

04/19/16

PRESENTATION

LABOR

CONTRACTS

REVIEW

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LABOR CONTRACTS
REVIEW</SUBJECT><COMM>HFIN29</COMM></TARGET>

ALASKA DEPARTMENT OF ADMINISTRATION

2016

LABOR CONTRACTS

Presentation to
**House Finance
Committee**
April 19, 2016

Commissioner Sheldon Fisher
Deputy Commissioner Leslie Ridle



BARGAINING FRAMEWORK

- **BACKGROUND:** The scope and framework of negotiations are governed by the Public Employment Relations Act (PERA) AS 23.40.070-23.40.250.
 - The State begins bargaining successor agreements between October and December; start date may be accelerated if both parties agree.
 - Wages, hours and other terms and conditions of employment are mandatory subjects of bargaining.
 - The State may, but is not required to, negotiate permissive subjects of bargaining.
 - Monetary terms must be approved by the Legislature.

- **STATUS QUO:** If either side finds the demands too unfavorable, they can largely maintain status quo by doing nothing. Once impasse is reached and mediation fails:
 - Employees have the right to strike.
(Exception: protective service personnel do not have the right to strike but must enter binding arbitration)
 - State has the right to implement last best offer
(Both options are harmful to labor-management relationship.)

- **INCREMENTAL CHANGE:** As a result, you tend to see incremental change.

BARGAINING UNIT (BU) DETAIL

| Bargaining Unit | Business Lead | # Emp in 2015 | % of Total | Terms to Legis |
|---|--------------------|---------------|-------------|----------------|
| Currently Negotiating | | | | |
| ★ LTC - Public Employees, Local 71 | Dennis Moen | 1,772 | 10.6% | 3/22/2016 |
| APEA - Alaska Public Employees Association | Pete Ford | 2,317 | 13.9% | |
| Reached Tentative Agreement | | | | |
| ★ TEAME – Teachers' Education Assoc. of Mt. Edgecumbe | Stephen Courtright | 27 | 0.2% | 1/19/2016 |
| ★ ASEA - Alaska State Employees Association | Jim Duncan | 8,794 | 52.8% | 2/11/2016 |
| ★ CEA - Confidential Employees Association | Pete Ford | 204 | 1.2% | 3/15/2016 |
| Non-Covered | | | | |
| Non-Covered - Exempt, Partially Exempt and Excluded | | 1,300 | 7.8% | |
| TOTAL EMPLOYEES AT ISSUE IN CURRENT NEGOTIATIONS | | 14,414 | 87% | |
| Fall 2016 Negotiations | | | | |
| AVTECTA - AK Vocational Technical Center Teachers | Dale Butts | 33 | 0.2% | |
| PSEA - Public Safety Employees Association | Jake Metcalfe | 508 | 3.0% | |
| Fall 2017 Negotiations | | | | |
| ★ IBU – Inlandboatmens' Union of the Pacific | Joshua Stephenson | 565 | 3.4% | |
| MEBA - Marine Engineers Beneficial Association | Ben Goldrich | 103 | 0.6% | 1/29/2015 |
| MMP - Masters, Mates and Pilots | Shannon Adamson | 96 | 0.6% | |
| Fall 2019 Negotiations | | | | |
| ACOA - Alaska Correctional Officers Association | Brad Wilson | 942 | 5.7% | |
| GRAND TOTAL | | 16,661 | 100% | |

