

ALASKA LEGISLATURE

1260

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

Contract

Negotiation

**HFIN**

**FILE**

Attachment #1  
3/5/96

# Alaska State Legislature



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## HOUSE FINANCE COMMITTEE

**COLLECTIVE BARGAINING UNIT AGREEMENTS AND OTHER NON-  
COVERED EMPLOYEE COMPENSATION HEARINGS  
MARCH 5TH AND 6TH**

### Committee Handout

- Approximate costs of bargaining unit contracts spreadsheet - prepared by Legislative Finance.
- Summary of changes/proposed changes by bargaining unit (MM&P, IBU, LTC, GGU, SU, PSEA and ACSEA) for wages, leave, holidays, and health insurance from 1984 forward - prepared by DOA by request. (ACSEA is only for new contract)
- March 5, 1996 Memorandum from University - FY97 Salary Adjustments
- December 22, 1995 Memorandum from Department of Administration - Merit Increases.

APPROXIMATE COST OF BARGAINING UNIT CONTRACTS & OTHER NON-COVERED EMPLOYEE COMPENSATION										
OMB-DJR 2/23/96										
Legislative Finance Modifications										
ANNUAL TOTALS										
BARGAINING UNIT										
	Note	FY 97			FY98			FY99		
		GF	OTHER	TOTAL	GF	OTHER	TOTAL	GF	OTHER	TOTAL
G			139.5	139.5		166.9	166.9		252.3	252.3
G			1,210.2	1,210.2		948.5	948.5		1,433.5	1,433.5
G		724.9	588.4	1,313.3	1,460.7	1,185.6	2,646.3	2,207.5	1,791.8	3,999.3
G		3,621.5	2,717.7	6,339.2	7,297.3	5,476.2	12,773.5	11,028.3	8,276.0	19,304.3
G		702.8	503.6	1,206.4	1,416.1	1,014.8	2,430.9	2,140.2	1,533.6	3,673.8
LFD		497.8	127.0	624.8	1,003.1	255.9	1,259.0	1,515.9	386.7	1,902.7
G		764.2	661.2	1,425.4	1,539.9	1,332.3	2,872.2	2,327.2	2,013.5	4,340.7
LFD		1,750.0		1,750.0	1,750.0		1,750.0	1,750.0		1,750.0
LFD		810.0		810.0	669.2		669.2	1,011.5		1,011.5
LFD		342.9		342.9	686.0		686.0	1,028.9		1,028.9
LFD		517.7		517.7	1,043.2		1,043.2	1,576.5		1,576.5
		<del>517.7</del> 590.		517.7						
		<b>9,731.8</b>	<b>5,947.6</b>	<b>15,679.4</b>	<b>16,865.5</b>	<b>10,380.2</b>	<b>27,245.6</b>	<b>24,585.9</b>	<b>15,687.4</b>	<b>40,273.4</b>
LFD		<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>
LFD		?	?	?	?	?	?	?	?	?
<b>CUMULATIVE TOTALS</b>										
			139.5	139.5		306.4	306.4		558.7	558.7
			1,210.2	1,210.2		2,158.7	2,158.7		3,592.2	3,592.2
		724.9	588.4	1,313.3	2,185.6	1,774.0	3,959.6	4,393.1	3,565.8	7,958.9
		3,621.5	2,717.7	6,339.2	10,918.8	8,193.9	19,112.7	21,947.1	16,469.9	38,417.0
		702.8	503.6	1,206.4	2,118.9	1,518.4	3,637.3	4,259.1	3,051.9	7,311.1
		497.8	127.0	624.8	1,500.9	382.9	1,883.8	3,016.8	769.6	3,786.4
		764.2	661.2	1,425.4	2,304.1	1,993.5	4,297.6	4,631.2	4,007.0	8,638.2
		1,750.0		1,750.0	3,500.0		3,500.0	5,250.0		5,250.0
		810.0		810.0	1,479.2		1,479.2	2,490.7		2,490.7
LFD		342.9		342.9	1,028.9		1,028.9	2,057.8		2,057.8
LFD		517.7		517.7	1,560.9		1,560.9	3,137.4		3,137.4
		<b>9,731.8</b>	<b>5,947.6</b>	<b>15,679.4</b>	<b>26,597.3</b>	<b>16,327.8</b>	<b>42,925.0</b>	<b>51,183.2</b>	<b>32,015.2</b>	<b>83,198.4</b>
		<b>11,880.5</b>	<b>7,635.9</b>	<b>19,516.4</b>	<b>30,894.7</b>	<b>19,704.3</b>	<b>50,599.0</b>	<b>57,629.4</b>	<b>37,080.0</b>	<b>94,709.4</b>
		?	?	?	?	?	?	?	?	?
<b>CUMULATIVE WITH HEALTH</b>										

**INTERNATIONAL ORDER OF MASTERS, MATES & PILOTS**  
**MM&P**

	<b>WAGES</b> % increase	<b>LEAVE</b> Hrs per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1984 (A)	No increase	180 hrs sick leave	11 holidays	N/A
		Annual leave:		
		1 - 2 yrs 84.00		
		2 - 3 yrs 168.00		
		3 - 4 yrs 252.00		
		4 - 5 yrs 336.00		
		5 - 7 yrs 420.00		
		7 - 10 yrs 504.00		
		10+ yrs 588.00		
1985 (B)	7/1/85 2% wage increase.	180 hrs sick leave	Same as above	\$237.75
		Annual leave:		
		(Pre 85 hires)		
		1 - 2 yrs 84.00		
		2 - 3 yrs 168.00		
		3 - 4 yrs 252.00		
		4 - 5 yrs 336.00		
		5 - 7 yrs 420.00		
		7 - 10 yrs 504.00		
		10+ yrs 588.00		
		(Post 85 hires)		
		1 - 2 yrs 84.00		
		2 - 3 yrs 168.00		
		3 - 4 yrs 252.00		
		4 - 5 yrs 336.00		
		5 + yrs 420.00		
1986 (B)	No increase.	Same as above	Same as above	\$256.80
1987 (C)	7/1/87 2% wage increase not funded by the legislature.	Same as above	Same as above	\$320.64
1988 (D)	No increase	Same as above	Same as above	\$427.41
1989 (D)	No increase	Same as above	Same as above	\$384.59
1990 (D)	4/1/90 3.3% wage increase	Same as above	12 holidays	Same as above

	<b>WAGES</b> % increase	<b>LEAVE</b> Hours per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1991 (E)	4/1/91 5.6% wage increase	Same as above	Same as above	Same as above
1992 (E)	4/1/92 3.6% wage increase	Same as above	Same as above	Same as above
1993 (E)	no wage increase	Same as above	Same as above	\$423.50
1994 (F)	4/1/94 4.4% wage increase for a limited group of employees.	Same as above	Same as above	Same as above
1995 (G)	No wage increase	Same as above	Same as above	Same as above
1996 (G)	7/1/96 1/2 CPI capped at 1.5%  7/1/96 \$950.00 bonus	Same as above	11 regular holidays, 1 floating holiday.	Employer provided plan
1997 (H)	7/1/97 1/2 CPI capped at 1.5%	Same as above	Same as above	Same as above
1998 (H)	7/1/98 1/2 CPI capped at 1.5%	Same as above	Same as above	Same as above
1999 (H)		Same as above	Same as above	Same as above

**Contract Terms:**

- (A) LOA to extend terms of 7/1/80 - 3/31/83 contract
- (B) 4/1/85 - 3/31/88
- (C) 4/1/88 - 3/31/89
- (D) 4/1/89 - 3/31/91
- (E) 4/1/91 - 3/31/93
- (F) 4/1/93 - 3/31/94
- (G) 4/1/94 - 5/31/96
- (H) 6/1/96 - 5/31/99

**NOTE:** All wage and leave provisions are for employees working in the Southeast System. Employees working in the Southwest System have a different pay and leave scale. The majority of AMHS vessel employees work in the Southeast System.

INLANDBOATMENT'S UNION OF THE PACIFIC  
IBU

	<b>WAGES</b> % increase	<b>LEAVE</b> Hours per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1984 (A)	No wage increase	180 hrs sick leave  Annual Leave:  1 - 2 yrs     84.00 2 - 3 yrs     168.00 3 - 4 yrs     252.00 4 - 5 yrs     336.00 5 - 7 yrs     420.00 7 - 10 yrs    504.00 10+ yrs       588.00	11 holidays	\$184.57
1985 (B)	4/1/85 2.0% wage increase.  \$500.00 signing bonus.	180 hrs sick leave  Annual Leave:  (Pre 85 hires) 1 - 2 yrs     84.00 2 - 3 yrs     168.00 3 - 4 yrs     252.00 4 - 5 yrs     336.00 5 - 7 yrs     420.00 7 - 10 yrs    504.00 10+ yrs       588.00  (Post 85 hires)  1 - 2 yrs     84.00 2 - 3 yrs     168.00 3 - 4 yrs     252.00 4 - 5 yrs     336.00 5 + yrs       420.00	Same as above.	\$224.20
1986 (B)	4/1/86 2.1% wage increase which was <b>not funded</b> by the legislature.	Same as above	Same as above.	\$242.25
1987 (B)	4/1/87 2.0% wage increase which was <b>not funded</b> by the legislature.	Same as above	Same as above.	\$308.45
1988 (C)	4/1/88 2.1% wage increase.	Same as above	Same as above.	\$411.16
1989 (C)	No wage increase	Same as above	Same as above.	\$384.59

	<b>WAGES</b> % increase	<b>LEAVE</b> Hours per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1990 (D)	4/1/90 3.3% wage increase	Same as above	12 holidays	Same as above.
1991 (D)	4/1/91 5.0% wage increase	Same as above	Same as above.	Same as above.
1992 (D)	4/1/92 3.6% wage increase	Same as above	Same as above.	Same as above.
1993 (D)	no wage increase	Same as above	Same as above.	\$423.50
1994 (E)	no wage increase	Same as above	Same as above.	Same as above.
1995 (E)	no wage increase	Same as above	Same as above.	Same as above.
1996 (F)	7/1/96 1/2 CPI capped at 1.5%  7/1/96 \$950.00 bonus	Same as above	Same as above.	Cost of the employer provided plan.
1997 (F)	7/1/97 1/2 CPI capped at 1.5%	Same as above	Same as above.	Same as above.
1998 (F)	7/1/98 1/2 CPI capped at 1.5%	Same as above	Same as above.	Same as above.
1999 (F)		Same as above	Same as above.	Same as above.

**Contract Terms**

- (A) 4/1/80 - 3/31/83
- (B) 4/1/85 - 3/31/88
- (C) 4/1/88 - 3/31/91 (wage reopener scheduled for last year of contract resulted in a new three year contract beginning 4/1/90)
- (D) 4/1/90 - 3/31/93
- (E) 10/10/94 - 5/31/96
- (F) 6/1/96 - 5/31/99

NOTE: All wage and leave provisions are for employees working in the Southeast System. Employees working in the Southwest System have a different pay and leave scale. The majority of AMHS vessel employees work in the Southeast System.

**PUBLIC EMPLOYEES LOCAL 71**  
**LTC**

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1984 (A)	\$900.00 lump sum payment.	Sick leave: 15 days  Annual leave:  0 - 2 yrs      15 2 - 5 yrs      21 5 - 10 yrs     24 10+             30	10 regular, 1 floating	\$230.84
1985 (A)	7/1/85 5% wage increase.	Same as above.	Same as above.	\$237.75
1986 (A)	7/1/86 3.8% wage increase <b>not funded</b> by the legislature.	Same as above.	Same as above.	\$256.80
1987 (B)	No wage increase.	Same as above.	Same as above.	\$316.39
1988 (C)	No wage increase.	Same as above.	Same as above.	\$421.75
1989 (C)	No wage increase.  \$675.00 lump sum payment awarded retroactively per arbitrator's award for class 1 employees.	Same as above.	Same as above.	\$384.59
1990 (D)	1/1/90 3.3% wage increase (class 2 & 3) 4.6% wage increase (class 1)	Same as above.	11 regular, 1 floating	Same as above.
1991 (D)	1/1/91 4.5% wage increase.	Same as above.	Same as above.	Same as above.
1992 (E)	7/1/92 3.6% wage increase.	Same as above.	Same as above.	Same as above.

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1993 (E)	No wage increase	Same as above.	Same as above.	\$500.00 Union provided Health trust, higher contribution offset by delay in general wage increase in the previous year.
1994 (E)	No wage increase.	Same as above.	11 regular holidays.	\$500.00, state and employer equally share increases in premium costs. Employer's share capped at \$25.00.
1995 (F)	No wage increase.	Personal Leave: 0 - 2 yrs      24 2 - 5 yrs      27 5 - 10 yrs     30 10+ yrs        36	Same as above.	Same as above.
1996 (G)	7/1/96 1/2 the CPI capped at 1.5%.	Same as above.	Same as above.	State and employer equally share increases in premium costs. Employer's share capped at \$26.00.
1997 (G)	7/1/97 1/2 the CPI capped at 1.5%.	Same as above.	Same as above.	Same as above.
1998 (G)	7/1/98 1/2 the CPI capped at 1.5%.	Same as above.	Same as above.	Same as above.
1999 (G)		Same as above.	Same as above.	Same as above.

**CONTRACT TERMS**

- (A) 1/1/84 - 12/31/86
- (B) 1/1/87 - 12/31/87
- (C) 1/1/88 - 12/31/90
- (D) 1/1/90 - 12/31/91
- (E) 1/1/92 - 12/31/94
- (F) 1/1/95 - 6/30/96
- (G) 7/1/96 - 6/30/99

**ALASKA STATE EMPLOYEES ASSOCIATION**  
**GGU**

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1984 (A)	No wage increase	Sick leave: 15 days  Annual leave:  0 - 2 yrs      15 2 - 5 yrs      21 5 - 10 yrs     24 10+             30	10 regular, 2 floating.	\$217.65
1985 (A)	7/1/85 5% wage increase	Same as above	10 regular, 2 floating.	\$224.20
1986 (A)	7/1/86 3.8% wage increase not funded by the legislature.	Same as above	10 regular, 2 floating.	\$242.15
1987 (B)	No wage increase	Same as above	10 regular, 2 floating.	\$308.45
1988 (B)	No wage increase	Same as above	10 regular, 2 floating.	\$411.16
1989 (B)	No wage increase	Same as above	10 regular, 2 floating.	\$384.59
1990 (C)	1/1/90 3.3 % wage increase (class 2&3)  1/1/90 4.25% wage increase (class 1)	Same as above	11 regular, 2 floating  Class 1 employees only receive 10 regular, 2 floating.	Same as above
1991 (C)	1/1/91 5% wage increase.	Same as above	Same as above	Same as above
1992 (C)	1/1/92 3.6% wage increase.	Same as above	Same as above	Same as above
1993 (D)	No wage increase	Same as above	Same as above	\$423.50
1994 (D)	No wage increase	Same as above	Same as above	Same as above
1995 (E)	No wage increase	Same as above	Same as above	Same as above

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1996 (F)	1/2 the CPI capped at 1.5%	Same as above	11 regular, all employees.	\$423.50 Any increase will be equally matched by the employer and employee, except that the employer's contribution will not exceed more than an additional \$50.00.
1997 (F)	1/2 the CPI capped at 1.5%	Same as above	Same as above	Same as above.
1998 (F)	1/2 the CPI capped at 1.5%	Same as above	Same as above	Same as above.
1999 (F)		Same as above	Same as above	Same as above

**Contract Terms:**

- (A) 1/1/84 - 12/31/86
- (B) no contract in place, working under terms of A above
- (C) 1/1/90 - 12/31/93
- (D) no contract in place, working under terms of C above
- (E) 7/1/95 - 6/30/96
- (F) 7/1/96 - 6/30/99

**ALASKA PUBLIC EMPLOYEES ASSOCIATION**

**S U**

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1984 (A)	No wage increase	Sick leave: 15 days  Annual leave:  0 - 2 yrs      15 2 - 5 yrs      21 5 - 10 yrs     24 10+             30	10 regular, 1 floating	\$230.84
1985 (A)	1/1/85 3.5% wage increase.	Same as above	Same as above	\$237.75
1986 (A)	7/1/86 3.8% wage increase not funded legislature.	Same as above	Same as above	\$256.80
1987 (B)	No wage increase	Same as above	Same as above	\$320.64
1988 (B)	No wage increase	Same as above	Same as above	\$427.41
1989 (B)	No wage increase	Same as above	Same as above	\$384.59
1990 (C)	1/1/90 3.3% wage increase.	Personal Leave:  0 - 2 yrs      24 2 - 5 yrs      27 5 - 10 yrs     30 10+ yrs       36	11 regular, 1 floating	Same as above
1991 (C)	1/1/91 5% wage increase.	Same as above	Same as above	Same as above
1992 (C)	1/1/92 3.6% wage increase.	Same as above	Same as above	Same as above
1993 (D)	No wage increase	Same as above	Same as above	\$418.80
1994 (E)	No wage increase	Same as above	Same as above	Same as above
1995 (F)	No wage increase	Same as above	Same as above	Same as above
1996 (G)	7/1/96 1/2 the CPI capped at 1.5%.	Same as above	Same as above	\$423.50

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1997 (G)	7/1/97 1/2 the CPI capped at 1.5%.	Same as above	Same as above	\$450.00
1998 (G)	7/1/98 1/2 the CPI capped at 1.5%.	Same as above	Same as above	Same as above
1999(G)		Same as above	11 regular	

**Contract Terms**

- (A) 1/1/84 - 12/31/86
- (B) 1/1/87 - 12/31/89
- (C) 1/1/90 - 12/31/92
- (D) 1/1/93 - 6/30/94
- (E) 7/1/94 - 6/30/95
- (F) 7/1/95 - 6/30/96
- (G) 7/1/96 - 6/30/99

**PUBLIC SAFETY EMPLOYEE ASSOCIATION**  
**PSEA**

	<b>WAGES</b> % increase to base	<b>LEAVE</b> Days per year	<b>HOLIDAYS</b> Days per year	<b>HEALTH INSURANCE</b> Premium contribution
1984 (A)	7/16/84 3.0% wage increase.	Personal Leave: 0 - 2 yrs 24 2 - 5 yrs 27 5 - 10 yrs 30 10+ yrs 36	10 regular, 1 floating	\$216.12
1985 (A)	3/16/85 5.0% wage increase.	Same as above.	Same as above.	\$222.60
1986 (B)	No wage increase.	Same as above.	Same as above.	\$240.90
1987 (C)	No wage increase.	Same as above.	Same as above.	\$308.45
1988 (C)	1/1/88 24.72% increase in limited classes of employees as a result of an interest arbitration award.	Same as above.	Same as above.	\$411.16
1989 (C)	No wage increase.	Same as above.	Same as above.	\$384.59
1990 (D)	1/1/90 3.3% wage increase.	Same as above.	11 regular, 1 floating.	Same as above.
1991 (D)	1/1/91 5.0% wage increase.	Same as above.	Same as above.	Same as above.
1992 (D)	1/1/92 3.6% wage increase (paid retroactively by an interest arbitration award)	Same as above.	Same as above.	Same as above.
1993 (E)	No wage increase.	Same as above.	Same as above.	\$386.72

PUBLIC SAFETY EMPLOYEES ASSOCIATION 2

1994 (E)	1/1/94 1.6% wage increase awarded by interest arbitration, not funded by the legislature.	Same as above.	Same as above.	\$450.00 + a \$250,000 lump sum payment to the health trust.
1995 (E)	No wage increase.	Same as above.	Same as above.	Same as above.
1996 (F)	7/1/96 1.5% general wage increase.	Same as above.	Same as above.	Effective 7/1/96 employer contribution to the union health trust will increase to \$495.00
1997 (F)	7/1/97 1.5% General wage increase.	Same as above.	Same as above.	Effective 7/1/97, employer contribution to the union health trust will increase to \$520.00
1998 (F)	7/1/98 1.5 % general wage increase.	Same as above.	Same as above.	Same as above.

**Contract Terms:**

- (A) 1/1/84 - 12/31/85
- (B) 1/1/86 - 12/31/86
- (C) 1/1/87 - 12/31/89
- (D) 1/1/90 - 12/31/91
- (E) 1/1/92 - 12/31/95
- (F) 1/1/96 - 12/31/98

SUMMARY OF CHANGES  
ACSEA AGREEMENT  
July 1, 1996 - June 30, 1999

PROVISION	93 - 96	96 - 99	MARKET STANDARD
Wages	FY95: salary grid units revised, some increases 2.5% COLA on 1-1-95	One half the CPI capped at 1.5% each year of the contract	Teacher contracts
Holidays	11 holidays: dropped Lincoln's Birthday in FY95	11 holidays	Average all states: 11
Health Insurance	\$423.50	Commissioner's Plan with \$423.50 premium contribution or \$423.50 to go to a Union provided trust. If premium costs increase, employee and state will split costs up to a total of \$50.00.	Varies from Unit to unit, but consistent with the overall direction of Health Insurance Benefits
Leave	- Capped accrual rate - increase at 5 years - Reduced 1/8 day per employee per month effective 5-1-93	Dropped leave accrual cap, and reduced overall leave accrual at the upper tiers.	Leave accrual rates below that for other units on annual/sick leave.

