

Senate Republican Proposal to Prevent or Reduce State Employee Layoffs  
Discussion Items for SEBAC

	<u>FY 2017</u>
<b>Increase Current Employee Pension Contributions</b>	<b>74,800,000</b>
<p>Currently, hazardous duty employees in Tiers II and IIA contribute 4% and 5%, respectively, towards the State Employees Retirement System (SERS) Plan, while other Tier II employees contribute nothing and Tier IIA employees contribute 2%. Other New England states have an average employee contribution rates of 6.93% for non-hazardous duty. This proposal recommends making all non-hazardous state employees regardless of what tier they are in to pay 4% of their salary towards their pension benefit. OFA estimates that this requirement would increase employee contributions to the SERS fund by \$74.8 million in FY 2017. Actuaries would need to determine the reduction to the ARC as a result of this increased revenue source.</p> <p>Estimated Savings Would Need to Be Generated by the Actuaries</p>	
<b>Transition Part-Time, Temporary, and Seasonal Workers to the FICA Alternate Retirement Program</b>	<b>9,000,000</b>
<p>Source of Estimated Savings: Office of Fiscal Analysis, assumed effective date 4/1/2016</p>	
<b>Increase State Employee Health Premiums</b>	<b>5,653,846</b>
<p>This proposal would increase the health premiums that active state employee's pay by 10% to approximately 15%.</p> <p>Source of Estimated Savings: Office of Fiscal Analysis, assumed effective date 4/1/2016</p>	
<b>Increase State Employee Dental Premiums by 10%</b>	<b>357,000</b>
<p>Source of Estimated Savings: Office of Fiscal Analysis</p>	
<b>Increase Current Prescription Drug Co-Pays for State Employees and Retirees</b>	<b>11,200,000</b>
<p>The savings included in this proposal contain both GF and STF savings and reflect increasing the co-pays for maintenance prescription drugs to \$5/\$20/\$35 for generic/preferred brand/non-preferred brand and to \$10/\$30/\$40 for generic/preferred brand/non-preferred brand for active employees and retirees. This estimate assumes no changes to copayments for prescriptions used to treat one of the five types of chronic conditions outlined in the SEBAC 2011 agreement or prescriptions used to treat diabetes.</p> <p>Source of Estimated Savings: Office of Fiscal Analysis, assumed effective date 4/1/2016</p>	
<b>Total - Examples of Possible Labor Savings</b>	<b>101,010,846</b>