

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2797

After selecting the revised sampling method, MCAC took the following steps.

1. Matches were recorded by item name, quantity, priced per item, dollar amount change in price and percentage change in price, along with the number of months elapsed between the purchases.
2. Datasets were expanded to include all contract vendor purchases.
3. The sample pool was selected by matching stock number or exact item description.
4. The expanded data sets were sorted by stock number or item description and then reviewed manually.
5. The total number of purchases for Periods 1 and 2 were 40,377 items. There were 18,340 for period one and 22,037 for Period 2.
6. Using this process, the contractor located 167 exact stock numbers or exact item description matches by vendor. Both item and vendor had to match.
7. Purchase orders were extracted from the software and the procedure required was made. Contractor notes: While recording these results, when possible, shipping charges were excluded from the cost per unit.

This planned process generated a 9.0 percent increase in cost per unit, based on goods only (not services). According to the contractor, this increase was then applied to the entire amount spent (goods and services) by Alaska Supply-Chain Integrators, \$11,141,618.57. MCAC noted that this increase did not take into consideration the quantities ordered. MCAC identified 61 purchases (of the 167) that matched both for item and the exact quantity of items. The contractor stated cost increases for these items were 15.75 percent from Period 1 to Period 2. No other conclusion was drawn.

In addition, the original contract stated that price increases or decreases due to price inflation would be used; the state suggested using the consumer price index from 2004-2005 (increase of 2.41 percent). The contractor elected to not apply the consumer price index as it was an index of prices and it would demonstrate an inaccurate adjustment because of the variety of items reviewed. In the end, MCAC made no price adjustments.

Results

According to their report, MCAC methodology deviated from the stated requirements in two areas, with state concurrence. First, comparing Period 1 purchases with Period 2 purchases, after a downward adjustment to eliminate items under contract with the State of Alaska did not provide good comparative data. The solution was to expand the dataset to include all purchases, regardless of contract status. Second, no price adjustments were provided, using either the Consumer Price Index (CPI) that was discussed with the state, nor Producer Price Indices (PPI) that are required for use under certain State contract terms and conditions¹.

¹ The PPI may be more suitable for adjusting prices on mechanical, industrial and other wholesale items typically purchased for the Alaska Marine Highway System, the primary user of ASCI procurement services

Sampling

The stated objective for MCAC's work was to provide a representative sample of the Cost of Goods (COG), as adjusted for time, location, price increases and freight. The state contract clearly stated:

The data analysis pool must contain sufficient comparable purchases that will ensure statistically valid cost increase and decrease percentages...the percentage will be extrapolated to estimate the total increase or decrease in costs... during each period.

A statistically valid number of samples (i.e., the data analysis pool) is a sub-set of the total purchases, drawn in a random way to ensure no bias. Statistics such as averages, variation, and confidence limits are developed from the sample and extrapolated to the main group (population) as a whole. However, these extrapolations can only be considered statistically valid if the sample data set is a true sub-sample of all transactions.

MCAC developed an aggregate price increase based on a sum of individual unit prices and extrapolated from the 167 items deliberately chosen to the entire dataset, but it is not statistically valid. Only those items that could be exactly matched, by item and vendor, from Period 1 and Period 2, were located and used. A key assumption of a valid sampling method is that the 167 items selected are, in fact, representative of all items purchased. There is no way to assert this, as the sample cannot be considered random but deliberate.

A statistically valid sample size is determined by a combination of three factors: data variability (such as a coefficient of variation, standard deviation, or variance); the confidence level required (such as the 95 percent confidence level); and the accuracy (error) range of the final statistics (generally, an average of plus or minus say, 5 percent). Again, we have no way to determine these measures. The MCAC report contains no statistics, therefore no discussion of statistical validity. No confidence levels, variation statistics, nor error ranges are given.

Given the wide variation in prices (and quantities purchased), a simple stratification of items purchased would be a sound sampling method. Samples could be drawn based on location, quantity, total dollar cost, distance, vendor, type, and many other variables; the key is determining ahead of time what items are most important to measure.

In the absence of random samples, accurate data and actual statistical calculations, no statistically-sound conclusion can be drawn. Because the MCAC study simply summed up a set of observations, rather than averages or standard deviations, it is not possible to perform a statistical calculation. A summed aggregate from a sample set is not a statistic. In the absence of a statistic, there is nothing to apply to a larger population.

Finally, as stated above, using sample statistics to project data for an entire population is dependent on the validity of the sample data itself. Are the numeric attributes specific and comparable across all samples? Again, it appears there were clerical errors and errors of comparability in recording data, a lack of a common price base (freight was included in some comparisons between Period 1 and Period 2 and not in others), and no consideration of what purchases were controlled by ASCI and which were residual state contracts. As noted in the Altman, Rogers report, there were:

- Clerical errors
- Methodological errors
- Errors of non-comparability
- Errors associated with handling of freight charges

The 167 items do not meet the definition of a statistically valid sample pool. They were selected in a non-random way; they have errors; and they do not appear to be an accurate basis for projecting any price differentials to the \$11 million of purchases in question, even if statistical calculations were made on this sample set. The only correct statement about these items is that 167 items were manually selected, were believed to be matching, and prices were compared.

Price Adjustment

Appendix C of the state contract, Contract Provisions, is silent as to the use of price adjustment factors, as is the Proposal submitted by MCAC. The first mention of price adjustments is noted in a letter from Tom Mayer, Contracting Officer, Division of General Services, to ASCI, dated August 25, 2005. That letter cross-referenced meeting notes, of August 22, between the state and MCAC. Topics included:

- Avoid use of term audit
- Consider differing quantities, delivery dates, time frames – apply adjustment like cpi (sic)
- Beware of false matches
- Case versus individual item, etc.
- Contract items should be pulled out

In its report, MCAC correctly noted the Consumer Price Index (CPI) was the wrong price adjuster for items purchased on a wholesale level. The more appropriate index, used to adjust producer prices to a common base (such as 2005 dollars), is the Producer Price Index (PPI). The use of PPI factors to adjust prices is, in fact, a contract item for some of the purchases made by ASCI. Soda prices, for example, are allowed price adjustments, by contract, using a specific PPI. ASCI advises that other State contracts use PPI for price adjustments.

As stated by the U.S. Government's Department of Labor:

The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

Typical uses of PPI indices are listed below (from the same source):

Contract escalation. PPI data are commonly used in escalating purchase and sales contracts. These contracts typically specify dollar amounts to be paid at some point in the future. It is often desirable to include an escalation clause that accounts for changes in input prices. For example, a long-term contract for bread may be escalated for changes in wheat prices by applying the percent change in the PPI for wheat to the contracted price for bread. (See Escalation Guide for Contracting Parties.)

Indicator of overall price movement at the producer level. PPIs capture price movement prior to the retail level. Therefore, they may foreshadow subsequent price changes for business and consumers. The President, Congress, and the Federal Reserve employ these data in formulating fiscal and monetary policies.

Deflator of other economic series. PPIs are used to adjust other time series for price changes and to translate those series into inflation-free dollars. For example, constant-dollar gross domestic product data are estimated using deflators based on the PPI.

Other uses of PPI series include:

- Measurement of price movement for particular industries and products.
- Comparison of input and output costs.
- Comparison of industry-based price data to other industry-oriented economic time series.
- Forecasting.
- LIFO (i.e., last-in, first-out) inventory valuation.

Given the PPI uses listed above, uses that are directly applicable to ASCI's purchases, PPI figures could measure price movement for state-purchased goods and services, and also could be used for forecasting price movement over a given period, such as a fiscal year.

The use of PPI numbers to adjust state purchased items, versus those items purchased by ASCI, is appropriate and relevant to three topics listed above: contract escalation, indicator of overall price movement at the producer level, and for deflating price changes into inflation-free dollars.

Use of PPI

The index numbers for Periods 1 and 2 are shown in Table 1, below, based on the U.S. Department of Labor's data site (www.bls.gov).

Table 1. Producer Price Index, Finished Goods, Seasonally Adjusted, 2003 to 2005.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	141.2	142.6	144.3	142.2	141.7	142.6	142.8	143.6	144.1	144.8	144.6	145.3
2004	145.7	145.6	146.4	147.4	148.3	148.2	148.3	148.5	148.9	151.1	152.1	151.7
2005	151.9	152.5	153.7	154.4	153.7	153.7	155.2	155.2	158.9(P)	160.0(P)	158.9(P)	160.3(P)

Source: U.S. Government, Bureau of Labor Statistics, www.data.bls.gov.

The extreme change in prices, as measure by the Finished Goods PPI, occurred from the beginning of Period 1 (July 2003) to the end of Period 2 (June 2005).

The numbers below illustrate this extreme change:

July 2003 PPI Index	142.8
June 2005 PPI Index	153.7
Change in price	1.076 (153.7 divided by 142.8)

The general price change for finished goods was 7.6 percent—an increase from the beginning of Period 1 to the end of Period 2.

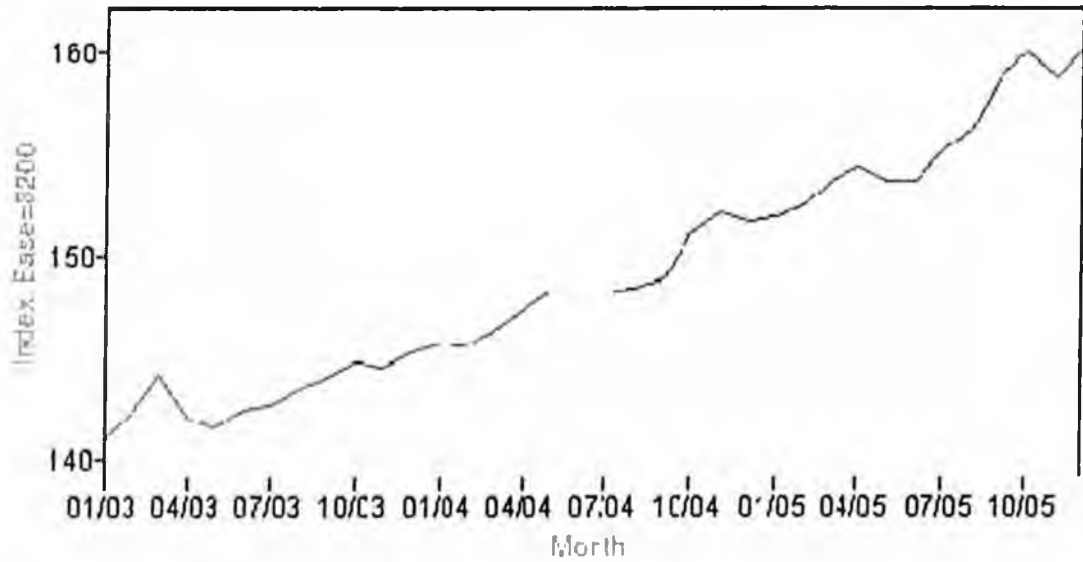
The mid-point comparisons for each period suggest:

December 2003	145.3
December 2005	151.7
Change in price	1.044 (151.7 divided by 145.3)

The price change was 4.4 percent, from mid-point of Period 1 to the mid-point of Period 2.

