

OFFICE OF FISCAL ANALYSIS

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sHB-5441

AN ACT ADOPTING THE RECOMMENDATIONS OF THE TASK FORCE TO STUDY THE STATE WORKFORCE AND RETIRING EMPLOYEES.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

This bill requires each state agency to (1) fill all open positions to levels appropriated in the 2022-2023 biennial budget and (2) adopt continuous recruitment practices to fill critical shortage positions, as appropriated in the 2022-2023 biennial budget, with no approval from the Department of Administrative Services (DAS) or Office of Policy and Management (OPM) needed to fill them.

Requiring the state to refill all open positions in the biennial budget may preclude a potential savings to the state associated with turnover and attrition. Additionally, the state may incur administrative costs (including the hiring of additional HR Specialists), to adopt continuous recruitment practices to fill critical shortage positions.

The bill establishes the chief diversity, equity, and inclusion officer position to oversee a transformative hiring process in state government. It is estimated that the annual salary for this position would be at least \$150,000. Further, three additional staff members would be needed to help the chief diversity, equity, and inclusion officer fulfill the bill's requirements at total salary cost of an estimated \$300,000.

The bill also repeals a statute that allows DAS and OPM to require

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4/11/22

nonunion state employees to pay health insurance premiums of up to 18% of the total premium. This would result in an annual cost to the state estimated to be \$3.5 million - \$4.5 million.

Under the current agreement between the state and SEBAC, state employees who retire after July 1, 2022, will no longer have a minimum annual cost of living adjustment to their pension benefit, and those who are not covered by Medicare will have to pay a higher health insurance premium share. This bill requires OPM to consult with SEBAC to allow all employees to continue working beyond July 1, 2022, without the applicable cost of living adjustment or retiree health care changes, until one month after their replacement has been hired, to train and transition the new employee in the position. Depending on how many employees work past their retirement date, this will preclude the state from realizing potentially significant turnover savings.

Lastly, the bill sets various study and analysis requirements related to, among other things, state employee retirements, retention rates, diversity, and training and internship programs. The state will need a consultant to assist with these provisions. It is estimated that contracting with an outside consultant will result in a one-time cost of \$500,000 - \$1 million.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.