

ALASKA LEGISLATURE

1269

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

Marine

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Overpay

3/20/96

**HFIN**

**FILE**

Post-it® Fax Note	7671	Date	# of Pages
To	Ken Hanley	From	Texen P. ...
Company	Mr. Tom	Co	LAAT Legal St
Phone #		Phone	(407) 465-8867
Fax #	2418	Fax #	

Lawrence Curt Delay, Attorney  
 232 "A" Street, Suite One  
 P.O. Box 698  
 Friday Harbor, Washington 98250

**DRAFT**

Dear Mr. Delay:

This office has been asked to respond to your letter of October 8th concerning claims made by Mr. Whalen and Mr. Sime. In your letter you allege that a memorandum from Commissioner Boyer was "illegally published by the House Finance Committee by attaching it and making it a part of the minutes of its March 20, 1996, meeting." I have reviewed the materials distributed at the meeting of the House Finance Committee on March 20, 1996 and the minutes of that meeting. I am enclosing a copy of these documents for your information. As you can see, the minutes do not mention any of the employees by name and the packet of materials distributed at the meeting includes only excerpts from the June 30, 1995, interagency memorandum from Commissioner Boyer to which you refer. According to staff of the House Finance Committee, only these excerpts have been made available to the public or attached to the minutes of the meeting. The excerpts do not refer to either of your clients by name. The document which does include reference to your clients by name, the MEBA Letter of Agreement, is a public record under AS 09.25.110.

In your letter, you rely on AS 39.25.080(a) for the proposition that state personnel records are confidential and not open to public inspection. You may not be not aware that that

statute does not apply to members of the exempt service. See Doe v. Alaska Superior Court, 721 P.2d 617, 622 (Alaska 1986). Licensed crew members of the Alaska marine highway system who are members of a collective bargaining unit are in the exempt service under AS 39.25.110(16).

Very truly yours

Teresa B. Cramer

Legislative Counsel

TBC:glc

97-393.glc

cc: Representative Mark Hanley (Juneau Office)  
Representative Richard Foster (Juneau Office)

Enclosure

MEMORANDUM

TO: Terry Cramer, Attorney  
Legislative Affairs Agency

FROM: Louanne Christian, Secretary  
House Finance Committee

DATE: October 15, 1997

RE: House Finance Committee Meeting, March 20, 1996

Per your request, I have enclosed a copy of the back-up material distributed at the March 20, 1996, House Finance Committee meeting. Also enclosed is a copy of the House Finance Committee minutes from this meeting. These items have not been changed or edited in anyway.

ATTN: TOM - FYI - Copy Sent to KIP

Lawrence Curt Delay  
Attorney  
232 "A" Street, Suite One  
P.O. Box 698  
Friday Harbor, Washington 98250

Telephone (360) 378-6976  
Fax (360) 378-6848

Lang

October 8, 1997

Mr. Hanley  
Co-Chair, House Finance Committee  
State Capitol  
Juneau, AK 99801-1182

Mr. Foster  
Co-Chair, House Finance Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Sirs:

I represent Mr. Ronald E. Whalen and Mr. Scott E. Sime, both employees of the State of Alaska. My clients have provided me with certain documents that lead us to conclude that confidential information from their personnel records were illegally published by the House Finance Committee of the State of Alaska, in violation of AS 39.25.080(a).

The relevant facts supporting our conclusions are as follows: In his inter-agency memo of June 30, 1995, Commissioner Mark Boyer of the Department of Administration spoke of my clients in very disparaging terms and relied upon confidential information from my client's records in doing so. He accused my clients of owing money to the state over disputed COLD payments made to my clients, spoke of imposing a fine on Mr. Sime and of hitting both my clients with suspensions from their jobs, described how the state could seize the value of their accrued leave accounts to reimburse the claims of overpayment, and characterized them as being persons who may "skate" from their responsibilities towards the state and as being other than "legitimate Alaskans" at a time when my clients resided in Alaska. Mr. Boyer's memo was then illegally published by the House Finance Committee by attaching it and making it a part of the minutes of its March 20, 1996, meeting, thus made it available for public dissemination.

AS 39.25.080(a) very clearly describes state personnel records as confidential and not open to public inspection. Yet the House Finance Committee minutes published and disseminated the sensitive, confidential and accusatory contents of Mr. Boyer's memo, presumably at the direction of the heads of the Committee. Apart from the fact that the allegations in the Boyer memo impugned the honesty of my clients, a number of the facts contained in the memo were clearly confidential under AS 39.25.080(a).

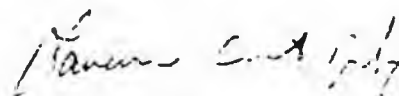
I believe I would have no trouble establishing that state employee records are confidential and that no dissemination of the financial aspects of those records may be made of them other than the mere disclosure of an employee's authorized rate of compensation. Further, I believe I would have no trouble establishing that any reasonable official in charge of disseminating a state document contending that a specifically named state employee was overpaid and should reimburse the state or should have a fine or suspension levied against him for improperly receiving payments, would realize that it would be a breach of employee confidentiality to make such a document available to the general public.

Further, I could also establish that no employee could reasonably believe that disseminating to the general public such a sensitive, confidential and accusatory document could be lawful. Finally, I believe I could establish that whoever prepared the minutes of March 20, 1996, was either untrained or inadequately trained by the Committee to do the job, or was inadequately supervised by the Committee heads.

On the basis of the foregoing, I am prepared to file a Complaint against each of you under 42 U.S.C. §1983 of the federal Civil Rights Act, either in a State Superior Court in Alaska or in U.S. District Court for the Western District of Washington. Further, in our Complaint we will contend that my clients are entitled to both compensatory and punitive damages.

Notwithstanding the foregoing, each of my clients are amenable to releasing you from your responsibility for the illegal publication of the Boyer memo for the sum of \$10,000, from each of you. Please respond to this letter by October 30, 1997. If I have not received a reasonable response by that date, I will advise my clients to take formal legal action against each of you. If you have any questions about this letter or if your wish to discuss this matter further, please let me know.

Very truly yours,



Lawrence Curt Delay

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Juneau, Alaska 99801-2105*

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

*HFIN 3/20/96 1:40pm*

Mark Boyer  
Commissioner, Dept. of Administration  
PO Box 110200  
Juneau, Alaska 99811-0200

Mr. Boyer,

May 7, 1996

As an employee of the Alaska Marine Highway System I have an interest in the COLD issue. It's my understanding that discussion of this issue has been the subject of committee meetings. As part of those meetings there was included discussion concerning the settlement reached between you and certain marine engineers employed with AMHS. I understand the names of those engineers was also part of these committee discussions. I'd like to have copy of the minutes to those meetings.

Respectfully,

Ron Whalen  
PO Box 9201  
Ketchikan, Alaska 99901

Ph.# 360-378-6509

# Alaska State Legislature



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## House of Representatives

Committee on Finance  
State Capitol, Juneau, Alaska 99801-1182

**MARCH 20, 1:30 P.M.**

### COMMITTEE HANDOUT

- I INQUIRY INTO MONETARY TERMS AND INTERIM LABOR AGREEMENTS
  
- II MARINE HIGHWAY SYSTEM COST OF LIVING DIFFERENTIAL OVERPAYMENTS

# I

## INQUIRY INTO MONETARY TERMS AND INTERIM LABOR AGREEMENTS

# SUMMARY OF DOCUMENTS

Labor Trades and Crafts Interim Agreement Summary

Supervisory Union Interim Agreement Summary

03/20/96 Legislative Legal Service - Opinion

03/18/96 Memo from Commissioner Boyer to Rep. Hanley

# MEMORANDUM

# STATE OF ALASKA

Department of Administration  
Office of the Commissioner  
Labor Relations Unit

To: Human Resources Managers

Date: November 1, 1995

From: Lee Powelson *LP*  
Labor Relations Analyst

Subject: 1995/96 LTC Contract

Members of the Labor, Trades and Crafts Unit have ratified the collective bargaining agreement effective November 1, 1995, through June 30, 1996. The following is provided to assist you, your staff, and supervisors in the interpretation of the new contract.

- 4.08 Union Membership - New Employees. The second paragraph was added to require that the union hold the employer harmless when an employee is dismissed for failure to pay dues and maintain union membership.
- 7.04 Contracting Out. The first paragraph was revised to eliminate the exclusion for towns and cities of less than 2,500 in population. A cost efficiency study must be prepared prior to contracting or subcontracting which will result in the layoff of a permanent/probationary employee or prevent the recall of a laid off employee at a duty station.
- 7.08 Licenses. Language was added to require that license/certification renewals will be paid by the employee except for those employees who were "grandfathered" under the 1992/94 agreement.
- 8.01 Discharge. The term "drunkenness" was replaced by "intoxication" as a reason for immediate dismissal without two weeks notice or pay. Intoxication includes impairment from drugs as well as alcohol.
- 8.02 Resignation. This new section was previously part of section 8.01. The language did not change.
- 8.04 Discipline. This section was renumbered and given a new title to more accurately reflect its contents. There was no change in language.
- 9.01 Complaints. Grievances resulting from a dismissal, demotion for cause or suspension in excess of 30 days shall be entered at Step Two within 10 working days. Other grievances must be filed at Step One within 30 working days.
- 9.02 Board of Arbitration. An arbitrator's fees will be assigned to the losing party. If neither party can be considered the loser, the arbitrator shall assign fees.

- 9.03 Grievance Mediation. This new section allows an alternative procedure for resolving disputes through the use of a mediator. If no resolution is reached, the dispute may still be submitted to arbitration.
- 10.02 Shop Stewards. When practical, a shop steward must notify the immediate supervisor prior to performing union duties while at work. The union will provide the Director of Personnel with a current list of all shop stewards every six months.
- 12.01 Membership, Union Dues. The union must provide notice at least 60 days prior to any change in dues or fees which require payroll programming changes. The union must provide at least 30 days notice for other changes in dues or fees.
- 12.02 Political Donations. The name of the union's political action committee is changed.
- 13.02 Wage Schedule and Step Placement. Each new employee will remain at Step A for six months and shall move to Step B at the beginning of the following pay period. The movement from A to B is extended one month for each 23 working days of leave without pay in a leave year.
- 13.04 Service Bonus. Movement from Step B to C, and from Step C to D, shall be extended one month for each 23 working days of leave without pay in a leave year.
- 13.06 Premium Pay. Overtime is paid after eight hours of work in a day and after 40 hours of work in a week. This excludes hours paid but not worked such as holidays and paid leave from the calculation of overtime.
- 13.07 Probationary Period. The probationary period for all positions is six months. The probationary period will be extended one month for each 23 working days of leave without pay in a leave year. An employee appointed to a different class series at a lower wage group must serve a new probationary period.
- 13.11 Training. The parties will meet within 30 days of the signing of this agreement to identify training needs and establish a policy for training employees.
- 15 Travel. Large portions of the article were revised and renumbered.
- 15.01 Travel Status. This section was reorganized. No substantive change.
- 15.02 Lodging Allowance. The per diem provisions have been split between lodging and meals. An employee in travel overnight is entitled to a fixed lodging allowance within Alaska. An employee in travel overnight outside Alaska is entitled to the lodging portion of the federal per diem rate for the location; the long-term allowance is 60% of the short-term rate. An employee

may request reimbursement for actual lodging expenses if the fixed rate is not sufficient.

When lodging is provided which meets camp requirements, no lodging allowance is due. When lodging does not meet camp requirements, the lodging allowance is reduced by \$10.

If a claim for lodging allowance is not supported by a receipt, the amount may be taxable under IRS regulations.

- 15.03 Meal & Incidental Expense Allowance. When in travel status for more than 10 hours and traveling more than 50 miles from the regularly assigned work location, an employee is entitled to a meal allowance. On the day of departure and return, the meal allowance may be prorated depending upon the hours in travel status. An employee will receive one-half the daily meal allowance for a day trip of more than 10 hours. An employee traveling to Hawaii or foreign destinations is entitled to the federal M&IE allowance; contact the Division of Finance for rates.
- 15.08 Privately Owned Aircraft. This new section reimburses an employee at the rate of 45 cents per mile when the use of a private aircraft is authorized in advance.
- 17.01 Payday. Payday will be the 15th and the last day of the month. Mailed checks are considered timely if postmarked three days prior to the due date.
- 18.04 Performance Evaluations. Evaluations will be discussed with the employee by the rater. Any departmental review should be completed before the evaluation is presented to the employee. If an employee disagrees with the evaluation, written comments may be submitted within five working days; the comments will be attached and will become part of the personnel record.
- 19 Leave. Effective December 16, 1995, personal leave will replace the system of annual and sick leave. Major changes have been made in the leave rules. By separate Letter of Agreement, the parties have waived the annual leave cap on December 15, 1995.
- 19.01 Personal Leave Accrual. Employees will accrue personal leave based upon their years of permanent/probationary service with the Territory and State of Alaska. Leave accrual for partial pay periods will be prorated. Part-time employees will have their leave accrual prorated based upon the hours in pay status. Changes in accrual rate are effective on the 16th day of the month following the pay period in which the employee completes the required years of service. The leave anniversary date will be adjusted one month for each 23 days of leave without pay in a leave year.
- 19.02 Use of Personal Leave. Personal leave is available for use after 30 calendar days of service and may be used for vacation or medical leave similar to the former system of annual and sick leave. When personal leave is used for

medical reasons, the employer may require a doctor's certificate. An employee who falsely claims a medical use of personal leave is subject to discipline.

When taking leave under the Family Medical Leave Act, all personal, sick, and donated leave must be exhausted before entering leave without pay.

19.03 Mandatory Leave Usage. Effective December 16, 1995, each employee must use at least 37.5 hours of personal leave each leave year. If not taken, the unused will be deducted without pay. If the employee attempted to use the required leave, but could not due to business reasons, the unused portion will be deducted and paid at the regular hourly rate.

19.04 Leave Cash-In. An employee who has at least 225 hours of personal leave may receive payment for up to 75 hours in a leave year. Additional hours of leave may be paid at the discretion of the department. In no case may a leave balance be reduced to less than 75 hours through leave cash-in.

19.05 Terminal Leave. Upon termination, an employee will receive payment for all hours of personal leave. An employee laid off under the provisions of Section 22.04.A may retain up to 150 hours of personal leave. If the employee has not returned to work within six months, the employee may receive payment for the balance. If not recalled within two years, the personal leave balance will be cashed out.

19.06 Leave Donations. Employees in the LTC unit may donate personal leave to other employees and may receive donations of annual or personal leave from other employees. Donated leave may not be used until all personal and sick leave has been exhausted. The employee may not receive more than 300 hours of donated leave during the term of this agreement. Donations of leave will not reduce the mandatory leave usage requirements of Section 19.03.

19.07 Cash Donations. Employees in the LTC unit may donate personal leave to other employees and may receive donations of annual or personal leave from other employees; these donations will be converted to cash at the hourly rate of the donor (less mandatory deductions) and paid to the recipient. A Letter of Agreement is required.

19.08 Transfer of Accrued Annual and Sick Leave. The entire balance of an employee's annual leave account will be transferred to the personal leave account. Fifty percent of an employee's sick leave account will be transferred to the personal leave account; the remaining balance will be retained as sick leave and will be available for use in accord with Section 19.09. No additional sick leave will accrue.

19.09 Sick Leave. An employee may use the remaining sick leave balance for the employee's own illness or the illness or injury of an immediate family member. An employee may use five days of sick leave to attend the funeral of an immediate family member. A doctor's certificate may be required.

- 20.03 Other Approved Absences. The department may grant an employee a leave of absence without pay. Approval must be in writing.
- 20.04 Military Leave. An employee may be granted up to 16.5 days of military leave in any leave year. The leave year is defined as December 16 through December 15 of the following year.
- 20.05 Jury/Court Leave. The title of this section has been changed.
- 21.03 Safety and First Aid Equipment. The employer may choose to provide fire resistant coveralls of various colors to automotive shop mechanics, servicemen, and foremen.
- 21.13 Monitored Health. The state and union will establish a labor-management committee to review the medical examination needs of employees who may come in contact with toxic chemicals, radioactive materials and/or work with and around asbestos.
- 22 Seniority. Seniority lists provided by the employer shall also include the employee's classification.
- 23.01 Employee Health Insurance. The union health trust will continue. The state will contribute \$524 per month for each qualified employee. Each qualified employee will contribute \$24 per month through payroll deduction. Upon 60 days written notice, the union may increase the employee contribution rate.
- 26.01 Savings Clause. This section has been rewritten to clarify its meaning.
- 26.02 Waiver of Bargaining. This section has been rewritten to clarify its meaning.
- 28.01 Bulletin Boards. The union will not post partisan political materials or advertisements in partisan political elections on bulletin boards.
- 29 Term of Agreement. The contract is effective November 1, 1995, through June 30, 1996. The personal leave provisions of Article 19 become effective December 16, 1995. All Letters of Agreement entered into under the prior contract shall remain in effect. All Letters of Agreement will expire June 30, 1996.

