

PRELIMINARY FISCAL NOTE  
SR 11/HR 12

Appropriations Committee Meeting

February 11, 2019



**OFFICE OF FISCAL ANALYSIS**

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## SR 11/HR 12 Judicial Professional Employees Union Cost Estimate

The resolution proposes approval of an agreement between the State of Connecticut Judicial Branch and the Judicial Professional Employees Union, JPE/AFT-CT, AFL-CIO. This is a new bargaining unit. This agreement covers four fiscal years for the period January 1, 2019, to June 30, 2022.

The total estimated costs associated with this agreement are \$80,920 in FY 19, \$223,073 in FY 20; and \$433,737 in FY 21. For the contract year ending June of FY 22, the parties may negotiate general wage increases.

A summary of the estimated costs is provided in the table below.

### Judicial Professional Employees Union Cost Estimate<sup>1</sup>

	FY 19 \$	FY 20 \$	FY 21 \$	FY 22 \$ <sup>2</sup>
SEBAC July 2018 Bonus	40,000			
FY 20 - 3.5% General Wage Increase (GWI)		84,387	84,387	
FY 20 - Merit Increase		37,392	88,381	
FY 21 - 3.5% General Wage Increase (GWI)			90,315	
FY 21 - Merit Increase			35,236	
FY 22 - General Wage Increase (GWI)				TBD
FY 19 Longevity Payment	30,402			
FY 20 Increased Longevity Payments		72,300		
FY 21 Increased Longevity Payments			78,042	78,042
Lump Sum at Maximum			1,000	1,000
<b>Total Earnings</b>	<b>70,402</b>	<b>194,078</b>	<b>377,360</b>	<b>79,042</b>
Social Security, Medicare, and Unemployment	5,569	15,352	29,849	6,252
Other Post-Employment Benefits (3%)	2,112	5,822	11,321	2,371
State Employee Retirement System (SERS) <sup>3</sup>	2,837	7,821	15,208	3,185
<b>TOTAL</b>	<b>80,920</b>	<b>223,073</b>	<b>433,737</b>	<b>90,851</b>

1. Source: February 1, 2019 Roster from CORE-CT

2. Beginning January 1 2021, the parties may negotiate general wage increases for FY 22.

3. The SERS impact will not be recognized until FY 21.

**Wage Increases** - This agreement establishes wage increases in accordance with the 2017 SEBAC Agreement. There were no wage increases in FY 18. In FY 19, members will receive a bonus payment of \$2,000; the total bargaining unit cost is estimated to be \$40,000. In FY 20 and FY 21, employees will receive a cost of living adjustment (COLA) of 3.5% as well as an annual increment; this is estimated to cost \$194,078 in FY 20 and \$377,360 in FY 21. Employees at the top step will receive a lump sum payment of \$1,000 in FY 21 and FY 22. The longevity scales are increased by the 3.5% COLA in FY 20 and in FY 21. The additional cost estimate for longevity is \$72,300 in FY 20, and \$78,042 in FY 21 and FY 22.

**Fringe Benefits** - Social Security, Medicare, unemployment and retiree health related fringe benefit costs will be incurred based on the wage related provisions negotiated in the contract. The current social security rate is 7.65% of salary. The current unemployment rate is 0.26% of salary. The current state contribution towards retiree health is 3%. The estimated fringe benefit costs are \$7,681 in FY 19; \$21,174 in FY 20; \$41,170 in FY 21; and \$8,623 in FY 22.

**Impact to Retirement** - Employees covered by this contract are members of the State Employees' Retirement System (SERS). The pension impact of the wage related provisions assume a rate of 4.03% which reflects the average normal cost for regular SERS employees in Tiers II, IIA, III and IV as of the June 30, 2018 valuation. The total estimated retirement related costs are \$2,837 in FY 19; \$7,821 in FY 20; \$15,208 in FY 21; and \$3,185 in FY 22. However, increased costs to SERS attributable to the identified wage provisions will not be recognized in the state's actuarially determined employer contributions (ADEC) until FY 21, as the FY 20 contribution is set based on the June 30, 2018 actuarial valuation.

**Funding Availability** - The Judicial Department included funding of \$191,000 in FY 20 and \$201,000 in FY 21 for the additional funding needs for this contract in their FY 20-21 budget request. The Reserve for Salary Adjustments<sup>3</sup> (RSA) General Fund account for collective bargaining costs associated with unsettled contracts and other related

costs currently has adequate funding to transfer to the Judicial Department. Lastly, the provisions of this agreement remain in effect until a subsequent agreement is negotiated by the parties.

**Member Overview** - The agreement places 20 Judicial Branch employees into the new Local 381, AFSCME Council 4, AFL-CIO bargaining unit as of February 1, 2019. The bargaining unit is comprised of employees in the following job classifications: Permanent Law Clerk to a Supreme Court Justice, Permanent Law Clerk to Appellate Court Judge, Counsel to the Chief Judge of the Appellate Court, and Supervising Motions Staff Attorney - Appellate Court.

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

The agreement will expire effective June 30, 2022. The wage provisions of this resolution will remain in effect in future years subject to the outcome of the collective bargaining process. For the contract year ending June of FY 22, the parties may negotiate general wage increases.

3. The RSA account is used to finance collective bargaining and related costs that are not included in individual agency budgets.

