



State Employees Bargaining Agent Coalition

- > Administrative & Residual Union Local 4200/AFT
- > AFT Connecticut
- > American Association of University Professors – Connecticut State University
- > American Association of University Professors – UCONN
- > American Federation of State, County, & Municipal Employees - Council 4
- > Congress of Connecticut Community Colleges/ SEIU Local 1973
- > Connecticut Association of Prosecutors
- > Connecticut Employees Union Independent/ SEIU Local 511
- > Connecticut Federations of School Administrators Local 61
- > Connecticut Police and Fire Union/IAFF-IUPA
- > Connecticut State Police Union
- > CSEA SEIU Local 2001
- > International Brotherhood of Police Officers/SEIU Local 731
- > New England Healthcare Employees Union, District 1199/SEIU
- > UCONN Health Center Faculty-AAUP

The State Employees Bargaining Agent Coalition

Summary and Signed Framework of Agreement for Cost Savings and Job Security

May 17, 2011

State Employees Bargaining Agent Coalition (SEBAC) leadership has signed a framework for an agreement with the Malloy Administration, which will be followed over a short period of time with briefings to members, a formal tentative agreement, and a membership ratification vote. The focus now is on the exact elements of the framework (attached, along with the signed agreement) and how it fits into the broader long-term struggle to protect the rights of public and private sector workers.

While we sought a fair agreement with the Malloy Administration, public employees have been a backbone of the much broader fights in the real war on all workers – the war that has seen real income and benefits for all workers, public and private, continue to decline while Wall Street financiers and big corporations have seen their incomes grow beyond measure. We know we do not stand alone as we fight to protect not just public service jobs and the services they provide, but to stem the anti-worker tide funded by billionaires like the Koch brothers that is an attack on the livelihoods of all working families, public and private. Whether in Wisconsin, Indiana, New Jersey, or Ohio, what masquerades as an attack on public sector workers is in reality an attack on the fundamental right to be heard of all working families.

As part of our fight, we have joined and supported organizations that have fought for a tax structure to provide the revenue needed not just to balance the budget, but to fix schools and bridges, stabilize communities, reduce unfair property taxes, and expand and rebuild our economy. Our collaborative efforts helped provide the space for Governor Malloy to raise taxes on multi-millionaires, although not nearly as much as he should have. That's why we must continue our struggle to rebuild Connecticut and create an economy that works for all working people.

Absent an agreement with the administration, there would be no state budget. That would mean thousands of layoffs – and not just the nearly 5,000 state public service workers whose jobs were initially threatened – but many thousands more as "Plan B" failed. Additionally, tens of thousands more jobs would be lost in the private sector as massive state layoffs lead to a stalled economy. That alone, beyond the effects of draconian cuts to vital services and municipal aid, would have resulted in a Connecticut that "none of us would recognize." **We would not be recommending any agreement that didn't provide short- and long-term stability for public workers and public services, and a real opportunity to be part of the solution for all working families.**

This is the context in which leaders of the unions in SEBAC on May 13, 2011 reached agreement on a framework for cost savings and job security with Governor Malloy's representatives.

To learn more about SEBAC's campaign for a better budget and a livable state with great public services visit www.InThisTogetherCT.org.

INTHISTOGETHERCT.org





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SEBAC 2011 Framework Agreement Summary

INTRODUCTION

Among the principles that the parties agreed to in their discussions, the most important was "maximizing the gain while minimizing the pain." This principle was not perfect, nor perfectly honored. But ultimate agreement resulted from a combination of this principle and the recognition from both sides that the costs of failure to reach agreement could be disastrous for state employees, the Malloy Administration, and all Connecticut residents.

