

PRELIMINARY FISCAL NOTE
SR 32/HR 29

Appropriations Committee
Meeting

April 21, 2015



OFFICE OF FISCAL ANALYSIS

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SR 32 and HR 29 - Resolution Proposing Approval of a Collective Bargaining Agreement between the State of Connecticut and the Connecticut State Police Union, NP-1 Bargaining Unit.

Summary - The resolution proposes approval of an agreement between the State of Connecticut and the Connecticut State Police Union, NP-1 Bargaining Unit. This agreement covers three years for the period July 1, 2015 through June 30, 2018.

Total General Fund (GF) estimated costs associated with this agreement are \$4,603,408 in FY 16; \$9,328,259 in FY 17; \$14,667,947 in FY 18; and \$15,848,502 annually thereafter. A summary of the estimated GF contract costs is provided below:

General Fund (GF) Cost Estimate of Agreement

	FY 16 \$	FY 17 \$	FY 18 \$	Annualized FY 18 Costs \$
FY 16 - 3% General Wage Increase (GWI) (on time)	3,112,025	3,236,506	3,236,506	3,236,506
FY 16 - 2.3% Average Annual Increment (AI) (on time)	1,025,048	1,411,749	1,411,749	1,411,749
FY 17 - 2% GWI (on time)	-	2,164,073	2,250,636	2,250,636
FY 17 - 1% GWI (effective 1/1/17)	-	533,691	1,156,330	1,156,330
FY 17 - 2.51% Average AI (on time)	-	1,174,033	1,622,290	1,622,290
FY 18 - 2% GWI (on time)	-	-	2,253,578	2,343,721
FY 18 - 1% GWI (effective 1/1/18)	-	-	555,060	1,202,630
FY 18 - 1.63% Average AI (on time)	-	-	987,231	1,344,652
Shoe Stipend	133,250	133,250	133,250	133,250
Social Security, Medicare, and Unemployment	333,085	674,958	1,061,317	1,146,738
Sub-Total	4,603,408	9,328,259	14,667,947	15,848,502
State Employee Retirement System (SERS) ¹	515,855	1,045,319	1,643,681	1,775,973
TOTAL	5,119,263	10,373,578	16,311,627	17,624,475

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

Source: CoreCT Roster Run as of April 16, 2015.

Wage Increases - The current contract expires on June 30, 2015. This agreement establishes wage increases for the duration of the agreement. Under the agreement, there are:

- (1) a deletion of Step 8 at the beginning of FY 16;
- (2) a 3% General Wage Increase (GWI), on time, in FY 16;
- (3) an Annual Increment (AI) increase, on time, in FY 16;
- (4) a 2% GWI, on time in FY 17;
- (5) a 1% GWI, delayed six months, in FY 17;
- (6) an AI increase, on time, in FY 17;

- (7) a 2% GWI, on time, in FY 18;
- (8) a 1% GWI, delayed six months, in FY 18; and
- (9) an AI increase, on time, in FY 18.

Shoe Stipend - The agreement funds a \$125 stipend, for each employee, for protective shoes at a cost of \$133,250 each fiscal year.

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 used is 0.15% of salary. The social security and unemployment costs are estimated to be \$333,085 in FY 16; \$674,958 in FY 17; \$1,061,317 in FY 18; and \$1,146,738 annually thereafter.

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 Hazardous duty employees, and assumes all other actuarial assumptions remain the same. The estimated normal cost for SERS is \$515,855 in FY 16; \$1,045,319 in FY 17; \$1,643,681 in FY 18; and \$1,775,973 annually thereafter. 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, FY 17 and FY 18 ADEC are set based on the June 30, 2014 actuarial valuation.

Funding Availability - Funding was not provided in the Department of Emergency Services and Public Protection in the Governor's proposed FY 16 and FY 17 budget for this purpose. However, the Reserve for Salary Adjustments (RSA)¹ account has funding for collective bargaining costs associated with unsettled contracts and other related costs. The Governor's proposed biennial budget provided \$22.9 million in FY 16 and \$130.5 million in FY 17 in the RSA GF account. Under the Governor's proposed biennial budget, there is sufficient funding in the RSA GF account to cover the contract costs of \$4,603,408 in FY 16 and \$9,328,259 in FY 17. Please note this does not include SERS costs as this contract does not modify the FY 16 and 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 1,066 bargaining unit members filling five job classifications as of April 16, 2015. There are 57 Trooper Trainees, 591 Trooper First Class, 234 Troopers, 169 Sergeants and 15 Master Sergeants. One member is a temporary employee; all others are full-time, hazardous duty employees and paid out of the GF.

¹The RSA account is used to finance collective bargaining and related costs that are not included in individual agency budgets.