the experts agree that the actual claims experience is the true cost of the health coverage. The record shows that the State never questioned or negotiated the \$501.25 premium with Aetna. The witness from Aetna agreed that based on recent claims experience, the premium could be lowered. But he also testified that the State has never asked to do so. Even at the outset, the State was given the option of reducing the premium by three percent, and it elected not to. The State should not be allowed to continue to hide behind the defense that it lacks the ability to challenge the premium. The Union has argued in the past that the premium is overstated and the Union always has been right. The record shows that the State could negotiate with Aetna to readjust the premium at any time.

6. Aetna's Steve LeBrun testified that he found Carl Smith's analysis flawed. But the State presented no data challenging Mr. Smith's analysis and conclusion. Carl Smith used Aetna's own data, which Mr. LeBrun now claims are unreliable. Even conceding an error in the SBS1 reduction, that error affects the results by less than two percent. Mr. LeBrun's suggestion that a five to eight percent margin be added on was brought up for the first time in the hearing, and should be disregarded, considering the already sizable reserve the State maintains for this margin. Finally, even Mr. LeBrun conceded the premium could be lowered.

7. The Union contends that the Arbitrator, using the Union's projections, could order the State to maintain existing benefits, and the cost should be within the cap of \$423.50. According to the Union's data, the cost through February of 1994 should be \$397. Between February and July 1994, it will be slightly over \$423. If for some reason the parties do not have a new contract by then, the cost might exceed the cap, but only slightly, which the State can cover from reserves.

8. The Union maintains that the premium is not based on experience. Instead, it is based on politics. Evidence of "politics" is shown when Aetna and the State agreed to renew the premium at \$385 in 1992, even though the State agreed to pay excess costs out of reserves. One reason the State is not interested in challenging the premium is the one percent rebate: The higher the premium, the higher the rebate. But its primary motive, the Union believes, is to create a justification for reducing benefits, an objective the State obtained for Class 2 and 3 employees.

9. As to reserves, AS 39.31.150 states that premiums that exceed claims are to be retained "for the sole benefit of employees." This is logical, since it is the employees' usage that drives the costs.

10. The State maintains that the reserves belong to employees under the defined contribution plan, and not under the defined benefits plan. Although the Union does not agree, even if this is true, the difference between the actual amounts paid and the state cap is an excess of \$3.2 million between July and

November 1993. This works out to over \$6 million annually that should accrue to the employees' benefit. The reason the size of the reserves has not increased during this time period is because the State has been drawing on the reserves. Thus, the State is bootstrapping itself in its argument that the use of reserves is irrelevant.

11. The Union seeks relief in three parts:

A. The Union seeks an order maintaining the existing level of benefits for Class 1 employees until the parties have a new contract;

B. The Arbitrator should order the State to pay the \$423.50 premium in "new" money; in other words, it should not make part of this payment from reserves;

C. If claims exceed \$423.50 during the period of the award, the State should pay the excess from reserves.

DISCUSSION AND ANALYSIS

As a first analytical step, it is important to precisely define the Arbitrator's mission. As the Union noted in its pre-hearing brief, the posture of this case is unusual. This is not a grievance arbitration where the arbitrator is authorized to determine whether there has been a breach of contract and prescribe a remedy if such a breach is found. Although this is an interest arbitration proceeding, it

is not one to determine unresolved provisions of a new contract. Rather, the parties have stipulated that this award will cover the period from the award's issue date to the effective date of a new contract (i.e., part of the "hiatus" period between contracts). In addition, there is only one issue here, health care benefits.

The Agency stated in ALRA No. 158, at 14:

That obligation [to bargain in good faith] requires that the terms and conditions of an expired agreement continue until a new agreement is negotiated or the parties reach impasse. [citation omitted].

Thus, the terms and conditions of the relationship between the State and the Union continues undisturbed until a new contract takes effect. This means that the point of reference for the Arbitrator's jurisdiction is the expired contract. Here, the expired contract states:

A.1. The Employer will provide a policy of group insurance covering the employee, the employee's spouse and the employee's dependents. The Employer shall maintain the current level of benefits as modified by the Memorandum of Understanding (incorporated as Appendix H and I) executed May 19, 1989, (as amended October 4, 1989) until February 1, 1992, and thereafter shall convert to a "defined contribution plan" effective with the premium renewal date of February 1, 1992, at which time a premium "cap" to be paid by the Employer will be established at no more than 10 percent above the February 1, 1991, rate.