Here are the elements of the agreement:

A. A Declaration of Peace, A Process for Stable Transformation

1. **JOB SECURITY:** No agreement would mean anything in these times without job security. SEBAC 2009's two plus years of job security will be extended four more years until June 30, 2015. In those areas where the promise was abused, new protections will make sure that job security is stronger. Job security is available to any bargaining unit that ratifies an agreement within the parameters of the framework described below.
2. **TRANSFORMATION:** For decades, the ideas of frontline workers have been ignored, the ranks of high paid contractors and consultants have grown, and the levels of bureaucracy have multiplied. Much of the discussions with the Malloy Administration, and much of the savings from the agreement, involved these issues, and the parties have agreed (in addition to the administration following the pre-existing statutory mandates for the State Contracting Standards Board and the Innovations Review Panel), to the following permanent structures to help transform state government:
 - a. *A joint information technology committee will be established as soon as possible following the appointment of the CIO that will consider, among other things, utilizing new technologies and reducing licensing procurement and consulting costs.*
 - b. *No later than September 1, 2011, a joint labor management committee will be comprised and begin to work to harness the creativity and experience of front-line bargaining and non-bargaining unit state employees to improve the efficiency and effectiveness of*



state government; to streamline and flatten organizational structures to concentrate on service delivery; to examine and redress barriers to the most efficient use of in-house resources to address agency and cross agency needs; to discourage the use of outside contractors and consultants when internal capacity exists or can be reasonably developed, except issues that impact matters of collective bargaining.

c. The Governor will issue an Executive Order no later than June 1, 2011, or similar appropriate directive to agencies that will make best efforts to ensure that vendors and service providers doing business with the state do so at reasonable rates of return and under terms that reflect the "shared sacrifice" being asked from all sectors of Connecticut society.

3. CONTRACT EXTENSIONS: Only 6 years remain on SEBAC 5, the Pension and Healthcare agreement covering all state workers. Since long-term positive transformation requires stability, the agreement extends SEBAC 5 for five more years, until June 30, 2022. At the same time, bargaining unit agreements are offered that provide the administration substantial needed savings during the upcoming 2 years where the state faced \$7 billion in total deficit, but offer improvements in the future. There are no furlough days (which had cost members about 1.3% of salary in fiscal year 2011).

But there are sacrifices. Almost all state employee contracts are set to expire June 30, 2012. The framework offers contracts with economic terms fixed through June 30, 2016. The wage pattern offered is 0, 0,3,3,3, all on time, and with increments and top step bonuses (in those units that have them) in each of the last 3 years. Non-increment based units will receive 2% additional in lieu of increments.

The only other contractually related sacrifice is in longevity. The administration had sought to end longevity. Instead, workers in "capped units" -- those that have had their longevity amount fixed since 1977 -- will give up one payment in October 2011. Uncapped units will give up the same amount as if they were capped, assuring equal sacrifice (managers will be asked to give up at least as much, and if not, workers will not give up anything). After July 1, 2011, newly-hired workers with no prior state service will not be eligible for longevity payments unless they had prior military service. All other longevity payments for current workers are maintained, although workers won't progress into new longevity levels (first time payments for 10, 15, 20, or 25 years of service) until the third year of the contract -- 2013.

The same thing is true for the state's OJE system. The administration had sought to eliminate it, but the only change is that no new OJE adjustments can be effective before July of 2013, again to provide savings during this biennium.

4. AN INVESTMENT IN RETIREE HEALTHCARE: The benefit most at risk for state workers has been retiree healthcare. Not only has it been successfully attacked by almost all other employers, it is almost entirely unfunded. The result is a nearly \$20 billion liability for the state, which is both irresponsible, and has a huge negative factor whenever any union bargains wages or other financial improvements. The extension of SEBAC 5 until 2022 helps with this, of course. But the agreement

calls for both parties to begin investing in the trust fund, a provision which, by the accounting rules of the Government Accounting Standards Board, instantly reduces the unfunded liability by billions. All state workers not currently contributing to the Retiree Health Care Trust Fund will begin contributing ½% to the trust fund in fiscal 2014 (which starts July 1, 2013), a total of 2% in fiscal 2015, and a total of 3% in 2016. Each worker's contribution ends after paying the equivalent of 3% for 10 years, (assuming they don't retire first), and those who were previously paying under SEBAC 2009 will continue paying 3% but will get credit for all years they have already paid (so they'll finish sooner).

