



House of Representatives

General Assembly

File No. 3

January Session, 2015

House Resolution No. 12

House of Representatives, February 11, 2015

The House Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the resolution ought to be adopted.

RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE STATE OF CONNECTICUT AND THE CONNECTICUT STATE EMPLOYEES ASSOCIATION (NP-8).

Resolved by this House:

- 1 That the memorandum of understanding between the State of
- 2 Connecticut and the Connecticut State Employees Association (NP-8),
- 3 signed by the parties January 8, 2015, and submitted to this assembly
- 4 for approval January 16, 2015, as provided in subsection (b) of section
- 5 5-278 of the general statutes, is approved.

APP *House Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$
Correction, Dept.	GF - Cost	2,544,079
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Cost	198,438

Municipal Impact: None

Explanation

The NP-8 bargaining unit is comprised of captains, lieutenants, and counselor supervisors in the Department of Correction. The current three-year NP-8 contract expires on June 30, 2015. This resolution proposes approval of a Memorandum of Understanding (MOU) that extends the contract one year (July 1, 2015 - June 30, 2016), and establishes wage increases for FY 16.

General Fund (GF) estimated costs associated with this MOU are \$2,742,517 in FY 16. A summary of the estimated GF costs is provided below:

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.65% of payroll in FY 16 and FY 17.

Cost Estimate of MOU

Cost Factors	FY 16 \$	Annualized Costs \$
3% General Wage Increase (on time)	1,614,117	1,678,682
Annual Increment (on time)	929,961	1,518,875
Social Security	194,622	244,613
Unemployment	3,816	4,796
Subtotal	2,742,517	3,446,966
State Employee Retirement System*	307,325	386,265
TOTAL	3,049,841	3,833,231
*The increased costs to the pension plan will not be recognized until FY 18.		

Wage Increases - Under the MOU there is a 3% General Wage Increase (GWI) and an Annual Increment (AI) increase in FY 16. The wage increase costs are estimated to be \$2,544,078 in FY 16.

Fringe Benefits - Social security and unemployment related fringe benefit costs will be incurred based on the wage related provisions in the MOU. The current social security rate is 7.65% of salary. The current unemployment rate is 0.15% of salary. The social security and unemployment costs are estimated to be \$198,438 in FY 16.

State Employee Retirement System (SERS) - The pension impact of the wage related provisions is based on the FY 16 average normal cost rate for Tier II and Tier IIA SERS hazardous duty employees, and assumes all other actuarial assumptions remain the same. The estimated normal cost for SERS is \$307,325 in FY 16. However, increased costs to the pension plan attributable to the identified wage provisions will not be recognized in the state's actuarially determined employer contribution (ADEC) until FY 18, as the FY 16 and FY 17 ADEC are set based on the June 30, 2014 actuarial valuation.

Funding Availability - It is anticipated that the Governor's FY 16 - FY 17 biennial budget will include funding to cover the costs of this MOU.

Member Overview - There are 490 bargaining unit members filling three job classifications as reflected in a January 22, 2015 CORE-CT report. There are 117 Correctional Captains, 305 Correctional

Lieutenants, and 68 Correctional Counselor Supervisors. All members are full-time employees paid out of the General Fund. All employees in this bargaining unit are classified as hazardous duty employees and are eligible to retire after 20 years of state service.

The Out Years

The current NP-8 contract will expire effective June 30, 2016. The wage provision of this MOU will remain in effect in future years subject to the outcome of the collective bargaining process

.Sources: Core-CT Financial Accounting System

OFA Bill Analysis**HR 12*****RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE STATE OF CONNECTICUT AND THE CONNECTICUT STATE EMPLOYEES ASSOCIATION (NP-8).*****SUMMARY:**

The resolution proposes approval of a memorandum of understanding (MOU) between the State of Connecticut and the Connecticut State Employees Association, NP-8 Bargaining Unit. The MOU covers one year for the period July 1, 2015 through June 30, 2016 and contains wage increases.

COMMITTEE ACTION

Appropriations Committee

House Favorable

Yea 34 Nay 7 (02/04/2015)