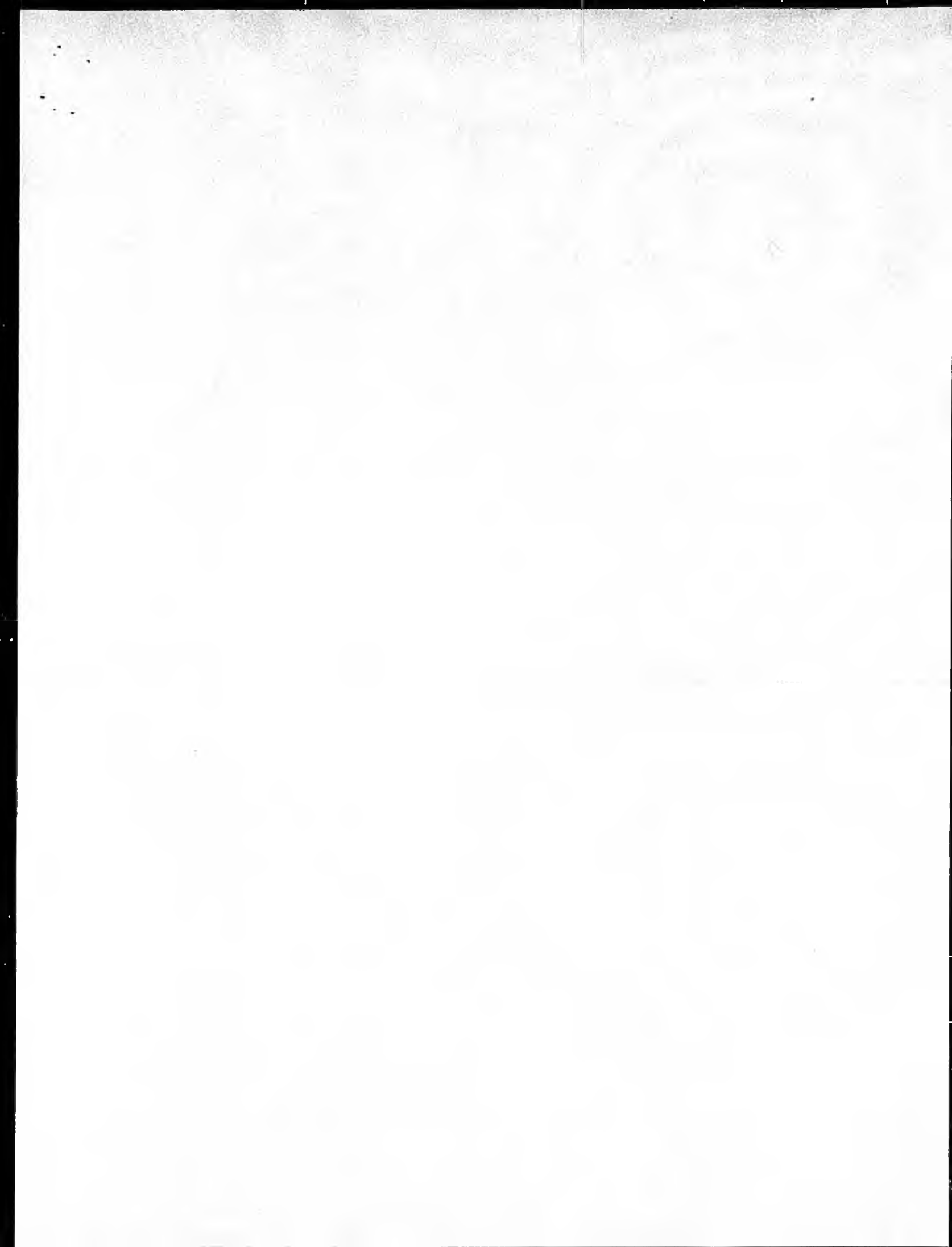
The state and union also entered into several letters of agreement which are also effective November 1, 1995.

- 95-038 Upon request of the union, the Division of Personnel will conduct a review of the wage grade assignment of Rural Electrical Utility Workers. If the union disagrees with the results of the study, the parties will meet and confer. The union may request arbitration if differences are not resolved.

- 96-039 When an equipment operator or mechanic at a rural airport is assigned ARFF duties, the employee shall receive an additional one dollar for each hour so worked. This premium does not apply to designated ramp observer duties.
- 96-040 Certain WG 54 mechanics who perform computerized diagnostic mechanical duties shall be paid as if promoted to WG 53. This exception pay rate is effective from November 1, 1995, and will terminate on the date the LTC classification study is implemented or June 30, 1997, whichever is earlier.
- 96-075 The annual leave cap of 450 hours contained in the 1995 collective bargaining agreement is waived for the leave year ending December 15, 1995.
- 95-076 Members of the LTC unit whose last day worked was between July 1, and September 30, 1995, and were immediately appointed to retirement under PERS shall receive payment at their base hourly rate for forty percent of their accrued sick leave balance on the date of their termination.
- 96-077 The Division of Personnel will conduct a study of all LTC job classes. The union will be involved in the study and have the opportunity to provide information and suggestions as the study progresses. Differences regarding the wage grade assignment of classifications and allocation of individual positions will be subject to review and discussion with the union. Remaining disputes may be submitted to arbitration.

Union members also ratified a three-year contract effective July 1, 1996, through June 30, 1999. The monetary terms of this agreement will be submitted to the legislature in January 1996, for approval and funding.

cc: Division of Finance



MEMORANDUM

STATE OF ALASKA  
Office of the Commissioner  
Labor Relations Office

To: All Human Resource Managers

Date: December 13, 1995

From: Dianne M. Corso  
Labor Relations Manager

Subject: 1995-96 SU Agreement

The following is a revised list of changes incorporated in the 1995-96 Supervisory Unit Agreement. It includes all substantive changes made in conjunction with SU representatives during the final editing process. A clean copy of the final draft of the agreement is attached, including an index. The signature page for the agreement is also included. Letters of agreement listed at the conclusion of the agreement are final on the effective date of the agreement, December 1, 1995.

As there were no requests for interpretive memoranda at the meeting earlier this week, none will be issued at this time. If you have any questions, please call me directly.

ARTICLE	STATUS
1 Definition of Terms	No change
2 Recognition	Deleted 2.2.G: The provision which made recognition and inclusion of nonpermanent employees in the SU dependent on whether nonpermanents were recognized and included in the GGU was deleted. Consequently, there will continue to be SU nonpermanent bargaining unit members.  Remainder of article: No change
3 Policy and Purpose	No change
4 Merit Principles	4.2: Added agreement of the parties to abide by decisions of the Performance Incentive Committee in the awarding or denial of performance incentives. This reflects the long-standing practice of the parties.  4.3: Added language creating clear deadline for submission to Level Two, paralleling requirements for submission of grievances from step to step. Changed Director, DOP, to Commissioner, DOA.  4.5: The language regarding appeal of performance evaluations not involving performance incentives has been substantially revised. The hearing process was eliminated in favor of an investigation conducted at the direction of the Director of the Division of Personnel, essentially returning to the methods used prior to 1990.  Remainder: No change
5 Management Rights	5.C.: Added "permanent" to provision requiring just cause to discipline, suspend, demote or dismiss, which reflects long-standing practice and understandings.

Remainder: No change

6 Contracting Out

6.3: The requirement that the State fund APEA requested audits of contracted out work was limited to two rather than the six contained in previous agreements. This change merely reflects the short length of the agreement; the 1996-99 tentative agreement returns to the former requirement for up to six audits.

Remainder: No change

7 Employer/APEA Responsibilities

No change

8 Labor-Management Committees

8.1.B, D, F: Changed recipient of agendas from Director, DOP, to Labor Relations Office.

8.1.C: Added requirement that all letters of agreement establishing labor-management committees specify how recommendations will be made and responded to, including time frames and forms.

8.2: Provisions regarding a standing committee were revised to make the establishment of subcommittees easy and to change the list of topics to be considered. New topics include telecommunications, efficiencies in State operations, job security issues and Harborview.

New language was added governing how recommendations will be submitted to the Commissioner, DOA, and the Business Manager, APEA/AFT, and requirements imposed on both of those individuals for response.

Remainder: No change

9 Security of the Parties

9.1: Regularized references to Bargaining Unit Member rather than employee.

9.1.C: Added procedures requiring specific forms of notice to bargaining unit members and to DOA prior to termination for failure to pay agency fees or member dues. Changed recipient from Director, DOP, to Labor Relations Office.

9.1.D: Shortened the notice period required for bargaining unit members who seek to change status from member to agency fee payer from six months to 30 days.

9.1.G: Added clause holding the State harmless for any and all claims arising out of the enforcement of the agency shop provisions, except in cases of Employer negligence.

9.7: Changed recipient of notification from Director, DOP, to Labor Relations Office.

10 Complaint-Grievance-Arbitration

Remainder: No change

This article has been substantially reformatted.

Preamble: Revised to state clearly and in one place which dispute resolution processes are available to bargaining unit members depending on their status (non-permanent, probationary, permanent) and the nature of the dispute.

10.1.1.5: Changed from "forms provided" to "forms approved".

10.2 Revised preamble to grievance procedure provision, removing language referring to all disputes and controversies and limiting these procedures to grievances as defined in the agreement except where specific alternate dispute resolution processes are specified elsewhere in the agreement.

10.2.B: Changed "any dispute" to "any grievance"; clarified method for calculating submission deadlines.

10.2.C: Deleted requirement that the Employer provide grievance forms per se. This allows use of computer generated grievance submissions so long as they conform to the approved format.

10.2.E: Changed maintenance of case files from DOP to Labor Relations Office.

10.3: Added phrase confirming Step Two grievance must be filed by APEA/AFT Representative.

10.4 and 10.5: Clarified submission deadlines reflecting current practice.

10.6.A: Added requirement that the request for arbitration include a specific statement of the articles and sections alleged to have been violated, as well as the manner in which violated.

10.6.B: Revised methods for selecting arbitrators, setting dates for hearings and assigning responsibility for arbitrator fees. Established requirement that parties meet a week before the hearing to discuss, and wherever possible resolve, procedural issues prior to the hearing. This should contribute to more efficient hearings.

10.6.C: The requirement that all questions of arbitrability be submitted to the arbitrator was limited to procedural questions only. The parties may agree to submit substantive questions, but cannot be required to do so. A requirement was added that the arbitrator must find a contractual violation in order to modify a penalty or other management action.

Remainder: No change

11 Protection of Rights

11.2.4: Changed employee to Bargaining Unit Member.

11.5.A: The responsibility for bargaining unit members to

obtain and maintain mandatory licenses and certifications is stated explicitly.

11.5.B: The Employer is obligated to pay the initial license or certification fee for incumbents in positions directly affected by new license or certification requirements.

11.5.C-E: Requirement to grandfather employees in positions affected by new license or certification requirements is removed in favor of meet and confer obligations and the provision of certain application review and layoff rights for employees who do not obtain required license or certification within the established deadlines.

Remainder: No change

12 Legal Assistance

No change

13 Conditions

13.1: Regularized references to Bargaining Unit Member rather than employee.

13.2: Added "if consultation is requested" where the contract provides for consultation with Employee Representatives is required regarding rules for taking breaks. This, together with discussions at the table, recognizes diverse conditions and the existence of a variety of well settled arrangements at working level.

Remainder: No change

14 Parking

No change

15 Time Off to Vote

No change

16 Tools, Uniforms & Safety

No change

17 Layoff

The following wording changes were made to clarify current practices and understandings and do not constitute substantive changes:

17.1.A: added "when the incumbent returns to work" after "who holds a substitute appointment"

17.C.2: Added division and location to list of defining characteristics for layoff list

17.C.3: Added provisions regarding employee statement of conditions for recall.

17.2.A: Deleted statement regarding purpose of organizational units for layoff

17.3.D: Revision for greater specificity

Remainder: No change

18 Personnel Actions

18.1-3: Deleted references to layoff preference lists

18.3.B: Added provisions allowing for VBR as defined in memorandum 10-27-93 "Vacancy Based Recruitment Pilot Project" (copy attached), with eligibility expiration as defined therein. Changes to VBR program to be developed through

Hiring Labor-Management Committee.

18.17.1: Adds requirement that Director, Division of Personnel, make quarterly report to the Business Manager, APEA/AFT, concerning late evaluations. Business Manager may request meeting with Director, Division of Personnel, and individual Commissioners to discuss departmental reports.

18.19: Removed reference to "end of the work season" ; changed references from annual to personal leave.

Remainder: No change

19	Position Classifications & Reclassifications	No change
20	Educational Advancement & Training	No change
21	Examination of Records	21.1: Confirmed that denials of requests not subject to complaint procedure.  Remainder: no change
22	Emergency Personnel	No change
23	Supervisory Responsibilities	No change
24	Wages	24.1 : No change in rates. Changed language from "schedule of wages" to "semi monthly salaries and hourly rates" to reflect distinctions between overtime eligible and ineligible rates  24.6.F.3: Modifies rule for salary range change in accord with Personnel Rules so that misclassified positions do not interfere with application of step for step rule.  24.7: Regularized references to Bargaining Unit Members rather than employees.  24.8: Adopted GCU language so rules are consistent on payment of sea duty pay.  Remainder: No change
25	Overtime	25.2: Deleted use of salary range as determinant for eligibility for overtime. All eligibility shall be in accordance with FLSA. Hearing procedure retained.  25.4.D.2: Added requirement for Employer to maintain records of overtime hours if reported by overtime ineligible bargaining unit members. This provision does not require the OT ineligible to report hours or the Employer to do so; but if an employee chooses to record the hours, the Employer will maintain the records and make them available for reasonable inspection by the APEA/AFT.

25.6: Revised language regarding entitlement of overtime eligibles to holiday pay for clarity, no change in practice

Remainder: No change

26 Holidays

25.A.12.b : Incorporated change previously in LOGR eliminating presidential proclamations

26.D: Lincoln floater to be credited as 7.5 hours rather than one day.

Remainder: No change

27 Travel, Per Diem, Moving

27.1.B: Clarified meal entitlements on last day of travel status during which overnight lodging obtained, incorporated meal rates with no change in rates.

27.3: Adopts a ten hour rule for day trips, allowing full meal allowances if on travel status more than ten continuous hours and less than 24 when overnight lodging not required. No change in meal rates.

27.5, 9: Regularized references to Bargaining Unit Members rather than employees.

27.6: Adopts IRS allowable rate of \$.29 per mile (formerly \$.30) or such higher rate as authorized by the Administrative Manual for use of privately owned conveyance. Applies to Bargaining Members.

27.7: Rate established at \$.45 per mile or higher amount authorized by Administrative Manual for use of private aircraft. Applies to Bargaining Unit Members.

27.8.A: Incorporated prior LOGR agreeing that office closures and relocations not subject to this section.

27.9 : Provides non commercial rate of \$30 in addition to meal allowances for bargaining unit members in travel status to a location which does not offer commercial facilities and lodging is not available.

27.10: After Commissioner, DOA, considers recommendations of Travel LMC and makes changes, if any, to Admin Manual, unit will vote to adopt Admin Manual or retain current language

Remainder: No change

28 Health Insurance

28.1.B: Incorporated new language recognizing that Employer will continue to provide Optional Life Insurance Policy for employee purchase.

28.3.B: Deleted all reference to trust option

28.5: Monitored Health provisions apply to Bargaining Unit Members.

28.7: Incorporated requirement that Health Benefits Evaluation Committee make recommendations to the Commissioner, DOA, by December 15, 1995, regarding establishment of a flexible benefits plan.

Remainder: NC

29 Leave

29.1.A : Accrual rates expressed in terms of hours rather than days. Added sentence requiring that personal leave accruals for partial months of service will be prorated; no change in practice.

29.1.G.2: Re-employed employee may (not shall) repay cashed out leave for credit.

29.1.H: Conversion rate of transferred sick leave increased from 40% to 50%

29.I.H.1: Time threshold for access to medical leave bank reduced from 30 to 20 days. Medical disability definition broadened to allow use of medical leave bank for immediate family (as defined in FMLA , state and federal) under certain circumstances.

29.I.H.6: Effective December 16, 1995, current employees in unit prior to effective date of agreement (December 1, 1995) have 20% of banked medical leave converted to personal leave.

29.10.B.3: Withdrawal requests to go to Labor Relations Office, not DOP.

29.10.B.6: Cash withdrawal requests require concurrence of Commissioner, DOA.

29.II: Adopts PM 94-1 (Leave Administration) in place of PM 86-12 .

29.12 Leave balances will be maintained in hours. Balances will not be inflated or deflated when employees move into unit.

Remainder: No change

30	Discipline and Notification	No change
31	Availability of the Parties	No change
32	Conclusion of Bargaining	No change
33	Superseding Effect	No change
34	Conditions Not Specifically Covered	No change
35	Savings Clause	No change

- |    |                              |  |
|----|------------------------------|--|
| 36 | Joint Support of Legislation | Title change: to Legislative Action<br><br>Added "pursuant to AS 23.40.215"; deleted reference to joint support at full funding required and deleted second paragraph regarding budget preparation as no monetary terms requiring appropriation. |
| 37 | Legal Trust Fund             | No change  |
| 38 | State Owned Housing          | 38.17: Deleted grandfather clause as moot.<br><br>Remainder: No change   |
| 39 | Printing of the Agreement    | No change  |
| 40 | Duration                     | Signing to June 30, 1996.  |

LOAs

- |     |  |  |
|-----|--|--|
| 1   | Travel Incentives  | No change  |
| 2   | Monitored Health   | No change  |
| 3   | Assistant CO Superintendents   | No change  |
| 4   | Maintenance and Cure   | No change  |
| 5   | ADA  | No change  |
| 6   | Alternate Workweek Master  | No change  |
| 7   | Leave Donations in Excess  | No change  |
| 8   | Cash Donations   | No change  |
| 9   | Voluntary Lay Off  | No change  |
| 10  | Flexible Spending Accounts   | Allocates any money remaining in flexible spending accounts at year end to labor-management committees in specified order of priority    |
| 11. | Leave balances for Certain DPS Employees   | Dispute resolution regarding deflation of leave balances on transfer from RCPSO to SU during time certain                                |
| 12. | Promotion and Related Issues, and Correctional Superintendents Assistant Superintendents | Provides step for Correctional Superintendents in same manner as at LOA 3 above and classification study to be complete by July 12, 1996 |



# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

March 20, 1996

**SUBJECT:** Does a change in the formula for the conversion of sick leave to personal leave constitute a monetary term (Work Order No. 9-LS1790)

**TO:** Representative Mark Hanley, Co-chair

**FROM:** Teresa B. Cramer *TBC*  
Legislative Counsel

You have asked whether a provision in an interim collective bargaining agreement converting a portion of an employee's accrued sick leave to personal leave or whether changing the formula for the accrual of leave should be considered a monetary term under AS 23.40.250(4). You state that sick leave and banked medical leave do not have a cash value but that personal leave does.

Under AS 23.40.215(a),

[t]he monetary terms of any agreement entered into under AS 23.40.070 - 23.40.260 are subject to funding through legislative appropriation.

The requirement for legislative appropriation includes "any agreement," which should apply to interim agreements as much as to fully negotiated contracts. The requirement for legislative approval is limited to the monetary terms of the contract. Under AS 23.40.250(4),

"monetary terms of an agreement" means the changes in the terms and conditions of employment resulting from an agreement that will require an appropriation for their implementation or will result in a change in state revenues or productive work hours for state employees[.]

