

OFFICE OF FISCAL ANALYSIS

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SR-29

RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF AGREEMENT BETWEEN THE STATE OF CONNECTICUT JUDICIAL BRANCH AND THE STATE OF CONNECTICUT JUDICIAL EMPLOYEES, LOCAL 749, AFSCME, AFL-CIO.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$	FY 21 \$
Judicial Dept.	GF - Cost	305,023	789,839	1,448,921
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	54,142	140,196	257,183

Note: GF=General Fund

Municipal Impact: None

Explanation

The resolution proposes approval of an agreement between various employee classifications in the Judicial Branch and the Judicial Professional Employee Union. This agreement covers five fiscal years for the period of July 1, 2017 to June 30, 2021.

Total estimated costs associated with this agreement are \$359,165 in FY 19; \$930,035 in FY 20; and \$1,706,104 in FY 21.

The estimated impact to FY 19 - FY 21 associated with this agreement is reflected in the table below. There is no fiscal impact in FY 17 or FY 18.

Various Judicial Employees Cost Estimate¹

	FY 19 \$	FY 20 \$	FY 21 \$	FY 21 \$ Annualized
Longevity - Retroactive	97,260	-	-	-
\$2,000 Bonus/\$1,000 plus top step	207,763	-	-	-
FY 20 - 3.5% General Wage Increase (GWI)	-	300,109	300,109	300,109
FY 20 - Annual Increment	-	136,229	295,164	295,164
Longevity	-	329,001	369,259	369,259
Lump Sum at Top Step	-	14,000	20,000	20,000
Auto Availability Stipend	-	10,500	10,500	10,500
FY 21 - 3.5% General Wage Increase (GWI)	-	-	332,542	332,542
FY 21- Annual Increment	-	-	121,347	242,694
Total Wages	305,023	789,839	1,448,921	1,570,268
Social Security, Medicare, and Unemployment	24,036	62,239	114,175	123,737
OPEB 3%	9,151	23,695	43,468	47,108
State Employee Retirement System (SERS) ²	20,955	54,262	99,541	107,877
TOTAL	359,165	930,035	1,706,104	1,848,991

¹Source: April 25 Roster from Judicial

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

Wage Increases - This agreement establishes wage increases in accordance with the 2017 SEBAC Agreement. There are no wage increases in FY 17 or FY 18. In FY 19, members will receive a bonus payment of \$2,000, or a top step lump sum plus \$1,000. This is estimated to cost \$207,763. In FY 20 and FY 21, employees will receive a cost of living adjustment (COLA) of 3.5%, as well as an annual increment; these wages are estimated to cost \$436,338 in FY 20, \$1,049,162 in FY 21, and \$1,170,509 in FY 22. Longevity payments are retroactive in FY 19 and will cost \$97,260. The additional cost estimate for longevity is \$329,001 in FY 20, \$369,259 in FY 21 and in FY 22. The employees will also receive \$300 annually for an auto availability stipend costing \$10,500 annually. Employees at their top step in the pay scale will receive lump sum payments of \$14,000 in FY 20, \$20,000 in FY 21 and in 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 0.23% of salary. The current state contribution towards retiree health is 3%. The estimated fringe benefit costs are \$33,187 in FY 19; \$85,934 in FY 20; and \$157,643 in FY 21.

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 an average normal cost SERS rate of 6.87%. The total estimated retirement cost is \$20,955 in FY 19, \$54,262 in FY 20 and \$99,541 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 Reserve for Salary Adjustments³ (RSA) General Fund account for collective bargaining costs associated with unsettled contracts and other related costs currently has adequate funding to transfer to JUD. Lastly, the provisions of this agreement remain in effect until a subsequent agreement is negotiated by the parties.

Member Overview - There are 122 employees covered by this agreement.

The Out Years

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

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