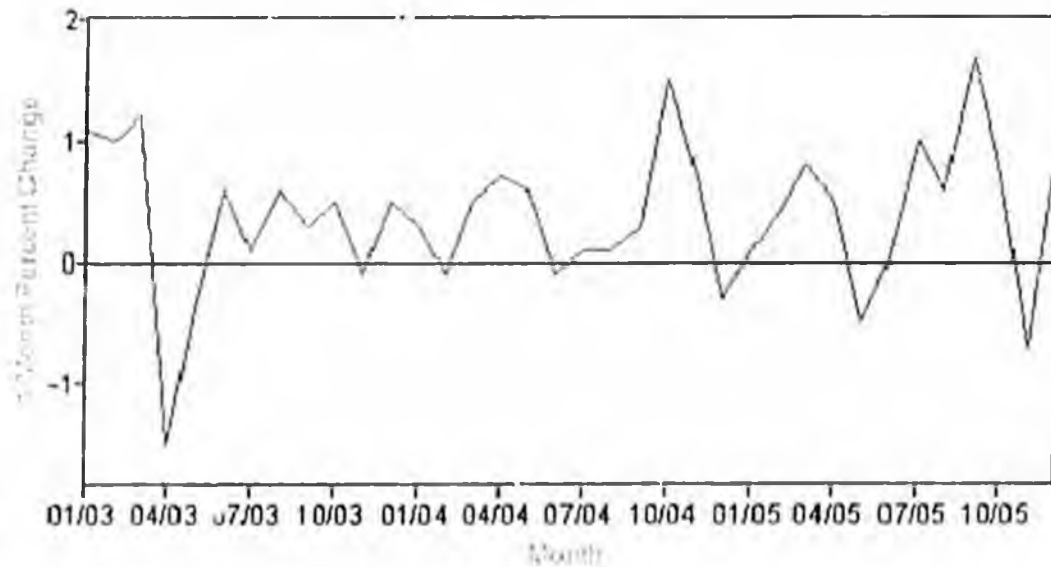
There was an upward price movement in finished goods for Periods 1 and 2, as shown in Figure 1. The month-to-month price changes, in percent, for the same data are shown in Figure 2.

Figure 1. Producer Price Index, Finished Goods, Seasonally Adjusted, 2003 to 2005.



Source: U.S. Government, Bureau of Labor Statistics. www.bls.gov.

Figure 2. Finished Goods PPI, Monthly Changes in Percent, 2003 to 2005



Source: U.S. Government, Bureau of Labor Statistics. www.bls.gov.

If the 9.0 percent reported by MCAC is adjusted by the 4.4 percent mid-point estimate, approximately half of the reported upward price trend for the 167 items is a general price increase that ASCI had no influence on. At the extremes of Periods 1 and 2, almost 80 percent of the price increases attributed to ASCI were general price changes; the Altman Rogers review of the MCAC report documents that the majority of compared purchases are in the greater than one-year range.

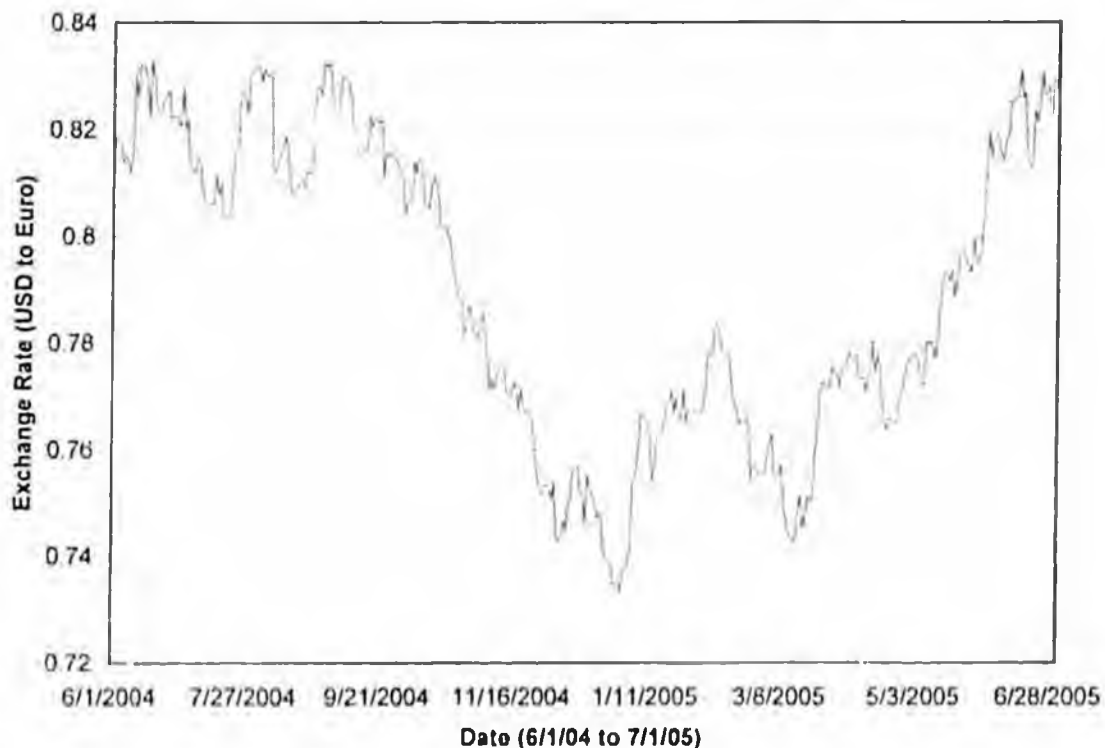
Using the PPI for each group of items purchased by ASCI is possible, but the amount of time required to match the appropriate index is beyond the scope of this project. For this reason, the finished goods PPI is considered a sound benchmark and indicative of price increases during the two Periods. Each data item could be adjusted based on the number of elapsed months between matching State and ASCI purchases.

Exchange Rate

The exchange rate of the U.S. dollar also had an impact on purchases made outside of the country; for example, certain engine parts (that were part of MCAC's 167 items) were purchased from the manufacturer in Sweden, according to ASCI notes, and the Euro to US Dollar exchange rate fluctuated around 10 percent during the period June 2004 to June 2005.

These fluctuations were beyond ASCI's zone of influence, but they did have an impact on the items included in MCAC's data. Figure 3 illustrates Euro to dollar exchange rate fluctuations from June 2004 to July 2005.

Figure 3. Euro to US Dollar Exchange Rate, June 1 2004 to July 1 2005.



Source: www.finance.yahoo.com, accessed in February, 2006

Proposed Benchmarking

Northern Economics was asked to present a methodology that might be considered more technically sound than that used in the MCAC report. Several criteria for a benchmarking methodology are listed below, given the apparent difficulty in statistically selecting a representative sample.

- **Accurate.** A sound methodology will accurately represent the items being purchased, with differences expressed in statistically sound ways. This soundness would include basic data accuracy and comparability.
- **Efficient.** The cost of developing and tracking a sound benchmark should be cost-efficient and not inhibit its use.
- **Easily understood.** Complex formulas and methodologies generally mean an index or formula will not be used as often as a simpler method that more people can understand.
- **Repeatable.** Results should be repeatable over time and organizations.
- **Representative.** The metric being measured should measure or track the process being monitored.
- **Incentive-based.** There could be an incentive (for both parties) to use the selected methodology, whether the incentive is monetary or possibly competitive. If cost savings are realized, for example, those savings could be shared on a formula basis.

One method that might be considered by the State and ASCI is a basket of goods that are purchased frequently enough by both organizations to be comparable. The number of items in the basket could be negotiated or nominated by each party and set at the start of a fiscal year, for example. The frequency of purchase by each party would be a factor, as well as the cost of the item or items. The cost of paper clips, as an example, is less significant in overall procurement than the cost of basics such as food, fuel, or key supplies (for the Alaska Marine Highway). This method tracks costs for specific goods (and services) but it does not require a statistically based methodology, as long as both parties agree.

Another possibility would be a larger list of similar items, perhaps as many as 400, from which a random selection could be made each quarter. The key, again, is having purchased items on both ASCI and State purchasing orders. Standardization of items (as representative of all purchases), before benchmarking or tracking, would be important.

Since it is ASCI's performance that would be evaluated, purchase orders submitted to ASCI for processing should serve as the basis of comparison. For example, if ASCI processed an order for 144 boxes of paper clips and, at \$1.00 per box (assumed), the total order was \$144, then that should serve as the basis of comparison. The closest state purchase order to that item and quantity should be nominated as the best comparative surrogate, and then the ASCI quantities would be utilized to achieve the comparative total order cost for the state purchase. In the event that large quantity differences were present such that quantity could be identified as a factor in the price, then the comparison would not be considered valid. This example is limited to the cost of the good, not the total cost of the purchase plus labor and overhead. The total cost of the good is a more complete basis for comparison between two different categories of purchases.

Outlier analysis is required. It is important to review observations at the extreme, to make sure data observations do not contain errors or non-comparable elements that would skew the results. This analysis is a well established principle of empirical research that should be observed.

Align benchmark measures with results from the observed performance metric. For example, if the contract with ASCI was intended to deliver superior results in manual, non-automated purchasing,

then manual "spot" purchases should be emphasized. However, if the original intent was to save costs on the use of catalog item discipline and automated purchases, then that intent should be reflected. In any case, the measures should align with contract intent.

The data set should be properly stratified. Items purchased under contract should be evaluated separately and against different expectations than "spot" purchases. Specialty items that are available from only one source should be evaluated differently than items for which there is plausible competition. Items with above-average or below-average inflation characteristics should be viewed in their proper context and inflation factors applied accordingly. These are examples of stratification issues, not an exhaustive list. Another consideration is cost evaluation at the same point in the supply channel.

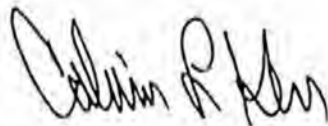
Summary

Our summary comments follow, by item, with discussion.

1. The MCAC methodology did not provide a statistically valid pool of sample data. These data were selected-by-matching and to the extent there are any meaningful and accurate cost increases, they are restricted to those 167 items out of 40,377.
2. The MCAC methodology did not utilize statistics. There were no averages, no standard deviations, no confidence levels and no error ranges. In the absence of basic statistics, no statistical extrapolation to a larger data population is possible. In the absence of statistics, there are no valid study results.
3. Use of the data did not meet contract requirements. A statistically valid set of data was required but was not achieved. Nevertheless, MCAC chose to extrapolate from that set and this methodology is neither correct nor are its results accurate.
4. Data selection was changed after the project started, possibly due to matching difficulties with the state's BuySpeed free-field text input feature. This feature allows operators to type slightly different descriptions for the same item purchase, making direct comparison more difficult.
5. Data contained numerous errors, as documented in the Altman Rogers review. The errors are highly significant to MCAC study's conclusions. By way of illustration, those errors that were identified, if excluded from the analysis, would have reduced the cost increase reported by MCAM from 9.0 percent to 0.5 percent, although this figure cannot be relied upon due to the likelihood of other, undiscovered errors as well as an overall lack of statistical validity. An error of 8.5 (9.0-0.5) percent is significant when applied to approximately \$1 million of projected costs, as MCAC did.
6. The MCAC study focused on unit prices instead of the total cost of purchases. As documented in the Altman Rogers review, this practice resulted in a skewed weighting of the purchases. Like other data errors discussed above, this skewed weighting had a significant impact on reported results.
7. Data were collected from contracts outside of ASCI's control (i.e., prior existing state contracts). These data were excluded from consideration, as ASCI inherited the contract terms and conditions and had no influence over them. However, MCAC added these data back into their data set and extrapolated higher costs that were attributed to ASCI. If these were included, they should have been evaluated separately against the contracts' price escalation clauses.