87% of State employees are impacted by current round of negotiations

* # of Employees based on filled positions, not total positions w/vacancies

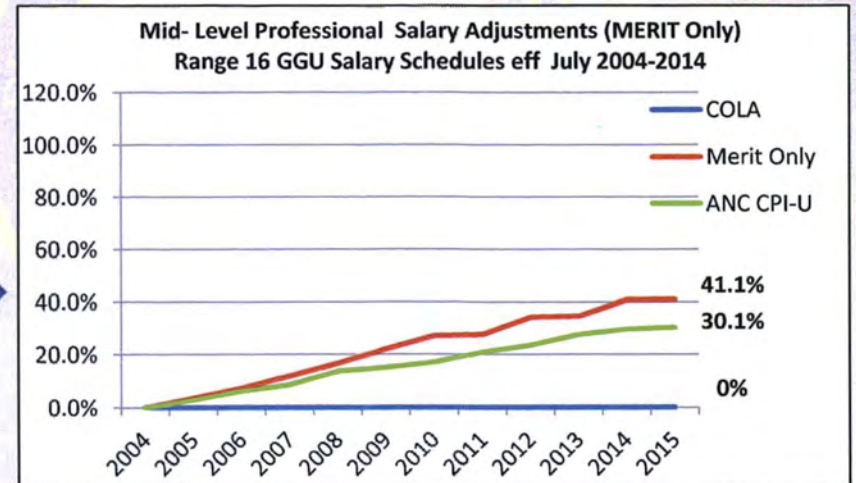
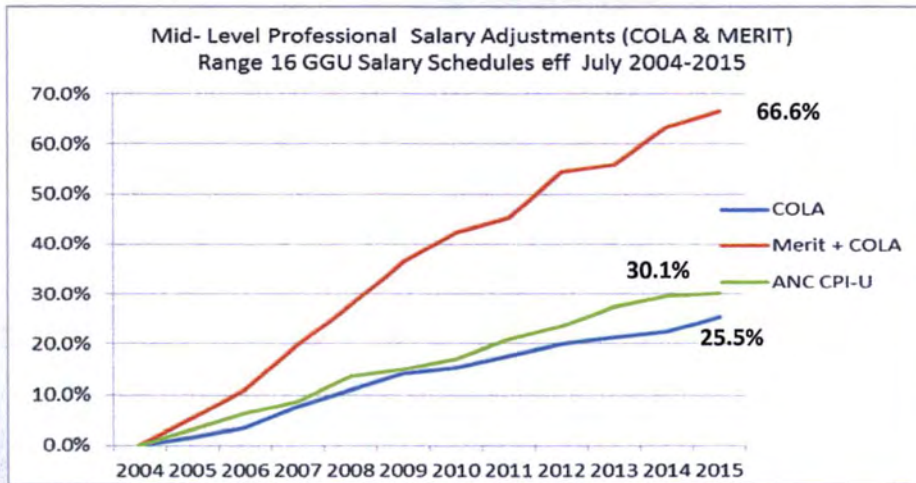
BARGAINING PRIORITIES

- **Cash Component: Overall below market**
 - **Current Fiscal climate requires modest reductions**
 - 0-0-0%
 - 15 hours of furlough per employee per fiscal year
 - Modest changes to other monetary terms of the CBAs
- **Benefits: Overall above market**
 - **Healthcare costs are growing at a multiple of inflation making cost containment a critical objective of these negotiations**
 - Ask Employees to accept plan design changes and contribute to monthly health care premiums in order to control costs and align interests in minimizing future cost increases.
 - For employees that are not part of AlaskaCare, we want to right-size health trust reserves
 - **Leave Terms – continue the progress of prior negotiations to address leave accruals**
- **Work Rules and Other Priorities**
 - Performance Evaluations: Create a meaningful performance view system
 - Consistency
 - Create consistency in our contracts
 - For example: Leave, administrative manual, travel rules, pay procedures
 - Flexibility
 - Create flexibility in our contracts.
 - For example: contracting out, promotional rules

CASH COMPENSATION

- Cash Compensation: Overall tend to be **below** market
 - Below Market
 - Higher range professional employees tend to be below market
 - New employees tend to be below market
 - Tier IV Defined Contribution Retirement
 - Above Market
 - Lower range employees tend to be at or above market
 - More tenured employees tend to be above market
 - Tier I – III Defined Benefit Retirement

By eliminating COLAs we have flattened the growth curve



BENEFITS

Employee Benefits: Overall tend to be **above** market.

