

Management Proposal

Bargaining Unit: 10

Exclusive Representative: CAPS

Date:

Subject: NEW - OPEB Prefunding

Article 8.XX Prefunding of Postretirement Health Benefits

The State and Bargaining Unit 10 hereby agree to share in the responsibility toward the prefunding of post-retirement health benefits for members of Bargaining Unit 10; and, agree that the foregoing concepts will be implemented as a means to begin to offset the future financial liability for health benefits for retired members.

A. Beginning July 1, 2015, the State and Bargaining Unit 10 will prefund retiree healthcare, with the goal of reaching a 50 percent cost sharing of actuarially determined total normal costs for both employer and employees by July 1, 2017. The amount of employee and matching employer contributions required to prefund retiree healthcare shall increase by the following percentages of pensionable compensation:

1. July 1, 2015: by 0.9 percent.
2. July 1, 2016: by 1.0 percent, for a total of 1.9 percent.
3. July 1, 2017: by 0.9 percent, for a total of 2.8 percent.

B. Employees Subject to Other Post Employment Benefit (OPEB) Prefunding

All bargaining unit members who are eligible for health benefits must contribute, including permanent intermittent employees. Bargaining unit members whose appointment tenure and/or time base make them ineligible for health benefits, such as: seasonal, temporary, and employees whose time base is less than half-time, do not contribute. The employee prefunding contribution for a permanent intermittent employee shall be based on a ratio comparing their annual scheduled hours of work in comparison to those of a corresponding permanent employee for that position. Bargaining unit members not subject to OPEB prefunding shall begin contributing upon attaining eligibility for health benefits. New hires and employees transferring into Bargaining Unit 10 shall begin contributing immediately, unless they are not subject, as set forth above.

C. Withholding of Contributions

Contributions shall be withheld from employee salary on a pre-tax basis, except for employees on disability, in which case contributions will be withheld post-tax. Positive pay employee contributions shall be taken in arrears, based on the prior month's hours worked. Positive pay employees paid semi-monthly, will have the

whole month's contributions withheld from the second warrant during each monthly pay period.

1. Employees with a single hourly appointment shall have contributions withheld only up to the amount that would have been deducted had the employee held a full-time appointment.
2. Employees with an appointment subject to OPEB prefunding and an additional appointment in a bargaining unit not subject to OPEB prefunding, shall have contributions withheld only from the appointment subject to OPEB prefunding.
3. Employees with multiple appointments subject to OPEB prefunding shall have contributions computed by combining all subject appointments, provided the results do not exceed the amount earnable in full-time employment, as follows:
 - a. Employees with a full-time appointment and an additional appointment (e.g., hourly), shall have contributions withheld from the full-time appointment only.
 - b. Employees with multiple part-time or hourly appointments, shall have contributions withheld from any/all appointments, up to the amount that would have been deducted had the employee held a full-time appointment.

If an employee has multiple hourly appointments, the highest pay rate will be used to compute what the deduction would be if the employee held a full-time appointment at that pay rate. For employees with a part-time and hourly appointment, the deduction amount will be computed based upon the part-time appointment's pay rate.

- D. Contributions paid pursuant to this agreement shall not be recoverable under any circumstances to an employee or his/her beneficiary or survivor.
- E. The costs of administering payroll deductions and asset management shall be deducted from the contributions and/or account balance.
- F. The parties agree to support any legislation necessary to facilitate and implement prefunding of retiree health care obligations.