C. The Employer's responsibility under Section 3 is limited to the payment of necessary premiums to purchase the insurance described in paragraphs A and B of this section....

The expired contract is clear that the Employer's responsibility is limited to the payment of a specified amount monthly (which the parties agree amounts to \$423.50) for health insurance.

On the other hand, ALRA No. 158 found:

The arbitration award does not establish that the State has authority to make changes to the health benefits without bargaining first with ASEA.

Finding of Fact No. 10, at 6. Thus, the contract does not specify what happens when the cost of insurance exceeds the contractual ceiling.

The rule preserving the status quo during a contract's "hiatus" period does not apply when the subject matter of a dispute is not addressed in the expired agreement. The Employer has a duty to bargain proposed changes of mandatory bargaining subjects not addressed in the labor agreement. Accordingly, in ALRA No. 158, the Agency established the legal parameters for this proceeding. The Agency found, at 15 (emphasis added):

[T]he change [in contract language] can only mean that the contribution level was defined for the term of the contract, but the specific benefits to be provided within that contribution still must be negotiated under AS 23.40.100 and AS 23.40.250.

In Conclusion of Law No. 5, at 16, the Agency stated (emphasis added):

The ASEA/State agreement states that the employer will provide a defined benefit plan until February of 1992. On that day, the plan converted to a defined contribution plan with the State's contribution capped at about \$423.00 per month per employee. The employer is not required to pay any increases when a plan is capped. [Citation omitted]. The cap, however, does not justify unilateral changes in the benefits provided.

The Agency further stated in Conclusion of Law No. 8, at 17 (emphasis added):

We conclude that maintaining status quo in this case would be to provide benefits and to pay increases up to a cap of \$423.00. Notwithstanding that the parties' agreement caps the State's obligation to pay for employee health benefits after February 1, 1992 at 110 percent of the monthly per employee rate of approximately \$385.00, ASEA did not relinquish in the agreement its right to bargain changes in the terms and conditions of employment. If changes are necessitated by the cap, the parties' joint

committee on health benefits is to meet and make recommendations on the changes. The changes must themselves be bargained, however,...

After reading the above-quoted language from ALRA No. 158, I find it clear that the Agency would view the Arbitrator's authority as limited to addressing the benefits that the State will provide Class 1 employees, which was a matter not addressed in the expired contract or Fogelberg award. As to the amount the State would spend, the Fogelberg award placed a limit on the Employer's liability at \$423.50. That amount remains in effect until either the parties agree to a change or an interest arbitrator imposes a change. This Arbitrator, however, according to the reasoning of ALRA No. 158, lacks the authority to modify the \$423.50 ceiling - even to the extent necessary to reflect increases in the cost of living. Instead, this arbitration addresses the bargaining issue that was not addressed in the Fogelberg award and subsequent contract. That issue is: What benefits will the State provide under its health-care plan for \$423.50? ALRA No. 158 expressly stated that the State could not unilaterally decide this question.¹¹ The question must be decided through negotiation or, failing that, through interest arbitration.

The State has presented the Arbitrator with a package of benefits that it maintains it can purchase for \$423.50 (the "modified plan"). The Union does not actually quarrel with that benefit mix, as far as it goes. The Union, however, essentially contends that the State could buy a lot more for \$423.50.

¹¹ The Union argues that the State is incorrect in asserting that the Alaska Labor Relations Agency and the Arbitrator Fogelberg award have defined scope of this Arbitrator's authority. I disagree. The \$423.50 premium cap specified in Arbitrator Fogelberg's award, for the reasons explained, remains in effect for the purposes of this proceeding. The Agency responsible for interpreting and enforcing Alaska's collective bargaining laws has defined the scope of this arbitration as pertaining solely to the question of benefits - within the \$423.50 cap.

