

SB

182

<TARGET><BILL>SB 182</BILL><SUBJECT>SB
182</SUBJECT><COMM>SSTA28</COMM></TARGET>

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 2/19/14

FURTHER:

Date of 5-Day Notice: 2-27-14
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3-4-14

State Affairs Committee considered SENATE BILL NO. 182

SB 182-PUBLIC EMPLOYEE SALARY DIFFERENTIALS

"An Act relating to salary differences in collective bargaining agreements subject to the Public Employment Relations Act that are based on a difference in the cost of living outside the state and the cost of living in the state; and providing for an effective date."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to Finance Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
DOT	✓			1

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
	Wielechowski		✓		
	Cochitt			✓	
	Glessel	✓			
CHAIR:	Dyer	✓			

ALASKA STATE SENATE



SENATOR FRED DYSON
SENATE DISTRICT F

Sponsor Statement for Senate Bill 182

“An Act relating to salary differences in collective bargaining agreements subject to the Public Employment Relations Act that are based on a difference in the cost of living outside the state and the cost of living in the state; and providing for an effective date.”

Currently, due to statute and collective bargaining agreement requirements, Marine Highway vessel employees residing within the State receive increased wages for their residency. These cost of living differential (COLD) payments result in significant costs to the State and increased conflict between the State and the three maritime unions due to on-going investigations of residency.

The COLD statute within the Public Employee Relations Act provides that the salaries paid, as of August, 1977, to employees residing outside the state remain unchanged until the difference between those salaries and the salaries paid employees residing in the state reflects the difference between the cost of living in Alaska and Seattle, Washington. Though at the time of passage this statute served a legitimate purpose, it is no longer necessary as there currently is not a cost of living difference between Seattle and Anchorage. But because this requirement is in law, the State of Alaska has paid approximately \$7.6 Million per year more than if this requirement was not in law.

Senate Bill 182 will take this requirement out of statute and prohibit the use of such a cost of living differential in future collective bargaining agreements with the three maritime public unions. The prohibition of bargaining on this item will trigger a rule in the collective bargaining agreements, which requires the parties to replace any rule that is held to be invalid by operation of law. This will not prohibit the State and maritime unions from bargaining other benefits for employees residing in the State.

Finally, SB 182 will only effect bargaining agreements settled after the effective date and allow current recipients of the COLD continue to receive their benefit until the current agreement expires.

Staff Contact: Joshua Banks, (907) 465-2199

During Session (January - May): Alaska State Capitol • Juneau, Alaska 99801 • (800) 342-2199 • (907) 465-2199 • (907) 465-4587 (fax)

During Interim (June-December): 12641 Old Glenn Highway Suite 201 • Eagle River, Alaska 99577 • (907) 694-6683 • (907) 694-1015 (fax)

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ALASKA STATE SENATE



SENATOR FRED DYSON
SENATE DISTRICT F

Section Analysis – Senate Bill 182

“An Act relating to salary differences in collective bargaining agreements subject to the Public Employment Relations Act that are based on a difference in the cost of living outside the state and the cost of living in the state; and providing for an effective date.”

Section 1

AS 23.40.075

Adds a section to the items not subject to bargaining between the State and public Unions. Prohibits the parties of a collective bargaining agreement from adjusting the salary of an employee who resides in the state based on the difference of the cost of living in Alaska and the cost of living outside of the state.

Section 2

AS 23.40.210

Repeals entire section and reenacts it without the statutory requirement to provide a cost of living differential for employees living inside the state based on the difference in the cost of living in Alaska and Seattle, Washington from August 26, 1977. This section also deletes language that relates to how an employee can be eligible for a cost of living differential. All language that is being reenacted is currently in the law.

Section 3

Enacts transition language to deal with current employees receiving the cost of living differential. This section ensures that SB 182 will only effect bargaining agreements settled on or after the effective date so that current recipients of the differential will receive it until the current agreement expires.

Section 4

Establishes an immediate effective date under AS 01.10.070(c)

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Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 182
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB182-DOT-AMHS-MVO-2-25-14
Title: PUBLIC EMPLOYEE SALARY DIFFERENTIALS
Sponsor: DYSON
Requester: Senate State Affairs

Department: Department of Transportation and Public Facilities
Appropriation: Marine Highway System
Allocation: Marine Vessel Operations
OMB Component Number: 2604

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services	(7,689.7)							
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	(7,689.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund	(5,382.8)							
1076 Marine Hwy	(2,306.9)							
Total	(7,689.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version.

Prepared By: <u>Connie McKenzie, Legislative Liaison</u>	Phone: <u>(907)465-4772</u>
Division: <u>Office of the Commissioner</u>	Date: <u>02/21/2014 04:00 PM</u>
Approved By: <u>Mary P. Siroky, Administrative Services Director</u>	Date: <u>02/21/14</u>
Agency: <u>Department of Transportation and Public Facilities</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB182

Analysis

The proposed legislation prohibits collective bargaining agreements from including a cost of living differential for employees residing in Alaska. Currently members of the Marine Engineers Beneficial Association (MEBA), the International Organization of Masters and Mates and Pilots (MMP) and the Inlandboatmen's Union (IBU) receive a Cost of Living Differential (COLD) because they maintain a primary residency within the State of Alaska.

Saving estimates are based on the assumption that effective 7/1/2014 all COLD payments cease and the State has no obligation to phase such payments out over time through attrition or negotiated wage increases. If a requirement existed to maintain the current rate of pay for current COLD recipients the State will not realize these savings.

The Alaska Marine Highway System is funded with approximately 30% Marine Highway Fund and 70% General Fund these percentages are being applied to the potential savings outlined in this fiscal note.

SB 182
Talking Points
Public Employee Salary Differentials

Bargaining Unit	Total Members	Alaska Residents	% of AK Residents	Estimated Cost*
Marine Engineers	104	74	71%	\$1,000.0
Masters, Mates & Pilots	99	76	77%	\$1,000.0
Inlandboatmen's	664	603	91%	\$6,800.0

*MEBA and MMP members receive COLD payments each pay period which total between \$11,800 and \$17,260 annually. IBU members receive an increased hourly rate which ranges from \$4.06 to \$5.14 per hour.

- When AS 23.40.210 was enacted in 1977, the cost of living in Anchorage was significantly higher than Seattle.
- The Alaska Geographic Differential Study conducted in 2008 indicates the cost of living in Seattle and Anchorage are about equal.

AGREEMENT

between the

STATE OF ALASKA

operating the

**ALASKA MARINE
HIGHWAY SYSTEM**

and the

**INTERNATIONAL
ORGANIZATION OF
MASTERS, MATES,
AND PILOTS**

Pacific Maritime Region

July 1, 2011 – June 30, 2014

16.02 When changing from shipyard workweeks to running time workweeks, the hours concerned shall be combined only for the purpose of establishing minimum pay requirements within the regular pay period.

16.03 When a vessel is in maintenance/layup status, the Employer shall determine crew requirements. During all times a vessel is in layup or in a shipyard, the Master shall be the first crew member assigned and the last crew member removed, however the Employer may assign a Master or a Master and Mate(s) to a vessel and provide off vessel housing. If unlicensed crew are assigned to the vessel an additional appropriate level of Deck Officers shall be assigned to the vessel.

RULE 17 - PAY PLAN

17.01

(A) The pay rates listed below reflect the pay rates in effect on June 30, 2011 and shall remain in effect for the duration of this agreement.

JOB CLASSIFICATION	MONTHLY 182 Hours	BI MONTHLY 84 Hours	DAILY 12 Hours	STRAIGHT TIME HOURLY	OVERTIME HOURLY
MASTER/Vacation Relief Master (Hourly rate includes base pay, Masters pay of \$248.67	\$8694.14	\$4012.68	\$573.24	\$47.77	\$71.66
PILOT	\$7025.20	\$3242.40	\$463.20	\$38.60	\$57.90
CHIEF MATE/Vacation Relief C/M	\$7303.66	\$3370.92	\$481.56	\$40.13	\$60.20
SECOND MATE	\$6084.26	\$2808.12	\$401.16	\$33.43	\$50.15
THIRD MATE	\$6084.26	\$2808.12	\$401.16	\$33.43	\$50.15
THIRD MATE (TRAINEE)	\$5709.34	\$2635.08	\$376.44	\$31.37	\$47.06

Deck officers working in the positions of Chief Mate on the MV LeConte and the MV Aurora shall be ineligible for daily overtime.

If the legislature should fail to fund the provisions of 17.01 A - D above, the parties will immediately re-enter negotiations pursuant to as 23.40.070 - 260.

If an agreement is not reached within ten (10) working days thereafter, the parties shall be at impasse and both sides shall be free to take actions in accordance with as 23.40.070 - 260.

