

ALASKA LEGISLATURE

1259

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

The Longer Term: Beyond 1996

NEW OIL MARKET REALITIES
Factors to Watch to 2000



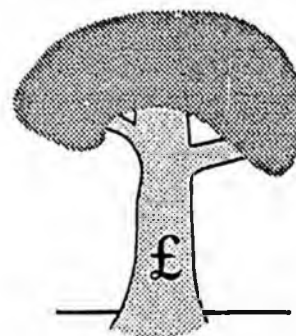
The F.S.U.



**Economic recovery and oil demand
 - and expectations**



Iraqi re-entry
Not if, but when and how.
With or without Saddam?



**New taxation, both environment
 and revenue-driven**
New conservation initiatives

OPEC

Saudi Arabia
OPEC accommodating Saudi Arabia
Saudi Arabia accommodating Iran and OPEC

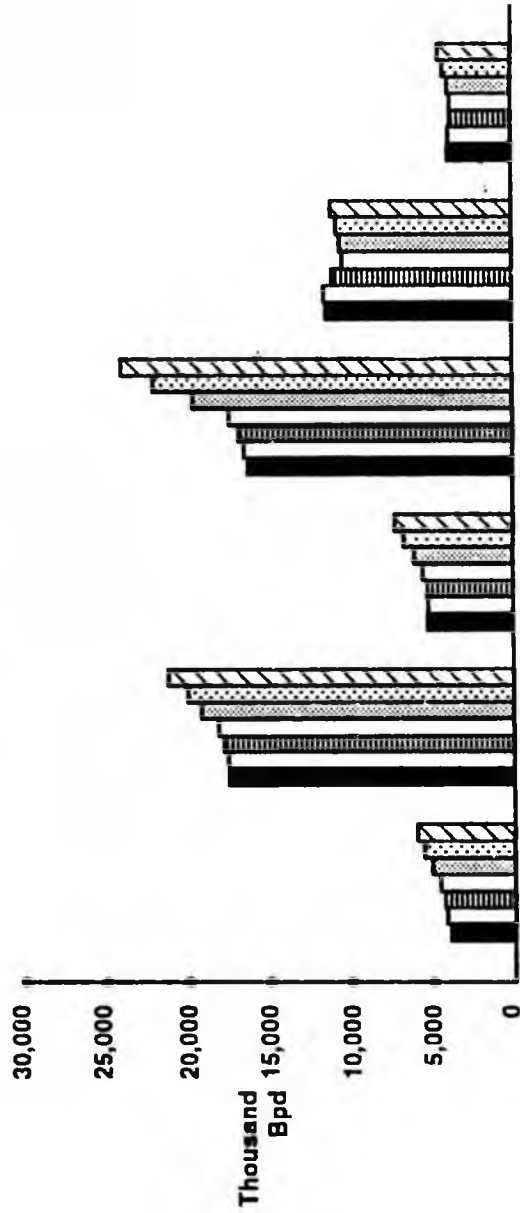


Technology

- Lowering production costs
- Improving efficiency
- Impacting demand

Source: Cambridge Energy Research Associates.

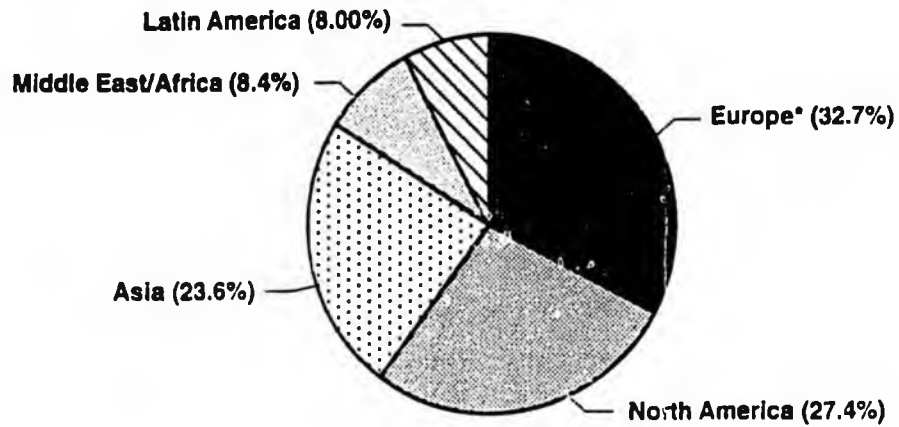
World Oil Demand



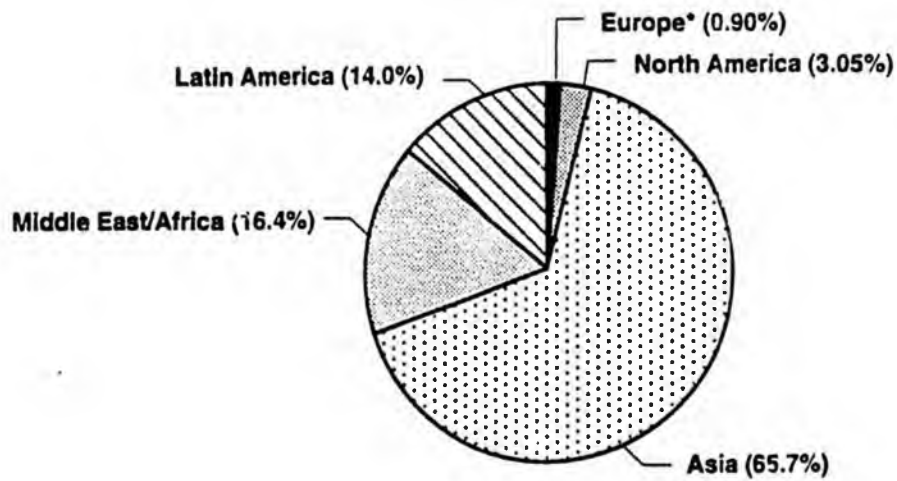
	Naphtha	Gasoline	Jet/Kero	Diesel	Residual	Other	Total
90	2,683	17,549	5,252	16,232	11,438	3,909	61,018
91	2,782	17,632	5,196	16,495	11,557	3,875	61,688
92	2,866	17,837	5,244	16,817	11,088	3,750	61,936
95	3,050	18,169	5,520	17,450	10,403	3,734	62,910
2000	3,509	19,167	6,087	19,642	10,579	3,927	68,011
2005	3,853	20,029	6,698	22,065	10,787	4,210	73,199
2010	4,028	21,208	7,240	24,023	11,097	4,473	76,036
Average % P.A. Growth Rate 1991-2005	1.9%	1.0%	1.8%	2.0%	0.7%	1.0%	1.3%

Source: Cambridge Energy Research Associates.