- Health Benefit:

- Economy Plan – zero employee premiums
- Low deductible options across plans
- Flat rate for dependents
- Retiree health insurance with 10 years of service
- Retiree premium percentage lowers with longer term of service

Reduced contribution and/or required employee participation

- Pension: Hybrid defined benefit and defined contribution plans providing:

- Contribution amounts structured to reach retirement goals
 - PERS: 8% employee + 5% employer + 12.26% SBS totaling : 25.26%
 - TRS: 8% employee + 7% employer +12.26% SBS totaling: 27.26%

Continued the work of the prior administration to cap Leave Accrual

- Leave accrual

- Accrue 270 hours per year (36 days)
 - After 10 years, if hired before 7/1/13
 - After 15 years, if hired on or after 7/1/13

- Job Flexibility

- Alternative work weeks

OTHER TOPICS ADDRESSED IN THIS ROUND OF NEGOTIATIONS

- Work Rules:
 - Improvements in work rules and contract language consistency;
 - New travel rules allowing the state greater flexibility to make necessary changes;
 - Performance-tied geographic limitation for layoffs;
 - Contract language improvements for finance and payroll processing;
 - Unfreeze geographic differential (29 employees affected).
- Other Topics
 - Improvements and clarifications to the grievance process.

FY 2017 SAVINGS

| | Wages | Health Care | Furlough (15 hrs) | Geographic Differential | Advisors | Legal Trust | Estimated New Bargained Total |
|--------------------------------------|-------|----------------|-------------------|-------------------------|----------|-------------|-------------------------------|
| Confidential Employees Assoc. | 0% | \$ (31,950) | \$ (37,200) | NA | NA | \$ 4,896 | \$ (64,254) |
| General Government Unit | 0% | \$ (4,114,600) | \$ (1,381,400) | \$ 29,060 | NA | NA | \$ (5,466,940) |
| Labor Trades and Crafts | 0% | \$ (483,700) | \$ (447,700) | NA | NA | NA | \$ (931,400) |
| Mt. Edgecumbe Teachers | 0% | No change | NA | NA | \$ 3,600 | NA | \$ 3,600 |

- 0% Cost of Living
- Healthcare Contributions
 - Flat health care contribution for legal trusts
 - Employee contributions for Alaska Care economy plan.
 - Changes to the Alaska Care economy plan employee contribution will also be applicable to partially exempt, exempt, legislature, and courts. (Savings est. of \$467,000 for FY17).
- Furlough Savings
 - Union employees will furlough for 15 hours per fiscal year (total of 45 hours over three years).
 - Partially exempt and exempt employees in many department have implemented furloughs in FY16. These will continue in FY17. For these employees 15 hours of furlough = \$ 1,049,000 in savings.

WHAT HAPPENS WHEN LEGISLATURE REJECTS CONTRACTS

- Parties re-enter negotiations and either reach voluntary agreement or reach impasse;
 - Upon impasse, the State can implement its last, best offer or maintain status quo;
 - Union could strike; class 1 employees can go to interest arbitration;
 - Any subsequent arbitration decision or voluntary agreement must be resubmitted to the Legislature.
-
- If the Legislature does not address contracts in the operating budget this is equivalent to a rejection; however, the Department of Administration and the Unions receive no guidance regarding what would be approved.



Thank you

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for more information about our department.

Questions?

APPENDIX



ASEA – GENERAL GOVERNMENT UNIT

8,794 Employees

Tentative Agreement Reached February 4, 2016

Monetary Terms Submitted to Legislature February 11, 2016

Ratified by Members April 8, 2016

Terms Include:

- No Cost of Living Adjustments for three years;
- 15 furlough hours per year for three years;
- Reduced health care contributions for three years;
- Flat health care for a total of six years;
- New travel rules allowing the state greater flexibility to make necessary changes;
- Performance tied geographic limitation for layoffs;
- Contract language improvements for finance and payroll processing
- Unfreeze geographic differential (# ee/location affected)

CEA – CONFIDENTIAL EMPLOYEE ASSOCIATION

204 Employees

Tentative Agreement Reached March 11, 2016

Monetary Terms Submitted to Legislature March 15, 2016

Ratification Vote Pending

Terms Include:

- No Cost of Living Adjustments for three years;
- 15 furlough hours per year for three years;
- First time = Employee health care contribution for economy plan;
- Health care contribution level based on "Employee" and "Employee Plus Family" (with higher contribution for employee plus family);
- Increase the legal trust fund contribution from \$10 to \$12.