(B) **COST-OF-LIVING DIFFERENTIAL FOR ALASKA RESIDENTS**
Pursuant to AS 23.40.210, in addition to the basic wage schedule provided in Rule 17.01(A) above, those Deck Officers who are residents of

Alaska shall receive a cost-of-living differential for each pay period that they are in pay status, according to the following schedule:

<u>Job Classification</u>	<u>Per Two Week Pay Period</u>
Master	\$664.40
Pilot	559.19
Chief Mate	552.64
Second and Third Mates	483.78
Third Mate --Trainee	453.80

(C) The standard for qualification for COLD throughout the life of this contract shall be the standard which was in effect for qualification for COLD under the prior contract, unless those standards are modified by mutual agreement of the Employer and the Union.

17.02 It is agreed that the cost-of-living differential between Alaska and Seattle which is referred to in AS 23.40.210 shall be a mandatory subject for collective bargaining and shall not be changed, modified, adjusted, re-determined, or altered in any way by the State of Alaska unilaterally; and no change shall be made without the consent and Agreement of the Union.

Cost of Living Differential (COLD) payments are a geographical differential which reflects the difference in the cost of living in Alaska and Seattle, Washington.

An employee establishes eligibility for COLD payments by establishing and maintaining his or her primary place of abode within the State.

Proof of eligibility for COLD payments must be filed annually on a form provided by the AMHS. The Employer may require an employee to provide additional documentation to support claims of eligibility for COLD payments. It shall be the employee's obligation to notify the Employer when he or she relocates his or her principal place of abode in a manner which affects eligibility for COLD.

17.03 "A" Day Pay. All Deck Officers who achieve seniority in accordance with Rule 26.01 will receive a payment of \$57.86 per pay period that they are in pay status. This payment is for the elimination of "A" days.

17.04 Payroll Procedures

(A) Paychecks received at the Marine Highway office shall be considered timely if received by 12:00 midnight on payday.

(B) Mailed paychecks shall be considered timely if postmarked three days prior to payday. If the Employer must stop payment and reissue a

AGREEMENT

between the

STATE OF ALASKA

operating the

**ALASKA MARINE
HIGHWAY SYSTEM**

and the

**DISTRICT NO.1-PCD
MEBA (AFL-CIO)**

representing the

LICENSED ENGINEER OFFICERS

July 1, 2011- June 30, 2014

such dispute. In the event the initiating conditions of Rule 35 are not met the parties will meet and negotiate on this Rule.

**RULE 17
SOUTHEAST PAY PLAN**

17.01

(A) Basic Schedule - Chief Engineers, effective July 1, 2011:

<u>Monthly</u> (182 hours)	<u>Biweekly</u> (84 hours)	<u>Straight-Time</u> <u>Hourly</u>	<u>Overtime</u> <u>Hourly</u>
\$7,392.84	\$3,412.08	\$40.62	\$60.93 <i>(These amounts will be changed to reflect the wages in effect on 6/30/11)</i>

(B) Nonwatch Pay. In addition to the above, a Chief Engineer shall receive \$677.96 per pay period as nonwatch pay in lieu of all overtime, for vessel arrival and departure to port, repair and breakdown callout, while vessel is in operation, and he or she is in a work status.

(C) Basic Schedule - Assistant Engineers effective July 1, 2011:

<u>Monthly</u> <u>Job Classification</u>	<u>Biweekly</u> <u>(182 Hrs.)</u>	<u>(84 Hrs.)</u>	<u>Straight time</u>	<u>Overtime</u>
Firsts/Project Inspectors	\$6,368.18	\$2,939.16	\$34.99	\$52.49
Seconds	\$5,949.58	\$2,745.96	\$32.69	\$49.04
Thirds	\$5,581.94	\$2,576.28	\$30.67	\$46.01

(These amounts will be changed to reflect the wages in effect on 6/30/11).

The straight time hourly rate in effect on 6/30/11 for Firsts/Project Inspectors will increase by \$1.25 on 7/1/11. The straight time hourly rate in effect on 6/30/12 for Firsts/Project Inspectors will increase by \$1.25 on 7/1/12. The straight time hourly rate in effect on 6/30/13 for Firsts/Project Inspectors will increase by \$1.24 on 7/1/13. The straight time hourly rate in effect on 6/30/11 for Thirds will increase by \$0.50 on 7/1/11. The straight time hourly rate in effect on 6/30/12 for Thirds will increase by \$0.50 on 7/1/12. The straight time hourly rate in effect on 6/30/13 for Thirds will increase by \$0.50 on 7/1/13.

17.02 COST-OF-LIVING DIFFERENTIAL FOR ALASKA RESIDENTS.

(A) Pursuant to AS 23.40.210, as part of the basic pay provided in 17.01 and for pension purposes effective April 1, 1988, but not to be included in computing an hourly wage rate, those Engineers who are residents of Alaska shall receive a cost-of-living differential for each pay period they are in pay status according to the following schedule:

CHIEF ENGINEERS

\$601.02 Per Pay Period in Pay Status

ASSISTANT ENGINEERS

<u>Job Classification</u>	<u>Per Pay Period in Pay Status</u>
Firsts	\$518.10
Seconds	\$483.78
Thirds	\$453.80

(B) Cost of Living Differential (COLD) payments are a geographical differential which reflects the difference in the cost of living in Alaska and Seattle, Washington.

An employee establishes eligibility for COLD payments by establishing and maintaining his or her primary place of abode within the State.

An employee working in a pay period in which the employee has also worked in a classification covered by another labor agreement will have COLD payments subtracted from the COLD due under Rule 17.02. The total COLD compensation received from the two work assignments, combined, in the same pay period may not exceed the total amount that the employee could have otherwise received under Rule 17.02.

Proof of eligibility for COLD payments must be filed annually on a form provided by the AMHS. The Employer may require an employee to provide additional documentation to support claims of eligibility for COLD payments. It shall be the employee's obligation to notify the Employer when he or she relocates his or her principal place of abode in a manner which affects eligibility for COLD.

17.03 One Chief Engineer aboard each vessel shall be designated as the "Lead Chief," and shall be responsible for additional duties as prescribed by the Employer and shall be compensated for these additional duties at the rate of one hundred dollars (\$100.00) per pay period.

17.04 Overpayment(s) discovered after one (1) year from the time the overpayment was made shall be forgiven by the Employer, unless the overpayment was the result of employee fraud, deception or negligence.

17.05 The straight time hourly rate of pay and Nonwatch in effect on June 30, 2011 shall not increase.

17.06 PAY PROBLEMS Any dispute by an employee alleging an error in his or her paycheck shall be brought to the attention of the Employer on the Employee "Notice of Pay Problem" (NOPP) forms. Filing of the NOPP does not waive the filing requirements of the grievance procedure as set out in Rule 14.

17.07 PAY PROCEDURES.

(A) Method of Receiving Payment:

(1) Employees may elect in writing to receive their pay at the DOT Technical Services office in Juneau, Alaska. In the event an employee is on vacation or for other reasons will not be in work status for a period longer than one work period, it shall be the employee's responsibility to make paycheck delivery arrangements prior to departure.

(2) Employees may elect in writing to have their paychecks mailed to their homes or banks.

Collective Bargaining Agreement

Between the

STATE OF ALASKA



and the

**INLANDBOATMEN'S UNION of the PACIFIC
ALASKA REGION**



2011-2014

16.08 If a vessel is scheduled to leave service for any reason, as much notice as possible will be given to the crew members. Such notice shall include the date and place of lay-up.

16.09 Displaced Regularly Assigned Employees shall accept available assignments to their assigned out- of-service vessel before being temporarily assigned to in-service vessel.

RULE 17 - PAY PLAN

17.01 This Agreement includes a pay plan providing a cost-of-living differential between employees living in the State and those living outside the state in accordance with AS 23.40.210.

Cost of Living Differential (COLD) payments are a geographical differential which reflects the difference in the cost of living in Alaska and Seattle, Washington. An employee establishes eligibility for COLD payments by establishing and maintaining their principal place of abode within the State.

Proof of eligibility for COLD payments must be filed annually on a form provided by the AMHS. The Employer may require an employee to provide additional documentation to support claims of eligibility for COLD payments. It shall be the employee's obligation to notify the Employer when they relocate their principal place of abode in a manner which affects eligibility for COLD.