Future Oil Demand Growth: Concentrated in Developing Countries



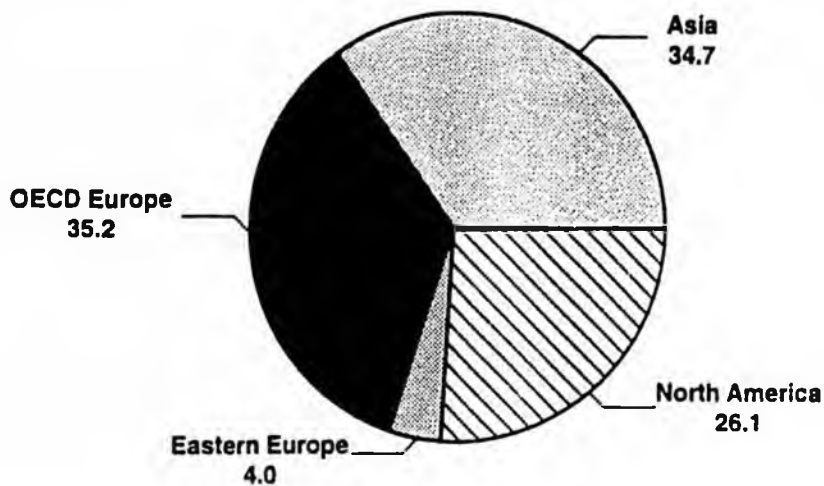
Share of Total Demand: 1992



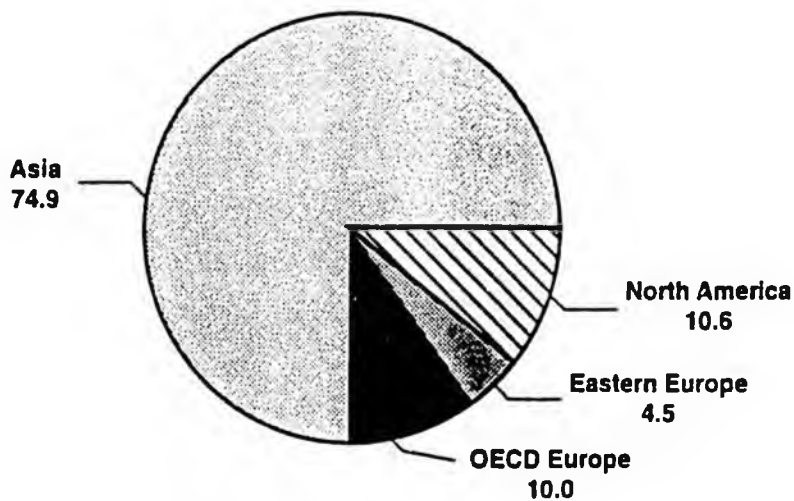
Share of Demand Growth: 1993 through 2005

* Includes Eastern Europe and FSU

Future Oil Import Growth: Concentrated in Asia

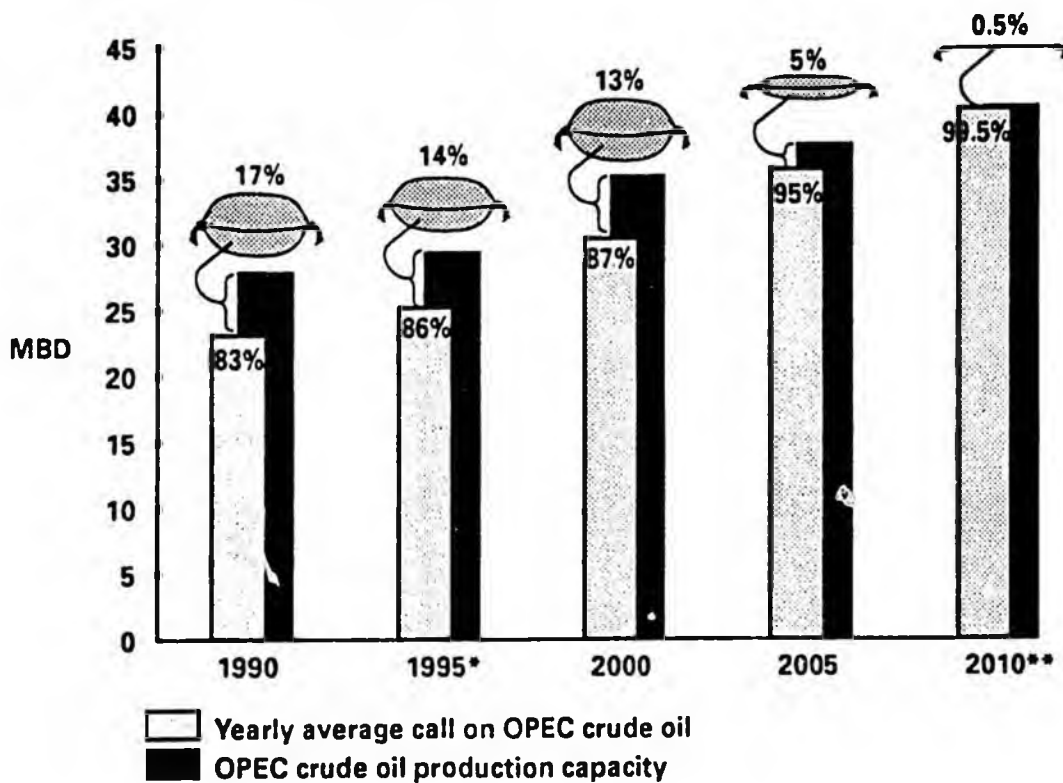


Total Imports: 1992
(Percent)



Import Growth: 1993 through 2010
(Percent)

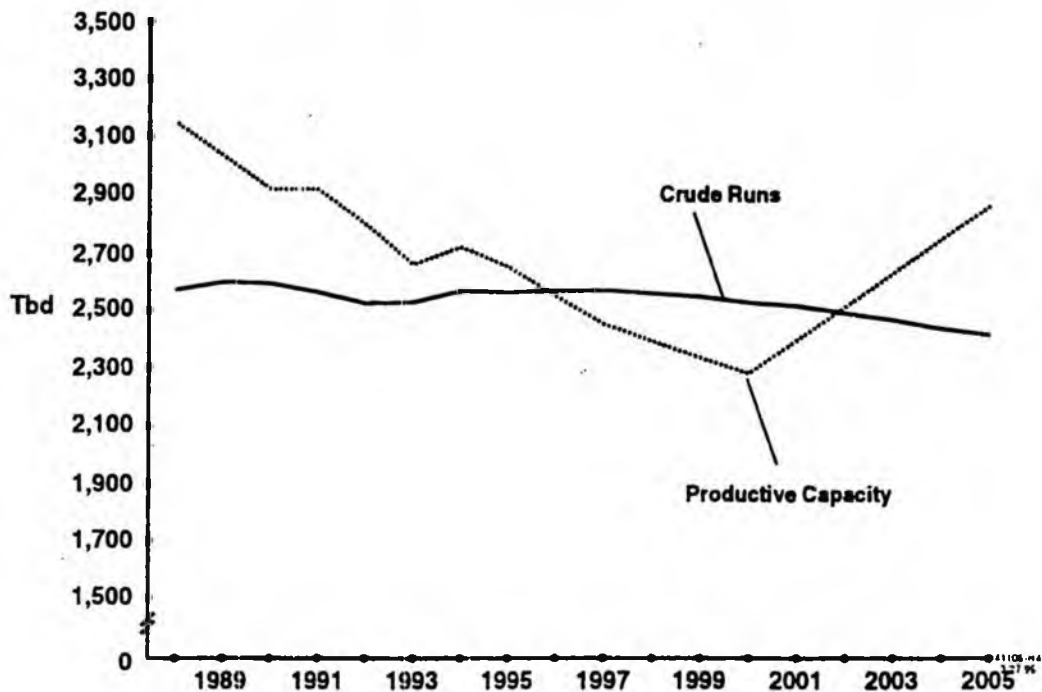
NEW OIL MARKET REALITIES The OPEC Cushion



* Excluding Iraq (included in 2000 and beyond).

