

PRELIMINARY FISCAL NOTE
SR 11/HR 12

Appropriations Committee
Meeting

February 4, 2015



OFFICE OF FISCAL ANALYSIS

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SR 11 and HR 12 - Resolution Proposing Approval of a Memorandum of Understanding between the State of Connecticut and the Connecticut State Employees Association (CSEA), NP-8 Bargaining Unit.

Summary - The NP-8 bargaining unit is comprised of captains, lieutenants, and counselor supervisors in the Department of Correction. The current three-year NP-8 contract expires on June 30, 2015. This MOU extends the contract one year (July 1, 2015 - June 30, 2016), and establishes wage increases for FY 16.

General Fund (GF) estimated costs associated with this MOU are \$2,742,517 in FY 16. A summary of the estimated GF costs is provided below:

Cost Estimate of MOU

Cost Factors	FY 16 \$	Annualized Costs \$
3% General Wage Increase (on time)	1,614,117	1,678,682
Annual Increment (on time)	929,961	1,518,875
Social Security	194,622	244,613
Unemployment	3,816	4,796
Subtotal	2,742,517	3,446,966
State Employee Retirement System ¹	307,325	386,265
TOTAL	3,049,841	3,833,231

¹The increased costs to the pension plan will not be recognized until FY 18.

Source: Core-CT report as of January 22, 2015.

Wage Increases - Under the MOU there is a 3% General Wage Increase (GWI) and an Annual Increment (AI) increase in FY 16. The wage increase costs are estimated to be \$2,544,078 in FY 16.

Fringe Benefits - Social security and unemployment 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 0.15% of salary. The social security and unemployment costs are estimated to be \$198,438 in FY 16.

State Employee Retirement System (SERS) - The pension impact of the wage related provisions is based on the FY 16 average normal cost rate for Tier II and Tier IIA SERS hazardous duty employees, and assumes all other actuarial assumptions remain the same. The estimated normal cost for SERS is \$307,325 in FY 16. However, increased costs to the pension plan attributable to the identified wage provisions will not be recognized in the state's actuarially determined employer contribution (ADEC) until FY 18, as the FY 16 and FY 17 ADEC are set based on the June 30, 2014 actuarial valuation.

Funding Availability - It is anticipated that the Governor's FY 16 - FY 17 biennial budget will include funding to cover the costs of this MOU.

Member Overview - There are 490 bargaining unit members filling three job classifications as reflected in a January 22, 2015 CORE-CT report. There are 117 Correctional Captains, 305 Correctional Lieutenants, and 68 Correctional Counselor Supervisors. All members are full-time employees paid out of the General Fund. All employees in this bargaining unit are classified as hazardous duty employees and are eligible to retire after 20 years of state service.