8. No price adjustments were made for price increases that were experienced over the two fiscal years (Period 1 and Period 2). The U.S. Bureau of Labor statistics documented a minimum 4.4 percent general price increase for finished goods (wholesale level) for a one-year period; goods purchased at the start of period 1, and compared to the end of Period 2, experienced a general price increase of 7.6 percent, using seasonally adjusted Producer Price Indices for finished goods.
9. Focusing on Cost of Goods, instead of total cost of procurement, ignored possible benefits of private contractors. ASCI processed 22,037 procurement items, versus the state's 18,340 for the prior year, an increase of 3,697, or slightly over 20 percent more than prior state employees. ASCI processed this higher volume using substantially less staff than the state. A more accurate reflection of ASCI's cost effectiveness would be Total Cost, consisting of the Cost of Goods purchased through ASCI and ASCI's costs to process those orders. While this concept of total cost may be addressed in other performance evaluation documents, it is not clear from the cost of goods study that this issue is important to the State.
10. Apparent unit price increases from goods purchased were extrapolated to the total procurement of goods and services. ASCI reports from its e-Commerce system data that approximately 60 percent of total purchases were goods and the rest were services. There are no data presented, nor is there any analysis to suggest why the increase in the Cost of Goods is appropriate for services.
11. The relative purchasing power of the dollar varied during the study period and no adjustment was made for the variation. At least two of the MCAC-selected purchases were from out-of-country sources. The Euro to US dollar exchange rate fluctuated during the period in question and it, too, was a variable out of ASCI's control.
12. Benchmarking and procurement evaluation is appropriate and should be agreed-upon by both parties. A method of benchmarking ASCI performance is appropriate but it should meet the suggested criteria for equity and efficiency. ASCI itself nominated several factors for consideration as part of its proposal; if the concept of benchmarking is accepted, both parties should hold a meeting to resolve issues and jointly agree to a method.

Sincerely,



Cal Kerr
Project Manager

Attachment: As stated

References, Source Data

Mikunda Cottrell Accounting and Consulting, Cost of Goods and Services report, for the period July 1, 2004 through June 30, 2005. Delivered to the State of Alaska, November 25, 2005.

State of Alaska Request for Proposal (related to private procurement). Viewed at ASCI offices, Anchorage.

ASCI Proposal (submitted in response to the RFP). Viewed at ASCI offices, Anchorage.

Notes and emails provided by the State to ASCI. Copies provided by ASCI.

ASCI working papers on MCAC report, including draft analyses. These included both MS Word and MS Excel documents.

ASCI internal statistical analysis of 167 items, with various adjustments. This was an Excel spreadsheet.

U.S. Department of Labor, Bureau of Labor Statistics website data.bls.gov.

Euro to US Dollar Exchange rate, www.x-rates.com. This website and hosts databases of most currencies used throughout the world.

Visit to ASCI and demonstration of BuySpeed and other procurement tasks.

Altman-Rogers, Management Review and Analysis of Mikunda Cottrell Accounting and Consulting Cost of Goods and Services Report (draft).

**COLLECTIVE
BARGAINING
AGREE-
MENTS -
2005**

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Official Business

Alaska State Legislature

Senate

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MEMORANDUM

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *KW*
Secretary of the Senate

SUBJECT: Referral of Monetary Terms Agreement

Date: May 5, 2005

In accordance with AS 23.40.215, President Stevens has referred the following report to your committee:

Monetary terms for the collective bargaining agreement reached with the Teachers Education Association of Mt. Edgecumbe

KW/jcs
Attachments

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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

May 2, 2005

The Honorable Ben Stevens
Alaska State Senate
Senate President
State Capitol
Juneau, Alaska 99801-1182

Re: Increase to monetary terms of the July 1, 2004- June 30, 2006 Bargaining Agreement between the State and the Teachers Education Association Mt. Edgecombe (TEAME) due to recent Arbitration Award

Dear Senator Stevens:

In a recent arbitration award issued on March 4, 2005 by Arbitrator Howell Lankford he interpreted the TEAME contract in a manner that was neither anticipated nor consistent with the monetary terms previously reported to the legislature. The State had and has interpreted the language to mean that the teachers would be afforded preparation time, within the contractual eight (8) hour day, equivalent to a class period.

Pursuant to AS 23.40 215 this award constitutes a monetary term and must be approved by the legislature. Attached please find the documentation sent to Office of Management & Budget, the request for an appropriation will be submitted separately.

Sincerely,



Ray Matiashowski
Commissioner

Enclosure



Printed on recycled paper
by Alaska Litho, Inc.

Memorandum

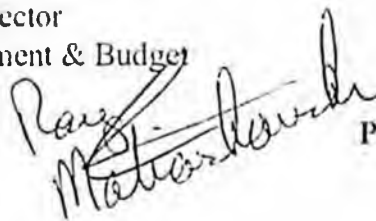
Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management & Budget

Date: May 3, 2005

From: Ray Matiashowski
Commissioner

Phone: 465-5671



Subject: Increase to monetary terms of the July 1, 2004- June 30, 2006 Bargaining Agreement between the State and the Teachers Education Association Mt. Edgecombe (TEAME) due to recent Arbitration Award.

Terms Requiring Appropriation.

I. Change in Productive Work Hours.

In a recent arbitration award issued on March 4, 2005 by Arbitrator Howell Lankford (attached) he interpreted the TEAME contract in a manner that was neither anticipated nor consistent with the monetary terms previously reported to the legislature. The State had and has interpreted the language to mean that the teachers would be afforded preparation time, within the contractual eight (8) hour day, equivalent to a class period.

The arbitrator ruled that the preparation time must fall within the student contact day and that the teachers be made whole at the usual per diem rate for the additional class they taught as a result of that contract violation. The teachers at Mt. Edgecombe High School (MEHS) currently teach four (4) eighty-minute classes with an eighty-minute preparation period from 8:00 a.m. to 9:20 a.m. and eighty minutes of free time or passing time.

The usual per diem rate in the collective bargaining agreement is calculated at 1/188 of the contracted annual salary hereby developing a daily pay rate (the teachers contract is for 188 days, however the pay is spread out for a 12 month period). The agreement does not provide for any other calculation that could be interpreted to allow for additional daily pay to subsidize the standard eight (8) hour workday. The Teachers did not perform duties outside the eight (8) hour workday.

In effort to calculate a monetary value the daily rate has been broken down in to an amount per minute and multiplied by the 65 minutes of teaching that is in addition to last year, but not outside the contractual eight (8) hour day (see attached spreadsheet).

Since the collective bargaining agreement only provides for daily per diem, one must reduce the daily rate to an amount per minute. The Teachers taught three (3) eighty-five minutes classes last year and are teaching four (4) eighty minute classes this school year, an additional sixty-five (65) minutes. Please see the attached spreadsheet for the estimated increase of monetary terms.

Pursuant to AS 23.40 215 this award constitutes a monetary term and must be approved by the legislature. Please prepare the necessary appropriation request for submission.

cc: Roger Sampson, Commissioner,
Department of Education and Early Development

Karen Rehfeld, Deputy Commissioner,
Department of Education and Early Development

Eric Swanson, Administrative Services Director,
Department of Administration

Kim Garner, Director Division of Finance,
Department of Administration

Art Chance, Director, Division of Labor Relations,
Department of Administration

Mila Cosgrove, Director, Division of Personnel,
Department of Administration

In the Matter of the Arbitration

between Teachers' Education Association of Mt.
Edgecombe ("Association")

and

State of Alaska, Mt. Edgecumbe High School ("School").

Findings,
Discussion and
Award.

Case Numbers:	Arbitrator's case No. FB6.
Representing the Association:	Willie Anderson, UniServ Director, NEA-Alaska, 114 Second Street, Juneau, AK 99801.
Representing the Company:	Dianne Kiesel, Labor Relations Analyst, Division of Labor Relations, State of Alaska, Dept. Of Administration, P.O. Box 110201, Juneau, AK 99811-0211.
Arbitrator:	Howell L. Lankford, Esq., P.O. Box 22331, Milwaukie, OR 97269-0331.
Hearing held:	In the Employer's facilities in Sitka, Alaska on January 31, 2005.
Witnesses for the Association:	Lu Seapy and Kathleen McCrossin.
Witnesses for the Company:	Kari Brookover, Wilhelm Denkinger, and Penny Beiler.
Post-hearing argument received:	February 28, 2005 (by e-mail), both timely mailed on that date.
Date of this award:	March 4, 2005.

This is a dispute over contract interpretation. The Employer made substantial changes in the class schedule—and, particularly, in the schedule of prep time—for the 2004-2005 school year, and the Association grieved. The parties stipulate that the exact issue presented in arbitration is:

Did the Employer violate Articles 1, 7, or 9 of the collective bargaining agreement, or its definitions, when it mandated the schedule for SY 2004-2005, and, if so, what is the appropriate remedy?

There are no preliminary issues of substantive or procedural arbitrability; and the parties agree that the burden is on the Association to show, more likely than not, that the Employer violated the collective bargaining agreement as alleged. The hearing was orderly. Both parties had the opportunity to present evidence, to call and to cross examine witnesses, and to argue the case.

FACTS

The facts are neither complex nor contested. Mt Edgecombe High School is a State-run, residential school for grades nine through twelve located in Sitka, Alaska. The facility has grown quite substantially in recent years and now houses about 375 students. The teaching staff is about 17 (with a residential and support staff of about 40). Those 2004-2005 numbers represent a growth of about 30 in the student population over 2003-2004, with essentially no increase in teaching staff.

There is no dispute that the State mandated an increase of nearly 10% in the size of the student body for SY 2004-2005 but provided no increase in the school's budget to cover that increase. The dispute at issue here arises from one part of the School's attempt to deal with that increased student body without any increase in operating funds.

In previous years, the teachers' class schedule has always provided each teacher with one student class period of prep time. In recent years, the student day has been divided into four periods with a 50 minute lunch period. That pattern has shown some variation—in 1994-1995, for example, there were seven periods—but inevitably, as far back as the record extends, whether there were four class periods or seven, each teacher has been assigned one of the class periods as his or her prep period. The "Preparation Time" language of the contract (Article 7, Teacher Rights, Section 7) provides: "Each teacher . . . shall have, in addition to his/her meal period, one full class period daily [of] preparation time during which the teacher shall not be assigned to any other duties."

Late in SY 2003-2004, the State advised the School that the School would have to increase its student body for the coming school year by about 30 students. It was not

immediately clear whether there would be any increase in funding to go along with that almost 10% increase in size, but the Superintendent feared the worst. Because the High School is residential, an increase in the student body automatically brings increases in housing, food, and supervision costs.¹ The Superintendent was determined to find some way to avoid a substantial increase in average class size in the face of the coming increase in student population without, probably, any increase in teaching staff budget.