Just as important, beginning in July 1, 2017, the state will match each employee's contributions with a 3% contribution of its own. These two changes together constitute a tremendous investment in the long-term viability of our most vulnerable benefit. The state, of course, will continue paying the healthcare costs of current retirees out of the general fund. The parties had a mutual interest in reserving free retiree healthcare for long-time employees (thus reducing the costs and making it easier to preserve). The new agreement requires 15 years of actual state service to be eligible for retiree healthcare, but is phased in so as not negatively impact current employees. Finally, the Tentative Agreement will have provisions committing the administration to consider additional payments towards unfunded liability in pension and healthcare in surplus years.

B. A Win-Win in Healthcare

State employees already pay a substantial portion of their healthcare costs -- an average of 14%. Despite the best efforts of our joint Health Care Cost Containment Committee, these costs have continued to rise -- they are scheduled to go up about 5% for both the state and state employees beginning July 1 of this year. A huge part of the discussions involved finding common ground on how to address this problem. The simplistic answer -- raising employee premium shares, co-pays, and instituting deductibles doesn't work. In the short term, it saves employer costs by increasing employee costs. In the long term, it discourages employees from getting needed medical care, creating more avoidable illness and greater costs for everyone.

The answer was to save money by keeping employees healthier, a concept known as Value Based Health Care. It is based on employees signing a commitment form each year promising to get scheduled yearly physicals, age appropriate diagnostics (such as a colonoscopy), and two free dental cleanings per years. In addition, employees with one or more of the five listed diseases (Diabetes, COPD or ASTHMA, Hypertension, Hyperlipidemia [high cholesterol], and Heart Failure), which respond particularly well to disease management programs and which are a large part of total healthcare costs, must enroll and comply with the disease management programs. All of these employees -- which we hope is everyone -- will lower the costs of healthcare for everyone by staying healthier. In addition, they will receive no premium increase (other than the estimated 5% pre-scheduled increase), and will receive free office visits and reduced pharmacy co-pays for any of the listed diseases (Diabetes medications are already free, other medication for listed diseases will go to no co-pay for generic, \$5 from preferred brand name, and \$12.50 for non-preferred name brands).

Employees who after proper notice refuse to sign the commitment or fail to get their physicals (or if they have a listed disease, refuse to participate in disease management), will have a premium increase of \$100 per month, and a deductible of \$350 per person per year. We hope no employees will make this decision, but every employee will have that choice.

All the other changes in healthcare are designed to provide delivery more effectively and cheaply for everyone beginning July 1, 2011. For actives, and future retirees, mail order prescriptions for maintenance drugs will become mandatory after the first prescription, with a 90-day supply for only one co-pay. Current retirees below 65 will also have this become mandatory, but a 90-day supply will be available for no co-pay at all. Current retirees over 65 will have an option to join the same program. Current retirees will also have the option to participate in Value Based Health Care, while new retirees will continue to have a choice of free (the POE Plan) or nominally charged (the POS Plan) healthcare for life, but will be required to participate in Value Based Health Care or pay the \$100 per month extra premium.

In order to further incent the use of generics of non-chronic conditions, the co-pays for non-maintenance drugs will be changed to \$5 for generic, \$20 for preferred brand name, and \$35 for non-preferred brand name, but only for non-maintenance drugs. Maintenance drugs (other than the cuts in co-pays for the listed diseases) will stay at their current \$5/\$10/\$25 structure.

We have also harmonized various money saving rules between the two vendors to avoid things like unnecessary and repetitive diagnostic testing. There is a new \$35 co-pay for emergency room visits that don't result in a hospital admission, but only if there was an reasonable alternative to the emergency room available to the member (we've had some people using the emergency room as many as 150 times a year). There is a new, free post-hospitalization follow-up program to reduce the chances of expensive and unnecessary hospital readmission. And the joint Health Care Cost Containment Committee is charged with finding ways to make sure healthcare vendors (Anthem and United) have a stake in keeping healthcare costs down and members healthier.