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University of Alaska  
Statewide System of Higher Education

## Memorandum

DATE: March 5, 1996

TO: Dave Tonkovich  
Divn. of Legislative Finance

FROM: *mb*  
Marylou Burton

RE: FY97 Salary Adjustments

You have requested information on the university's various compensation plans (both bargaining unit and non-bargaining unit) and how those plans relate to the base adjustment for COLA that is included in the Governor's FY97 budget. That information is summarized on the attached spreadsheets and discussed in more detail below:

- Classified/Professional Staff (non-bargaining unit): This group includes approximately 2,100 budgeted positions and makes up over half of the university's full-time employees. In FY95 the Board of Regents adopted a step/range salary plan for these employees similar to that used by the State, which provides for annual increases ranging from 1% to 3% depending on longevity and imposes a maximum salary for any given grade. A comparison of certain benchmark positions with comparable positions in state agencies indicates that the university's hourly wages in the new schedule are lower than State hourly wages currently in use. In addition, approximately 20% of employees are at the top salary step for their grade and are no longer eligible for step increases.

This plan has not been implemented except for minor adjustments to bring salaries in line with appropriate steps, and employees have received no merit or COLA increase since January, 1994 when a 3% increase was granted to all employees (excluding CEA members because that contract was under negotiation - see below). The Board of Regents' FY97 request includes an increment to fully implement the new salary plan beginning July 1, 1996, which means that employees will receive appropriate step increases on their respective anniversary dates. There is no COLA built into either the salary schedule or this request.

Total FY97 incremental costs of these salary adjustments are estimated to be \$1,872.0. The Governor's FY97 budget does not directly fund this increment, but does include a \$1,750.0 base adjustment for salary increases related to all full-time employees. The proportional amount of that adjustment attributable to this group of employees is \$915.7.

- Faculty (non-bargaining unit): This group includes approximately 1,000 budgeted positions and makes up almost 80% of the university's full-time faculty. In August of 1995 the Board of Regents adopted a performance-based compensation plan that sets aside an annual amount equal to 2.6% of base salaries to be used for promotions, equity adjustments, and objectively measured performance. The plan does not include any "automatic" increases for longevity.

This plan has not yet been implemented and faculty have received no performance or COLA increase since January, 1994 when a 3% increase was granted to all employees (excluding CEA members because that contract was under negotiation - see below). The Board of Regents' FY97 request includes an increment to fully fund the new compensation plan in FY97. Total FY97 incremental costs of these salary adjustments are estimated to be \$1,559.0. The proportional amount of the Governor's FY97 salary base adjustment attributable to this group of employees is \$473.9.

- **Classified Employees Association (CEA)**: This group includes approximately 270 budgeted positions and is covered under a collective bargaining agreement. This contract, which was newly implemented in FY95, has two basic monetary provisions: First, it grants a one-time payment to each CEA member employed as of the date of the signing. Second, it places CEA employees on the same salary schedule as other non-faculty university employees, effective January 1, 1995, and thereafter provides for movement along that schedule as appropriate beginning January 1, 1996.

Similarly to the ACCFT contract, the CEA contract stipulates that the monetary terms of the contract shall not become effective until the legislature has provided funding. The university requested funds to cover the FY95 and FY96 costs of the contract during the 1995 session, and this request was subsequently forwarded by the Governor as HB 305. To date the legislature has not approved this legislation. As a result, CEA members employed at the date of the contract have not been "placed" on the salary schedule, nor have they received the one-time payment. Moreover, because the CEA contract was under negotiation during FY94 when other university employees last received a salary increase, CEA members have not received a merit or COLA increase since FY93.

Because the CEA contract is being newly implemented and provides for certain one-time items and initial placement on the salary schedule, it is difficult to estimate FY97 costs without knowing the eventual outcome of HB 305. The assumption, however, is that if HB 305 is not approved then all of those costs will necessarily roll to FY97.

The proportional amount of the Governor's FY97 base adjustment attributable to CEA is currently \$144.9. The university has requested a budget amendment to (1) transfer this amount to a separate section or bill to clearly identify these funds as being appropriated to CEA, and (2) increase the amount from \$144.9 to \$224.1 to fully fund movement along the salary schedule. This request assumes that HB 305 is approved. If in fact that is not the case then the request will be revised accordingly.

- **Alaska Community College Federation of Teachers (ACCFT)**: This group includes approximately 270 budgeted positions and is covered under a collective bargaining agreement. At the time that agreement was negotiated Board of Regents' policy provided for an annual 3% increase for all employees. That policy has since been suspended but essentially remains in effect for ACCFT employees until such time as a new agreement is signed.

The ACCFT contract also stipulates that "compensation increases shall be subject to legislative appropriation ... and shall be requested separately from compensation increases requested for other employees", and includes a provision making the request for "additional funds" subject to legislative approval. Funds to cover the FY95 COLA were requested from but not approved by the 1995 Legislature. Funds to cover the FY96 COLA have been requested as an FY96 supplemental, and as of this date have

been rejected by the House and not yet acted upon by the Senate. As a result, ACCFT employees - like all other university employees - have received no COLA increase since January, 1994 when a 3% increase was granted to all employees excluding CEA members. The additional funds to cover the January 1994 ACCFT increase were appropriated separately as required by the terms of the contract.

Total FY97 incremental costs to fund a stand alone 3% salary increase for all ACCFT employees is estimated to be \$499.1. This assumes that the Legislature does not reconsider previously unfunded requests for FY95 or FY96 incremental funding. Should the Legislature reconsider its previous actions, then the FY97 incremental costs would necessarily increase to cover the "base adjustments" from the previous years. That is, incremental costs in FY97 would be the sum of the incremental amounts resulting from a 3% increase in FY95, a 3% increase in FY96 and a 3% increase in FY97 - for a total of \$1,542.7. These various scenarios are illustrated on the attached worksheet.

The proportional amount of the Governor's FY97 COLA base adjustment attributable to ACCFT is currently \$215.5. The university has requested a budget amendment to (1) transfer this amount to a separate section or bill to clearly identify these funds as being appropriated for ACCFT salary increases, and (2) increase the amount from \$215.5 to \$499.1 to fully cover a stand alone 3% salary increase for all ACCFT employees in FY97 per the terms of the contract. If the Legislature takes further action that affects FY95 or FY96 then that request will be revised accordingly.

Attachments

**FY97 Costs of UA Compensation Plans  
(Non-Bargaining Units)**

	<b>Total FY97 Increases</b>	<b>Governor's FY97 Base Adjustment*</b>
Classified/Professional (1)	1,872.0	915.7
Faculty (2)	1,559.0	473.9
<b>Total</b>	<b>3,431.0</b>	<b>1,389.6</b>

- (1) Movement of employees along salary schedule on their anniversary dates, beginning July 1, 1996. Does not include a COLA increase.
- (2) 2.6% of base salaries based on authorized budgets in FY96 PACS, to be used for promotions, equity adjustments, and objectively measured performance. Does not include any "automatic" increases for longevity.

\* The Governor's FY97 budget for the University of Alaska includes a base adjustment for salary increases related to all full-time employees. The proportional amount of this adjustment attributable to non-bargaining unit employees is \$1,389.6, or approximately 40% of the amount needed to fully fund the FY97 costs of implementing the new compensation plans.

## FY95-FY97 Cost of Implementing New UA/CEA Collective Bargaining Agreement

(Revised 3/1/96 to reflect current budgeted positions in PACS)

This projection of FY97 costs assumes that the Legislature approves HB305 as revised (See Note below).

	FY97 Base Adjustment (3) and (4) below	FY97 Step Increases	Total FY97 Increase*
Salaries	282,569	157,407	439,976
Benefits	119,809	66,740	186,549
Total Salaries & Benefits	402,378	224,147	626,525
Funding: (1)			
Federal Receipts	2,243	1,249	3,492
General Fund/GFM	396,532	220,890	617,423
Dorm, Foods, Aux. Serv	1,350	752	2,101
Student Fees	1,035	576	1,611
University Receipts.	1,219	679	1,898
Total	402,378	224,147	626,525

\* The Governor's FY97 budget for the University of Alaska includes a base adjustment for salary increases related to all full-time employees. The proportional amount of this adjustment attributable to CEA is \$144.9, or approximately 23% of the amount needed to fully fund the FY97 costs of the CEA contract assuming HB 305 is approved as revised.

NOTE: The University of Alaska has updated its cost estimate of implementing the new CEA contract as shown below. This revision reduces the original cost estimate from \$889.4 to \$864.7. The difference is due to slight variations between FY95 and FY96 authorized position budgets as reflected in PACS.

	FY96 Base (1)	FY96 Retro (2)	FY96 Base Adjustment (3)	FY96 Salary Adjustment (4)	One-Time Payment (5)	One-Time Required Funding Items (6)	Total FY96-98 Increase
Salaries	8,056,130	120,842	241,684	40,885	141,600	148,600	893,611
Benefits	3,415,790	51,237	102,474	17,335	0	0	171,046
Total Salaries & Benefits	11,471,920	172,079	344,158	58,220	141,600	148,600	864,657
Funding: (1)							
Federal Receipts	63,945	959	1,918	325	789	828	4,819
General Fund/GFM	11,305,251	169,579	339,158	57,374	139,543	146,441	652,095
Dorm, Foods, Aux. Serv	38,475	577	1,154	195	475	498	2,899
Student Fees	29,495	443	886	150	364	382	2,225
University Receipts.	34,754	521	1,042	176	429	451	2,619
Total	11,471,920	172,079	344,158	58,220	141,600	148,600	864,657

- (1) Based on FY96 authorized budgeted positions as reflected in PACS.
- (2) Placement of employees on new salary schedule effective January 1, 1995, per contract provisions; effective increase of 1.5%.
- (3) FY96 base adjustment is equal to twice the FY95 six-month retro.
- (4) Movement of employees along salary schedule on their anniversary date, beginning January 1, 1996.
- (5) One-time payment of \$600 for each member employed as of the date of signing, per contract provisions.
- (6) Other required one-time items include mandatory alternative dispute resolution training. Total Quality Management work teams, benefits task force and development of a flexible benefits plan.

## FY95-FY97 Costs of UA/ACCFT COLA Adjustments

(Revised 3/1/96 to reflect current budgeted positions in PACS)

Scenario 1: Legislature does not take further action on previously unfunded FY95 Retro, FY96 Supplemental

	FY95 Base (1)	FY97 3% Increase (2)*
Salaries	12,797,632	383,929
Benefits	3,839,290	115,179
Total Salaries & Benefits	16,636,922	499,108
Funding: (1)		
Federal Receipts	69,951	2,099
General Fund/GFM	15,540,239	466,207
Student Fees	876,741	26,302
University Receipts	149,992	4,500
Total	16,636,922	499,108

\* The Governor's FY97 budget for the University of Alaska includes a base adjustment for salary increases related to all full-time employees. The proportional amount of the adjustment attributable to ACCFT is \$215.5, or approximately 43% of the amount needed to fully fund a 3% COLA for ACCFT per the terms of the contract.

(1) Based on FY95 authorized budgeted positions as reflected in PACS.

(2) 3% increase for all ACCFT members, effective July 1, 1995.

Scenario 2: Legislature reconsiders previously disapproved FY96 Supplemental

	FY95 Base (1)	FY96 3% Increase (2)	FY97 Base Adjustment (3)	FY97 3% Increase (4)	Total FY97 Increase (3) + (4)	Total FY96- FY97 Increase
Salaries	12,797,632	383,929	383,929	395,447	779,376	1,163,305
Benefits	3,839,290	115,179	115,179	118,634	233,813	348,992
Total Salaries & Benefits	16,636,922	499,108	499,108	514,081	1,013,189	1,512,297
Funding: (1)						
Federal Receipts	69,951	2,099	2,099	2,162	4,261	6,360
General Fund/GFM	15,540,239	466,207	466,207	480,193	946,400	1,412,607
Student Fees	876,741	26,302	26,302	27,091	53,393	79,695
University Receipts	149,992	4,500	4,500	4,835	9,335	13,835
Total	16,636,922	499,108	499,108	514,081	1,013,189	1,512,297

(1) Based on FY95 authorized budgeted positions as reflected in PACS.

(2) 3% increase for all ACCFT members, retroactive to July 1, 1995.

(3) FY97 base adjustment to reflect FY96 increases.

(4) 3% increase for all ACCFT members calculated on salaries increased by 3% in FY96.

Scenario 3: Legislature reconsiders previously unfunded FY95 Retro, FY96 Supplemental

	FY95 Base (1)	FY96 3% Increase (2)	FY96 Base Adjustment (3)	FY96 3% Increase (4)	Total FY96-95 Increase (3) + (4)	FY97 Base Adjustment (5) + (4)	FY97 3% Increase (6)	Total FY97 Increase	Total FY96 - FY97
Salaries	12,797,632	383,929	383,929	395,447	1,163,305	779,376	407,310	1,186,686	2,349,991
Benefits	3,839,290	115,179	115,179	118,634	348,992	233,813	122,193	356,005	794,997
Total Salaries & Benefits	16,636,922	499,108	499,108	514,081	1,512,297	1,013,189	529,503	1,542,692	3,064,988
Funding: (1)									
Federal Receipts	69,951	2,099	2,099	2,162	6,360	4,260	2,226	6,486	12,846
General Fund/GFM	15,540,239	466,207	466,207	480,193	1,412,607	946,401	494,599	1,441,000	2,853,607
Student Fees	876,741	26,302	26,302	27,091	79,695	53,394	27,904	81,299	169,993
University Receipts	149,992	4,500	4,500	4,835	13,835	9,335	4,774	13,609	27,543
Total	16,636,922	499,108	499,108	514,081	1,512,297	1,013,189	529,503	1,542,692	3,064,988

(1) Based on FY95 authorized budgeted positions as reflected in PACS.

(2) 3% increase for all ACCFT members, retroactive to July 1, 1994.

(3) FY96 base adjustment to reflect FY95 increases.

(4) 3% increase for all ACCFT members, retroactive to July 1, 1995, calculated on salaries increased by 3% in FY95.

(5) 3% increase for all ACCFT members calculated on salaries increased by 3% in FY95 and FY96.

**NOTE:**

On April 26, 1995, the university submitted a request to the Office of Management and Budget to introduce legislation on its behalf to fund the FY95 and FY96 monetary terms of the UA/ACCFT contract.

Total FY95-FY96 costs per this request were \$1,535,925. The slight differences between this revised request and that original request are due to variations between FY95 and FY96 authorized positions budgets as reflected in PACS.

**PROPOSED REVISION TO HB 305:**

**"An Act making appropriations to satisfy the agreed upon monetary terms of a collective bargaining agreement for certain employees of the University of Alaska; and providing for an effective date."**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

**\*Section 1.** The sum of \$864,657 is appropriated to the University of Alaska to satisfy the FY95 and FY96 monetary terms of the collective bargaining agreement entered into with the University of Alaska Classified Employees Association bargaining unit for the period January 1, 1995 through June 30, 1996, from the following sources in the amount listed:

<b>SOURCE</b>	<b>AMOUNT</b>
Federal receipts	\$ 4,819
General fund	852,095
Auxiliary receipts	2,899
Student fees	2,225
University receipts	2,619

**\*Section 2.** The unexpended and unobligated balance of the appropriation made by sec. 1 of this Act lapses into the funds from which it was appropriated June 30, 1996.

**\*Section 3.** This Act takes effect immediately under AS 01.10.070(c).

## FY95-FY96 Cost of Implementing New UA/CEA Collective Bargaining Agreer

(Revised 3/1/96 to reflect current budgeted position: in PACS)

**NOTE:** The University of Alaska has updated its cost estimate of implementing the new CEA contract as shown below.

This revision reduces the original cost estimate from \$889.4 to \$864.7. The difference is due to slight variations between FY95 and FY96 authorized position budgets as reflected in PACS.

	<b>FY96 Base (1)</b>	<b>FY95 Retro (2)</b>	<b>FY96 Base Adjustment (3)</b>	<b>FY96 Salary Adjustment (4)</b>	<b>One-Time Payment (5)</b>	<b>One-Time Required Funding Items (6)</b>	<b>Total FY95-96 Increase</b>
Salaries	8,056,130	120,842	241,684	40,885	141,600	148,600	693,611
Benefits	3,415,790	51,237	102,474	17,335	0	0	171,046
<b>Total Salaries &amp; Benefits</b>	<b>11,471,920</b>	<b>172,079</b>	<b>344,158</b>	<b>58,220</b>	<b>141,600</b>	<b>148,600</b>	<b>864,657</b>
<b>Funding: (1)</b>							
Federal Receipts	63,945	959	1,918	325	789	828	4,819
General Fund/GFM	11,305,251	169,579	339,158	57,374	139,543	146,441	852,095
Dorm, Foods, Aux. Servi	38,475	577	1,154	195	475	498	2,899
Student Fees	29,495	443	886	150	364	382	2,225
University Receipts.	34,754	521	1,042	176	429	451	2,619
<b>Total</b>	<b>11,471,920</b>	<b>172,079</b>	<b>344,158</b>	<b>58,220</b>	<b>141,600</b>	<b>148,600</b>	<b>864,657</b>

(1) Based on FY96 authorized budgeted positions as reflected in PACS.

(2) Placement of employees on new salary schedule effective January 1, 1995, per contract provisions; effective increase of 1.5%.

(3) FY96 base adjustment is equal to twice the FY95 six-month retro.

(4) Movement of employees along salary schedule on their anniversary date, beginning January 1, 1996.

(5) One-time payment of \$600 for each member employed as of the date of signing, per contract provisions.

(6) Other required one-time items include mandatory alternative dispute resolution training, Total Quality Management work teams, benefits task force and development of a flexible benefits plan.

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

December 22, 1995

The Honorable Mark Hanley  
Co-Chair  
Committee on Finance  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

#1 = copies of contracts - existing  
#2 = copies of new contracts  
#3 = 1994 Salary Survey by DOA

Dear Representative Hanley:

I am pleased to provide the following information in response to your request regarding collective bargaining agreements and merit increases. The printed material requested in items 1, 2, and 3 were delivered to your staff by Assistant Commissioner David Koivuniemi on December 19. I appreciate your patience while we researched the technical details for the responses to questions 4 and 5 below.

4). There is a general intertwining of the terms "merit system" and "merit increases" found in Alaska's constitution, laws and regulations, and certainly in the popular understanding, so that a careful reading is necessary to appreciate the differences. A merit system includes pay, but merit increases are a feature of a specific kind of pay system. In Alaska, the merit system is required by the State Constitution. Article XII, Section 6 is labeled "Merit System." It provides, "The legislature shall establish a system under which the merit principle will govern the employment of persons by the state." The legislature established such a system by the enactment of the State Personnel Act, AS 39.25. The merit principles are described in AS 39.25.010, as follows:

(a). It is the purpose of this chapter to establish a system of personnel administration based upon the merit principle and adapted to the requirements of the state to the end that persons best qualified to perform the functions of the state will be employed, and that an effective career service will be encouraged, developed and maintained.

(b). The merit principle of employment includes the following:

(1) recruiting, selecting, and advancing employees on the basis of their relative ability, knowledge, and skills, including open consideration of qualified applicants for initial appointment;

(2) regular integrated salary programs based on the nature of work performed;

(3) retention of employees with permanent status on the basis of the adequacy of their performance, reasonable efforts of temporary duration for correction in inadequate performance, and separation for cause;

- (4) equal treatment of applicants and employees with regard only to consideration within the merit principles of employment; and
- (5) selection and retention of an employee's position secure from political influences. (Emphasis added.)

Significant statutory provisions are AS 39.25.150, which lists the subjects to be covered by the Personnel Rules (2 AAC 07), AS 39.27.011, the statutory salary schedule, and AS 39.27.022, longevity increments. The statutes require the Personnel Rules to provide for a classification plan, a pay plan, performance records, 21 other specific topics, and a catch all "other rules and administrative regulations." The statutes also provide a six step pay plan with four additional longevity increments.

The Personnel Rules and interpretative memoranda of the Director of Personnel provide the "rules" for merit increases. As discussed further below, employees in four of five bargaining units covering employees in the classified service, as well as employees in the classified service not covered by a collective bargaining agreement and employees in the partially exempt service who are therefore covered by the Personnel Rules, follow these rules. They provide for consideration of a merit increase at the end of the probationary period, and annually thereafter for up to four years (potentially advancing from step A to step F). The basic criteria is an overall performance evaluation of "acceptable" or better and demonstration of satisfactory service of a progressively greater value to the State. See 2 AAC 07.365(b). The fuller interpretation of these provisions is contained in a 1979 memorandum which is included as an appendix in the General Government and Supervisory Bargaining Units collective bargaining agreements. The memorandum and 16 years of subsequent third-party decisions that are binding on these respective bargaining units generally apply to merit increases in two other bargaining units and classified and partially exempt service employees covered by the Personnel Rules as well.