There were already ongoing discussions of class schedule problems even before the ominous prospect of an unfunded increase in student population appeared on the horizon. The SY 2003-2004 schedule was a variation of the A/B-block pattern with the same number class period being, e.g., English and some form of social studies on alternating days.² Some subjects were offered *every* day, with no A/B variation. The teachers were dissatisfied with that pattern for a variety of reasons, and the School had established an Academic Steering Committee to explore possible alternatives. The Academic Principal attended the first meeting of that Committee, but she found that the teachers were unwilling to even consider scheduling their prep time all together and apart from the student contact day; and she attended no further meetings of the Committee.

Despite the undisputed fact that the teachers made it pretty clear, in a variety of ways, that they would not accept a schedule revision separating their prep time from the student contact day, the Superintendent decided that the only way to maintain the average class size from SY 2003-2004 was to assign each teacher to an additional class period and move every teacher's prep time to the "period" from 8:00 to 9:20 a.m., before the beginning of classes. The Superintendent informed the Association of the coming change sometime around the end of the 2003-2004 school year (although the teachers were not individually informed of their forthcoming schedules until quite late in August, 2004). The Association grieved the new schedule.

1. It also increases transportation costs substantially because admission to the High School includes State-paid transportation to and from school.

2. One of the subjects ran Monday and Wednesday and the other ran Tuesday and Thursday, with alternating Fridays. Some schools achieve the same division by simply alternating classes A, B, A, B, A, B... week after week.

DISCUSSION

The goal in resolving contract interpretation disputes is always the same, to determine what the parties should have understood their deal to be. There are three usual sources of evidence in that search: the language of the written contract itself, the bargaining history of that language (e.g., how did the parties explain it to one another in negotiations), and the parties' actions in the past in situations where their understanding of the disputed language would have made a difference in those actions. The first of those three—the language of the written agreement itself—has more than mere pride of place: a majority of American labor arbitrators continue to honor the “clear language” rule:

If the language of an agreement is clear and unequivocal, an arbitrator generally will not give it a meaning other than that expressed. As Arbitrator Fred Witney has stated, an arbitrator cannot “ignore clear-cut contractual language,” and he “may not legislate new language, since to do so would usurp the role of the labor organization and employer.” Even though the parties to an agreement disagree as to its meaning, an arbitrator who finds the language to be unambiguous will enforce the clear meaning. Elkouri & Elkouri, *How Arbitration Works*, (IV ed., BNA) at 348-349.³

In this case, both parties argue that the language of Article 7, Section 7 is pretty clear: “Each teacher . . . shall have, in addition to his/her meal period, *one full class period* daily [of] preparation time during which the teacher shall not be assigned to any other duties.” Interestingly, the Academic Principal’s recounting of that language from memory at hearing was slightly different: “I have to give them prep time equal to a class period.” The School’s post-hearing brief offers that same approximation as the basis of its “clear language” argument: so that difference between the Principal’s recollection and the actual contract language accurately expresses the heart of this dispute.

That difference also compels the result in this arbitration: what the contract actually says is *not* “time equal to a class period;” what the contract actually says is “one full class period.” That difference is not trivial. If a teacher has a right to one actual class period as prep time, then that teacher *cannot* be assigned to *teach* every single class

3. The fifth edition of *Elkouri* (at 434-439) offers a far more technical and critical (and perhaps less illuminating) discussion of the “plain meaning rule” (which the 5th Edition admits is “still dominant”). The case at hand illustrates just how questionable Farnsworth’s observation is (§ 7.8, quoted by the Fifth Edition at 437) that “It is a rare contract that needs no interpretation.” On the contrary, most contracts, in most respects, need no outside interpretation most of the time. Otherwise, the whole idea of entering into contracts would never have caught on in the first place. Even when, rarely, a disagreement over interpretation drives the parties to arbitration, what arbitrators end up saying more often than not, I submit, amounts to “read just exactly what the contract says, and do that.”

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period. Of course, that was exactly the Superintendent's primary motivation for the change: with prep time "equal to" a class period, but not scheduled during the student contact day, every teacher ended up teaching one additional class period every day. The time before the students' day begins, which is now designated as prep time, was always part of the teachers' workday and was generally used for preparation for the upcoming class day. Thus the change from the contract's "one full class period" to the School's interpretation, "*equal to* a class period," resulted in less out-of-class time to prepare for a third more in-class time. The difference between what the contract actually says and what it would have to say in order to support the High School's interpretation is clearly substantial.⁴

Even if the contract language were not clear by itself, none of the other traditional sorts of evidence in the record provides any support for the School. There is no evidence at all of the actual bargaining history behind this particular language. But when we consider the past actions of the parties, as far as the record shows, until the 2004-2005 school year, the School has always scheduled its teachers to have "one full *class period*" of daily prep time. That record is consistent with the Association's interpretation and does nothing to support the School's.

If we look further, past the three traditional sources of evidence in contract interpretation disputes, the School's situation only gets worse. In terms of common practice in the industry and the usual bargaining dynamics behind such language, it would be difficult to imagine a teachers' union that did not bargain hard for contract language assuring bargaining unit members of prep time *during the student contact day*. In my experience, most teacher collective bargaining agreements include such language; and teachers' unions have been vigilant in defending such language through contract arbitration.⁵ The reason for that vigilance is obvious: apart from simple considerations of workload, the guarantee of one class period as prep time—i.e. of prep time during the student contact day—means that most of the teachers in the bargaining unit will get a break from constant student contact sometime during the course of the day. (Even the teachers assigned to prep in the first or last class periods of the day at least face a consecutive student contact period which is reduced by the time of that one class period.)

4. The School points to an unfortunate arithmetic inconsistency between the contract's definitions of "academic school day" and "standard work day." Those provisions apparently somewhat befuddled the parties' discussions; but none of those provisions is inconsistent with the clear language of Article 7, Section 7, which addresses prep time.

5. Throughout the Northwest, teachers' unions have also been generally successful—through the ULP process—in preventing school districts from moving prep time to outside the student contact day without bargaining.

Teaching straight through the day without a break from student contact is, in the opinion of very many teachers, quite unacceptable.⁶ When this consideration is added to the arithmetic consequences of removing prep time from the student contact day—i.e. one class period more work for no increase in pay—it can be no surprise that teachers always fight hard for exactly the language that is in this prep time provision and fight hard against the misinterpretation of that language offered by the School in this case.⁷

There is a subsidiary issue in this case: the parties disagree about the interpretation of part of the contract's arbitration provision: "The cost of the services for the arbitrator, and his/her travel and subsistence . . . will be borne as designated by the arbitrator." That sentence is composed of *part* of the language usually found in a "loser pays" provision: That usual language is ". . . will be borne by the losing party as designated by the arbitrator." The School proposes to interpret the provision as "loser pays" language. The Association disagrees but does not offer any attractive alternative. I took notice that many of the State's collective bargaining agreements include loser pays language; but the record shows that NEA-Alaska has always vigorously resisted loser pays proposals. There is no other evidence of the intent of the parties behind this contract language.

That record provides me with little guidance about the parties' expectations as to *how* an arbitrator would designate the allocation of fees under this contract, although it seems clear that I am *not* to automatically split the fees and expenses. The best touchstone, perhaps, is by asking whether either party had a clear opportunity to avoid the cost of arbitration and to allocate these expenses to that party (if one exists). In the case at hand, the prep period contract language is quite clear, even if it is quite brief—the result of forcing the Association to go to arbitration is simply a declaration that Article 7, Section 7 means *exactly* what it says on its face—and there is no dispute that the teachers made their vigorous opposition to the contemplated schedule change known to the

6. Most Northwest school districts are now K-12, so the bargainers also encounter the scheduling problem or assuring that *elementary* teachers, too, will have prep time as a break in the constant student contact of their day.

7. The contract language, "one full class period," would allow the School to schedule any number of class periods, as long as every teacher gets one of those periods as prep time. That is one of the traditional complications that must be factored into schedule design: if there are more class periods, then the time lost to passing time (the time required for students to get from one classroom to the next) is increased, but the time "lost" to prep time is reduced. Because one *class period* of prep time is such a common feature of high school teacher collective bargaining agreements, the literature on schedule design usually begins with the recognition of those basic considerations.

Superintendent in advance.⁸ Moreover, the record does not suggest any Association responsibility for the ultimate necessity to resort to arbitration. In the face of that record, it is appropriate to allocate all these costs to the School.

The final issue is the determination of the appropriate remedy. There is no doubt that the School must make the teachers whole for the additional classes taught under the improperly revised schedule. I greatly regret the additional expense, particularly in light of the what amounts to a thinly disguised reduction of more than 10% in the School's budget for this school year. There is no doubt that the School was in a bind. But that choice by the State to decrease the per-student funding of the School did not grant the School the authority to increase the teachers' workload without any bargaining and contrary to the language of the prep time provision of the collective bargaining agreement. The School's unilateral change clearly breached that prep time provision; and the teachers actually performed the substantial additional work which was required by the School's breach of that provision, an additional workload above and beyond the workload the Association agreed to in the collective bargaining agreement. (This was as far beyond the Association's bargain with the School as if a contractor agreed on a fixed price to build a three-bedroom house only to have the owner insist that the contractor provide a much larger, four-bedroom house at the price agreed for three.) The teachers must be made whole for the additional work at the appropriate per diem rate for every day that they have worked (or will work during the rest of the year) one class period too many.

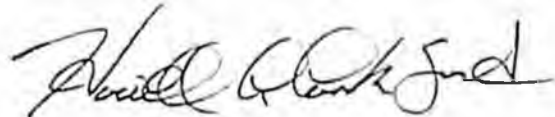
8. Much of the parties' attention throughout the grievance process was misdirected at the differences between the contract's definitions of "academic school day" ("the day starting at 8 a.m and ending at 4 p.m. . . .") and "standard workday ("eight . . . hours exclusive of a [30 minute] meal period.""). But the Association President specifically pointed to Article 7, Section " in her final, August 17 remonstrance to the Superintendent.

AWARD

The School violated Article 7 of the collective bargaining agreement when it mandated the schedule for SY 2004-2005. The School shall make the teachers whole—at the usual per diem rate—for the additional classes they taught as a result of that contract violation. Beginning with the next, 2005-2006 school year, the School shall once again schedule each teacher to have a full duty free prep period at the time of one of the regular class periods during the regular student contact day. The School shall also pay the entire expenses and fees of the arbitrator.

By stipulation of the parties, I retain jurisdiction for the limited purpose of resolving issues that might arise under the general "make whole" language of this award. That retained jurisdiction shall lapse 30 days from the date of this Award unless it is previously invoked or is extended by mutual agreement or for good cause shown.

Respectfully submitted,



Howell L. Lankford
Arbitrator



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182

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MEMORANDUM

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *KW*
Secretary of the Senate

SUBJECT: Referral of Amended Monetary Terms Agreement

Date: April 6, 2005

In accordance with AS 23.40.215, President Stevens has referred the following reports to your committee:

Amended Monetary terms for the collective bargaining agreement reached with the Public Safety Employees Association representing regularly commissioned public safety officers

KW/jcs
Attachments

Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management & Budget

Date: March 17, 2005

From: Ray Matiashowski *M.M.*
Commissioner

Phone: 465-5671

Subject: Amended Monetary terms report of the interest arbitrator's award between the State and the Public Safety Employees Association..
This amended report supercedes and corrects the earlier report in the areas of premium pays and health insurance contributions.