** Capacity based on currently announced plans. Demand = 86.5 mbd.

PADD V Crude Productive Capacity and Demand



Source: Cambridge Energy Research Associates.



CERA's Long-Term Oil Price Scenarios

The conventional wisdom has been that oil prices will rise over time. This thinking is based on a view of price as it was in the 1970s and early 1980s—precariously balanced and subject to spiking. It is important to challenge this wisdom by considering the longer history of price and to reconsider the history of the last two decades, and in particular to reconsider the time when an oversupplied market led to a low oil price environment.

In the following two pages of charts and tables, CERA presents very briefly the result of its consideration of future price movements. It represents our view of three different scenarios for the future. Various signposts serve to demarcate which scenario is unfolding. The three global scenarios are based on distinctly different views of the future:

- **Global Dawn.** This presupposes the evolution of a relatively cooperative world where the greatest wealth goes to the greatest number of people. Oil prices do not increase sharply as production capacity utilization rises with demand. Largely environmentally driven policies help keep oil demand in check. Oil prices are flat on a real basis and rise gradually starting late in the decade when utilization begins to tighten.
- **Gilded Cage.** In this scenario, for the next two to four years, economic growth is strong. But unlike the Global Dawn scenario, many outstanding economic and political problems are not dealt with effectively. Oil demand grows rapidly and surplus world production capacity is used up rapidly leading to higher oil prices which peak by 1999. Ultimately high prices and inflationary pressures lead to weaker economic growth and a downward adjustment in oil prices.
- **Pax Faustian.** This scenario is characterized by weak economic growth brought on by the inability of world powers to deal with fundamental economic and social problems. Oil prices decline to \$10 a barrel by 1998 and slowly recover into the next decade. The price increases are mainly due to deferred capacity investments which eventually tighten the utilization rate despite a significant decline in oil demand this decade.

CERA's interpretation of current signposts points toward the Global Dawn scenario, leading to flat real prices for the next several years. However, it is important to watch for various signposts that indicate a change toward the other two scenarios. These signposts are clearly outlined in the following summary in order to provide guidance on the impact of future events and trends.

On-site presentations and in-depth, long-term scenarios for each service area plus CERA's global economic and political scenarios are available. Please contact Steve Haggatt at (617) 497-6446 for more information, or fax (617) 497-0423.

CERA Scenarios to 2005



GLOBAL DAWN



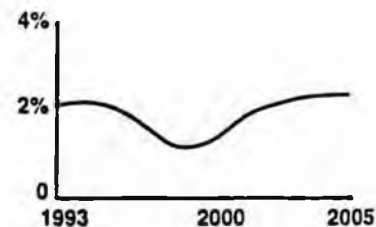
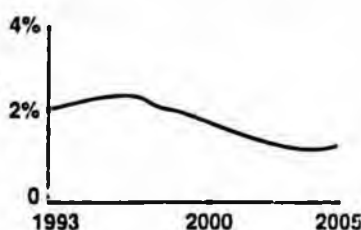
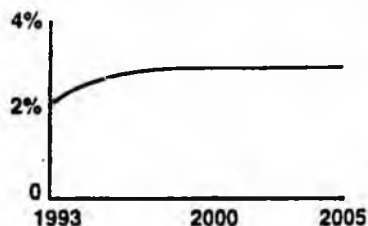
GILDED CAGE



PAX FAUSTIAN

Political Trends	GLOBAL DAWN	GILDED CAGE	PAX FAUSTIAN
	Global interdependence, cooperation	Regional and national rivalries increase	Protectionist, nationalist policy in industrialized countries
	Cooperative stable Middle East	Tension in Middle East and LDCs	Widespread unrest in LDCs, especially China and Far East and Middle East
	Integration of FSU into world order	A fragmented Far East	OPEC's Triangle of Contention is not resolved
	Problems resolved in China, Asia sees prosperity and growth	Political Islam continues to rise	Little integration of FSU
	OPEC's Triangle of Contention is resolved in the late 1990s	Slower and less complete integration of FSU	Rearmament
	Oil producers increase revenue through higher volume	Oil producers increase revenue through higher price	

World Economic Growth



Policy/Demographics

Policy/Demographics	GLOBAL DAWN	GILDED CAGE	PAX FAUSTIAN
	Strong environmental consciousness and policy	Environment is only a fashion	Status quo
	Long-term energy policy implementation	Limited political will and little structural change	No major policy initiatives
	Lifestyle shift to community responsibility	Emphasis on individual and national liberty	Little new environmental action
	Strong gains in world median personal income	Uneven distribution of wealth	Slow growth to falling median personal income

Energy Trends

Energy Trends	GLOBAL DAWN	GILDED CAGE	PAX FAUSTIAN
	Policy driven fuel choice	Price driven fuel choice	Price/economics driven
	Gas gains ground; clean coal	Oil use persists, some shift to gas, coal remains	Surplus capacity develops at all levels
	Accelerating efficiency	Efficiency gains plateau	OPEC does not resolve capacity utilization issues, keeping output high
	Managed capacity utilization	High capacity utilization initially, declines later in time period	Persistent oil use, little gas gain, no new nuclear, emphasis on coal
	Technology reduces production costs	Privatization trend slows	
	"Statlam" replaced by private enterprise		

Oil Demand

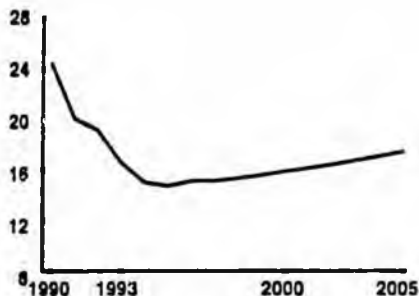
Oil Demand	GLOBAL DAWN	GILDED CAGE	PAX FAUSTIAN
	Eco-taxes on energy	Overall, oil use increases in industrial countries and in LDCs	Oil demand declines as much as 4.0 mbd
	Oil demand growth rate slow in industrial world, LDC demand increases sharply	Oil demand falls late in period in OECD due to price and income effects of high oil prices	Fewer efficiency gains in transportation sector
			Industrial demand level with economic growth

Summary Oil Price Movements for the Scenarios



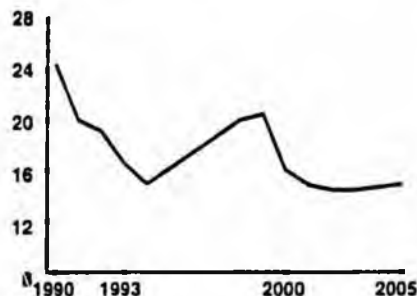
GLOBAL DAWN

The OPEC Basket price is relatively flat in real terms until 1997. It rises gradually on a real basis toward \$17.50/Bbl by 2005.



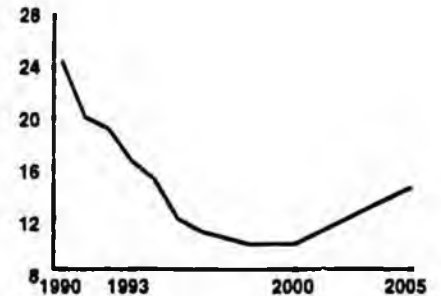
GILDED CAGE

The OPEC Basket increases to a real price of \$20.50/Bbl by 1999. Thereafter, real prices fall to \$14.50/Bbl by 2003 and gradually recover to \$15/Bbl by 2005.



