

PRELIMINARY FISCAL NOTE  
SR 12 /HR 11

Appropriations Committee  
Meeting

April 18, 2022



**OFFICE OF FISCAL ANALYSIS**

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The resolution proposes approval of an agreement between the State of Connecticut and the State Employees Bargaining Agent Coalition (SEBAC). This agreement covers four fiscal years for the period of July 1, 2021 - June 30, 2025.

Total estimated costs associated with this agreement for All Funds and the General Fund are in the two tables below.

### SEBAC All Funds Cost Estimate

	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$
FY 22 - 2.5% General Wage Increase (GWI) retroactive to 7/1/2021	85,245,600	89,013,609	85,718,057	85,718,057
FY 22 - Annual Increment (AI) retroactive 7/1/2021	57,904,090	77,905,802	75,019,734	75,019,734
FY 22 - \$2,500 Special Lump Sum Payment	109,563,475	-	-	-
FY 23 - 2.5% GWI	-	95,328,135	92,277,391	92,277,391
FY 23 - AI on-time	-	66,592,358	78,452,253	78,452,253
FY 23 - \$1,000 Special Lump Sum Payment	-	45,189,190	-	-
FY 24 - 2.5% GWI	-	-	96,128,507	96,545,610
FY 24 - AI on-time	-	-	67,121,833	77,295,164
<b>Wage Total</b>	<b>252,713,165</b>	<b>374,029,094</b>	<b>494,717,775</b>	<b>505,308,208</b>
Additional Items (See Appendix A for details)	2,439,912	14,808,052	19,236,794	22,323,956
<b>Total Wages &amp; Additional Items</b>	<b>255,153,077</b>	<b>388,837,146</b>	<b>513,954,569</b>	<b>527,632,164</b>
Social Security, Medicare, and Unemployment	19,370,464	28,669,330	37,920,117	38,731,874
Other Post-Employment Benefits (OPEB)	7,581,395	11,220,873	14,841,533	15,159,246
State Employee Retirement System (SERS)	10,361,240	15,335,193	20,283,429	20,717,637
<b>Total Wages &amp; Fringe Benefits</b>	<b>292,466,176</b>	<b>444,062,542</b>	<b>586,999,648</b>	<b>602,240,921</b>
Voluntary Specialty Drug Discount Program Savings	-	(17,200,000)	(21,500,000)	(21,500,000)
<b>Grand Total</b>	<b>292,466,176</b>	<b>426,862,542</b>	<b>565,499,648</b>	<b>580,740,921</b>

Notes:

- FY 23 figures reflect 27 pay periods. Normally there are 26 pay periods in a fiscal year, however, every 11 years there is an additional pay period.
- The SERS impact will not be recognized until FY 24.

## SEBAC General Fund Cost Estimate

	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$
FY 22 - 2.5% General Wage Increase (GWI) retroactive to 7/1/2021	45,586,067	47,816,922	46,046,732	46,046,732
FY 22 - Annual Increment (AI) retroactive 7/1/2021	30,921,745	41,526,484	39,987,090	39,987,090
FY 22 - \$2,500 Special Lump Sum Payment	61,690,484	-	-	-
FY 23 - 2.5% GWI	-	52,055,011	50,594,517	50,594,517
FY 23 - AI on-time	-	37,122,443	42,955,000	42,955,000
FY 23 - \$1,000 Special Lump Sum Payment	-	25,978,994	-	-
FY 24 - 2.5% GWI	-	-	52,526,611	52,933,236
FY 24 - AI on-time	-	-	37,055,919	41,353,968
<b>Total GF Wages</b>	<b>138,198,296</b>	<b>204,499,854</b>	<b>269,165,870</b>	<b>273,870,543</b>
Social Security, Medicare, and Unemployment	10,592,899	15,674,914	20,631,564	20,992,177
Other Post-Employment Benefits (OPEB)	4,145,949	6,134,996	8,074,976	8,216,116
State Employee Retirement System (SERS)	5,666,130	8,384,494	11,035,801	11,228,692
<b>Total GF Wages &amp; Fringe Benefits</b>	<b>158,603,274</b>	<b>234,694,257</b>	<b>308,908,211</b>	<b>314,307,529</b>
Voluntary Specialty Drug Discount Program Savings	-	(13,000,000)	(16,000,000)	(16,000,000)
<b>Grand Total</b>	<b>158,603,274</b>	<b>221,694,257</b>	<b>292,908,211</b>	<b>298,307,529</b>

### Notes:

- The SERS impact will not be recognized until FY 24.
- Additional Items are not included in this table.
- FY 23 figures reflect 27 pay periods. Normally there are 26 pay periods in a fiscal year, however, every 11 years there is an additional pay period.