Erratum—premium pay terms reflecting 5.5% corrected at page 2 to reflect 5%

The Department of Administration has received the Interest Arbitration award from the Arbitrator for the Bargaining Agreement of the regularly commissioned public safety officers represented by the Public Safety Employees Association. Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval.

1. Terms Requiring Appropriation

Current Legislative Session

- A. Rural Relocation Expense Offset. (Article 12.3) Effective July 1, 2005 there shall be four types of remote transfer with each type receiving a one time Rural Relocation Expense Offset (although the payment will be made in two installments).
- A Type 1 Transfer employee will receive an offset of \$2,000 (\$1,000 at initial relocation and \$1,000 upon completion of one year of service in remote location).
 - A Type 2 Transfer employee will receive an offset of \$2,500 (\$1,500 initially and \$1,000 upon completion of one year in remote location).
 - A Type 3 Transfer employee will receive an offset of \$3,500 (\$2,000 initially and \$1,500 upon completion of one year in remote location).
 - A Type 4 Transfer employee will receive \$5,000 (\$3,000 initially and \$2,000 upon completion of one year in remote location).
- B. Wages. (Article 15) Effective July 1, 2005 the wage schedule provided in Section 2.a. shall be increased by 3%.

Field Training Officer/Officer In Charge/Acting Watch Commander differentials (Article 15.6) Effective July 1, 2005 a member assigned to FTO duty, OIC duty or AWC duty shall receive a pay differential of 5% of the member's regular hourly rate for each hour worked in that capacity.

- If a member is assigned simultaneously to either FTO and OIC duty or FTO and AWC duty, the member shall receive a pay differential of 10% of the member's regular hourly rate of pay for each hour worked in those capacities.

Interruption of vacation/leave (Article 15. 11) Effective July 1, 2005 when a member must return from a vacation/leave the member will be paid at the overtime rate for

time spent in travel and while placed in normal duty status. This overtime rate is 1 ½ their regular rate of pay for all hours worked.

Compensatory time (Article 15.13(e)) Effective July 1, 2005 compensatory time shall be accrued at the rate worked. This was formerly accrued at the rate of time and one-half on the employees base rate.

Premium Pay (new sections in Article 15) Effective July 1, 2005 the following Premium Pays shall be instituted:

- Instructor Pay: a member assigned to give instruction to other employees of the department as an additional assignment to their regular duties shall receive a 5% premium pay for all hours worked in preparation, presentation and travel associated with the course of instruction.
- Pilot Pay/Pilot Flight Time Differential: all DPS members who are designated as current authorized DPS pilots shall receive a pay differential of 5% of their regular hourly rate for each hour preparing to fly, flying and concluding a flight for DPS.
- Diver Pay: a member assigned as a department diver shall receive a 5% premium pay for all hours worked while actually engaged in diving activities.
- SERT Pay: a member assigned to SERT shall receive a 5% premium pay for all hours worked while actually engaged in SERT activities.
- Explosive Ordinance Disposal (EOD) Pay: members assigned to EOD shall receive a 5% premium pay for all hours worked while actually engaged in EOD activities, including training.

- C. Moving Expenses (Article 19) Effective July 1, 2005 each member's dependents (other than spouse) shall receive one quarter of the member's standard per diem when the member is required to change place of residence because of a required change of duty station.

Mandatory Change of Housing at Duty Stations (Article 19.2) Effective July 1, 2005 members shall be reimbursed for transportation and moving expenses when they are required to change their place of residence because of a change in housing at their current duty station.

- D. Health Insurance (Article 22) Effective July 1, 2005 the Employer health insurance contribution shall increase by an amount of money not exceeding that necessary to maintain the plan in effect at the expiration of the prior collective bargaining agreement. This amount is set at \$820.00 effective July 1, 2005, and shall be increased by the amount necessary to maintain the Select Benefits Economy/Default plan on July 1 in each subsequent year of the agreement.

Future Legislative Sessions

Effective July 1, 2006, the wage schedule provided in Section 2.a shall be increased by 3%. Effective July 1, 2007, the wage schedule provided in Section 2.a shall be increased by 3%.

Effective July 1, 2006, and July 1, 2007, the health insurance contribution shall be increased by the amount necessary to maintain the Select Benefits Economy/Default plan on July 1 in each subsequent year of the agreement.

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

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

Please forward to the legislature the foregoing monetary terms in accordance with A.S. 23.40.215

cc: All Commissioners

All Administrative Services Directors

Kim Garner, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel



Official Business

Alaska State Legislature

Senate

Office of the Secretary

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Juneau, Alaska 99801-1182

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MEMORANDUM

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *KW*
Secretary of the Senate

SUBJECT: Referral of Monetary Terms Agreement

Date: March 22, 2005

In accordance with AS 23.40.215, President Stevens has referred the following reports to your committee:

Amended monetary terms for the collective bargaining agreement reached with the Inlandboatman's Union of the Pacific

Monetary terms for the collective bargaining agreement reached with the Public Safety Employees Association representing regularly commissioned public safety officers

Monetary terms for the collective bargaining agreement reached with the Masters, Mates and Pilots

Monetary terms for the collective bargaining agreement reached with the Marine Engineers' Beneficial Association

KW/jes
Attachments

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

March 9, 2005

The Honorable Ben Stevens
Senate President
Alaska State Legislature
State Capital, Room 111
Juneau, AK 99801-1182

Dear Mr. President:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my amended report of monetary terms of the collective bargaining agreement reached with the Inlandboatmen's Union of the Pacific. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Ray Matiashowski
Commissioner

Enclosure

cc: Cheryl Frasca, Director
Office of Management and Budget



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Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management and Budget

Date: March 9, 2004

From: Ray Matiashowski *m.t.*
Commissioner

Phone: 465-5671

Subject: Amended Monetary terms of the July 1, 2004- June 30, 2007 Bargaining Agreement
between the State and the Inlandboatmen's Union of the Pacific.

The Department of Administration had reached a tentative agreement with the Inlandboatmen's Union of the Pacific (IBU). The tentative agreement included language that if the licensed bargaining units (MM&P, MEBA) reached an agreement providing for a higher percentage of pay for the crew of the M/V Fairweather, the State would extend that percentage to the IBU.

I. Terms Requiring Appropriation.

Current Legislative Session

Fairweather Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Fairweather will have their wages reduced to the hourly rates found in the Master Agreement which will then be increased by five percent (5%).

cc: All Commissioners

All Administrative Services Directors

Kim Garner, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
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March 9, 2005

The Honorable Ben Stevens
Senate President
Alaska State Capitol, Room 111
Juneau, AK 99801-1182

Dear Mr. President:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organizations. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of the monetary terms of the collective bargaining agreement reached between the State and the Public Safety Employees Association (PSEA) on behalf of the Regularly Commissioned Public Safety Officers. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215(b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Ray Matiashowski
Commissioner

Enclosure



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Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management & Budget

Date: March 10, 2005

From: Ray Matiashowski *R.M.T.*
Commissioner

Phone: 465-5671

Subject: Monetary terms of the Collective Bargaining Agreement between the State and the Public Safety Employees Association (regularly commissioned public safety officers).

The Department of Administration has received the Interest Arbitration award from the Arbitrator for the Bargaining Agreement of the regularly commissioned public safety officers represented by the Public Safety Employees Association. Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval.

I. Terms Requiring Appropriation

Current Legislative Session

- A. Rural Relocation Expense Offset. (Article 12.3) Effective July 1, 2005 there shall be four types of remote transfer with each type receiving a one time Rural Relocation Expense Offset (although the payment will be made in two installments).
- A Type 1 Transfer employee will receive an offset of \$2,000 (\$1,000 at initial relocation and \$1,000 upon completion of one year of service in remote location).
 - A Type 2 Transfer employee will receive an offset of \$2500 (\$1500 initially and \$1,000 upon completion of one year in remote location).
 - A Type 3 Transfer employee will receive an offset of \$3500 (\$2000 initially and \$1500 upon completion of one year in remote location).
 - A Type 4 Transfer employee will receive \$5,000 (\$3,000 initially and \$2,000 upon completion of one year in remote location).
- B. Wages. (Article 15) Effective July 1, 2005 the wage schedule provided in Section 2.a. shall be increased by 3%.

Field Training Officer/Officer In Charge/Acting Watch Commander differentials (Article 15.6) Effective July 1, 2005 a member assigned to FTO duty, OIC duty or AWC duty shall receive a pay differential of 5% of the member's regular hourly rate for each hour worked in that capacity.

- If a member is assigned simultaneously to either FTO and OIC duty or FTO and AWC duty, the member shall receive a pay differential of 10% of the member's regular hourly rate of pay for each hour worked in those capacities.

Interruption of vacation/leave (Article 15.11) Effective July 1, 2005 when a member must return from a vacation/leave the member will be paid at the overtime rate for

time spent in travel and while placed in normal duty status. This overtime rate is 1 ½ their regular rate of pay for all hours worked.

Compensatory time (Article 15.13(e)) Effective July 1, 2005 compensatory time shall be accrued at the rate worked. This was formerly accrued at the rate of time and one-half on the employees base rate.

Premium Pay (new sections in Article 15) Effective July 1, 2005 the following Premium Pays shall be instituted:

- Instructor Pay: a member assigned to give instruction to other employees of the department as an additional assignment to their regular duties shall receive a 5.5% premium pay for all hours worked in preparation, presentation and travel associated with the course of instruction.
- Pilot Pay/Pilot Flight Time Differential: all DPS members who are designated as current authorized DPS pilots shall receive a pay differential of 5% of their regular hourly rate for each hour preparing to fly, flying and concluding a flight for DPS.
- Diver Pay: a member assigned as a department diver shall receive a 5.5% premium pay for all hours worked while actually engaged in diving activities.
- SERT Pay: a member assigned to SERT shall receive a 5.5% premium pay for all hours worked while actually engaged in SERT activities.
- Explosive Ordinance Disposal (EOD) Pay: members assigned to EOD shall receive a 5.5% premium pay for all hours worked while actually engaged in EOD activities, including training.

- C. Moving Expenses (Article 19) Effective July 1, 2005 each member's dependents (other than spouse) shall receive one quarter of the member's standard per diem when the member is required to change place of residence because of a required change of duty station.

Mandatory Change of Housing at Duty Stations (Article 19.2) Effective July 1, 2005 members shall be reimbursed for transportation and moving expenses when they are required to change their place of residence because of a change in housing at their current duty station.

- D. Health Insurance (Article 22) Effective July 1, 2005 the Employer health insurance contribution shall increase by an amount of money not exceeding that necessary to maintain the plan in effect at the expiration of the prior collective bargaining agreement.

Future Legislative Sessions

Effective July 1, 2006, the wage schedule provided in Section 2.a shall be increased by 3%. Effective July 1, 2007, the wage schedule provided in Section 2.a shall be increased by 3%.

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

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

Please forward to the legislature the foregoing monetary terms in accordance with A.S. 23.40.215

cc: All Commissioners

All Administrative Services Directors

Kim Garnero, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

March 9, 2005

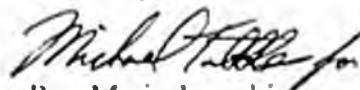
The Honorable Ben Stevens
Senate President
Alaska State Legislature
State Capital, Room 111
Juneau, AK 99801-1182

Dear Mr. President:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of monetary terms of the collective bargaining agreement reached with the Masters, Mates and Pilots. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Ray Matiashowski
Commissioner

Enclosure

cc: Cheryl Frasca, Director
Office of Management and Budget



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Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management and Budget

Date: March 9, 2005

From: Ray Matiashowski *RM*
Commissioner

Phone: 465-5671

Subject: Monetary terms of the July 1, 2004- June 30, 2007 Bargaining Agreement between the State and the International Organization of Masters, Mates and Pilots (MM&P).