There is a factual issue to be resolved before your question can be answered: do the changes proposed to the treatment of accrued leave or to the formula for earning leave cost the state money? If the answer to that question is "yes," then there is a further question: is the cost sufficiently ascertainable to "require an appropriation" or does the change in leave accrual affect the productive work hours of state employees so that legislative approval is required before the term may take effect?

Representative Mark Hanley

March 20, 1996

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1. Does the conversion of sick leave to personal leave or the change in the type of leave that employees accrue cost the state money?

The conversion of leave from one type to another does not result in an increase in the total amount of leave available to an employee. However, the restrictions on the use of sick leave are typically more rigorous than those that apply to the use of personal leave. Therefore, so long as the employee exchanges sick leave for personal leave on an hour for hour basis, it is of advantage to most employees to have leave credited as personal leave.

According to Commissioner Boyer's letter of March 18th, the change of accrued sick leave to personal leave under the Interim Agreements with the Supervisory Unit and the Labor, Trades and Crafts Unit will not increase personal services costs or even change the contribution rate applied to personal services costs for departments for this fiscal year. He reasons from this that there is no appropriation required to implement the change. He also states that the change in leave will not have a measurable, defined impact on the productive work hours of employees.

According to the State of Alaska Notes to the Financial Statements for the Fiscal Year ended June 30, 1995, the cost of annual and personal leave and sick leave is charged against agency appropriations when leave is used rather than when leave is earned. Similarly, according to Randy Welker, State Auditor, the contribution rates that is applied to agency personal services cost are adjusted based on when employees take their leave, not on the date that the leave accrues to them. Therefore, the cost to the state of this leave conversion will be reflected in future years, as employees use or cash in their accrued personal leave. However, the legislature only has the opportunity to approve or reject the state's incursion of this cost now when the conversion takes effect. The fact that the cost will occur over time should not serve to circumvent the legislative role in approving or rejecting monetary terms.

I do not have the information to say whether the conversion of sick leave to personal leave will result in a loss of total hours of work for the state (which would happen if employees use more of their leave for vacations than for sick days). The conversion to personal leave does not result in any change in the hours of work that employees are entitled to take off if they meet the requirements for using the leave. However, it seems likely on an intuitive basis that employees will take more time off if sick leave is converted to personal leave. This is a factual issue that the committee may wish to explore.

Employees receive another advantage if leave is considered to be personal leave rather than sick leave. Typically, employees receive a lump sum payment for accrued personal leave when they terminate from state service but do not receive a check for accrued sick leave. For example, under the bargaining agreement entered into in 1990 between the state and the Alaska State Employees Association covering the General Government Unit, an employee who is separated from State service for any reason receives a lump sum payment for accrued annual leave as terminal leave. Article 25, Section 1.F. "Terminal Leave." There is no

Representative Mark Hanley

March 20, 1996

Page 3

provision in the terminal leave provisions for payment for accrued sick leave. In the provisions concerning sick leave, sick leave accrues until termination of employment. Only if the employee dies while still employed are the employee's beneficiaries paid for the unused sick leave. Article 25, Section 2.B. This suggests that there will be an increased cost to the state if sick leave is converted to personal leave. These GCU provisions are similar to state statutes that apply to employees not covered by collective bargaining. Under AS 39.20.250, employees are entitled to cash out accrued personal leave when they end employment with the state, but under AS 39.20.256(f), banked medical leave is canceled. (Unlike the case with the GGU contract, I have not found a provision for paying the survivors of a nonunion employee who dies on the job for accrued banked medical leave.)

The same factors concerning the relative cost of sick leave and personal leave apply to the question of whether changing the type of leave that an employee accrues will cost the state money or will result in a decrease in productive work hours. Except for those employees who use up all their sick leave, employees who accrue more personal leave will either take more leave during the year or accrue more personal leave which they will be able to cash out on leaving state service. If the total number of hours that employees accrue remains constant but the number of hours of personal leave increases while the number of hours of sick leave decreases, it seems likely that there will be some cost to the state, either in money for cashing out accrued leave or in hours worked or both. However, the letter from Commissioner Boyer dated March 18, 1996, concerning the interim agreements states that Local 71, the bargaining unit which is changing the formula for how leave is accrued, is changing to a leave accrual formula that is identical to the statutory formula. Under this formula, the employee will accrue less leave during each pay period but will have the increased flexibility of accruing personal leave instead of vacation leave and sick leave. I do not know how the relative cost of the two different systems compare. The change may result in no increased cost to the state because employees ultimately accrue less leave. This is a factual question the committee may wish to pursue.

2. If the conversion of accrued personal leave to sick leave or the change in the type of leave accrued will increase costs to the state, is the change a "monetary term" requiring legislative approval?

As noted above, "monetary terms of an agreement" is defined as the changes in the terms and conditions of employment that will require an appropriation or that will result in a change in state revenue or in productive hours of work. AS 23.40.250(4). "Terms and conditions of employment" is defined in AS 23.40.250(9) to include fringe benefits, and the leave available to an employee qualifies as a fringe benefit, so a change in leave policies could constitute a monetary term if it satisfies the test in that definition.

In Public Safety Employees Ass'n Local 92 v. State, 895 P.2d 980 (Alaska 1995), the state supreme court considered whether an arbitrator had authority to require the state to pay employees geographic pay differentials contained in an arbitrator's award after negotiations

Representative Mark Hanley  
March 20, 1996  
Page 4

between the state and the employee union reached impasse. The state declined to pay the differentials until the legislature had approved the terms. The arbitrator held that the state owed back pay for its failure to implement the differentials in a timely fashion. The state supreme court struck down the arbitrator's award. In Local 92, both parties agreed that the geographic pay differential was a monetary term. However, the arbitrator relied on his reading of the court's decision in Public Employee's Local 71 v. State, 775 P.2d 1062 (Alaska 1989), and concluded that if an agency could implement monetary terms with money already available to the agency, the agency must do so. Id. at 986. The court rejected this conclusion for two reasons. The most persuasive reason to the court was that the arbitrator had found that to implement the geographic pay differential without a supplemental appropriation would require the agency to reduce the hours of work. This clearly meant that geographic differentials were a monetary term subject to legislative approval. Id. at 987.

The court also disagreed with the arbitrator's interpretation of the Local 71 case, noting that

The Local 71 court did *not* say that "[i]t is clear that monetary terms of a collective bargaining agreement *requiring legislative approval* are not effective until the funds are appropriated by the legislature." The Local 71 court did not suggest differentiating between agreements that do and do not require legislative approval.

Id. at 987. The court also noted that under AS 23.40.215(a), the "monetary terms of *any* agreement entered into under (PERA) are subject to funding through legislative appropriation." (Emphasis found in the original). The court's discussion of monetary terms suggests that the court is inclined to interpret the legislature's oversight broadly. However, since both parties agreed that the contract provision in question was a monetary term, the case does not directly analyze the issue your question presents.

I cannot say with certainty that a court would find that the leave provisions of these interim agreements will result in an increased cost to the state or in the productive hours of work of state employees. However, there is a good argument to be made that they do. If so, it seems likely that the court would find that the changes were monetary terms, subject to legislative approval and funding.

Please let me know if you have additional questions.

TC:pl:klb  
96-088.plm



# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER  
LABOR RELATIONS

P.O. BOX 110220  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-4404  
FAX: (907) 465-2269

March 18, 1996

Representative Mark Hanley  
Chair, House Finance Committee  
House of Representatives  
State Capitol  
Juneau, Alaska 99801-1182

MAR 18 REG D

Re: Interim Agreements

Dear Representative Hanley:

You have asked us to explain the sick and medical to personal leave conversion terms of the interim agreement with various collective bargaining units. You have also asked for our rationale in negotiating these changes in the interim agreements.

I. Description of the changes:

**LTC Interim Agreement:**

The traditional annual/sick leave system was replaced by a personal leave system modeled on the statutory leave system. Personal leave accrual rates are identical to the statutory rates (AS 39.20.200), and less than the combined annual/sick rates of the prior agreement.

The contract provided for transfer of 50% of sick leave hours to each employee's personal leave account on the date of system conversion (December 16, 1995); the remainder were retained for use as sick leave. There will be no additional accrual of sick leave in this unit.

**SU Interim Agreement:**

The SU converted in 1989 from an annual/sick leave to a personal leave system modeled on the statutory scheme. At that time, 40% of the existing sick leave hours were transferred to each employee's personal leave account; the remainder was retained in a medical leave account for use as sick leave. There has been no additional accrual of sick leave in this unit.

As part of the interim agreement, 20% of remaining medical leave hours were transferred to each employee's personal leave account. In addition, access to medical leave banks was increased somewhat by reducing from 30 to 20 the number of days an employee has to be absent on personal leave before medical leave hours can be utilized, and allowing employees to use the bank for the illnesses of family members who meet the definition of "immediate family" in the state and federal family leave laws.

II. Rationale:

A. Legal Issues

We understand your letter to inquire about these terms in general, but your request for rationale suggests you may be concerned about whether these are changes in monetary terms which should be reported as such under AS 23.40.215(b). We believe they are not, based both on past practice and on consultations with the attorney general's office.

As you know, the "monetary terms of an agreement" means the changes in the terms and conditions of employment resulting from an agreement that will require an appropriation for their implementation or will result in a change in state revenues or productive work hours for state employees. AS 23.40.250(4)

First, it should be noted that in no case has the amount of accrued leave actually changed. There is no requirement of increased personal services costs as a result of this change. Leave liability is part of a rate applied to the personal services costs of each department. These conversions will not change the rate of contribution of departments for leave to the Department of Administration for the leave account for this fiscal year. Consequently they do not require an appropriation for their implementation. In addition, although over time we hope that these conversions will result in less abuse of the use of leave, or in the case of access to medical leave, make it easier for people to have access to sick leave which they would use anyway, it will not have a measurable, defined impact on the productive work hours of employees. At this juncture, any impact at all is entirely speculative. Thus, these terms do not affect the productive work hours of state employees.<sup>1</sup> It is for this reason that leave conversion has not in the past, and is not now, reported as a monetary term.

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<sup>1</sup>Nor will these changes affect state revenues. AS 23.40.250(4).

B. Bargaining rationale

Departments, particularly those with 24 hour operations, have for some years requested that their employees be converted from annual/sick to personal leave in order to reduce the amount of time employees are off work and to reduce overtime costs for replacements. The conventional wisdom is that employees are less likely to abuse personal or vacation leave than sick leave, and thus will report to work unless actually so ill as to require the absence.

SU provisions for transfer of hours were modified to coordinate with the LTC agreement. Medical leave bank access was modified in light of family medical leave act provisions.

III. Liability

Finally, you have asked me to provide you with a dollar estimate of the additional leave payout liability associated with the interim agreements. Leave hours have no precise dollar value until the leave is taken or cashed out; any dollar amount assigned at this time therefore is merely speculative. According to information supplied by the Division of Finance, a total of 239,561 hours were transferred pursuant to the LTC agreement, and 63,721 pursuant to the SU agreement. Had all transferred hours been cashed out on the conversion date, the Division of Finance estimates that the value for LTC would have been approximately \$5,458,273 and the value for SU would have been \$1,995,234. I must emphasize, however, that the State's total leave liability was not increased by these conversions; rather, liability as measured in hours was transferred from sick or medical leave accounts to personal leave accounts.

Please let us know if you have any further questions.

Sincerely,



Mark Boyer  
Commissioner



# II

## MARINE HIGHWAY SYSTEM COST OF LIVING DIFFERENTIAL OVERPAYMENTS

## SUMMARY OF SIGNIFICANT DOCUMENTS

- 06/30/95 Excerpts from Memo from Commissioner Mark Boyer to Jim Ayers, Chief of Staff
- 08/08/95 Letter of Agreement between State and MEBA
- 11/26/95 Anonymous Letter to Representative Martin and others re: 06/30/95 Boyer Memo
- 12/07/95 Voice of the Times Editorial on Boyer Memo
- 12/12/95 Letter from Commissioner Boyer to MEBA withdrawing any and all proposals for solution to the dispute
- 12/14/95 Letter from MEBA Attorney stating the 08/08/95 agreement is final and binding on both parties
- 01/10/96 "Petition to Enforce Contract" filed with Alaska Labor Relations Agency (ALRA)
- 03/12/96 Letter from Commissioner Boyer to MEBA clarifying final resolution with certain MEBA members
- 03/15/96 Press Release on Settlement with Ferry Workers
- 03/17/96 Juneau Empire article on settlement agreement
- 03/18/96 ALRA Petition withdrawn

*Prepared by Randy Welker, Legislative Auditor, for Representative Terry Martin, Chairman, Legislative Budget and Audit Committee.*

Excerpts from the June 30, 1995 Memo  
from Commissioner Mark Boyer to Jim Ayers, Chief of Staff

“On the 26th of June Greg O’Clary, Bud Jacque, and Tom Lehey of MEBA approached me with a once and for all settlement of the eleven COLD cases plus [employee F].”

“MEBA proposes that we drop, completely, the [employee B and employee W] cases. . . . Additionally, they propose that we levee a fine instead of restitution on only ten percent of the total outstanding except [B and W]. As you can see, as a group they owe the state over \$430,000. Additionally, each has been hit with suspensions of 252 hours, which they also want suspended because none of the suspensions have been given and given their costs to implement, they would hurt the system more than value it. Finally, they want [employee F] back to work.”

“I ran the proposal by labor relations, any guess on their thoughts? I also ran it by AMHS, Bayden and Cummings, they likewise are very opposed to this type of settlement. Since Pat Gullafson who drafted by response to their first salvo to me earlier in the spring and has handled these issues including the [employee F] arbitration, I ran it by him as well. . . . Generally he thinks the ten percent deal stinks and he is almost violent at the thought at [employee F] going back to work.”

“My question to you is whether or not you know of some compelling reason to pursue a majority of these cases. Is there a political need which can be met. Does it outweigh the political fallout which might occur from legitimate Alaskans who see these guys skate. What is the press fallout? Is there a real benefit in helping Bud Jacque or Joel Behm deliver for their guys in an election year? I don’t know. I feel generally that we might have an interest in settling at some level just to get the issue beyond us.”

“The union wants a decision by July 12. I really only need to know whether or not you think a settlement is in order and if so, some general guidelines on how generous to be.”



to again receive COLD payments. Mr. Baxter and Mr. Whalen release the State from any and all claims or liability relating to COLD up to the date of the execution of this agreement.

3. The following employees may settle in full those outstanding monetary claims against them for reimbursement of COLD payments by paying restitution to the state in the amount of fifteen percent (15%) of the amount claimed by the State to be due:

John R. Hassall  
Louis L. Jones  
John C. Lockart  
Anthony J. Marinich  
Robert Seidman  
Scott E. Sime  
Stephen G. White

Up to five percent (5%) of the amount due under this paragraph may be paid by the appropriate reduction of the employee's accrued leave. Payment under this paragraph shall be completed in full within three (3) months of the execution of this agreement by the employee. COLD payments may not again be paid to the employees listed in this paragraph until eligibility is redetermined under paragraph 1 upon recertification by the employee. The listed employees release the state from any and all claims or liability associated with COLD prior to this agreement and further agree to abandon any remaining disputes concerning the disciplinary action imposed against them, including the suspensions, up to and including the date each such employee executes this Agreement.

The suspensions that have been imposed against the above named employees will be held in abeyance and not effectuated for a

period of one year from the date the employee executes this agreement. If, during that period, no disciplinary action is taken against the employee then the suspensions will be vacated and removed from the employee's record. If disciplinary action is taken against the employee during the aforementioned period then the suspensions will be activated and served by the employee. and,  
~~in addition, the reduced payment provision set out above will be null and void as to the employee, and full payment of the amount claimed by the state will immediately be due.~~

*Handwritten notes:*  
 1/13  
 2/13/77

4. The dispute concerning Dennis C. Leponis' eligibility for COLD shall be held in abeyance pending the arbitrator's award in the Janis Behrend grievance. If Ms. Behrend is successful in her grievance then the actions taken against Dennis C. Leponis regarding COLD eligibility will be vacated. If Ms. Behrend is not successful in her grievance then Dennis C. Leponis shall be included among those individuals who may settle in full the state's outstanding claims for COLD payments against him pursuant to Paragraph 1 of this Agreement.

5. Mr. Robert Faro will be reinstated to the first available permanent engineering job with AMHS. Mr. Faro will suffer no break in service or seniority, and shall retain all vacation and sick leave accrued as of June 29, 1994. Mr. Faro shall repay to the state the full amount claimed by the State, \$38,238.60, in thirty-eight (38) monthly payments of \$1,000 each, and one (1) payment of \$238.60. Mr. Faro must re-certify and be

found eligible for COLD under paragraph 1 in order to again receive COLD payments.

Mr. Faro and MEBA release the state and AMHS, its agents and employees from any and all claims or complaints of whatever nature, and any and all liability for damages, past, present or future, surrounding or deriving from Mr. Faro's dismissal and Mr. Faro further agrees that his failure to satisfy this condition will be grounds for the immediate voidance of this agreement as to him, and his immediate termination.

6. All existing records pertaining to the denial of COLD eligibility to the employees identified in paragraphs 3 and 3, and any records associated with the denial of COLD to these employees, shall be removed from their personnel files and placed in sealed files in the Division of Labor Relations in the Department of Administration for access and use only in connection with a claim made against the state to which the documents are relevant, or by the individual employees named in this Agreement.

7. Acceptance of the terms of this Agreement by the Union or any individual employee shall not be deemed or considered an admission of guilt.

8. It is recognized by the parties that the State of Alaska is engaged in on-going disputes with other labor organizations concerning the state's claims for reimbursement of COLD payments from AMHS employees represented by those unions. In the event the State of Alaska enters into a negotiated agreement to settle such dispute(s) with any other union(s), and the terms of

such agreement are more favorable to such other union(s) than those set forth herein, such more favorable terms will be incorporated into this Agreement by implication. The parties agree to make any adjustments in the payments called for by this Agreement, including refunds by the State, as may be necessary to effectuate the terms of this paragraph. This paragraph is intended to incorporate more favorable terms regarding pending disputes; it does not apply so as to incorporate the terms of a negotiated settlement of a grievance or dispute that arises at some point in the future after the execution of this agreement.