PAX FAUSTIAN

The OPEC Basket decreases to \$10/Bbl by 1998, and then starts to recover in 2001, rising to \$14.50/Bbl by 2005.



CERA's interpretation of the current signposts points towards the Global Dawn scenario, leading to relatively flat real prices through 1997. Prices rise gradually on a real basis starting late in the decade. This scenario is based on the view that production capacity utilization rises with demand until late in the decade.

However, it is important to watch for various signposts that indicate a change toward the two other scenarios, both of which should be weighed when considering future decisions. The following signposts signal a change in demand or supply that will indicate a shift from Global Dawn.

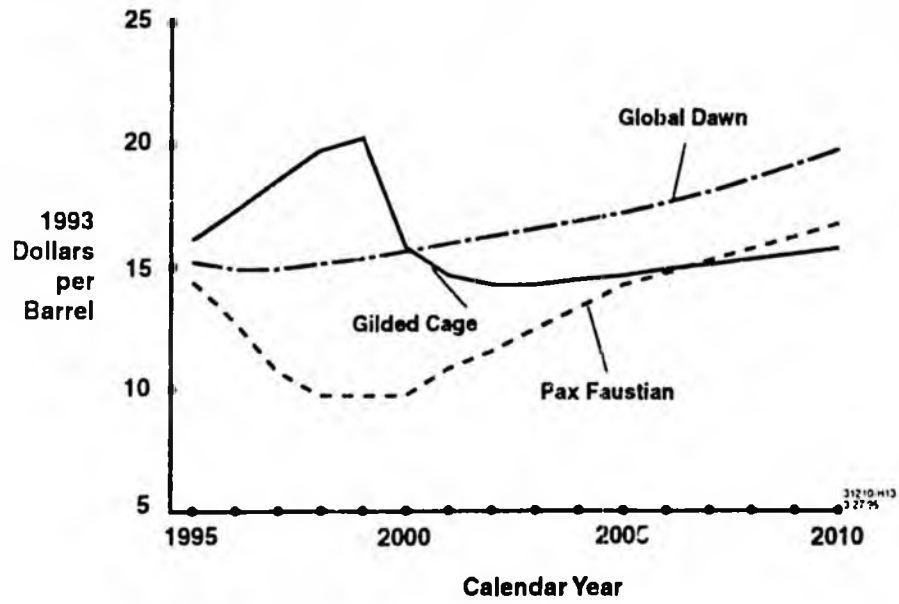
SIGNPOSTS TO HIGHER PRICES/ GILDED CAGE

- ☐ Prolonged instability in the FSU
- ☐ Political Islam makes strong gains
- ☐ An environmental event that spurs action to use oil as a temporary substitute for coal or nuclear power.
- ☐ Global underinvestment in capacity, less privatization
- ☐ Asian economic growth beyond expectations
- ☐ Modest conservation measures help lead to strong OECD demand.

SIGNPOSTS TO LOWER PRICES/ PAX FAUSTIAN

- ☐ Weak economic growth
- ☐ Energy taxes and conservation measures increase. Development of such policies in LDCs
- ☐ Lower demand and capacity utilization leads to revenue pressures and competition for market share among producers.
- ☐ Acceleration in FSU oil supply
- ☐ Opening of exploration and production in OPEC and other areas adds to world capacity.

Long-Term Outlook-ANS



Updated March 1995.

Source: Cambridge Energy Research Associates.

Collective

Bargaining

Agreements

HFIN

FILE

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

FIN

January 24, 1995

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

RECEIVED BY:
1.9.95 oc
Office of the Chief Clerk

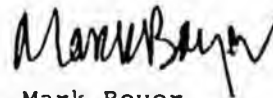
Dear Madam Speaker:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and the Labor, Trades and Crafts unit represented by Public Employees Local #71.

The enclosed memorandum from me to Ms. Annalee McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 60 legislative days of receipt.

Sincerely,



Mark Boyer
Commissioner

MB/nl

Enclosure

cc: Annalee McConnell
Director
Office of Management and Budget

Pat Pourchot
Legislative Liaison
Office of the Governor

Division of Personnel
Labor Relations Section

MEMORANDUM

STATE OF ALASKA

Department of Administration
Office of the Commissioner

To: Annalee McConnell
Director
Office of Management and Budget
Office of the Governor

Date: January 18, 1995
Tele: 465-2200

From: Mark Boyer *M. Boyer*
Commissioner
Department of Administration

Re: Monetary Terms of Labor,
Trades and Crafts Agreement

The State of Alaska has concluded negotiations with the Public Employees Local 71 representing employees in the Labor, Trades and Crafts Bargaining Unit. The following monetary terms are provided so that the appropriate budget amendment requests may be made to the legislature. I will be providing the legislature with the monetary terms as required by AS 23.40.215(b).

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. These provisions apply to 1,294 positions.

- I. Require Appropriation.
 - A. Effective July 1, 1995, the standard workweek will increase from 37.5 hours to 40 hours per week. This will result in an additional two and one-half hours of compensable work time each week for each full-time employee.
 - B. Effective July 1, 1995, the State will make a lump sum payment of two hundred twenty thousand dollars (\$220,000) to the Public Employees Local 71 Health and Welfare Trust.
 - C. Effective July 1, 1995, the tool allowance for qualified employees will increase by ten dollars (\$10) per month.
 - D. Effective July 1, 1995, the reimbursement rate for employees using privately owned aircraft for state business will increase to 45 cents per mile.

E. Effective July 1, 1996, the State will make a lump sum payment of two hundred twenty thousand dollars (\$220,000) to the Public Employees Local 71 Health and Welfare Trust.

II. State Revenue.

There are no provisions in the tentative agreement that would change state revenues.

III. Productive Work Hours.

The change in the standard work week will increase the productive work hours of all full-time employees.

Other Terms

There are other terms of the collective bargaining agreement which will not require an appropriation but may have a budgetary impact.

- Overtime provisions have been modified to provide payment at the rate of time and one-half for all work performed in excess of eight (8) hours of work per day or 40 hours of work per week. This change is expected to result in an overall savings.
- Travel and per diem provisions have been modified. This change is expected to result in an overall savings.

Conclusion

Funding of certain monetary terms will be required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Labor Relations Section for any assistance desired.

cc: Michael P. McMullen
Acting Director
Division of Personnel/OEEO

Sharon Barton
Director
Division of Administrative Services

LTC

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes which will require an appropriation for their implementation, that will result in a change in state revenues, or that will result in a change in productive work hours for state employees. These provisions apply to 1,294 positions.

1. Require appropriation

FY 96

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 hours to 40 hours. This will result in an additional two and one-half hours of compensable work time for each full time employee. **\$5,903,447.00**
<\$600,290.00>

CY 94: \$635,212.09 Straight-time OT
CY 93: \$664,369.88 Straight-time OT
CY 92: \$603,605.01 Straight-time OT

- B. Effective July 1, 1995, the State will make a lump sum payment of two hundred twenty thousand dollars (\$220,000) to the Public Employees Local 71 Health and Welfare Trust. **\$220,000.00**
- C. Effective July 1, 1995, the tool allowance for qualified employees will increase by ten dollars (\$10.00) per month. **\$21,120.00**

In CY 94, tool allowance payments totaled \$97,795.00 to the FTE of 176 employees.

