



Alaskans Working For Alaska!

2601 C Street, Anchorage, Alaska 99503 • Phone (907)277-5200 • Fax (907)277-5206

E-mail: aseahq@afscmelocal52.org • Website: www.afscmelocal52.org

February 20, 2019

Kelly Tshibaka
Commissioner
Department of Administration
State of Alaska
550 W. 7th Avenue
Anchorage, AK 99501

Re: API Class Action, Step II Grievance, ASEA Case No. A2019-G-009

Dear Commissioner Tshibaka:

Pursuant to Article 16 of the collective bargaining agreement between ASEA and the State of Alaska, ASEA is herein submitting a Step II class action grievance on behalf of every single bargaining unit member employed by the State at API. A listing of the Grievants and their respective job classes are attached hereto as Exhibit 1.

Article 13.01(B) of the contract between the parties provides as follows:

Decisions to contract out shall be made only after the affected agency has conducted a written feasibility study determining the potential costs and benefits that would result from contracting out the work in question. The study shall include all costs associated with contracting out the work in question including, but not limited to, wages, benefits, administrative costs, agency overhead, program supervision, and audits.

Article 13.01(C) of the contract provides:

- 1). The Employer shall notify the Union of its final decision regarding contract out. A copy of the study will be provided to the Union.
- 2). If the Employer decides to contract out and such contracting out will result in the displacement of employees, the Employer shall provide the Union with no less than thirty (30) calendar days' notice that it intends to contract out bargaining unit work. The notification by the Employer to ASEA of the results of the feasibility study will include all information on which it based its decision to contract out the work, including the total cost savings the Employer anticipates.
- 3). The union may then submit an alternate plan that is to include potential costs and benefits. During this thirty (30) day calendar period the Employer shall not release any bids and ASEA shall have the opportunity to submit an alternate plan that will be given full consideration by the Employer. During this thirty (30) day calendar day

period, the Union shall have the opportunity to discuss the placement of affected employees.

Given the events of the past week, it is not an understatement to say the State has blatantly violated its obligations under Article 13 of the collective bargaining agreement.

On Friday, February 8, 2019, DHSS Commissioner, Adam Crum, announced the State had received a sole source bid and had entered into a contract with Wellpath Recovery Solutions to take over administration of API and to transition the hospital to the private sector effective July 1, 2019. The contract between the State and Wellpath not only contemplates full privatization by July 1, 2019 but also hiring numerous Wellpath employees to fill bargaining unit positions before that date to make the hospital fully operational. Further, in the FY 2020 budget released on Wednesday, February 13, 2019, the Governor proposes deletion of every single position at API including at least 218 positions occupied by GGU members represented by ASEA.

In other words, the State has decided to contract out bargaining unit work before conducting the feasibility study required under Article 13 and received a sole source bid and entered into a contract with Wellpath Recovery Solutions before giving ASEA any opportunity to present an alternate plan.

Moreover, the State has decided to contract out bargaining unit work despite the fact the only feasibility study that exists at the current time, completed exactly two years ago, shows full privatization would cost the State more money and would likely diminish the quality of service delivery. A copy of that feasibility study is attached hereto as Exhibit No. 2.

At the news conference, Commissioner Crum justified the move to privatization on the basis of an emergency – poor service delivery as reflected in a recent investigation by his own Department's Health Care Services Division. At the outset, however, there is no emergency exception to the State's obligation to comply with Article 13 of the collective bargaining agreement.

More importantly, poor service delivery has been the result of years of chronic mismanagement of API. This includes, but is not limited to, underfunding, understaffing, and a lack of consistency and direction at the highest levels in State government. Notably, the current administration has contributed to this mismanagement getting rid of the CEO at API less than three weeks after taking office in December, 2018 as well as firing two staff Psychiatrists, one of whom was the Chief Psychiatrist, for failing to pledge loyalty to the new Governor. In other words, at the moment API was attempting to get back on its feet, the new administration crippled it even further. Coincidentally, it crippled API at the same time it began negotiations with the company that was awarded the single bid sole source contract to completely privatize the facility six weeks later when Commissioner Crum declared the existence of an emergency.

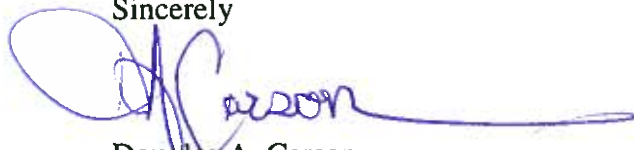
Poor service delivery as the result of chronic mismanagement, however, does not justify privatization of the entire facility. To the contrary, it actually demands correction of the

management dysfunction first including appropriation of sufficient funds to hire competent management and sufficient staff to allow the hospital to function properly. Only then can the State conduct a feasibility study to determine the costs and benefits of contracting out the entire facility to a private contractor.

Given the current administration has participated in the mismanagement of API and given that they entered into negotiations with Wellpath Recovery Solutions before the alleged emergency occurred, the feasibility study required under Article 13 must be conducted by an independent outside third party with the expertise to conduct such studies. Further, until such time as a proper feasibility study is conducted and the State complies with the remainder of its obligations under Article 13, the portion of its contract with Wellpath Recovery Solutions that privatizes API effective July 1, 2019 must be held in abeyance. Similarly, until such time as the State complies with its obligations under Article 13, anyone hired to fill bargaining unit positions must be hired as State employees.

In accordance with Article 16.09 of the contract between the parties, ASEA seeks expedited arbitration in this matter.

Sincerely

A handwritten signature in blue ink, appearing to read "D. Carson", with a long horizontal flourish extending to the right.

Douglas A. Carson
Business Agent

Encs.

C. w/encs: Labor Relations



Step II
State Case # _____
Union Case # A19-G-009

**STATE OF ALASKA
GRIEVANCE FORM**
(Attach copies of previous step forms)
BARGAINING UNIT GGU
CONTRACT YEAR (S) 2016-19

- 1. Name of Grievant All GGU members at API 2. Employee ID # On File
- 3. Mailing Address c/o ASEA, 2601 Denali Street, Anchorage, AK 99503
- 4. Job Class All GGU job classes at API 5. Location Anchorage
- 6. Department/Division/Vessel/Crew DHSS/DBH/API
- 7. Discussed with supervisor on _____
- 8. Does grievance stem from contract violation? Yes

If so, what provision(s) Article 13, covenant of good faith and fair dealing.

9. Nature of Grievance

See cover letter.

When did this occur? 02/08/2019

10. Relief Sought

See cover letter.

02/20/2019
Date

[Signature]
Authorized Submitter Signature (refer to contract)

11. Name and Title of Respondent _____

12. Date Received _____ 13. Remarks _____

14. Decision _____

Date Respondent Signature