



# 2017 SEBAC Negotiations

# The Starting Point

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

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

# The Starting Point

Items SEBAC leaders said were non-negotiable:

- Extension of SEBAC 2022 to 2027 – to preserve collective bargaining;
- Job security (no programmatic layoffs);
- Privatization protection; &
- No significant changes to retirement during the life of the current agreement.



## All 33 affected locals will have two votes

Local contract vote – determines wages, longevity, pools of money, and language changes.

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 began July 2016:
  - *The fight for first year “0” changed when budget deficit increased by \$1.5B; &*
  - *\* Year 3 has a \$2000 July bonus, or \$1000 + top step bonus for those eligible.*
- Years 4 and 5 include increments & top step bonuses; &
- Frozen years not affected by promotions (scale changes).



# Contract Vote

## Wages/Longevity

Longevity – One time delay

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

Tuition Reimbursement & PD funds filled retroactively

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

# SEBAC [Second Vote]

## Pension – Cola

- Cola – effective 7/1/2022 new retirees will receive 1<sup>st</sup> 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; &
- 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):
  - 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 unnecessary emergency room visits to \$250;
- Non-HEP drugs go to \$5/\$10/\$25/\$40; &
- 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).

# SEBAC [Second Vote]

## Retirement – Tier IV – Hybrid Plan

- SERS contribution additional 3% immediately (5% total); hazardous duty (8% total) - DB;
- No breakpoint – 1.3% multiplier;
- Define contribution - State contribution 1%, employee contribution 1%, 5% voluntary;
- Split the Risk to max of 2%;
- OT 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 and Hazardous Duty benefits same as Tier III; &
- ARP – Employer and employee contribution 6.5%.



# 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; &
- SEBAC 'No' votes = real possibility of losing collective bargaining after 2022 & still no individual contracts.