

Tentative Agreement on Job Security & Cost-Savings

Job Security

For those bargaining units who agree to new contracts or contract extensions, job security (no layoffs) for permanent employees through 6/30/11

Applicable only to those hired prior to 7/1/09:

- Covers permanent full-timers, and part-timers working half-time or more; and
- Does not prevent the State from noticing layoffs if restructuring and eliminating positions, provided those affected "bump" or transfer to another comparable job.
- No one covered under these provisions hits the streets.

Changes In Overall SEBAC Agreement (Pension & Healthcare):

Retirement Incentive Program

Retirement Incentive Program (RIP) for full and part-time employees, with enrollment through 6/30/09:

- Age 55 with 10 years of service; or
- Working in hazardous duty with 20 years of actual service;
- Employees in the State Employees Retirement System (SERS) receive credit for 3 years of retirement;
- Payment of accrued and unused vacation and/or sick leave shall be paid as follows: 1/3 of payment due shall be paid 7/1/2012, 1/3 of payment due shall be paid 7/1/2013, and 1/3 of payment due shall be paid 7/1/2014.

Active Healthcare (Effective July 1, 2009)

The following are the changes in active employee health benefits negotiated through SEBAC:

- Prescription co-pays:
 - \$5 for generic;
 - \$10 for preferred brand name;
 - \$25 for other brand name (about 15% of prescriptions);
 - With medical report, non-preferred brand at \$10 co-pay, not \$25;
 - Phase in time to allow current users of non-preferred brand to change, or get medical report to continue using non-preferred brand at \$10 rate if medically necessary; and
 - Strengthen current mandatory generic substitution by requiring doctor to certify that brand is medically necessary to get favorable co-pay treatment.
- Health Insurance Premium cost sharing (Single/Family/Employee +1/FLES) -
 - Premium shares increased \$13.46 per pay period (\$350 per year)
- Close Preferred Plan to new entrants -
 - Actives and retirees (who leave after 6/30/09) may not switch in any future open enrollment; and
 - Future retirees may select plan only if enrolled as an active employee at retirement.
- Co-pays on routine preventive care decreased as follows:
 - Continue free well child care;
 - Adult physical examinations per carrier/plan schedule - decreased to \$5; and
 - Routine gynecological examinations – decreased to \$5, including examinations and pap smear per carrier/plan schedule.

Pension

- Deferral of State's contributions to SERS and Other Post Employment Benefits (OPEB) of \$128 million over two years to assist with fiscal crisis.

Retiree Healthcare:

- No change in rules for healthcare premiums for retirees.
- For direct retirees hired on or after 7/1/09 (Tier IIA), 10 years actual state service required for retiree healthcare;
- No change in rules for disability retirees or in "SEBAC 5" language concerning impact of layoff or expectation of continued employment;

Qualifying for deferred vested healthcare benefits (those who leave state service and do not immediately retire)–

- "Rule of 75" for retiree healthcare for deferred vested retirees only
 - For all new employees and current employees who have less than 10 years of actual State service as of 7/1/09;

Future Retiree Healthcare Investment

- Active employees contribute 3% towards retiree healthcare during first 10 years of employment –
 - **Effective July 1, 2009 for new hires**
 - **Effective July 1, 2010 for employees with less than 5 years or service** , but with credit for years already worked;
 - Contributions are refundable -
 - Refunds for those who leave prior to 7/1/12 payable after 7/1/12 with 3% interest from date of separation until receipt; and
 - Made in 3 installments if refund exceeds \$5,000.
- Contributions are pre-tax into a retiree healthcare trust fund
 - Contributions prior to 7/1/13 available to reduce budgeted general fund payments to retiree health care;

Other Changes

- Voluntary leaves and voluntary schedule reductions liberalized; and
- Second round of 5-year SCOPE audits effective 7/1/11.
- Later budget crisis -- If a deeper deficit develops after agreement is ratified and a new biennial budget has been adopted, State could make further temporary reductions in pension contributions and delay SCOPE audits to 7/1/12. This which would not affect benefits or cause any layoffs or reductions in force.

Contracts-See Tentative Agreement Summary of Changes to NP-2

Proposed contracts through 6/30/12 for all members whose union contracts were opening up in the next two years, and allows for extensions for unions with settled agreements.

NOTE: *SEBAC's agreement required the State to offer contracts to each constituent unit. No unit was required to accept that offer. Currently approximately 25 of the state's 28 bargaining units have reached tentative agreements, but several units (with previously negotiated contracts through 6/30/11) have not reached tentative agreement on an extension. Units which have not yet reached agreements would not be accepting the wage freeze or furlough days reflected below, but also would not be extending their agreements, or be eligible for the job security provided by the tentative agreement.*