



2017 SEBAC

The Starting Point

The State has a significant budget crisis. Our unions face attacks on collective bargaining over:

- Wages/Longevity;
- Healthcare;
- Pensions; and
- Retirement Benefits.

The Starting Point

Items SEBAC leaders said were non-negotiable:

- Extension of SEBAC 2022 to 2027 – to preserve collective bargaining;
- Job security;
- Privatization protection; and
- No significant changes to retirement during the life of the current agreement.

All 4Cs Members Will Vote on Two Items

1. 4Cs Contract Vote – determines wages, longevity, pools of money, and language changes.
2. SEBAC Vote – determines negotiated changes to pension and healthcare.

Contract Vote

Wages/Longevity

Wages 0 - 0 - 0* - 3.5 - 3.5

- Job protection through 7/1/2021;
- Year 1 will end on June 30, 2017:
 - *The fight for first year “0” changed when budget deficit increased by \$1.5B; and*
 - ** Year 3 has a \$2000 July bonus, or \$1000 + top step bonus for those eligible.*
- Years 4 and 5 include increments & top step bonuses; and
- Promotion dollars can still be awarded during frozen years.

Contract Vote Wages/Longevity

Longevity – One time delay

- 2017 Longevity payments will be on time
- 2018 Spring Longevity payment delayed until July

Three Furlough Days 7/1/2017-6/30/2018

Contract Vote Wages/Longevity

What does a 'Yes' vote mean?

Contract 'Yes' votes = wage structure discussed, delayed longevity in 2018, 3 furlough days, and 4 years of job security

What does a 'No' vote mean?

Contract 'No' votes = possible arbitration for wages and pools of money, and NO job security

Pension, Healthcare,
and Retirement –
SEBAC Items
[Second Vote]

SEBAC [Second Vote]

Pension – SERS, ARP, Hybrid

- SERS All Tiers – contribution increase by 1.5% starting July 1, 2017. Delayed payment optional:
 - Members may cover this cost by “borrowing” the 1.5% from current 3% Retiree Health Contributions; &
 - Return payment is an additional 0.5% for 4 years starting 7/1/2019.

[continued]

SEBAC [Second Vote]

Pension – SERS, ARP, Hybrid

- SERS All Tiers – additional contribution increase by 0.5% starting July 1, 2019.
- No changes to stipend, overtime rules, or Teachers Retirement Board.
- ARP – State contribution 7.25%, employee 5% (can add .75%) starting 7/1/2017. State contribution 7%, employee 6% starting 7/1/2019

SEBAC [Second Vote]

Pension – COLA

- COLA – effective 7/1/2022 new retirees will receive 1st cola payment 30 months from retirement date (unless CPI [consumer price index] is over 5.5%);
- COLA calculation formula - effective 7/1/2022, formula is CPI, even under 2%, over 2% current rules apply; and
- Disability Retirees – must apply for Social Security.

SEBAC [Second Vote]

Healthcare

- 3% Contribution to Retiree HealthCare for all current State employees, unchanged. Those already contributing are done in 10 years;
- Increase in Premium Share (cost of plan, not % of salary). The current percentage that employees pay of the premium varies by plan.
 - Additional 1%, but not over 15% total 7/1/2019;
 - Additional 1%, but not over 15% total 7/1/2020; &
 - Additional 1%, but not over 16% total 7/1/2021.

SEBAC [Second Vote]

Healthcare – Continued

- Increased co-pay for emergency room visits that are not medically necessary to \$250;
- Non-HEP drugs go to \$5/\$10/\$25/\$40; and
- No increase co-pay primary care physicians.

SEBAC [Second Vote]

Retirement

- 60 day window to maintain current benefit;
- Change to retiree medical contribution (1.5% to 3%) for new retirees in effect October 2, 2017:
 - No change for those with more than 25 years of state service; no cost after age 65;
- Retiree medical contribution 5% for those retiring after 7/1/2022; hazardous duty 3%. No contribution after age 65; &
- Additional charge imposed on high end earners (those who claim more than \$85,000/year on W2); employee responsible for half the additional charge

SEBAC [Second Vote]

Retiree Healthcare

- Effective 1/1/18, provide state employee health plan offered through a Medicare Advantage vehicle.
 - Employees remain on the State Employee Health Plan
 - Currently Medicare pays first and the State plan pays the remainder
 - Under Medicare Advantage, the insurance vendor pays BOTH the Medicare portion and the State portion and is then reimbursed by the federal government. Non-Medicare covered services will continue to be paid by the Plan without Federal reimbursement.
 - Every single benefit currently covered under the State Employee Health Plan will continue to be covered. *[cont.]*

SEBAC [Second Vote]

Retiree Healthcare - continued

- Using Medicare Advantage to provide Medicare-covered services treats all doctors who accept Medicare as “in network,” over 99% of doctors.
- The savings to the state comes from how the federal government reimburses for Medicare-covered services and by keeping seniors healthier; it is designed to encourage things like home visits for at risk seniors, 24 hour telephone line to answer questions, and wellness incentives.
- This group Medicare Advantage plan is not the same as the individual Medicare Advantage plans offered years ago that narrowed networks.

SEBAC [Second Vote]

Tier IV – Hybrid Plan for Hires 7/1/17+

- SERS contribution additional 3% immediately (5% total); hazardous duty (8% total) – Defined Benefit;
- No breakpoint – 1.3% multiplier;
- ARP – Employer contribution 6.5%.
- Split the Risk to max of 2%;
- Overtime effect on base-pay pension may not be greater than 60%;

(continued on next slide)

SEBAC [Second Vote]

Tier IV (Continued)

- 3% Retiree HealthCare contribution 15 year;
- 3% increase to HealthCare premium immediately, capped at 16%;
- Hybrid works the same as Tier III (3% add'l employee contribution in return for choice of DB upon retirement); &
- 25 year overtime averaging

SEBAC 2017

Extension of SEBAC 2022 to 2027

Ensures State workers' bargaining rights over pension and healthcare benefits.

Contract Negotiations

Will be settled as part of any tentative agreement.

SEBAC 2017

What do 'No' votes mean?

- Contract 'No' votes = possible arbitration for wages and NO job security;
- Likelihood legislature would vote down any contract or arbitrated award that includes raises; and
- SEBAC 'No' votes = real possibility of losing collective bargaining after 2022 & still no individual contracts.