The criteria for longevity increments, other than the duration requirements, is "that the current annual rating by the employee's supervisors is designated as 'good' or higher." (AS 39.27.022(a)) In application, "good" is interpreted as "acceptable," including low acceptable, on the State's Performance Evaluation Report.

The State's pay plan had its beginnings in the federal system. During territorial days, territorial employees were federal employees. At statehood, the pay system adopted by the legislature was a continuation of that system. It was familiar. It remained in use, of course, for federal employees in Alaska who were an obvious source of comparison for State employees. It reflected two precepts of public pay administration: a public employer should not be a leader nor a follower in the labor market; and a public employee's pay should start below the average in the labor market, but can be advanced to above the average based on years of satisfactory experience. The rates assigned to pay ranges were designed so that the entry step was at the 25th percentile and the top step was at the 75th

percentile of rates in the labor market. The entire pay plan would be moved up (or theoretically down) to maintain this relationship to the competition.

The State's pay plan is also intertwined with the classification plan. Therefore, the "rules" provide that an employee taking on a more responsible job is rewarded with a pay increase upon promotion. Further, ranges for supervisory positions were set so that there was a differential of about 15% over the pay of subordinates. This differential came from high volume surveys of employers (mostly manufacturing) in the late 1940's and early 1950's of pay differentials between supervisors and subordinates.

Over the years, a number of influences impinge on the theoretical system and pressure it to depart from the pure ideal. The TAPS construction period raised competitive rates farther and faster than the State was willing to follow. (State employee turnover reached 30% annually during this period.) However, public employees have also been generally less impacted by actual wage reductions that occurred post-construction. Further, passage of the Public Employment Relations Act (PERA) in 1972 brought collective bargaining to the classified service. The collective bargaining process does not necessarily adhere to the "never be a wage leader" concept and has been an influence on the theoretical system, particularly as a damper in Alaska to wage reductions. Different bargaining unit interests and strengths also provide a pressure to distort the theoretical ideal, and results in Alaska in bargained schedules that depart from the statutory schedule and its underlying pay policy. In addition, the adoption of longevity increments by the legislature and their inclusion in various forms in collective bargaining agreements erodes both the 75th percentile and "never be a leader" concepts.

5) Within the above theoretical framework the question of how many employees receive merit increases in a year, and the costs of the increases can be addressed. Of employees eligible (further analyzed below) for consideration for a merit increase (or longevity increase based on satisfactory performance), over 99% are awarded an increase. A high percentage would be expected based on the competitive recruitment, examining, and selection processes, the probationary period, and constructive and progressive discipline to deal with performance deficiencies of permanent employees. Anecdotally, we estimate that only about 20 employees per year are denied a merit increase when eligible for consideration. (There are no central records of denials, but appeals average only about seven per year and we guess that twice as many are denied and not appealed.)

The number eligible for consideration (a major factor in determining the cost) is limited by a number of facts. The executive branch (excluding the quasi-public corporations) has eleven bargaining units, and a group of employees not covered by collective bargaining. Strictly speaking, employees in the exempt service are not subject to merit increases. However, the predominant practice is to treat them similarly to the partially exempt service and follow the statutory pay schedule. As you know from your legislative staffer days, this is the LAA practice. Thus, in general, they receive annual step increases and are included in the

analysis that follows. A significant exception to the predominant practice in the exempt service is emergency firefighters in the Department of Natural Resources who receive only a single rate of pay.

Members of the Alaska National Guard are excluded from the analysis below.

Six of the eleven bargaining units do not have merit increases in the collective bargaining agreement. The three marine units have a single rate for each job class (with only a few entry job classes with a lower rate for initial hire). The three teacher units have pay schedules that provide additional pay based on years of service or advanced education. Performance (or merit) need only result in not being fired for cause in the preceding year. Four of the other five bargaining units (covering employees in the classified service) have the same pay schedule structure as the statutory schedule. The fifth unit (Labor, Trades, and Crafts) has a truncated schedule of two pay steps and two longevity steps. For this unit also, advancement from one step to another is a function of time provided the employee has not been separated for cause.

Assuming that no other employment events were occurring, the above limitations would result in approximately 11,050 executive branch employees on pay schedules with multiple steps, out of a total work force of approximately 16,700. Approximately 820, or 7% of the employees on multi-step schedules, are at the final longevity step of their ranges and will not receive further step increases. An additional 5,760 are at steps that require a period of two to seven years before another increase can be considered. Approximately 1,920 of these employees would be eligible for consideration in a given year, and 3,840 (35% of those on multi-step schedules) would not. The maximum theoretical number that would receive a step increase in a given year is, therefore, less than 6,400 executive branch employees.

The real number is significantly less than the theoretical number because other employment events do occur. In a typical year, about 2,000 employees on multi-step salary schedules separate from state employment, and 2,000 other employees are hired to replace them. Additionally, about 3,000 employees on multi-step salary schedules move internally in a typical year. All promotions and some demotions and lateral movements start a new probationary period and a new "clock" before a merit increase can be considered. The Division of Finance has compared year end computer files for successive years and finds only about 3,000 employees for whom a merit increase is the only event in a year. Combinations of actions, such as promotion and merit increase, or merit increase and promotion, are excluded by this method. So are longevity increments. The result is a "best estimate" of 5,500 employees (50% of employees on multi-step schedules, or 33% of all employees) receiving a merit or longevity increment in a given year.

While individual steps range from about 3.1% to nearly 20%, the weighted average value of a salary step on all schedules is slightly less than 3.5%. In the theoretical model therefore,

December 22, 1995

for employees on salary schedules subject to step increases, the change in the rate of pay from one year to the next would be about 1.75% (3.5% times .50). For the entire executive branch, the annual change in the rate would be about 1.17% (3.5% times .33). Because the increases are awarded throughout the year, the annual theoretical cost would be one-half of the change in the annual rate, or .875% and .585% respectively.

For calendar year 1994, the executive branch paid \$610,310.2 thousand in gross pay. Therefore, the estimated cost of merit increases would be \$3,570.3 thousand. Benefits costs that are directly related to wages and salaries (excluding health insurance) would also increase by .585%

You may be aware that proposals to "freeze" merit increases for a period of time have been discussed in prior years. One significant barrier to doing so is the fact that for employees in collective bargaining units, merit increases and longevity increments are subject to bargaining. The agreements currently in place and the agreements I will be forwarding under AS 23.40.215 that have already been negotiated contain such provisions. The further give and take of negotiations would be necessary to change the tentative agreements.

I hope the above material is useful and responsive to your inquiry. I would be happy to provide any additional information that may be available.

Sincerely,



Mark Boyer  
Commissioner

BM/mpm  
hanley.ltr

**December 22, 1995**

' bcc: **Don Wanie, Director**  
**Division of Finance**

**Dianne Corso, Director**  
**Labor Relations Office**

**Beverly Reaume, Director**  
**Division of Personnel**

DIVISION OF LEGAL SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

Attachment #1  
3/6/96

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MEMORANDUM

February 5, 1995

SUBJECT: Legislative action with respect to the monetary terms of collective bargaining contracts

TO: Representative Mark Hanley, Co-chair  
House Finance Committee

FROM: Teresa B. Cramer   
Legislative Counsel

You have asked for an explanation of the legislature's powers with respect to the monetary terms of a collective bargaining contract for state employees.

**Short answer:** If the legislature states in legislation that it declines to fund the monetary terms, the terms do not take effect. If the legislature appropriates money that can, under the terms of the appropriation, be used to fund the monetary terms of the contract, then the terms do take effect whether or not the legislature states that it intends them to.

**Discussion**

**1. The legislature may decline to fund the monetary terms of a collective bargaining contract.**

Under AS 23.40.215(a), the monetary terms of a collective bargaining contract "are subject to funding through legislative appropriation." This language has been held to mean that if the legislature declines to fund a contract term, the monetary terms of the contract do not take effect. Public Employees' Local 71 v. State, 775 P.2d 1062 (Alaska 1989).<sup>4</sup> In 1984, the state and Local 71 entered into a three-year collective bargaining contract. The contract did not call for a salary increase for the first year. In 1985, the legislature appropriated sufficient money to fund the negotiated pay increase for the second year but also adopted a resolution indicating that it would not fund the monetary terms in the following year. In 1986, the

<sup>4</sup> In the Local 71 case, the court relied on the terms of the statute in reaching this result but also suggested that the state constitution would require the result. In a footnote in Municipality of Anchorage v. Anchorage Police Dep't Employees Ass'n, P.2d, (Alaska Supreme Court Opinion No. 3893, October 23, 1992), the Supreme Court disapproved this suggestion. (See footnote 28, page 28 of the slip opinion.) The Anchorage Police Dep't case involved consideration of a municipal collective bargaining contract entered into under a municipal ordinance rather than the state statutes.

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legislature refused to fund the third-year salary increase, stating in the operating budget that failure to adopt a separate appropriation item for the pay raise constituted rejection of the monetary terms of the collective bargaining agreements in accordance with AS 23.40.215.<sup>2</sup> The court held that under AS 23.40.215 the monetary terms for the third year did not take effect, and stated

it is clear that the monetary terms of a collective bargaining agreement are not effective until the funds are appropriated by the legislature. Each year the monetary terms of a collective bargaining agreement are subject to independent legislative approval."

Id. at 1064. (Footnote omitted.)

From the holding in Local 71, it is clear that if the legislature states in the operating budget that it is declining to appropriate money to implement a contract term, the monetary terms do not become part of the contract.

2. Disapproval of the monetary terms by resolution is probably not effective by itself to invalidate the monetary terms of the contracts.

You have asked about the effect of AS 23.40.215(b) which reads:

The Department of Administration shall submit the monetary terms of an agreement to the legislature within 10 legislative days after the agreement of the parties, if the legislature is in session, or within 10 legislative days after the convening of the next regular session. The legislature shall advise the parties by concurrent resolution if it approves or disapproves of the monetary terms within 60 legislative days after the agreement is submitted to the legislature. The approval of the monetary terms of an agreement under this subsection is a nonbinding, advisory expression of legislative intent. If within 60 legislative days after the agreement is submitted the legislature advises the parties by concurrent resolution that it disapproves the monetary terms of the agreement, the parties may resume negotiations.

This subsection addresses one method by which the legislature can indicate to the executive branch and employee unions its response to the monetary terms of a collective bargaining

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<sup>2</sup>The section read, in full:

Failure of the legislature to adopt a separate appropriation item for the pay raise constitutes rejection of the monetary terms of the collective bargaining agreements in accordance with AS 23.40.215. Money appropriated for personal services in this Act may not be used for implementation of the negotiated pay raise. Negotiation of future collective bargaining agreements will consider the definition of merit pay as recommended by the joint special committee on state employee compensation established under House Concurrent Resolution 47.

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contract. The subsection states that a resolution adopted by the legislature **approving** the contracts is "a nonbinding, advisory expression of legislative intent." Under this language the legislature is not bound by a resolution approving the monetary terms: the legislature may subsequently (but in the same legislative session) decline to fund the monetary terms.

The statute is silent about what happens if the legislature adopts a concurrent resolution **disapproving** the monetary terms but then appropriates money for personal services without, in the appropriation bill, limiting the use of the appropriation. In my opinion, in that case, the appropriation serves as "funding through legislative appropriation" and the monetary terms take effect.

Under the state's constitutional system, a bill is subject to procedural requirements that a concurrent resolution is not subject to, and, unlike a resolution, a bill is subject to veto by the governor. Under State v. A.L.I.V.E. Voluntary, 606 P.2d 769, 773, (Alaska 1980), when the legislature wishes to act in an advisory capacity, it may do so by resolution. When it intends its action to have a binding effect on people outside the legislature, it may do so only by following the enactment procedures for bills. A resolution disapproving the monetary terms of a collective bargaining contract serves to advise the parties of the legislature's intention with regard to funding. The resolution cannot take the place of a bill. If there is subsequent action to appropriate money for personal services without prohibiting the state from spending the money to implement the monetary terms of a collective bargaining contract, the resolution must give way to the bill and the monetary terms take effect.

### **3. Failure to adopt a resolution either approving or disapproving monetary terms within the 60-day period set by statute.**

The provisions in AS 23.40.215(b) suggest that the legislature must adopt a resolution within 60 days of submission of the monetary terms to the legislature. The statute is not clear as to what happens if the legislature fails to meet the 60-day deadline. The requirement for funding by the legislature in subsection (a) does not state that if the legislature fails to act within a 60-day period, the money is considered to have been appropriated. And, since a resolution can only be viewed as a nonbinding statement, failure to make such a statement should not be given more weight than the making of the statement would hold. Therefore, I believe that the 60-day time period should be viewed as a goal, not a legal requirement. Failure to adopt a resolution within the 60 days does not preclude the legislature from acting later.



### **4. What happens if the legislature does nothing?**

This situation is less likely to occur than may appear at first glance. By definition, monetary terms of a contract require that the state spend money to implement them. (See

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AS 23-40.250(4).) Before the state may spend money, the legislature must appropriate it. Therefore, it is probable that the legislature will act on some aspect of a monetary term of a state employee contract, as part of a general budget item, even though the legislature has not specifically addressed the particular contract term. For example, as happened in the facts in the Local 71 case, a collective bargaining contract may call for a salary increase. By appropriating money for personal services for positions in that bargaining unit, the legislature is acting on that contract term. Unless the legislature also states its disapproval of the salary increase, the increase will take effect, even if the amount appropriated is insufficient to fully fund all of the positions in the department at the increased salary levels. The agency to which the money was appropriated must make other reductions (perhaps by reducing the number of its employees) in order to live within its budget but must comply with the contract terms.

If there were a monetary term of a contract that required a separate appropriation, unrelated to other budget items, then, given the language in AS 23-40.215, that monetary term would be considered to have failed unless the legislature made an appropriation for that purpose. However, I believe that this is an unlikely factual situation. The safer course for the legislature, if it wishes to disapprove a monetary term, is to state its disapproval specifically.

Please let me know if I can be of further assistance.

TC:pi

95-031.plm

## PUBLIC EMPLOYEES' LOCAL

71, Appellant.

v.

STATE of Alaska, Appellee.

No. S-2725.

Supreme Court of Alaska.

June 9, 1989.

Unions appealed decision of Superior Court, Third Judicial District, Anchorage, Martha Beckwith, J. pro tem., affirming decision of State Labor Relations Agency which dismissed unfair labor practice charges filed against State. The Supreme Court, Burke, J., held that collective bargaining agreement to which State is party is subject to legislative approval of its monetary terms.

Affirmed.

### 1. Administrative Law and Procedure ⇨300

"Rational basis" test is standard applied on appeal of agency decision involving question of statutory interpretation, when issue involves agency expertise or the determination of fundamental policies within agency's statutory function.

### 2. Administrative Law and Procedure ⇨300

Reviewing court can independently review decision of agency and substitute its own judgment when statutory interpretation does not involve agency expertise, or the agency's specialized knowledge and experience would not be particularly probative.

### 3. Labor Relations ⇨246

Collective bargaining agreement to which State is a party is subject to legislative approval of its monetary terms. AS 23.40.215.

1. CEA also entered into a collective bargaining agreement with the state providing for salary

### 4. Labor Relations ⇨179

State did not violate its duty to bargain in good faith with employees' unions when governor sought budget cuts, where bargained for pay raise was not among the reductions sought.

Kevin Dougherty, Anchorage, for appellant.

Virginia B. Ragle and Susan D. Con. Asst. Atty. Gen., and Grdge Berg Schaeble, Atty. Gen., Juneau, for appellee.

### OPINION

Before MATTHEWS, J., and  
RABINOWITZ, BURKE, COMPTON  
and MOORE, JJ.

BURKE, Justice.

### I. INTRODUCTION

Public Employees Local 71 (Local 71) and Confidential Employees Association (CEA) appeal the decision of the superior court, affirming the decision of the State Labor Relations Agency (Agency), which dismissed the unfair labor practice charges filed against the state. The first issue on appeal is whether a collective bargaining agreement is subject to legislative approval of its monetary terms. The second issue is whether the state violated its duty to bargain in good faith.

### II. FACTS

On June 4, 1984, Local 71 entered into a collective bargaining agreement with the state, which was in effect from January 1, 1984, through December 31, 1986. The terms of the contract called for salary increases of 0% during the first fiscal year of the contract (July 16, 1984—July 16, 1985), 5% during the second fiscal year (July 16, 1985—July 16, 1986), and 3.8% during the third fiscal year (July 16, 1986—July 16, 1987).<sup>1</sup>

In 1985, the legislature appropriated the necessary funds for the 5% salary increase. However, the legislature also adopted Leg-

increases. CEA joins in Local 71's arguments.

lative Resolution No. 19, which stated "that the Alaska State Legislature will not fund the monetary terms of the existing contracts for future years" and directed the parties to renegotiate the monetary terms proposed for fiscal year 1987. The state and unions were unable to renegotiate the salary increases.

At the beginning of the 1985 legislative session, the governor requested funding for the 3.3% salary increase in House Bill 500. Subsequently, after a projected revenue decline, the governor submitted to the legislature a revised operating budget consisting of \$120,000,000 in proposed reductions. The reductions did not refer to the 3.3% pay increase. In 1986, the legislature refused to fund the 3.3% salary increase.<sup>1</sup>

On April 17, 1986, Local 71 filed an unfair labor practice charge against the State of Alaska. A hearing was held on July 13, 1987. On October 21, 1986, the agency issued its order dismissing the unfair labor practice charge. Local 71 appealed. The superior court affirmed the agency's dismissal of the unfair labor practice charge. This appeal followed.

### III. STANDARD OF REVIEW

[1] When an appeal of an agency decision involves a question of statutory interpretation one of two standards will apply. *Tesoro Alaska Petroleum Co. v. Kenai*

2. The legislature stated in section 20 of the budget act:

Failure of the legislature to adopt a separate appropriation item for the pay raise constitutes rejection of the monetary terms of the collective bargaining agreements in accordance with AS 23.40.215.

AS 23.40.215 is set forth in full at note 3.

3. AS 23.40.215 provides:

(a) The monetary terms of any agreement entered into under the Public Employment Relations Act are subject to funding through legislative appropriation.

(b) The Department of Administration shall submit the monetary terms of an agreement to the legislature within 10 legislative days after the agreement of the parties, if the legislature is in session, or within 10 legislative days after the convening of the next regular session. The legislature shall advise the parties by concurrent resolution if it approves or disapproves of the monetary terms within 60

*Pipe Line Co.*, 746 P.2d 394 (Alaska 1987). The "rational basis" test is used when the issue involves agency expertise or the determination of fundamental policies within the agency's statutory function. *Id.* at 903. If the agency's decision is supported by the facts and has a reasonable basis in the law, the decision will be upheld. *Id.*

[2] However, when the statutory interpretation does not involve agency expertise, or the agency's specialized knowledge and experience would not be particularly probative, the reviewing court can independently review the decision and substitute its own judgment. *Id.*

### IV. DISCUSSION

#### A. Legislative Approval

[3] The first issue is whether a collective bargaining agreement is subject to legislative approval of its monetary terms. This issue is a question of statutory interpretation and should be reviewed under the independent judgment standard. Alaska Statute 23.40.215(a) provides that the "monetary terms of any agreement entered into under the Public Employment Relations Act are subject to funding through legislative appropriation."<sup>2</sup> The initial approval of the monetary terms of any agreement is a "nonbinding, advisory expression of legislative intent."<sup>4</sup> AS 23.40.215(b).

legislative days after the agreement is submitted to the legislature. The approval of the monetary terms of an agreement under this subsection is a nonbinding, advisory expression of legislative intent. If within 60 legislative days after the agreement is submitted the legislature advises the parties by concurrent resolution that it disapproves the monetary terms of the agreement, the parties may resume negotiations.

4. In its brief, Local 71 relied solely on *Boston Teachers Union, Local 66 v. School Committee of Boston*, 386 Mass. 197, 434 N.E.2d 1258 (1982). In *Boston Teachers*, the teachers' union sought declaratory and injunctive relief to compel the mayor to submit a budget to the city council which would provide appropriations for the salary increases in the second year of a collective bargaining agreement. The Massachusetts court held that approval by the legislature of the monetary terms of the contract was statutorily required throughout the contract's three-year term:

Additionally, under Alaska's constitutional system funding of an agreement is constitutionally relegated to the legislature. Alaska Const. art. III, § 13. The Public Employment Relations Act recognizes this constitutional requirement in AS 23.40.215(a).

From our independent review of the statute, it is clear that the monetary terms of a collective bargaining agreement are not effective until the funds are appropriated by the legislature.<sup>5</sup> Each year the monetary terms of a collective bargaining agreement are subject to independent legislative approval.

### B. Duty to Bargain in Good Faith

(4) The second issue is whether the state violated its duty to bargain in good

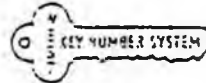
We think that the requirement in § 7(b), that the employer submit a request to the appropriate legislative body for an appropriation sufficient to fund the cost items of the agreement, applies only to the funds needed in the first year of the agreement, and that an appropriation funding the first year of the contract constitutes an approval by the legislative body of the entire agreement. The context of this provision suggests that this is the proper interpretation. . . . In order for § 7(b) to be construed consistently with § 7(a), authorizing contracts of three years' duration, the statute must be read as contemplating an initial approval of the contract by the legislative body, followed by appropriations as a matter of course in the succeeding years of the contract.