Alternatively, the Union argues that the State could buy more with the \$423.50 if it were willing or directed to pay for excess costs out of reserves.

Were it clear that the benefit package proposed by the State is the best it can do for \$423.50, and were there no question of reserves, then the decision in this case would be simple. I would find that since the Union has presented no argument or evidence that the benefit mix is inappropriate, the package selected by the State will be the one utilized by Class 1 employees.

The matter is not so simple, however. The Union presented considerable evidence suggesting that the State could buy a better insurance package for the money. It also presented evidence of the reserves available to use for funding purposes.

I will address the reserve issue first. Although estimates of the amount of unencumbered reserve held in trust by Aetna varied at hearing, it is clear that the reserve fund is substantial, even after subtracting that which is needed for the "margin" or "risk" factor. It also is clear that most of the reserve moneys accrued while the State was acting under a "defined benefit" obligation. The State maintains that reserves accruing under this obligation belong to the State. Such funds are the same as any other "bank account" of the State's. While it is money available for spending, the Union cannot claim this money on behalf of the bargaining unit as a matter of right to use for health care premiums or any other purpose.

I agree with the State's analysis. Under its defined benefit obligation, the State

paid in an amount estimated to cover, if not exceed, the anticipated claims under the plan. After paying claims from this premium and subtracting its 4% administrative charge, Aetna placed any surplus into reserves and held those funds in trust for the State. Aetna pays the State interest on that fund (currently about 6%). Except for reserves needed as a "margin" against an unexpected surge in claims, the State was and remains free to withdraw its moneys from that fund. Under the State's defined benefit obligation, the State was required to provide a specific level benefits to employees, regardless of cost. The employees' interest, therefore, was in the benefits provided, and not in the cost of those benefits. It was not until the State's contractual obligation became a defined contribution requirement that the employees acquired an interest in the cost of benefits. At that point, their interest was to ensure that the \$423.50 was optimally spent for the benefit of employees. Accordingly, it makes sense to view the reserve fund, under the defined benefit plan, like one would view any other cash account belonging exclusively to the State. Under the defined contribution plan, any excess premiums, however, inure to the benefit of the employees. The employees have a claim on those amounts, wherever held.

The Alaska Labor Relations Agency's ruling, which addressed reserves that accrued under the State's defined benefit obligation, is consistent with this analysis. The hearing examiner found:

The parties' agreement does not address the reserves or their use. The facts do not suggest nor does ASEA allege any basis for concluding that the issue of the reserves is a mandatory subject of bargaining.

ASEA v State of Alaska, Case No. 93-205-ULP (Partial Dismissal, April 5, 1993) at 2. The Board upheld that order. *ASEA v State of Alaska*, Case No. 93-205-ULP (Order on Appeal from Dismissal, May 20, 1993). If, as the Union

contends, the reserve fund is somehow encumbered by an obligation to the employees, then the Agency would have held it to be a mandatory subject of bargaining. Instead, the Agency had no trouble concluding that the use of these funds was a permissive subject of bargaining, a finding that only can be reconciled with a finding that the reserves are simply part of the State's general fund.

The Agency, while not specifically addressing AS 39.30.090, implicitly rejected the Union's contention that this statute supports its position. Subsection 6, cited by the Union, states:

If the aggregate of dividends payable under the group insurance policy exceeds the governmental unit's share of the premium, the excess shall be applied by the governmental unit for the sole benefit of the employees.

The referenced statute neither defines "dividend" nor "premium." Based on the common understanding of those terms, however, this provision does not appear to be analogous to funds resulting from excess premiums over claims. Without more in the way of legal analysis from the Union in support of its argument, I will defer to the tacit ruling of the Agency on the meaning of that statutory provision.

The Union argues also that the reserves should accrue to the employees' benefit because it is the employees' thriftiness in utilizing defined benefits that caused the reserves to grow. I find the facts upon which this argument is premised to be speculative. The fact that is more apparent, and which will be discussed next, is that the State simply has been paying Aetna more than enough to cover its defined benefits obligation. How much more it chose to pay (when it had a defined benefits obligation) was purely the State's business. Thus, excess payments should be refunded to the State. The reserves held in

trust by Aetna are a form of refund. Accordingly, for the preceding reasons, I conclude that any payment from reserves that accrued under the State's defined benefit obligation must be included within the \$423.50 contribution cap.