(A) Salaries for Alaska residents, effective July 1, 2011:

CLASSIFICATION	STRAIGHT-TIME HOURLY	OVERTIME HOURLY
Chief Purser	\$ 29.77	\$ 44.66
Senior Assistant Purser	\$ 26.41	\$ 39.62
Junior Assistant Purser	\$ 22.61	\$33.92
A/B Bos'n	\$ 26.59	\$ 39.89
Able Seaman	\$ 24.34	\$ 36.51
Ordinary Seaman	\$ 22.80	\$ 34.20
Ordinary Seaman- Porter	\$ 22.80	\$ 34.20
Watchman-Porter	\$ 22.80	\$ 34.20
Junior Engineer	\$ 27.56	\$ 41.34
Oiler	\$ 25.27	\$ 37.91
Wiper	\$ 22.98	\$ 34.47
Chief Steward	\$ 29.77	\$ 44.66
Second Steward	\$ 26.41	\$ 39.62
Storekeeper	\$ 25.49	\$ 38.42
Chief Cook	\$ 27.12	\$ 40.68
Second Cook	\$ 23.85	\$ 35.78

Assistant Second Cook	\$ 22.61	\$ 33.92
Bartender	\$ 22.61	\$ 33.92
Headwaiter	\$ 22.61	\$ 33.92
Head Bedroom Steward	\$ 22.61	\$ 33.92
Mess Steward	\$ 22.52	\$ 33.78
Cashier/Gift Shop Operator	\$ 22.52	\$ 33.78
Officer's B/R	\$ 22.35	\$ 33.78
Waiter/Waitress	\$ 22.35	\$ 33.78
Steward	\$ 22.35	\$ 33.53

(B) Salary schedule for employees residing outside Alaska, effective July 1, 2011:

CLASSIFICATION	STRAIGHT-TIME HOURLY	OVERTIME HOURLY
Chief Purser	\$ 24.63	\$ 36.95
Senior Assistant Purser	\$ 21.56	\$ 32.34
Junior Assistant Purser	\$ 18.44	\$27.66
A/B Bos'n	\$ 21.73	\$ 32.60
Able Seaman	\$ 19.86	\$ 29.79
Ordinary Seaman	\$ 18.60	\$ 27.90
Ordinary Seaman-Porter	\$ 18.60	\$ 27.90
Watchman-Porter	\$ 18.60	\$ 27.90
Junior Engineer	\$ 22.51	\$ 33.77
Oiler	\$ 20.63	\$ 30.95
Wiper	\$ 18.76	\$ 28.14
Chief Steward	\$ 24.63	\$ 36.95
Second Steward	\$ 21.56	\$ 32.34
Storekeeper	\$ 20.86	\$ 31.29
Chief Cook	\$ 22.11	\$ 33.17
Second Cook	\$ 19.44	\$ 29.16
Assistant Second Cook	\$ 18.44	\$ 27.66
Bartender	\$ 18.44	\$ 27.66
Headwaiter	\$ 18.44	\$ 27.66
Head Bedroom Steward	\$ 18.44	\$ 27.66
Mess Steward	\$ 18.36	\$ 27.54
Cashier/Gift Shop Operator	\$ 18.36	\$ 27.54
Officer's B/R	\$ 18.36	\$ 27.54
Waiter/Waitress	\$ 18.29	\$ 27.44

Steward

\$ 18.29

\$ 27.44

(D) Effective July 1, 2012, the straight time hourly rate of pay (in effect June 30, 2012) for all classifications shall be increased by two percent (2%).

(E) Effective July 1, 2013, the straight time hourly rate of pay (in effect June 30, 2013) for all classifications shall be increased by one percent (1%).

17.02 Probationary employees who are working in one (1) of the Steward entry-level classifications shall be paid at 90 percent of the hourly rates established for that classification. Beginning with the first pay period in the month following when the employee completes the probationary period, the employee shall receive 100 percent of the hourly rates established for that classification.

17.03

(A) Upon request, one (1) Sailor's draw may be granted to an employee, of up to 50 percent gross straight-time wages earned at the time of the draw, not to exceed one thousand dollars (\$1,000.00).

(B) Upon request in shipyard, one (1) Sailor's draw per week may be granted to an employee of up to 50 percent gross straight-time wages earned at the time of the draw, not to exceed five hundred dollars (\$500.00).

(C) In an emergency situation, one (1) Sailor's draw per pay period of up to 50 percent gross straight-time wages earned at the time of the draw, not to exceed one thousand dollars (\$1,000.00) may be approved by Alaska Marine Highway System personnel staff with proper verification. An approved draw may be issued by a Purser on a vessel or by Juneau Central Office, Alaska Marine Highway System.

17.04 An employee's vacation and sick leave will be totaled on the employee's time sheet copy at least once every quarter.

17.05 Premium pay shall not be paid in addition to any premium pay (pyramiding of premium pay is prohibited).

17.06 An employee who establishes eligibility for vacation under Rule 23.01(B), will seven (7) years after establishing such eligibility, begin receiving an annual lump sum payment equal to eighty-four (84) times that employee's straight-time hourly rate.

17.07 In the event that work performed places the employee in one (1) or more classifications when so directed by the Employer, the Employer agrees to pay such employee according to the highest-rated classification worked, provided that when the employee works more than one-half (1/2) of their regular workday at the higher-rated classification at the direction of the Employer, they shall be paid at



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Law

CIVIL DIVISION

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March 3, 2014

Honorable Senator Fred Dyson
Alaska State Senate
Alaska State Capitol, Room 121
Juneau, Alaska 99801-1182

Re: SB 182

Dear Senator Dyson:

We have received an inquiry from your office concerning whether consideration of the above bill which proposes certain changes to the Public Employment Relations, Act, AS 23.40.070 – AS 23.40.260, raises a question regarding unfair labor practices. We do not believe so for the following reasons.

First, this bill is a proposal to change the Public Employment Relations Act ("PERA") which governs public sector labor relations in Alaska. Until any such bill is passed and becomes law, public employers and unions continue to be required to apply the existing law. Thus, parties continue to apply the terms of existing collective bargaining agreements and their negotiations for successor agreements are regulated by the existing requirements of PERA which include to negotiate in good faith regarding mandatory subjects of collective bargaining. AS 23.40.110(a)(5). We understand that an issue was raised regarding certain existing state agreements with unions representing Alaska Marine Highway employees that contain provisions paying cost of living premiums to employees based on their status as state residents. Our understanding is that the state continues to pay those premiums as required under existing agreements and thus there would not appear to be any unfair labor practice issue. As the parties negotiate successor agreements, both a union and a public employer can propose changes to mandatory subjects of bargaining which are then negotiated by the parties. AS 23.40.250. Therefore, any mandatory subject of bargaining in an existing collective bargaining agreement is subject to re-negotiation by the parties when they negotiate new agreements to succeed agreements that expire. Thus, simply seeking to change the existing terms of a mandatory subject of bargaining in negotiations for a new agreement would not seem to raise an unfair labor practice issue.

Second, the Legislature sets the parameters for public sector collective bargaining. It can change the law at any time to include, for example, greater or fewer subjects of mandatory bargaining between public employers and unions. *See AS 23.40.075.* In consideration of such proposals, it is reasonable to assume that representatives of public sector management and unions would have opinions regarding the appropriateness of any such changes. It is not apparent that either an employer or a union would commit an unfair labor practice simply by seeking to be heard regarding the wisdom of such proposals. Of course, until the law changes, both employers and unions would be required to comply with the existing law.

If you need additional information on this matter, please contact the undersigned at 465-3600.

Sincerely,

MICHAEL C. GERAGHTY
ATTORNEY GENERAL

By:



William E. Milks
Assistant Attorney General

WEM/ajh

cc: Cori Mills, Legislative Liaison, Department of Law
Deborah Behr, Chief Assistant Attorney General, Department of Law
Heather Brakes, Legislative Director, Office of the Governor
Nicki Neal, Director of Division of Personnel and Labor Relations

From: Janet Ward <alaskajenet@hotmail.com>
Date: February 26, 2014 at 3:36:24 PM AKST
To: "sen.fred.dyson@akleg.gov" <sen.fred.dyson@akleg.gov>
Cc: Janet Ward <alaskajenet@hotmail.com>
Subject: SB182

It has come to my attention that there is a proposed bill (SB182) that will do away with COLD. This may sound reasonable to people who live in the Anchorage area, however, for those of us who live in the smaller, and or more, remote areas of the state, it is a great injustice.

We choose to live in the less populated areas of Alaska because of the states uniqueness and wonderful qualities. One is to avoid the more harried way of life and crime that comes from larger communities. We do this at a cost. Living away from the larger cities without roads and less access to big box stores is a cost. Housing, fuel, food, gas, electricity, and yes, even a day of pleasure, is expensive. We do, however, support our local economies. Our dollar stays in state to pay for these things we DO NOT take for granted. We often take day trips instate or even a weekend of camping to others communities within the state. ALASKANS SUPPORT ALASKANS.

This bill is ANTI ALASKAN and does not support Alaskas' infrastructure. It would generate a workforce from out of state. This would cause a few concerns for me, the first being the Alaska dollar would be taken out of state to pay for their living expenses as well their leisure activities. The second, it would draw less qualified people, therefore in my opinion, would mean on board safety concerns. That would mean either the state pays to send these candidates to classes on safety at sea or require them to go on their own nickel. The cost would be profound for the state or the recruit.

Many Alaska Marine Highway employees have been involved in the local fisheries or Alaska sports fishing for years. They know how fast the waters can change and many of the dangers of working or playing in our ever changing weather. They are aware of things being out of place or not stowed properly, boat etiquette, and taught from a young age the importance of boat safety.

