

OFFICE OF FISCAL ANALYSIS

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HR-24

RESOLUTION PROPOSING APPROVAL OF AN INTEREST ARBITRATION AWARD BETWEEN THE STATE OF CONNECTICUT AND THE CONNECTICUT STATE EMPLOYEES ASSOCIATION, SEIU LOCAL 2001, CORRECTION SUPERVISORS COUNCIL, NP-8 UNIT.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$	FY 21 \$	FY 21 \$ Annualized
Department of Correction	General Fund - Cost	71,658	175,847	409,874	465,338
State Comptroller Fringe Benefits	General Fund - Cost	17,535	43,030	100,296	113,868

Municipal Impact: None

Explanation

The resolution proposes approval of an interest arbitration award between the State of Connecticut and the Connecticut State Employees Association Corrections Supervisors (NP-8) union. This award would move the Deputy Wardens in the Department of Correction (DOC) into the NP-8 union. This award covers five fiscal years effective July 1, 2016 through June 30, 2021.

The estimated impact to FY 19, FY 20, and FY 21 associated with this award is reflected in the table below. There is no fiscal impact in FY 17 or FY 18.

Deputy Wardens Cost Estimate (General Fund)¹

	FY 19 \$	FY 20 \$	FY 21 \$	FY 21 \$ Annualized
\$2,000 Bonus	68,000	-	-	-
FY 20 - 3.5% General Wage Increase (GWI)	-	118,072	118,072	118,072
FY 20 - 3% Annual Increment	-	52,373	104,747	104,747
FY 21 - 3.5% General Wage Increase (GWI)	-	-	125,871	125,871
FY 21 - 3% Annual Increment	-	-	55,464	110,929
Education Stipend	1,750	-	-	-
Longevity Payments	1,908	4,452	4,770	4,770
Emergency Medical Technician Skill Premium	-	950	950	950
Total Wages	71,658	175,847	409,874	465,338
Social Security, Medicare, and Unemployment	5,647	13,857	32,298	36,669
OPEB 3%	2,150	5,275	12,296	13,960
State Employee Retirement System - Hazardous Duty (SERS) ²	9,738	23,898	55,702	63,239
TOTAL	89,193	218,877	510,170	579,206

¹Source: April 1 Roster from CORE-CT

²The SERS impact will not be recognized until FY 21.

Wage Provisions - This award establishes wage increases in accordance with the 2017 State Employee Bargaining Unit Coalition (SEBAC) Agreement. There were no wage increases in FY 17 or FY 18. In FY 19, members will receive a bonus payment of \$2,000. In both FY 20 and FY 21, employees will receive a General Wage Increase (GWI) of 3.5% as well as an Annual Increment (AI) of 3%. The award includes stipends for different levels of educational degrees, longevity payments for members who are promoted to a Deputy Warden position after April 1, 2018, and a skill premium for employees who are certified as Emergency Medical Technicians. These payments will be made in FY 19.

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

0.23% of salary. The current state contribution towards retiree health is 3%. The estimated fringe benefit costs are \$7,797 in FY 19; \$19,132 in FY 20; and \$44,594 in FY 21.

Impact to Retirement - Employees covered by this contract are members of the State Employees' Retirement System (SERS) - Hazardous Duty Plan. The pension impact of the wage related provisions assume an average hazardous duty normal cost SERS rate of 13.59%. The total estimated retirement cost is \$9,738 in FY 19, \$23,898 in FY 20 and \$55,702 in FY 21. The increased costs to SERS 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 DOC did not include funding for this contract in their FY 20 - FY 21 budget request. The Reserve for Salary Adjustments (RSA)¹ General Fund account for collective bargaining costs associated with unsettled contracts currently has adequate funding to transfer to DOC. Lastly, the provisions of this award remain in effect until a subsequent agreement is negotiated by the parties.

Member Overview - There are 34 employees currently classified as Deputy Wardens who would join the NP-8 union.

The Out Years

The award will expire effective June 30, 2021. The impact of the provisions of this resolution will remain in effect in future years subject to the outcome of the collective bargaining process.

¹The RSA account is used to finance collective bargaining and related costs that are not included in individual agency budgets.