

# OFFICE OF FISCAL ANALYSIS

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## EMERGENCY CERTIFICATION

HR-8

RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF AGREEMENT BETWEEN THE PCA WORKFORCE COUNCIL AND THE NEW ENGLAND HEALTH CARE EMPLOYEES UNION, DISTRICT 1199, SEIU.

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### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$	FY 20 \$
Social Services, Dept.; Developmental Services, Dept.	GF - Cost/Revenue Gain	741,112	7.1 million	9.6 million

Note: GF=General Fund

***Municipal Impact:*** None

#### ***Explanation***

**Summary** - The resolution proposes approval of a memorandum of agreement (MOA) between the Personal Care Attendant (PCA) Workforce Council and the New England Health Care Employees Union (District 1199, SEIU). This agreement covers the period July 1, 2016 through June 30, 2021, as well as the wage reopener period from the prior contract (January 1, 2016 through June 30, 2016). The fiscal impact of the agreement begins in FY 18 with wage increases, first effective April 1, 2018.

The estimated General Fund (GF) net impact associated with this agreement is \$741,112 in FY 18; \$7.1 million in FY 19; \$9.6 million in FY 20; \$11.6 million in FY 21 and \$11.3 million when fully annualized in FY 22. The net impact is comprised of (1) expenditures in the Medicaid and Community Residential Services accounts in the Department of

Social Services (DSS) and the Employment Opportunities and Day Services account in the Department of Developmental Services (DDS), and (2) off-setting federal grants revenue associated with Medicaid reimbursement for services provided under the Community Residential and Employment Opportunities and Day Services accounts. A summary of the estimated General Fund cost and revenue impact of the contract is provided below:

### Cost Estimate of Agreement

Impact by Account	FY 18 \$	FY 19 \$	FY 20 \$	FY 21 \$
Medicaid	539,504	5,203,039	6,974,483	8,437,507
Community Residential Services	302,413	2,916,502	3,909,464	4,729,544
Employment & Day Services	100,804	972,167	1,303,155	1,576,515
<b>Appropriated Account Total</b>	<b>942,721</b>	<b>9,091,709</b>	<b>12,187,101</b>	<b>14,743,566</b>
Federal Grants Revenue	201,608	1,944,335	2,606,309	3,153,029
<b>Net State Impact</b>	<b>741,112</b>	<b>7,147,374</b>	<b>9,580,792</b>	<b>11,590,536</b>

The costs described in the following sections reflect both the state and federal share. The net state impact, which factors in off-setting federal revenue, is outlined in the table above.

**Wage Increases** - The agreement provides for wage increases for PCA's supported by DSS and DDS programs, which total \$1.6 million in FY 18, \$11.9 million in FY 19, \$15.9 million in FY 20, \$19.9 million in FY 21 and \$20.2 million when fully annualized in FY 22. The minimum wage and percentage increases specified for each employee group in the agreement are outlined below:

Effective Date	PCA Under \$15/hr	PCA Over \$15/hr	Respite & Companion	Per Diem
4/1/2018	14.75	1.5%	14.50	1.5%
7/1/2018	15.00	0.0%	14.50	0%
1/1/2019	15.25	1.5%	14.75	1.5%
7/1/2019	15.50	1.5%	15.00	1.5%
1/1/2020	15.85	0.0%	15.00	0%
7/1/2020	16.25	1.5%	15.00	1.5%
1/1/2021	16.25	0.5%	15.00	0.5%

**Training and Orientation Fund** - The agreement requires the state to allocate \$2 million over the length of the agreement to the PCA Training and Orientation Fund with allocations as follows: \$500,000 effective July 1, 2018, \$600,000 effective July 1, 2019, \$600,000 effective July 1, 2020, and \$300,000 effective April 1, 2021. The stipend provided to each eligible PCA who completes the fund sponsored orientation will increase from \$37.50 to \$45.00 effective July 1, 2018 and \$48.00 effective July 1, 2020.

**Holiday Pay** - Effective July 1, 2018, employees will be paid 1.5 times their regular rate of pay for all hours worked on four holidays as follows: Independence Day, New Year's Day, Martin Luther King Jr, Day, and Memorial Day. Effective July 1, 2019, all hours worked on Thanksgiving Day and Christmas Day will be reimbursed at the holiday pay rate as well. This is estimated to result in a cost of \$697,992 in FY 18 and approximately \$1.1 million annually from FY 19 through FY 21.

**Workers' Compensation Coverage** - The agreement requires the state to procure workers' compensation coverage on behalf of consumer employers for the services of their PCAs as soon as practicable after July 1, 2018 but no later than January 1, 2019. Such coverage cannot lapse after the expiration of an agreement during negotiations of a successor collective bargaining agreement. The estimated cost for workers' compensation coverage under the agreement is \$2.5 million in FY 19, and \$3.3 million each year thereafter. The fiscal impact assumes the state will procure a fully insured policy underwritten at a group rate, and consumer care plans will be increased to accommodate premium costs.

**Funding Availability** - Funding was not provided in the original FY 18 and FY 19 Biennial Budget for this purpose. However, the DSS Medicaid account is estimated to lapse approximately \$65 million in FY 18. FY 18 expenditures trends are anticipated to continue in FY 19, resulting in available Medicaid funds of approximately \$10 million, after accounting for other current services adjustments. The

Community Residential Services account in DSS is anticipated to lapse approximately \$5.3 million in FY 18. While the costs associated with the agreement are paid through both DSS and DDS accounts, funding may be transferred among accounts within the same agency through the Finance Advisory Committee (FAC) process, or between agencies via a Memorandum of Understanding (MOU), or other action.

**Reopener** - The agreement requires a reopener on July 1, 2018 (though negotiations may be initiated sixty days prior) for Mid-term Bargaining on substantive language changes related to a Referral Database, Union Business Leave, and Electronic Payroll. The fiscal impact of the reopener will depend on the negotiations and mutually agreed upon terms.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to a successor agreement.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.*