*Id.* at 1263. See Mass.G.L. c. 150E § 7.

The Massachusetts court also found support for its position in the legislative history of the statute, which provided that if there is a conflict between the terms of a collective bargaining agreement and the statute, the terms of the agreement prevail. *Id.* at 1263. Based on *Bos-*

*ton Teachers*, Local 71 asserts that once the legislature approves the monetary terms of the first year of a collective bargaining agreement, the legislature must fund the subsequent years. However, *Boston Teachers* is distinguishable from the case at hand because the governing statutes in the two states are clearly different. Therefore, *Boston Teachers* is not persuasive.

The decision is **AFFIRMED**.



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5. The superior court for the first judicial district has also held that the monetary terms of an agreement are not enforceable until the legislature appropriates the required funding. *Alaska Public Employees Ass'n v. State*, No. 1JU 79 536 Civ. and *Public Employees' Local 71, AFL-CIO v. State*, No. 1JU 79 983 Civ. (Alaska Super., Ct. Dec. 24, 1979).

6. Additionally, Local 71 and CEA assert that the agency's decision is not supported by substantial evidence and that the agency failed to properly review whether the state supported the pay raise throughout the entire legislative session. Both of these arguments are without merit.

terms are  
not only not effective, but not enforceable

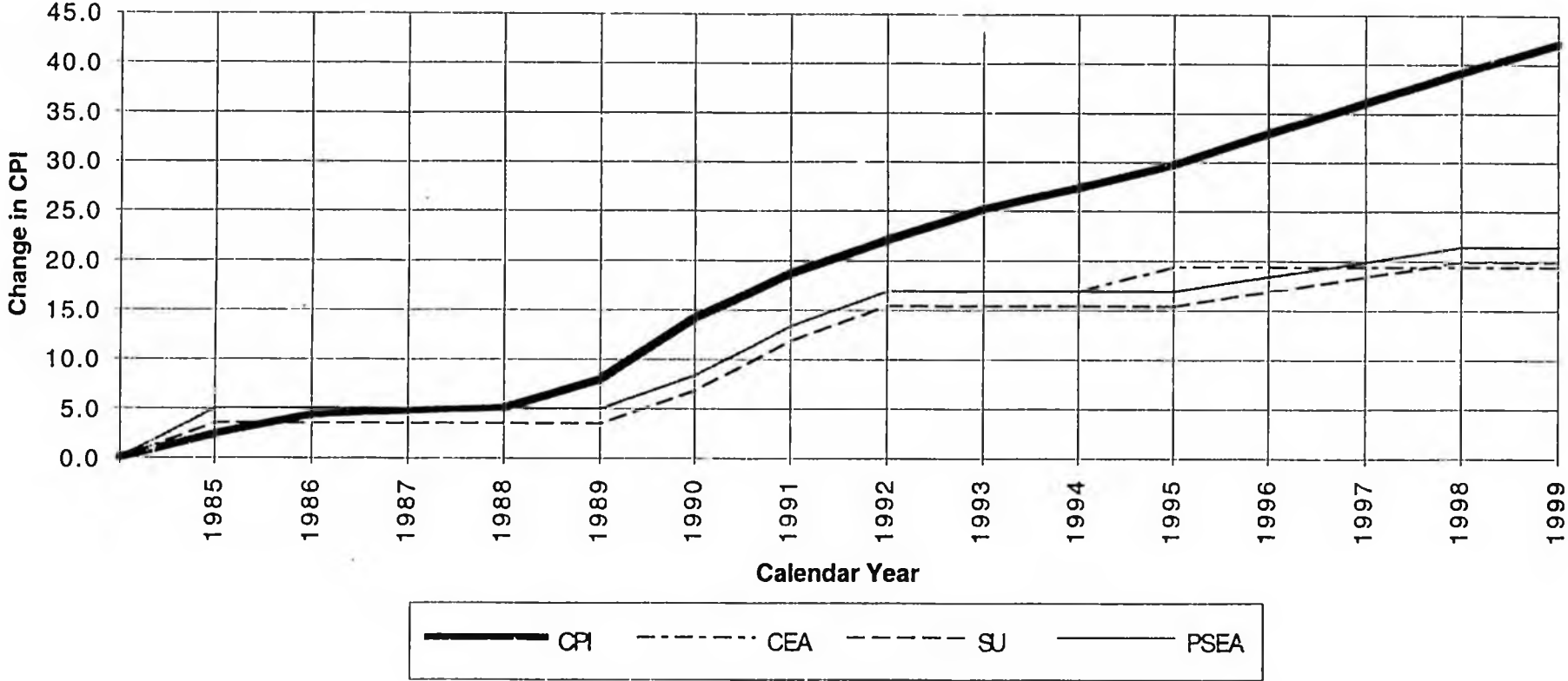
**Increases in the Anchorage CPI-U  
Compared to  
Funded and Projected Salary Increases**

% CPI Change	Cumulative Change	Year	Yr. Avg. CPI-U	Wage Incr Statutory		Negotiated Wage Incr Court System	Negotiated Wage Incr GGU 2&3	Negotiated Wage Incr GGU 1	Negotiated Wage Incr SU	Negotiated Wage Incr LTC	Negotiated Wage Incr CEA	Negotiated Wage Incr PSEA	Negotiated Wage Incr IBU	Negotiated Wage Incr MM&P	Negotiated Wage Incr MEBA
0.00%	0.00%	1984	103.25									3.0			
2.43%	2.43%	1985	105.76	5.0		5.0	5.0	5.0	3.5	5.0	5.0	5.0	2.0	2.0	2.0
1.96%	4.39%	1986	107.83												
0.38%	4.77%	1987	108.24												
0.33%	5.10%	1988	108.60										2.1		
2.85%	7.96%	1989	111.70												
6.18%	14.13%	1990	118.60	3.3		3.3	3.3	4.25	3.3	3.3	3.3	3.3	3.3	3.3	3.3
4.55%	18.69%	1991	124.00	5.0		5.0	5.0	5.0	5.0	4.5	5.0	5.0	5.0	5.6	5.51
3.39%	22.07%	1992	128.20				3.6	3.6	3.6	3.6	3.6	3.6	3	3.6	3.6
3.12%	25.19%	1993	132.20												
2.12%	27.31%	1994	135.00												3.1
2.89%	30.20%	1995	138.90								2.5				
2 3.06%	33.26%	1996	143.15	1.5	4		1.5	1.5	1.5	1.5		1.5	1.5	1.5	
2 3.00%	36.26%	1997	147.45	1.5	4		1.5	1.5	1.5	1.5		1.5	1.5	1.5	
2 3.02%	39.28%	1998	151.90	1.5	4		1.5	1.5	1.5	1.5		1.5	1.5	1.5	
2 3.03%	42.31%	1999	156.50												
* = Projection		Total thru 95		13.3		13.3	16.9	17.9	15.4	16.4	19.4	19.9	16.0	14.5	17.5
		Projected to 99		17.8		13.3	21.4	22.4	19.9	20.9	19.4	24.4	20.5	19.0	17.5

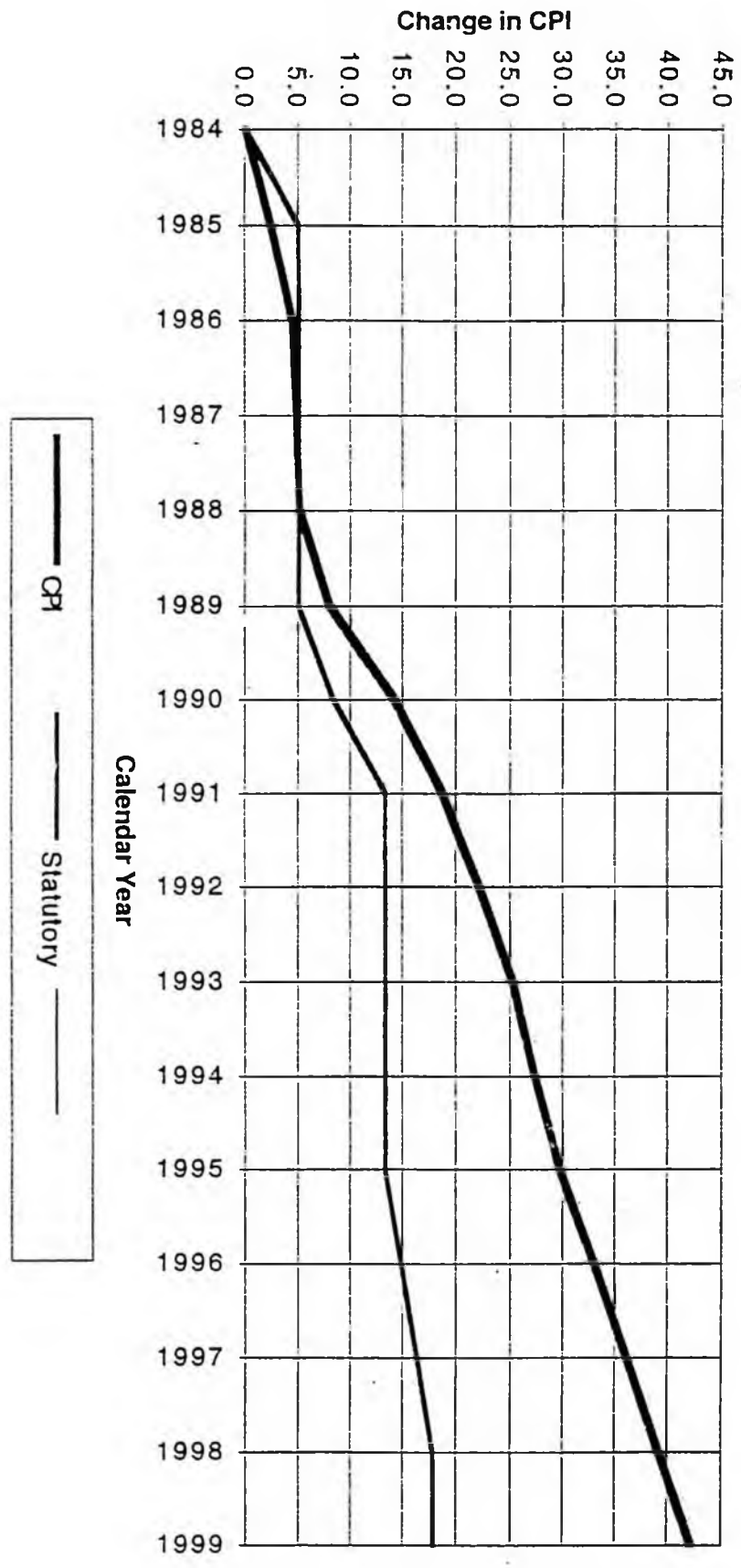
Notes: CPI-U is Yearly Average as taken from BLS data

1. GGU, SU, LTC, PSEA, IBU, and MM&P have negotiated 1/2 of the CPI cost of living increases capped at 1.5% for '96,'97, '98.
2. Projections attempt to show an approximate 3% per year increase in the CPI
3. Last PSEA wage increase formally effective 7/1/94; lump sum paid equal to 3.6% retroactive to 1992
4. Administration proposes increase capped at 1.5% for Statutory Employees

### CEA, SU & PSEA Funded Wage Increases Compared to Anchorage CPI-U



# Statutory Wage Increases compared to CPI



APPROXIMATE COST OF BARGAINING UNIT CONTRACTS & OTHER NON-COVERED EMPLOYEE COMPENSATION											
G	OMB-DHR 2/23/96										
LFD	Legislative Finance Modifications										
ANNUAL TOTALS											
BARGAINING											
			FY 97			FY98			FY99		
	UNIT	Note	GF	OTHER	TOTAL	GF	OTHER	TOTAL	GF	OTHER	TOTAL
G	Masters, Mates & Pilots (MMP)	1		139.5	139.5		166.9	166.9		252.3	252.3
G	Inland Boatmen's Union (IBU)	1		1,210.2	1,210.2		948.5	948.5		1,433.5	1,433.5
G	Labor, Trades, and Crafts (LTC)		724.9	588.4	1,313.3	1,460.7	1,185.6	2,646.3	2,207.5	1,791.8	3,999.3
G	General Government Unit (GGU)		3,621.5	2,717.7	6,339.2	7,297.3	5,476.2	12,773.5	11,028.3	8,276.0	19,304.3
G	Supervisory Unit (SU)	2	702.8	503.6	1,206.4	1,416.1	1,014.8	2,430.9	2,140.2	1,533.6	3,673.8
LFD	Public Safety Employees Assn (PSEA)		497.8	127.0	624.8	1,003.1	255.9	1,259.0	1,515.9	386.7	1,902.7
G	Exempt Employees (XE)		764.2	661.2	1,425.4	1,539.9	1,332.3	2,872.2	2,327.2	2,013.5	4,340.7
LFD	University - ACCFT	3	466.2	32.9	499.1	946.4	66.8	1,013.2	1,441.0	101.7	1,542.7
LFD	University - CIA	3	220.9	3.2	224.1	220.9	3.2	224.1	220.9	3.2	224.1
LFD	University - Classified/Professional, Non-uni	3	1,384.0	488.0	1,872.0	1,384.0	488.0	1,872.0	1,384.0	488.0	1,872.0
LFD	University - Faculty, Non-union	3	969.0	590.0	1,559.0	1,954.0	1,189.7	3,143.7	2,964.6	1,805.0	4,769.6
LFD	AMHS Fund	1	810.0		810.0	669.2		669.2	1,011.5		1,011.5
LFD	Legislature		342.9		342.9	686.0		686.0	1,028.9		1,028.9
LFD	Court: Covered	4	592.1		592.1	771.6		771.6	953.9		953.9
LFD	Court: Non-Covered	4	1,202.3		1,202.3	1,566.9		1,566.9	1,937.0		1,937.0
	<b>ANNUAL SUBTOTAL</b>		<b>12,298.6</b>	<b>7,061.7</b>	<b>19,360.3</b>	<b>20,916.1</b>	<b>12,127.9</b>	<b>33,044.0</b>	<b>30,160.8</b>	<b>18,085.3</b>	<b>48,246.1</b>
LFD	<b>MERIT INCREASE</b>	5	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>
LFD	<b>HEALTH BENEFITS</b>	6	<b>137.9</b>	<b>103.4</b>	<b>241.3</b>	<b>1,061.0</b>	<b>810.9</b>	<b>1,871.9</b>	<b>1,543.6</b>	<b>1,173.2</b>	<b>2,716.8</b>
LFD	<b>Non-Add: SBS Incremental Costs</b>	7	<b>320.0</b>	<b>213.3</b>	<b>533.3</b>	<b>360.0</b>	<b>222.5</b>	<b>582.5</b>	<b>361.7</b>	<b>226.8</b>	<b>588.5</b>
	<b>CUMULATIVE TOTALS</b>										
	Masters, Mates & Pilots (MMP)			139.5	139.5		306.4	306.4		558.7	558.7
	Inland Boatmen's Union (IBU)			1,210.2	1,210.2		2,158.7	2,158.7		3,592.2	3,592.2
	Labor, Trades, and Crafts (LTC)		724.9	588.4	1,313.3	2,185.6	1,774.0	3,959.6	4,393.1	3,565.8	7,958.9
	General Government Unit (GGU)		3,621.5	2,717.7	6,339.2	10,918.8	8,193.9	19,112.7	21,947.1	16,469.9	38,417.0
	Supervisory Unit (SU)		702.8	503.6	1,206.4	2,118.9	1,518.4	3,637.3	4,259.1	3,051.9	7,311.1
	Public Safety Employees Assn (PSEA)		497.8	127.0	624.8	1,500.9	382.9	1,883.8	3,016.8	769.6	3,786.4
	Exempt Employees (XE)		764.2	661.2	1,425.4	2,304.1	1,993.5	4,297.6	4,631.2	4,007.0	8,638.2
	University of Alaska (Covered & Non-covered)		3,040.1	1,114.1	4,154.2	7,545.4	2,861.8	10,407.2	13,555.9	5,259.7	18,815.6
	AMHS Fund		810.0		810.0	1,479.2		1,479.2	2,490.7		2,490.7
LFD	Legislature		342.9		342.9	1,028.9		1,028.9	2,057.8		2,057.8
LFD	Court: Covered & Non-Covered		1,794.4		1,794.4	4,132.9		4,132.9	7,023.8		7,023.8
	<b>CUMULATIVE SUBTOTAL</b>		<b>12,298.6</b>	<b>7,061.7</b>	<b>19,360.3</b>	<b>33,214.7</b>	<b>19,189.6</b>	<b>52,404.3</b>	<b>63,375.5</b>	<b>37,274.9</b>	<b>100,650.4</b>
	<b>CUMULATIVE With MERIT</b>		<b>14,447.3</b>	<b>8,750.0</b>	<b>23,197.3</b>	<b>37,512.1</b>	<b>22,566.1</b>	<b>60,078.3</b>	<b>69,821.7</b>	<b>42,339.7</b>	<b>112,161.4</b>
	<b>CUMULATIVE w/MERIT &amp; HEALTH</b>		<b>14,585.2</b>	<b>8,853.4</b>	<b>23,438.6</b>	<b>38,711.0</b>	<b>23,480.4</b>	<b>62,191.5</b>	<b>72,564.2</b>	<b>44,427.2</b>	<b>116,991.4</b>
	<b>Non-Add: Cumulative SBS Costs</b>		<b>320.0</b>	<b>213.3</b>	<b>533.3</b>	<b>680.0</b>	<b>435.8</b>	<b>1,115.8</b>	<b>1,041.7</b>	<b>662.6</b>	<b>1,704.3</b>

3/6/96  
 Attachment 1

**NOTES: COST OF BARGAINING UNIT CONTRACTS & OTHER NON-COVERED EMPLOYEE COMPENSATION**

- 1 **IMPORTANT NOTE:** The appropriation from the General Fund to the Alaska Marine Hwy System fund includes \$810.0 GF related to salary adjustments. This is the GF portion of lump sum payments and 1.5% salary adjustments for the IBU and MMP bargaining units. This appropriation duplicates money already included in the back section components as other funds. (Ak Marine Hwy Sys Fund). Estimated actual outlays would, accordingly, be \$810 less than the table totals.  
 Estimate for FY98 and FY99 assumes the same ratio of general to total funds (60%) as applied in FY97.
- 2 Adds Front Section DOA-supervisory
- 3 The salary adjustments in the Governor's FY97 budget include \$1750.0 for the University of Alaska. The attached spreadsheet prepared by the University shows the additional costs associated with funding increases for covered (ACCU and CEA) and non-covered employees.
- 4 Estimates for FY97-99 were provided by the Court System.
- 5 Merit increase figures were provided by the Department of Administration. Figures are based on CY95 total gross payroll. Gross payroll (wages only) figures were \$612,540,000 for the Executive, \$25,838,000 for the Courts, and \$17,668,000 for the Legislature. The analysis applies a factor calculated for the Executive Branch, .585% of wages, to all branches. See attached sheet on methodology.
- 6 Health insurance increase figures were provided by the Department of Administration, Division of Retirement and Benefits. The health insurance increases for the Supervisory and Public Safety Employees Association are included in the bargaining unit costs. The increase shown here is for the General Government Unit and the Labor, Trades, and Crafts bargaining units. Premiums for other employees assume no increase or that benefits will be reduced to stay within the current premium. See attached sheet on methodology.
- 7 The FY97 figures used as a basis for this analysis represents changes in both salary and benefit costs associated with the various agreements. The Division believes that the method used to generate the numbers for the out years already incorporates the benefit increases associated with higher salaries. To avoid possible double counting the SBS figure is not added into annual or cumulative totals.

### Projected FY97-FY99 Costs of UA Compensation Plans

The Governor's FY97 budget for the University of Alaska includes a \$1,760.0 general fund base adjustment for salary increases. This number was calculated by OMB and is intended to represent 1.6% of the general fund salary cost for all permanent university employees. The effective percentage is in fact slightly lower due to variations in staff benefit rates and general fund ratios of different employee groups.

The distribution of the Governor's FY97 general fund base adjustment among the university's various employee groups, based on authorized budgeted positions as documented in PACB, is shown below. Also shown are the full incremental salary costs (including benefits) estimated for each employee group for FY97-FY99, and a brief description of how those costs were derived.