I have been an Alaska resident for 16 years and an AMHS employee for 3 1/2 years. Living in Alaska has come at a cost for me but one I am willing to pay. Working on the AMHS has also come at a cost, which I have been willing to pay. I can't just take a day off sick, or go to a loved ones event without losing, not just a day of work, but ONE, TWO or sometimes, SIX weeks of work. Then we have RIF. Will I work this winter??? How many boats are down? I give a lot to my job and my employer.

I feel rather used when my employer then wants to take away from me. The state positions have given themselves raises but wants to take away ALL of my benefits. I AM INSULTED.

In closing, I feel this bill (SB182) should be referred to finance before moving forward. I do not feel that there has been enough research to make a reasonable decision. How much would this bill cost the state? How much will it cost the Alaskan people? Are we willing to lose future generations because of such a bill?

Good afternoon senator Dyson,

I'm a 30 year resident of Wrangell, and an employee of AMHS since 2004.

I am very concerned about senate bill 182 and the dire results that could impact my family and others if the misconception that the cost of living is anywhere near that of Seattle or Anchorage and if this passes and this bill drops the COLD added to our wages.

The study in 2008 reflects old information and hardly relates to most of the AMHS employees; over 80 percent of them live in Southeast communities where the cost of living is substantially higher. City taxes, city utilities, cost of building and maintaining homes, groceries and gasoline are, in conversations with family and friends in the lower 48, about 20% more. That's a lot.

Wrangell's gas prices finally dropped below \$4.90 just a few months ago. Our city tax is at 7%, which is high, but because we depend so much on public services because we are so remote, it is necessary to maintain a good quality of life for residents. It costs more to live on islands and isolated communities, period.

The Alaska Marine Highway has an unmatched high standard in safety and service. And yet, annually when our ships go in yards for yearly maintenance most employees are displaced and their income is often times drastically reduced for many months in what is considered R.I.F., reduction in force. Many employees, myself included, have secondary jobs for these times, but most of us still suffer financially during those months. Reducing our wages even more would compound that. That is not good for us, and it's not good for the city or the state.

As I mentioned before I have been employed by AMHS for ten years, but it has just been the last 4 years I have not been eligible for the medical sliding scale for reduced income. Our wages are not increased or based on a step scale like other state employees, but instead negotiated by our Union. We sometimes have to wait 4 or more years for a raise. There are many times we barely keep up with the cost of living, and many periods, we fall below.

The last census revealed that Wrangell is the fastest growing town in Southeast Alaska. To date there are about 40 people who work on the ships that reside in Wrangell. Wrangell's economy has rebounded from many economic droughts, but I watched for over 15 years as hardship and little to no development took its toll on our town. Losing wages and service for AMHS would be another set back for Wrangell and other Southeast communities, where instead more forward development and progress for quality of living is possible and needs to be maintained.

Our elected officials must insist that Bill 182 be dropped or at least deferred until current and correct studies can be conducted before the rug is pulled out from under so many residents and state employees.

Regards,
Elizabeth Bunes
AMHS Chief Purse
Wrangell, Alaska

Hello,

My name is Nicholas Bartlett. I am an IBU member working for the Alaska Marine Highway System. It has been brought to the attention of all IBU members that this legislation will negate the cost of living differential. This is a very important part of our wage. The state asks a lot from us and we have to be highly vetted thru coast guard licensing and training.

We are not entry level employees. We do not work for McDonalds. We are highly trained and licensed. And our pay should show it. I say no to SB 182 as do the rest of my ship mates.

Thank you
Nicholas Bartlett

To whom it may concern,

My name is Robert Arnold, citizen of 'this great land' I also am in service to the state of Alaska and work for AMHS. I strongly oppose any dissolution of Cost of living allowance. Expenses to live in Ketchikan are high and any reduction in pay would affect our state economies and municipalities.

Thank you
Before you consider,
Sincerely Robert Arnold

Dear Sen. Egan,

Hello. My Mike Atkins, I am a longtime Alaska resident, I live in Gustavus, Alaska, and am employed by the Alaska Marine Highway System.

It has just come to my attention that a proposed senate bill is currently before The State Affairs Committee, and if passed, would result in serious negative effects for myself, my family, and hundreds of other State Ferry workers who live in Southeast Alaska . The Bill I speak of is SB 182 and I urge you to vote against this bill.

SB 182 seeks to do away with a cost of living allowance that all State of Alaska ferry workers receive if they are Alaska residents. This cost of living allowance is based on a model that compared the difference between the cost of living in the City of Seattle, WA and the City of Anchorage, AK. and was put in place to compensate for the high cost of living, work related expenses, and for the sometimes unusual working conditions that Alaskan Ferry workers often have to deal with. Sen. Fred Dyson from Eagle River, Alaska, whom is the sponsor of SB 182, is basing this bill on 6 year old study from the Mcdowell Research Group which shows that the cost of living for both these cities is essentially the same and wants to enact SB 182 as a way to eliminate COLA for state ferry employees. The problem with this, however, is that the cost of living in Juneau or Ketchikan or Petersburg or any of the other small rural communities where the majority of the state ferry workers actually live and work, still continue to struggle with high costs of living and expenses associated with being employed by AMHS. At the very least, this bill needs more research in to the accuracy of living costs outside of Anchorage which is where most of AMHS employees live.

For these AMHS workers, COLA is currently in place to help to offer compensation for the many out of pocket expenses that a State Ferry Worker must pay in order to just make it to work at a port of call or to attend mandatory training sessions. These expenses include travel, lodging, loss of wages due to weather related problems, and unforeseen layovers, and changes in a port of call. I personally spend over \$600 a month just getting to and from my port of call. The State of Alaska has a long history of Alaskan preference in hiring and this bill would effectively eliminate that for the AMHS fleet. If this bill passes, State ferry workers would be paid the same as out of state workers. This would result in a substantial loss of income for the majority of State ferry workers and would especially impact those of us who live in outlying areas. As a result, sailors would then be encouraged to find employment elsewhere, thus leading to skilled workers in the labor pool being diminished, which in turn would raise serious safety concerns aboard the AMHS fleet.

My many duties as a sailor aboard the AMHS include dealing with emergency situations, security duties, ensuring the safety of crew and passengers, and providing passengers a positive experience to insure that they continue to keep riding the ferry. I am paid between \$23 and \$27 an hour and believe that this is a fair wage. This wage, at the very least, helps me to maintain a middle class life for my family and to also be able to provide for my children's (Kona, 9 years and Aurora, 3 years) future. AMHS employees don't get automatic annual increases in pay like other state employees and because of the seniority system; even full time workers are not guaranteed work. If this bill passes, I could see my pay decrease by up to \$5 an hour which would be devastating to me and my dependents and would most likely result in our having to give up on our rural Alaska life and having to move on to greener pastures with better opportunities.

The Alaska Marine Highway System and SE Alaska in general always seems to be one of the perennial favorite things for the State of Alaska's chopping block. Why do the state representatives, especially those not from SE Alaska, always have such a problem with the State's Ferry System?

If SB 182 passes, you need to know that you are taking money out of my pocket, my community's pocket, and the State of Alaska as a whole.

Please don't vote to pass SB 182 and please talk to your colleagues in the legislature and urge them to do the same.

Thank you for your time.

Sincerely,

Mike Atkins

AMHS

February 27, 2104

To Whom It May Concern,

SB 182, a bill that will take-away COLD, has come to my attention.

I am an employee of the Alaska Marine Highway System and work onboard ship. I have been employed by the AMHS for 11 years.

I own property and a home and live in Tenakee Springs.

The price of living in a small community is already escalating due to the increased energy costs.

Heating fuel is over \$4.60 per gallon.

Electricity is .61 cents per kw.

Any groceries purchased at our store have an added .70 cents per pound added for air freight cost.

To fly one way from Tenakee Springs into Juneau costs \$135.00, whether I am headed to work out in the fleet or seeing a doctor or conducting other business/personal appointments.

If SB 182 goes through it will have a negative financial impact on my income and standard of living.

It will also impact all of the employees of the AMHS system, especially those that live in smaller bush communities on Prince of Wales Island, Metlakatla, Wrangell, Petersburg, Gustavus, Haines and Skagway.

We are there 365 days a year providing safe transportation to the citizens and communities of the Alaska coastline.

Please consider and support the hundreds of employees working for the AMHS by NOT supporting SB 182.

Respectfully,

Ms. Beret M. Barnes
P.O. Box 502
Tenakee Springs, AK 99841
(907) 736-2226

Wayne Carnes
8170 N. Douglas Hwy
Juneau, AK
907-500-8113

Date: 2/27/2014

Senator Dyson

I was unable to make my testimony today so I'm sending in these written comments to be entered into the official record.

I'm a lifelong resident of Alaska and a 27yr employee of the AMHS - now working as Captain and Training Master on the FAIRWEATHER.

AMHS currently has a problem with recruitment and retention. We spend significant resources finding and training new officers only to have the young talent leave our fleet and State for better jobs in the Lower 48. Today I found a

job posting for a Second Mate position in the Gulf of Mexico that pays over twice what AMHS plays – plus it included a \$5,000 signing bonus. This bill is only going to make our problem worse.

