

HB 1666-FN – AS INTRODUCED

2012 SESSION

12-2096

06/05

HOUSE BILL ***1666-FN***

AN ACT relative to state employee benefits.

SPONSORS: Rep. Vaillancourt, Hills 15

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill limits the aggregate amount of benefits a state employee may receive.

Explanation: Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through~~].

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

12-2096

06/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twelve

AN ACT relative to state employee benefits.

*Be it Enacted by the Senate and House of Representatives in General Court
convened:*

1 New Section; Limitation of Benefits. Amend RSA 273-A by inserting after section
3 the following new section:

273-A:3-a Limitation of Benefits. The aggregate of the state's contribution on behalf
of an individual for any benefits agreed to in any contract entered into after the
effective date of this section, including life insurance, medical and dental insurance,
and employer contributions to a retirement plan for any public employee shall not
exceed 60 percent of the employee's salary if the employee earns \$50,000 a year or
less, or 50 percent of the employee's salary if the employee earns more than \$50,000
a year.

2 Effective Date. This act shall take effect 60 days after its passage.

LBAO

12-2096

Revised 01/24/12

HB 1666 FISCAL NOTE

AN ACT relative to state employee benefits.

FISCAL IMPACT:

The Department of Administrative Services states this bill will have an indeterminable impact on state revenues and expenditures in FY 2013 and each year thereafter. There will be no impact on county and local revenues or expenditures.

METHODOLOGY:

The Department of Administrative Services states this bill limits the aggregate state contribution toward life insurance, medical and dental coverage, and retirement benefits that may be negotiated through collective bargaining between the state and its employees. The Department states aggregate contributions would be limited to 60% of salary for employees with an annual salary of up to \$50,000, and 50% of salary for employees with an annual salary in excess of \$50,000. This bill would impact any collective bargaining agreement the state enters into after the effective date of the bill, and the Department states all of the collective bargaining agreements the state is currently participating in, expire on June 30, 2013 and include evergreen clauses. The probability of realizing savings in wages and benefits would not happen until current agreements expire and unions agree to give up their evergreen rights. Furthermore, the Department is unable to predict this bill's impact on state revenues and expenditures from the result of collective bargaining through limitations set forth by this bill. The Department states there are too many variables, such as future retirement system contribution rates, to determine this bill's potential fiscal impact, but for illustrative purposes the Department provided information as to how this bill would impact current Group I employees with \$30,000 and \$75,000 annual salaries, respectively, and assuming the benefit to salary limitation rates of 60% and 50%, respectively:

	Retirement System Contribution	Life Insurance Premium Contribution	Health and Dental Coverage Contribution	Annual Additional Employee Contribution*
<u><i>\$30,000 Annual Salary</i></u>				
Employee Only Plan	\$3,024	\$11	\$7,972	\$0
Two Person Plan	\$3,024	\$11	\$15,904	\$939
Family Plan	\$3,024	\$11	\$25,577	\$10,612
<u><i>\$70,000 Annual Salary</i></u>				
Employee Only Plan	\$7,056	\$11	\$7,972	\$0
Two Person Plan	\$7,056	\$11	\$15,904	\$0
Family Plan	\$7,056	\$11	\$25,577	\$0

* Annual additional employee contribution calculated as \$18,000 (\$30,000 X 60%) for \$30,000 annual salary, and \$35,000 (\$70,000 X 50%) for \$70,000 annual salary, less total retirement system, life insurance premium and health and dental coverage employer contributions.

The Department states under this bill it would need to hire a full-time employee (business system analyst I, LG 28) to manage the data in-house and work with vendors if certain functions needed to be outsourced. The Department states the total salary and benefits for this position would be \$77,231 in FY 2013, \$81,566 in FY 2014, \$86,232 in FY 2015 and \$91,177 in FY 2016. The Department also states it would incur an estimated \$1,000,000 in costs for purchase of computer systems and vendor services per fiscal year to implement this bill. The Department states these expenses would net against potential savings this bill may generate as illustrated above. This bill provides neither authorization nor appropriation for new personnel.