COLLECTIVE BARGAINING NEGOTIATIONS: HOW TO ADDRESS SURS RETIREMENT, HEALTH CARE REFORM ACT, AND OTHER CRITICAL ISSUES AFFECTING THE COLLEGE’S SALARY AND BENEFITS COSTS
Trends – Salary and Benefits

- Salary

  - Trend towards lower contract salary settlements continues.

  - 3.0% CPI increase may be the “target”.

Benefits

- Benefits issues tend to be the most critical area of focus at the bargaining table.
Key Issues

- Retirement
- Health Insurance
- Summer Compensation
- Overload Pay
- Reassigned Time
Recommended Options

- Health Insurance Plan design changes
- Reduced retiree health insurance benefits
- Retirement benefits eligibility linked to retirement without SURS penalty to College
- Adjust compensation formula for summer term assignments
- Reduce amount of reassigned time allocations
At the Table: Fringe Benefits Issues

- Retirement Benefits
  - Primary objectives
    - Reduce overall cost
    - Minimize exposure to SURS 6.0% earnings cap penalties
At the Table: Fringe Benefits Issues

- Options

- 6.0% earnings increases for final four-year period
  - Advantages:
    - Caps earnings increases at 6.0% to avoid SURS penalties
    - Provides incentive for senior faculty to retire
At the Table: Fringe Benefits Issues

- Post-Retirement Health Insurance Contributions
  - Beneficial only if there is incentive for the faculty-retiree to discontinue the College’s health plan coverage

- Post-Retirement Service Bonus
  - Limited incentive value but provides fairness and recognition component
SURT 6.0% Earnings Cap Exemptions
Discontinued

- SURT previously excluded summer compensation, overload pay, and promotion increases from the 6.0% earnings cap limit.

- 6.0% cap exemptions are only available until 6/30/14 if earnings are paid pursuant to a CBA entered or amended before 7/1/11.

- No exemptions for earnings paid under a CBA entered into or amended after 7/1/11.
SURS Earnings Cap Options

- SURS Penalty Recoupment

  SURS takes the position that the College cannot charge the employee the cost of the employer 6.0% earnings cap penalty.
SURS Earnings Cap Options

- Earnings “Look Back” Disqualifier

  The College can negotiate a provision to disqualify faculty members from post-retirement benefits if the College receives a 6.0% cap penalty.
Health Insurance

- Colleges have a variety of methods to reduce or control employee health insurance benefits costs:
  - Higher employee contributions
  - Restructuring benefits plan design options
  - HSA plans
  - Change health plan provider
Health Insurance

- **Strategic Options**
  - Research comparability data
  - Utilize historical average percentage insurance cost increases to cost proposals
  - Negotiate a cost-sharing formula:
    - College pays the first ___% of health insurance premium increases. Employees pay any premium increases above ___%.
    - College pays ___% of any health insurance premium cost increases from year-to-year (e.g., College pays 50% of any annual premium increases over the previous contract year).
HCRA Implications

- Scope and enforceability of HCRA
- Grandfather plan status
- Nondiscrimination rules
HCRA Implications

- **Recommendations:**
  - Avoid unnecessary changes to health plans prior to 2014
  - Negotiate contract reopener in CBA if College must pay HCRA penalties
Other Issues:

- Summer Term Compensation
- Load/Overload
- Reassigned Time
- RIF/Seniority/Retraining