Additionally, COLD is part of the Masters, Mates, and Pilots negotiated contract and has been part of negotiations for many years. It is a significant portion of my pay and I rely on it to help pay for groceries, housing, fuel, and my son's future education.

If SB 182 passes it is a pay cut only to the mariners that live in Alaska. Please support your fellow Alaskans by voting NO on SB 182.

Respectfully,
Wayne Carnes

To whom it may concern,

I am writing to voice my concern with the upcoming Senate Bill 182. I would be there in person to testify but I am at work on the M/V Malaspina. I have been a Southeast Alaskan Resident my whole life and know first hand the service AMHS provides SE. I have also been an employee of AMHS since 2001 which has allowed me the chance to provide the same service to my fellow Alaskans.

It is my understanding that if passed, SB 182 will negatively effect the wage of every Alaskan that earns a Cost Of Living Allowance/Cost Of Living Differential (COLA / COLD). That means that every employee of Alaska Marine Highway that lives in the great state of ALASKA is going to suffer a wage decrease. If the purpose of SB 182 is to negatively effect Alaskan citizens then it will most likely succeed, if SB 182 is allowed to pass.

I am writing you for your support, **Do Not Let SB 182 Pass**. Please support Alaska and Alaska Marine Highway employees, **Do Not Let SB 182 Pass**.

Thank you,

Robert J. Provost II
2 A/E
M/V Malaspina
M.E.B.A

February 26th, 2014

Senator Egan,

I am writing you in regards to SB 182. Currently I am employed by AMHS aboard the M/V Taku as a Third Assistant Engineer.

This bill would effectively cut my wages by 14%. For me, that is \$812 a month (before taxes).

The Sponsor Statement from Senator Dyson says there is no cost of living differential between Anchorage, AK and Seattle, WA. According to Money.CNN.com's Cost of Living Calculator, as of today 2/26/14, if you make \$100,000 a year in Seattle, WA you would need to earn \$106,545 to be comparable in Anchorage, AK and in Juneau it's \$114,137 to be comparable. Juneau is where a majority of people who work on the ferry live, raise families, and contribute to the local economy with their cost of living differential payments.

I urge you to please vote against this bill, as it might save the State of Alaska some money, but it would definitely reduce the amount of money spent in towns across Alaska where AMHS Employees reside.

Thank you for your time.

Tom Robinson
Third Assistant Engineer
M/V Taku

Senators and Representatives,

Am writing you to comment on SB 182, Sen Dyson sponsor.

Sponsor statement claims that "cost of living difference does not exist any more between Anchorage and Seattle". And as such that the "COLD" difference should be done away with in the state maritime contracts. This statement is fundamentally flawed. And as such does not take into account the "COLD" between Southeast Alaska and Seattle which does exist and a majority of the AMHS employees work

Just for openers there is a 20% fuel surcharge on all freight shipped via barge to Ketchikan. Not to mention the freight charge itself.

I can buy wood pellets in Seattle for \$4.09 per bag. In Ketchikan the price is \$7.50 per bag not including tax? Where on earth did Sen Dyson get his numbers? On what report did Dysons staff rely on for this statement?

Furthermore, why would this bill only use Seattle as a COLD comparison?

I question the economic validity of this statement regarding Anchorage and Seattle COL being the same?

A "majority" of the maritime workers for amhs live in **Southeast**, not Anchorage or Seattle, where a COLD does exist and is substansual! Can Sen Dyson provide any information on the COLD between Southeast and Seattle.

Can Dyson staff provide a breakdown of # employees in SE as related to all other areas? I think that is the only way to get a true picture of who you are going to effect with this ill advised legislation.

Please hold this bill until it can be proven that a "COLD" no longer exists in this state.

Additionally, consider the potential consequences if this type of logic is applied to retired state employee in state residents. I would think that you cannot change Statute only for the maritime unions without affecting the COLD in the retirement programs? Has that been addressed?

Gary R Zaugg
AB unlimited, IBU, MV Taku.
Ketchikan.

I oppose this bill , it should be sent to finance . The cost of living in Ketchikan is considerably more expensive than Seattle . I work for the AMHS , I am paid less now than people who work elsewhere in similar jobs .
Thank you ,
Dave Alderson
P. o. Box 5745
Ketchikan, AK 99901

Mr. Micciche, my name is Aaron Isenhour I live in Anchor Point Alaska and married to the daughter of Emmitt and Mary Trimble.
I have been an Alaskan since I was born. The only time I left the state was to be a full time student at the California Maritime Academy. I currently work as a licensed deck officer(the conning officer) on the Alaska Marine Highway vessels. One of the reasons why I left a higher paying job in the oil industry was to work in the state of Alaska and the fact that Alaska was a right to work state and that there are benefits FOR ALASKA Residents ONLY such as Cost of Living assistance (COLA) something that one of your colleagues Fred Dyson is trying to take away from Alaskans who work for the State of Alaska. The COLA not only helps people who live in state but it is also a tool for the state to recruit more qualified merchant mariners to come to and work here something that the Alaska Marine Highway System desperately needs and will be even harder to keep its current employees that live in Alaska and are eligible for COLA. The licensed deck officers on the Marine Highway are highly trained are in demand nation wide for the U.S. Merchant marine jobs, taking away COLA only hurts Alaska residents who work for the state. So I urge you to look at the details of Senate Bill 182 and not support the removal of COLA

Thank you very much for your time

Aaron Isenhour
907-435-7821

(I would call in tomorrow to testify on the public comment period but I will be taking a USCG Pilot exam)

Hope to meet you in the future

Hello Sen. Dyson,
I am writing to you about my concerns about ballot 182.

My name is Dell Casidsid I've worked for AMHS since 1999 Ive worked my Way up to Senior Purser. Ive been married for the past 9 years. My concern is that Ive built my livelihood around the wages I've been earning for the past 15 years and I've lived my life around the wages that I've been earning now if this bill is passed it will be like going backwards and the progress and all this training I've done to upgrade to a better position to better my life financially Will be taken away. I believe there is 650+ IBU members & 100-200 other MMP and MEBA members that if this bill if passed would change their lives financially and also set them back as well. Please understand our concerns.

Thanks, Dell L Casidsid

Hi my name is Dawn M Nelson, I live in Nikiski and have for over 30 years, I work out of Homer on the Alaska Marine Highway, where I have worked for almost 23 years as an AB Unlimited. We (IBU members) do not have a 2/2 or week on/week off schedule...we come to work and sometimes are at sea for months on end. The ship was in Homer this morning and I ran up to the Leg. office to speak my opinion on SB 182, there was no time for our voices so I want to let you know by email how I feel. By passing this bill many AK families will be hurt financially and may end up relocating out of state. The AMHS has in the past been a proud Alaskan tradition, serving all the communities along the coastline. The M/V Tustumena, where I work, ALONE serves 13 villages and towns and over 20,000 people residing there. These are the people that make Alaska what it is, we take them to the mainland for shopping or vacations, we haul tourists that flock up in the summer to see our beautiful state and we haul freight, companies and families back and forth to fishing camps, construction sites and home. In the month of Feb, we have hauled at least 5 semi-vans on each trip to Kodiak...and back to Homer from Kodiak. We provide the Safeway store with all their stock, as their semi-van goes with us back and forth, full then empty, then refilled for all of Kodiak Island. I could go on and on about the school teams we haul, the construction companies, the fishing, the Coast Guard families moving back and forth... all make up the lifeblood of Alaska and are a very important part of building Alaska. My job is in jeopardy, and so is all the professional crew I work with from the pot washer up to the Capt! As its been said, the dishwasher isn't JUST a dishwasher...all of us have to be firefighters, rescue providers, crowd controllers and security police...with all the Coast Guard certifications and licenses, classes and tests we take to be competent in our jobs (and most classes paid out of our OWN pocket!) by cutting our wages I know for a fact that many of the crew would look elsewhere for work where they would be paid worthy of their training. Please keep these things in mind as you decide on this bill, MANY Alaskans lives are depending on you! I also want to urge all of you to come ride the ferry sometime, see the conditions we endure in the winter and what the town folks have to say about us that serve them.... Thank you, Dawn M Nelson

My name is Matthew G Wilkens of 39043 Cannonball Circle, Homer, AK. I represent my self. My background is as a former port captain for AMHS and a current ship master for AMHS.

After reading Senator Dyson's statement for Senate Bill 182, and listening to the words of the committee members, and the testimony of the department of Administration people, I feel there is a lack of understanding of the history of COLD.

While it is true that COLD statue began in 1977, it is not as benevolent as the State would like to make it appear. In 1977 the unions representing the AMHS seafarers were adamantly opposed to the COLD statue, and took the State to task over it. Why you might ask? Because the state refused to fund it.