LOCAL 71 – LABOR TRADES AND CRAFTS

1,772 Employees

Contract Expired July 1, 2015

Tentative Agreement Reached March 18, 2016

Monetary Terms Submitted to Legislature March 22, 2016

Ratification Vote Pending

Terms Include:

- No Cost of Living Adjustments for three years;
- 15 furlough hours per year for three years;
- Reduced health care contributions for three years;
- Leave caps established;
- Improvements in work rules.

TEAME – MT. EDGE CUMBE TEACHERS

27 Employees

Contract Expired July 1, 2015

Tentative Agreement Reached December 8, 2015

Ratified by Members December 9, 2015

Monetary Terms Submitted to Legislature January 19, 2016

Terms Include:

- No Cost of Living Adjustments for two years;
- Inclusion of XX new advisors/activity coordinators;
- Improvements and clarifications to the grievance process;
- Additional time for management to complete annual evaluation;
- Contract language improvements regarding leave use, cash-in, and donation.

SAMPLE HISTORICAL COLAS & CPI COMPARISON

| Year | CPI | Non-Covered | ACOA | ASEA | APEA | AVTECTA | CEA | IBU | LTC | MEBA | MMP | PSEA | TEAME |
|---------------|------------|-------------|------------|--------------|------------|------------|--------------|------------|---------------|------------|------------|------------|------------|
| 2006 | 3.2% | 2% | 4% | 2% | 2% | 1% | 2% | 6% | 2% | 6% | 6% | 3% | 3% |
| 2007 | 2.2% | 5.5% | 3% | 4% | 5.5% | 3% | 4% | 0% | 5% | 3% | 3% | 3% | 3% |
| 2008 | 4.6% | 3% | 3% | 3% | 3% | 3% | 3% | Lump | 2/1% | Lump | Lump | 5% | 3% |
| 2009 | 1.2% | 3% | 3% | 3% | 3% | 2.5% | 3% | 5% | Lump | 5% | 5% | 3% | 0% |
| 2010 | 1.8% | 2% | 3% | 1% | 2% | 2.5% | 2% | 4% | 2.5% | 4% | 4% | 3% | 0% |
| 2011 | 3.2% | 2% | 3% | 2% | 2% | 2% | 2% | 2% | 2.5% | 0% | 0% | 2% | 1% |
| 2012 | 2.1% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 0% | 0% | 2% | 2% |
| 2013 | 1.5% | 1% | 2% | 1% | 1% | 1% | 1% | 1% | 1% | 0% | 0% | 1% | 1% |
| 2014 | 1.6% | 1% | 2% | 1% | 1% | 1% | 1% | 0% | 1% | 0% | 0% | 1% | 1% |
| 2015 | 1.6%* | 2.5% | 1% | 2.5% | 2.5% | 1% | 2.5% | 1% | 0% | 1% | 1% | 1% | 0% |
| Totals | 23% | 24% | 24% | 21.5% | 24% | 19% | 22.5% | 21% | 18/17% | 19% | 19% | 24% | 14% |