I turn now to the remaining question before me, which concerns the "amount" of benefits that can be bought for \$423.50. The Union argues that the State could reasonably be expected to negotiate a benefit package equal to that which Class 1 employees currently enjoy for less than \$423.50, even though the current premium is \$501. The Union's expert, Carl Smith, reviewed the claims history for the entire GGU bargaining unit. He based his cost analysis, as follows, on the Class 1 employees' presumed prorata share:

\$ 407.56 - monthly claims average (September 1992-93)
+ 16.30 - 4% administrative charge
- 37.29 - claims attributable to employee-paid SBS1 (9.15%)
+ 10.43 - claims attributable to vision coverage
\$ 397.00 - total (as compared to current premium of \$501.25)

The above analysis reflects the per employee claims average from September 1992 to September 1993 of \$407.57. To that is added Aetna's four percent administrative charge. However, from this total the amount attributable to claims under the employee-paid supplemental insurance (SBS1) must be backed out. Then the amount of claims attributable to vision coverage, which is subcontracted out by Aetna, must be added on. The result, according to the Union, is that the 1992-93 claims experience was \$397.00 monthly.

To estimate the cost of health care for the following premium year, (February

1994-95), the Union's expert added in a 9.3% trending factor (adjusted upwards for the addition of five months), which is the historical rate of increase of health care claims (for the period 1990 to 1993), as follows:

\$ 407.56 - monthly claims average (September 1992-93)
- 37.29 - claims attributable to employee-paid SBS1 (9.15%)
+ 45.91 - 9.3% trending factor (adjusted for an additional five months)
+ 16.30 - 4% administrative charge
+ 11.26 - claims attributable to vision coverage, with a 6% trending factor
\$ 444.09 - total (as compared to projected 1994-95 premium of \$501.25)

The Union pointed out that this should be the monthly per employee cost spread over the entire year. The cost will be lower (about \$435 per month) if one is to look at the first half of the year only (and assume the parties will have a new contract by the second half) Mr. Smith also testified that the September 1992 to September 1993 cost of health care under the modified plan for Class 2 and 3 employees, using the same methodology as above, was \$374.51, even though the State is paying a premium of \$423.50.

The State challenged some of the Union's analysis, but not in a way that convinces me that the results would be significantly affected. The State's expert, Steve LeBrun from Aetna, testified that the SBS1 deduction should have been 7.3% instead of 9.15%. However, this adjustment would affect the results by only a few percentage points. Mr. LeBrun questioned the accuracy of the vision claims experience utilized by Mr. Smith because they lack a "fully mature

eligibility base." However, he did not venture an opinion as to how this would affect the results, and given the relatively small size of the vision premium, it is apparent a higher claims experience would not significantly affect the Union's results. Mr. LeBrun criticized the Union for not including a "margin" or "hedge" in its analysis. A five-percent figure is frequently utilized, but because of the smaller risk pool with Class 1 employees, Mr. LeBrun would raise that figure to eight percent. I agree with the Union's response that \$3.4 million of the reserve is intended to act in lieu of a premium "margin" requirement. Since this analysis attempts to replicate the cost of health care under the arrangements in effect at the time of the expired contract (being the status quo), I believe it is appropriate to assume that the reserve continues to substitute for the margin premium. Although the reserve may not be mandatory, as Mr. LeBrun suggests, Aetna is satisfied with the arrangement; therefore, the Union's assumptions in this regard are valid. Finally, Mr. LeBrun suggested that the claims experience of the GGU bargaining unit as a whole (under two different plan mixes) may not be the same as the claims experience of the Class 1 employees. Since the current Class 1 benefits are greater (viz., lower deductible and co-payments), one would expect their rate of utilization to be higher. In other words, not only do they receive more reimbursement, but with the better coverage comes a tendency towards greater use of health care services. Mr. LeBrun, however, did not quantify what this higher utilization might be, and Aetna, at the time of hearing, lacked sufficient data upon which to base an estimate.¹² While I believe this may be a factor to consider, the State offered no suggestions as to how to factor this in.