The state prevailed and the COLD statue moved forward. It was "funded" through the normal negotiated cost of living raises of the three unions. It took ten years for these small negotiated cost of living raises to become what

“COLD” is today. During the time the employees were funding their own Cost of Living differential, the in-state members were receiving these cost of living adjustments as “COLD”, while the out of state employees received no increases for cost of living. The out of state employee’s actually helped subsidize their in state peers COLD by giving up their small cost of living increases all those years.

When the “COLD” was at a percent required by statute than AMHS personnel both in state and out of state were able to receive their negotiated cost of living /salary increase raises as well. During the process of creating this “COLD” funding, all other state employees continued to receive their cost of living raises they negotiated, their salary increases they negotiated and their step/merit increases that were legislated. This was given to all other state employees whether they worked in the state or outside.

To reiterate COLD was not a separate amount funded by the state, it was the cost of living increase’s taken from the members, both in and out of state, to allow the state to “provide an incentive” for people to work in the state.

Taking away the current COLD is the equivalent of taking away over ten years of negotiated cost of living increase’s, the equivalent of taking away over ten years of step and merit increases from other state employees, the equivalent of taking back the raises the legislators have voted for themselves for ten years. I am not sure what the correct term is here, but the only one that comes to mind is robbery.

I was hired from out of state when I started working on the ships. Many seagoing employees are here because the state doesn’t have sufficient numbers in state to run a shipping company of the stature that it does run, even if it is a reluctant owner. One of the significant reasons I chose to move to Alaska was because of the Cost of Living Differential. Without the current COLD there is less incentive to remain in Homer where the cost is high. There is less incentive to stay in Alaska, as the cost is high. As state workers move out of state those state dollars move out with them.

We are currently in the beginning stages of a hiring crisis. There are more open jobs than we can attract applicants for. This is a simple matter of economics. There are better paying jobs in the maritime industry available today in different parts of the country, than what Alaska is offering. There are jobs in the Gulf of Mexico that pay a master thirty percent more in base wages than Alaska pays, and they pay travel expense’s, sign on bonus’s and paid training. The same holds true for mates, engineers and deckhands. We have lost a percentage of current employees to this, we will lose more. Trying to strip employees of COLD will be yet another incentive to seek employment elsewhere.

There should be no discussion of COLD that doesn’t start with incorporating the current COLD back into all AMHS employees wages, and moving forward from there. Remember COLD was the negotiated increases, not a benevolent payment from the state. The state is no more paying 7.6 million that it doesn’t “need” to pay than it is paying the millions in merit and step increases to other state employees that it doesn’t “need” to pay.

I would also like to agree for the record with Senator Wielechowski’s comment that introducing this bill has the appearance of an unfair labor practice during an active negotiation.

Thank you for the opportunity to testify on behalf of SB 182 proposing the elimination of negotiated benefits of Alaska Marine Highway marine employees.

In addition to my testimony on SB 182 I would also like to put some perspective into the mix as far as AMHS marine employees. The State of Alaska elected to run a shipping company utilizing passenger/ro ro ships and ocean going vessels. These jobs require federally licensed and regulated mariners. At the current time these personnel are in high demand in the maritime industry and the State of Alaska will need to come to grips with that. This may not be the time to try to strip the unions of their negotiated benefits and rights. One might even consider the practicality of running a fleet of 11 ships and then only providing a budget for 6. Frankly this seems to be more a legislative/management issue than a labor cost issue.

The State is trying to negotiate these jobs as if they were just another state job. If the State of Alaska wishes to create a department of Transportation, they do so. They get to decide how many people will work there and what their qualifications are. With the maritime industry the State of Alaska doesn't have that ability, as the positions, requirements, licensing, work hours, etc are federally mandated in US Code. The state of Alaska is competing with

the entire maritime industry for personnel, and is currently significantly below the industry standard, which is why there is difficulty attracting new personnel and retaining experienced personnel. Thank you again. Matt Wilkens

Dear Senator Dyson,

My name is John W. (Jack) Slaght and I'm a Chief Engineer with AMHS. I'm writing to oppose the passage of SB 182. I'm representing MEBA, myself and AMHS employees who live in Petersburg, Alaska. I disagree with the premise that the cost of living in SE Alaska towns and cities is the same as it is in Seattle. We pay considerably more for gasoline, groceries, transportation, housing and so on than do folks living in Puget Sound outlying area towns and cities. We typically pay 50 cents to a dollar more for gasoline compared to Seattle, Bellingham, Yakima and other locations. My Yakima resident sister enjoys a much lower cost of living than I do. The McDowell Group Cost of Living Survey referenced, dates back to 2008. That is more than five years ago!

My wife and I live in Petersburg, Alaska and we own a home. We buy locally and love Alaska. I've worked for AMHS since 1996 and have lived in Petersburg since 1993. I see SB 182 as an attack against AMHS employees and it comes at a time when the IBU, MM & P and MEBA are in contract negotiations with SOA negotiators for a new three year contract. This resembles an unfair labor practice. As an alternate negotiator with MEBA, I'm aware of the threats that have been made by SOA negotiators to take many things away from us, including a major perk--the pass privilege. I don't believe that SOA negotiators have been acting in good faith since they've only offered to damage us and have offered nothing we would benefit from.

I visited the Petersburg LIO this morning, hoping to testify on SB 182. The testimonial session ended before I could speak. I overheard some discussion regarding SB 182 and was interested in what was discussed involving a possible elimination of the COLD pay for AMHS employees and the resulting "pot of money" being rolled over into an hourly wage increase. I wonder if the intent could be to sell that transfer of money as a fat wage increase for AMHS employees via the newspapers and television media. If so, that would be a gross misrepresentation of the truth and I hope that my suspicion is unwarranted.

I've contacted Senator Bert Stedman's office and also talked to Petersburg's Mayor, Mark Jensen, regarding SB 182. We discussed what it's passage would mean to AMHS employees, their families and the Alaska communities they live in. It's understood that this approximate 10% wage reduction would have negative impacts reaching beyond the AMHS employees. In testimony to the legislature this morning, MEBA, MM & P and IBU union representatives and others observed that SB 182 would punish AMHS employees who live in Alaska exclusively and not out of state employees. I don't see how this Bill will aid in recruitment and retention of talented merchant mariners who wish to live in Alaska in the future.

Lastly, I must say that there is a current shortage of licensed deck officers and engineers to operate AMHS vessels when the fleet is operating in summer. For example: last summer, First Assistant Engineer Joel Beraldi (M/V Taku) was held over for something like nine weeks without a relief. First Assistant Engineer Mathew Galle (M/V Matanuska) was held over with no relief for 12 weeks! There are better opportunities (offshore) these days and the best marine engineering talent seems to be going in that direction. When AMHS licensed dispatcher, Gene Christian, recently went on a recruiting mission to California Maritime Academy to speak to graduating seniors, he had 14 M & P positions to fill. Gene was only able to find two interested individuals since many offshore merchant mariner jobs are paying better wages than does AMHS today. In my case, I spent years working as a journey level diesel and heavy equipment mechanic, worked at a Caterpillar dealership as a Caterpillar mechanic and was also a journey level automotive and automatic transmission technician before joining the U.S. Merchant Marine. I also developed a fierce work ethic many years ago when employed as a west coast logger, timber faller and mining construction worker. If the current administration succeeds in beating us up regarding our earnings, benefits, etc., I'll be prepared to leave AMHS and start shipping offshore where there are currently great opportunities. I'll take with me many years of knowledge, experience, professionalism and a strong work ethic. I'm skilled at planning vessel overhauls, acting as a ship's repair officer in communicating with AMHS Management, the American Bureau of Shipping, U.S. Coast Guard, outside parts suppliers, and shipyard management during overhauls. Since I hold a "big" license (Chief

Engineer) with an unlimited horsepower rating and also a Group 1 National shipping card, I can be very competitive in getting MEBA offshore jobs that pay big money and not worry about an administration hostile to organized labor and ferry workers.

Having to present this bold truth saddens me because I love Alaska and have given my heart and soul in helping AMHS meet it's mission statement for the past 17 years: "To Provide Safe, Reliable Transportation to the Public". I seriously wonder if the current administration and the more conservative members of the Alaska Legislature have abandoned the AMHS mission statement in an effort to beat up ferry workers.

I've cc'd Petersburg Mayor Mark Jensen, Senator Bert Stedman and U.S. Senator Lisa Murkowski because I know them as friends and also know them to be effective voices of reason, who care about the welfare of their constituents.

I appreciate the opportunity to offer my testimony on SB 182, which I oppose without reservation.

Regards,

Jack Slaght, Chief Engineer, M/V Malaspina Petersburg, Alaska

Senate Affairs Committee Members
Senator Micciche

My Name is Adrian Isenhour, and I live in Homer Alaska. I work for the Alaska Marine Highway System as a Licensed Marine Engineer. I have been with AMHS since I graduated from the California Maritime Academy in 2010(part time and full time). I am writing to you out of concern about Senate Bill 182, and what effect it will have on myself and other Alaska Residents who work for AMHS.

