MEMORANDUM OF SETTLEMENT

AND NOW, this 23RD day of June, 2008, it is hereby agreed by and between the State of Rhode Island and the ESPA CURI/NEARI that the Collective Bargaining Agreement, dated July 1, 2004, is extended for a period of four years, effective July 1, 2008 through June 30, 2012, unchanged except as follows:

1. Wage Schedule

(a) There shall be an across-the-board base wage increase of 2.5% effective July 1, 2009.

(b) There shall be an across-the-board base wage increase of 3% effective July 1, 2010.

(c) There shall be an across-the-board base wage increase of 3% effective July 1, 2011.

2. Insurance

(a) Co-share: Effective the pay date, Friday, August 8, 2008, eligible employees shall contribute toward the cost of health care coverage based on a percentage of premiums for either the individual or family plan as set forth below for medical insurance, dental benefits and/or vision/optical benefits. Said co-share percentages shall apply based on the employee's annualized total rate and shall be via payroll deductions.

For full time employees:

Effective the pay date Friday, August 8, 2008:			
Individual Plan		Family Plan	
Less than $45,000	12%	Less than $25,000	8%
$45,000 to less than $75,000	15%	$25,000 to less than $35,000	11.5%
$75,000 to less than $90,000	18%	$35,000 to less than $45,000	12%
$90,000 and above	25%	$45,000 to less than $75,000	15%
		$75,000 to less than $90,000	18%
		$90,000 and above	25%

Effective July 1, 2009:	
Individual or Family Plan	
Less than $45,000	15%
$45,000 to less than $90,000	20%
$90,000 and above	25%

Effective July 1, 2010:			
Individual Plan		Family Plan	
Less than $46,350	17.5%	Less than $46,350	15%
$46,350 to less than $92,700	20%	$46,350 to less than $92,700	20%
$92,700 and above	25%	$92,700 and above	25%

Effective July 1, 2011:			
Individual Plan		Family Plan	
Less than $95,481	20%	Less than $47,741	15%
$95,481 and above	25%	$47,741 to less than $95,481	20%
		$95,481 and above	25%

Effective the pay date, Friday, August 8, 2008, eligible part time employees (scheduled hours <35.0 for a 35.0 hour position or <40.0 for a 40.0 hour position) shall contribute toward the cost of health care coverage based on a percentage of premiums for either the individual or family plan as set forth below for medical insurance, dental benefits and/or vision/optical benefits. Said co-share percentages shall apply based on the employee's annualized total rate and shall be via payroll deductions.

Effective the pay date, Friday, August 8, 2008:	
Individual or Family Plan	
Less than $90,000	20%
$90,000 and above	35%

Co-share payment increases in fiscal years 2010, 2011 and 2012, to the extent that they result from premium increases, rather than increases in the co-share percentages, shall be capped at 10% each year.

(b) Plan Design

Effective October 1, 2008, the following co-pays shall be in effect:

(1) Primary Care office visit co-pay is $10 (includes internal medicine, family practice, pediatrics and geriatrics);

(2) Emergency room co-pay to increase to $100;

(3) Urgent Care co-pay to increase to $35;

(4) Specialist office visit co-pay to increase to $20 (includes all physicians other than primary care physicians);

(5) The drug co-pay for a 31-day supply shall be as follows:

Tier 1	Tier 2	Tier 3
$5.00	$20.00	$40.00

There is no separate co-pay arrangement for 60-day supplies or 100 units.

Effective October 1, 2008, the following change shall be in effect:

(1) Mail order network pharmacies: 3 month supply of a prescription drug for 2 co-payments. Maximum fill is 3 month supply.

Effective January 1, 2009, the following dental change shall be in effect:

(1) Dental plan crown coverage shall be changed to 80%.

(c) Employee Waiver Payment

Effective July 1, 2011, the employee waiver shall be reduced by 50% to $1001.

3. FlexPlan

Effective July 1, 2008, the State will offer a medical flexible spending account plan in addition to the dependent care flexible spending account plan. Flexible spending accounts permit employees to payroll deduct a portion of their pay on a pre-tax basis for the payment of qualified medical and dependent care expenses. The enrollment deadline for plan year covering July 1, 2008 through June 30, 2009 shall be extended to July 18, 2008.