9. This agreement is not intended to and does not set any precedent between the parties or others and shall not be considered a limitation on the employer's right to otherwise determine and establish criteria for COLD eligibility.

DATED: 7/3/15, 1995

*N. [Signature]*  
for the State of Alaska

DATED: 8/8, 1995

*[Signature]*  
for MSEA

DATED: \_\_\_\_\_, 1995

Individual employee (must sign)

**Fax 4 pages including this cover**

**November 28, 1995**

**Distribution:**

**Alaska State Ombudsman  
Representative Terry Martin, Chair Legislative Budget and Audit  
Committee  
Senator Robin Taylor, Senate Judiciary Chairman  
Brian O'Donohue, Fairbanks Daily News Miner**

**Gentlemen:**

**I ask that you review and investigate the attached document which was given to me in confidence a few weeks ago.**

**If authentic, and it certainly appears to be, this disgusting document is at a minimum a direct violation of the Executive Branch Ethics Act, and specifically of AS 39.52.120 Misuse of official position.**

**"(a) A public officer may not use, or attempt to use, an official position for personal gain, and may not intentionally secure or grant unwarranted benefits or treatment for any person" (Underling added)**

**I am not aware if the state has indeed, at Mr. Ayer's and Boyer's direction, given up collecting the COLD overpayments as described in the document. I ask that you determine if this has occurred. This giveaway for political purposes would be about \$700 thousand plus all the costs the State has underwent in the negotiation, grievance and settlement process - at least a million dollars. If this action has been taken, the purpose of this letter, becomes more criminal, given that union contract negotiations were ongoing at the time.**

**I have hesitated to bring this matter forward in hope that someone else might, but no one has.**

**Thank you for your attention to this matter.**

**A State Employee  
Juneau, Alaska**

# oice of The Times

## Boyer letter shows questionable judgment

By PAUL JENKINS

*"My question to you is whether or not you know of some compelling reason to pursue a majority of these cases. Is there a political need which can be met. Does it outweigh the political fallout which might occur from legitimate Alaskans who see these guys skate. What is the press fallout?"*

Mark Boyer, June 30, 1995

Philosophers have pondered the nature of politics since mankind first argued about who would live in which tree. Me? I just wonder what goes on in the heads of people involved in the dark craft. They never cease to amaze me.

A letter sent June 30 from Department of Administration Commissioner Mark Boyer to Gov. Tony Knowles' chief of staff, Jim Ayers, illustrates why.

In the missive, apparently photocopied later and sent out by an angry and anonymous state employee, Boyer asks Ayers' advice on what he should do about pending cost-of-living differential cases involving members of at least one of the Alaska Marine Highway System's unions.



Jenkins

The Legislature some years ago decided to encourage Alaskans to work for the ferry system, and ordained that a cost of living differential would entice them aboard. The differentials nowadays average about 19 percent.

Gov. Wally Hickel's administration in mid-1992 had questions about whether some people living outside the state and working for the system were faking Alaska addresses to receive the extra loot. It alleged 29 workers were doing so and wanted them to repay a wad of dough. There have been settlements, suspensions, arbitration and other personnel actions, but a dozen or so of the cases remain unresolved, to the tune of about \$700,000.

Boyer has been working to resolve the mess, and in June asked Ayers: "My question to you is whether or not you know of some compelling reason to pursue a majority of these cases. Is there a political need which can be met. Does it outweigh the political fallout which might occur from legitimate Alaskans who see these guys skate. What is the



press fallout? Is there a real benefit in helping (Marine Engineers Beneficial Association branch agent-elect) Bud Jacque or (MEBA President) Joel Bem deliver for their guys in an election year (for the union)? I don't know. I feel generally that we might have an interest in settling at some level just to get the issue beyond us.

"I agree with you that this whole deal was handled by the past administration with a different level of zeal than was perhaps necessary."

Boyer goes on to say, "I really only need to know whether or not you think a settlement is in order and if so, some general guidelines on how generous to be."

To an outsider, it might appear that Boyer was asking whether there could be a political advantage in settling the cases. It might appear that he was more concerned about press fallout and political fallout than right and wrong and collecting what the state is owed. But he says that's not so.

"It goes to the question of resolving the conflict, not turning it to our advantage," he says. "I was interested in problem-solving, resolving a long-standing labor dispute."

Boyer, a former three-term House member who has spent much of his adult life in and around politics, says he already knew the facts and figures of the issue when he wrote Ayers.

"I had the answers to 99 percent of the questions, but didn't have the answer to that very narrow, maybe 1 percent, that's called political considerations.

"I'm a politician. I want to see the full

lay of the land before I make a decision," he says. "This isn't corporate America, this is a political arena, and we make political tradeoffs, and legal tradeoffs and it's all part of your decision-making process. It's not unique to Mark Boyer, or the governor or the mayor of Anchorage. You want to know the full landscape as you approach a decision."

He says Ayers at a later meeting urged that he continue efforts to resolve the disputes, avert a strike and pursue a uniform, easily understandable definition of residency that everyone could agree upon to head off future problems. At this point, all of that is still up in the air, Boyer says.

Asked if he thinks he left himself open to charges that politics, not the state's best interest, was at the heart of his letter to Ayers, Boyer says, "Obviously, I didn't think that through or I wouldn't have been so frank."

I, for one, am glad he was. This kind of letter doesn't do Boyer or state government any good, nor does it serve the governor, but it gives a tiny glimpse of how things sometimes work when nobody's looking. It lets us know that when it comes time to get serious, lofty principles, or the quaint notion of right and wrong, fall by the wayside.

And what's really important? In Boyer's own words: "Is there a political need which can be met?"

Like I said, these people never cease to amaze me.

Paul Jenkins is an editor of The Anchorage Times

121 22 '28 20:20

224 P31

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

December 12, 1995

Mr. Bud Jacque  
West Coast Representative  
Marine Engineers Beneficial Association  
732 South Homer Street  
Seattle, WA 98108

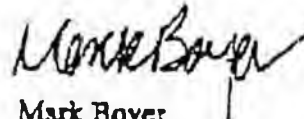
Dear Mr. Jacque:

Re: COLD Dispute

The effort to finalize an overall settlement of the dispute regarding the Cost of Living Differential (COLD) has been unsuccessful. I am, therefore, compelled to move forward on the basis of the status quo as it existed prior to the initiation of our negotiations for an overall resolution to the dispute. I have instructed my Labor Relations staff to proceed on prior agreements that had been finalized on behalf of individual employees and to implement disciplinary and other measures as appropriate. This is formal notice to you that any and all proposals for an overall solution to the dispute are withdrawn.

If you have questions regarding the status of your members, contact Ron Gillette at 465-4096.

Sincerely,



Mark Boyer  
Commissioner

MB/nn

cc: Greg O'Clary

Labor Relations Section

EXHIBIT "B"

LAW OFFICES

BALLARD SPAHR ANDREWS & INGERSOLL

100 EAST LOMBARD STREET, 19th FLOOR

BALTIMORE, MARYLAND 21202-3250

40-526-3600

FAX 40-528-5650

PHILADELPHIA, PA

CAHOEN, NJ

DENVER, CO

SALT LAKE CITY, UT

WASHINGTON, DC

CHARLES R. BACHARACH

DIRECT DIAL 410-528-5388

December 14, 1995

VIA FACSIMILE (907) 465-2115

The Honorable Mark Boyer  
Commissioner  
State of Alaska  
Department of Administration  
P.O. Box 110200  
Juneau, Alaska 99811-0200

Re: COLD Dispute

Dear Commissioner Boyer:

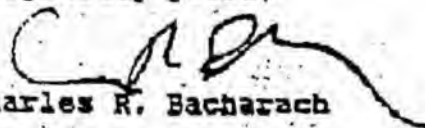
This office represents District No. 1-PCD, MEBA (AFL-CIO).

We are in receipt of your letter to Bud Jacque dated December 12, 1995. The agreement executed by the State and District No. 1 on August 8, 1995 regarding the COLD dispute is final and binding on both parties. As you know, you executed that agreement for the State of Alaska and Greg O'Claray and Louie "Bud" Jacque executed the document on behalf of the MEBA. At all times, the MEBA has acted in accordance with the agreement and stands ready to complete implementation of the agreement's terms. Your position that the settlement is withdrawn is unacceptable. The State has a contractual obligation to comply with the terms of the agreement.

Please inform this office in writing no later than Wednesday, December 20, 1995 whether the State will agree to comply with its obligations under the settlement agreement. The MEBA will take all action necessary to protect its rights in this regard.

I look forward to hearing from you.

Very truly yours,



Charles R. Bacharach

cc: Joel E. Sam  
Louie "Bud" Jacque  
Greg O'Claray

EXHIBIT "C"

STATE OF ALASKA  
ALASKA LABOR RELATIONS AGENCY

Marine Engineers' Beneficial  
Association/District 1 (AFL-CIO),  
Petitioner,

v.

State of Alaska and Mark Boyer,  
Commissioner of Administration,  
Respondents.

RECEIVED

JAN 10 1996

Alaska Labor Relations Agency

ALRS Case No. 96-\_\_\_\_\_

PETITION TO ENFORCE CONTRACT  
[8 AAC 97.510 (a)]

INTRODUCTION

1. This petition seeks enforcement of a contractual agreement entered into by the State of Alaska (hereafter "State"), and the Marine Engineers' Beneficial Association/District 1 (AFL-CIO), (hereafter "MEBA").

PARTIES

2. MEBA is an unincorporated labor union representing employees' working for the State. MEBA maintains offices in Alaska at: 124 Front Street Juneau, Alaska 99801; telephone: (907) 586-6040; FAX: (907) 586-9614 .

3. The State is a political entity organized under the Constitution and laws of the United States and the Constitution and laws of Alaska. Mark Boyer is the present Commissioner of Administration with an office at: PO Box 110200 Juneau, Alaska 99811-0200; telephone: (907) 465-2200; FAX: (907) 465-2135.

ALLEGATIONS

4. On November 1, 1993, the State and MEBA entered into a three year agreement governing wages, hours and conditions of employment for MEBA members working on ferry vessels operated by the Alaska Marine Highway System.

5. On August 8, 1995, Commissioner Boyer executed and entered into a "Letter Agreement" (Exhibit A, attached), pertaining to disputed "Cost of Living Differential" payments to MEBA members.
6. The August 8, 1995, Letter of Agreement was executed by Bud Jacque and G. S. O'Claray on behalf of the MEBA (Exhibit A, page 3).
7. On December 12, 1995, Commissioner Boyer unilaterally notified the MEBA that the State was withdrawing from the August 8, 1995, Letter of Agreement (Exhibit B, attached).
8. MEBA has vigorously contested the State's ability to withdraw from the August 8, 1995, Letter of Agreement (Exhibit C, attached).
9. Discussions and attempts between Petitioner and Respondent to resolve this matter have not resulted in resolution of this dispute.
10. The terms of the November 1, 1993, Master Agreement (Exhibit D, attached), pertaining to "Settlement of Disputes," do not apply to the current dispute regarding the validity of August 8, 1995, Letter of Agreement.

#### RELIEF REQUESTED

The MEBA requests that the Alaska Labor Relations Agency promptly issue a decision and findings that the State entered into a binding contract with MEBA on August 8, 1995, and an appropriate enforcement order requiring the State honor the contractual obligations entered into on August 8, 1995.

#### CERTIFICATION

I, Gregory S. O'Claray, on my oath, swear that the information contained in this petition, including the information contained in the attached exhibits, is true and correct to the best of my personal knowledge and belief.

DATED: January 10, 1996 at Juneau, Alaska.

Marine Engineers'  
Beneficial Association

  
G. S. O'Claray

DK

TONY KNOWLES, GOVERNOR

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

March 12, 1996

Mr. Greg O'Claray  
 c/o Marine Engineers' Beneficial Association  
 124 Front Street  
 Juneau, AK 99801

Dear Mr. O'Claray:

Re: Cost of Living Differential Dispute - ALRA Petition

The State is prepared to move ahead and honor the terms of the offer entitled "Letter of Agreement between the State of Alaska and the Marine Engineers' Beneficial Association Re: Cost of Living Differential" (signed by me on August 8, 1995) but, so far as the repayment provisions are concerned, the state will only extend these terms to those MEBA members who actually signed the agreement before December 12, 1995, and for whom you have provided proof of signatures made prior to that date. These members are:

[REDACTED]

Further, these members must fully satisfy the repayment provisions by April 26, 1996, or the Letter of Agreement expires and is null and void as to any named member who does not fully satisfy the repayment provisions by that date. For the sake of clarity and because we have been in dispute, the one-year abeyance of suspensions will expire on March 11, 1997, rather than one-year after execution.

This resolution of our dispute is, of course, conditioned on both the State and MEBA, as well as your membership, abiding by all the conditions of the Letter of Agreement while it is in effect. Now that the criteria for COLD eligibility are clear, the State will be in a position to more consistently and effectively enforce the COLD. We expect you will inform your membership of these criteria and

Greg O'Claray

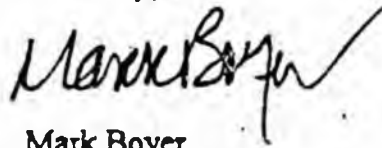
-2-

March 12, 1996

the potentially serious consequences of invalid claims of eligibility. A new form based on these criteria will be sent to all MEBA members for recertification of eligibility in the next couple of months.

With this, I have instructed Mr. Gullufsen of the Attorney General's Office to arrange with your attorney, Mr. Geldhof, for a dismissal of the petition now pending before the Alaska Labor Relations Agency.

Sincerely,



Mark Boyer  
Commissioner

MB/nn

cc: Dianne Corso  
Labor Relations Section

Pat Gullufsen  
Department of Law

State of Alaska  
**Department of Administration**

**TONY KNOWLES**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



Mark Boyer  
Commissioner  
907-465-2200  
FAX: 907-465-2135

**DRAFT**

FOR IMMEDIATE RELEASE: March 15, 1996

96-062

**STATE SETTLES FERRY WORKERS PAY DIFFERENTIAL DISPUTE**  
**Plan Clarifies Eligibility Rules, Prosecutes Those Who Wouldn't Settle**

Administration Commissioner Mark Boyer today announced plans to end a costly, long-standing dispute over cost-of-living differentials with some state ferry workers. Under the plan, Permanent Fund Dividend eligibility will be used to determine residency status for future pay differentials. "This proposal will clarify an employees' eligibility for the pay differentials and provide for fair enforcement," Boyer said. "This ends the dispute and high cost of the controversy for those willing to agree to the rules and takes a tough position with those who refuse."

Today's announcement involves 10 employees represented by the Marine Engineers Beneficial Association (MEBA). They were among 28 ferry workers who inappropriately received differentials, according to an investigation begun in 1992. The state found some out-of-state ferry workers collecting cost-of-living differentials of up to 18 percent. The differentials are supposed to go only to resident ferry workers because of higher living costs in Alaska.

A handful of cases went to arbitration and while some rulings have favored the state, others have favored the employee. The arbitration process has cost the state more than \$300,000.

Cases are still pending against 18 ferry workers represented by the Inland Boatmen's Union (IBU) and Masters, Mates, and Pilots (MM&P), which did not accept the settlement terms. "We will vigorously prosecute these cases and demand full reimbursement," Boyer said. "This dispute has been a mess for several years. What we're doing today ends the fight with some workers and gives the others a very simple message: 'It's time to pay up.'"

Under the MEBA agreement, the state will use Permanent Fund Dividend eligibility to determine residency status. Boyer said legislation is being introduced to establish the same residency criteria for IBU and MM&P ferry workers. Permanent Fund Dividend eligibility was chosen because it is the common standard for residency in Alaska.

Under today's announcement, the 10 MEBA workers will settle disputed claims still pending arbitration at 15 cents on the dollar. When you include the repayment received from one MEBA employee who went to arbitration and lost, the total reimbursement to the state averages about 25 percent.

"It's important to point out that this issue involves only a small fraction of the state's ferry workers," Boyer said. "Unfortunately the actions of a few have cast a shadow on the rest, who are honest, hard-working state employees."

-30-

# Deal cut on differential pay dispute

■ **Out-of-state ferry engineers agree to pay back about \$55,000**

By JEANINE POHL

THE JUNEAU EMPIRE

The state has settled a dispute with a group of ferry engineers accused of illegally collecting extra pay intended for ferry workers who are Alaska residents.

In the agreement, ferry engineers who allegedly illegally claimed a higher paycheck will have to pay back about 15 cents on the dollar for the extra amount they claimed, known as the cost of living differential.

Nine members of the Marine Engineers Beneficial Association did not admit guilt, but agreed to pay back to the state a total of about \$55,000 by April 26. One engineer was fired as a result of the dispute and he must pay the full amount owed, about \$38,000. State investigators claimed the man actually lived in Olympia, Wash. where he kept his family, car, boat and dog.

The state had estimated that the total excess pay collected by engineers was about \$800,000 between 1990 and 1994.

While the nine engineers had received suspensions of between two and six weeks, the state will not enforce them unless they fail to pay the agreed amount or if engineers violate other conditions of the agreement within one year. After that time the suspensions will be dropped.

Department of Administration

Please see Deal, Page A8

A 8 JUNEAU EMPIRE, SUNDAY, MARCH 17, 1996

## Deal . . .

Continued from Page A1  
Commissioner Mark Boyer said the state spent more than \$300,000 in arbitration over the dispute, and legal costs would continue to climb if it wasn't settled.

"There's always a trade-off," he said Friday. "This dispute has been a mess for several years."

Union ferry workers who are Alaska residents are paid 18 percent to 22 percent more than ferry workers who live in Washington state. The extra monthly lump sum was instituted in the early 1980s to compensate for a higher cost of living here. Some Washington residents work at the Bellingham ferry terminal, while others fly to and from their ferry jobs.

Both the state and ferry unions have said the method of determining who is an Alaska resident is unclear. Part of the agreement for ferry engineers includes using the same residency criteria as that which determines Permanent Fund dividend eligibility.

"It's a fair settlement for both parties," said Greg O'Claray, business agent for the engineers. "It'll virtually eliminate disputes of this nature in the future."

A draft bill amending state law to allow the new residency criteria for ferry workers will be introduced this week in the Legislature.

Boyer will also go before the House Finance Committee Wednesday for a briefing on the agreement. Committee co-chairman Mark Hanley said some members have questions about the settlement, although he had no reaction yet to the deal.