¹² I note that based on all GGU claims between the period September 1992 and September, 1993, total claims postdating the modified plan were only slightly lower (1.4%) than claims predating that plan. (See Union Exhibit 12, at 7). I realize, of course, that the period measured by this statistic is inadequate. Moreover, the data is skewed by the inclusion of Class 1 employee claims.

Finally, I take into account the undisputed fact that Aetna gave the State the option of taking a 3% reduction in premium, an option the State rejected.

I find that the Union has presented substantial evidence that the State is paying a premium that is higher than is reasonably and prudently necessary. The entire structure of the State's contract with Aetna contains no incentive (other than a concern about cash flow) to do otherwise. When insurance is purchased on a smaller scale, the premium is fixed, with no rebate or reward for submitting claims that are substantially less than the premium. Thus, the buyer has an incentive to shop for the best deal (i.e., the lowest premium), with the objective of shifting as much of the risk onto the seller (the insurer). However, the State, with its large purchasing power, acts like a self-insurer, with Aetna as its claim's administrator. Aetna's only risk, so far as I could discern at hearing, was that the claims rate would suddenly escalate so far over the premium rate that the reserve would be exhausted and the State would not renew, so that Aetna could not recoup its losses from future premium increases. Basically, however, the State, like a self-insurer, assumes the risk of normal claims fluctuations (which it does by maintaining a sizable reserve). And, the amount by which the premiums exceed claims paid is always refunded to the State. Stated differently, the State's true "cost" of insurance is not the same as the premium. If the claims experience (including administration costs and vision) for a given year averages \$400 per month per employee, it does not matter whether the State paid in \$500 or \$600. Its ultimate "cost" will be only \$400. The excess paid in is invested for the State at a fair yield (assuming the principle is safe), so that one cannot accuse the State of losing some of the time-value of this

money.¹³

While the State disputes the Union's contention that the State can buy a much better insurance package for the money, it does not dispute the essential fact that the State's "premium" and the State's "cost" are not the same. It is not clear whether Arbitrator Fogelberg meant the \$423.50 cap to pertain to the State's premium or to the State's cost. I believe that Arbitrator Fogelberg intended the \$423.50 cap to pertain to the State's costs because, given the nature of the State's insurance agreement with Aetna, that is the only way to insure that employees will receive the full benefit of the specified amount of money. A different construction would allow the State to undermine the agreement by not negotiating the tightest deal it can. In fact, the Union's evidence suggests that this, in fact, is what has occurred.

While my construction of the Fogelberg award and the expired contract favors the Union by helping to ensure that the State actually spends the \$423.50 cap on its Class 1 employees, there nevertheless remains three legal and/or practical obstacles to a result in this proceeding that would be satisfactory to the Union.

First, the State's claims "costs" are unknown until at the conclusion of a defined period, such as a policy year. Yet, with the \$423.50 cap, a benefit plan must be prescribed that will fall under that ceiling. The only way to do this with certainty

¹³. The Union also contends that the contract contains some incentive for a large premium by rebating 1% of the premium to the State. The Aetna-State contract actually states that "not to exceed" one percent of the premium will go back to the State as reimbursement for the State's health care program operating expenses. If this amount is deducted before the surplus, if any, is calculated, it would appear that the amount the State ultimately receives back is the same.

is to prescribe the benefits retroactively, which is obviously an impractical solution.

Second, the Arbitrator's jurisdiction here is limited to defining the benefits. If I were to define the benefits as those which are offered under the \$501 plan (as the Union requests) and it turned out that the "costs" exceeded \$423.50, the result begs the question before me: What happens when the costs exceed \$423.50? I have already ruled out the use of reserves that accrued under the defined benefits plan as being nothing more than use of the State's money and an additional cost to the State.¹⁴ Ordering the state to pay the excess would contravene the contract and the decision in ALRA No. 158. Ordering the employees to pay the excess would work a hardship on the employees (especially if they were picking up costs retroactively).