The Department of Administration has reached a tentative agreement with the MM&P. The agreement is pending ratification by union membership; probability of acceptance is good. If approved by the Legislature the terms of this agreement become effective July 1, 2004 and remain in effect through June 30, 2007.

I. Terms Requiring Appropriation.

Current Legislative Session

- A. Wages. (Rule 17) Effective July 1, 2004 the hourly rates, master's pay and COLD currently in effect for all job classifications will increase by seven percent (7%).

Fairweather Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Fairweather will have their wages reduced to the hourly rates found in the Master Agreement which will then be increased by five percent (5%).

Lituya Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Lituya will be paid wages consistent with those in the Master Agreement.

Effective July 1, 2005, the hourly rates in effect on June 30, 2004 for all job classifications will increase by six percent (6%).

- B. Health Insurance. (Rule 27) Effective July 1, 2004, and for each year of this agreement, the State contribution for health insurance will be either the amount of increase as recommended by the Employer's actuary or what the actual increase of the Economy plan Employer contribution is; whichever is greater.
- C. Compensation for Loss of Effects. (Rule 10) Effective July 1, 2004, reimbursement for loss of personal effects in the event of shipwreck, stranding, sinking, burning, flooding or collision will increase three thousand dollars (\$3,000.00) to a maximum of five thousand dollars (\$5,000).

- D. Standard Dress and Equipment (Rule 30) Effective July 1, 2004, the laundry and uniform allowance will increase by seven dollars and seventy cents (\$7.70) per pay period to a total of thirty dollars seventy-eight cents (\$30.78) per pay period.

There is established a navigational equipment and maintenance fund of \$45,905 each year of the agreement. Each Deck Officer in pay status shall be entitled to a per capita distribution of this fund in the first pay period in July of each year of the agreement.

Future Legislative Sessions

Effective July 1, 2006, the hourly rates in effect on June 30, 2005 for all job classifications will increase by six percent (6%).

There is established a navigational equipment and maintenance fund of \$45,905 each year of the agreement. Each Deck Officer in pay status shall be entitled to a per capita distribution of this fund in the first pay period in July of each year of the agreement.

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

Allows reduced operation of the M/V Fairweather during winter months. The vessel will operate with one crew rather than two crews. The crew will work and be paid for four days as opposed to working and being paid for seven days.

IV. Other Terms of Interest.

Commencing in 2005, service to Angoon, Gustavus, Hoonah, Kake, Tenakee and Pelican may be provided without regard to MM&P jurisdiction.

cc: All Commissioners

All Administrative Services Directors

Kim Garner, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

March 9, 2005

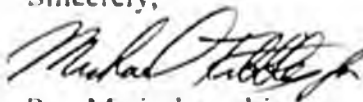
The Honorable Ben Stevens
Senate President
Alaska State Legislature
State Capital, Room 111
Juneau, AK 99801-1182

Dear Mr. President:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of monetary terms of the collective bargaining agreement reached with the Marine Engineers Beneficial Association. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Ray Matiashowski
Commissioner

Enclosure

cc: Cheryl Frasca, Director
Office of Management and Budget

Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management and Budget

Date: March 9, 2005

From: Ray Matiashowski *M.T.*
Commissioner

Phone: 465-5671

Subject: Monetary terms of the July 1, 2004- June 30, 2007 Bargaining Agreement between the State and the Marine Engineers Beneficial Association (MEBA).

The Department of Administration has reached a tentative agreement with the MEBA. The agreement is pending ratification by union membership; probability of acceptance is good. If approved by the Legislature the terms of this agreement become effective July 1, 2004 and remain in effect through June 30, 2007.

I. Terms Requiring Appropriation.

Current Legislative Session

- A. Wages. (Rule 17) Effective July 1, 2004 the hourly rates, nonwatch pay, lead chief pay and COLD currently in effect for all job classifications will increase by seven percent (7%).

Fairweather Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Fairweather will have their wages reduced to the hourly rates found in the Master Agreement which will then be increased by five percent (5%).

Tustumena Supplemental Agreement: Effective July 1, 2004 the hourly rates currently in effect for the Tustumena will increase by half the difference between the Tustumena rate and the Kennicott rates of pay.

Effective July 1, 2005, the hourly rates in effect on June 30, 2004 for all job classifications will increase by six percent (6%).

- B. Health and Welfare. (Rule 27) Effective July 1, 2004, the State contribution for health insurance will be \$742. Effective July 1 for each subsequent year of the agreement the Employer's contribution will increase by an amount of money not exceeding that necessary to maintain comparable coverage under the current Select Benefits Default/Economy Plan.

Effective January 1, 2004, the amount paid to Temporary Relief Engineers in lieu of health and life insurance will increase by \$10.50 per day for a total of \$40.00 per day. Effective January 1, 2005, the amount paid will increase by \$1.50 per day for a total of \$41.50 per day. Effective January 1, 2006, the amount will increase by \$1.50 per day for a total of \$43.00 per day.

Pensions. Effective July 1, 2004, Employer contributions to the money purchase benefit shall increase by \$5.00 per day for a total of \$18.50 per day for all Engineer Officers.

- C. Education (Rule 37). Effective July 1, 2004, the Employer contribution to the MEBA training plan will increase by \$.505 per day for a total of \$.85 per day per man for each Engineer Officer employed with the AMHS.
- D. Joint Employment Committee (JEC). Effective July 1, 2004 the Employer contribution to the JEC will increase by \$.374 per day for a total of \$1.00 per man per day for each Engineer Officer employed with the AMHS.

Future Legislative Sessions

Effective July 1, 2006, the hourly rates in effect on June 30, 2005 for all job classifications will increase by six percent (6%).

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

Allows reduced operation of the M/V Fairweather during winter months. The vessel will operate with one crew rather than two crews. The crew will work and be paid for four days as opposed to working and being paid for seven days.

IV. Other Terms of Interest.

Commencing in 2005, service to Angoon, Gustavus, Hoonah, Kake, Tenakee and Pelican may be provided without regard to MEBA jurisdiction.

The number of licensed engineering positions required to be filled by contract has been reduced from 82.5 to 67.5 over the life of the agreement.

cc: All Commissioners

All Administrative Services Directors

Kim Carnero, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182

Phone: (907) 465-3701

Fax: (907) 465-2832

Email: senate_secretary@legis.state.ak.us

MEMORANDUM

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *KW*
Secretary of the Senate

SUBJECT: Referral of Monetary Terms Agreement

Date: January 18, 2005

In accordance with AS 23.40.215, President Stevens has referred the following report to your committee:

Report from the Commissioner of the Department of Administration stating the monetary terms for the collective bargaining agreement reached between the State and the Alaska State Employees Association. (General Government Unit).

KW/jes
Attachments

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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

January 14, 2005

The Honorable Ben Stevens
Senate President
Alaska State Legislature
State Capital, Room 111
Juneau, Alaska 99801-1182

Dear Mr. President:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of the monetary terms of the collective bargaining agreement reached between the State and the Alaska State Employees Association (General Government Unit). The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215(b).

Please do not hesitate to contact my staff or myself with your questions and information requests.

Sincerely,



Ray Matiasowski,
Commissioner

enclosure

cc: Cheryl Frasca, Director of the Office of Management and Budget



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MEMORANDUM

State of Alaska
Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management and Budget
Office of the Governor

Date: June 22, 2004

From: Ray Matiashowski
Commissioner



Phone: 465-5671

Subject: Monetary terms of the July 1, 2004 to June 30, 2007, Collective Bargaining Agreement between the State and the Alaska State Employees Association representing the General Government bargaining unit.

The Administration has concluded negotiations with the Alaska State Employees Association (ASEA) representing the General Government bargaining unit. If approved by the Legislature the terms of this agreement become effective July 1, 2004 and remain in effect through June 30, 2007.

I. Terms Requiring Appropriation.

Current Legislative session

Effective July 1, 2004, the employer health premium contribution shall increase to seven hundred sixty three dollars (\$763.00) per eligible employee per month.

Effective July 1, 2004, the employer will contribute \$8.00 per year per employee for injury leave.

Future Legislative sessions

The employer health premium contribution shall be increased on July 1 of each subsequent year of the agreement by an amount equal to the premium percentage increase necessary to maintain the select benefits economy plan.

Effective July 1, 2005, the wage schedule in effect on June 30, 2004 shall increase by one and one half percent (1 1/2%).

Effective July 1, 2006, the wage schedule in effect on June 30, 2006, shall increase by two percent (2%).

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

Effective July 1, 2004 and each subsequent year of the agreement, each leave eligible employee will receive a credit of seven and one half (7 ½) hours to their leave account to be used as a floating holiday.

This report of monetary terms is consistent with the requirements of the Public Employment Relations act. Please forward these monetary terms to the Legislature in accordance with AS 23.40.215.

cc: All Commissioners

All Administrative Service Directors

Kim Garner, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Dianne Corso, Director
Division of Personnel



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email: senate_secretary@legis.state.ak.us

MEMORANDUM

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *Kirsten Waid*
Secretary of the Senate

SUBJECT: Referral of Monetary Terms Agreement

Date: February 2, 2005

In accordance with AS 23.40.215, President Stevens has referred the following report to your committee:

Report from the Commissioner of the Department of Administration stating the monetary terms for the collective bargaining agreement reached between the Inlandboatmen's Union of the Pacific.

KW/jcs
Attachments

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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

January 26, 2005

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capital, Room 208
Juneau, Alaska 99801-1182

Dear Mr. Speaker:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of the monetary terms of the collective bargaining agreement reached between the Inlandboatmen's Union of the Pacific. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Ray Matiasowski
Commissioner

Enclosure

cc: Cheryl Frasca, Director of the Office of Management and Budget



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Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management and Budget

Date: January 26, 2005

From: Ray Matiashowski
Commissioner

Phone: 465-5671



Subject: Monetary terms of the July 1, 2004- June 30, 2007 Bargaining Agreement between the State and the Inlandboatmen's Union of the Pacific.

The Department of Administration has reached a tentative agreement with the Inlandboatmen's Union of the Pacific (IBU). The agreement is pending ratification by union membership; probability of acceptance is good. If approved by the Legislature the terms of this agreement become effective July 1, 2004 and remain in effect through June 30, 2007.

I. Terms Requiring Appropriation.

Current Legislative Session

- A. Wages. (Rule 17) Effective July 1, 2004 the hourly rates currently in effect for all job classifications will increase by seven percent (7%).

Fairweather Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Fairweather will have their wages reduced to the hourly rates found in the Master Agreement which will then be increased by three percent (3%).

Lituya Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Lituya will be paid wages consistent with those in the Master Agreement.

Southwest Supplemental Agreement: Effective July 1, 2004 the hourly rates currently in effect for the Southwest System will increase by half the difference between the Southeast rate and the Southwest rate. Effective July 1, 2004, non-resident employees in the Junior Engineer classification shall have fifty two cents (\$0.52) per hour added to their hourly rate.