Other than these changes, all the current SEBAC Healthcare choices remain -- the POS and the POE, and the current two vendors (Anthem and United/Oxford) are in place at least until the next rebidding, effective July of 2012. Rules for vendors competing for a place in the plan (statewide access and benefits) are unchanged, except that of course any new vendor, like Anthem and United do, would need to be able to offer the Value Based Health Care.

C. A Pension Compromise with an Upside

Pension matters were the most challenging aspect of the discussions, because the parties came at it from no common ground. The administration sought to make huge cost savings by immediate and devastating changes in pension benefits for almost all current employees. They sought to delay COLA's for five years for all new retirees, immediately add three years to the retirement age for Tier II and IIA, effecting both past and future years of service, remove all overtime and a number of other payments

from pension calculations, and a new maximum on earnings counting towards pension. They sought to immediately require 25 years or 50 years of age from all Hazardous Duty employees. They sought a new Tier III that not only incorporated all those changes, but had five years rather than three years averaging of final earnings, and a new early retirement age of 60 with 15 years of service. Finally, they sought a 20% premium share for all new retirees, even those who worked until full retirement age.

We sought to protect the settled expectations of current employees, even beyond the current expiration of the agreement in 2017 (when legally nothing is truly settled). We also sought to fix the current Tier II breakpoint, a complicated formula in the current agreement through which over time, the pension benefits of current employees are going down, especially those of lower paid employees. The result was a compromise that was difficult, but conformed to our basic principles and has substantial upsides.

First, of course, is that the pension and healthcare agreement is extended through 2022. This means that current employees (and even new employees) not only have expectations, they have legally protected rights to our pension program for another full five years. Second, the State will set aside ½% of payroll to address the Tier II break point, a problem in the current pension plan that results in gradually decreasing the value of the Tier II and Tier IIA plans, especially for lower paid members. And there were compromises, but they were designed to produce modest and fair savings rather than the wrenching dislocations (and hundreds of millions of dollars) that would have come from the administration's initial approach.

Here are the results:

1. No changes in Hazardous Duty retirement rules except for new employees.
2. No changes in Normal Retirement Age for Tier II or IIA until after the expiration of agreement on July 1, 2022. After that, the normal retirement age will be three years longer (age 65 with 10 years of service, age 63 with 25 years). The change affects only future years of service, and any current employee wishing to be exempt from the change can pay an additional pension contribution determined by the plan actuary beginning July 1, 2013.
3. Reduction of the Early Retirement Subsidy. Under our current SERS plan, people who retire before their normal retirement age of 62 with 10 years of service, or 60 with 25 years of service, are considered Early Retirees. Currently, people are actually encouraged to retire early because their reduction in their retirement benefit is only 3% per year, while the true cost of their early retirement is about 7.5% a year (that is, they will average about 7.5% more in pension benefits received in their lifetime for each year they retire early). This is expensive, and raises the costs for those employees who work until their full retirement age. Effective with employees who retire after September 1, 2011, the Early Retirement Subsidy will be reduced, in that employees will be charged 6% for each year they retire early instead of 3%. This will have no effect on the pension of anyone who works until full retirement age. Also there is no effect on Hazardous Duty, which does not permit early retirement.

Tied to this will be the imposition of premium sharing on Early Retirees after September 1, 2011, which reflects the fact that early retirees are much more expensive in retiree healthcare costs. The percentage of premium share will vary with the number of years early (the earlier the more, of course), and the numbers of years of service (the less service, the more the person pays). The precise percentages are being computed by the parties and the plan actuaries, and will be part of the Tentative Agreement well before members vote. They will also have a cap based on the amount of the person's pension. Again, this has no impact on people working to their normal retirement age, including Hazardous Duty. Finally, the healthcare premium will have no effect on any employee with 25 years of service as of July 1, 2011 who retires before July 1, 2013.

