****

**STATE OF CONNECTICUT**

***OFFICE OF POLICY AND MANAGEMENT***

**Office of Labor Relations**

**May 19, 2011**

## General Notice 2011-08

## TO: Labor Relations Designees

**SUBJECT: Synopsis of Tentative SEBAC Agreement**

Attached to the email transmitting this OLR General Notice is the framework of the tentative 2011 SEBAC Agreement. We will be developing and writing a tentative agreement which will be voted on by bargaining unit members. As soon as that tentative agreement is signed, we will forward a copy to you.

The following is a brief outline of the framework which we thought would be helpful to you. If there is any difference between the outline and the terms of the tentative agreement, the agreement controls.

1. **Hard Wage Freeze – FY 2012 and FY 2013**

No represented state employee would receive **any** increase in salary for either of the next two fiscal years, (**no** general wage, step increase, annual increment, lump sum bonus payment for individuals who were at top step, no merit increase or similar payment). Merit payments would be made to members of P3A in accordance with their contract. Promotions could occur as approved and in accordance with contractual and statutory provisions.

1. **Salary Increases - FY2013-14, FY 2014-15 and FY2015-16**

Provide Three Percent (3%) plus step increases or their equivalent in those units with them.

1. **Funds and other payments**

All other funds (e.g., tuition) and other wage payments would continue at current amounts (e.g., shift differential, allowances, etc.) presently in the respective collective bargaining agreement. Current collective bargaining agreements are extended until 6/30/16.

1. **Longevity**

Individuals first hired into a bargaining unit on or after 7/1/11 (military exception) shall never be entitled to a longevity payment. In units with capped longevity (Executive Branch, generally), the 10/11 payments shall not be made. No increases in amounts or eligibility will be made for the 7/1/11 – 6/30/13 period. Units with Uncapped longevity will be negotiated separately.

1. **Health Care Changes**
   1. **Plan Changes for Value Added and Standard Plan:** $35 Emergency Room copay; certain cost savings changes wherein individuals would have to get preauthorization before a second MRI would be paid for, etc.
   2. **Value Added health and dental -** Provide a Value Added health and dental care plan under which individuals and their families could chose to participate and agree to follow all plan and physician recommended physicals, disease management protocols and diagnostic testing. Failure to comply would result in the individual and their families being placed in the Standard plan with the cost increase. The cost for the Value Added plan would be the same as the current plan plus any scheduled experience determined increases. Under the Value Added Dental Plan, members and their covered dependents would have to commit to two (2) cleanings per year. Value Added dental provides periodontal coverage at no cost to the employee.
   3. **Standard health and dental** - If the employee chose not to participate in the Value Added Plan their cost for health care would be the same as calculated in the first year for Value added (including any scheduled experience determined increases), plus an additional $100.00 per month. There would also be a $350 Medical Deductible per year per individual.
   4. **Value Added for Retirees –** Voluntary for current Retirees; Mandatory for individuals who retire after 9/1/11. If new retirees elect the Standard Plan, cost is an additional $100 per month. There would also be a $350 Medical Deductible per year per individual.
   5. **Pharmacy Copays for Active Employees and New Retirees, retiring after 9/1/11:** Increase to $5, $20 and $35 for non maintenance drugs.
   6. **Mandatory Mail** **Order -** maintenance drugs for active employees, future retirees and current retirees under 65 must be ordered through the mail. Voluntary for current retirees over 65 (mandatory once enrolled).
   7. **Minimum Service for Retiree Medical** – Increase to 15 years of actual state service for Normal, Early Retirement and HD Retirement effective for retirements after 9/1/11 with continuation of Rule of 75 for Deferred Vested. There would be a phase in for certain current employees so that they will be governed by the present provisions in most cases.
   8. **Healthcare premiums for Individuals Electing Early retirement** – Individuals who retire before they are eligible for Normal Retirement will have to pay the cost of retiree healthcare in accordance with a grid established by parties in consultation with the actuary until the earlier of the time they would have been eligible for Normal Retirement or age 65. Those individuals who had 25 years of service as of 7/1/11 and retire before 7/1/13 will not have to pay for retiree health care in accordance with the grid. Provided, however if they elect the Standard health care plan or make another election of coverage which would require a contribution.
   9. **Contribution for Retiree health care** - Increase the Employee Contribution to 3% for Retiree health care trust fund for all employees (not just new employees) phased in beginning 7/1/13. .5% effective 7/1/13; 2% effective 7/1/14 and 3% effective 7/1/15. These payments would be made for ten (10) years or until retirement, whichever is less. The State would begin matching employee contribution and depositing the amount into the trust fund effective July 1, 2017.
   10. **Tobacco Cessation and Obesity Program** – A new program would be available to employees that would aid them to stop smoking and lose weight. The details of these programs will be forthcoming.
2. **Pension Changes**
3. Cap salary that can be considered as part of an individual’s pension benefit as provided under the Internal Revenue Code
4. Change the minimum COLA for individuals who retire after 9/1/11 from 2.5% to 2.0% with the highest amount going from 6.0% to 7.5%
5. Change the Early retirement reduction factor from 3% to 6% for each year before eligible to take Normal Retirement for retirements after 9/1/11
6. For current employees who retire on or after 7/1/2022, Normal Retirement eligibility increases from Age 60 and 25 YOS or Age 62 and 10 YOS to Age 63 and 25 YOS or Age 65 and 10 YOS. By 7/1/13, present employees may elect to pay the actuarial pension cost of maintaining the normal retirement eligibility that exists in the present plan which is scheduled to change effective July 1, 2022.
7. New Tier III for individuals hired after 7/1/11, Normal Retirement eligibility Age 63 and 25 YOS or Age 65 and 10 YOS and salary based on Final five year average; HD 20 Years of HD service and age 50 or 25 Years of HD Service regardless of age and pension based on final five year average pay; Early Retirement Age 58 and 10 YOS; Ten year cliff vesting.
8. Provide the availability of individuals in the Alternate Retirement Plan to switch to a Hybrid-Defined benefit/Defined contribution type plan. The individual will have to pay the full actuarial cost.
9. **Job Security –** No layoff of permanent bargaining unit employees in Executive Branch units until 6/30/2015. Job security will be separately negotiated with Higher Education and Non Executive Branch Units. Exceptions: Individuals hired after 7/1/11, temporary or durationalemployees, or part timeemployees not entitled to health insurance, employees with a fixed end date of employment, non renewal of employees and grant funded positions. Employees can be moved into comparable positions with increased flexibility as to location or trained for other positions in accordance with the Placement and Training Agreement.
10. **Labor Management committees**
    1. Reestablishment of the Innovations Committee
    2. IT Committee headed up by the CIO to consider IT changes, reducing utilization of consultants, etc.
    3. Statewide Labor Management Committee to consider ideas of employees to save money and create efficiencies.

If the Tentative Agreement is ratified, the Pension and Health care changes will be extended to nonrepresented employees.

Agency Labor Relations Designees with questions may contact the Office of Labor Relations at 418-6447.

# Linda J. Yelmini

Linda J. Yelmini

Director of Labor Relations