

PRELIMINARY FISCAL NOTE  
SR 4/HR 3

Appropriations Committee  
Meeting

February 23, 2016



**OFFICE OF FISCAL ANALYSIS**

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**SR 4 and HR 3 - Resolutions Proposing Approval of a Collective Bargaining Agreement between the University of Connecticut Board of Trustees and the University of Connecticut Professional Employees Association (UCPEA).**

**Summary** - This agreement covers five fiscal years for the period July 1, 2016 through June 30, 2021. There are 1,839 non-teaching professionals in UCPEA. The total estimated cost associated with this agreement is detailed in the table below.

**Total Estimated UCPEA Agreement Cost (in millions)**

<b>Fiscal Year</b>	<b>Cost \$</b>
17	5.0
18	11.4
19	18.4
20	25.8
21	33.3
<b>Annualized</b>	<b>33.9</b>

A detailed summary of the estimated contract cost is provided on the following page.

### UCPEA Agreement Cost Estimate

	FY 17 \$	FY 18 \$	FY 19 \$	FY 20 \$	FY 21 \$	Annualized FY 21 \$
FY 17 - 2% General Wage Increase (GWI)	2,409,522	2,557,043	2,557,043	2,557,043	2,557,043	2,557,043
FY 17 - 1% Merit Increase	1,204,761	1,278,522	1,278,522	1,278,522	1,278,522	1,278,522
FY 18 - 1% GWI	-	1,229,839	1,310,485	1,310,485	1,310,485	1,310,485
FY 18 - 1% Merit Increase	-	1,229,839	1,310,485	1,310,485	1,310,485	1,310,485
FY 18 - 2.5% Work Schedule Increase	-	3,074,599	3,276,212	3,276,212	3,276,212	3,276,212
FY 19 - 1% GWI	-	-	1,279,033	1,362,904	1,362,904	1,362,904
FY 19 - 1% Merit Increase	-	-	1,279,033	1,362,904	1,362,904	1,362,904
FY 19 - 2.5% Work Schedule Increase	-	-	3,197,583	3,407,260	3,407,260	3,407,260
FY 20 - 1% GWI	-	-	-	1,330,194	1,417,420	1,417,420
FY 20 - 1% Merit Increase	-	-	-	1,330,194	1,417,420	1,417,420
FY 20 - 2.5% Work Schedule Increase	-	-	-	3,325,486	3,543,551	3,543,551
FY 21 - 1% GWI	-	-	-	-	1,372,063	1,474,117
FY 21 - 1% Merit Increase	-	-	-	-	1,372,063	1,474,117
FY 21 - 2.5% Work Schedule Increase	-	-	-	-	3,430,157	3,685,293
Increased Longevity Payments	24,000	24,840	25,709	26,609	27,541	27,541
Vacation Payout - from 44 to 60 days	238,796	248,348	258,282	268,614	279,358	279,358
One-time Comp. Payout for Certain Athletics Employees	167,356	-	-	-	-	-
<b>Total Earnings</b>	<b>4,044,435</b>	<b>9,643,031</b>	<b>15,772,387</b>	<b>22,146,912</b>	<b>28,725,387</b>	<b>29,184,631</b>
Professional Development Fund: increase from \$187,000 to \$400,000	213,000	213,000	213,000	213,000	213,000	213,000
Tuition Reimbursement: increase from \$19,500 to \$50,000	30,500	30,500	30,500	30,500	30,500	30,500
Childcare Fund: increase from \$41,600 to \$100,000	58,400	58,400	58,400	58,400	58,400	58,400
<b>Social Security, Medicare, and Unemployment</b>	<b>314,253</b>	<b>749,264</b>	<b>1,225,514</b>	<b>1,720,815</b>	<b>2,231,963</b>	<b>2,267,646</b>
<b>Subtotal</b>	<b>4,660,588</b>	<b>10,694,195</b>	<b>17,299,801</b>	<b>24,169,627</b>	<b>31,259,250</b>	<b>31,754,177</b>
<b>State Employee Retirement System (SERS)<sup>1</sup></b>	<b>294,233</b>	<b>701,531</b>	<b>1,147,441</b>	<b>1,611,188</b>	<b>2,089,772</b>	<b>2,123,182</b>
<b>TOTAL</b>	<b>4,954,820</b>	<b>11,395,725</b>	<b>18,447,242</b>	<b>25,780,815</b>	<b>33,349,022</b>	<b>33,877,359</b>

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

Source: The University of Connecticut provided OFA with a raw UCPEA roster run.

**Wage Increases** - The current contract expires on June 30, 2016. This agreement establishes wage increases from FY 17 – FY 21. See table below for details:

	FY 17	FY 18	FY 19	FY 20	FY 21
Work Week Schedule Increase	0%	2.5%	2.5%	2.5%	2.5%
General Wage Increase (GWI)	2%	1%	1%	1%	1%
Merit Increase	1%	1%	1%	1%	1%
<b>Total Salary Increase</b>	<b>3.0%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>

**Increase in Vacation Payout** - Increases the maximum number of accrued vacation days, from 44 to 60, an employee can be paid upon separation from state service. This is estimated to cost \$238,796 in FY 17; \$248,348 in FY 18; \$258,282 in FY 19; \$268,614 in FY 20; and \$279,358 in FY 21.

**One-time Compensation Time Payout** - As of June 30, 2016, professional staff within the Division of Athletics whose compensatory time balance is in excess of 400 hours will receive a one-time payment equal to 25% of the accrued hours. This one-time cost is estimated to be \$167,356 in FY 17. Thereafter, professional Athletics’ employees must use all compensatory time within one year of being earned.

**Fringe Benefits** - Social Security, Medicare 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 0.12% of salary. The social security and unemployment costs are estimated to be \$314,253 in FY 17.

**State Employee Retirement System** - 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 non-hazardous duty employees, and assumes all other actuarial assumptions remain the same. The estimated normal cost for SERS is \$294,233 in FY 17. 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 17 ADEC is set based on the June 30, 2014 actuarial valuation. This estimate assumes employees covered by this agreement are enrolled in SERS.

**Funding Availability** - It is estimated that UConn has sufficient funding to cover the agreement costs, pending budgetary changes adopted this session. Please note this does not include SERS costs, as this contract does not modify the FY 17 SERS ADEC. Lastly, the provisions of this agreement remain in effect until a subsequent agreement is negotiated by the parties.

**Member Overview** - There are 1,839 non-teaching professional bargaining unit members filling numerous job classifications as of February 1, 2016. The bargaining unit is comprised of admissions officers, physicians, accountants, academic advisors, librarians, information technology staff, and others.