#### ANNUAL TOTALS

UNIVERSITY EMPLOYEE GROUP	Governor's FY97 Base Adjustment (All GF)	Estimated Full FY97 Cost			Estimated Full FY98 Cost			Estimated Full FY99 Cost		
		GF	Other	Total	GF	Other	Total	GF	Other	Total
<b>Covered</b>										
ACCFT (1)	216.6	486.2	32.9	499.1	946.4	86.8	1,013.2	1,441.0	101.7	1,642.7
CEA (2)	144.9	220.9	3.2	224.1	220.9	3.2	224.1	220.9	3.2	224.1
<b>Non-Covered</b>										
Classified/Professional, Non-union (3)	916.7	1,384.0	488.0	1,872.0	1,384.0	488.0	1,872.0	1,384.0	488.0	1,872.0
Faculty, Non-union (4)	473.9	889.0	690.0	1,559.0	1,954.0	1,189.7	3,143.7	2,964.6	1,605.0	4,769.6
<b>Total University of Alaska</b>	<b>1,760.0</b>	<b>3,040.1</b>	<b>1,114.1</b>	<b>4,164.2</b>	<b>4,805.3</b>	<b>1,747.7</b>	<b>6,263.0</b>	<b>6,010.5</b>	<b>2,397.9</b>	<b>8,408.4</b>
		Governor's FY97 Base Adjustment:		1,760.0						
		Full FY97 GF Cost over Governor's FY97 Base Adjustment:		1,290.1						

#### CUMULATIVE TOTALS

UNIVERSITY EMPLOYEE GROUP	Governor's FY97 Base Adjustment (All GF)	Estimated Full FY97 Cost			Estimated Full FY98 Cost			Estimated Full FY99 Cost		
		GF	Other	Total	GF	Other	Total	GF	Other	Total
<b>Covered</b>										
ACCFT (1)	216.6	486.2	32.9	499.1	1,412.6	99.7	1,512.3	2,853.6	201.4	3,055.0
CEA (2)	144.9	220.9	3.2	224.1	441.6	6.4	448.2	662.7	9.6	672.3
<b>Non-Covered</b>										
Classified/Professional, Non-union (3)	916.7	1,384.0	488.0	1,872.0	2,766.0	976.0	3,744.0	4,152.0	1,464.0	5,616.0
Faculty, Non-union (4)	473.9	889.0	690.0	1,559.0	2,923.0	1,779.7	4,702.7	5,687.6	3,584.7	9,472.3
<b>Total University of Alaska</b>	<b>1,760.0</b>	<b>3,040.1</b>	<b>1,114.1</b>	<b>4,164.2</b>	<b>7,645.4</b>	<b>2,861.8</b>	<b>10,407.2</b>	<b>13,555.9</b>	<b>5,259.7</b>	<b>18,815.6</b>
		Governor's FY97 Base Adjustment:		1,760.0						
		Full FY97 GF Cost over Governor's FY97 Base Adjustment:		1,290.1						

- (1) 3% COLA per year per terms of current contract. Contract is currently being renegotiated. The university has requested a budget amendment to separate out and fully fund the FY97 costs of this contract (increment request of \$250.7 GF, \$283.6 total funds).
- (2) Movement of employees along salary schedule, estimated to average 2% per year. Does not include a COLA increase. DOES assume approval of funding to cover implementation costs of the new contract as requested in the proposed revision to HB305. The university has requested a budget amendment to separate out and fully fund the FY97 costs of this contract (increment request of \$78.0 GF, \$79.2 total funds).
- (3) Movement of employees along salary schedule, estimated to average 2% per year. Does not include a COLA increase.
- (4) 2.6% per year to be used for promotions, equity adjustments, and objectively measured performance. Does not include any "automatic" increases.

Alaska Court System

Appropriated Cost of Bargaining Unit Contracts  
& Other Non-Covered Employees Compensation

Please deliver to Rep. Hanley's office

*Corrections to Schedule*

**Annual Totals**

Bargaining Unit	FY 87			FY 88			FY 89		
	GF	Other	Total	GF	Other	Total	GF	Other	Total
Court: Covered	592.1		592.1	771.6		771.6	953.9		953.9
Court: Non-Covered	1,202.3		1,202.3	1,566.9		1,566.9	1,937.0		1,937.0
<b>Total</b>	<b>1,794.4</b>		<b>1,794.4</b>	<b>2,338.6</b>		<b>2,338.6</b>	<b>2,890.9</b>		<b>2,890.9</b>
<b>Cumulative Totals</b>									
Court: Covered	592.1		592.1	1,363.7		1,363.7	2,317.6		2,317.6
Court: Non-Covered	1,202.3		1,202.3	2,769.2		2,769.2	4,706.2		4,706.2
<b>Total</b>	<b>1,794.4</b>		<b>1,794.4</b>	<b>4,132.9</b>		<b>4,132.9</b>	<b>7,023.8</b>		<b>7,023.8</b>

	Current	No. of	FY 97	FY 98 /ee/mo	FY 98		FY 99
	Premium	Employees	Premium		Premium		Premium
		1/1/96	Increase (ER)		Increase (ER)		Increase (ER)
GGU	\$ 423.50	7,800	\$ 241,300	\$ 462.38	\$ 1,435,108	\$ 490.10	\$ 2,280,000
SU	\$ 418.80	1,100	\$ 236,940	\$ 450.00	\$ 411,840	\$ 450.00	\$ 411,840
LTC	\$ 524.00	1,400	\$ -	\$ 550.00	\$ 436,800	\$ 550.00	\$ 436,800
PSEA	\$ 470.00	400	\$ 120,000	\$ 520.00	\$ 240,000	\$ 520.00	\$ 240,000
MMP	\$ 423.50	70	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
MEBA	\$ 423.50	70	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
IBU	\$ 423.50	500	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
CEA	\$ 423.50	180	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
TEAME	\$ 423.50	16	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
AVTEC	\$ 423.50	29	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
ACSEA	\$ 423.50	24	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
NON-COV	\$ 423.50	2,000	\$ -	\$ 423.50	\$ -	\$ 423.50	\$ -
		13,389	\$ 598,240		\$ 2,523,748		\$ 3,368,640
Su			236,940		411,840		411,840
PSEA			120,000		240,000		240,000
			241,300		1,871,908		2,716,800
Assumptions:							
For the Commissioner's Plan it is assumed that premiums will not increase and benefits will be reduced to stay within the current premium.							
The SU contract requires an increase in contributions to \$423.50 effective 7/1/96 and to \$450 effective 1/1/97							
The GGU contract allows for increases in the employer contribution as premiums increase. The increase is shared equally by the employer and employee and is capped at \$50 each. Premiums are expected to increase 3% for the last 5 months of FY 97 and 6% in FY 98 & 99							
LTC premium rates are expected to increase 10% per year. Increases are shared equally by employer and employee and are capped at \$26 each.							
PSEA premiums increase to \$495 effective 7/1/96 and increase to \$520 effective 7/1/97							

According to OMB staff, SU and PSEA health insurance increases are included in the Governor's budget request.

Funding source was estimated based on proportion of GF and other funds to total funds for each contract.

	FY 97			FY 98			FY 99		
	GF	Other	Total	GF	Other	Total	GF	Other	Total
GGU	137.9	103.4	241.3	819.9	615.2	1435.1	1302.5	977.5	2,280.0
	57%	43%		57%	43%		57%	43%	
LTC				241.1	195.7	436.8	241.1	195.7	436.8
				55%	45%		55%	45%	
	137.9	103.4	241.3	1061.0	810.9	1871.9	1543.6	1,173.2	2,716.8

APPROXIMATE COST OF BARGAINING UNIT CONTRACTS & OTHER NON-COVERED EMPLOYEE COMPENSATION										
G OMB-DBR 2/23/96 1.FD Legislative Finance Modifications										
ANNUAL TOTALS										
BARGAINING UNIT										
	Note	FY 97			FY98			FY99		
		GF	OTHER	TOTAL	GF	OTHER	TOTAL	GF	OTHER	TOTAL
G	Masters, Mates & Pilots (MMP)		139.5	139.5		166.9	166.9		252.3	252.3
G	Inland Boatmen's Union (IBU)		1,210.2	1,210.2		948.5	948.5		1,433.5	1,433.5
G	Labor, Trades, and Crafts (LTC)	724.9	588.4	1,313.3	1,460.7	1,185.6	2,646.3	2,207.5	1,791.8	3,999.3
G	General Government Unit (GGU)	3,621.5	2,717.7	6,339.2	7,297.3	5,476.2	12,773.5	11,028.3	8,276.0	19,304.3
G	Supervisory Unit (SU)	702.8	503.6	1,206.4	1,416.1	1,014.8	2,430.9	2,140.2	1,533.6	3,673.8
LFD	Public Safety Employees Assn (PSEA)	497.8	127.0	624.8	1,003.1	255.9	1,259.0	1,515.9	386.7	1,902.7
G	Exempt Employees (XE)	764.2	661.2	1,425.4	1,539.9	1,332.3	2,872.2	2,327.2	2,013.5	4,340.7
LFD	University of Alaska	1,750.0		1,750.0	1,750.0		1,750.0	1,750.0		1,750.0
LFD	AMHS Fund	810.0		810.0	669.2		669.2	1,011.5		1,011.5
LFD	Legislature	342.9		342.9	686.0		686.0	1,028.9		1,028.9
LFD	Court: Covered & Non-Covered	517.7		517.7	1,043.2		1,043.2	1,576.5		1,576.5
<b>ANNUAL SUBTOTAL</b>		<b>9,731.8</b>	<b>5,947.6</b>	<b>15,679.4</b>	<b>16,865.5</b>	<b>10,380.2</b>	<b>27,245.6</b>	<b>24,585.9</b>	<b>15,687.4</b>	<b>40,273.4</b>
LFD	<b>MERIT INCREASE</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>	<b>2,148.7</b>	<b>1,688.3</b>	<b>3,837.0</b>
LFD	<b>HEALTH BENEFITS (requested from DOA)</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>
<b>CUMULATIVE TOTALS</b>										
	Masters, Mates & Pilots (MMP)		139.5	139.5		306.4	306.4		558.7	558.7
	Inland Boatmen's Union (IBU)		1,210.2	1,210.2		2,158.7	2,158.7		3,592.2	3,592.2
	Labor, Trades, and Crafts (LTC)	724.9	588.4	1,313.3	2,185.6	1,774.0	3,959.6	4,393.1	3,565.8	7,958.9
	General Government Unit (GGU)	3,621.5	2,717.7	6,339.2	10,918.8	8,193.9	19,112.7	21,947.1	16,469.9	38,417.0
	Supervisory Unit (SU)	702.8	503.6	1,206.4	2,118.9	1,518.4	3,637.3	4,259.1	3,051.9	7,311.1
	Public Safety Employees Assn (PSEA)	497.8	127.0	624.8	1,500.9	382.9	1,883.8	3,016.8	769.6	3,786.4
	Exempt Employees (Xe)	764.2	661.2	1,425.4	2,304.1	1,993.5	4,297.6	4,631.2	4,007.0	8,638.2
	University of Alaska	1,750.0		1,750.0	3,500.0		3,500.0	5,250.0		5,250.0
	AMHS Fund	810.0		810.0	1,479.2		1,479.2	2,490.7		2,490.7
LFD	Legislature	342.9		342.9	1,028.9		1,028.9	2,057.8		2,057.8
LFD	Court: Covered & Non-Covered	517.7		517.7	1,560.9		1,560.9	3,137.4		3,137.4
<b>CUMULATIVE SUBTOTAL</b>		<b>9,731.8</b>	<b>5,947.6</b>	<b>15,679.4</b>	<b>26,597.3</b>	<b>16,327.8</b>	<b>42,925.0</b>	<b>51,183.2</b>	<b>32,015.2</b>	<b>83,198.4</b>
<b>CUMULATIVE With MERIT</b>		<b>11,880.5</b>	<b>7,635.9</b>	<b>19,516.4</b>	<b>30,894.7</b>	<b>19,704.3</b>	<b>50,599.0</b>	<b>57,629.4</b>	<b>37,080.0</b>	<b>94,709.4</b>
<b>CUMULATIVE WITH HEALTH</b>		<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>	<b>?</b>

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**ACCFT TESTIMONY TO HOUSE FINANCE COMMITTEE**

Tuesday, March 05, 1996

Committee on Finance  
Alaska State Legislature  
House of Representatives

Dear Co-Chairs Hanley and Foster and Committee members:

The ACCFT issue before you today is unlike the other Collective Bargaining Agreements you have reviewed in that its terms are in place today. We seek Legislative support to secure and honor this existing Agreement.

The ACCFT Collective Bargaining Agreement was negotiated and agreed to in May, 1992 by the University of Alaska Board of Regents, the ACCFT and the Department of Administration. Its terms and conditions were submitted to and approved by the State Legislature that same year. You are today addressing the implementation and funding of an arbitrated award under the terms of the existing Collective Bargaining Agreement between the ACCFT, the University of Alaska Board of Regents and the Department of Administration.

The ACCFT CBA terms provide for annual cost-of-living-allowances pursuant to University of Alaska Board of Regents policy. In June, 1993 the UA Board of Regents acted in violation of the Agreement's terms when it suspended that policy and then refused to pay ACCFT faculty members the entitled compensation due beginning with FY95 (July 1, 1994--June 30, 1995). ACCFT grieved this action, and in April, 1995 the Arbitrator upheld the CBA terms and found that ". . . the Union prevails . . . Therefore, the University shall pay the bargaining unit members the pay increase provided by the collective agreement". In further breach of the Agreement the University failed to request the appropriate funds in FY94. Only after the arbitrator's decision in April of 1995 did the University finally request of the legislature what it should have sought for FY94 to meet its agreed upon contractual terms.

The written request made by the University and the Office of Management & Budget in April, 1995 sought funding for both FY95 and FY96 years and was considered and discussed by House and Senate Finance Committees. To our knowledge no bills were introduced by the Legislature and no Committee hearings were scheduled on these funding requests. When the 1995 Legislative session ended the University would claim that: "As you know, funding to cover the FY95 and FY96 costs of these contracts was requested during the 1995 legislative session . . . but was not approved by the legislature". Based on this the University refused to pay the faculty members the pay increase owed them on July 1, 1994 (FY95) and the pay increase due on July 1, 1995 (FY96). In the current Legislative session the University has decided not to request FY95

ATTACH 2  
3/05/96

as the "legislature rejected that" but would request an FY96 "supplemental". The FY96 entitlement was one of the topics of the recent February 16 meeting of the House Finance Committee to address amendments to HB468. The HFC voted 7-3 not to amend HB468 with the ACCFT FY96 supplemental costs. The University now maintains that non-inclusion of the ACCFT FY96 amendment to HB468 is rejection "as of this date . . . by the House . . .".

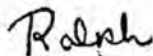
It is our position that the entitlements of FY95 and FY96 are issues of equity and fairness. These issues are unresolved today only because the University chose to breach its contract with the faculty. We maintain that these costs would not have been at issue today had the University complied with the Collective Bargaining Agreement and the Public Employee Relations Act. While we are supportive of additional funds to relieve the University of doing harm to students, programs and faculty and meet its contractual obligation we maintain that legislative funding of the University's personnel services budget provides the required funds.

The FY95 and FY96 contractual obligations represent the extension of an arbitration award to implement a previously agreed upon and approved Collective Bargaining Agreement that was sanctioned by the Board of Regents, the State Department of Administration and the Legislature. We would not be here before you today had its terms been honored by the University .

The University's FY 97 obligation is already addressed in the Governors FY97 budgeted personnel services request and does not require a separate appropriation or bill as the University seeks. The University originally had stated that it was making no request for FY97 funds and made no submission to the Legislature for these costs. However, when the Governor's FY97 Request was submitted it included "personnel services" funds that would cover the ACCFT bargaining unit. Now the University seeks to remove those funds and requests additional amounts to meet the University's contractual obligation to faculty members for FY97. ACCFT believes that the Governor's FY97 Request is the appropriate venue to address our FY97 entitlement.

As of today ACCFT faculty members have been deprived of a contract for 22 1/2 months; entitled compensation owed from July 1, 1994 to June 30, 1995; and entitled compensation owed from July 1, 1995 to March 5, 1996.

Sincerely,



Ralph McGrath, President  
Alaska Community Colleges' Federation of Teachers

**FY95-FY97 Costs of UA/ACCFT COLA Adjustments**  
(Revised 3/1/96 to reflect current budgeted positions in PACS)

Scenario 1: Legislature does not take further action on previously unfunded FY95 Retro, FY96 Supplemental

	FY96 Base (1)	FY97 3% Increase (2)*
Salaries	12,797,632	383,929
Benefits	3,839,290	115,179
<b>Total Salaries &amp; Benefits</b>	<b>16,636,922</b>	<b>499,108</b>
Funding: (1)		
Federal Receipts	69,951	2,099
General Fund/GFM	15,540,239	466,207
Student Fees	876,741	26,302
University Receipts	149,992	4,500
<b>Total</b>	<b>16,636,922</b>	<b>499,108</b>

\* The Governor's FY97 budget for the University of Alaska includes a base adjustment for salary increases related to all full-time employees. The proportional amount of this adjustment attributable to ACCFT is \$215, or approximately 43% of the amount needed to fully fund a 3% COLA for ACCFT per the terms of the contract.

- (1) Based on FY96 authorized budgeted positions as reflected in PACS.  
(2) 3% increase for all ACCFT members, effective July 1, 1996.

Scenario 2: Legislature reconsiders previously disapproved FY96 Supplemental

	FY96 Base (1)	FY96 3% Increase (2)	FY97 Base Adjustment (3)	FY97 3% Increase (4)	Total FY97 Increase (3) + (4)	Total FY96- FY97 Increase
Salaries	12,797,632	383,929	383,929	395,447	779,376	1,163,305
Benefits	3,839,290	115,179	115,179	118,634	233,813	348,893
<b>Total Salaries &amp; Benefits</b>	<b>16,636,922</b>	<b>499,108</b>	<b>499,108</b>	<b>514,081</b>	<b>1,013,189</b>	<b>1,512,297</b>
Funding: (1)						
Federal Receipts	69,951	2,099	2,099	2,162	4,261	6,360
General Fund/GFM	15,540,239	466,207	466,207	480,193	946,400	1,412,607
Student Fees	876,741	26,302	26,302	27,091	53,393	79,695
University Receipts	149,992	4,500	4,500	4,635	9,135	13,635
<b>Total</b>	<b>16,636,922</b>	<b>499,108</b>	<b>499,108</b>	<b>514,081</b>	<b>1,013,189</b>	<b>1,512,297</b>

- (1) Based on FY96 authorized budgeted positions as reflected in PACS.  
(2) 3% increase for all ACCFT members, retroactive to July 1, 1995.  
(3) FY97 base adjustment to reflect FY96 increases.  
(4) 3% increase for all ACCFT members calculated on salaries increased by 3% in FY96.

Scenario 3: Legislature reconsiders previously unfunded FY95 Retro, FY96 Supplemental

	FY95 Base (1)	FY95 3% Increase (2)	FY96 Base Adjustment (3)	FY96 3% Increase (4)	Total FY95-96 Increase (3) + (4)	FY97 Base Adjustment (5) + (4)	FY97 3% Increase (6)	Total FY97 Increase	Total FY95 - FY97
Salaries	12,797,632	383,929	383,929	395,447	1,163,305	779,376	407,310	1,186,686	2,349,991
Benefits	3,839,290	115,179	115,179	118,634	348,992	233,813	122,193	356,006	704,998
<b>Total Salaries &amp; Benefits</b>	<b>16,636,922</b>	<b>499,108</b>	<b>499,108</b>	<b>514,081</b>	<b>1,512,297</b>	<b>1,013,189</b>	<b>529,503</b>	<b>1,542,692</b>	<b>3,054,989</b>
Funding: (1)									
Federal Receipts	69,951	2,099	2,099	2,162	6,360	4,260	2,228	6,488	12,848
General Fund/GFM	15,540,239	466,207	466,207	480,193	1,412,607	946,401	494,599	1,441,000	2,853,607
Student Fees	876,741	26,302	26,302	27,091	79,695	53,394	27,904	81,298	160,993
University Receipts	149,992	4,500	4,500	4,635	13,635	9,135	4,774	13,909	27,543
<b>Total</b>	<b>16,636,922</b>	<b>499,108</b>	<b>499,108</b>	<b>514,081</b>	<b>1,512,297</b>	<b>1,013,189</b>	<b>529,503</b>	<b>1,542,692</b>	<b>3,054,989</b>

- (1) Based on FY96 authorized budgeted positions as reflected in PACS.  
(2) 3% increase for all ACCFT members, retroactive to July 1, 1994.  
(3) FY96 base adjustment to reflect FY95 increases.  
(4) 3% increase for all ACCFT members, retroactive to July 1, 1995, calculated on salaries increased by 3% in FY96.  
(5) 3% increase for all ACCFT members calculated on salaries increased by 3% in FY95 and FY96.

**NOTE:**

On April 26, 1995, the university submitted a request to the Office of Management and Budget to introduce legislation on its behalf to fund the FY95 and FY96 monetary terms of the UA/ACCFT contract. Total FY95-FY96 costs per this request were \$1,535,925. The slight differences between this revised request and that original request are due to variations between FY95 and FY96 authorized positions budgets as reflected in PACS.