*Estimated CPI

REJECTION OF MONETARY TERMS: CBA TERMS

If the monetary terms of an agreement are rejected the following contractual provisions apply:

| | |
|----------|---|
| ASEA: | Re-enter negotiations for 10 days; if no agreement, Class 2 and Class 3 employees may take a strike vote |
| APEA: | Not required to enter negotiations; impasse exists and members may call for a strike vote |
| CEA: | Must re-enter negotiations upon demand by either party; negotiations last for 10 days but may be extended by mutual agreement; if no agreement, impasse exists and members may call for a strike vote |
| IBU: | Must re-enter negotiations within five days |
| MEBA: | Must re-enter negotiations immediately |
| MMP: | Must re-enter negotiations immediately |
| PSEA: | Upon written request, immediately negotiate a mutually satisfactory supplemental agreement |
| ACOA: | Must re-enter negotiations immediately |
| LTC: | Impasse exists and parties agree to pursue reasonable efforts to obtain a mutually satisfactory resolution |
| AVTECTA: | Must re-enter negotiations |
| TEAME: | Must re-enter negotiations immediately |

**Note: No definition of "immediately" is provided for in the collective bargaining agreements.*

STRIKING

AS § 23.40.200 specifies the three strike classes of public employees.

Strike Class 1

- This class is composed of police and fire protection employees, jail, prison and other correctional institution employees, and hospital employees.
- These employees may not strike.

Strike Class 2

- This class is composed of public utility, snow removal, sanitation and educational institution employees other than employees of a school district, a regional educational attendance area, or a state boarding school and AMHS vessel employees through the Alaska Labor Relations Agency decision.
- These employees may strike after mediation, subject to a vote (requiring a majority voting by secret ballot). The strike may only last for a limited time which is determined by the interests of the health, safety or welfare of the public.

Strike Class 3

- This class is composed of all other public employees who are not included in Strike Classes 1 or 2.
- These employees may strike if a majority of the employees in the collective bargaining unit vote by a secret ballot to do so.

STRIKE CLASSES

1 – Prohibited

2 – Limited Right

3 – Unlimited Right

N – Non-unionized position

Exceptions by Position's Department:

Dept of Public Safety = 1 for all positions

Exceptions by Position's Facility:

Adult Corr. Institutions = 1 for all positions

AK Pioneers' Homes = 1 for all positions

AK Psychiatric Institute = 1 for all positions

Juvenile Justice Youth Centers = 1 for all positions (except Soc Svcs Assoc and clerical positions that support a juvenile probation office collocated in a facility)

Exceptions by Position's Job Class:

Adult and Juvenile Probation Officers = 1 for all positions

Wildland Fire Dispatchers = 1 for all positions

Wildland Fire and Resource Technicians = 1 for all positions

Exceptions by a Combination of Elements:

Radio Dispatchers at Airports = 1

GP/GG positions in the Enterprise Technology Services division,

Department of Administration, in the following job classes = 2

Data Communications Specialist, Data Processing Technician, Data

Security Administrator, Data Security Specialist, Database Specialist, and

Systems Programmer.

Strike Class by Bargaining Unit

| Code | Unit | Strike Class |
|-------|--|--------------------------------|
| AA | PSEA Public Safety Officers | 1 |
| AP | PSEA Airport Police & Fire Officers | 1 |
| BB | MEBA Licensed Engineer Officers | 2 |
| CC | MM&P Deck Officers | 2 |
| EE | Executive Branch, Excluded Employees | N |
| GC | Correctional Officer Unit | 1 |
| GP/GG | General Government Unit | 3 (with exceptions, see below) |
| GZ/GY | General Government Unit | 1 |
| KK | Confidential Employees Assoc | 3 (with exceptions, see below) |
| LL | Labor, Trades, and Crafts Unit | 3 (with exceptions, see below) |
| MM | IBU Unlicensed Marine Unit | 2 |
| NG | National Guard | N |
| RR | Retirees | N |
| SS | Supervisory Unit | 3 (with exceptions, see below) |
| TA | AVTEC Teachers Assoc | 2 |
| TM | Teachers' Education Assoc of Mt. Edgecumbe | 3 |
| XA | Alaska Aerospace Corporation | N |
| XE | Partially Exempt and Exempt Exec Branch | N |
| XJ | Judicial Branch | N |
| XL | Legislative Branch | N |