FY97

- A. Effective July 1, 1996, the State will make a lump sum payment of two hundred twenty thousand dollars (\$220,000) to the Public Employees Local 71 Health and Welfare Trust. **\$220,000.00**

2. State Revenue

There are no provisions in the tentative agreement that would change state revenues.

3. Productive Work Hours

The change in the standard work week will increase the productive work hours of all full-time employees.

Other Terms

There are other terms of the collective bargaining agreement which will not require an appropriation but may have budgetary impact.

- Overtime provisions have been modified to provide payment at the rate of time and one-half for all work performed in excess of eight (8) hours of work per day or 40 hours of work per week. This change is expected to result in an overall savings.
- Travel and per diem provisions have been modified. This change is expected to result in an overall savings.

**Labor Trades and Crafts
FY 96 - 97 Monetary Terms**

Summary

<u>Funding Source</u>	<u>① FY95 Authorized</u>	<u>② FY 96 Hickel</u>	<u>③ FY 96 Monetary Terms</u>	<u>Total FY 96</u>	<u>④ FY 97 Monetary Terms</u>
General Funds	54,051,756	53,697,701	3,463,484	57,172,789	3,463,484
Other Funds	43,698,263	44,026,162	2,659,963	46,695,641	2,659,963
⑤ Adjustments			-579,170		-579,170
Total Funds	<u>97,750,019</u>	<u>97,723,863</u>	<u>5,544,277</u>	103,868,430	<u>5,544,277</u>

- ① FY 95 Authorized amounts based on FY 95 Authorized PACS file (scenario 66). Amounts shown are the vacancy adjusted amounts from report of 1-16-95.
- ② FY 96 Hickel amounts based on FY 96 Hickel PACS file (scenario 67). Amounts shown are the vacancy adjusted amounts from report of 1-16-95.
- ③ See Schedule A (attached) for FY 96 calculations
- ④ All FY 96 contractual provisions apply to FY 97. There are no new monetary terms taking effect in FY 97. Accordingly, assuming no change in the workforce, FY 97 costs are the same as FY 96.
- ⑤ Adjustments: This shows amounts which have not yet been broken out by funding source. It includes an increase in tool allowance costs and a reduction in overtime costs. (See Schedule A.) The bulk of the savings are expected to be non-general funds.

Labor Trades and Crafts
FY 96 - 97 Monetary Terms

Schedule A - FY 96 Cost

Funding Sources	① 40 Hr Workweek	② Adjustment for current OT	Net 40 Hr Workweek	Tool Allowance	Health Trust	TOTAL
General funds	3,243,484		3,243,484		220,000	3,463,484
Other funds	2,659,963		2,659,963			2,659,963
③ Adjustments		-600,290	-600,290	21,120		-579,170
Total funds	5,903,447	-600,290	5,303,157	21,120	220,000	5,544,277

- ① Based on FY 96 Hickel PACS (scenario 67). All amounts are adjusted for budgeted vacancy.
- ② Adjustment for current OT: This amount is the average annual straight-time overtime paid to LTC members over the past three calendar years. Since 1/2 hour per day straight-time overtime has been paid when employees work an eight hour day, this cost will no longer be incurred. This offsetting cost reduction has not yet been broken out by funding source, however it is expected that the bulk of the savings will be in non-general funds.
- ③ Adjustments: Costs (savings) which have not yet been broken out by funding source.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

January 24, 1995

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

RECEIVED BY:
1.9.95 *se*
Office of the Chief Clerk

Dear Madam Speaker:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and the Supervisory Unit represented by the Alaska Public Employees Association.

The enclosed memorandum from me to Ms. Annalee McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 60 legislative days of receipt.

Sincerely,


Mark Boyer
Commissioner

MB/nl

Enclosure

cc: Annalee McConnell
Director
Office of Management and Budget

Pat Pourchot
Legislative Liaison
Office of the Governor


Division of Personnel
Labor Relations Section

MEMORANDUM

STATE OF ALASKA
Department of Administration
Office of the Commissioner

To: Annalee McConnell
Director
Office of Management and Budget

Date: January 18, 1994

From: Mark Boyer 
Commissioner
Department of Administration

Subject: Monetary Terms of the 1995-98
Supervisory Unit Agreement

The State of Alaska has concluded negotiations with the Alaska Public Employees Association representing the Supervisory Unit for an agreement extending from 7-1-95 through 6-30-98. The membership has ratified that agreement. I will be providing the legislature with the monetary terms, as required by AS 23.40.215(b).

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes which will require an appropriation for their implementation, that will result in a change in state revenues, or that will result in a change in productive work hours for state employees. These provisions apply to 1,213 positions.

1. Require appropriation

FY96

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 hours to 40 hours. This will result in an additional two and one-half hours of compensable work time for each overtime eligible employee in the bargaining unit.
- B. Effective July 1, 1995, the salary schedule for overtime exempt employees will be increased by 6.667% across the board.
- C. Effective July 1, 1995, the health insurance contribution will be increased from \$418.80 to \$423.50 per employee per month. Employees will no longer pay the difference between \$418.80 and \$423.50.
- D. Effective July 1, 1995, the State's contribution to the Legal Trust Fund will increase by \$1.50 per employee per month.
- E. Effective July 1, 1995, the standby rate of pay for overtime ineligible employees will increase from .75 hour per day to 1.25 hours per day.

FY97

- A. Effective July 1, 1996, the health insurance contribution will be increased from \$423.50 to \$450. The agreement presumes a change effective that date to a flexible benefits plan for this unit. If for any reason a flexible benefits plan is not implemented, the State remains obligated for \$450 per month per employee for health insurance benefits.

FY98

- A. Wages will be subject to contract reopener negotiations.
- B. Health insurance rates will be subject to contract reopener negotiations.
- C. Overtime provisions will be subject to contract reopener negotiations.

2. State revenues

There are no provisions in the tentative agreement that would change state revenues.

3. Productive work hours**FY96**

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 to 40 hours for all bargaining unit members.
- B. Effective July 1, 1995, leave accrual rates will be adjusted to reflect the 8 hour day. Leave balances will not be affected, except for a small number of employees covered by a separate letter of agreement negotiated in conjunction with this contract.

FY97

- A. Effective 1997, the Lincoln's birthday floating holiday (for which a day of annual leave has been added to personal leave accounts under previous agreements) will be eliminated.

Other Terms

There are other terms of the tentative agreement which will not require an appropriation but may have a budgetary impact:

1. Sea duty rates will follow any changes in sea duty rates negotiated for members of the General Government Unit.
2. Overtime eligibility will be determined strictly according to the FLSA.
3. Rates charged for rental of State owned housing will be increased by 6.667% effective July 1, 1995 and will be subject to the contract reopener negotiations.
4. Rates paid for travel entitlements modified. Changes are expected to result in overall savings.

Conclusion

Funding of certain monetary terms will be required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the Labor Relations Section for any assistance desired.

cc: Michael P. McMullen
Acting Director
Division of Personnel/OEEO

Sharon Barton
Director
Division of Administrative Services

SU

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes which will require an appropriation for their implementation, that will result in a change in state revenues, or that will result in a change in productive work hours for state employees. These terms apply to 1,213 positions.