Effective July 1, 2005, the hourly rates in effect on June 30, 2004 for all job classifications will increase by six percent (6%).

- B. Health Insurance. (Rule 29) Effective July 1, 2004, and for each year of this agreement, the State contribution for health insurance will be \$852 per employee per month.

- C. Compensation for Loss of Effects. (Rule 10) Effective July 1, 2004, reimbursement for loss of personal effects in the event of shipwreck, stranding, sinking, burning, flooding or collision will increase three thousand dollars (\$3,000.00) to a maximum of five thousand dollars (\$5,0000).

- D. Standard Dress (Rule 32) Effective July 1, 2004, the laundry and uniform allowance will increase by two dollars and eight cents (\$2.08) per pay period to a total of fourteen dollars and fifty-eight cents (\$14.58) per pay period. Chief Pursers, Senior Assistant Pursers, Junior Assistant Pursers, Chief Stewards and Second Stewards and/or other positions required to wear standard navy dress blue uniforms with internationally recognized insignia will be paid an additional two dollars and eight cents (\$2.08) per pay period to a total of eighteen dollars and seventy-five cents (\$18.75) per pay period.

Future Legislative Sessions

Effective July 1, 2006, the hourly rates in effect on June 30, 2005 for all job classifications will increase by six percent (6%).

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

Allows reduced operation of the M/V Fairweather during winter months. The vessel will operate with one crew rather than two crews. The crew will work and be paid for four days as opposed to working and being paid for seven days.

IV. Other Terms of Interest.

Commencing in 2005, service to Angoon, Gustavus, Hoonah, Kake, Tenakee and Felican may be provided without regard to IBU jurisdiction.

Any service not currently provided onboard the vessels may be contracted out.

Crew Requirements. The minimum crewing of each vessel will be no more than that required by the United States Coast Guard. (This eliminates the Union previous rights to the "proper complement personnel").

Dispatch. Work Assignments will be scheduled on a quarterly basis. This has potential to reduce overtime costs and create a more cohesive work force.

cc: All Commissioners

All Administrative Services Directors

Ms: Cheryl Frasca

3

January 26, 2005

Kim Garner, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel



Official Business

Alaska State Legislature

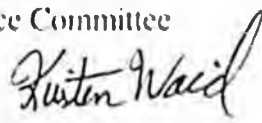
Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email:senate_secretary@legis.state.ak.us

MEMORANDUM

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid 
Secretary of the Senate

SUBJECT: Referral of Monetary Terms Agreement

Date: February 2, 2005

In accordance with AS 23.40.215, President Stevens has referred the following report to your committee:

Report from the Commissioner of the Department of Administration stating the monetary terms for the collective bargaining agreement reached between the Inlandboatmen's Union of the Pacific.

KW/jes
Attachments

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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

January 26, 2005

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capital, Room 208
Juneau, Alaska 99801-1182

Dear Mr. Speaker:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of the monetary terms of the collective bargaining agreement reached between the Inlandboatmen's Union of the Pacific. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Ray Matiashowski
Commissioner

Enclosure

cc: Cheryl Frasca, Director of the Office of Management and Budget



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Memorandum

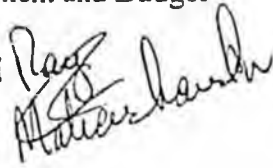
Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management and Budget

Date: January 26, 2005

From: Ray Matiashowski
Commissioner

Phone: 465-5671



Subject: Monetary terms of the July 1, 2004- June 30, 2007 Bargaining
Agreement between the State and the Inlandboatmen's Union of the Pacific.

The Department of Administration has reached a tentative agreement with the Inlandboatmen's Union of the Pacific (IBU). The agreement is pending ratification by union membership; probability of acceptance is good. If approved by the Legislature the terms of this agreement become effective July 1, 2004 and remain in effect through June 30, 2007.

I. Terms Requiring Appropriation.

Current Legislative Session

- A. Wages. (Rule 17) Effective July 1, 2004 the hourly rates currently in effect for all job classifications will increase by seven percent (7%).

Fairweather Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Fairweather will have their wages reduced to the hourly rates found in the Master Agreement which will then be increased by three percent (3%).

Lituya Supplemental Agreement: Upon the effective date of the legislation authorizing the contracts, employees of the M/V Lituya will be paid wages consistent with those in the Master Agreement.

Southwest Supplemental Agreement: Effective July 1, 2004 the hourly rates currently in effect for the Southwest System will increase by half the difference between the Southeast rate and the Southwest rate. Effective July 1, 2004, non-resident employees in the Junior Engineer classification shall have fifty two cents (\$0.52) per hour added to their hourly rate.

Effective July 1, 2005, the hourly rates in effect on June 30, 2004 for all job classifications will increase by six percent (6%).

- B. Health Insurance. (Rule 29) Effective July 1, 2004, and for each year of this agreement, the State contribution for health insurance will be \$852 per employee per month.

- C. Compensation for Loss of Effects. (Rule 10) Effective July 1, 2004, reimbursement for loss of personal effects in the event of shipwreck, stranding, sinking, burning, flooding or collision will increase three thousand dollars (\$3,000.00) to a maximum of five thousand dollars (\$5,0000).

- D. Standard Dress (Rule 32) Effective July 1, 2004, the laundry and uniform allowance will increase by two dollars and eight cents (\$2.08) per pay period to a total of fourteen dollars and fifty-eight cents (\$14.58) per pay period. Chief Pursers, Senior Assistant Pursers, Junior Assistant Pursers, Chief Stewards and Secord Stewards and/or other positions required to wear standard navy dress blue uniforms with internationally recognized insignia will be paid an additional two dollars and eight cents (\$2.08) per pay period to a total of eighteen dollars and seventy-five cents (\$18.75) per pay period.

Future Legislative Sessions

Effective July 1, 2006, the hourly rates in effect on June 30, 2005 for all job classifications will increase by six percent (6%).

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.*

Allows reduced operation of the M/V Fairweather during winter months. The vessel will operate with one crew rather than two crews. The crew will work and be paid for four days as opposed to working and being paid for seven days.

IV. Other Terms of Interest.

Commencing in 2005, service to Angoon, Gustavus, Hoonah, Kake, Tenakee and Pelican may be provided without regard to IBU jurisdiction.

Any service not currently provided onboard the vessels may be contracted out.

Crew Requirements. The minimum crewing of each vessel will be no more than that required by the United States Coast Guard. (This eliminates the Union previous rights to the "proper complement of personnel").

Dispatch. Work Assignments will be scheduled on a quarterly basis. This has potential to reduce overtime costs and create a more cohesive work force.

cc: All Commissioners

All Administrative Services Directors

Ms. Cheryl Frasca

3

January 26, 2005

Kim Gamcro, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel

**COLLECTIVE
BARGAINING
AGREE-
MENTS -
2006**

SFIN

FILE



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email:senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *Kirsten Waid*
Secretary of the Senate

DATE: March 15, 2006

SUBJECT: Report of Monetary Terms

In accordance with AS 23.40.215, President Stevens has referred the following to your committee for review:

Report from the Commissioner of the Department of Administration stating the monetary terms of the arbitration award as a result of a dispute between the State and the Alaska State Employees Association (Health Trust FY06 through FY08).

Attachments

KW:jes

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

March 7, 2006

MAR 14 2006

The Honorable Ben Stevens
Senate President
Alaska State Capitol
Juneau, Alaska 99/01-1182

Dear President Stevens:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office Management and Budget (enclosed), please accept my report of the monetary terms of the arbitration award as a result of a dispute between the State and the Alaska State Employees Association. The Department of Administration has received an arbitration award regarding the contribution amount for employees in the Alaska State Employees Health Trust. The arbitrator interpreted the contractual terms differently from the State's reported interpretation. Consequently, the monetary terms are different from that previously reported for FY 06 through FY 08. Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Scott J. Nordstrand
Commissioner

Enclosure



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Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management & Budget

Date: March 7, 2006

From: Scott J. Nordstrand *M.J.N.*
Commissioner

Phone: 465-5671

Subject: Monetary Terms – Health Contributions

The Department of Administration has received an arbitration award regarding the contribution amount for employees in the Alaska State Employees Health Trust. The arbitrator interpreted the contractual terms differently than the State. Consequently, the monetary terms are different than that previously reported for FY 06. Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval.

I. Terms Requiring Appropriation

Current Legislative Session

The health insurance contribution amount was increased in FY06 by \$78 per eligible employee per month. The arbitrator has concluded that the increase should have been \$82.45 per eligible employee per month effective July 1, 2005. This will also increase the base upon which FY07 and FY08 increases are calculated.

II. Change in State Revenues.

No terms of this arbitrator's award would result in a change to State revenues.

III. Change in Productive Work Hours.

There are no provisions in the arbitrator's award that would change productive work hours.

Please forward to the legislature the foregoing monetary terms in accordance with A.S. 23.40.215.

cc: All Commissioners

All Administrative Services Directors

Kim Garnero, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email: senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *Kirsten Waid*
Secretary of the Senate

DATE: March 15, 2006

SUBJECT: Report of Monetary Terms

In accordance with AS 23.40.215, President Stevens has referred the following to your committee for review:

Report from the Commissioner of the Department of Administration stating the monetary terms for the collective bargaining agreement reached between the State and the Alaska Correctional Officers Association (interest arbitration award).

Attachments

KW:jcs

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

March 7, 2006

MAR 14 2006

The Honorable Ben Stevens
Senate President
Alaska State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organizations. By copy of my memorandum to Cheryl Frasca, Director of the Office of Management and Budget (enclosed), please accept my report of the monetary terms of the collective bargaining agreement reached between the State and the Alaska Correctional Officers Association (ACOA) on behalf of the Correctional Officers established by interest arbitration under AS 23.4200. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215(b).

If I or my staff may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,


Scott J. Nordstrand
Commissioner

Enclosure



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MEMORANDUM

State of Alaska
Department of Administration
Office of the Commissioner

To: Cheryl Frasca
Director
Office of Management and Budget
Office of the Governor

Date: March 7, 2006

From: Scott J. Nordstrand *SNF*
Commissioner

Phone: 465-5671

Subject: Monetary terms of the Collective Bargaining Agreement between the State and the Alaska Correctional Officers Association.

The Department of Administration has received the Interest Arbitration award from the Arbitrator for the Bargaining Agreement of the Correctional Officers represented by the Alaska Correctional Officers Association (ACOA). Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval.

I. Terms Requiring Appropriation

Current Legislative Session

- A. Article 13.13- FTO Pay: new language added- "A bargaining unit employee who is FTO-qualified shall receive a premium of 5% of regular wages for time in conducting scheduled training classes."
- B. Article 21.2- Geographic Differential: new language added- there is now a geographic differential of 5% for Juneau and 8% for Ketchikan.
- C. Article 21.6D- Acting in a Higher Range: new language- "An employee who has received prior written delegation from his/her division director or designee to perform essentially all of the duties of a specific position in a higher pay range than the employee's own shall be paid at the step of the higher range that would be appropriate in case of promotion. Upon commencement of duties in the bargaining unit member's regular position, the bargaining unit member will return to the normal rate of pay."
-The language that was taken out of the contract stated that the employee must be in this acting position for 7 or 15 days (depending on which schedule the member

was on). There is now no requirement that the employee be acting for a certain amount of time.

