



## State of Connecticut

HOUSE OF REPRESENTATIVES  
STATE CAPITOL  
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE THEMIS KLARIDES  
ONE HUNDRED FOURTEENTH ASSEMBLY DISTRICT

REPUBLICAN LEADER

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July 14, 2017

Dear Colleague,

There is some confusion and discussion about whether our proposed labor savings are legal, therefore I am writing this letter to clarify any misconceptions that lawmakers may have.

Under current law, the legislature cannot make wholesale changes to existing union contracts. The House Republicans are proposing to reform collective bargaining so that the legislature can implement workplace policies that are more closely aligned with the private sector. And, to achieve our proposed labor savings, the legislature would be required to reject the pending SEBAC agreement.

There are four elements of the House Republican labor savings proposals:

- 1) With regard to changes in *salaries and working conditions*, the most recent contract expired more than a year ago – June 30, 2016. (The only exception to this is the State Police union contract, which doesn't expire until June 30, 2018). Our caucus is proposing to modify current collective bargaining statutes to require the adoption of our proposed salary and working condition changes in the subsequent collective bargaining agreement(s).
- 2) With regard to *pension savings*, we recognize that the current SEBAC agreement remains in effect until July 1, 2022. The House Republican labor savings plan does not propose any pension changes to the current SEBAC agreement. Our caucus is proposing to modify current collective bargaining statutes to require the adoption of our proposed pension changes in the subsequent SEBAC agreement. Although the changes would not go into effect until 2022, we would recognize budget savings in the next biennium due to a reduced Actuarially Determined Employer Contribution. (We continue to work with actuaries to update this portion of our proposal to adjust savings amounts; however, the projection of pension savings related to a three-year wage freeze will not change).
- 3) With regard to retirees, current statute requires that health and welfare benefits be collectively bargained. The transition from self-insurance for *retiree health benefits* to a Medicare Advantage Plan has no impact on the welfare or benefits of the retirees. This is simply an administrative change that does not require collective bargaining. Our proposal would direct the

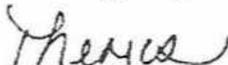
Comptroller's office to implement the change. Furthermore, we believe that making this transition the subject of collective bargaining sets a precedent for future similar changes, which would mean that administrative changes (that can save taxpayers tens of millions of dollars a year) would require approval from state employee unions. This makes no sense in situations like this, where there is no diminishment of benefits for retirees and a great benefit to state taxpayers.

- 4) The final component of our labor savings proposal is *healthcare changes for non-union employees*. Over the next biennium, the health care changes in our labor savings apply only to non-union employees, who are not represented by a collective bargaining agent.

Attached please find the House Republican budget proposal, as well as a side-by-side comparison of our changes to the tentative new SEBAC agreement. We hope you find this information helpful in your ongoing budget deliberations.

Should you have any questions, please don't hesitate to contact my office.

Sincerely,

  
Themis Klarides

*Proposed HRO Change**Proposed New SEBAC Agreement*

20% increase in Health Insurance Premium

Increases employee share of premiums by 1% each year for three years - from 12% to 15%. *New Employees in Tier 4: contribute 15% immediately.*

Implement Tiered Deductible (\$1,000, \$1,500, \$2,000)

No change. Deductibles remain at zero for HEP enrollees.

Increase Office Visit Copays by \$10

"Centers for Excellence" Model

Double Copay for Generics to \$10 for active employees

Double Copay for Generics to \$10 for active employees

Increase Emergency Room Visit Copay to \$300

Increase Emergency Room Visit Copay to \$250

Increase State Employee Pension Contributions to 6% for ALL current employees, beginning in 2022. Newly hired employees would go on a Defined Contribution Plan.

Contributions for current employees increase by 2%. *New Employees in Tier 4 Hybrid: DCP - Employee contributes 1%; Employer matches 1%. DBP - Employee contributes at least 5%; up to 7% if investment returns lag. Overtime impact on pension capped at 60%.*

Increase Dental Premiums by 10%

No change.

No Change

For retirements after July 2022: For inflation increases up to 3.3%. COLA capped at 2%. COLAs will be deferred to months after retirement.

Three-year wage freeze

Two-year wage freeze, with a "payment in lieu of increase" in the third year

Eliminate Longevity Pay

Delay April 2018 payment until July 2018.

Eliminate Wage Rate Differential, Eliminate State Funding of Union Work, Salary Reductions for High-Paid Employees, Seven Furlough Days, Delay Accrual Payouts, Eliminate Meal Allowance

Three Furlough Days

Layoffs Permitted

Four-Year, No-Layoff Provision

SEBAC Contract Expires 2022

SEBAC Contract Expires 2027