4. Wellness Incentive

Employees participating in the State's medical plan and who meet the wellness criteria established by the State, in consultation with the Union, shall receive a reduction in medical insurance co-share payments up to a maximum of $500 per year. The earned reductions in medical insurance co-share payments shall be awarded to active employees in FY 2009 or the fiscal year following the employee's participation in the wellness activities.

The Wellness Incentive program will integrate preventative and wellness behaviors into the medical plan. Examples of possible activities include completion of the Health Assessment, obtaining a primary care physician, wellness coaching programs, preventive screenings, non-smoker or completion of smoking cessation program, and/or participation in a program that measures key points in assessing an individual's overall health.

5. Pay Reduction

All employees shall receive a one day pay reduction (equivalent to ten percent (10%) of the bi-weekly total salary rate, excluding overtime) which will be effective for one (1) payroll period during June 2009 as designated by the State.

Employees so affected will be entitled to accrue one (1) additional day of paid leave during that payroll period. This leave will accrue to part-time employees on a pro rated basis.

Employees may request to discharge this additional paid leave during any payroll period following the payroll period in which it was earned and/or elect cash payment for that one day in the fiscal year beginning July 2010 and until June 30, 2012. Any hours not discharged or paid as of June 30, 2012 will be lost.

Balances of accrued vacation, sick and "deferred vacation" leave shall be paid at the pre-reduction rate of pay to employees who terminate or retire from State service during this salary reduction period.

Employees completing their in-service training incentive credits during the salary reduction period will be awarded the appropriate salary adjustment based on the pre-reduction rate of pay.

The State may waive the right to a pay reduction if there is sufficient funding.

6. Study Group

The parties agree to the formation of a statewide joint labor and management Study Group to work cooperatively to identify and recommend areas of potential savings in State Government, including but not limited to the use of contracted services. Three members shall be appointed by the State and three members shall be appointed by and on behalf of all the Unions representing State employees. The Director of Administration (or his designee) shall preside over the meetings. This committee shall be formed within thirty days after the signing of this agreement.

7. "List B" Notices

By execution of this agreement, the State hereby rescinds the notices dated 11/15/07 which advised union officials and employees of the State's intention to explore the subcontracting or privatization of some functions currently performed by bargaining unit members.

8. Non-Wage Proposals

The parties agree that all other language issues will be withdrawn, but that the contract can be reopened effective July 1, 2010 to negotiate non-economic language issues unrelated to the terms and conditions agreed to herein.

Nothing shall prevent the parties from voluntarily reaching agreement on other non-economic issues at any time.

All other written terms and agreements of existing contracts, Memoranda of Agreement or Understanding, etc., neither addressed herein nor inconsistent with the provisions of this memorandum of settlement will remain in full force and effect for the term of this Agreement.

9. Retiree Health Insurance.

The parties agree that retiree health insurance benefits as set forth in Article 4 of 08-H 7204 SUB A, as amended, approved May 1, 2008, shall remain in effect for the term of this agreement. No provision of the collective bargaining agreement shall provide benefits inconsistent with such law.

10. Notwithstanding any provision in the Collective Bargaining Agreement regarding parity, the Union shall have no claim to parity as to health insurance plan design, dental insurance plan design, prescription drug plan design, co-share charges for health insurance, dental insurance, or vision care insurance, employee waiver payment, or wages, based on the terms of the collective bargaining agreements between the State and

either the Howard Union of Teachers or the Rhode Island Troopers Association.

This Agreement is subject to (a) union membership ratification no later than July 30, 2008 and (b) approval by the Governor of Rhode Island, or his designee.

The undersigned agree to recommend ratification and approval of this Memorandum.

STATE OF RHODE ISLAND

By: _____
Jerome F. Williams, Director
Department of Administration

By: _____
Stephen E. Johnston,
Executive Director
Department of Administration

Dated: _____

By: _____
Pres ESPA/NEA RI

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Dated: 6/23/08