ATT 3  
3/15/96pm

# Bargaining Unit Summary of Negotiations

Attachment #2  
3/5/96

Unit	Expires	Status
1. General Government (GGU)	6/30/96	Current agreement extends the terms of the prior contract with no change in monetary terms.
	6/30/99	Tentative agreement effective July 1, 1996, through June 30, 1999. Includes salary schedule adjustment equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5%, for each year of the contract. The State's monthly health insurance contribution may increase up to \$50 for each eligible employee per month, with future increases matched by employee payroll deduction. Martin Luther King, Jr. Day will be observed by Class One employees. January 1, 1997, the employee's birthday will no longer be observed. February 1999, Lincoln's Birthday will no longer be observed. Correctional Officers will convert to a system of personal leave, with a 60% conversion of sick leave to personal leave. Overtime after 37.5 hours of work in a workweek, versus 37.5 in pay status. Monetary terms submitted for legislative approval.
2. Inlandboatmen (IBU)	5/31/96	Current agreement includes a lump sum payment of \$950.00 payable no later than July 15, 1996. Monetary terms submitted for legislative approval.
	5/31/99	Tentative agreement effective June 1, 1996, through May 31, 1999. Includes salary schedule adjustment equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5%, for each year of the contract. A 4.5% increase is guaranteed if the CPI should exceed 9% over the term of the agreement. Monetary terms submitted for legislative approval.
3. Labor, Trades and Crafts (LTC)	6/30/96	Current agreement includes the conversion to a system of personal leave. 50% of sick leave converted to personal leave with the remainder retained as sick leave. Contracting out provisions are changed to require a cost efficiency study in all cases.
	6/30/99	Tentative agreement effective July 1, 1996, through June 30, 1999. Includes wage schedule adjustment equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5%, for each year of the contract. A 4.5% increase is guaranteed if the CPI should exceed 9% over the term of the agreement. Tool allowance will increase by ten dollars (\$10) per month. State's monthly contribution to the Public Employees Local 71 Health and Welfare Trust may increase by up to \$26 to be matched by employee payroll deduction. Current employees will receive a one time addition of two days of personal leave. Holidays proclaimed by the president will no longer be observed. Monetary terms submitted for legislative approval.

**Note:** Negotiations generally commence 90-120 days prior to contract expiration and may extend beyond termination date. Interest arbitration is possible in all units with Class 1 employees: GGU, SU, PSEA, LTC OEA.

## Bargaining Unit Summary of Negotiations

Unit	Expires	Status
4. Marine Engineers (MEBA)	10/31/96	Negotiations have not formally commenced.
5. Masters, Mates & Pilots (MM&P)	6/30/96	Current agreement effective April 1, 1994, through June 30, 1996, includes a lump sum payment of \$950.00 payable no later than July 15, 1996. Monetary terms submitted for legislative approval.
	5/31/99	Tentative Agreement effective June 1, 1996, through May 31, 1999. Includes salary schedule adjustment equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5%, for each year of the contract. A 4.5% increase is guaranteed if the CPI should exceed 9% over the term of the agreement. Southwest Deck Officers shall be paid for the 31st day of the month if worked. Lincoln's birthday shall be treated as a floating holiday. Monetary terms submitted for legislative approval.
6. Supervisory (SU)	06/30/96	Current agreement extends the prior agreement. Includes conversion of 20% of existing medical leave balances to personal leave effective December 16, 1995.
	6/30/99	Tentative Agreement effective July 1, 1996, through June 30, 1999. Includes salary schedule adjustment for overtime eligible employees equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5%, for each year of the contract. A 4.5% increase is guaranteed if the CPI should exceed 9% over the term of the agreement. The salary schedule for overtime ineligible bargaining unit members will increase 1.5% each year of the agreement. \$50,000 will be allocated for supervisory training each year of the agreement. The standby rate of pay for overtime ineligible employees is increased from .75 hours pay per standby day to 1.25. Monetary terms submitted for legislative approval.
7. Public Safety (PSEA)	12/31/95	Current agreement. Arbitrator's award for 1992-94 received and amended. Extended one year by agreement.
	12/31/98	Tentative agreement. Effective January 1, 1996, to December 31, 1998. The salary schedule will increase by 1.5% each year of the agreement. Effective July 1, 1996, the State's health insurance contribution will increase to \$495. Effective July 1, 1997, the State's health insurance contribution will increase to \$520. Monetary terms submitted for legislative approval.

**Note:** Negotiations generally commence 90-120 days prior to contract expiration and may extend beyond termination date. Interest arbitration is possible in all units with Class 1 employees: GGU, SU, PSEA, LTC, CEA.

## Bargaining Unit Summary of Negotiations

Unit	Expires	Status
8. Correspondence Teachers (ACSEA)	6/30/96	Current agreement extends the terms of the prior contract.
	6/30/99	Tentative agreement effective July 1, 1996, through June 30, 1999. Includes salary schedule adjustment equal to one half of the increase in the Anchorage Consumer Price Index (CPI-U), not to exceed 1.5%, for each year of the contract. Monetary terms submitted for legislative approval.
9. Confidential (K)	06/30/96	Negotiations in progress.
10. Alaska Vocational Technical Center (AVTEC)	06/30/96	Negotiations in progress.
11. Mt. Edgecumbe Teachers	06/30/97	Negotiations begin Spring 1996.

Note: Negotiations generally commence 90-120 days prior to contract expiration and may extend beyond termination date. Interest arbitration is possible in all units with Class 1 employees: GGU, SU, PSEA, LTC CEA.

March 1, 1996

BARGAINING UNIT SUMMARY REPORTS

# BARGAINING UNIT MATRIX

AS OF 12/31/95

BARG. UNIT	SIZE	Average Mo Salary	Average Yrly Salary	Average Mo Employer Benefits	Average Yrly Employer Benefits	Average Yrs of Service	Avg. Yrly leave Accumulation in Dollars
GGU Class 1(GC)	731	3,743	44,910	1,220	14,642	8.13	6,416
GGU Class 1(GY)	133	3,503	42,042	1,169	14,032	7.48	6,306
GGU Class 1(GG)	1,201	2,899	34,784	1,011	12,132	7.98	5,218
GGU Class 2 & 3	5,560	3,337	40,044	1,100	13,196	7.98	6,007
SJ	1,121	4,939	59,271	1,419	17,025	13.68	8,207
LTC	1,379	3,536	42,437	1,240	14,885	9.95	6,366
CEA	187	3,439	41,268	1,120	13,443	8.50	4,764
PSEA AA	323	5,730	68,766	1,689	20,266	11.57	8,926
PSEA AP	78	4,367	52,406	1,399	16,792	11.15	6,803
IBU (MM)	486	3,339	40,065	1,100	13,200	9.12	11,007
MEBA (BB)	72	6,247	74,970	1,192	14,298	16.59	21,901
MM&P (CC)	70	6,157	73,879	1,669	20,034	16.02	25,979
AVTECA	31	4,233	50,800	1,193	14,313	9.31	4,164
TEAME	17	4,311	51,730	1,207	14,481	7.33	8,255
ACSEA	24	4,522	54,258	1,245	14,940	9.46	7,826

Notes: Reference all Bargaining Units

Size: \_\_\_\_\_ Number of permanent employees is based on count from "Avg. Semi-Monthly Pay Report" as of 12/31/95

Avg. Mo. Salary: \_\_\_\_\_ Source: Avg. Semi-monthly pay for last pay run of the quarter. 12/31/95. Includes only permanent, probationary, and provisional full time employees. salary includes Regular compensation, Leave, Differential, Standby, Hazard and Leadman Pay. Overtime is not included in the month or yearly averages.

Avg. Emplr. Ben.: \_\_\_\_\_ source: Payroll calculation sheet effective 7/1/95. Includes only Health Ins, Retirement, and SBS. Work Comp, Leave Cash in, Medicare and UI are excluded.

## AVERAGE BENEFITS BY BARGAINING UNIT

for use with Bargaining Unit Matrix  
as of 12/31/95

Barg. Unit	Health Ins.	Avg Yr Sal	Retirement % of Gross	SBS	Annual Benefit Totals	Avg. Mo. Benefits
CC	425.22	44,910	0.1511	0.0613	14,641.63	1,220.14
GY	425.22	42,042	0.1511	0.0613	14,032.26	1,169.35
GG Class 1	425.22	34,784	0.1408	0.0613	12,132.42	1,011.04
GG Class 2&3	425.22	40,044	0.1408	0.0613	13,195.53	1,099.63
SJ	420.52	59,271	0.1408	0.0613	17,024.88	1,418.74
LTC	525.72	42,437	0.1408	0.0613	14,885.12	1,240.43
CEA	425.22	41,268	0.1408	0.0613	13,442.91	1,120.24
PSEA AA	471.72	68,766	0.1511	0.0613	20,266.44	1,688.87
PSEA AP	471.72	52,406	0.1511	0.0613	16,791.66	1,399.30
IBU	425.22	40,065	0.1408	0.0613	13,199.87	1,099.99
MEBA	425.22	74,970	383.33	0.0613	14,298.26	1,191.52
MM&P	425.22	73,879	0.1408	0.0613	20,033.59	1,669.47
AVTECTA	425.22	50,800	0.1200	0.0613	14,312.69	1,192.72
TEAME	425.22	51,730	0.1200	0.0613	14,481.30	1,206.78
ACSEA	425.22	54,258	0.1200	0.0613	14,939.62	1,244.97

NOTE: MEBA retirement = 6.50/day for each day in pay status (based on 240 days/year = 1,360/yr)  
 MEBA Money Purchase Benefit = \$13.50/day x 240 days/yr = 3,240/yr  
 Avg. Monthly retirement benefit for MEBA = 383.33/ mo

## Health Insurance Provisions for Employees Covered by Collective Bargaining

Bargaining Unit	Insurance Type	FY97	FY98	FY99
General Government Unit	Defined Contribution with defined benefit.	State rate of \$423.50. State and employees share increase equally to a maximum of \$50 each; state rate capped at \$473.50 per month.	State rate of \$423.50. State and employees share increase equally to a maximum of \$50 each; state rate capped at \$473.50 per month.	State rate of \$423.50. State and employees share increase equally to a maximum of \$50 each; state rate capped at \$473.50 per month.
Supervisory Unit	Defined Contribution with defined benefit. Convert to flexible benefit plan on January 1, 1997. LMC has recommended a conversion date of July 1, 1997.	State rate of \$423.50. State rate will increase to \$450 on January 1, 1997. Employees pay the difference between state rate and rate for options selected.	State rate of \$450. Employees pay the difference between the state rate and rate for options selected.	State rate of \$450. Employees pay the difference between the state rate and rate for options selected.
Labor, Trades and Crafts	Union Trust.	State rate of \$524 per month. Employees pay \$24 monthly.	State rate of \$524 per month. Employees pay \$24 monthly. If the monthly contribution rate increases, state and employees equally share the increase to a maximum of \$26 each; state rate capped at \$550 per month.	State rate of \$524 per month. Employees pay \$24 monthly. If the monthly contribution rate increases, state and employees equally share the increase to a maximum of \$26 each; state rate capped at \$550 per month.
Public Safety Employees	Union Trust.	07/01/96. State contribution of \$495 per month. Employee contribution of \$75.	07/01/97. State contribution of \$520 per month. Employee contribution of \$75.	State contribution of \$520 per month. Employee contribution of \$75.
Masters, Mates & Pilots	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium. Must notify union before implementing changes. Union may elect a union trust with a state rate of \$423.50.		
Marine Engineers	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium. Must notify union before implementing changes. Union may elect a union trust with a state rate of \$450. Current agreement expires October 31, 1996. Negotiations commence soon for a successor.		
Inlandboatmen	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium. Must notify union before implementing changes. Union may elect a union trust with a state rate of \$423.50.		

Bargaining Unit	Insurance Type	FY97	FY98	FY99
Confidential Employees	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium. Must notify the union at least 60 days before enacting changes. Current agreement expires June 30, 1996. Negotiations in progress for successor agreement.		
Mt. Edgecumbe Teachers	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium. Must meet and confer with union before enacting plan changes. Current agreement expires June 30, 1997. Negotiations expected to commence in the Spring of 1996 for a successor agreement.		
AVTEC Teachers	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium. Must meet and confer with union before enacting plan changes. Current agreement expires June 30, 1996. Negotiations in progress for a successor agreement.		
Correspondence Teachers	Commissioner's Plan	Benefits determined by Commissioner of Administration. State pays full premium of \$423.50; if premium exceeds \$423.50 the state and employees share increase equally to a combined maximum of \$25 per month. Must meet and confer with union before enacting plan changes.		

## SUMMARY OF CONTRACTING OUT LANGUAGE

General Government (GGU)	Article 13 Contracting Out	Current language proposed for 1996-1999
Supervisory (SU)	Article 6 Contracting Out	One change to 1996- 1999 contract. In the 1995 one-year agreement, the State would pay for two audits. In the three-year agreement, the State would pay for six audits (as in agreement prior to 1995).
Confidential (CEA)	No contract language	
Labor Trades and Craft (LTC)	Article 7.04 Contracting Out	Current language proposed for 1996-1999.
Public Safety (PSEA)	Article 32 Contracting Out	Current language proposed for 1996-1999.
Unlicensed Alaska Marine Highway, Vessel (IBU)	No contract language	
Licensed Alaska Marine Highway Engine Room Employees MEBA)	No contract language	
Licensed Deck Employees, Alaska Marine Highway System (MM&P)	No contract language	
Correspondence School Bargaining Unit (ACSEA)	Article 6 Contracting Out	Current language proposed for 1996-1999.
Mount Edgecumbe Teachers (TEAME)	No contract language	
Alaska Vocational Technical Center Teachers (AVTEC)	Article 27, Section 4 Feasibility Study	Current contract in effect through June 1996. Negotiations for successor agreement have not been completed.

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
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January 30, 1996

The Honorable Jeannette James, Chair  
House State Affairs Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Madame Chair:

I would request that you schedule a hearing on HB 304, "An act relating to geographic differentials for the salaries of certain state employees who are not members of a collective bargaining unit . . ." as soon as possible.

The House State Affairs Committee scheduled a hearing on this proposed legislation during the closing days of last session. Unfortunately, hearings were postponed due to the limited time and other constraints. The fiscal note accompanying HB 304 reports that savings attributable to the non-covered employees is estimated to be approximately \$1.2 million, with additional savings potential as a result of a negotiated agreements with the General Government bargaining unit (ASEA) that would allow reopening for negotiation specifically of the geographic differential applicable to that bargaining unit, as well as similar agreements with the Supervisors bargaining unit (APEA) and the Labor/Trades/Crafts bargaining unit (Local 71-AFL/CIO). The language in each contract is slightly different:

**General Government unit contract:**

"In the event AS 39.27.020. "Pay step differentials by election district and in other states" is amended, modified, or abolished, either party may give written notice of its desire to negotiate modifications to this section. Such notice shall be timely after the signature of the governor or the effective date of the legislation, whichever shall be first. The parties agree to meet within forty-five (45) days of receipt of such notice. Negotiations shall be conducted subject to AS23.40. "The Public Employment Relations Act" except, in the event the parties have not reached tentative agreement within forth-five (45) days of the initial meeting, the parties agree that they shall be at impasse. Nothing shall prevent mutual agreement to extend these time frames."

**Supervisors unit contract:**

"In the event AS39.27.020 "Pay step differentials by election district and in other states" is amended, modified, or abolished, the provisions of AS 39.27 regarding pay step differentials as so amended, modified or abolished shall replace Article 24.2 Geographic Differentials on the effective date of the changes with the following exceptions.

In those instances in which a geographic differential of a current Bargaining Unit member is lowered by incorporation of the provisions of AS39.27 under this section, the salaries of affected Bargaining Unit members

January 30, 1996

(except in cases of demotion) shall be frozen for the life of the Agreement so long as they remain in their current geographic differential area, or until salary increases or changes in the bargaining Unit Member's position result in the Member receiving a higher salary than the frozen amount., In the case of a demotion the Member's geographic differential shall be frozen for the life of the Agreement at the rate in effect prior to the incorporation of the provisions of AS 39.27 into this Agreement"


**LTC unit:**

"In the event AS39.27.020 "Pay step differentials by election district and in other states" is amended, modified, or abolished in 1996, either party may give written notice of its desire to negotiate modifications to this section. Such notice shall be timely after the signature of the Governor or the effective date of the legislation, whichever shall be first. The parties agree to meet within 45 days of receipt of such note. Negotiations shall be conducted subject to AS23.40 "The Public Employment Relations Act" except, in the event the parties have not reached tentative agreement within 45 days of the initial meeting, the parties agree that they shall be at impasse. Nothing shall prevent mutual agreement to extend these time frames.

Application of the geographic differential pay scheme, as constructed in HB 304, to these three employee groups is estimated to save in excess of \$6 million in addition to that saved by the non-covered employees once fully implemented for all employees in the units. However, immediate savings will begin to accrue with turnover of employees in positions impacted by the geographic differential changes. These savings are not incorporated into the FY 97 budget, due to the proposed one year freeze of salaries following the effective date of the legislation. However, passage this session would allow a full reflection of savings in the FY 98 budget.

HB 304 needs some modification to reflect the delayed implementation necessary with a 1996 effective date as opposed to the 1995 effective date as introduced. We will be happy to work with you in developing the necessary amendments. If you have any questions or need additional information, please contact Alison Elgee at 465-5668.

Sincerely,

  
Mark Boyer  
Commissioner

MB/nn

cc: Alison Elgee  
Deputy Commissioner  
Department of Administration

Pat Pourchot  
Legislative Liaison  
Office of the Governor

Annalee McConnell  
Director  
Office of Management and Budget

ANCHORAGE CPI COMPARISON REPORTS

**ANCHORAGE CPI PERCENTAGE OF INDEXED SALARY INCREASES**

DATE	CCJ	CCJ	Statutory	SU	LTC	CEA	PSEA	UUU	Anch. CPI Index	Anch. CPI-U Re-Indexed	ANCH CPI % Inc. (A)
(B)	R13A = \$870 %mo.sal.	Class One	A\$39.27 R13A = \$876	R20A=\$1,466 %mo.sal.	WG54A=\$6.01/hr(C) %hr.wage	R13A=\$876 %mo.sal.	R16A=\$1092 %mo.sal.		113.0	1980	
7/16/73	6.0=\$928				6.0=\$6.37		6.0=\$1,158		120.4		6.55%
1/16/74	7.8=\$1,001		13.0=\$1001 *	13.0=\$1,669(D)	19.3=\$7.60	13.0=\$1,001(D)	7.0=\$1,243		125.6		4.32%
8/16/74	4.0=\$1,041		4.0=\$1,041	4.0=\$1,726(D)	---	4.0=\$1,041	4.0=\$1,293		134.0		6.69%
11/16/74	---			14.98=\$1,996	---	---	---		---		
1/1/75	---		3.5=\$1180 *	---	4.8=\$7.97	---	---		142.9		6.64%
					(AL)						
2/16/75	4.0 - \$1,082			4.0 - \$2,076		4.0=\$1,082	4.0 - \$1,314				
4/16/75	9.0- \$1,180			---	---	---	9.0=\$1,466		150.0		4.97%
7/16/75	---		2.0=\$1204 *	---	4.8=\$8.35	9.0=\$1,180(E)	---		153.8		2.53%
8/1/75	---			1.0 - \$2,097	---	---	---		---		
10/1/75	2.0=\$1,206			---	---	---	2.0=\$1,590		157.4		2.34%
1/1/76	9.0=\$1,312		9.0=\$1312 *	4.3=\$2,187	0.0=\$8.35(F)	11.2=\$1,312	9.0=\$1,630		158.8		0.89%
1/1/77	5.0=\$1,378		5.0=\$1378 *	5.0 = \$2,296	6.1=\$8.86	5.0=\$1,378	8.0=\$1,838(G)		169.4		6.68%
5/16/77	---			---	---	---	4.0=\$1,922		---		
1/1/78	5.0=\$1,447		5.0=\$1447 *	5.0=\$2,411	9.2=\$9.60	5.0=\$1,447	5.0=\$2,018(H)		179.2		5.79%
7/1/78	5.0=\$1,519			---	---	---	5.0=\$2,119(I)		188.5		5.19%
1/1/79	5.0=\$1,595		7.0=\$1548 *	3.5=\$2,495	4.5=\$10.11	7.0=\$1,474	5.0=\$2,225(I)		198.1		5.09%
7/1/79	---			3.5=\$2,502	---	3.0=\$1,510	---		207.4		4.69%
1/1/80	---		11.8=\$1731 *	---	---	---	10.1=\$2,450		218.2		5.21%
3/16/80	8.0=\$1,731			12.35=\$2,901(I)	11.37=\$11.26	13.96=\$1,731	---		223.5		2.43%
1/1/81	8.0=\$1,870		8.0=\$1870	6.7=\$3,095	8.9=\$12.27	8.0=\$1,870	8.0=\$2,665		240.1		7.43%
1/1/82	---			---	9.0=\$13.48	7.1=\$2,002	7.1=\$2,855		253.0		5.37%
3/16/82	7.1=\$2,002		7.5=\$2010 * (AJ)	6.9=\$3,300	---	---	---		260.0		2.77%
1/1/83	4.9=\$2100(J)		5.0=\$2111 *	4.85=\$3,469	5.2=\$14.18	5.4=\$2,111	5.0=\$2,997(I)		257.6		-0.92%
1/1/84	-0-			-0-	-0-(K)	-0-	---		271.5		5.40%
7/1/84	-0-			-0-	-0-	-0-	3.0=\$3,087		275.4		1.44%
3/1/85	---			---	---	---	5.0=\$3,241		280.0		1.67%
7/1/85	5.0=\$2,205	5.0=\$2,205	5.0=\$2217(AK)	3.5=\$3,590(L)	5.0=\$14.89	5.0=\$2,217	---		283.1		1.11%
1/1/86	---			---	---	---	-0-(H)		287.1		1.41%
7/16/86	(M)			(M)	(M)	(M)	---		286.3		-0.28%
4/16/88	---			-0-(I)	---	-0-(I)	---		---		
7/16/88	---			---	---	---	-0-(N)		289.4 (O)	108.4 (P)	1.00%
12/31/88	---			-0-(L)	---	-0-(L)	---		---	108.9 (Q)	0.46%
6/30/89	---			---	---	---	---		---	110.9 (R)	1.84%
12/31/89	3.3=\$2,278	---	3.3=\$2290 *	3.3=\$3,708(T)	3.3=\$15.38(V)	3.3=\$2,290	3.3=\$3,348	3.3%	---	112.5 (X)	1.44%
6/30/90	---	4.25=\$2,299		---	---	---	---		---	116.9 (Y)	3.91%
12/31/90	5.0=\$2,392	---	5.0=\$2405 *	5.0=\$3,893	-0-(AA)	5.0=\$2,405	5.0=\$3,515	5%	120.4		2.99%
6/30/91	---	5.0=\$2,414		---	4.5=\$16.07(AC)	---	---		123.3		2.41%
12/31/91	3.6=\$2,478	---		3.6=\$4,033	-0-	3.6=\$2,492	-0-	3.6%	124.7		1.14%
6/30/92	---	3.6=\$2,501		---	3.6=\$16.65(AE)	---	---		127.3		2.09%
12/31/92	---			---	---	---	---		129.1		1.41%
6/30/93	---			---	---	---	---		131.5		1.86%
12/31/93	---			---	---	---	---		132.8		0.99%
6/30/94	---			---	---	(AG)	3.6=\$3642		134.3		1.13%
12/31/94	---			---	---	---	---		135.8		1.12%
6/30/95	---			---	---	2.5=\$2,554	---		138.2		1.77%
12/31/95	---			---	---	---	---		---		
6/30/96	---			---	---	---	---		---		
12/31/96	---			---	---	---	---		---		
<b>Total</b>	<b>182.9%</b>		<b>174.5%</b>	<b>175.1%</b>	<b>187.7%</b>	<b>181.6%</b>	<b>233.5%</b>				<b>226.5%</b>