- D. Article 21.1A- Wages: the current salary schedule will be increased by 4% effective July 1, 2006

Article 21.1- Wages: The parties voluntarily agreed to a new Recruitment and Retention clause for Spring Creek Correctional Center (SCCC). Effective July 1, 2006, there will be a one step pay increase for all CO's at SCCC who have been there one consecutive year. There will be a 2 step pay increase for all CO's who have been there at least 2 consecutive years. Employees who have earned placement at the final step in the range shall receive the equivalent of the appropriate step increase established above. This step is not earned and will not follow them to any other institution.

- E. Article 24.2B- Safety and Health: new language- "When a qualifying member provides proof of having undergone an annual physical, the Employer will reimburse that member for actual, receipted out of pocket expenditures up to two hundred dollars (\$200)."
- F. Article 17.3- Insurance: Effective July 1, 2006, the Employer health insurance contribution shall be eight hundred and thirty eight dollars (\$838) per month per eligible employee.

Future Legislative Sessions

- A. Effective July 1, 2007, the wage schedule provided in Article 21.1 shall be increased by 3%. Effective July 1, 2008, the wage schedule provided in Article 21.1 shall be increased by 3%.
- B. Effective July 1, 2007, ACOA members will receive a floating holiday. Article 19- Holiday: new language added- "The holiday formerly known as Lincoln's Holiday shall be treated as a floating holiday. On February 12 of each year, the member's personal leave account shall be credited with eight hours of personal leave."
- C. Effective July 1, 2007 and July 1, 2008, the Employer health insurance contribution will increase by an amount of money not exceeding that necessary to maintain comparable coverage under the current Select Benefits Default/Economy Plan.

II. Terms of Interest not requiring Specific Approval or Appropriation.

A. Article 25.3- Compensation for I T Travel: This section now only applies when the Prisoner Transportation Officer (PTO) is required to stay overnight during the course of a prisoner transport. If the transport is a one-day trip (even though it may be further than 50 miles), the PTO will be paid (if on a Regular Day Off- RDO) as per the RDO language found in Article 13.11.

III. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

IV. Change in Productive Work Hours.

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

Please forward to the legislature the foregoing monetary terms in accordance with A.S. 23.40.215

cc: All Commissioners

All Administrative Services Directors

Kim Gamero, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email: senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid *Kirsten Waid*
Secretary of the Senate

DATE: March 15, 2006

SUBJECT: Report of Monetary Terms

In accordance with AS 23.40.215, President Stevens has referred the following to your committee for review:

Report from the Commissioner of the Department of Administration stating the amended monetary terms for the collective bargaining agreement reached between the State and the Alaska Correctional Officers Association (interest arbitration award).

Attachments

KW:jes

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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

March 13, 2006

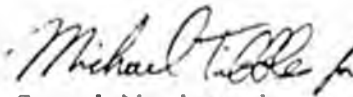
The Honorable Ben Stevens
Senate President
Alaska State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Attached is an amended monetary terms report of the collective Bargaining Agreement between the State and the Alaska Correctional Officers Association. The Arbitration's award led to some confusion and after further analysis, it was determined that there was in fact a change in productive work hours.

If I or my staff may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Scott J. Nordstrand
Commissioner

Enclosure



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MEMORANDUM

State of Alaska
Department of Administration
Office of the Commissioner

To: Cheryl Frasca
Director
Office of Management and Budget
Office of the Governor

Date: March 13, 2006

From: Scott J. Nordstrand *MTJ*
Commissioner

Phone: 465-5671

Subject: Amended Monetary terms of the Collective Bargaining Agreement between the State and the Alaska Correctional Officers Association.

This is an amended monetary terms report. The Arbitrator's award led to some confusion and after further analysis, it was determined that there was in fact a change in productive work hours.

The Department of Administration has received the Interest Arbitration award from the Arbitrator for the Bargaining Agreement of the Correctional Officers represented by the Alaska Correctional Officers Association (ACOA). Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval.

I. Terms Requiring Appropriation

Current Legislative Session

- A. Article 13.13- FTO Pay: new language added- "A bargaining unit employee who is FTO-qualified shall receive a premium of 5% of regular wages for time in conducting scheduled training classes."
- B. Article 21.2- Geographic Differential: new language added- there is now a geographic differential of 5% for Juneau and 8% for Ketchikan.
- C. Article 21.6D- Acting in a Higher Range: new language- "An employee who has received prior written delegation from his/her division director or designee to perform essentially all of the duties of a specific position in a higher pay range than the employee's own shall be paid at the step of the higher range that would be appropriate in case of promotion. Upon commencement of duties in the bargaining unit member's regular position, the bargaining unit member will return to the normal rate of pay."

-The language that was taken out of the contract stated that the employee must be in this acting position for 7 or 15 days (depending on which schedule the member was on). There is now no requirement that the employee be acting for a certain amount of time.

- D. Article 21.1A- Wages: the current salary schedule will be increased by 4% effective July 1, 2006

Article 21.1- Wages: The parties voluntarily agreed to a new Recruitment and Retention clause for Spring Creek Correctional Center (SCCC). Effective July 1, 2006, there will be a one step pay increase for all CO's at SCCC who have been there one consecutive year. There will be a 2 step pay increase for all CO's who have been there at least 2 consecutive years. Employees who have earned placement at the final step in the range shall receive the equivalent of the appropriate step increase established above. This step is not earned and will not follow them to any other institution.

- E. Article 24.2B- Safety and Health: new language- "When a qualifying member provides proof of having undergone an annual physical, the Employer will reimburse that member for actual, receipted out of pocket expenditures up to two hundred dollars (\$200)."
- F. Article 17.3- Insurance: Effective July 1, 2006, the Employer health insurance contribution shall be eight hundred and thirty eight dollars (\$838) per month per eligible employee.

Future Legislative Sessions

- A. Effective July 1, 2007, the wage schedule provided in Article 21.1 shall be increased by 3%. Effective July 1, 2008, the wage schedule provided in Article 21.1 shall be increased by 3%.
- B. Effective July 1, 2007, ACOA members will receive a floating holiday. Article 19- Holiday: new language added- "The holiday formerly known as Lincoln's Holiday shall be treated as a floating holiday. On February 12 of each year, the member's personal leave account shall be credited with eight hours of personal leave."
- C. Effective July 1, 2007 and July 1, 2008, the Employer health insurance contribution will increase by an amount of money not exceeding that necessary to maintain comparable coverage under the current Select Benefits Default/Economy Plan.
- II. Terms of Interest not requiring Specific Approval or Appropriation.
- A. Article 25.3- Compensation for PT Travel: This section now only applies when the Prisoner Transportation Officer (PTO) is required to stay overnight during the course of a prisoner transport. If the transport is a one-day trip (even

though it may be further than 50 miles), the PTO will be paid (if on a Regular Day Off- RDO) as per the RDO language found in Article 13.11.

III. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

IV. Change in Productive Work Hours.

A. Article 13.3- Forty-two hour schedule: The contract now provides that employees who were working a forty (40) hour schedule will now work a forty-two (42) hour schedule with overtime commencing after forty-two (42) hours of work.

Please forward to the legislature the foregoing monetary terms in accordance with A.S. 23.40.215

cc: All Commissioners

All Administrative Services Directors

Kim Garner, Director
Division of Finance

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel

**MESSAGES
FROM THE
GOVERNOR**

SFIN

FILE



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State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email: senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid 
Secretary of the Senate

DATE: January 18, 2006

SUBJECT: Report of Monetary Terms

In accordance with AS 23.40.215, President Stevens has referred the following to your committee for review:

Monetary terms of the arbitration award reached with the Masters, Mates and Pilots, and the Marine Engineers Beneficial Association.

Attachment(s)

KW:jes

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER


FRANK H. MURKOWSKI, GOVERNOR

JAN 17 2006

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

January 11, 2006

The Honorable Ben Stevens
President of the Senate
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear President Stevens:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office Management and Budget (enclosed), please accept my report of the monetary terms of the arbitration award as a result of a dispute between the State and the International Organization of Masters, Mates and Pilots Association and the Marine Engineers Beneficial Association. The monetary terms of this arbitration award must be submitted to the Legislature for approval pursuant to AS 23.40.215, inasmuch as it requires an appropriation for its implementation. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Scott J. Nordstrand
Commissioner

Enclosure



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by Alaska Litho, Inc.

Memorandum

Department of Administration
Office of the Commissioner

To: Cheryl Frasca, Director
Office of Management & Budget

Date: January 11, 2006

From: Scott J. Nordstrand
Commissioner

Phone: 465-5671

Subject: Monetary Term – M/V LeConte

The Department of Administration has received the Arbitration award for the arbitration of the State's use of replacement vessels when the M/V LeConte grounded on Cozian Reef and was subsequently out for repairs. Pursuant to A.S. 23.40.215, the monetary terms of the award require legislative approval, inasmuch as an appropriation is required for a payment made directly to the grieving unions.

I. Terms Requiring Appropriation

Current Legislative Session

Monetary damages payable to the Masters, Mates and Pilots' Association in the amount of \$317,500.61.

Monetary damages payable to the Marine Beneficial Engineers' Association in the amount of \$19,964.60.

II. Change in State Revenues.

No terms of this agreement would result in a change to State revenues.

III. Change in Productive Work Hours.

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

Please forward to the legislature the foregoing monetary terms in accordance with A.S. 23.40.215

cc: Mike Barton, Commissioner
Department of Transportation
and Public Facilities

Nancy Slagle, Director
Administrative Services
Department of Transportation and
Public Facilities

Ms. Cheryl Frasca
Kim Garnero, Director
Division of Finance

2

January 11, 2006

Art Chance, Director
Division of Labor Relations

Mila Cosgrove, Director
Division of Personnel



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Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182

Phone: (907) 465-3701

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Email: senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Green, Cochair
Senator Wilken, Cochair
Senate Finance Committee

FROM: Kirsten Waid 
Secretary of the Senate

DATE: January 18, 2006

SUBJECT: Report of Monetary Terms

In accordance with AS 23.40.215, President Stevens has referred the following to your committee for review:

Report from the Commissioner of the Department of Administration stating the monetary terms reached between the State and the Alaska State Employees Association in the class action grievance filed on behalf of the Certified Nurse Aides and the Assisted Living Aides.

Attachment(s)

KW:jcs

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

January 11, 2006

FRANK H. MURKOWSKI, GOVERNOR

JAN 17 2006

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

The Honorable Ben Stevens
President of the Senate
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear President Stevens:

I am required by the Public Employment Relations Act (AS 23.40.070-260) to report the monetary terms of any agreement reached with an employee organization. By copy of my memorandum to Cheryl Frasca, Director of the Office Management and Budget (enclosed), please accept my report of the monetary terms of the settlement agreement reached between the State and the Alaska State Employee Association in the class action grievance filed on behalf of the Certified Nurse Aides and the Assisted Living Aides. The monetary terms of this agreement must be submitted to the Legislature for approval pursuant to AS 23.40.215, inasmuch as an appropriation is required for implementation. In the interest of maintaining harmonious relations, I respectfully request that the Legislature approve the monetary terms of this agreement pursuant to AS 23.40.215 (b).

If my staff or I may answer any questions or provide further information, please do not hesitate to call me.

Sincerely,



Scott J. Nordstrand
Commissioner

Enclosure