

- **Summary of Key Provisions of Tentative Agreement on Job Security & Cost-Savings**

**Changes Tied to Individual Bargaining Unit Contracts:**

- **Contracts**

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.*

Financial parameters include:

- **2009-10:**
  - "Hard freeze" for most higher education units and in any unsettled contracts –
    - No general wage increases (GWI), annual increments (AI) or lump sum<sup>1</sup>;
  - Those with previously settled contracts may take "hard freeze" or "soft freeze" –
    - No GWI; and
    - Choose whether to receive AI or previously negotiated top step bonus that year or the next year.
  - Corrections (NP-4) arbitration award AIs provided on time.
- **2010-11:**
  - For units that took a hard freeze in FY 2010 -
    - Those with settled contracts for 2009-10 "slide" those increases into 2010-11; and
    - Those with no contract –
      - Follow pattern of 2.5% GWI, provided on time;
      - AIs delayed 3 months; and

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<sup>1</sup> Some units may choose to delay an increment in 2009-10 to pay for all - or if the savings are insufficient - part of a lump sum in 2010-11, or *visa versa*

- Top step bonuses (in units that have them) delayed 3 months.
  - Units that took soft freeze in FY 2010 receive GWI given up that year.
- **2011-12:**
  - Units that were previously settled for FY 2011 receive their GWI, increment, and lump sums in FY 2012.
  - Units not previously settled for FY 2011 receive 2.5% GWI on time, plus increment delayed 3 months, along with lump sum, if they have one.
- **2012-13:**
  - Any unit which had a settled contract in FY 2012 would receive that raise and increment in FY 2013.
- Furlough days or equivalent -
  - One day to be taken prior to 6/1/09;
  - Three days to be taken in each of the next two fiscal years;
  - Qualification of equivalent to be discussed –
    - Treated like voluntary schedule reduction;
    - Where possible, State offices closed for long weekends;
  - Where state offices not closed, bargaining units may take delays in AIs in lieu of furlough day(s) or find other ways to produce equivalent savings.
- **Job Security**

For those 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 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.

### **Changes In Overall SEBAC Agreement:**

- **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;
- Comparable credit for employees in Teachers Retirement System (TRS);

- \$6,000 incentive for employees in Alternate Retirement Program (ARP) (*Comptroller will also procure new life annuity option for ARP participants at retirement*); and
- ARP and sick/vacation payouts deferred, paid in 3 installments from 2012-14.

- **Active Healthcare**

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.
- Premium cost sharing -
  - Premium shares increased \$13.46 per pay period (\$350 per year)
- Close Preferred Plan to new entrants, except:
  - Those actives and retirees currently in preferred plan may remain in the plan;
  - Future retirees may select plan only if enrolled in the preferred plan as an active employee at retirement, or if retiring under the 2009 RIP.
- 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 employees who go directly into retirement, 10 years actual State service required for retiree healthcare –
  - Change only affects employees hired after 7/1/09;
- For employees leaving State service **before retirement age** only, "Rule of 75" required for retiree healthcare –
  - Change applies to all new employees and current employees who have less than 10 years of actual State service as of 7/1/09;
- No change in rules for disability retirees or in "SEBAC 5" language concerning impact of layoff or expectation of continued employment;
- Active employees contribute 3% towards retiree healthcare during first 10 years of employment –
  - Effective 7/1/09 for new hires
  - Effective 7/1/10 for employees with less than 5 years of service, but with credit for years already worked;
  - Contributions are refundable –
    - Contributions are pre-tax into a retiree healthcare trust fund; and
  - Contributions prior to 7/1/13 available to reduce budgeted general fund payments to retiree health care.

- **Other Changes**

- 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.