



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
Pat Pitney, Director

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May 9, 2018

The Honorable Anna MacKinnon
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Paul Seaton
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Neal Foster
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 410
Juneau, AK 99801-1182

Re: FY2019 Budget Amendment related to Labor, Trades, and Crafts Unit Contract

Dear Finance Committee Co-Chairs,

Enclosed, please find an FY2019 operating budget amendment for the Public Employees Local 71 – Labor, Trades, and Crafts (LTC). On May 9, 2018, the Administration and Public Employees Local 71 – Labor, Trades and Crafts Unit signed a tentative agreement.

With legislative approval, this agreement will be effective July 1, 2018. The negotiated contract does not result in a raise but does result in a pay increase through increasing work hours to 40 hours per week from the current 37.5 hours, starting on October 1, 2018. The contract also mandates two furlough days in the first year of the agreement, flattens the pay schedule after step “N” from two years between pay increments to three years, and requires increased state contributions to the union health trust.

Health insurance contributions will increase from \$1,432 to \$1,503 per member per month in FY2019. Contributions will increase to \$1,530 in FY2020, and to \$1,555 in FY2021.

The increased cost of the extended workweek for October 1, 2018 through June 30, 2019, as well as the health insurance contributions, is \$7.3 million, of which \$2.5 million is unrestricted general funds. This is a 4% increase on the current \$150 million personnel services budget associated with the 1,780 LTC positions. An additional increment of approximately \$2.3 million will be required in FY2020 to provide funding for a full year at 40 hours.

Attached, along with the proposed amendment, is a summary of the effect of the monetary terms on the state operating budget. Detailed information by appropriation and allocation will be transmitted directly to the Division of Legislative Finance.

Thank you for your consideration of this budget amendment.

Sincerely,



Pat Pitney
Director

Enclosures

1. FY2019 Budget Amendment Backup

cc: David Teal, Director, Legislative Finance Division
Darwin Peterson, Director, Governor's Legislative Office

FY2019 Operating Amendments to
HB 286 / SB 142

Line	Back-up Page	Bill Number	Bill Section	Bill Page	Bill Line	Department	Component	Lang	Description	Unrestricted General Funds (UGF)	Designated General Funds (DGF)	Other Funds	Federal Funds	Total	Fund Source
1	1	HB286 / SB142	New	New	New	Various	Various		Public Employees Local 71 (LTC) - Monetary Terms Change in workweek from 37.5 hours to 40 hours per week with compensation for additional hours worked (starting October 1, 2018). Monthly health insurance contribution for LTC members will increase from \$1432 to \$1503.	\$2,527.2	\$881.7	\$3,542.1	\$320.7	\$7,271.7	Various - See Backup
2	5	HB286 / SB142						Y	Salary and Benefit Adjustments Amend the salary and benefit adjustment section for terms included in this amendment request. This section makes the salary adjustments contingent on ratification by the collective bargaining unit.						
4	Funding Summary									\$2,527.2	\$881.7	\$3,542.1	\$320.7	\$7,271.7	
5	Total of FY2019 May 9 Amendments									\$2,527.2	\$881.7	\$3,542.1	\$320.7	\$7,271.7	

UGF/DGF/Other/Fed Summary by Department (1088)
Alaska Public Employees Association - Supervisory Unit Monetary Terms

Scenario: FY2019 Governor Amended May 9 (14945)

Department	UGF	DGF	Other	Federal	Total	PFT	PPT	NP Positions	Total
Department of Administration	66.5	0.0	0.0	0.0	66.5	0	0	0	0
Department of Corrections	501.6	10.6	0.0	46.5	558.7	0	0	0	0
Department of Environmental Conservation	14.1	4.1	0.0	15.2	33.4	0	0	0	0
Department of Fish and Game	11.9	0.0	7.3	31.5	50.7	0	0	0	0
Department of Health and Social Services	439.5	149.6	125.4	11.8	726.3	0	0	0	0
Department of Labor and Workforce Development	5.7	88.0	66.8	34.2	194.7	0	0	0	0
Department of Military and Veterans Affairs	101.9	0.0	25.7	164.6	292.2	0	0	0	0
Department of Natural Resources	68.7	28.3	7.4	0.0	104.4	0	0	0	0
Department of Public Safety	55.6	0.0	5.1	0.0	60.7	0	0	0	0
Department of Transportation/Public Facilities	1,261.7	601.1	3,304.4	16.9	5,184.1	0	0	0	0
Total:	2,527.2	881.7	3,542.1	320.7	7,271.7	0	0	0	0

FY19 OPERATING BUDGET AMENDMENT

OFFERED IN: The Finance Committee

TO:

OFFERED BY:

DEPARTMENT: Various

APPROPRIATION: Various

ALLOCATION: Various

ADD:

1002 Federal Receipts (Fed)	320.7
1003 General Fund Match (UGF)	81.7
1004 General Fund Receipts (UGF)	2,250.5
1005 General Fund/Program Receipts (DGF)	219.4
1007 Interagency Receipts (Other)	358.1
1024 Fish and Game Fund (Other)	2.3
1026 Highways/Equipment Working Capital Fund (Other)	744.1
1027 International Airport Revenue Fund (Other)	1243.7
1037 General Fund / Mental Health (UGF)	195.0
1052 Oil/Hazardous Prevention/Response Fund (DGF)	4.1
1061 Capital Improvement Project Receipts (Other)	1,022.2
1076 Marine Highway System Fund (DGF)	21.6
1108 Statutory Designated Program Receipts (Other)	19.4
1157 Workers Safety and Compensation Administration Account (DGF)	31.1
1172 Building Safety Account (DGF)	31.9
1200 Vehicle Rental Tax Receipts (DGF)	24.3
1239 Aviation Fuel Tax Revenue (Other)	108.5
1244 Rural Airport Receipts (Other)	43.8
1249 Motor Fuel Tax Receipts (DGF)	549.3


Total 7,271.7

EXPLANATION: The State of Alaska Department of Administration has reached an agreement on a three-year contract with the Public Employees Local 71 (representing the Labor, Trades, and Crafts Unit) covering the period of July 1, 2018 through June 30, 2021. There is an increase of \$6,045.4 (\$2,091.4 UGF) for the change from a 37.5 hour work week to a 40 hour workweek from October 1, 2018 through June 30, 2019. There is also an increase of \$1,226.3 (\$435.8 UGF) for state contributions to the union health trust. Rates will increase from \$1,432 to \$1,503 per member per month.



Memorandum

To: Pat Pitney, Director
Office of Management and Budget
Office of the Governor

From: Leslie Ridle 
Commissioner

Date: May 9, 2018

Subject: Monetary terms of the July 1, 2018, to June 30, 2021, Collective Bargaining Agreement between the State and Public Employees Local 71 - Labor, Trades and Crafts Unit.

The Department of Administration has concluded the negotiations process with the Labor, Trades and Crafts Unit. If approved by the Legislature the monetary terms of this agreement become effective July 1, 2018, and remain in effect through June 30, 2021 unless otherwise noted below.

I. Terms Requiring Appropriation.

Current Legislative Session

Effective July 1, 2018, the employer health premium contribution shall increase \$71.00 per month, per member for a total monthly contribution of \$1,503.00.

Effective October 1, 2018, all employees will have a forty (40) hour workweek and shall be paid for those hours.

Future Legislative Sessions

Effective July 1, 2019, the employer health premium contribution shall increase \$27.00 per month, per member for a total monthly contribution of \$1,530.00.

Effective July 1, 2020, the employer health premium contribution shall increase \$25.00 per month, per member for a total monthly contribution of \$1,555.00.

II. Change in State Revenues.

Employees hired on or after July 1, 2019, will pay higher rent when living in State Owned/Controlled housing units.

III. Change in Productive Work Hours.

Every full-time employee will have a forty (40) hour workweek.

Every permanent full-time employee will be required to take sixteen (16) hours of furlough in the first year of the agreement.

Employees within five years of retirement may elect to forfeit twenty-two and one-half (22.5) hours of leave in lieu of furlough.

IV. Terms addressing employee compensation, not requiring appropriation.

Effective July 1, 2018, employees at pay increment "N" and beyond will be required to serve three years at each pay increment step, rather than two years.

Effective October 1, 2018, employees' leave accrual rates will be increased commensurate with an increase to a forty (40) hour workweek.

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.

Enclosure: Tentative Agreement

cc: Representative Bryce Edgmon, Speaker of the House, Alaska State Legislature
Senator Pete Kelly, Senate President, Alaska State Legislature
Representative Paul Seaton, Finance Co-Chair, Alaska State Legislature
Senator Lyman Hoffman, Finance Co-Chair, Alaska State Legislature
Commissioners
Administrative Services Directors
Colleen O'Sullivan, Director, Division of Finance
Kate Sheehan, Director, Division of Personnel and Labor Relations

FY2019 Operating Budget Amendment

Amend section 22(a) to read:

*** Sec. 22. SALARY AND BENEFIT ADJUSTMENTS.** (a) The operating budget appropriations made in this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2019, of the following ongoing collective bargaining agreements:

- (1) Alaska State Employees Association, for the general government unit;
- (2) Alaska Vocational Technical Center Teachers' Association, National Education Association, representing the employees of the Alaska Vocational Technical Center;
- (3) Confidential Employees Association, representing the confidential unit;
- (4) Public Safety Employees Association, representing the regularly commissioned public safety officers unit.
- (5) Alaska State Employees Association, for the supervisory unit;
- (6) Public Employees Local 71, for the labor, trades, and crafts unit;**

(b) If a collective bargaining agreement listed in (a) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made in this Act applicable to the collective bargaining unit's agreement are adjusted proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are adjusted accordingly.