



Senate

General Assembly

File No. 277

January Session, 2005

Senate Resolution No. 17

Senate, April 12, 2005

The Senate Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the resolution ought to be adopted.

RESOLUTION PROPOSING APPROVAL OF AN ARBITRATION AWARD BETWEEN THE STATE OF CONNECTICUT AND THE ADMINISTRATIVE AND RESIDUAL EMPLOYEES UNION, P-5 BARGAINING UNIT.

Resolved by the Senate:

- 1 That the arbitration award between the State of Connecticut and the
- 2 Administrative and Residual Employees Union, P-5 Bargaining Unit,
- 3 issued by the arbitrator March 7, 2005, effective July 1, 2003, to June 30,
- 4 2007, inclusive, and submitted to this assembly for approval March 18,
- 5 2005, as provided in subsection (b) of section 5-278 of the general
- 6 statutes, is approved.

APP *Senate Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 04	FY 05	FY 06
Various	GF - Cost	0	6,238,628	13,008,278
Various	TF - Cost	0	704,523	1,469,013

Note: GF=General Fund; TF=Transportation Fund

Municipal Impact: None

Explanation

The arbitrated award for the Administrative and Residual (P-5) bargaining unit is submitted for approval for the four-year period July 1, 2003 through June 30, 2007. Costs shown above are for the 1,863 General Fund and 210 Transportation Fund employees covered by this contract. There are also 915 other fund employees covered by this contract. FY 07 costs are \$19,642,407 for the General Fund and \$2,218,199 for the Transportation Fund. FY 07 annualized costs are \$20,402,092 for the General Fund and \$2,303,990 for the Transportation Fund.

Funding for all unsettled contracts was removed from the 2003-2005 biennial budget, and the governor has not included funding for unsettled contracts in her 2005-2007 biennial recommendations. The extent to which the Reserve for Salary Adjustments account or individual agency budgets affected will be able to partially absorb the costs associated with the award in each year is not known at this time. Given the cumulative nature of these costs, it appears that additional appropriations will be needed to completely cover the costs required during FY 06 and FY 07. Details of the costs are attached.

**Cost Estimate of Arbitration Award
All Funds**

Administrative and Residual (P-5) Bargaining Unit

Agencies Affected: Various

Term of Contract: Four years, July 1, 2003 through June 30, 2007

Number of Full-Time Employees Affected by Contract:

General Fund	1,863
Transportation Fund	210
Other Funds	915
All Funds	2,988

Cash Basis Percent Increase

	Salary	Total	General Wage Increase	Annual Increments And Lump Sums	Other
Prior to Contract	\$ 62,106				
1 st Year of Contract (FY 04)	62,106	0.00%	0.00%	0.00%	0.00%
2 nd Year of Contract (FY 05)	65,199	4.98%	3.33%	1.65%	0.00%
3 rd Year of Contract (FY 06)	67,716	3.86%	3.29%	0.55%	0.02%
4 th Year of Contract (FY 07)	70,270	3.77%	3.29%	0.48%	0.00%

Annualized Basis Percent Increase

	Salary	Total	General Wage Increase	Annual Increments And Lump Sums	Other
Prior to Contract	\$ 62,106				
1 st Year of Contract (FY 04)	62,106	0.00%	0.00%	0.00%	0.00%
2 nd Year of Contract (FY 05)	66,017	6.30%	3.46%	2.84%	0.00%
3 rd Year of Contract (FY 06)	69,247	4.89%	3.42%	1.45%	0.02%
4 th Year of Contract (FY 07)	72,238	4.32%	3.42%	0.90%	0.00%

Cost Estimate of Award

	Prior to Contract	At End of Contract Annualized	Percent Increase (four years)
Salaries [1]	\$ 185,571,974	\$ 215,846,429	16.31%
Fringe Benefits [2]			
Current Items	55,487,277	60,364,491	8.79%

Arbitrated Improvements		138,100	
Total	\$ 241,059,251	\$ 276,349,020	14.64%

3.48% average per year compounded

[1] Salaries include base salary, longevity payments, lump sum payments for employees at maximum, night shift and weekend differential payments, auto usage fees, and on-call pay.

[2] Fringe benefits include Social Security, normal cost of pension contributions, health and life insurance, tuition reimbursement, Professional Development and Conference Fund, and license fees.