Along with members of the Inlandboatmen's Union of the Pacific and the International Organization of Masters, Mates and Pilots, the ferry engineers were investigated by the former Hickel administration in 1992 and a total of 28 employees charged with falsely claiming Alaska residency.

Some of the cases involving the IBU went to an arbitrator, who ruled last year that the new residency standard the state wanted to use against ferry employees should have been in their contract or in state law.

The state appealed the arbitrator's decision in Juneau Superior Court last summer, and arguments for summary judgment are scheduled for next month. Boyer said if the state prevails, he will push to collect full restitution from the alleged non-Alaska IBU workers.

State investigators estimated non-Alaska IBU employees were overpaid by about \$139,000 and members of the Masters, Mates and Pilots allegedly claimed about \$232,000 more in pay than they should have, Boyer said.

Boyer had offered a settlement to the IBU and the Masters, Mates and Pilots, but both unions rejected it.

"We've already won," said Bob Provost of the IBU, referring to the arbitrator's decision and the union's rejection of the state offer.

A representative of the Masters, Mates and Pilots in Seattle refused comment on the issue, although Boyer said he still hoped to settle with that group in a fashion

similar to the engineers' agreement. Failing that, the state will push for an arbitrator's ruling on about eight disputed workers.

Both unions signed contracts last summer with the Knowles administration, which decided during negotiations not to try to include a new residency determination in contract terms.

"We were up against a strike vote," Boyer said, referring to an IBU vote in early August authorizing a walkout. "To introduce this issue then would have been catastrophic."

Earlier in the summer Boyer wrote to Knowles' chief of staff, Jim Ayers, for guidance on the political efficacy of settling the cost-of-living dispute.

"My question to you is whether or not you know of some compelling reason to pursue ... these cases?" Boyer asked in a June 30, 1995, memo.

"Is there a political need which can be met? Does it outweigh the political fallout which might occur from legitimate Alaskans who see these guys' skate? What is the press fallout?"

Asked Friday about the memo and the Knowles administration's decision to settle with MEBA, Boyer said politics did not drive the settlement. He said he asked the question last summer because he is prone to think in political terms because of his past experience as a politician.

"Frankly, it was a mistake to ask the political questions then," Boyer said of the memo.

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P. 01

ID: 907-465-2417

MAR 15 '96

17:01 No. 019 P.02

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MAR 15 1996

Alaska Labor Relations Agency

*Randy*

STATE OF ALASKA  
ALASKA LABOR RELATIONS AGENCY

HEARING OFFICER  
FILE COPY

Marine Engineers' Beneficial  
Association/District 1 (AFL-CIO)

Petitioner,

v.

State of Alaska and Mark Boyer,  
Commissioner of Administration,

Respondents.

ALRA Case No. 96-496

STIPULATION FOR DISMISSAL

The parties to the above-captioned proceeding, by and through counsel, agree to a dismissal of the petition as an agreement has been reached between them on the issues that were the subject of the petition.

DATED: Mr. 16, 1996

*Patrick J. Gulluften*

Patrick J. Gulluften  
Assistant Attorney General for  
State of Alaska; Department of Administration

DATED: March 15, 1996

*Joseph Jeldhof*

Joseph Jeldhof for  
Marine Engineers' Beneficial Association

ATTORNEY GENERAL, STATE OF ALASKA  
DIAMOND COURTHOUSE  
P.O. BOX 110300, JUNEAU, ALASKA 99811  
PHONE: 465-3800

Post-It™ brand fax transmittal memo 7571		# of pages 1 /	
To	Don Larson	From	AN DeVours
Co	Leg Audit	Co	ALRA
Dept.	561-1445	Phone #	269-4895
Fax #	561-1452	Fax #	269-4090

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**Research Report**  
**Alaska Marine Highway System**  
**Comparative Compensation Analysis**

Report 25 - 61

October 1994  
Division of Audit and Management Services

**OMB**

**STAFF PAPERS AND REPORTS**

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STATE OF ALASKA

OFFICE OF MANAGEMENT AND BUDGET

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**RESEARCH REPORT  
ALASKA MARINE HIGHWAY SYSTEM  
COMPARATIVE COMPENSATION ANALYSIS**

REPORT NO. 25 - 61

October 1994

STATE OF ALASKA, OMB  
DIVISION OF AUDIT AND MANAGEMENT SERVICES  
GARY ANDERSON, DIRECTOR

PROJECT STAFF: JERRY BRYANT

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# RESEARCH REPORT ALASKA MARINE HIGHWAY SYSTEM COMPARATIVE COMPENSATION ANALYSIS

## SUMMARY

This research report is a comparative compensation analysis of vessel positions of the Alaska Marine Highway System (AMHS), the Washington State Ferries (WSF) and the British Columbia Ferry Corporation (BCFC). Comparisons between positions in the three ferry systems were made for 1993, on four different bases: hourly rates, monthly compensation, fully-loaded hourly rates (total wages and benefits earned for each hour worked) and annual compensation. Positions compared represent all three crew categories: licensed deck, licensed engine room and unlicensed. Rates for the various positions are determined using the average length of service for employees of the AMHS (14 years for licensed deck and engine room personnel and eight years for unlicensed crew).

**Basic hourly rates** When comparing the hourly wage rates of other ferry systems to the AMHS it is only meaningful to use AMHS Southeast rates. According to AMHS, due to the need to transfer employees between the Southeast and Southwest systems, AMHS and the three unions agreed to reduced hourly wage rates and increased hours per pay period for Southwest vessel employees in order to provide an approximate annual equalization of wages and leave with employees of the Southeast system.

AMHS wage rates are Seattle based but have an increment to cover the higher cost of living for employees that reside in Alaska. AMHS pays an additional 22.5% Cost Of Living Differential (COLD) to vessel employees who are residents of Alaska. As of May 1992, 707 of 746 AMHS vessel employees had certified Alaska residency and were receiving the COLD payment. AMHS compensation amounts used for comparative purposes include COLD.

BCFC employees on its two northern route vessels receive premium pay of 29%. These two vessels have routes and work schedules which most closely approximate those of AMHS so the compensation comparisons include this premium pay for the BCFC vessel positions.

Unlicensed crew in the AMHS Southeast and in WSF are paid comparable hourly wages. Unlicensed crew on the BCFC northern route vessels are paid approximately 10% more. Licensed deck and engineering officers in the AMHS Southeast are generally paid substantially more per hour than similar positions in WSF or BCFC.

**Monthly compensation** The monthly wages and benefits for AMHS Southeast licensed officers are significantly higher than for the licensed officers of WSF or BCFC. The monthly wages of AMHS Southeast unlicensed crew are marginally higher than for the unlicensed crew of WSF or BCFC while the monthly benefits are significantly higher. Monthly wages and benefits for AMHS Southwest licensed officers and unlicensed crew are even higher due primarily to the greater hours worked during their monthly shift schedule.

**Fully-loaded hourly rate** (total wages and benefits earned for each hour worked) AMHS unlicensed crew on all vessels are compensated approximately 25% more per fully-loaded hour than WSF or BCFC unlicensed crews. On the average, per fully-loaded hour AMHS

Southeast licensed officers are compensated 50% more than their counterparts in WSF or BCFC. The licensed officers on the AMHS Southwest vessel *M/V Tustumena* are also compensated substantially more (15% to 50%), in terms of a fully-loaded hourly rate, than the officers of WSF or BCFC. The licensed officers of the AMHS Southwest vessel, *M/V Bartlett*, on the other hand, are compensated approximately 10% less per fully-loaded hour than the officers of WSF or BCFC and substantially less than either the officers of the AMHS *M/V Tustumena* or the officers of AMHS Southeast. This last anomaly remains unexplained although it is noted that the *M/V Bartlett* licensed officers have 12 hour shifts even though during the winter only one trip of less than six hours a day is scheduled.

**Annual compensation** In comparing the actual 1992 compensation of the ten highest paid individuals in the three categories for the three ferry systems, AMHS employees averaged compensation is greatest in each category, followed by WSF and then BCFC. The ten highest paid AMHS licensed deck officers averaged \$91,290 while WSF officers averaged \$83,340, followed by the BCFC deck officers at \$57,191. The ten highest paid AMHS licensed engineers averaged \$96,310 compared to the WSF licensed engineers at \$95,290; the BCFC engineers averaged \$66,717. The ten highest AMHS unlicensed crew averaged \$63,241 while the comparable WSF group averaged \$48,670, followed by the BCFC unlicensed crew at \$44,039.

**Annual hours worked** AMHS employees generally work fewer hours for their annual compensation than do employees of WSF or BCFC. Hours worked by AMHS vessel employees amounts to between 44% and 62% of their annual compensated hours. WSF vessel employees work between 78% and 83% of their annual compensated hours. BCFC northern route vessel employees work 60% to 64% of their annual compensated hours.

**Benefit comparison** Vacation and sick leave accrual rates are significantly greater in the AMHS Southeast than WSF or BCFC. The maximum leave for AMHS Southeast employees is 64 hours per month for ten or more years of employment. The maximum for WSF is 39 hours after 16 years of service; the maximum leave hours per month for BCFC is 30 hours after 29 years of employment. AMHS Southwest leave rates are not comparable with other systems as the larger leave accruals are planned to offset the lower hourly rates.

The State of Alaska retirement plan (PERS) which covers MMP and IBU employees provides significantly more benefits than plans of the State of Washington or the Province of British Columbia. Upon retirement medical insurance is provided free for AMHS retirees but paid at group rate by WSF retirees. BCFC retirees receive the free basic medical benefit provided to all British Columbia residents.

# RESEARCH REPORT ALASKA MARINE HIGHWAY SYSTEM COMPARATIVE COMPENSATION ANALYSIS

## PURPOSE AND SCOPE

This report is a comparative compensation analysis of vessel positions of the Alaska Marine Highway System (AMHS), the Washington State Ferries (WSF) and the British Columbia Ferry Corporation (BCFC). The purpose of this report is to provide an analysis of the characteristics, regular wages and benefits of positions in the three ferry systems for 1993 contracts. The report is provided for informational purposes and does not contain recommendations. The information presented is taken from numerous documents and discussions with the AMHS, plus documents obtained from and conversations with BCFC, WSF and the Washington Marine Employees' Commission<sup>1</sup>. Unless otherwise indicated, the exchange rate used for the conversion of Canadian dollars to US dollars is .7891 as reported in the *Wall Street Journal* on January 29, 1993.

Appendices A and B are an integral part of this report. Appendix A contains profiles of the three ferry systems in this study. Appendix B contains three spreadsheets of wages and benefits for the AMHS, BCFC and WSF ferry systems. The AMHS spreadsheet is presented in four parts due to the considerable differences in wages, hours, pay periods and benefits within AMHS. The four parts include employees on the Southeast major vessels, Southeast minor vessels, *M/V Tustumena* and *M/V Bartlett*. The *M/V Tustumena* and *M/V Bartlett* are the two vessels in the AMHS Southwest system. Appendix C discusses different cost of living differentials used within Alaska state government.

Vessel positions are discussed according to their duties which include licensed deck officers, licensed engine room officers and unlicensed crew. In the AMHS, for collective bargaining purposes, the licensed deck officers are represented by the International Organization of Masters, Mates and Pilots (MMP). Licensed engine room personnel are represented by District No. 1 -- Pacific Coast District, Marine Engineers Beneficial Association (MEBA). Unlicensed crew are represented by the Inlandboatmen's Union of the Pacific, Alaska Region (IBU). All three unions are AFL-CIO affiliates. While Washington State Ferries vessel employees are also represented by the three unions above, most vessel employees of the British Columbia Ferry Corporation are represented by a single union, the B. C. Ferry and Marine Workers' Union. Thirty-nine BCFC masters are represented by the Excluded Employees administrative bargaining group.

This report considers regular wages and benefits and does not compare overtime rates. Also, for comparative purposes with other ferry systems this report compares positions as much as possible assuming the vessels are "on the run" during the summer months. That is, the manning of vessels during the annual overhauls, refurbishment, repowerment, lay-up, etc. is not considered here although union contracts call for crews to be aboard under various

---

<sup>1</sup> The Washington Marine Employees' Commission develops a biennial survey of wages, hours, benefits and conditions of employment for onboard and shore side employees.

situations. In addition, because some of the benefits are based on longevity of service we used the average length of service of AMHS vessel employees to compare like position benefits in other ferry systems. The average length of service for AMHS vessel employees represented by their respective unions as of September 1992, is 14 years for MMP, 14 years for MEBA, and 8 years for IBU.

## BACKGROUND

### CHARACTERISTICS OF THE THREE FERRY SYSTEMS

This section discusses the general characteristics of the three ferry systems used in this study. The British Columbia Ferry Corporation and the Washington State Ferries offer primarily commuter service over relatively short distances compared to most of the Alaska Marine Highway System routes.

#### Alaska Marine Highway System (AMHS)

The AMHS currently operates eight ferries on three routes to 32 ports of call in two service areas. In Southeast Alaska, 17 communities are served in almost 1,000 nautical miles from Bellingham, WA to Skagway, AK. In Southwest Alaska, 13 communities are served between Cordova and Unalaska/Dutch Harbor. The shortest AMHS trip between ports is one hour while the longest trip is 36 hours. The average running time between ports is nine hours. AMHS transports approximately 410,000 passengers and 110,000 vehicles per year. Five of the ferries have passenger staterooms, seven have bar service and all vessels offer cafeteria service. All vessels have crew quarters. Seven of the eight vessels operate in sheltered waters while the *M/V Tustumena*, on the Southwest route, may also operate on ocean routes within 50 miles of shore. The largest AMHS vessel is 380 feet in length and may carry 971 passengers and 170 vehicles including 22 cargo vans.

AMHS has 777 vessel employees, as of September 1, 1992, represented by the three AFL-CIO affiliate unions above, i.e., 70 by MMP, 82 by MEBA and 625 by IBU. Each of the three labor relation agreements specify terms for the Southeast system where most ferry activity occurs and six of the eight vessels operate. Supplemental Agreements in each of the three contracts are used to specify selected terms for employees on the Southwest vessels, the *M/V Bartlett* and the *M/V Tustumena*. The selected terms include wage rates, leave, working hours, and other conditions of employment. In the Southwest, crews may have duty assignments of several months in length whereas in the Southeast crews work one or two weeks on followed by one or two weeks off.

#### British Columbia Ferry Corporation (BCFC)

BCFC primarily operates a commuter system with 41 ferries on 29 routes to 42 ports of call in the greater Vancouver, B.C. area. In the most recent year reported, BCFC carried 20 million passengers and eight million vehicles on voyages as short as 10 minutes to as long as 15 hours. Sixteen of the major ferries have cafeterias but only two have passenger staterooms. The two Northern route vessels which provide service between Port Hardy, B.C. (on the Northern end of Vancouver Island) and Prince Rupert, B. C. offer service similar to AMHS ferries. The largest BCFC vessel is 545 feet in length carrying 2,100 passengers and 470 vehicles.

With the exception of most vessel Masters, BCFC vessel employees are represented by the B. C. Ferry and Marine Workers' Union. Masters for large vessels and northern route vessels

are management employees excluded from the union contract. They are among a group of administrative salaried employees who receive an annual salary for 1,827 duty hours per year. In addition, they receive a benefit package that is approximately 23% of their annual salary. Once a Master has worked the required 1,827 hours per year, they take the remainder of the year off as paid leave. Northern route Masters work the 14 day on/off schedule approximately 9.5 months and are off with pay for 2.5 months.

### Washington State Ferries (WSF)

WSF operate 25 ferries on nine routes to 20 ports of call as a commuter system for the islands and peninsulas of Puget Sound. WSF transports over 23 million passengers and nine million vehicles per year. In a service area stretching approximately 150 miles, the shortest route is one and one-half miles while the longest is 38.2 miles. There are no overnight staterooms for passengers and the galley/snack bars are operated by Marriott Host International. The two largest ferries are 440 feet in length carrying 2,000 passengers and 206 vehicles.

WSF employs 951 vessel employees represented by the same three unions that represent AMHS vessel employees. There are 142 represented by MMP, 341 by MEBA, and 468 by IBU.

According to a salary and benefits study for the Washington Marine Employees' Commission, WSF employees are scheduled for 2,080 hours per year. They are paid for working 1,728 hours per year. In addition, they are paid for 96 hours of holidays, 160 hours of vacation and 96 hours of sick leave. The basic work period is five or ten consecutive eight hours days although some schedules require 10 or 12 hours per day.

Vessels are required to provide around the clock operations in case emergency service is needed to their ports of call. Second and third shift "touring watches" permit vessels to be on standby for emergency transport although these watches are used primarily for maintenance and cleaning.

## COMPARATIVE ANALYSIS

### WAGE COMPARISON

After a discussion of work schedules and increments above the base wage, four comparisons are made of hourly, monthly and annual compensation. First, the hourly wage rates of AMHS vessel employees are compared with similar positions in BCFC and WSF. Next, monthly wages plus benefits of the three ferry systems are compared using three tables and figures of representative positions. Then, the fully loaded hourly rates of wages and benefits are compared for each ferry system using three figures. Fully-loaded hourly rate represents the total cost (compensation plus all fringes) to the ferry system for each hour worked. Lastly, certain comparisons are made on an annual basis.

The comparisons are by AMHS represented groups and include selected sample positions found in each of the three ferry systems. The criteria for selecting the positions are based on similar positions found in all three ferry organizations. Due to the WSF operational differences which result in a limited number of defined positions only 12 positions were found to be similar in the three ferry systems. The positions were taken from the spreadsheets in Appendix B.

### Work Schedules

There are many different work schedules that affect wages and benefits in each of the three ferry systems. For example, all AMHS Southeast vessel employees work six hours on followed by six hours off. Southeast MMP and MEBA employees work twenty-six 84 hour (12 hours \* 7 days) pay periods per year (182 hours per month). Southeast IBU employees are paid twice monthly for an average of 91 hours per pay period. However, the Southeast IBU employees work 84 hour duty assignments over an eight day period where six hours are worked on the first day, 12 hours are worked for each of the next six days and six hours are worked on the eighth day. MMP and MEBA may work seven days on followed by seven days off or 14 days on and 14 days off.