4. There are no changes in the rules or premiums for "Early Retirement" for disability retirees.
5. There is no COLA delay. For new retirees after September 1, 2011, the same COLA formula applies, but the minimum has been lowered from 2.5% to 2 (a cost savings for the State), but the maximum has been raised from 6% to 7.5% (insurance for retirees).
6. Overtime and all other normal payments still count towards final average earnings.
7. There is a new Tier III for new employees that preserves the basic structure and benefits of Tier II/IIA and Hazardous Duty. It does add three years to the normal and early retirement ages for Tier II/IIA and changes the final average earning computation to five rather than three years, but rejects all the other negative changes just as it did for current employees. For new Hazardous Duty employees, the only change is they need to be age 50 with 20 years or 25 years at any age.
8. No Change in Tier I.

D. A New Option for New Higher Ed Employees and Current Alternate Retirement Plan (ARP) Participants

The agreement provides the right for new higher education employees to join, and current ARP participants to switch to, a Hybrid Defined Benefit/Defined contribution type plan. The purchase option is at the full actuarial cost. The Hybrid plan will have defined benefits identical to Tier II/IIA but requires employee contributions 3% higher than the contribution required from the applicable Tier II/IIA plan. The higher contribution is because the Hybrid participant has the option, upon leaving state service, of accepting the defined benefit amount, or electing to receive a return of his/her contributions to the hybrid plan, plus a 5% match, plus 4% interest. No match is provided on any purchased service.

The Hybrid plan is intended to allow new employees to avoid the impossible choice of ARP versus SERS when they are too soon in their careers to assess the likelihood they'd stay for their careers. It is also designed to provide an additional choice to current participants, but not to replace the pending ARP Award. The parties are hopeful that the Hybrid plan can be implemented much more quickly than the pending ARP Award, but will allow employees the option of waiting to make their choice until the validity of the ARP award is determined by the IRS. The parties have agreed to work together with the members

of the Retirement Commission to implement the process in as expeditious and cohesive manner as possible.

CONCLUSION

This agreement is not perfect, but in perilous times, it is far, far better than the alternative. It provides not just at least 4 years of peace, but a more stable future, and a platform from which to continue to fight for long-term justice for all middle class and working families.

State of Connecticut and SEBAC -- Recommended Agreement on Savings, Transformational, and Financial Issues -- and Framework for Job Security -- 5/13/2011

- I. Savings and Transformation -- The parties have explored and will continue to explore and, where appropriate, implement strategies to (a) harness the creativity and experience of front-line bargaining and nonbargaining unit state employees to improve the efficiency and effectiveness of state government; (b) streamline and flatten organizational structures to concentrate on service delivery; (c) examine and redress barriers to the most efficient use of in-house resources to address agency and cross agency needs; (d) discourage the use of outside contractors and consultants when internal capacity exists or can be reasonably developed; and (e) make best efforts to ensure that vendors and service providers doing business with the state do so at reasonable rates of return and under terms that reflect the shared sacrifice being asked from all sectors of Connecticut society. As part of this process:
 - a. A joint information technology committee will be established as soon as possible following the appointment of the CIO that will consider, among other things, utilizing new technologies and reducing licensing procurement and consulting costs.
 - b. No later than September 1, 2011, a joint labor management committee will be comprised and begin to explore all the issues in (a)-(d) above, except issues that impact matters of collective bargaining.
 - c. The Governor will issue an Executive Order no later than June 1, 2011, or similar appropriate directive to agencies that will implement (e), above
- II. Health care -- the parties will achieve savings by the incorporation of value-based health care principles, including the imposition of increased premium shares and a deductible for those who refuse to enroll in, or fail to comply with (after appropriate notice), the value-based plan. The parties shall:
 - a. Create a plan structure which includes a standard plan and a value added plan affecting employees and retirees. All impact on current retirees shall be based on their voluntary participation except as specifically provided here. There shall be no increase in costs in the standard plan affecting current retirees.
 - b. The standard plan shall have an employee premium share of \$100 per month over the value added plan. The value added plan shall have a premium share as determined by the parties' usual practice of trending claims.
 - c. Both plans shall offer "value based" design features which
 - i. Implement edits currently existing in the plan design but not fully implemented by the vendors, including edits which discourage inefficient