This bill, which I am sure you have heard about, will get rid of Cost of Living Differential payments for Alaska Marine Highway Employees. This bill only affects residents of Alaska. The COLD payments are the only incentive that I know of to keep the mariners that work for the Marine Highway living in the state. According to the description of the bill, it will prohibit the use of Cost of living differential payments, which to me sounds like any type of alternative boost for Alaska residents working for AMHS would be illegal as well.

The major push for this bill from what I saw in the Senate Affairs committee Meeting video from 2/25/14, was that the cost of living in Anchorage is now the same as it is in Seattle. It is also mentioned that AMHS workers, (except for the 3 day boat workers) are not required to live in any specific city. What I would like to add is that using Anchorage as a City in which you compare with Seattle when referring to AMHS employees seems irrelevant. Anchorage is not a port that the Marine Highway travels to, and most of the AMHS employees do not live there. The employees of AMHS mostly live in the communities that the ferries travel to and from. Employees are not required to live in a specific place, but we are required to get onto the vessels in specific ports. The Change ports in SE Alaska are Ketchikan and Juneau, and most of the AMHS employees work on the 8 of the 11 vessels that operate in SE. If you don't live in your change port you do a lot of traveling, 52 trips if your 1x1, 26 if your 2x2 and 13 if your 4x4. Although Anchorage might have the lowest cost of living, most of us are not traveling 26 or 52 times a year to and from Anchorage and Juneau (or Ketchikan). So it seemed odd to use the cost of living in anchorage as the city to compare with Seattle when referring to the AMHS and its employees. When most of them live in South East Alaska where the cost of living is much higher than Anchorage and Seattle.

Though there are a few people like me, who work 2x2 and do not live in the change port and end up traveling a lot. I work 13 two week trips each year, which means 26 trips from homer to my assigned change port of Juneau. I have to pay for my travel, which I do because I am from homer and I like living here. I did not want to move to Juneau when I got my full time job, because the assigned change port can change. The assigned change port for a given position is not set in stone and can change depending on the vessels schedule and if you or your opposite is the more senior member. I recently switched to a vessel that works 4x4, but now my change port is Ketchikan. So moving to your change port can mean moving around a lot if you especially if you change vessels or if your opposite does. For me, the COLD payments make up for the high travel costs, and allow me to live in Homer and work in SE where most of the vessels are.

Eliminating the COLD will be a pretty substantial pay cut to a lot of Alaska Residents, and only to Alaska Residents. All three of the unions are currently in negotiations for contracts that are up in July of this year. So my understanding is that this bill, which if it passes now would eliminate the COLD payments in July when our current contracts are up. This would be a pretty sudden pay cut that is coming for a lot of Alaska Residents. I think that there could be a large amount of employees that would not be able to handle such a pay cut and might have to look for work elsewhere.

For these reasons, I ask for you to not support SB 182, as it would have a very negative affect on Alaska Residents.

Adrian J. Isenhour
2nd Asst. Engineer
907 399 5606
ajisenhour@hotmail.com

i had hoped to testify today concerning SB 182, but although I had been on hold for an hour and forty minutes, I did not have the opportunity to do so. Hopefully my comments will still make it to the committee members.

I am greatly concerned about the effect that this bill would have if passed. As a member of the Inland Boatmen's Union, I, along with many others, would experience an 18% cut in wages. That would make it very difficult to justify keeping my job. We all aware that Alaska in an expensive place to live. In Southeast Alaska the communities are so isolated from each other that everything from fuel, to housing, to food is substantially higher in price than most places in the lower 48. I live in Sitka. If a ferry is not headed to Juneau when I need to work, I have to pay to fly. I often have to spend a night at a hotel for early morning crew changes, I have to dole out money to keep my credentials current. So not only do I have the inherent costs of living in Alaska but on top of that, this is not a job without substantial costs as well.

A couple of things concerned me when listening to the testimony today. It seemed as though some thought the loss in pay would be made up some within negotiations. My understanding of the negotiations is that the Administration is taking a hard stance on NO raises, not even allowing the language concerning raises over the next three years to be 0-0-0. With that stance, I do not expect that the lost wages would ever be regained.

When you think of the positions on the ships you need to not think of them in the same terms as you would think of similar jobs on shore. Most of us do not get to go home every night. We need Coast Guard credentials and need to maintain those credentials. Working on the ship takes you away from friends and family and is physically hard on the body, being from 12 hour days on steel decks, broken sleep, constant vibration, and noise, as well as a myriad of other conditions, depending on the job. These are some of the things that came into my mind when listening to questions concerning how much some employees are paid or about vacation time. If you haven't worked on the ships, it is hard to understand how different it can be from a land based job.

Senate Bill 182 just affects marine employs. It simply isn't fair to put that much burden on one group of people. Negotiations between the unions and the state are going poorly with more and more being taken from us. We are not the enemy. We are hard working Alaskans that just want to be treated fairly and make a decent wage for the work that we do.

I respectfully ask that you please vote against Senate Bill 182.

I thank you all for your service and for the opportunity to share my perspective.

Ann Griswold
Sitka, AK

Dear Senator Dyson,

I have been an Alaska State Employee for 15 years now. Originally I took a job on the Marine Highway with the intention of a short summer job on the ferries, then to return to the offshore shipping industry. Well, I am still here, and have rooted in and embraced the Alaskan life. I now have children, attending elementary school in Talkeetna. Our family is active in all the community has to offer, including, skiing, hockey, hiking, boating, fishing, camping and much more. I feel grateful to be able to raise my family in rural Alaska.

This is being threatened by SB182. Pulling COLD out of my wages would make working for the state and possibly living in the state, a poor choice for my family's future. Over the years the rate of pay for the public sector Marine Engineer jobs in Alaska has slowly fallen behind those of the industry. I have stayed with the AMHS as an employee despite this, as it was convenient to work just a few hours drive from home. If any more disparity of industry wages to state wages were to occur, I am sure that I would not be the only one looking for work elsewhere.

The Maritime Unions are currently in contract negotiations with the state. SB182 should be addressed at the negotiating table as opposed to wasting everyone's time with this bill proposal.

Please vote NO on SB182

Thank You,

James Burnside

17881 E Winterset Dr, Talkeetna

907-841-5738

To whom this may concern ,

I'm writing this letter in response for the attempt to introduce the SB 182 and want to express my deepest concern , if this bill becomes law .

I understand ,that in these days everything gets tight with finances and we need to save money or make cuts .

That applies to everybody even to the biggest and maybe richest State in the Union .But I believe there are different ways of making funds available other then trying to take away a significant amount of income (about 15% or more) from hard working Alaska residents , who are trying to make a living in our beautiful State , especialy ,when the cost of living (witch to my understanding was designed for this reason) is already significant higher then in the rest of the country and the trend shows , that will not change in the near future .

If this bill passes , it would mean for a lot of Alaskans to tighten up their belts even more , find an other lower paying job or even move out of the State , simply because they can't afford to live here anymore .

I'll ask you hereby to do everything in your power to make sure this bill will not become reality .

I thank you for your time and consideration

Sincerely

Matthias Volkmann

AB for the AMHS

P.O.Box 5354

Ketchikan ,Ak
99901

Dear Senator,

I live in Haines and work for the Alaska Marine Highway. My family lives from paycheck to paycheck as I am the only wage earner. I make \$23 an hour. It's taken me 7 years to get to this pay scale. Taking away the COLD payment will cost me approximately \$4 an hour or \$672 per month. I cannot afford this cut in pay and live in Haines comfortably. The prices here in Haines are astronomical.

Trust me; the cost of living here is much more than in Seattle, WA. The vast majority of AMHS employees live in Southeast Alaska and most of us are just squeaking by. The economy and cost of living here is a lot worse than in Anchorage, too. The price of gasoline here is \$4.43 per gallon. I live 26 miles out of town. A round trip eats up a lot of gas. Heating fuel is \$4.22 per gallon. The loss of that pay will make buying heating fuel for my home a virtual impossibility. The economy is bad enough in Southeast Alaska without getting the rug pulled out from underneath me by my own State government.

I don't care what the Cost of Living rate in Anchorage is. My cost of living right here is what concerns me.

I understand and can appreciate your concerns due to the costs of the on-going investigations of residency; but why must I pay the consequences? I'm not trying to defraud the State! Can you guarantee that the State Labor Relations negotiators will agree to a raise in our on-going contract negotiations (IBU) to cover this loss?

Unless you can, I most vehemently OPPOSE Senate Bill 182 and I urge you to vote AGAINST SB 182.

Thank you for your consideration.

Respectfully,

Adrienne Milos

Haines, AK

The honorable SEN Dyson

This Bill penalizes me for being an Alaska resident.

I have been an AMHS crew member for 18 years, first as part of the IBU and for the last 10 years with MEBA. And An Alaska Resident since 1985!!