Third, one might consider ordering the State to negotiate a better benefit package with Aetna for \$423.50. However, for this remedy to be effective, I would have to order the State to obtain a better package, something the Arbitrator cannot do when Aetna, as a necessary party to an insurance agreement, is not subject to the jurisdiction of the Arbitrator.

Thus, I consider none of the options available to me as both practical and legal. The only viable solution remaining is to order that the modified plan (the \$423.50 plan) be applied to Class 1 employees, with all excess of premium

¹⁴. I also could not order the State to use the approximately \$3.2 million in reserves accrued since the State began the defined contribution plan for Class 2 and 3 employees because Class 1 employees, who remained on a defined benefits plan, did not contribute to those reserves. In addition, the period of accrual of those reserves probably is not sufficient for determining, within reason, the amount of the surplus.

payments over claims accruing, from the date of implementation, to the employees' benefit. While the State agrees that the money belongs to the employees, it has not indicated how the money should be used. Logic dictates that the Union, at least during the effective period of this award, should determine the use of those funds.¹⁵ It might, for example, be used to fund better benefits in future years. This award is not wholly unfair to the Class 1 employees, if in fact, their claims experience continues to be lower than the State's cap. Of course, this means that the employees will not reap the benefit of a defined contribution plan reserve fund immediately. Nevertheless, of all the options available, I am compelled to adopt this one as the only viable option that is consistent with my authority, even though I might reach a different result were this a grievance arbitration under the old contract or an interest arbitration for a new contract.

AWARD

Commencing with the date of this award and until such time a new contract takes effect or as ordered by an interest arbitrator, Class 1 employees will receive benefits under the "modified plan" that currently covers Class 2 and Class 3 employees. Surplus funds (defined as the amount by which State payments under that plan (\$423.50) exceeds employee claims as measured over

¹⁵. Agency Order No. 158 reflects the basic labor law principle that the employer must maintain the status quo until all impasse resolution procedures are exhausted, or a new contract is reached. The status quo under the expired contract has the State funding (over and above the \$423.50 cap) the "margin" reserves. Thus, I would not deem it proper for the State to apply the employees' reserves to maintain this margin.

a reasonable time, consistent with sound insurance practices) will accrue to the benefit of covered employees and will be applied for the benefit of those employees. The State will maintain sufficient "margin" reserves with Aetna (with the cost of maintaining those reserves to be in addition to the State's \$423.50 contractual obligation) as to preclude Aetna from having to add an additional "margin" percentage cost to the premium. Pursuant to the stipulation of the parties, the Arbitrator will retain jurisdiction over this award, solely for the purpose of clarifying the award or correcting clerical errors, for a period of 60 days.

January 17, 1994

A handwritten signature in cursive script, appearing to read "Jane R. Wilkinson", written over a horizontal line.

Jane R. Wilkinson
Arbitrator

ALL STATE EMPLOYEES WITH PERSONAL LEAVE BALANCES >450 HRS., BY BARGAINING UNIT

| BARGAINING UNIT | EMPLOYEE COUNT | TOTAL HOURS | TOTAL CASH VALUE |
|---|---------------------------|--------------------|-----------------------------|
| Public Safety Officers | 140 | 117,768 | 3,804,538 |
| Airport Security Officers | 29 | 22,477 | 606,132 |
| Excluded From Existing Units | 2 | 1,291 | 37,172 |
| Correction Officers | 175 | 143,521 | 3,290,966 |
| General Government | 1 | 534 | 11,910 |
| Confidential Employees | 26 | 22,568 | 625,534 |
| Labor, Trades, and Crafts | 371 | 316,904 | 7,683,251 |
| Supervisory Employees | 576 | 535,484 | 17,496,695 |
| Mt. Edgecumbe Teachers Assoc. | 13 | 20,209 | 543,487 |
| Partially Exempt and Exempt Executive Branch Emp. | 170 | 142,198 | 5,785,567 |
| Judicial Branch | 65 | 60,476 | 1,767,578 |
| Legislative Branch Employees | 28 | 21,215 | 671,235 |
| TOTALS | 1596 | 1,404,645 | 42,324,064 |