- A. I from previous listing. For increases covering other periods, divide the index of the end of period by the index at the beginning of the period.
- B. All bases are from July 1971 statutory salary table, AS 39.27.010 (now AS 39.27.011).
- C. 14B equates to Wage Group 54A.
- D. Statutory change.
- E. Retroactive provision makes effective January 1, 1975.
- F. +2.23% added to trust fund, other changes increased cost of contract to 4.77% with no change to 54A.
- G. PSEA part of GGU until January 1977, R16 to R76.
- H. Settlement without arbitrator 1978-79, 1983, and 1986.
- I. To 40-hour workweek.
- J. Additional cost of contract .53% from wages to Correctional Officers step increase, increase in three geographic differential areas, and birthday holiday.
- K. Trust fund deleted.
- L. To 37.5-hour workweek.
- M. 3.8% wage increase not funded.
- N. To 40-hour workweek by including 1/2-hour paid meal period per day.
- O. CPI rebased beginning in 1987; 209.2 = 100.3 for first half 1987.
- P. First half 1988. U.S. Department of Labor has published a series of half-year indices back to the first half of 1984, by weighting the bimonthly data previously published. The earlier indices are not reported here.
- Q. Second half 1988.
- R. First half 1989.
- S. An interest arbitrator awarded Class One employees a \$400 compensatory payment for FY 90.
- T. Class 2 and 3 employees received an additional 1.26 hours of leave per month for calendar year 1990.
- U. Interest arbitrator awarded salary increase.
- V. Class 2 and 3 members received a compensatory leave payment of 39 hours if they were in BU all of 1989.
- W. Interest arbitrator awarded wage increase for calendar year 1990 and a \$675 compensatory payment for 1989. Length of time for moving from Step A to B increased.
- X. Second half 1989.
- Y. First half of 1990.
- Z. Effective January 1, 1991, Class One employees put back on same salary schedule as other SU members. For CY 1991 they received extra 1.26 hours of personal leave each month.
- AA. Received bonus payment of \$780 prorated by pay period for January-June 1991, equivalent of approximately 4.25%; will receive 4.5% increase effective July 1, 1991.
- AB. Received additional 1.05 hours leave per pay period January-June 1991, will go on same schedule as other LTC employees effective July 1, 1991.
- AC. Compensatory payment to employees in unit between 1/1/91 and 6/30/91, \$65 per pay period.
- AD. Received semi-monthly annual leave accrual increase 1.05 hours for each full pay period through 12/31/91.
- AE. Contract signed Feb 93. 3.6% Sal Incr retro to July 1, 1992. WG 54A salary table = 16.65
- AF. Contract=May 1993-June 1996; COLA up to 5% on 1-1-95; III FY94=\$423.50; III FY95=\$457.39 on 2/1/95. 11 holidays; Dropped Lincoln's b'day in FY95
- AG. Contract July 1, 1994-June 30, 1996. 7/1/94 OT eligible employees will be paid hourly wages. Wage increase 2.5% eff. 7/1/95.
- AH contract = 7/1/94 to 6/30/95. Salary Incr = 1.6% 7/1/94; 2% 7/1/95 3% 7/1/96
- AI Statutory employee base equal to range 13A as of 7/1/71
- AJ Retroactive effective dates of statutory amendment
- AK Plus compensatory to equal 1/16/82
- AL Plus compensatory 3.5% 12/16/84 to 6/15/85
- AL LTC EE's received a 9.4% wage increase for 6 months, then wages reverted back to the base

# News

U.S. Department of Labor  
Bureau of Labor Statistics  
P.O. Box 193766  
San Francisco, Calif. 94119-3766



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**CONTACT:**

Donald R. Peterson (415) 975-4403  
Todd H. Johnson (415) 975-4405

BLS 96-11  
FOR RELEASE:  
Wednesday, February 28, 1996

## ANCHORAGE CONSUMER PRICES ROSE 0.9 PERCENT IN THE SECOND HALF OF 1995 -- 2.7 PERCENT ABOVE A YEAR AGO

Consumer prices in the Anchorage metropolitan area rose 0.9 percent in the second half of 1995 according to the U.S. Department of Labor's Bureau of Labor Statistics. Sam Hirabayashi, the Bureau's regional commissioner, said that compared with the same period a year ago, prices increased 2.7 percent. Prices in six of the seven major categories of consumer spending rose in the second half of the year. The area's All Items, Consumer Price Index for All Urban Consumers advanced to 139.5 (1982-84=100) during the second half of 1995. Local area CPI data are not seasonally adjusted.

The cost of food and beverages was 0.1 percent lower between the first half of 1995 and second half of 1995, but 4.5 percent above the level recorded for the second six months of 1994. Grocery prices, represented by the food at home sub-category, also declined 0.1 percent during the second half of 1995. The cost of eating out rose 0.9 percent, and prices paid for alcoholic beverages were up 0.4 percent. Compared to a year ago, grocery prices rose 6.4 percent, the cost of eating out advanced 3.8 percent, and alcoholic beverage prices inched up 0.1 percent.

Housing costs rose 1.0 percent in the second half of 1995. The shelter component of housing was up 1.3 percent, while fuel and other utilities declined 0.8 percent. Housing's sub-component, household furnishings and operation, rose 1.5 percent in this latest six-month period. The overall housing category rose 1.9 percent between the second half of 1994 and the second half of 1995. Also, compared to a year ago, housing's sub-component shelter advanced 2.4 percent, fuel and other utilities decreased by 0.8 percent, and household furnishings and operation advanced 2.8 percent.

The overall transportation index rose 0.1 percent in the second half of 1995 to a level 3.2 percent above the second half of 1994. Private transportation costs were 0.8 percent higher over this latest six month period while public transportation declined 3.1 percent. Between the second half of 1994 and the second half of 1995, private transportation saw a 2.2 percent increase in costs while public transportation, which includes air fares, advanced 9.3 percent.

Apparel and upkeep prices posted a 2.4 percent increase between the first half of 1995 and second half of 1995 but were 0.2 percent lower than a year ago.

The costs of medical care increased 4.0 in the second half of 1995 and were up 8.0 percent from the same period in 1994. Entertainment costs advanced 2.8 percent from the first half of 1995 and were 3.5 percent above the second half of 1994. The miscellaneous other goods and services index increased 0.9 percent in the second six months of 1995 but declined 2.0 percent over the second half of 1994.

Consumer Price Index for All Urban Consumers: Indexes for semiannual averages  
and percent changes for selected periods

(Data are not seasonally adjusted)

Anchorage, AK (1982-84=100, unless otherwise noted)

Expenditure category	Semiannual average index		Percent changes to 2nd half 1995 from:	
	1st half 1995	2nd half 1995	2nd half 1994	1st half 1995
All items .....	138.2	139.5	2.7	0.9
All items (October 1967=100) .....	368.9	372.4	-	-
Food and beverages .....	138.6	138.4	4.5	-.1
Food .....	138.1	137.8	5.2	-.2
Food at home .....	143.9	143.7	6.4	-.1
Cereals and bakery products ....	147.0	147.5	4.2	.3
Meats, poultry, fish, and eggs .	135.8	133.8	2.2	-1.5
Meats, poultry, and fish .....	137.0	133.8	1.9	-2.3
Dairy products .....	130.2	128.7	.8	-1.2
Fruits and vegetables .....	197.5	199.4	20.0	1.0
Other food at home .....	123.0	123.9	3.2	.7
Food away from home .....	129.1	130.2	3.8	.9
Alcoholic beverages .....	140.5	141.1	.1	.4
Housing .....	124.3	125.5	1.9	1.0
Shelter .....	123.9	125.5	2.4	1.3
Renters' costs 1/.....	148.1	148.7	3.4	.4
Rent, residential .....	114.7	115.8	1.5	1.0
Other renters' costs .....	270.0	268.6	7.1	-.5
Homeowners' costs 1/.....	125.0	126.9	2.0	1.5
Owners' equivalent rent 1/.....	124.9	126.8	2.0	1.5
Fuel and other utilities .....	141.6	140.4	-.8	-.8
Fuels .....	139.7	137.4	-3.0	-1.6
Fuel oil and other household fuel commodities .....	92.8	93.1	-	.3
Fuel oil .....	95.5	95.9	-	.4
Other household fuel commodities 2/.....	106.8	106.8	.0	.0
Gas (piped) and electricity ....	156.9	154.1	-3.0	-1.8
Electricity .....	152.9	148.9	-4.7	-2.6
Utility (piped) gas .....	159.5	159.4	.8	-.1
Household furnishings and operation	111.8	113.5	2.9	1.5
Apparel and upkeep .....	128.5	131.6	-.2	2.4
Apparel commodities .....	127.3	130.7	-.4	2.7
Men's and boys' apparel .....	161.5	168.6	1.6	4.4
Women's and girls' apparel .....	120.8	126.7	-.7	4.9
Footwear .....	98.1	93.9	-4.1	-4.3

See footnotes at end of table

Consumer Price Index for All Urban Consumers: Indexes for semiannual averages and percent changes for selected periods

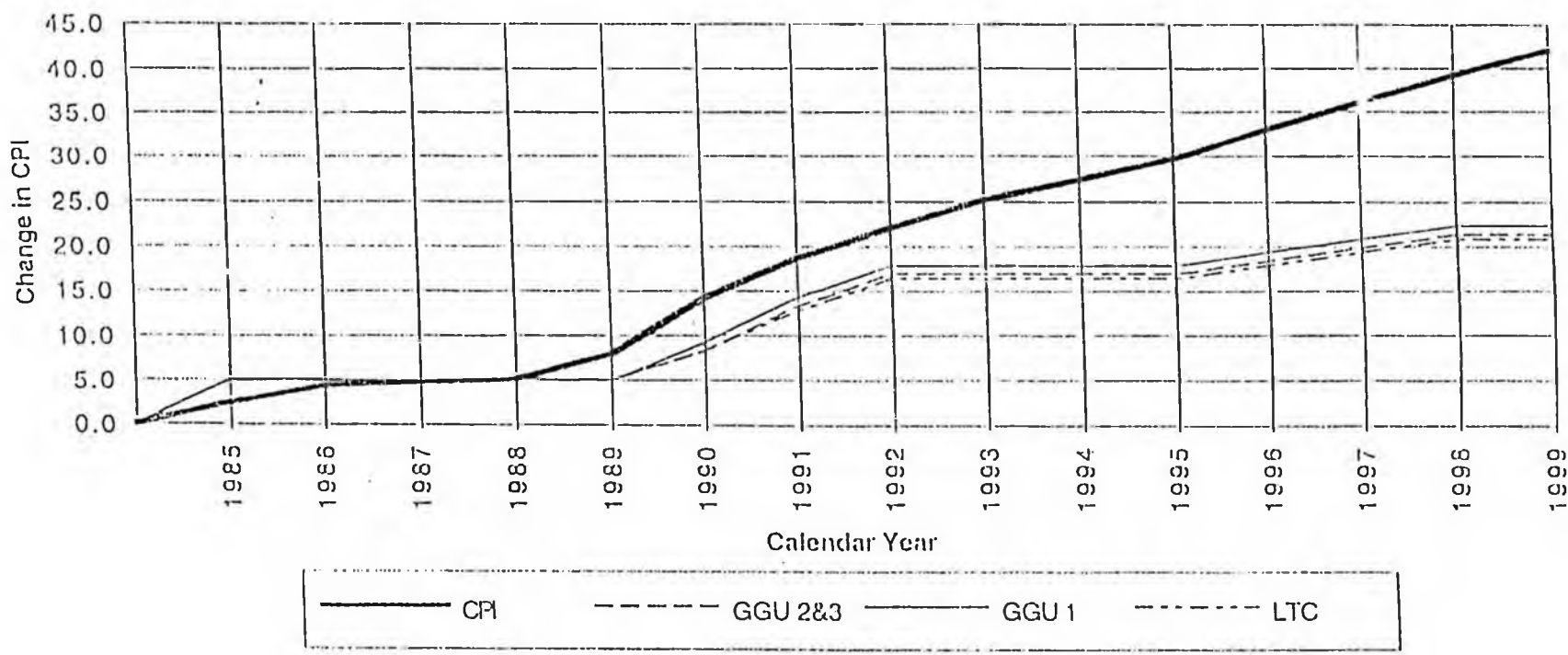
(Data are not seasonally adjusted)

Anchorage, AK (1982-84=100, unless otherwise noted)

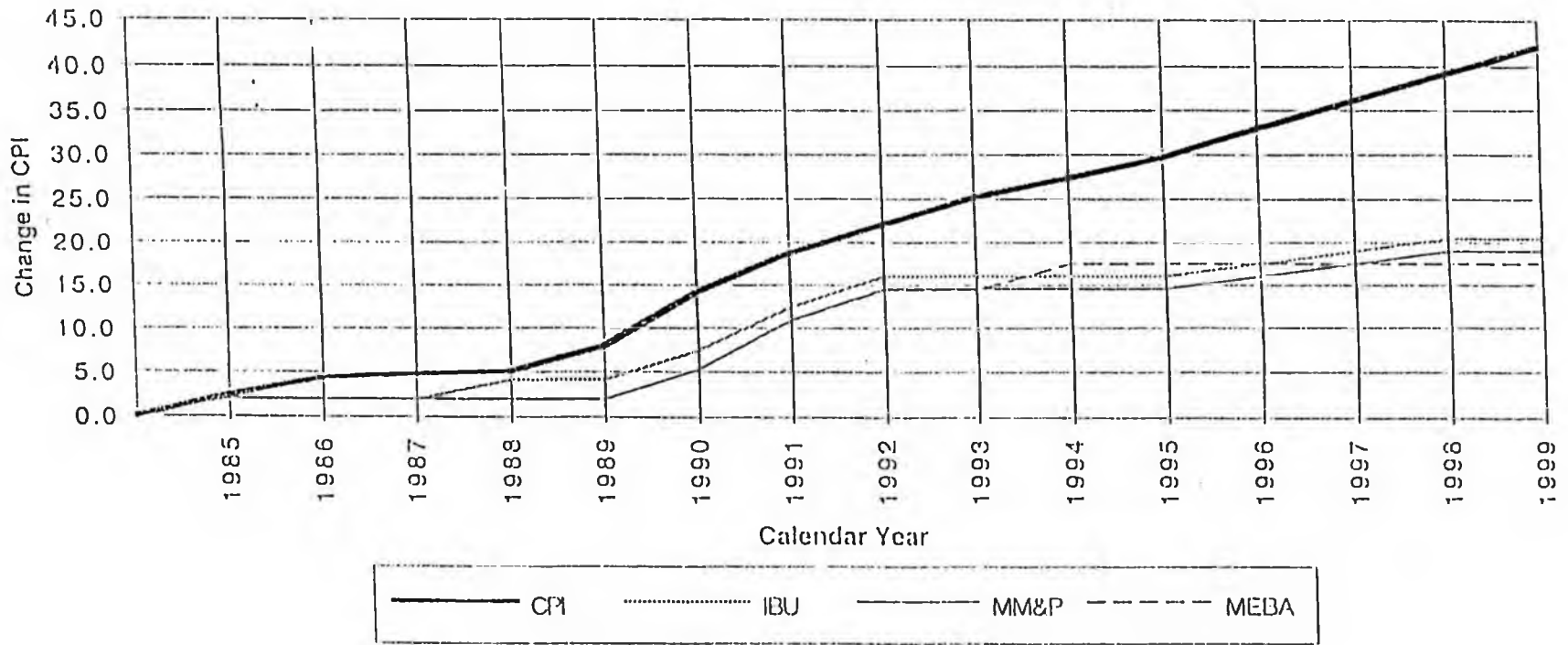
	Percent changes			
	Semiannual average index		to 2nd half 1995 from:	
	1st half 1995	2nd half 1995	2nd half 1994	1st half 1995
Transportation .....	143.7	143.8	3.2	0.1
Private transportation .....	136.5	137.6	2.2	.8
Motor fuel .....	101.1	100.8	.2	-.3
Gasoline .....	101.6	101.1	.0	-.5
Gasoline, unleaded regular ...	99.1	98.1	-.9	-1.0
Gasoline, unleaded midgrade 3/ .....	97.2	98.2	-	1.0
Gasoline, unleaded premium ...	103.3	104.0	2.1	.7
Public transportation .....	189.6	183.8	9.3	-3.1
Medical care .....	207.5	215.7	8.0	4.0
Entertainment .....	169.0	173.7	3.5	2.8
Other goods and services .....	162.6	164.0	-2.0	.9
Personal care .....	132.9	130.0	-3.1	-2.2
Commodity and service group				
All items .....	138.2	139.5	2.7	.9
Commodities .....	132.5	133.5	2.5	.8
Food and beverages .....	138.6	138.4	4.5	-.1
Commodities less food and beverages	128.9	130.5	1.5	1.2
Nondurables less food and beverages .....	123.5	125.5	.2	1.6
Durables .....	136.0	137.2	2.7	.9
Services .....	143.1	144.7	2.8	1.1
Medical care services .....	211.9	221.2	8.6	4.4
Special indexes				
All items less shelter .....	144.0	145.2	2.9	.8
All items less medical care .....	135.2	136.3	2.5	.8
All items less energy .....	140.3	141.8	3.0	1.1
Energy .....	114.9	113.8	-1.5	-1.0
All items less food and energy .....	140.6	142.5	2.6	1.4
Commodities less food .....	129.6	131.2	1.4	1.2
Nondurables less food .....	125.5	127.3	.2	1.4
Nondurables .....	131.4	132.3	2.6	.7
Services less rent of shelter 1/.....	173.1	174.9	3.4	1.0
Services less medical care .....	137.9	139.0	2.3	.8

1/ Indexes on a November 1982=100 base  
 2/ Indexes on a December 1984=100 base  
 3/ Indexes on a December 1993=100 base  
 - Data not available

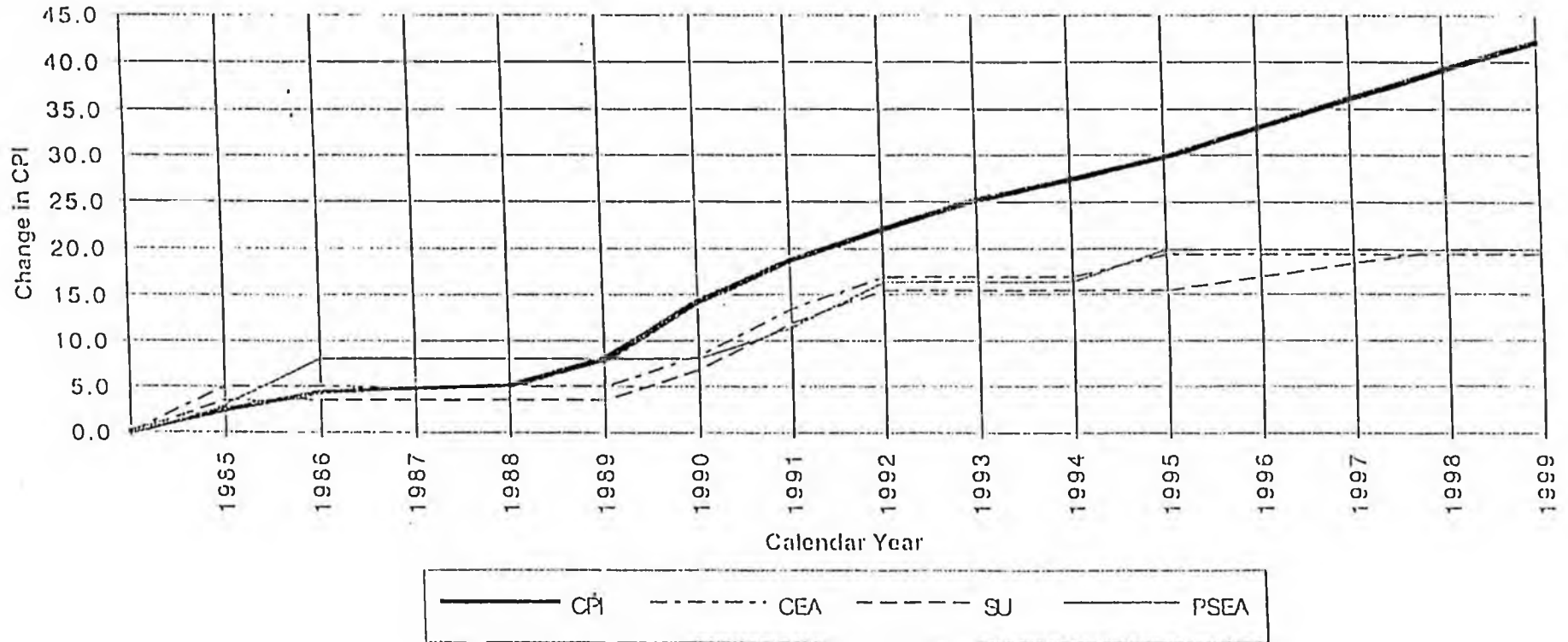
### GGU Class 1 & 2 and LTC Funded Wage increases Compared to Anchorage CPI-U



### IBU, MM&P and MEBA Funded Wage increases Compared to Anchorage CPI-U



### CEA SU & PSEA Funded Wage Increases Compared to Anchorage CPI-U



Wage and Salary Increase  
Samples

Juneau: 7/21/96: 3.0% increase for general government and police units.