Detail of Cost Estimates All Funds

Contract Items	FY 04	FY 05	FY 06 [1]	FY 07 [1]	FY 07
					Annualized[1]
First Year (FY 04)					
No Increases	\$ -	\$ -	\$ -	\$ -	\$ -
Total First Year	\$ -	\$ -	\$ -	\$ -	\$ -
Second Year (FY 05)					
General Wage Increase (3.5%) Effective 6/25/04 (25 pay periods)		\$ 6,178,555	\$ 6,425,697	\$ 6,425,697	\$ 6,425,697
Annual Increments, Delayed three Months		567,147	2,782,305	2,782,305	2,782,305
Lump Sum for Employees at Maximum (2.5%), Delayed three Months		2,496,587	-	-	-
Eliminate License Fee Payment Cap of \$2,500		58,100	58,100	58,100	58,100
Expansion of On-Call/Standby Pay Provision [2]		Unknown	Unknown	Unknown	Unknown
Increase Undocumented Travel Reimbursement from \$7 to \$10 per day [3]		Unknown	Unknown	Unknown	Unknown
Increase Sick Leave for Death of a Family Member to Five Days		Minimal	Minimal	Minimal	Minimal
Total Second Year		\$ 9,300,389	\$ 9,266,103	\$ 9,266,103	\$ 9,266,103
Third Year (FY 06)					
General Wage Increase (3.5%) Effective 6/24/05 (25 pay periods)			\$ 6,488,440	\$ 6,747,977	\$ 6,747,977
Annual Increments, Delayed three Months			466,568	2,241,956	2,241,956
Lump Sum for Employees at Maximum (2.5%), Delayed three Months			3,108,759	-	-
Increase Tuition Reimbursement Fund from \$140,000 to \$160,000			20,000	20,000	20,000
Increase on-Call/Standby Pay from \$1 per hour to \$1.25 per hour (\$2 per hour for holidays), Effective 7/1/05			31,177	31,177	31,177
Increase Travel Reimbursement for the Premium City Supplement from \$6 per day to \$8 per day [3]			Unknown	Unknown	Unknown
Increase Travel Meal Reimbursements from \$38 per day to \$46 per day			Minimal	Minimal	Minimal
Increase Night Shift Differential from \$0.65 per hour to \$0.70 per hour, Effective 6/24/05			2,981	3,100	3,100

Contract Items	FY 04	FY 05	FY 06 [1]	FY 07 [1]	FY 07
					Annualized[1]
Expand Night Shift Differential Eligibility to Salary Grade 24 (current eligibility includes up to Salary Grade 18) [3]			Unknown	Unknown	Unknown
Increase Weekend Differential from \$0.40 per hour to \$0.45 per hour, Effective 6/24/05			5,962	6,200	6,200
Expand Weekend Differential Eligibility to Salary Grade 24 (current eligibility includes up to Salary Grade 18) [3]			Unknown	Unknown	Unknown
Total Third Year			\$ 10,123,886	\$ 9,050,411	\$ 9,050,411
Fourth Year (FY 07)					
General Wage Increase (3.5%) Effective 6/23/06 (25 pay periods)				\$ 6,790,986	\$ 7,062,625
Annual Increments				886,507	1,746,551
Lump Sum for Employees at Maximum (2.5%)				3,217,565	3,217,565
Increase Tuition Reimbursement Fund from \$160,000 to \$200,000				40,000	40,000
Increase Professional Development and Conference Fund from \$100,000 to \$120,000				20,000	20,000
Increase Travel Meal Reimbursements from \$46 per day to \$49 per day				Minimal	Minimal
Increase Night Shift Differential from \$0.70 per hour to \$0.75 per hour, Effective 6/23/06 [4]				2,981	3,100
Increase Weekend Differential from \$0.45 per hour to \$0.50 per hour, Effective 6/23/06 [4]				5,962	6,200
Total Fourth Year				\$ 10,964,000	\$ 12,096,041
Total Contract Items	\$ -	\$ 9,300,389	\$ 19,389,988	\$ 29,280,514	\$ 30,412,555
Social Security Costs	-	707,035	1,476,675	2,227,999	2,314,573
Total Cost of Contract	\$ -	\$ 10,007,424	\$ 20,866,664	\$ 31,508,513	\$ 32,727,128
Estimated General Fund Cost	\$ -	\$ 6,238,628	\$ 13,008,278	\$ 19,642,407	\$ 20,402,092
Estimated Transportation Fund Cost	\$ -	\$ 704,523	\$ 1,469,013	\$ 2,218,199	\$ 2,303,990

[1] This cost analysis is based on annual costs equaling the payment of 26 payrolls. PA 03-1 of the June 2003 Special Session authorizes the development of the 2005-2007 state budget on a GAAP (Generally Accepted Accounting Principles) basis. This change would basically add

one-tenth of a payroll to annual costs beginning with the FY 06.

[2] The ultimate cost for this union proposal is unknown, but the impact could be substantial, whether in additional dollars or reduced service to the public, since either call back pay will be given for phone calls or the employer will have to refrain from making phone calls to employees regarding state business.

[3] The union's proposals were awarded. Associated costs are not known at this time.

[4] This estimate only reflects the cost of increasing the benefit for employees currently receiving these differentials, and does not take into account the cost of the additional increase for employees newly receiving the benefit per the union's arbitration win in FY 05.

OFA Bill Analysis

SR 17

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SUMMARY:

A separate analysis is not prepared since the fiscal note contains much of the same information that would go into a separate analysis.

EFFECTIVE DATE: Upon passage.

COMMITTEE ACTION

Appropriations Committee

Senate Favorable Report

Yea 7 Nay 2