In the Southwest where AMHS work assignments may be several months of continuous duty, some employees work eight hours per day while others work 12 hours per day. On the *M/V Tustumena*, all employees work eight hour days paid in twenty-four 120 hour pay periods per year (240 hours per month). Some employees work a sea watch schedule of two four hours shifts each separated by eight hours off. On the *M/V Bartlett*, MMP and MEBA employees work 12 hour days paid in twenty-four 180 hour pay periods per year (360 hours per month). But *M/V Bartlett* IBU employees work eight hour days paid in twenty-four 120 hour pay periods per year (240 hours per month).

BCFC vessel employees are paid on a salary basis for 1,827 hours per year which is 152.25 hours per month. BCFC employees, except Masters, work the 14 day on/off 12 hour per day schedule on the northern route vessels. On the 14 day duty assignment employees work 168 hours (14 days times 12 hours per day). The overtime in excess of normal shift hours is paid at a rate determined by dividing the monthly salary by 152.25 hours.

Included in the hourly rate for AMHS Masters, in addition to their base pay, are monthly premiums for Master's pay (\$245.17) and non-watch pay<sup>3</sup> (\$293.75) in lieu of overtime to be available as needed. Rates for these premiums are specified separately in the first year of the labor contracts. As Consumer Price Index increases are added on in subsequent years the increases are calculated on the combined hourly rate rather than on each of the three components. Thus on the spreadsheet in the appendices, premiums are not shown separately for Masters but are included in the hourly rates.

During the busier summer season, the Chief Mates of the larger AMHS Southeast vessels and the AMHS *M/V Tusumena* also receive non-watch pay. The additional non-watch pay is included in the rates given in the spreadsheets and tables. The additional non-watch pay for Chief Mates in the AMHS Southeast is \$1.61 per hour while it is \$1.16 per hour for the Chief Mate of the *M/V Tusumena*. The Second and Third Mates are eligible for overtime.

The contract hourly rate including COLD for Chief Engineers in AMHS on Southeast vessels is \$33.85, however, since all AMHS Chief Engineers receive non-watch pay of \$969.54 per month. The effective hourly rate is \$39.18.

### Monthly Wage Plus Benefit Comparisons

In this section monthly wages and monthly wages plus benefits comparisons are made between the represented groups, i.e., licensed deck, licensed engine room and unlicensed crew. Since the employees of the AMHS Southwest system work a continuous schedule, the hours they may work in a given month are significantly greater than the hours worked either by AMHS Southeast employees or the employees of the WSF or BCFC systems. During a year, the AMHS Southwest employees may also have paid months in which they do not work at all. As a result, monthly amounts for AMHS Southwest employees would have to be converted to average monthly amounts in order to be directly comparable to the other systems. Again the most meaningful comparisons are made between the AMHS Southeast and WSF and BCFC.

On a monthly basis both licensed and unlicensed AMHS vessel employees receive wages and benefits significantly greater than similar positions in the other two ferry systems. On the average AMHS Southeast MMP employees are compensated 61% greater than WSF licensed deck officers and 86% greater than their BCFC counterparts. On the average AMHS Southeast MEBA employees are compensated 49% greater than WSF licensed engineers and 72% more than their BCFC counterparts. On the average AMHS Southeast IBU unlicensed crew are compensated 26% greater than WSF unlicensed crew and 41% more than their BCFC counterparts. AMHS Southeast vacation accruals, which average 1.5 to 3.5 times the vacation accruals of the other two systems, are the most significant factors in the above comparisons.

In the three tables and related figures on pages 13 through 18, table entries are taken from a sampling of the three spreadsheets in Appendix B. Please refer to the spreadsheets for the basis of the sample comparisons that follow. The selection criteria are based on the existence of similar positions on vessels of all three ferry systems studied. The tables are used to point out some of the many variables of the three ferry systems as well as hourly wage rates and monthly pay and benefits.

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<sup>3</sup> The inclusion of non-watch pay for masters, chief engineers and certain chief mates may overstate wages and benefits from six to 20 hours. However, since AMHS is contractually obligated to pay non-watch pay it is included in the comparisons.

The BCFC union agreement specifies that the compensated shift time will be inclusive of meal breaks and rest periods. For a 7.5 hour shift the time worked would be approximately 6.5 hours; for a 12 hour shift the time worked would be approximately 10 hours.

WSF vessel employees generally work a forty hour week (2,080 hours per year). Engineering officers working seven days on and seven days off are paid for eighty hours with four hours accrued as compensatory time.

### Increments Above The Base Wage

AMHS wage rates are Seattle based but have an increment to cover the higher cost of living for employees that live in Alaska. AMHS pays an added Cost Of Living Differential (COLD) to vessel employees who certify they live in Alaska. The differential ranges from 20.57% to 22.65% with an outlier in one position of 13.61%. Frequently in discussions of COLD the original percentage of 22.5% is used, however, based on the AMHS spreadsheet in Appendix B the current average percent is 21.9%. In May 1992, AMHS records indicated that only 39 of 746 vessel employees were not receiving the COLD payment. In order to present the typical hourly wage rates for comparative purposes the COLD payment has been included in the AMHS hourly rates in the comparisons which follow<sup>2</sup>.

BCFC employees, except Masters, who work the 14 day on/off, 12 hour per day schedule on the northern route vessels, are paid a 29% premium for the long duty schedule. With the exception of the BCFC Masters, the premium is included in the hourly rates of the comparisons that follow. BCFC Excluded Employees masters are not eligible for the 29% premium.

### Hourly Rate Comparisons of AMHS SE with BCFC and WSF

The reader is cautioned about making comparisons based on the AMHS Southwest system hourly wage rates since much of the compensation is in the fringe benefits rather than wages. Employees in the Southwest system are compensated more hours per pay period and they are paid significantly less per hour, so their annual incomes will approximate their counterparts in the Southeast. According to AMHS staff, due to the need to transfer employees between the Southeast and Southwest systems, AMHS and the three unions agreed to lower hourly wage rates and increased hours per pay period for Southwest vessel employees in order to provide an approximate annual equalization of wages and leave with employees of the Southeast system. For this reason, hourly wage rates of other systems will be compared only to the hourly wage rates of the AMHS Southeast system.

Unless otherwise noted, comparisons with the BCFC are made using the employees of the northern route vessels since these vessels operate under conditions similar to AMHS vessels. With the exception of the excluded masters, the crews of the BCFC northern route vessels receive the 29% premium mentioned above.

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<sup>2</sup> In the labor contracts the AMHS COLD benefit is included in the hourly base rate for unlicensed personnel but is paid as a separate earnings to licensed deck and engineering officers. Appendix B shows the COLD wage separately for all three bargaining units.

Hourly rates (including COLD) are as a group significantly higher for AMHS Southeast licensed vessel employees compared to employees in similar positions with WSF and BCFC. For similar positions AMHS Southeast unlicensed vessel employees hourly rates (including COLD) are comparable to WSF rates and significantly lower compared to BCFC rates. Another comparison may be made using AMHS Seattle rates without COLD and BCFC rates without the 29% premium for northern route vessels. In such a comparison, AMHS hourly Seattle rates for Southeast licensed vessel employees are comparable to WSF rates and are slightly greater than BCFC rates for comparable positions. And AMHS Seattle rates for unlicensed employees are significantly lower than either BCFC or WSF rates for comparable positions. Appendix B provides the basis of these conclusions.

Table 1 shows the hourly rates of selected positions within the three ferry systems. The hourly rates in Table 1 include the COLD for AMHS vessel employees and the 29% northern route premium for BCFC vessel employees. The table provides some examples for the conclusions drawn in the paragraph above. The highest hourly rates are shaded the darkest.

Table 1. SELECTED POSITION HOURLY RATES IN THE THREE FERRY SYSTEMS

POSITION	AMHS SE WITH COLD	WSF	BCFC NORTHERN ROUTE 29% PREMIUM
Master	37.45	32.11	31.06
2nd Mate	27.27	21.74	26.17
Chief Engineer	39.18	29.94	33.80
1st Engineer	29.18	21.45	28.35
Bosun	18.25	17.87	20.28
Able Seaman	16.71	17.38	19.44

The COLD payment has been included in the hourly and monthly rates of AMHS employees in the tables and figures on the following pages. Also included in the hourly rates in the tables for BCFC vessel employees is the 29% premium for working the 14 day on/off schedule on the northern route vessels. In the spreadsheet in Appendix B these amounts are set out separately rather than being included as part of the basic hourly rate.

The AMHS pays overtime at the time and one-half rate while both BCFC and WSF pay overtime at the double time rate. WSF pays a double time premium for work after eight hours per day, on Saturday, Sunday and holidays and when employees are working with dirty materials. On holidays however, AMHS pays double time and one-half while the other two ferry systems continue the double time rate. BCFC pays an additional \$0.50 per hour for the second shift work and \$1.25 per hour for the third shift work. WSF employees received a 3% wage increase effective January 1, 1993. BCFC employees received a 2% wage increase above contract rates of an agreement that expired on October 31, 1992.

Several of the benefits presented may lack comparability between systems on the basis shown. The most obvious of these is health insurance. That is, the benefit to the employee is not truly measured by the cost to the employer, particularly in the BCFC where the monthly cost is only \$55.

In the comparison of monthly wages plus benefits with the other two ferry systems there are 12 similar positions which allow comparison. The 12 positions are based on the limited number of positions in the WSF system. The comparisons that follow are representative samples of the 12 positions common to all three ferry systems in this study.

### *Licensed Deck Sample Positions*

The monthly wages for AMHS Southeast licensed deck officers are significantly higher than for the licensed deck officers of WSF or BCFC. Masters and Mates of the AMHS Southeast are paid approximately one-third more per month and the total monthly wage plus benefits is equivalent to twice the WSF or BCFC monthly amount due primarily to the greater leave benefits accrued in the AMHS.

Within the AMHS, monthly wages and benefits are greater for MMP employees in the Southwest, i.e., on the *M/V Bartlett* and the *M/V Tusumena*. The Master wage on the *M/V Bartlett* is \$7,551 per month plus benefits of \$5,747 per month, i.e., a total of wages and benefits of \$13,298 per month. The Master wage on the *M/V Tusumena* is \$6,654 per month plus benefits of \$7,259 for a total of \$13,913 per month. In the Southeast, the Masters of the large vessels are paid \$6,815 per month plus benefits of \$4,850 for a total on \$11,665 per month. The difference is mainly accounted for in the leave accrued by each master. The Master of the *M/V Tusumena* accrues 169 hours or \$4,686 in a month and the Master of the *M/V Bartlett* accrues 144 hours at a lower rate for \$3,021 per month. The Masters on the larger Southeast vessels accrue 49 hours or \$1,835 per month. As noted previously, leave accrued above for Southwest Masters assumes the Master works every day of the month. On the average the differences should be substantially less than shown, although still significant.

In the BCFC system, vessel Masters, with two exceptions, are not members of the BC Ferry and Marine Workers' Union. One Master included in the BC Ferry and Marine Workers' Union contract is the Master of the *M/V Queen of Sidney*, a position included in the union contract as a result of the acquisition of the vessel from another British Columbia governmental unit. The other Masters included in the union contract are the Masters of the minor vessels, Master - MV. All other Masters and certain administrative employees are excluded from the union contract. BCFC has a separate agreement with the excluded employees, the Terms and Conditions for Excluded Employees.

The BCFC Masters of the two large vessels that serve the two northern routes are paid an annual salary of \$56,749 for 1,827 duty hours (all dollars in this paragraph are expressed in US dollars). Masters work 12 hours per day 14 days on followed by 14 days off. In the 14 days on they work 168 hours. The monthly salary is \$4,729 and the hourly rate is \$31.06. The excluded Masters of the northern route vessels do not receive a 29% premium paid the other crew on northern route vessels for their 14 day 12 hour schedule. BCFC budgets the benefits for Masters at 23% of their annual salary. Thus, the total annual compensation of salary plus benefits is \$69,801. Three Master positions are budgeted for each vessel - one each for the morning shift, the evening shift and the relief when one of the other two are on leave.

Table 2 contains selected positions from the wage and benefit spreadsheets in Appendix B for the licensed deck officers represented by MMP in the AMHS.

Table 2. LICENSED DECK OFFICER POSITIONS

POSITION	POSITION ASSIGNMENT	HRLY RATE	HRS PER DAY	PAY PERIODS PER YEAR	MTHLY WAGE	MTHLY WAGE + BENEFITS
Master	AMH Bartlett	\$20.98	6+6	24 180 hours	\$7,351	\$13,298
	AMH Tustumena	27.73	4+4	24 120 hours	6,654	13,913
	AMH SE	37.45	6+6	26 84 hours	6,815	11,665
Second Mate	AMH Bartlett	18.19	6+6	24 180 hours	6,487	11,491
	AMH Tustumena	21.40	4+4	24 120 hours	5,135	10,846
	AMH SE LV	27.27	6+6	26 84 hours	4,963	8,626
	AMH SE MV	26.12	6+6	26 84 hours	4,753	8,281
Master	WSF	32.11	8	26 80 hours	5,565	7,585
2nd Mate LV	WSF	21.74	8	26 80 hours	3,769	5,286
Master LV	BCFC LV 12 hr	31.06	12	24 76 hours	4,729	5,817
Master - MV	BCFC MV	22.72	7	24 76 hours	3,459	4,515
2nd Officer	BCFC LV 12 hr	26.17	12	24 76 hours	3,984	4,956
Mate	BCFC MV	19.79	7	24 76 hours	3,013	3,967

SE = Southeast, LV = Large Vessel, MV = Minor Vessel

### Licensed Engineer Sample Positions

The monthly pay of licensed engineers in the AMHS Southeast is 23% to 39% greater than the pay for a similar position in BCFC or WSF while the monthly pay plus benefit package of AMHS Southeast licensed engineers is up to 79% higher than for BCFC and approximately 50% greater than that of WSF.

AMHS premium pay for marine engineering employees is not matched by other ferry systems. Only in the AMHS is there additional pay for non-watch duties. All Chief Engineers on all AMHS vessels receive an additional \$970 per month for non-watch duty in lieu of overtime while the vessels are "on the run". When vessels are in the shipyard for maintenance Chief Engineers are eligible for overtime but not non-watch pay. Each Southeast vessel has a Lead Chief Engineer who receives an additional \$217 per month. There are no Lead Chief Engineers on the two Southwest vessels.

Table 3 contains selected positions of licensed engine room officers. In the table below the Chief Engineer is assumed to have non-watch duties but not lead chief duties.

Table 3. LICENSED ENGINE ROOM OFFICER POSITIONS \*

POSITION	POSITION ASSIGMENT	HRLY RATE	HRS PER DAY	PAY PERIODS PER YEAR	MTHLY WAGE ACCRUAL	MTHLY WAGE + BENEFITS
Chief Eng. NW	AMH Bartlett	\$22.86	6+6	24 180 hours	\$8,228	\$13,695
	AMH Tustumena	29.70	4+4	24 120 hours	7,128	12,004
	AMH SE	39.18	6+6	26 84 hours	7,130	11,350
1st Asst. Eng.	AMH Bartlett	18.74	6+6	24 180 hours	6,747	11,417
	AMH Tustumena	21.95	4+4	24 120 hours	5,267	9,142
	AMH SE	29.18	6+6	26 84 hours	5,311	8,720
Chief Engineer	WSF	29.94	8	26 84 hours	5,449	7,663
Asst. Engineer	WSF	21.45	8	26 84 hours	3,905	5,630
Chief Engineer	BCFC LV 12 hr	33.80	12	24 76 hours	5,146	6,344
Chief Engineer	BCFC MV	22.45	7	24 76 hours	3,418	4,473
2nd Engineer	BCFC LV 12 hr	28.35	12	24 76 hours	4,316	5,353
2nd Engineer	BCFC	21.97	7	24 76 hours	3,345	4,383

SE = Southeast, LV = Large Vessel, MV = Minor Vessel, NW = Non-watch

\* Titles vary for equivalent positions in the three ferry systems.

### *Unlicensed Crew Sample Positions*

Monthly wages for unlicensed crew are comparable among the three systems. Once again, because of the higher leave accruals in the AMHS the monthly wage plus benefit package for AMHS Southeast is 24% to 48% higher than those for BCFC or WSF. AMHS Southwest unlicensed crew monthly wages plus benefits are approximately 44% higher than AMHS Southeast. Table 4 contains selected positions of the unlicensed crew.

Table 4. UNLICENSED CREW POSITIONS

POSITION	POSITION ASSIGNMENT	HRLY RATE	HRS PER DAY	PAY PERIODS PER YEAR	MTHLY WAGE	MTHLY WAGE + BENEFITS
A/B Bosun	AMH SW	\$14.86	4+4	24 120 hours	\$3,566	\$8,295
	AMH SE	18.25	6+6	24 91 hours	3,322	5,768
Able Seaman	AMH SW	13.63	4+4	24 120 hours	3,274	7,651
	AMH SE	16.71	6+6	24 91 hours	3,041	5,319
Bosun	WSF	17.87	8	26 80 hours	3,098	4,399
Able Seaman	WSF	17.38	8	26 80 hours	3,012	4,286
Bosun	BCFC LV 12 hr	20.28	12	24 76 hours	3,087	3,886
	BCFC	15.72			2,393	3,191
Seaman - Able	BCFC LV 12 hr	19.44	12	24 76 hours	2,961	3,734
	BCFC	15.08			2,295	3,069

SW = Southwest, SE = Southeast, LV = Large Vessel

### *Charts of Licensed Deck, Licensed Engine Room and Unlicensed Crew Sample Positions*

Figures 1, 2 and 3 show the monthly wages and monthly wages plus benefits of three positions taken from the shaded positions in the tables above. The figures are used to provide a graphic representation of the differences between the total of wages plus benefits. Figure columns show compensation by regular pay, vacation, retirement, sick/health and other benefit. The positions are Master, Chief Engineer and Able Seaman. The three positions were selected based on like positions in all three ferry systems. Please refer to the spreadsheets in Appendix B for the data on which these relationships exist. The relationship shown in the charts fairly represents the relationships with other vessel positions in the study. Because of the considerable differences in wages and benefits of AMHS vessel employees they are shown as vessel employees of the Southeast, *M/V Tustumena* and *M/V Bartlett*.