- care, and those which maximize participation in "centers of excellence" and other best practices by providers of particular medical care
- ii. Implement \$35 co-pays for emergency room visits occurring which do not lead to hospital admission, and happen in areas where there are medically reasonable alternatives to the emergency room Maximize the use of patient-centered medical homes
 - iii. Where patient-center medical homes are unavailable, use "care-connections" and similar methods designed to provide appropriate medical follow-up to minimize hospital readmissions post-surgery and/or other initial hospital confinement
 - iv. Provide for voluntary participation in obesity reduction and tobacco cessation programs
 - v. Provide for pharmacy mail order that is:
 - 1. Mandatory after the first prescription for a new medication for actives, new retirees, and current retirees under the age of 65. Co-pays for actives and new retirees are single co-pay for a 90 day supply.
 - 2. Voluntary for current retirees over age 65. Retirees may opt in at any open enrollment after which participation will be mandatory.
 - 3. There are no co-pays for current retirees who begin participating in the mail order program.
 - vi. Provide for pharmacy co-pays for actives and future retirees that are 5/10/25 for maintenance drugs (except as lower for listed diseases under the value added plan), and 5/20/35 for non-maintenance drugs.
- d. The value added plan shall
- i. Require the commitment to the principles and requirements of the value added plan in order to be admitted and remain admitted to that plan, including agreed upon health assessments and screenings designed to provide early diagnosis and appropriate treatment of illness
 - ii. Have co-pays waived (Diabetes) or reduced (0, \$5, \$12.50) for drugs prescribed for the following chronic conditions:
 - 1. Diabetes both Type 1 and 2
 - 2. Asthma or COPD
 - 3. Heart failure/ heart disease
 - 4. Hyperlipidemia
 - 5. Hypertension
 - iii. Office visit co-pays waived for treatment and monitoring of the above conditions,

- iv. Require participation and adherence with disease management programs in place by either insurer to address any of the above. Require adherence to a medically approved schedule maintained by insurers for immunizations and tests such as colorectal cancer screenings; pap tests; mammograms; and annual vision exams with waiver or rebate of co-pays for such services,
- v. Upon appropriate notice and opportunity to improve, remove the financial incentives of participation in the value-added plan from members who fail to get medically appropriate disease management as required by their health care professional.
- vi. Include a dental component requiring two dental cleanings and no periodontal limit.
- e. There will be a \$350 deductible for the standard plan for services not otherwise covered by co-pays.
- f. The HCCC will seek to identify additional cost savings that may be available through renegotiation of contract provisions with vendors and improved service delivery.

III. **Retiree Health Care**

- a. Premium structure – New Retirees(effective 9/2/2011). Current premium structure of retiree healthcare remains unchanged for those choosing Value Added Plan. Turning down or failing to comply with value based option after appropriate notice leads to \$100 per month premium increase.
- b. Increase the Employee Contribution to 3% for Retiree Health Care Trust Fund (OPEB) for all employees (not just new employees) phased in beginning 7/1/13 for employees not currently paying to .5% effective July 1, 2013; 2.0% effective July 1, 2014 and 3.0% effective July 1, 2015. The contribution would continue for ten (10) years for all employees or until retirement whichever happens first. Effective July 1, 2017, the State would begin to contribute into the Retiree Health Care Trust Fund on a periodic basis the amount matching the contributions of each contributing employee.
- c. Eligibility for retiree healthcare changed to 15 years of actual state service for employees eligible for a normal, early, or hazardous duty retirement benefit , with effect on current employees phased in as done in the SEBAC 2009 agreement. The Rule of 75 shall continue for Deferred Vested employees as provided in the 2009 SEBAC Agreement.
- d. Healthcare premiums for Early Retirees -- the parties have agreed to a grid where healthcare costs are imposed on early retirees until they reach their normal retirement date, or age 65, whichever is earlier. They have agreed that the costs will be based on a grid where the costs increase as a factor of years before normal retirement date (with 5 as the maximum), and decrease as a function of years of service before retirement