1. Require appropriation

FY96

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 hours to 40 hours. This will result in an additional two and one-half hours of compensable work time for each overtime eligible employee in the bargaining unit. **<\$31,915.00>**
- 10% (@100) of the SU is overtime eligible. In CY94, SU members received \$31,915 in straight time overtime, which can be deducted from the estimated cost increase as it is currently being paid.**
- CY 94: \$31,915.00**
CY 93: \$23,478.35
CY 92: \$17,684.49
- B. Effective July 1, 1995, the salary schedule for overtime exempt employees will be increased by 6.667% across the board. **\$5,249,602.00**
- 90% (@900) of the SU is overtime ineligible. The change in workweek results in a 6.67% across the board increase. Dollar amount reflects the amount of increase for entire unit.**
- C. Effective July 1, 1995, the health insurance contribution will be increased from \$418.80 to \$423.50 per employee per month. Employees will no longer pay the difference between \$418.80 and \$423.50. **\$63,432.00**
- Contribution will be \$4.70 x 1346 budgeted months**
- CY 93 \$3,926,841.15**
CY 94 \$4,976,653.21
- D. Effective July 1, 1995, the State's contribution to the Legal Trust Fund will increase by \$1.50 per employee per month. **\$20,239.00**
- Contribution will be \$1.50 x 1346 budgeted months**
- CY 94 contribution was \$105,706.00**
- E. Effective July 1, 1995, the standby rate of pay for overtime ineligible employees will increase from .75 hour per day to 1.25 hours per day. **\$30,972.00**
- CY 92 OT eligible: \$96,540.50**
CY 92 OT Ineligible: \$112,566.81
- CY 93 OT eligible: \$92,287.61**
CY 93 OT Ineligible: \$70,877.35

CY 94 OT Eligible: \$83,016.51
CY 94 OT Ineligible: \$24,372.31

Estimated cost of this provision: \$30,972.03. (\$1.50 x the number of standby hours worked by OT eligible employees in CY 94 less the amount of standby paid to OT ineligible employees paid in CY 94) Actual increase based solely on the adjust dollar amount is \$55,344.34.

FY97

- A. Effective July 1, 1996, the health insurance contribution will be increased from \$423.50 to \$450. The agreement presumes a change effective that date to a flexible benefits plan for this unit. If for any reason a flexible benefits plan is not implemented, the State remains obligated for \$450 per month per employee for health insurance benefits. **\$357,573.00**

\$26.50 per month x 1346 budgeted months

FY98

- A. Wages will be subject to contract reopener negotiations.
B. Health insurance rates will be subject to contract reopener negotiations.
C. Overtime provisions will be subject to contract reopener negotiations.

2. State revenues

Rates charged for rental of State owned housing will be increased by 6.667% effective July 1, 1995 and will be subject to the contract reopener negotiations.

Negligible; only 3-4 SU members remaining in State housing.

3. Productive work hours

FY96

- A. Effective July 1, 1995, the standard workweek will increase from 37.5 to 40 hours for all bargaining unit members.
B. Effective July 1, 1995, leave accrual rates will be adjusted to reflect the 8 hour day. Leave balances will not be affected, except for a small number of employees covered by a separate letter of agreement negotiated in conjunction with this contract.

FY 97

- A. Effective 1997, the Lincoln's birthday floating holiday (for which a day of annual leave has been added to personal leave accounts under previous agreements) will be eliminated. **\$228,000**

Other Terms

There are other terms of the tentative agreement which will not require an appropriation but may have a budgetary impact:

1. Sea duty rates will follow any changes in sea duty rates negotiated for members of the General Government Unit.
Note: No change at this date
2. Overtime eligibility will be determined strictly according to the FLSA.
Theoretically eliminates extra grants of eligibility, few if any exist this date.
3. Rates paid for travel entitlements modified. Changes are expected to result in overall savings.
Savings associated primarily with 10 hour day trip rule. Savings realized if travel patterns remains the same.

Supervisory Unit
FY 96 - 97 Monetary Terms

Summary

Funding Source	① FY95 Authorized	② FY 96 Hickel	③ FY 96 Monetary Terms	Total FY 96	④ FY 97 Monetary Terms
General funds	46,158,507	49,096,738	3,068,762	52,165,500	3,274,551
Other funds	34,012,487	36,208,961	2,264,515	38,473,476	2,416,299
⑤ Adjustments			-943		-943
Total funds	<u>80,170,994</u>	<u>85,305,699</u>	<u>5,332,334</u>	<u>90,638,976</u>	<u>5,689,907</u>

- ① FY 95 Authorized amounts based on FY 95 Authorized PACS file (scenario 66). Amounts shown are the vacancy adjusted amounts from report of 1-16-95.
- ② FY 96 Hickel amounts based on FY 96 Hickel PACS file (scenario 67). Amounts shown are the vacancy adjusted amounts from report of 1-16-95.
- ③ See Schedule A (attached) for FY 96 calculations
- ④ See Schedule B (attached) for FY 97 calculations
- ⑤ Adjustments are additional costs and cost savings which have not yet been broken out by funding source.

Supervisory Unit
FY 96 - 97 Monetary Terms

Schedule A - FY 96 Costs

Funding Sources	① 40 Hr Workweek	② Adjustment for current OT	③ Standby Pay	④ Legal Trust	⑤ Health Insurance	TOTAL
General funds	3,020,612			11,649	36,501	3,068,762
Other funds	2,228,990			8,590	26,935	2,264,515
Adjustments		-31,915	30,972			-943
Total funds	5,249,602	-31,915	30,972	20,239	63,436	5,332,334

- ① Based on FY 96 Hickel PACS (scenario 67). All amounts are adjusted for budgeted vacancy.
- ② This is the amount of straight-time overtime paid employees working 8 hour days in calendar year 1994. Assuming the same amount would be paid in FY 96, this would offset part of the cost of going to a 40 hour workweek. This amount has not yet been broken out by funding source.
- ③ This amount is based on experience in calendar years 1992 - 1994. This amount has not yet been broken out by funding source.
- ④ Based on 13,496 budgeted months.
- ⑤ Based on 13,496 budgeted months.

Supervisory Unit
FY 96 - 97 Monetary Terms

Schedule B - FY 97 Costs

Funding Sources	① FY 96 Cost	② Health Insurance	TOTAL
General funds	3,068,762	205,789	3,274,551
Other funds	2,264,515	151,784	2,416,299
Adjustments	-943		-943
Total funds	<u>5,332,334</u>	<u>357,573</u>	<u>5,689,907</u>

① See Schedule A (attached) for calculations.

② Health insurance contribution increase effective July 1, 1996.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

FIN

January 24, 1995

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

RECEIVED BY:
1.9.95. pc
Office of the Chief Clerk

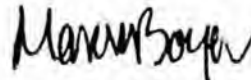
Dear Madam Speaker:

Pursuant to Alaska Statute 23.40.215, I am submitting the monetary terms of the collective bargaining agreement between the State of Alaska and unlicensed employees on the Alaska Marine Highway System represented by the Inlandboatmen's Union.

The enclosed memorandum from me to Ms. Annalee McConnell identifies the specific monetary terms applicable to this unit. Spreadsheets are enclosed projecting the estimated cost of the monetary terms. Funding for these terms will be formally requested by the Office of Management and Budget. The monetary terms of a collective bargaining agreement are subject to funding by appropriation by the Legislature; if funding is not appropriated, the terms are considered disapproved and the parties to that agreement may resume negotiations or explore other options.