Figure 1. MASTER MONTHLY WAGE AND BENEFITS

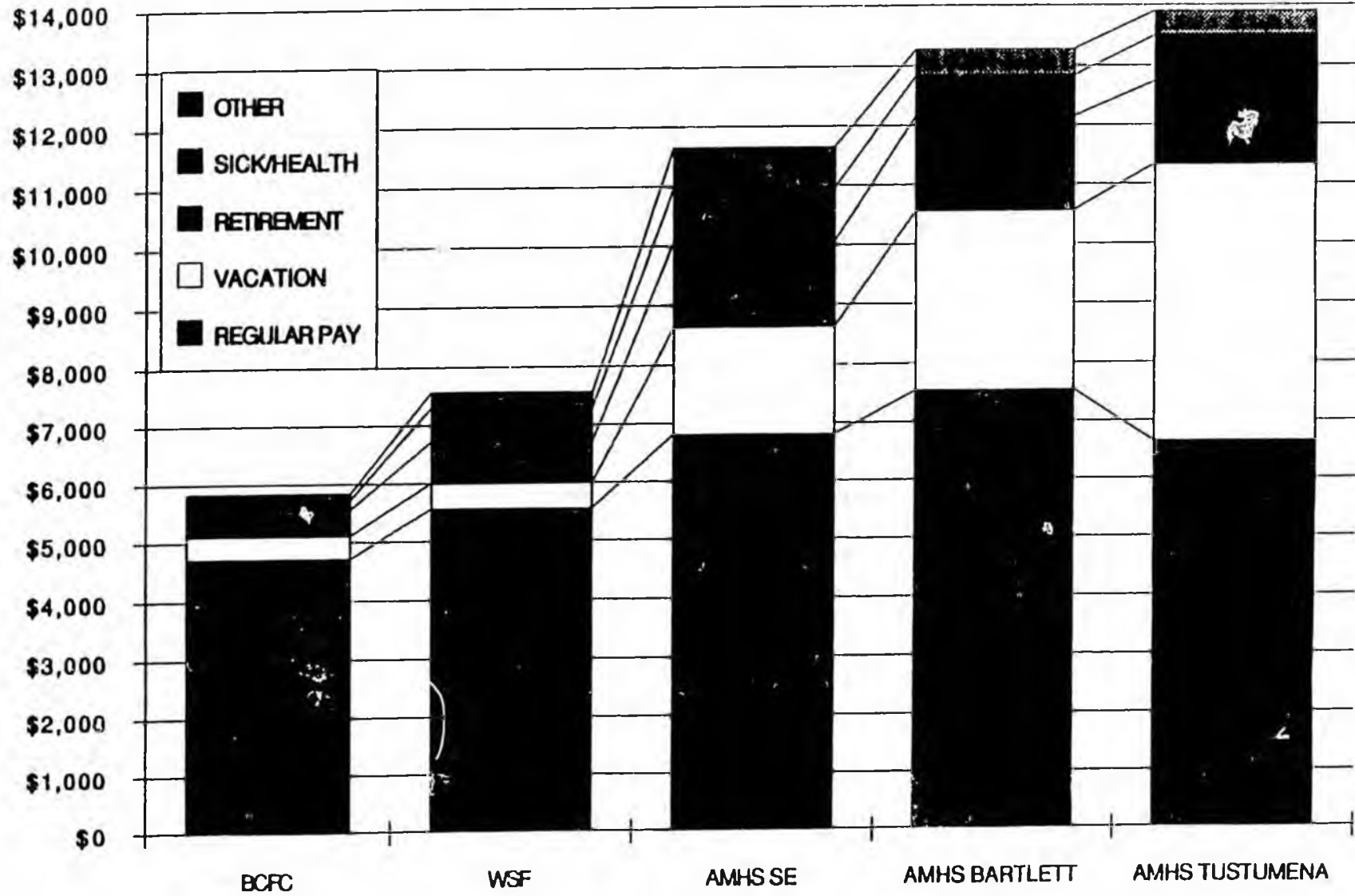


Figure 2. CHIEF ENGINEER MONTHLY WAGE AND BENEFITS

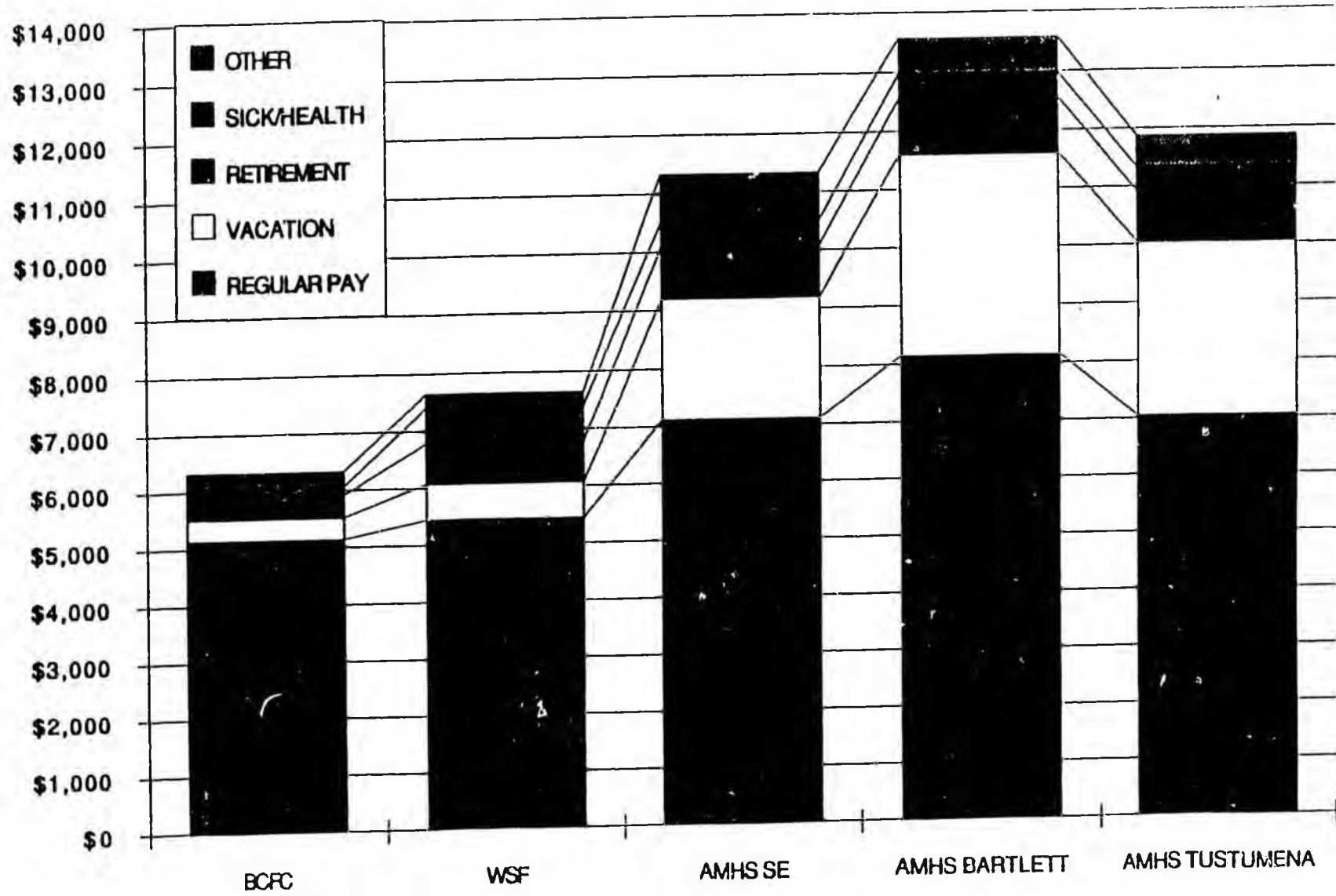
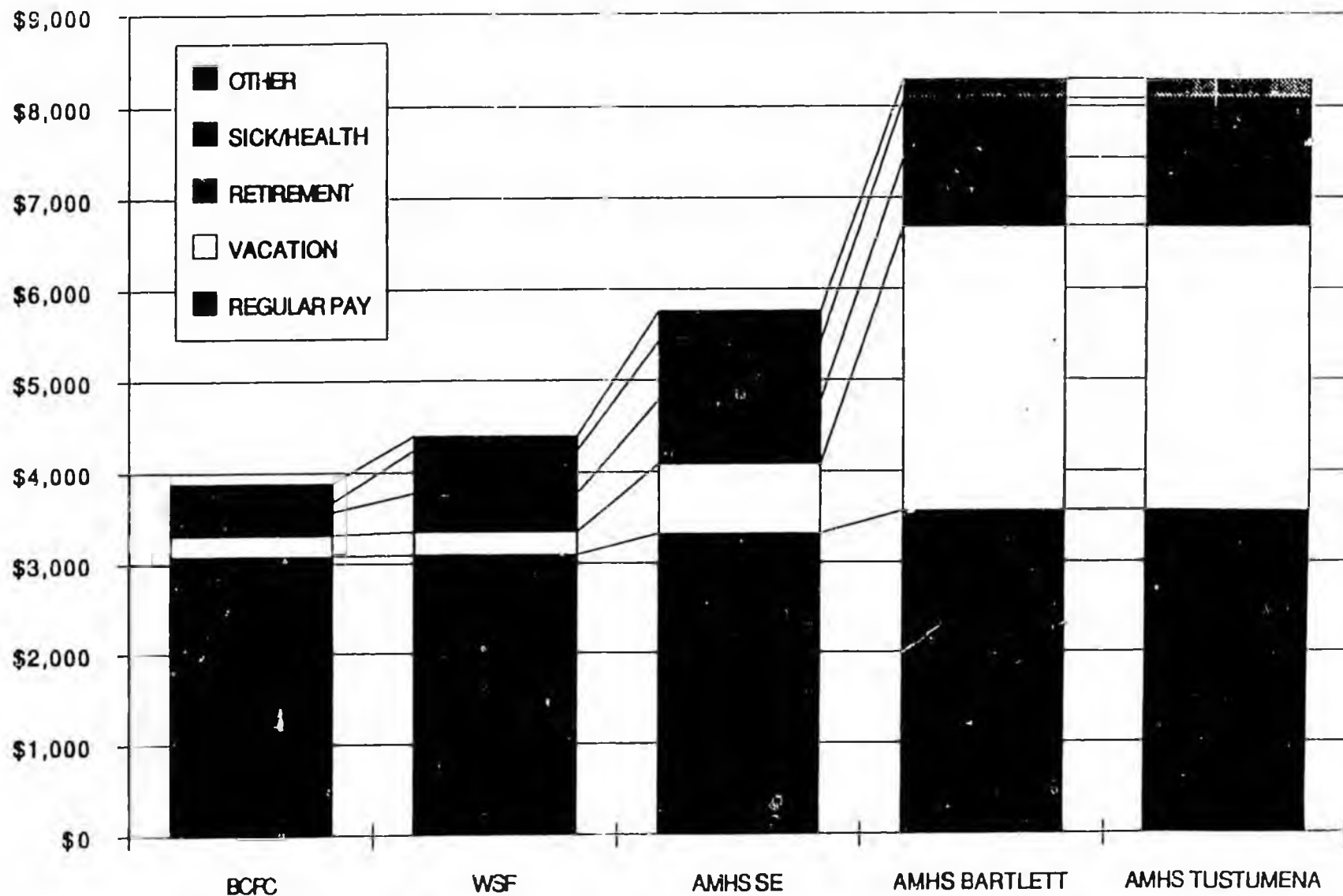


Figure 3. BOSUN MONTHLY WAGE AND BENEFITS



*Fully Loaded Hourly Rates (Monthly Wages Plus Benefits  
Divided By Hours Worked Monthly)*

Fully loaded hourly rates are determined by dividing the sum of the monthly wages plus benefits by the number of hours compensated per month. AMHS Southeast vessel employees are compensated for 182 hours per month while the crew and officers of the *M/V Tustumena* are compensated for 240 hours per month. On the *M/V Bartlett* vessel employees represented by MMP and MEBA are compensated for 360 hours per month and IBU employees 240 hours per month.

On the average per fully loaded hour AMHS Southeast licensed deck officers are compensated approximately 50% more than their WSF or BCFC counterparts. On the average AMHS Southeast licensed engine room officers are compensated approximately 40% more than engine room officers of WSF or BCFC. On the average AMHS Southeast unlicensed crew are compensated 23% more than WSF crew and 15% more than their BCFC northern route counterparts.

The AMHS *M/V Tustumena* deck and engine room officers are compensated in terms of fully loaded hours approximately 15% less on the average than their counterparts in the AMHS Southeast system and 35% more than the officers of WSF and BCFC. The unlicensed crew of the AMHS *M/V Tustumena* are compensated in terms of fully loaded hours approximately 10% more than the unlicensed crews in the AMHS Southeast system and 30% more than the crews of WSF and BCFC.

The fully loaded hourly rate of the unlicensed crew of the AMHS *M/V Bartlett* is comparable to that for the AMHS *M/V Tustumena*. The fully loaded hourly rate of the licensed deck officers of the AMHS *M/V Bartlett* is approximately 10% less than that for deck officers of WSF or BCFC, and 70% and 55% less than that for AMHS Southeast and the *M/V Tustumena*, respectively. The fully loaded hourly rate of the licensed engine room officers of the AMHS *M/V Bartlett* is approximately 10% less than that for engine room officers of WSF or BCFC, and 60% and 25% less than for AMHS Southeast and the *M/V Tustumena*, respectively.

Figures 4, 5 and 6 show fully loaded hourly rates for Master, Chief Engineer and Brown positions.