(with 25 or more years paying the least premium). They have further agreed that the premium for any given employee will be capped at a percentage of his/her pension calculated in consultation with plan actuaries to be sufficient to encourage most employees to work until normal retirement age, without being higher. No early retirement health care premium will be charged for any employee who has 25 years of service as of July 1, 2011 who retires before July 1, 2013. The grid will be finalized as soon as possible and attached to the Tentative Agreement.

IV. Pension

- a. Cap salary that can be considered as part of an individual's pension benefit as provided under the Internal Revenue Code. The parties will meet and review the list of payments which are presently included in the calculation of an individual's salary for pension purposes. In the event the parties agree to exclude items from salary for pension purposes, there shall be no pension contribution required on the excluded amount. The exclusions shall be effective July 1, 2011.
- b. Change the minimum COLA for individuals who retire on or after 9/2/11 from 2.5% to 2.0% with the highest amount going from 6.0% to 7.5%
- c. Effective 9/2/11, change the Early retirement reduction factor from 3% to 6% for each year before eligible to take Normal Retirement with associated Health care costs outlined in Section III. d.
- d. For current employees who retire after 7/1/2022, Normal Retirement eligibility for non-hazardous duty retirement 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. This change affects all years of service on and after 7/1/2011. By 7/1/13, present employees may make a one-time irrevocable election 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. The cost shall be established by the Plan's actuary and shall be communicated to employees by the Retirement Division. Such election shall be made on a form acceptable to the Retirement Commission and shall indicate the employee's election to participate or not to participate. In the event the employee fails to make an election, he/she shall not be eligible to participate. In the event the employee makes a successful claim to the Retirement Commission of agency error, the employee shall make payments in accordance with the usual practice.
- e. 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 upon final five year average pay; Early Retirement Age 58 and 10 YOS; HD 20 Years of HD service and age 50 or 25 Years of HD Service regardless of age and salary based on final five year average pay;
- f. Provide the availability of individuals in the Alternate Retirement Plan to switch to a Hybrid-Defined benefit/Defined contribution type plan. Purchase option shall be at the full actuarial cost. The Hybrid plan shall have defined benefits identical to Tier II/IIa but shall require employee contributions 3% higher than the contribution required from the applicable Tier II/IIa plan. An employee shall

have the option, upon leaving state service, of accepting the defined benefit amount, or electing to receive a return of his/her contributions to the hybrid plan, plus a 5% match, plus 4% interest. No match shall be provided on any purchased service

- V. **OJE** -- The parties have agreed that the current practice for five year review will continue and OJE adjustments may be resolved for jobs which the Union believes have substantial changes in duties through interim bargaining and if necessary arbitration (rather than through the MEC) will be applied to all OJE-covered units. New positions will be subject to bargaining and arbitration one year after their creation. No new costs created by the bargaining or arbitration referenced in this paragraph shall take effect before July 1, 2013.

VI. **Wage increases for FY 2012 and FY 2013**

Except as provided below, no state employee who is a member of a bargaining unit that is part of SEBAC will receive any increase in salary for either of the next two fiscal years, deriving from a General Wage, step increase, annual increment, payment for individuals who were at their top step as a bonus, a merit increase or any similar payment for the 2011-2012 and the 2012-2013 Fiscal years.