In accordance with AS 23.40.215(b), we respectfully request that the Legislature advise the parties by concurrent resolution of its approval or disapproval of this submission within 60 legislative days of receipt.

Sincerely,



Mark Boyer
Commissioner

MB/nl

Enclosure

cc: Annalee McConnell
Director
Office of Management and Budget

Pat Pourchot
Legislative Liaison
Office of the Governor

Division of Personnel
Labor Relations Section

MEMORANDUM


STATE OF ALASKA

Department of Administration
Office of the Commissioner

To: Annalee McConnell
Director
Office of Management and Budget
Office of the Governor

Date: January 18, 1995

Tele: 465-2200

From: Mark Boyer 
Commissioner
Department of Administration

Re: Monetary Terms of
Inlandboatmen's
Union of the Pacific
Agreement

The State of Alaska has concluded negotiations with the Inlandboatmen's Union of the Pacific. The following monetary terms are provided so that budget amendment requests may be made to the legislature. I will be providing the legislature with the monetary terms as required by AS 23.40.215(b).

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. These terms apply to 625 employees.

- I. Require Appropriation.
 - A. Rule 9.02: Maintenance Rates. Effective July 1, 1994, maintenance rates increased from \$30.00 to \$45.00 per day. Increases in that rate will be paid retroactively on July 1, 1995, subject to legislative approval.
 - B. Rule 17.01: Pay Plan. Effective July 1, 1995, all employees, other than those in the Steward classification, shall receive a pay increase equal to 3.5%.
 - C. Rule 17.01: Pay Plan. Effective July 1, 1995, employees in the Junior Engineer classification shall have \$1.10 per hour added to their hourly wage. Employees in the Oiler classification shall have \$0.60 per hour added to their hourly wage. These wage rates are reduced by 22.5% for employees residing outside the State of Alaska.
 - D. Rule 17.02: Probationary pay rates. Effective, July 1, 1995, probationary employees shall be paid at 80% of the normal hourly rate.

E. Rule 29: Health Insurance. Effective July 1, 1996, IBU may opt for \$450.00 per month per eligible employee contribution in lieu of the state provided health insurance plan. Note: The IBU had the same option for July 1, 1995, and did not elect the health insurance trust.

F. Travel pay minimums have been decreased to four (4) hours. This change is expected to result in overall savings.

II. State Revenue.

There are no provisions in the agreement that would change state revenues.

III. Productive Work Hours.

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

Conclusion

Funding of certain monetary terms will be required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Labor Relations Section for any assistance desired.

cc: Michael P. McMullen
Acting Director
Division of Personnel/EEO

Sharon Barton
Director
Division of Administrative Services

IBU

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that will require an appropriation for their implementation, changes that will result in a change in state revenues, or changes that will result in a change in productive work hours for state employees. The terms of these provisions apply to 625 employees.

1. Require Appropriation.

- A. Effective July 1, 1994, maintenance rates increased from \$30.00 per day to \$45.00 per day. Increases in that rate will be paid retroactively on July 1, 1995, subject to legislative approval. \$0.00

Rate increase will not increase contract cost as maintenance payments are covered by Risk Management. Increase to maintenance rates may eventually increase premiums but are only one factor in determining premiums.

- B. Effective July 1, 1995, all employees, other than those in the Steward classification, shall receive a pay increase equal to 3.5%. \$718,200.00

Provision will effect approximately 400 employees.

- C. Effective July 1, 1995, employees in the Junior Engineer classification shall have \$1.10 per hour added to their hourly wage. Employees in the Oiler classification shall have \$0.60 per hour added to their hourly wage. These wage rates are reduced by 22.5% for employees residing outside the State of Alaska. \$111,100.00

Provision will provide increases to 48 employees.

- D. Effective, July 1, 1995, probationary employees shall be paid at 80% of the normal hourly rate. <\$52,800.00>

Provision will decrease the wages of approximately 90 employees per year. Probationary period covers 13 84 hr work assignments in the SE system, or 6 months of service in the SW system.

- E. Effective July 1, 1996, IBU may opt for \$450.00 per month per eligible employee contribution in lieu of the state provided health insurance plan. \$193,300.00

Note: The IBU had the same option for July 1, 1995, and did not elect the health insurance trust, this cost is associated solely with FY96.

- F. Travel pay minimums have been decreased from eight (8) hours to four (4) hours. <\$12,000.00>

2. State Revenue.

There are no provisions in the agreement that would change state revenues.

3. Productive Work Hours.

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

**Inlandboatmen's Union of the Pacific
FY 96 - 97 Monetary Terms**

Summary

<u>Funding Source</u>	<u>③ FY 96 Monetary Terms</u>	<u>④ FY 97 Monetary Terms</u>
1076 Alaska Marine Highway fund	<u>764,500</u>	<u>957,800</u>
Total	<u>764,500</u>	<u>957,800</u>

- ① FY 95 Authorized amounts as reported by the Department of Transportation and Public Facilities.
- ② FY 96 Hickel amounts as reported by the Department of Transportation and Public Facilities.
- ③ See inset below for calculation of FY 96 costs.
- ④ See inset below. All FY 96 contractual provisions apply to FY 97 so the costs are included in the FY 97 column. The only monetary terms change that might impact FY 97 is that the union may opt to receive \$450.00 per month in lieu of the state provided health insurance plan. This option was available to the union in FY 96 and was not selected. Although the union has not indicated that it is likely to select this option for FY 97, the cost is shown for information purposes.

Funding Sources	FY 96 Cost				TOTAL
	3.5% Wage increase	Jr. Engineer/ Oiler increase	Probationary pay change	Travel pay change	
1076 Alaska marine highway fund	718,200	111,100	-52,800	-12,000	<u>764,500</u>
Total	<u>718,200</u>	<u>111,100</u>	<u>-52,800</u>	<u>-12,000</u>	<u>764,500</u>

Funding Sources	FY 97 Cost		TOTAL
	FY 96 cost	Potential health insurance change	
1076 Alaska marine highway fund	764,500	193,300	<u>957,800</u>
Total	<u>764,500</u>	<u>193,300</u>	<u>957,800</u>

Confirmations

SFIN

FILE



**ALASKA STATE LEGISLATURE
SENATE**

OFFICE OF THE SECRETARY

STATE CAPITOL
JUNEAU, ALASKA 99801-1182

PHONE: (907) 465-3701
FAX: (907) 465-2832

TO Kathy S. France

FOR YOUR INFORMATION

PER YOUR REQUEST

REMARKS:

*Sorry, this
was supposed
to be delivered to you*

FROM ndj DATE 1/31



OFFICIAL BUSINESS

Copies to Co-Chairs
1-31-96

Alaska State Legislature

Senate

Office of the Secretary

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-3701
FAX: 465-2832

January 30, 1996

MEMORANDUM

TO: Senator Frank, Cochair
Senator Halford, Cochair
Finance Committee

FROM: Nancy Quinto
Secretary of the Senate

SUBJECT: Governor's Confirmations

Pursuant to AS 39.05.080, President Pearce has referred the following name for legislative confirmation to your committee for a hearing, recommendation and report:

University of Alaska Board of Regents
Joe L. Hayes, Jr. - Fairbanks
Appointed: 05/31/95; Expires: 05/31/97

NQ/vsw

Resume attached

JOE HAYES

1716 S. University Avenue Apt. B
Fairbanks, Alaska 99709
(907) 474-5896 (W) 479-3183 (H)
212-94-4119

Education

1993 - 1995 University of Alaska-Fairbanks
Fairbanks, Alaska

I am currently seeking a BA degree in Political Science and a minor in Elementary Education. I am currently a junior with a 3.2 GPA.

