

OFFICE OF FISCAL ANALYSIS

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SR-33

RESOLUTION PROPOSING APPROVAL OF A TENTATIVE AGREEMENT BETWEEN THE STATE OF CONNECTICUT AND THE ADMINISTRATIVE AND RESIDUAL (P-5) BARGAINING UNIT.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$	FY 21 \$
Various State Agencies	App Fund - Cost	263,745	391,536	815,554
Comptroller Misc. Accounts (Fringe Benefits)	App Fund - Cost	54,749	80,387	166,056

Note: App Fund=All Appropriated Funds

Municipal Impact: None

Explanation

The resolution proposes approval of an agreement between certain employees in various agencies and the Administrative and Residual (P-5) bargaining unit. 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 \$318,494 in FY 19; \$471,922 in FY 20 and \$981,610 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.

Administrative and Residual (P-5) Cost Estimate¹

	FY 19 \$	FY 20 \$	FY 21 \$	FY 21 \$ Annualized
\$2,000 Bonus/\$1,000 plus top step	117,000	-	-	-
Lump Sum at Maximum - Retroactive	27,390	-	-	-
Longevity Payments - Retroactive	119,355	-	-	-
FY 20 - 3.5% General Wage Increase (GWI)	-	254,233	254,233	254,233
FY 20 - 2 % Annual Increment	-	55,935	111,871	111,871
Furlough Day	-	(27,938)	-	-
Longevity Payments	-	80,956	82,627	82,627
Lump Sum at Maximum	-	28,349	46,154	46,154
FY 21 - 3.5% General Wage Increase (GWI)	-	-	267,046	267,046
FY 21 - 2 % Annual Increment	-	-	53,623	107,246
Total Wages	263,745	391,536	815,554	869,177
Social Security, Medicare, and Unemployment	20,783	30,853	64,266	68,491
OPEB 3%	7,912	11,746	24,467	26,075
State Employee Retirement System (SERS) ²	26,054	37,788	77,324	82,309
TOTAL	318,494	471,922	981,610	1,046,052

¹ Source: May 1 Roster from CORE-CT

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

Wage Increases - 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 \$117,000. In FY 20 and FY 21, employees will receive a cost of living adjustment (COLA) of 3.5%, as well as a 2.0% annual increment; these wages are estimated to cost \$310,168 in FY 20 and \$686,773 in FY 21. Longevity payments are retroactive to January 1, 2018; this is estimated to cost \$119,355 in FY 19. The additional cost for longevity payments is \$80,956 in FY 20 and \$82,627 in FY 21. Employees at their top step in the pay scale will receive lump sum payments of \$27,390 in FY 19, \$28,349 in FY 20, and \$46,154 in FY 21. Employees will take one furlough day in FY 20 which will save \$27,938.

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 social security rate for individuals governed by the contract 7.65% and Medicare is 1.45% 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 for all funds is \$28,695 in FY 19; \$42,599 in FY 20; and \$88,732 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 for all funds is \$26,054 in FY 19; \$37,788 in FY 20; and \$77,324 in FY 21. The full impact to all funds resulting from 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 the various agencies. Lastly, the provisions of this agreement remain in effect until a subsequent agreement is negotiated by the parties.

Member Overview – There are 64 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.

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