7/21/97: 2.0% increase for police unit.

Anchorage: 1/1/95: Full CPI increase, all employees, 2.9%

1/1/97: Full CPI increase, all employees

1/1/99: Full CPI increase, all employees.

U.S. State and Local Governments, first half 1995, 114 settlements covering 352,000 employees.

■ 2.0% increase first year.

■ 2.3% increase second year.

■ 2.5% increase third year.

STATE OF ALASKA BARGAINING UNITS

GENERAL GOVERNMENT UNIT (GGU)

Description: Classified, nonsupervisory employees of the Executive Branch not included in another bargaining unit. A statewide unit that includes technical, professional and clerical personnel.

	<u>PFT</u>	<u>Total</u>	
Size:	731	729	Class 1 Correction Officers (GC)
	133	146	Class 1 Youth Counselors (GY)
	1201		Class 1 General Government Employees (GG)
	5560	7723	Class 2 & 3 General Government Employees (GG)

Exclusive Representative: Alaska State Employees Association, AFSCME Local 52  
Business Manager - Chuck O'Connell.

Affiliation: American Federation of State, County and Municipal Employees, AFL-CIO.

Established: By the Labor Relations Agency in 1973.

First Agreement Effective: February 19, 1974.

Current Agreement Expires: Class 1: June 30, 1996; Class 2 & 3: June 30, 1996.

Average Monthly Base Salary (12/31/95):	Average Yearly Base Salary (12/31/95):
Class 1 (GC): \$3,743	Class 1 (GC): \$44,910
Class 1 (GY): \$3,503	Class 1 (GY): \$42,042
Class 1 (GG): \$2,899	Class 1 (GG): \$34,784
Class 2 & 3: \$3,337	Class 2 & 3: \$40,044

Total Overtime for BU (for year ended 12/31/95):	Class 1 (GC): \$3,113,924.69
	Class 1 (GY): \$742,677.10
	Class 1, 2 & 3: \$3,995,220.14

Average Monthly Employer Benefits (12/31/95):	Class 1 (GC): \$1,220
	Class 1 (GY): \$1,169
	Class 1 (GG): \$1,011
	Class 2 & 3: \$1,100

Average Yearly Employer Benefits (12/31/95):	Class 1 (GC): \$ 14,642
	Class 1 (GY): \$ 14,032
	Class 1 (GG): \$ 12,132
	Class 2 & 3: \$ 13,196

Average Years of Service (12/31/95):	Class 1 (GC) 8.13
	Class 1 (GY) 7.48
	Class 1, 2, 3 (GG) 7.98

Notes:

Size: PFT = Permanent, probationary and provisional full time employees as of 12/31/95.

Total= All employees including Seasonal, Non-Perms, and Full Time and part time employees.

Avg. Mo. Salary Source: Avg. Semi-monthly pay for last pay run of the Quarter, 12/31/95. Includes only Permanent, Probationary, and Provisional full time employees. Salary includes Regular compensation, Leave, Differential, Standby, Hazard and Leadman Pay. Overtime is not included in the monthly or yearly averages.

Avg. Employer Benefits Source: Payroll calculation sheet effective 07/01/95. Includes only Health Ins, Retirement, and SBS. Workers Comp, leave cash-in, Medicare and Unemployment insurance are excluded.

Yearly OT by BU Source: RH092592 Calendar YTD Pay types by BU as of 12/31/95. Includes total overtime pay for the calendar year for the entire bargaining unit without regard to employee status.

Major Provisions of Current Agreement:

- No increase in wage or salary rates.
- The state's monthly health insurance contribution rate remains unchanged at \$117.50 per employee, any increase will be paid first from the union health insurance reserves and then through employee contributions.
- Travel and per diem entitlements similar to provisions of the administrative manual.
- Established a statewide labor-management committee for corrections.
- The contract for all GGU employees will expire on the same date.
- Holidays declared by presidential proclamation eliminated. (This was accomplished by a letter of agreement voted on at the same time as the interim terms.)

Duration of Current Agreement:

The interim agreement was effective July 1, 1995, and will expire June 30, 1996.

Major Provisions of Tentative Agreement:

- Wage increases effective July 1, 1996, 1997, and 1998, equal to one-half the increase in the Anchorage CPI-U for the previous year.
- Overtime eligibility in accord with the Fair Labor Standards Act. Employees eligible for time and one-half after 37.5 hours of work.
- Employee birthday floating holiday eliminated in 1997.
- Martin Luther King, Jr. Holiday added for Class One employees in 1997.
- Lincoln Birthday floating holiday eliminated in 1999.
- State and employees equally share any increase in the monthly health insurance up to a maximum of \$50 each. State's possible contribution capped at \$473.50.
- If the legislature enacts changes to the statutory geographic differential, the parties may resume negotiations on this subject under a streamlined process.
- Correctional Officers will convert to personal leave from sick and annual.
- Expedited arbitration and grievance mediation procedures added.

Duration of Tentative Agreement:

If approved by the legislature, the agreement will be effective July 1, 1996, through June 30, 1999.

# MEMORANDUM

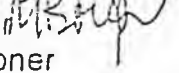
STATE OF ALASKA  
Department of Administration  
Office of the Commissioner

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

Date: October 3, 1995

File No.:

Phone: 465-2200

From: Mark Boyer   
Commissioner  
Department of Administration

Subject: Monetary Terms of 1996/99  
GGU Agreement

The State of Alaska has concluded negotiations with the Alaska State Employees Association representing employees in the General Government Unit which will be effective July 1, 1996, through June 30, 1999. Union members have ratified the agreement. This agreement covers approximately 8,400 employees. I will provide 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.

## I. Require Appropriation.

- A. Effective July 1, 1996, the salary schedule will be adjusted by one-half the increase in the Anchorage Consumer Price Index (CPI-U) not to exceed 1.5%. The Bureau of Labor Statistics will release the information in February 1996.
- B. Effective July 1, 1997, the wage schedule will be adjusted by one-half the increase in the Anchorage CPI-U not to exceed 1.5%. The Bureau of Labor Statistics will release the information in February 1997.
- C. Effective July 1, 1998, the wage schedule will be adjusted by one-half the increase in the Anchorage CPI-U not to exceed 1.5%. The Bureau of Labor Statistics will release the information in February 1998.
- D. During the life of the agreement, the state's monthly health insurance contribution to maintain current benefits may increase by up to \$50 for each eligible employee. Any increase in state contribution will be matched by payroll deduction from employees.
- E. Effective January 1997, Martin Luther King, Jr. Day will be recognized as a paid holiday for approximately 2,100 Class One employees.

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

III. Productive Work Hours.

A. Effective January 1, 1997, the employee's birthday will no longer be observed as a floating holiday; employees will no longer have a day of leave added to their leave account.

B. Effective February 1999, Lincoln's Birthday will no longer be observed as a floating holiday; employees will no longer have a day of leave added to their leave account.

Other Terms. There are other terms of the 1996 - 1999 collective bargaining agreement which will not require an appropriation but may have a budgetary impact.

A. If the legislature enacts changes to AS 39.27.020 "Pay step differentials by election districts and in other states," the parties may resume negotiations regarding the corresponding section of the collective bargaining agreement.

B. Effective July 1, 1996, Correctional Officers will convert from a system of annual and sick leave to a system of personal leave. Accrued annual leave will be converted to personal leave. Sixty percent of accrued sick leave will be converted to personal leave; the remaining balance will be canceled without pay.

C. Overtime provisions have been changed to provide payment at the time and one-half rate after 37.5 hours of work in a workweek. This should result in savings to the state.

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.

MB/LP

cc: Sharon Barton  
Director  
Division of Administrative Services

Don Wanie  
Director  
Division of Finance

## STATE OF ALASKA BARGAINING UNITS

### SUPERVISORY UNIT (SU)

Description: Classified, supervisory employees of the Executive Branch. A statewide unit. "Supervisory" employees are defined as those who have authority to act or to recommend action in the interest of the public employer related to employing, promoting, transferring, suspending, discharging, laying off, recalling, assigning, rewarding, disciplining, or directing employees or adjusting grievances of other employees, if the exercise of that authority is not merely routine but requires the exercise of independent judgment.

Size: 1121 PFT employees, as of 12/31/95.  
1135 Total employees

Exclusive Representation: Alaska Public Employees Association  
Business Manager - Bruce Ludwig

Affiliation: American Federation of Teachers, AFL-CIO

Established: By the Labor Relations Agency in 1973.

First Agreement Effective: November 16, 1974.

Current Agreement Expires: June 30, 1995.

Average Monthly Salary (as of 12/31/95): \$4,939

Average Yearly Salary (as of 09/30/95): \$59,271

Total Overtime for BU (for year ended 12/31/95): \$283,863.07

Average Monthly Employer Benefits (as of 12/31/95): \$1,419

Average Yearly Employer Benefits (as of 12/31/95): \$17,025

Average Years of Service (as of 12/31/95): 13.68

#### Notes:

Size: PFT = Permanent, probationary and provisional full time employees as of 12/31/95.  
Total= All employees including Seasonal, Non-Perms, and Full Time employees.

Avg. Mo. Salary: Source: Ave. Semi-monthly pay for last pay run of the Quarter. 12/31/95 Includes only Permanent, Probationary, and provisional full time employees. Salary includes Regular compensation, Leave, Differential, Standby, Hazard and Leadman Pay. Overtime is not included in the monthly or yearly averages.

Avg. Employer Benefits: Source: Payroll calculation sheet/ effective 7/1/95. Includes only Health Ins, Retirement, and SBS. Workers Comp, leave cash-in, Medicare and Unemployment insurance are excluded.

Yearly OT by BU: Source: RH092690 Calendar YTD Pay types by BU as of 12/31/95. Includes total overtime pay for the calendar year for the entire bargaining unit without regard to employee status.

Current Contract Settlement Includes:

- No increase in salary or wage rates in FY96
- No increase in health insurance contributions in FY96  
Agreed to develop recommendations for adoption of a flexible benefits scheme to replace current health insurance system
- Overtime eligibility to be determined in accord with FLSA
- --Eliminated provision allowing for holidays by presidential proclamation
- Clarified travel and per diem provisions
- Revised leave conversion rules and requirements for accessing medical leave banks in instances involving extended absences for illness of the employee and his or her immediate family
- Expanded Labor-Management Committee program, adding provisions for committees to address telecommunications issues, job security, efficiencies in state operations and the Harborview closure
- Discrimination complaints exempted from the grievance-complaint procedures in deference to other review procedures

Duration of Current Agreement: December 1, 1995 through June 30, 1996

Tentative Contract Settlement Duration : July 1, 1996 through June 30, 1999

Tentative Contract Settlement Includes:

- Salary increases for overtime ineligible employees of 1.5% on July 1 of each year
- Hourly wage increases on July 1, 1996, July 1, 1997, and July 1, 1998, equal to one-half the increase in the Anchorage CPI-U for the previous year, not to exceed 1.5%. In 1998, if the cumulative Anchorage CPI-U increase since January 1, 1996, equals or exceeds 9%, the 1998 wage adjustment shall guarantee a total wage increase of 4.5% over the rates in effect on June 30, 1996.
- Increased standby pay for overtime ineligible employees from .75 hour per day to 1.25 hours per day
- Health insurance contribution increased from \$418.80 to \$423.50 effective July 1, 1996; and to \$450 effective January 1, 1997.  
  
Flexible benefit plan adopted January 1, 1997 based upon the recommendations of the Health Benefits Evaluation Labor Management Committee as approved by the Commissioner of Administration
- Statutory changes to geographic differentials will be incorporated into the agreement. Salaries for current employees shall be frozen for the life of the agreement as long as they remain in the same geographic area (except in cases of demotion)
- Lincoln's Day floating holiday eliminated in 1999

- Legal Trust contribution increased from \$8.50 to \$10.00 per employee per month effective January 1, 1998
- Training Committee provided with \$50,000 in each of the three years of the Agreement to provide in-state training for Supervisory Unit members, subject to the approval of the Commissioner of Administration
- Leave cashout privilege increased to 30 days per year

# MEMORANDUM

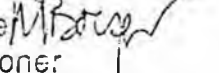
STATE OF ALASKA  
Department of Administration  
Office of the Commissioner

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

Date: October 3, 1995

File No:

Phone: 465-2200

From: Mark Boyer   
Commissioner  
Department of Administration

Subject: Monetary Terms of 1996/99  
Supervisory Unit Agreement

The State of Alaska has concluded negotiations with the Alaska Public Employees Association representing the Supervisory Unit for an agreement effective July 1, 1996, through June 30, 1999. Results of the union's ratification process are expected by November 1. The following monetary terms are provided in advance of the ratification vote to assist you in budget planning. If ratified by union members, I will provide a report of monetary terms to the legislature as required by AS 23.40.215(b).

Monetary Terms. Monetary terms of an agreement are defined at 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.

## I. Require Appropriation.

FY 97

A. Effective July 1, 1996, the wage schedule for overtime eligible bargaining unit members will be adjusted by one-half the increase in the Anchorage Consumer Price Index (CPI-U) not to exceed 1.5%. The Bureau of Labor Statistics will release the information in February 1996.

Effective July 1, 1996, the salary schedule for overtime ineligible bargaining unit members will be increased by 1.5%.

B. Effective July 1, 1996, the State contribution for health insurance will increase from \$418.80 per employee per month to \$423.50 per employee per month.

C. Effective July 1, 1996, \$50,000 will be allocated for supervisory training based on recommendations made by the Supervisory Training Program Labor-Management Committee and approved by the Commissioner of Administration.

- D. Effective July 1, 1996, the standby rate of pay for overtime ineligible employees is increased from .75 hours pay per standby day to 1.25 hours pay per standby day.

## FY 98

- A. Effective July 1, 1997, the wage schedule for overtime eligible bargaining unit members will be adjusted by one-half the increase in the Anchorage CPI-U not to exceed 1.5%. The Bureau of Labor Statistics will release the information in February 1997.

Effective July 1, 1997, the salary schedule for overtime ineligible bargaining unit members will be increased by 1.5%.

- B. Effective January 1, 1997, the State contribution to health insurance will increase from \$423.50 per month per employee to \$450.00 per employee per month with the implementation of a flexible benefits health insurance plan.
- C. Effective July 1, 1997, \$50,000 will be allocated for supervisory training based on recommendations made by the Supervisory Training Program Labor-Management Committee and approved by the Commissioner of Administration.

## FY 99

- A. Effective July 1, 1998, the wage schedule for overtime eligible bargaining unit members will be adjusted by one-half the increase in the Anchorage CPI-U not to exceed 1.5%. The Bureau of Labor Statistics will release the information in February 1998. However, if the cumulative increase in the Anchorage CPI-U since January 1, 1996 (CPI-U reported in February 1996, 1997, and 1998) equals or exceeds 9%, the third year adjustment shall guarantee a total wage increase of 4.5% above the rates in effect on June 30, 1996.

Effective July 1, 1998, the salary schedule for overtime ineligible bargaining unit members will be increased by 1.5%.

- B. Effective July 1, 1998, \$50,000 will be allocated for supervisory training based on recommendations made by the Supervisory Training Program Labor-Management Committee and approved by the Commissioner of Administration.
- C. Effective July 1, 1998, the Legal Trust contribution shall be increased from \$8.50 per employee per month to \$10.00 per employee per month.

- II. State Revenues. There are no provisions in the tentative agreement which should change State revenues.

III. Productive Work Hours. Effective 1999, the Lincoln's birthday floating holiday (for which a day of leave has been added to personal leave until this date) 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.

- A. In the event that changes are made to AS 39.27 "Pay step differentials by election district or in other states," the changed statutory provisions will be incorporated in the agreement in lieu of geographic differentials. The new provisions will apply to all unit members except that geographic differentials of employees who are unit members at the time of incorporation will be frozen for the life of the agreement or until changes in the member's salary or position result in the member receiving a salary higher than the frozen rate.
- B. The implementation of a flexible benefits health insurance plan based on recommendations of the Health Benefits Evaluation Committee is expected to include flexible spending accounts. Under federal law, money remaining in such accounts at the end of a tax year revert to the employer. The State and APEA have agreed that any such moneys shall be used to support labor-management committees.
- C. The on demand leave cash out maximum has been raised from eight to thirty days in each year of the agreement.

Conclusion. Funding of certain monetary terms will be required. Please prepare and, on notice of ratification, forward to the legislature the necessary documents. Please feel free to call on the staff of the Labor Relations Unit for assistance.

MB/dmc

cc: Sharon Barton  
Director  
Division of Administrative Services

Don Wanie  
Director  
Division of Finance

## STATE OF ALASKA BARGAINING UNITS

### CONFIDENTIAL UNIT (CEA)

Description: Classified employees of the Executive Branch who, "assist or act in a confidential capacity to a person who formulates, determines, and effectuates management policies in the area of collective bargaining."

Size: 137 PFT employees, as of 12/31/95.  
135 Total employees.

Exclusive Representation: Confidential Employees Association  
Greg O'Claray, Business Agent

Affiliation: Marine Engineers Beneficial Association.

Established: By the Labor Relations Agency in 1973.

First Agreement Effective: October 16, 1974.

Current Agreement Expires: June 30, 1996.

Average Monthly Salary (as of 12/31/95): \$3,439

Average Yearly Salary (as of 12/31/95): \$41,268

Total Overtime for BU (for year ended December 31, 1995): \$27,577.06

Average Monthly Employer Benefits (as of 12/31/95): \$1,120

Average Yearly Employer Benefits (as of 12/31/95): \$13,443

Average Years of Service (as of 12/31/95): 8.50

#### Notes:

Size: PFT = Permanent, probationary and provisional full time employees as of 12/31/95  
Total= All employees including Seasonal, Non-Perms, and Full Time employees.

Avg. Mo. Salary: Source: Ave. Semi-monthly pay for last pay run of the Quarter. 12/31/95 Includes only Permanent, Probationary, and provisional full time employees. Salary includes Regular compensation, Leave, Differential, Standby, Hazard and Leadman Pay. Overtime is not included in the monthly or yearly averages.

Avg. Employer Benefits: Source: Payroll calculation sheet/ effective 07/01/95. Includes only Health Ins, Retirement, and SBS. Workers Comp, leave cash-in, Medicare and Unemployment insurance are excluded.

Yearly OT by BU: Source: RH092592 Calendar YTD Pay types by BU as of 12/31/95. Includes total overtime pay for the calendar year for the entire bargaining unit without regard to employee status.