Individuals entitled to a promotion in accordance with the rules governing these subjects as outlined in the Connecticut General Statutes or their collective bargaining agreement shall receive increases in wages in accordance with past practice. Members of the P3A bargaining unit shall be entitled to share in the contractually created Merit Pool fund in the amount and manner provided in the contract and past practice

Wage Increases - FY2013-14, FY 2014-15 and FY2015-16 - provide Three Percent plus step increases, annual increments or their equivalent in those units that have them as part of their collective bargaining agreement. Non-increment units will receive additional payments in accordance with the parties' usual practice.

All other funds shall remain in place and continue in the same amounts presently in the respective collective bargaining agreement. The current collective agreements shall be extended until June 30, 2016 with all other funds remaining in place as provided in the current collective agreement with new funding in each year at the prior level. No funds shall lapse before June 30, 2016 and shall roll over year to year at the end of the contract or not, in accordance with present rules.

- VII. **Longevity Pattern** – In no event shall any employee first hired on or after July 1, 2011 be entitled to a longevity payment; provided, however, any individual hired on or after said date who shall have military service which would count toward longevity under current rules shall be entitled to longevity if they have the necessary service requirement in the future. For current employees, no service shall count toward longevity for the two year period beginning January 1, 2012 through June 30, 2013. Effective July 1, 2013, any service accrued during that period shall be added to their service for the purpose of determining their eligibility and level of longevity entitlement.

Capped units - Individuals in units with capped longevity shall not receive a longevity payment in October, 2011.

Uncapped units – The employer representative and the bargaining unit with uncapped longevity shall meet and discuss the issue of longevity. The parties shall agree on a procedure by which individuals in those units contribute an amount equal in value to the amount that was contributed in the Capped units. Default is that uncapped units will give up longevity using the executive branch bargaining unit schedule.

VIII. Job Security

The parties have agreed that from the date of this Agreement and through June 30, 2015, there shall be no loss of employment for any bargaining unit employee hired prior to July 1, 2011, including layoff due to changes in the adopted budget signed by the Governor on May 5, 2011 subject to the limitations set forth in SEBAC 2009.

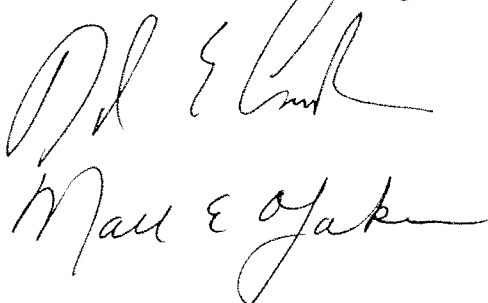
The geographic limitations set forth in SEBAC 2009 shall be modified as follows:

"Acceptable geographic radius" for Phase I means a one way commute equal to the greater of his/her present commute or thirty (30) miles from his/her work location at the time of notice. During Phase III, acceptable geographic radius means a one-way commute equal to the greater of his/her present commute or thirty (30) miles from his/her home. The thirty (30) miles shall be measured utilizing Mapquest, shortest distance. In the event there is no comparable job within the thirty (30) mile radius, the individual will be offered a position within fifty (50) miles of the appropriate starting point under the applicable Phase. In such event, when a position becomes available within thirty (30) miles of the appropriate measuring point, it shall be offered to such individual if there is not another individual with superior rights to the closer position.

This agreement shall apply to all OLR units ratifying contracts patterned on this agreement. Other than the job security provisions, all other shall apply to nonOLR units that ratify agreements following the pattern. Appropriate job security provisions will be negotiated by non-OLR represented units prior to the Tentative Agreement.

IX. Non-economic terms of contracts -- Unions that do not agree to extend their bargaining agreement unchanged can open up to 8 issues that have *de minimus* no cost impact and are identified pre-TA. State can do same if Union opens agreement. Only these can be submitted to interest arbitrator.

X. Duration of current SEBAC agreement shall be until June 30, 2022.

The image shows two handwritten signatures in black ink. The top signature is a cursive signature that appears to read 'D. E. Smith'. The bottom signature is also in cursive and appears to read 'Mau E. G. [unclear]'. Both signatures are written over the text of item X.