

**CONNECTICUT CORRECTION EMPLOYEES LOCAL 391, 387, 1565
COUNCIL 4 AFSCME, AFL-CIO**

STATE EMPLOYEES BARGAINING COALITION (SEBAC) ECONOMIC CRISIS UPDATE

A Crisis of Epic Proportion

For the past two months leaders of all the State Employee unions have been meeting with representatives of the Governors office to work out a settlement to lessen the financial crisis Connecticut is facing. SEBAC is an entity created by state law that is charged with the responsibility of negotiating for pension and health insurance for all state employees. Last week a final agreement was reached.

The negotiations are extraordinary. SEBAC unions have responded to financial crisis in the past, and state employees can proudly say that they have *never* shied away from the difficult negotiations. But the scope of these negotiations is different. We are in a worldwide economic crisis that has affected Connecticut as surely as every other state in America, whose state employees are all facing what we face. We believe this agreement is one of the best, if not the best in the nation.

The Agreements

In addition to pension and insurance, your elected union leadership agreed to negotiate contractual changes. Consequently, you will hear about two parts of the agreement:

A. The SEBAC Part: Changes in pension and health insurance. Every state employee covered by a union will vote on the SEBAC part. It involves changes in premium levels for health insurance and changes in the pension plan, including a retirement incentive plan (RIP).

B. The Contract Part: Changes to your contract. These are not SEBAC issues, so your local union officers will present these separately. Some unions chose not to participate in this part. They include pay increase reductions and delays uniformly applied and job protections for 26 months. **Because NP-4 just received an arbitration award, and the corrections administration was unwilling to address changes that were in the members' interests, your local union leaders chose not to participate in this part, so you will vote only on part A.**

The SEBAC Agreement

Your NP-4 Local Union officers will schedule a ratification vote prior to May 8th. Notice of time and places to vote will be posted in all facilities and on Council 4 and your local union websites. **All other state employee unions will vote on exactly the same package.** There are five major areas of change: Retirement Incentive; Pension; Active Healthcare and Retiree Healthcare. The changes applicable to NP-4 employees are described below. This is a summary. The full agreement may be seen at www.council4.org.

SUMMARY OF PROVISIONS OF SEBAC AGREEMENT

RETIREMENT INCENTIVE PLAN (RIP)

PENSION

Full or part-time with enrollment through June 30, 2009 with 20 years of actual service will be eligible for an incentive of 3 years of additional retirement credit. Note: Sick and vacation payments will be paid in 3 installments from 2012-14. ILs will be paid on time.

State contributions to State Employee Retirement Fund and other post retirement benefits will be deferred (This does not affect individual pensions).

HEALTH INSURANCE

The following changes apply to *active employees*:

Prescription Co-Pays

- Generic - \$5
- Preferred brand name - \$10; other brand name - \$25 (If there is a *supporting medical report*, the cost is \$10. *There will be a grace period to obtain medical report. Doctors must certify that preferred brand name is necessary*)

Premium Cost Sharing

- \$13.46 increase per pay period (\$350 per year)
Note: Preferred Plan will be closed to new applicants. Currently enrolled applicants are unaffected.

Co-Pay Changes

- Adult physical examinations: *decreased* to \$5
- Routine gynecological examinations: *decreased* to \$5, including examinations and pap smear (see particular plan schedule)

The following changes affect premium cost sharing for retiree health care:

- *Current Retirees:*
No change.
- *Retiree health care for employees hired after July 1, 2009:*
10 years actual state service required to be eligible for retiree healthcare immediately at retirement. Employees will contribute 3% towards retiree health care for first 10 years of employment.*
- *Retiree health care for employees with less than 5 years of service as of July 1, 2010:*
Employees will contribute 3% towards retiree health care for first 10 years of employment.*
- *Retiree health care for new employees as of July 1, 2009 and current employees with less than 10 years:*
“Rule of 75” (years of service + age must be equal or greater than 75) must be satisfied for retiree health care eligibility. For those employees retiring with 20 years of hazardous duty, the rule of 75 does not apply.

* Contributions are pre-tax and refundable.

Why It’s Important to Vote Yes

The economic crisis is very real. The recession that began in December of 2007, and significantly worsened by the fall of 2008, is already one of the longest and deepest in the history of our country. It is already as bad as the recession in the early 80s that was called “the worst since the depression,” but this recession is different. It has characteristics of the depression that began in 1929, especially in its worldwide impact.

In 1929, there were few economic rules to follow, so President Herbert Hoover decided that cutting spending was the cure. It turned out that was like pouring gasoline on a fire. In 1931, with the depression worsening, newly elected President Roosevelt declared that the cure was to encourage spending to get the economy running again – to get people working and keep them working. He realized that the government employee cuts were hurting not helping.

By voting yes on the SEBAC Agreement, you are supporting the cure. If the SEBAC Agreement fails, untold numbers of services and the state employees who provide them will be cut. That will have a ripple effect across Connecticut, thus deepening our recession. On the other hand, if it is approved, every town and city in Connecticut will benefit from the continued simulation that comes from keeping state workers on the job.

This agreement is about sacrifice, but it is sensible and fair. The out-of-pocket outlays to members is small, but the impact is large. Yes, there are risks, but they are controlled. For example, contributions to the pension fund are postponed, but that will not affect any person’s retirement benefits – and the plan’s investments are well managed. The plan managers thought ahead so the plan could protect assets from untimely liquidation.

So, why vote yes? Simply put, it’s the right thing to do.

Sal Luciano, Executive Director
Council 4 AFSCME