Work Experience

1994 - 1995 Student Body President
Associated Students of the University of Alaska-Fairbanks
Fairbanks, Alaska

I am currently serving as president of the student body of the University of Alaska Fairbanks. My job as president consists of listening to students concerns and voicing them to the Fairbanks administration, the Board of Regents, the State legislature, and the Governor of Alaska in order to best serve my constituency. I oversee a student government of over 8000 students and coordinate many different events on campus. I create and introduce the student government's budget which totals over one million dollars to the ASUAF Senate and the Board of Regents. I am fiscally responsible for the budget and am also ultimately responsible for the direction of the sixteen departments that comprise ASUAF ranging from academic tutoring to computer labs. These departments employ over 60 students and two full time administrative staff.

1994 - 1995 Apartment Complex Manager

I am currently an apartment manager at a sixplex. My duties include collecting and depositing rent, issuing leases, and general maintenance.

1994 Fountainhead Development
Fairbanks, Alaska

I was the food and beverage manager at the Bridgewater Hotel. I oversaw 20 employees, and my duties included bartending, cooking, and floor leader.

1992 - 1994 Fountainhead Development
Fairbanks, Alaska

I was a houseman at the Bridgewater Hotel. My job consisted of night driver, security, and general maintenance.

1992 - 1994 University Police Department

I was a customer service representative. My job duties were to input fines into the computer network, and to act as a liaison between the police department and the student body.

1991.- 1994 Ogden Security

I was a security member at the The Carlson Center.

1989 - 1992 United States Air Force

I was an active duty member of the Air Force at Eielson Air Force Base. My job title was Operations Resource Management Specialist. My job entailed working in a Reconnaissance wing and gathering information for flying hours and ground training qualifications.

Volunteer Experience

1993 - 1994 ASUAF Senate
University of Alaska Fairbanks

As a member of the Senate I initiated legislation on behalf of the student body. I have also sat on many University Committees ranging from traffic to curricular affairs.

Awards Received

Spring 1995 UAF Blue and Gold Nominee
Spring 1994 Dean's List
Spring 1994 ASUAF Senator of the Year
Spring 1994 UAF Blue and Gold Nominee
1992 U. S. Air Force Commendation Medal
1991 Good Conduct Medal (U.S. Air Force)



Alaska State Senate

Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

February __, 1995

The Honorable Drue Pearce
President
Alaska State Senate
Room 111, State Capitol
Juneau, Alaska 99801-1182

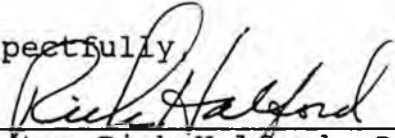
Dear Senator Pearce:

In accordance with AS 39.05.080, the Senate Finance Committee reviewed the qualifications of the following with regard to confirmation of the Governor's appointments:

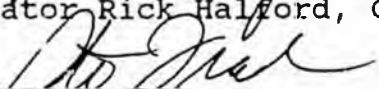
Wilson Condon
Commissioner, Dept. of Revenue

There were no stated objections to confirmation of the named individual by committee members. This does not reflect an intent by any of the members to vote for or against the individual during any further proceedings.

Respectfully,



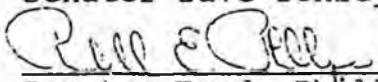
Senator Rick Halford, Co-chairman



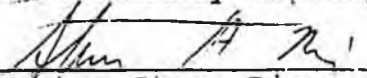
Senator Steve Frank, Co-chairman

Members:

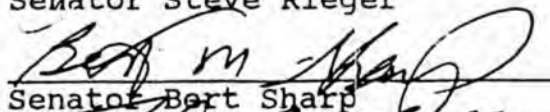
Senator Dave Donley



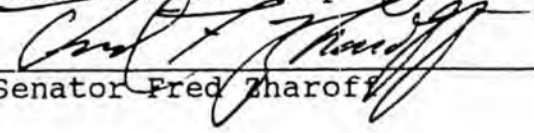
Senator Randy Phillips



Senator Steve Rieger



Senator Bert Sharp



Senator Fred Zharoff

TONY KNOWLES, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

February 10, 1995

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

The Honorable Rick Halford
The Honorable Steve Frank
Co-Chairmen
Senate Finance Committee
Alaska State Legislature
Juneau, AK 99801-1182

RE: Confirmation Hearing

Dear Senators Halford and Frank:

I will appear before your committee on February 14, 1995 at 9:00 a.m. Enclosed is a copy of the resume you requested.

Sincerely,



Wilson L. Condon
Commissioner

WLC:ml
95-011

Enclosure

WILSON L. CONDON

Commissioner, Designate
Department of Revenue
P.O. Box 110400
Juneau, AK 99811-0400
(907) 465-2300

EDUCATION

A.B. Political Science, Stanford University, March 1963

J.D., Stanford School of Law, Stanford University, June 1971, Order of the Coif

PROFESSIONAL

Partner, Condon, Partnow & Sharrock, 1991 - 1995

Partner, Hellén, Partnow & Condon, 1983 - 1991

Attorney General, State of Alaska, June 1980 - 1982

Deputy Attorney General, State of Alaska, 1975 - 1980

Assistant Attorney General, State of Alaska, 1971 - 1975

Assistant Director of Financial Aids, Stanford University, 1965-1968

MEMBERSHIPS AND ORGANIZATIONS

Member, Alaska Bar Association

Member, American Bar Association - Administrative Law, Public Utilities and Natural Resources and Environmental Law Sections

Founding Member, Stanford Environmental Law Society

Member, Board of Trustees - Alaska Permanent Fund, 1980 - 1982

Chairman, Governor's Commission on the Administration of Justice, 1980 - 1982

Member, Governor's Alaska Gas Pipeline Task Force, 1980 - 1981

Member, Alaska Code Revision Commission, 1983 - 1991

Member, Stanford University Crew Board, 1988-1990,
1993 - Present - V. President & President Elect 1994

Stanford Law School Environmental and Natural Resources
Advisory Council 1991-1994

Coach, Stanford Freshman Crew, 1961 - 1964

Coach, Stanford Varsity Crew, 1964 - 1970

MAJOR CASES AND PUBLICATIONS

With David Jackman - "Reforming the Mining Laws - The
Case for a Leasing System," in Public Land
Management - A Time for Change? Stanford
Environmental Law Society, 1971

Lead Counsel - State of Alaska v. Amoco Production Co.,
et al., 1973 - 1975

Lead Counsel - State of Alaska v. Phillips Petroleum,
1983-1984

Lead Counsel - State of Alaska v. Amerada Hess, et. al.,
1983 - 1995

Lead Counsel - Mapco Alaska Petroleum, Inc. v. State of
Alaska, 1992 - 1994

PERSONAL

Born: September 28, 1939 at Livingston, Montana

Military Service: U.S. Army Reserves - December, 1963 -
December, 1969

Wife: M. Susan Condon