Figure 4. MASTER FULLY LOADED HOURLY RATES

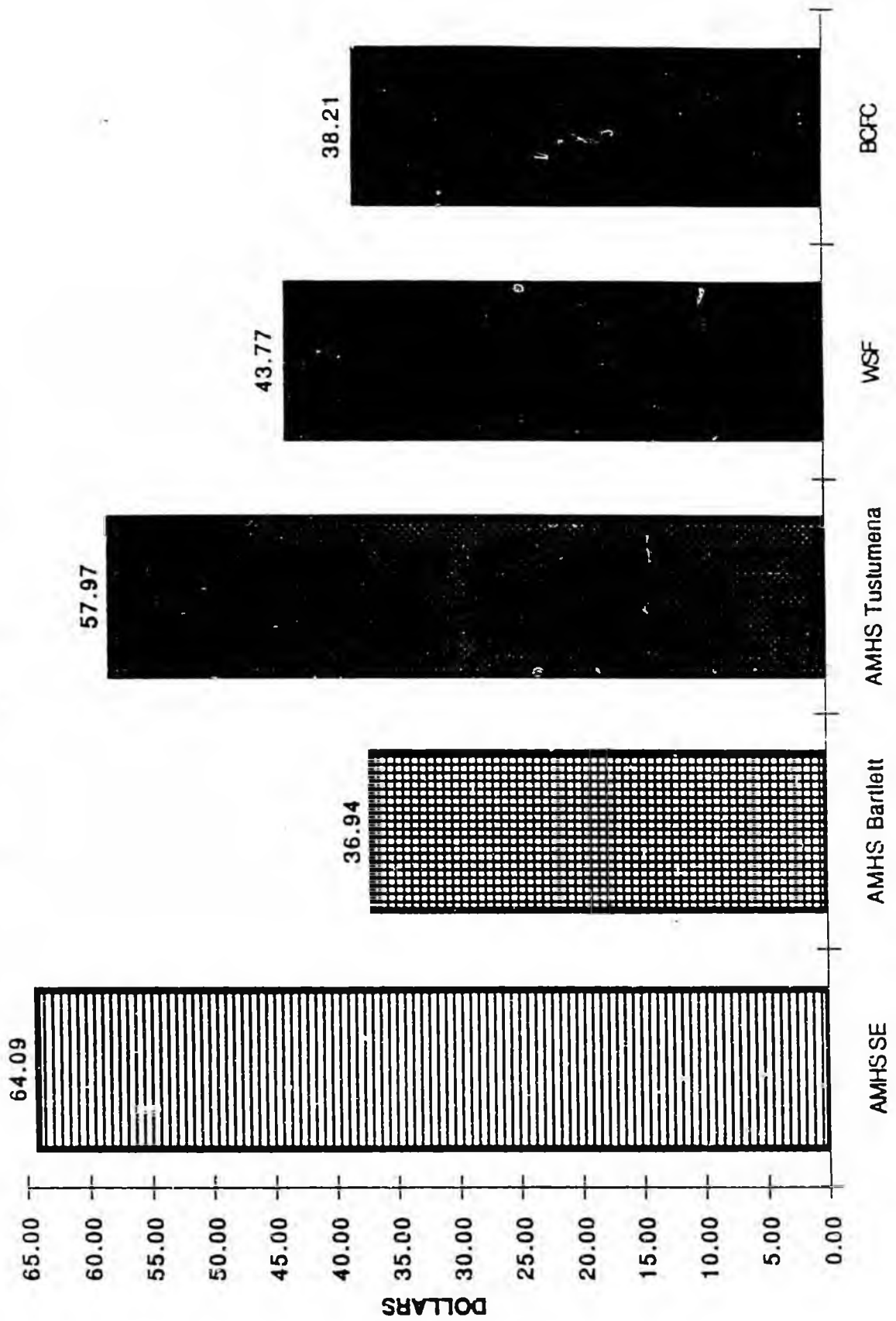
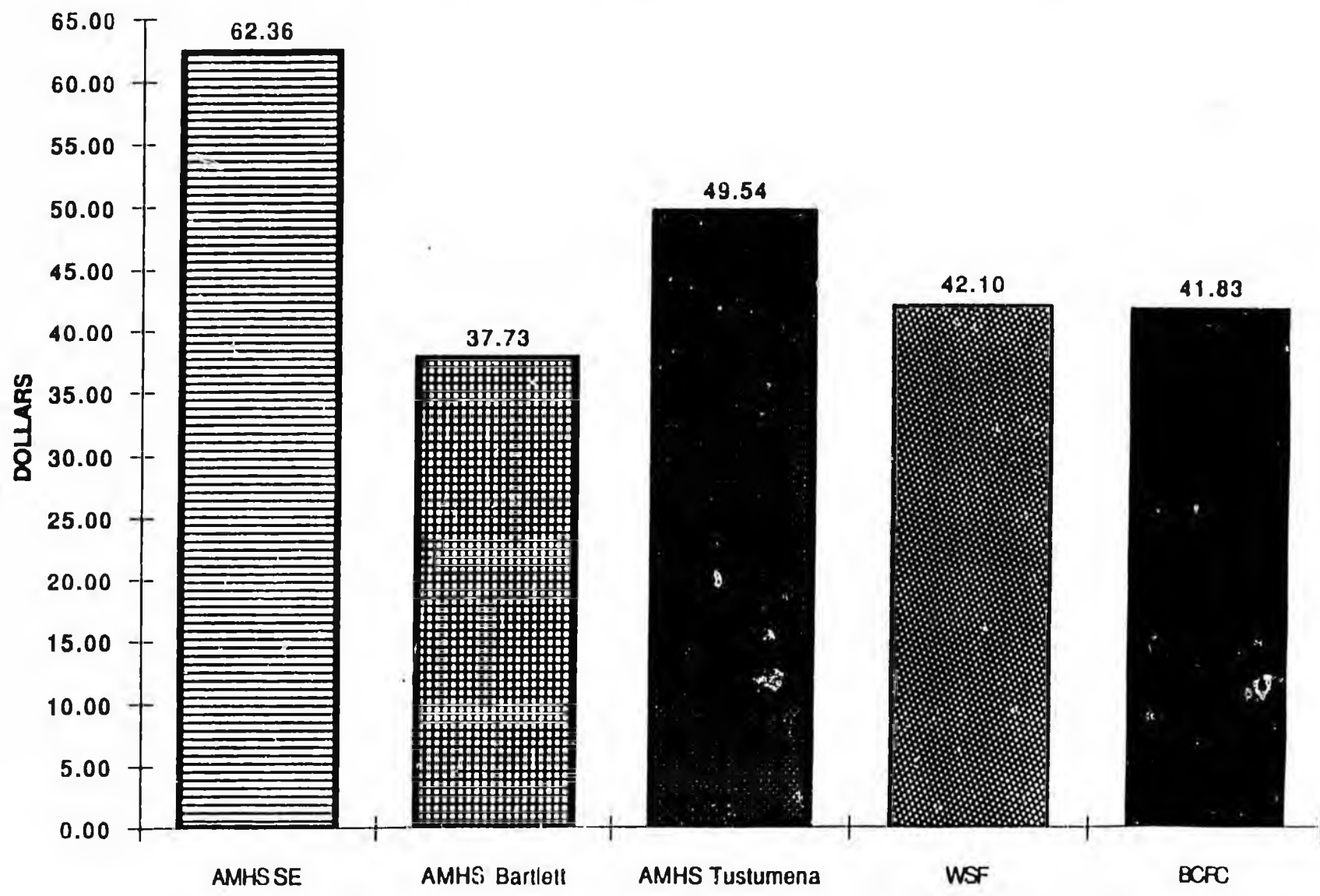
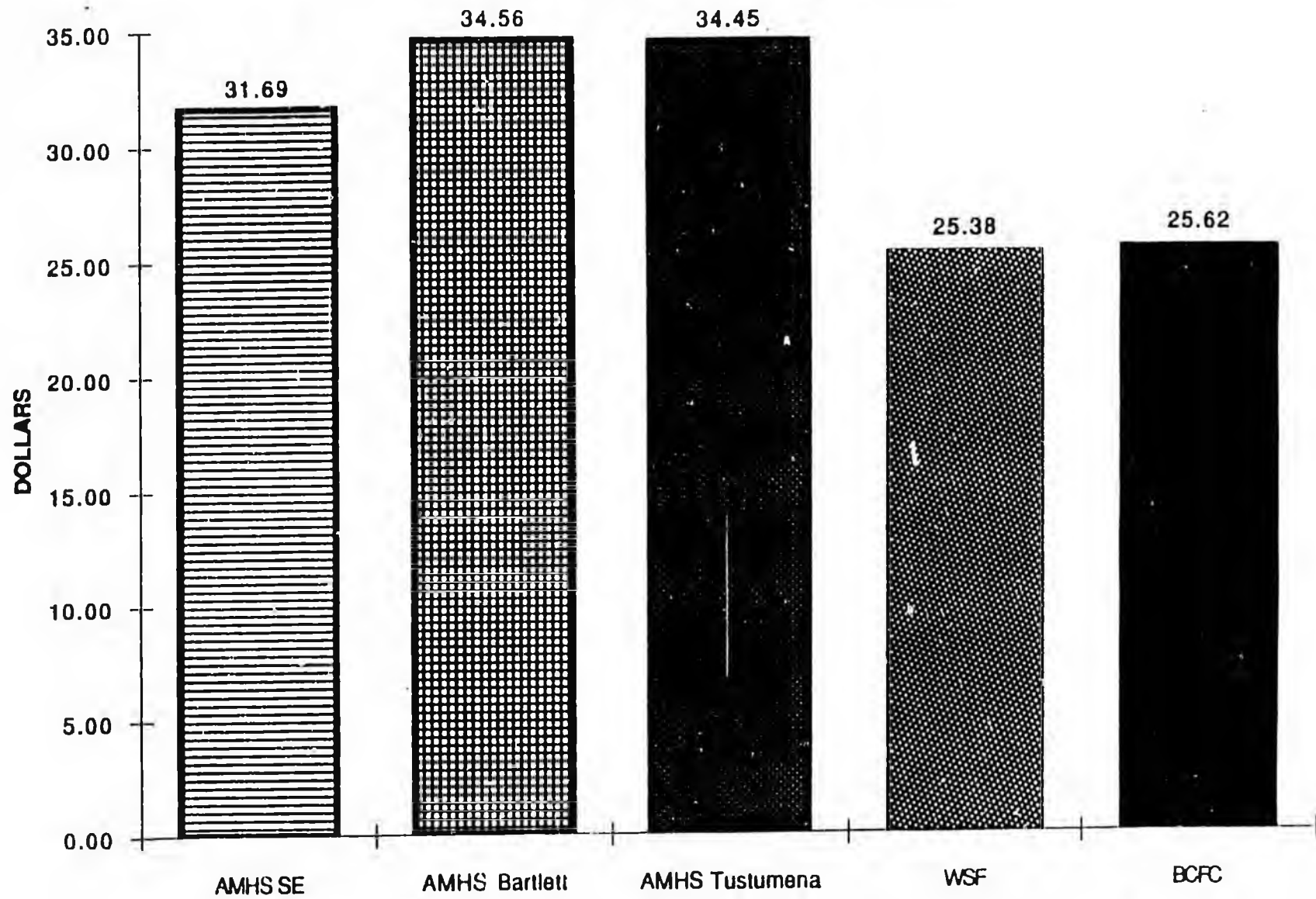


Figure 5. CHIEF ENGINEER FULLY LOADED HOURLY RATES



**Figure 6. BOSUN FULLY LOADED HOURLY RATES**



## Annual Comparison

Another series of comparisons can be made based upon annual compensation. Table 5 reflects the annual compensation for regularly scheduled shift hours for masters, chief engineers and bosuns in the three ferry systems. Table 6 derives actual hours worked in order to earn the indicated compensation for the same three vessel positions in the three ferry systems.

Table 5. COMPENSATED HOURS FOR ANNUAL SALARY

FERRY SYSTEM & POSITION	COMPENSATED HOURS	ANNUAL COMPENSATION
<i>Licensed Deck - Master</i>		
AMHS SE	2,184	\$81,791
AMHS Tustumena	2,880	79,862
AMHS Bartlett	4,320	90,634
WSF	2,080	66,789
BCFC	1,827	56,749
<i>Licensed Engine Room - Chief Engineer</i>		
AMHS SE	2,184	85,569
AMHS Tustumena	2,880	85,536
AMHS Bartlett	4,320	98,755
WSF	2,080	62,275
BCFC	2,184	61,746
<i>Unlicensed Crew - Bosun</i>		
AMHS SE	2,184	39,858
AMHS SW	2,880	42,797
WSF	2,080	37,170
BCFC	2,184	37,048

In order to present the data in table 5 in a more comparable and informative manner, we have assumed that the various masters and chief engineers have worked either the maximum hours without overtime (on their assigned shift schedule) or the amount of hours required to earn \$80,000 if that is less than the maximum. In the case of the Bosuns we have made the same assumption, but using \$40,000 to reflect the lower compensation earned. Table 6 then shows the actual hours worked to earn the indicated compensation.

Table 6. ACTUAL REGULAR HOURS WORKED FOR INDICATED COMPENSATION

COMPONENT	ANNUAL COMPENSATED HOURS	REGULAR HOURS WORKED	ACCRUED VACATION A-DAYS PERSONAL LEAVE	ACCRUED SICK LEAVE	HOLIDAYS	MEAL & BREAK TIME	COMPENSATION
<i>Master</i>							
AMHS SE	2,136	1,188	588	180	180		580,000
AMHS Tustumena	2,885	1,283	1,230	180	192		80,000
AMHS Bartlett	3,813	2,364	1,089	180	180		80,000
WSF	2,080	1,736	160	96	88		66,789
BCFC	1,827	1,209 *	175	42	77	364	56,749
<i>Chief Engineer</i>							
AMHS SE	2,042	1,224	638	N/A	180		80,000
AMHS Tustumena	2,694	1,350	1,224	N/A	120		80,000
AMHS Bartlett	3,500	1,556	1,836	N/A	108		80,000
WSF	2,080	1,632	256	96	96		62,275
BCFC	2,184	1,316	300	2	132	364	61,746
<i>Bosun</i>							
AMHS SE	2,192	1,244	588	180	180		40,000
AMHS SW	2,692	1,196	1,196	180	120		40,000
WSF	2,080	1,728	160	96	96		37,170
BCFC	2,184	1,316	300	72	132	364	37,048

\* Estimate based on available data.

Table 7 continues the comparison of annual compensation by showing the position and 1992 compensation of the ten highest paid individuals in each of the three categories for each of the three ferry systems. Unlike other comparisons, the amounts in table 7 represent actual compensation and thus include overtime, leave cash-out, etc. The average compensation for AMHS is greater in each of the three categories.

Table 7. TOTAL GROSS 1992 WAGES  
BY JOB CLASSIFICATION FOR THE HIGHEST TEN VESSEL EMPLOYEES

AMHS POSITION	AMHS AMOUNT	BCFC POSITION	BCFC AMOUNT USD	WSF POSITION	WSF AMOUNT
<b>LICENSED DECK</b>					
Master	593,726	Ch Off.-Manning Pool	559,463	Relief Master	588,200
Master	93,703	Excluded Master	56,938	Relief Master	86,300
Master	92,853	Excluded Master	56,938	Relief Master	84,900
Master	92,554	Excluded Master	56,938	Master	84,400
Master	90,496	Excluded Master	56,938	Relief Master	84,100
Master	90,458	Excluded Master	56,938	Relief Master	82,400
Master	90,450	Excluded Master	56,938	Relief Mate/Master	81,900
Pilot	89,829	Excluded Master	56,938	Relief Master	81,200
Master	89,717	Excluded Master	56,938	Relief Master	80,400
Master	89,116	Excluded Master	56,938	Relief Mate/Master	79,600
		(A)			
<b>AVERAGE</b>	<b>91,290</b>		<b>57,191</b>		<b>83,340</b>
<b>LICENSED ENGINEERS</b>					
Chief Engineer	103,021	Sr Ch Eng 12 hr	72,465	Staff Ch Eng	109,900
1st Asst Eng	101,900	2nd Eng LV	70,769	Staff Ch Eng	100,750
Chief Engineer	96,643	2nd Eng 12 hr	69,854	Staff Ch Eng	97,750
Chief Engineer	96,636	Sr Ch Eng LV	68,016	Staff Ch Eng	95,200
Chief Engineer	95,354	Ch Eng 12 hr	66,120	Relief Ch Eng	93,400
Chief Engineer	95,126	Ch Eng 12 hr	66,030	Chief Engineer	93,100
Chief Engineer	94,355	Ch Eng LV	65,207	Relief Ch Eng	91,500
Chief Engineer	94,002	Ch Eng LV	64,157	Staff Ch Eng	91,100
1st Asst Eng	93,199	Ch Eng MV	62,305	Relief Ch Eng	90,300
1st Asst Eng	92,861	Sr Ch Eng LV	62,243	Staff Ch Eng	89,900
<b>AVERAGE</b>	<b>96,310</b>		<b>66,717</b>		<b>95,290</b>
<b>UNLICENSED CREW</b>					
Ablebodied Bosun	65,968	Ch Steward-12 hr	51,042	Relief AB	49,900
Oiler	65,177	Ch Steward-12 hr	47,860	Oiler	49,600
Chief Purser	64,193	Ch Steward LV	44,991	Relief AB	49,200
Ablebodied Bosun	63,955	Ch Steward LV	44,892	Relief AB	49,000
Able Seaman	63,904	Ch Stew 2-12 hr	44,173	Oiler	48,800
Chief Purser	63,881	Ch Stew 2-12 hr	44,025	Oiler	48,500
Able Seaman	63,039	Ch Steward LV	41,691	Oiler	48,500
Chief Purser	60,945	Ch Steward LV	40,786	Oiler	47,800
Chief Purser	60,750	Ch Steward LV	40,491	Oiler	47,700
Ablebodied Bosun	60,595	Ch Steward LV	40,436	Oiler	47,700
		(B)			
<b>AVERAGE</b>	<b>63,241</b>		<b>44,039</b>		<b>48,670</b>

(A) There are 39 Excluded Masters in 1992 all of whom received the identical salary.

Excluded Masters work a fixed number of hours on an annual basis and do not receive overtime.

(B) The highest gross for an unlicensed position other than a Chief Steward is for a Seaman at \$40,142.

## BENEFIT COMPARISON

### Vacation

Generally vacation accrual rates increase with length of service. Vacation accruals reported below, unless otherwise indicated, are based on 14 years of service for licensed officers and eight years for unlicensed crew for all three ferry systems. These are the average lengths of service for these positions within the Alaska Marine Highway System. Vacation benefits for the three ferry systems are given below.

### AMHS

Vacation, or its equivalent time off, is greatest for the Southwest IBU employees. The maximum rate for nine or more years of service is one paid A-Day off for each day worked or required to remain on board. A-Days are earned only when the employee is working or required to be on board. Thus, A-Days differ slightly from other types of leave that is accrued when an employee is in pay status, e.g., working, on vacation or sick leave.

The AMHS uses the following rates for time off for each of the union represented groups. MEBA employees receive "personal leave" which includes a factor for sick leave since they do not receive a separate sick leave benefit.

### MMP

- Southeast - 49 hours per month vacation
- *M/V Tustumena* - 49 hours per month vacation plus four hours of A-Days per day worked or required to be on board or 12 hours on holidays, e.g., in the month of July, 49 hours + (4 hours \* 31 days) + 12 hours holiday = 185 hours
- *M/V Bartlett* - 144 hours per 30 day month vacation, ranges from 134.4 hours in a 28 day month to 148.8 hours in a 31 day month, accrued at 4.8 hours per day

### MEBA

- Southeast - 53.17 hours personal leave per month (638 hours per year)
- *M/V Tustumena* - 102 hours personal leave per month (12.75 days \* 8 hours)
- *M/V Bartlett* - 153 hours personal leave per month (12.75 days \* 12 hours)

### IBU

- Southeast - 42 hours per month vacation
- Southwest - .875 A-Days for every day worked or required to be on board, e.g., 30 days \* 8 hours / day \* .875 = 210 hours or 26.25 days for an average month.

In addition to taking vacation, AMHS employees are entitled to cash-out various amounts of annual leave once they have worked for ten years after establishing vacation eligibility. The cash-out is paid at the straight time rate. For IBU employees the cash-out includes the COLD since COLD is included in their negotiated hourly wage rate. However, since MMP and MEBA COLD is paid as a separate payroll line item their cash-out does not include COLD.

MMP Southeast and *M/V Tustumena* deck officers are permitted to cash-out 84 hours of vacation per calendar year while *M/V Bartlett* deck officers are permitted to cash-out 180 hours. MEBA Southeast employees may cash-out 168 hours. Although there is not a contract defined hour limit for MEBA Southwest employees, AMHS has allowed them to cash-out 168 hours also. IBU employees in both the Southeast and Southwest are entitled to cash-out 84 hours of vacation per calendar year.

In the AMHS, MMP and MEBA employees have an average of 14 years of service and are at their maximum vacation leave rate. AMHS IBU with an average of 8 years of service are close to the maximum rate. According to the Alaska Department of Administration Division of Personnel, 41% of IBU employees are at the maximum rate.

### **WSF**

Vacation for WSF MMP and IBU employees of comparable length of service is 21 days while for MEBA employees it is 32 days.

### **BCFC**

Vacation for BCFC licensed deck and engine room officers with 14 years of service is 25 days. It is 21 days for unlicensed deck crew with eight years of service. An annual vacation entitlement is provided to a regular employee who has earned ten days' pay per month during the past year. Vacation leave days range from 15 days off for a first year employee to 35 days off for an employee who has worked for BCFC for 30 years.

After working 1,827 hours in a year, Masters excluded from the union contract take the remainder of the year off in paid time off and vacation. At the minimum, excluded Masters accrue 20 days paid vacation per year. Thus, BCFC Masters work approximately 9.5 months and are off the next 2.5 months on paid leave.

### **Sick Leave**

In the AMHS, MMP and IBU employees receive 15 hours of sick leave per month. AMHS MEBA employees do not receive sick leave but instead accrue personal leave. MEBA employees may draw sick pay from the MEBA Sick Leave Bank with the approval of the union. The bank was established in 1988 when the state paid MEBA employees 40% of their accumulated sick leave with the remainder going into the bank.

WSF provides all vessel employees with a sick leave benefit of 96 hours per year, i.e., eight hours per month.

BCFC employees receive six seven-hour days of sick leave per year, unused sick leave may not be accumulated. After using their sick leave, they may use the Short Term Illness and Injury Plan which provides 75% of their base salary for six months. At the end of six months, they become eligible for the Long Term Disability benefits program which provides two thirds of an employees monthly base salary to \$1,900 (\$1,499 USD) and one half above \$1,900 until age 65.