First of all, there is no comparison between the maritime unions' COLD (Cost of Living Differential) payment and the geographical COLA within the regular state of Alaska unions. The two are completely different and unrelated to each other, and SB182 is specific only to the maritime unions' COLD payment, which is what I would like to address in my remarks.

The COLD payments that SB182 proposes to do away with were instituted by a law passed in 1977 to reward Alaska Marine Highway employees who chose to live in Alaska, thus keeping Alaska wages within Alaska. By removing the COLD payment from the three maritime unions, this bill, while making no difference in the wages for non-Alaska residents, will be penalizing the AMHS employees who do reside within Alaska. These employees -- Alaska residents -- are your neighbors, your friends, your constituents, maybe even your family members. These employees live in Alaska, bank in Alaska, buy vehicles in Alaska, shop in Alaska, buy homes in Alaska, recreate in Alaska, pay property and local sales taxes in Alaska, and purchase the bulk of their goods in Alaska. If this bill passes, it removes any incentive for the three maritime union employees to live in Alaska. The fact is, a large number of these maritime union employees work two weeks on/two weeks off, which affords us the opportunity to live in the lower 48 and commute back and forth for our assigned work schedules (unlike most other state employees who work a more traditional Monday through Friday schedule). As we move out of the state, it will result in the filling of some other states' coffers, funded by Alaska wages.

The study cited for justifying the bill compares the cost of living between Seattle and Anchorage. It is my opinion that the study is flawed. This bill assumes that if we didn't live in Anchorage, we would live in Seattle. However, that's not the case. There are far cheaper places to live in the lower 48 than Seattle, which would make leaving Alaska far more appealing than staying. SB 182 is an insult to the Alaska residents who work for the Marine

Highways. It's further a slap in the face to us marine highway workers who **choose** to live in Alaska and contribute to this great state that we love.

For me personally, my wife and I are both state of Alaska employees. My wife is eligible for early retirement but has chosen to work a few more years. Should SB182 pass, it will most certainly encourage us to rethink her early retirement and relocate to a place with a much lower cost of living. We currently live in Wasilla, and I commute to Juneau for my work every two weeks. Living out of state, I can still commute every two weeks to my job with AMHS. The AMHS DOES NOT Pay for my commuting costs to and from work. Throughout my 18 years of AMHS employment while living in Alaska, I have always disliked those who live in the lower 48 and took their money out of Alaska that was earned within the state. But if SB182 passes, I will certainly become one of those people whom I disliked. There will be no financial incentive for me to stay within the state of Alaska borders; instead, there will be incentive for me to leave.

I Urge you to reconsider this bill and remove it.

Thank you for your interest. And feel free to contact me at any of the addresses below.

Chris Olson

Chief Engineer Alaska State Ferry LeConte

907-723-2411

thebigtiny2001@yahoo.com

David Gardner

MEBA

Chief Engineer

My first assignment for the Alaska Marine Highway was in 2004. I served the last 6 years as a Chief Engineer on the Fast Ferry Chenega based in Cordova, AK. There are no accommodations provided on board the M/V Chenega and as a permanent bid holder my accommodations in Cordova are paid out of my pocket without reimbursement from the SOA. As a Maritime SOA employee, I do not receive Geographic differential pay for Cordova, which is 11% for non-Maritime SOA employees. As a non-Alaska resident, I also did not receive COLD payments for the first 5 years I worked the vessel in Cordova.

SB182 COLD issue is a very personal and emotionally charged issue for those within the Maritime unions.

That being said, we need to set aside personal emotion and take a hard look at the facts. The main facts have yet to be presented at the SB182 hearings, and you won't hear anyone from DOA offering these facts. The DOA testimonies referenced the 2008 McDowell Group cost-of-living survey which concluded that there is no longer a major cost-of-living difference between Seattle and Anchorage compared to 30 years ago.

Using the McDowell Group survey, the DOA Labor Relations then implemented changes to Non-maritime Unions "Geographic Differential Pay" rates. The Maritime Unions COLD IS directly related to the Non-maritime Unions "Geographic Differential pay."

There is a provision for Non-Alaskan employees in the "Geographic Differential pay" rule, and is referenced at the bottom of the community list as "Outside Alaska."

Prior to 2010, the "Outside Alaska" line was -13% lower than the Anchorage base. In 2010, "Outside Alaska" was changed to 0%.

AS.23.40.210 calls for a COLD between Alaska and Seattle, WA. There is no longer a COLD between Anchorage(base) and Seattle as there was in 1977.

Facts for Non-maritime employees regarding COLD/Geographic differential changes in 2010:

1. No Alaskan's saw a pay cut.
2. Those living "outside Alaska" received a 13% pay increase and were brought up equal to the Anchorage base.
3. Some employees received Geographic differential raises in 2010, including the SE communities of Juneau and Sitka at +5%. No Maritime employees received these raises.

The Maritime employees deserve to be treated fairly.

Respectfully,
David Gardner

Hello,

I am employed with the Alaska Marine Highway System, (IBU) since 1989. Then the (MEBA) since 1997. I've lived in Juneau since 1988. I've always bought local, everything from trucks to musical instruments. I've dedicated my career and my life to the State of Alaska. I have 10 more years then I can retire. I find that by taking the COLD away is another way the State has rewarded it's dedicated employee's. Why? It's not amazing that someone was just sitting in an State office building somewhere justifying there job by attack there fellow State employee's. I bet they go home every night to the Family's while us Ferry workers are busy stuck out on a ship for weeks at a time. Missing most special days that they really should be spending with there loved ones. I choose this career and new the sacrifices and excepted it. Why does that State have to punish us for are dedication as public servants.

Sincerely,
Thomas J Wallender
6014 Pine Street
Juneau, AK 99801
(907) 209-2508
First Assistant Engineer
Alaska Marine Highway System
M/V LeConte DOT/PF

March 3rd, 2014

The Honorable Fred Dyson

State Senate

Alaska State Capitol

Juneau, Alaska 99801-1182

Dear Senator Dyson:

I am writing to speak against SB 182 which will amend Alaska Statute 23.40.075. I view this bill as not adhering to labor law, and that it attempts to perform negotiation through legislation.

The DOA Labor Relations implemented changes to the Non-maritime Unions Geographic Differential Pay rates by referencing the 2008 McDowell Group survey. The Maritime Unions Cost Of Living Differential (COLD) is directly related to the Non-maritime Unions Geographic Differential Pay.

There is a provision for Non-Alaskan employees in the "Geographic Differential pay" rule, and is referenced at the bottom of the community list as "Outside Alaska." Prior to 2010, the "Outside Alaska" line was -13% lower than the Anchorage base. In 2010, "Outside Alaska" was changed to 0%.

No Alaskan's saw a pay cut.
Those living "outside Alaska" received a 13% pay increase.

SB 182 penalizes me for being an Alaskan resident; it is a 10% wage cut.

I understand that there I will not have the opportunity to testify before the Committee. Please have my written testimony included in the State Affairs Committee packet on SB 182.

Sincerely yours,

George M. Poor Jr.

Chief Engineer

Alaska Marine Highway System

DOT & PF

Senator Dyson,

Please vote no on SB182. This issue can be readily resolved in negotiations happening right now. Our contract (MEBA) to have a survey between Alaska and Seattle. Not Anchorage and Seattle. Please remember your fellow countrymen. Please vote no.

John Nelson

Good morning, my name is josh chevalier, I am a professional mariner and have worked for the AMHS for 10 years this march.

First off I would like to speak to the economics impacts of this bill. For myself this is as you have heard an immediate 10% pay cut. That is an enormous Immediate impact on my families finances. My wife and myself both grew up in Sitka and have struggled to stay here despite the high cost of living. Without resorting to hyperbole, this bill might very well be the final straw driving us out.

This leads to the other economic consequences of this bill. School enrollment numbers as well as myself and others bringing their wages home into our communities supporting local businesses and filling local tax coffers.

The statement by the administration that Anchorage and Seattle are "about the same" is inaccurate at best and purposefully misleading at worst. The study cited is 6 years old and predates the large increases in prices seen in 2008, 2009 and 2010. A quick google search finds a study put out by the state, dated august of last year showing this increase. One can also search cost of living comparisons and find all sorts of information. According to cnn money anchorage is 6.5% more expensive than Seattle, and the numbers compound from there. Simply put the most expensive place in Washington is 6.5% cheaper than the least expensive place in Alaska.

Secondly I would like to speak to the timing of this legislation. We are currently in wage negotiations with the state of Alaska. If the COLD language needs to be addressed and cleaned up, it seems to me that the proper venue for that is through good faith negotiations and not an end run to the legislature, summarily cutting wages for highly skilled alaska residents. Residents who are taxpayers, property owners, constituents and neighbors. And according to the language in the contract, not only is this a questionable ethical tactic, it may be illegal.

Not only will this bill have disastrous economic impacts for myself personally, but it will lead to broad unintended consequences in both local communities and the ability to hire and retain qualified marine professionals.

Please vote no on sb 182.

Thank you