**Wage Increases** - Employees will receive a General Wage Increase (GWI) of 2.5% in each of FY 22 (retroactive to July 1, 2021), FY 23 and FY 24. Employees will receive an Annual Increment in each of FY 22 (retroactive to July 1, 2021), FY 23, and FY 24. The last year of the agreement, FY 25, is a wage reopener. The state and the union may negotiate, no sooner than January 1, 2024, the FY 25 GWI and AI.

**Special Lump Sum Payment** - Retroactive to July 1, 2021 (FY 22) eligible full-time employees will receive a special lump sum payment of \$2,500. Part-time employees will receive a pro-rated payment. Eligible employees include any active employee in the bargaining unit as of March 31, 2022. Effective July 1, 2022 (FY 23) active, full-time employees will receive a special lump sum payment of \$1,000. Part-time employees will receive a pro-rated payment. It is estimated that 46,237 All-Funds full-time and part-time union members are eligible for these payments (with 26,630 being in the General Fund).

**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 is 7.65% of salary. The unemployment rate is 0.15% of salary. The state contribution towards retiree health is 3%.

**Active Employee and Retiree Health Care** - The agreement establishes a Voluntary Specialty Drug Discount Program called Prudent Rx. Beginning July 1, 2022, all active employees and non-Medicare retirees will be automatically enrolled in the program. Members may opt out of the program during open enrollment, beginning with the May 2022 open enrollment by filling out an available form.

Members enrolled in the program will also be 1) enrolled in the specialty management program, which ensures appropriate use of specialty drugs, 2) subject to a specialty formulary, and 3) offered a limited specialty pharmacy network with \$0 cost share for all specialty medications. Enrollees currently utilizing specialty drugs will not be subject to the specialty management review for current prescriptions. This provision is estimated to save \$17.2 million (All Funds) and \$13 million (General Fund) in FY 23, and \$21.5 million (All Funds) and \$16 million (General Fund) on an annualized basis.

**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 4.10%. The increased costs to SERS will not be recognized in the state's actuarially determined employer contributions (ADEC) until FY 24, as the FY 23 contribution is set based on the June 30, 2021 actuarial valuation.

**Funding Availability** – The current balance of the General Fund Reserve for Salary Adjustments account is \$149.8 million. Factoring in a deficiency appropriation of \$224.1 million in sHB 5036 (the deficiency bill), an appropriation of \$161.7 million and carryforwards of \$75 million in sHB 5037 (the revised FY 23 budget bill), both favorably reported by the Appropriations Committee, there is adequate funding in the Reserve for Salary Adjustment account to cover the FY 22 and FY 23 General Fund costs associated with this agreement.

**Member Overview** – There are approximately 46,237 All Funds union employees covered by this agreement; of this amount 26,630 are in the General Fund. These figures include both full-time and part-time employees.

### *The Out Years*

This contract will expire effective June 30, 2025. The wage provisions of this resolution will remain in effect in future years subject to the outcome of the collective bargaining process.

## Appendix A - Additional Items

Estimate of Individual Bargaining Unit Cost Items - Office of Labor Relations Bargaining Units  
Source: OPM

	FY 22 \$	FY 23 \$	FY 24 \$	FY 25 \$	Annualized \$
1199					
Reclass Respiratory Therapy	3,099	23,708	31,038	38,507	38,507
Respiratory Therapist Stipend	6,300	37,800	37,800	37,800	37,800
Accretion of SS Med Admin Managers	3,856	23,138	23,138	23,138	23,138
Increase Training and Conference Funds	30,000	30,000	30,000	30,000	30,000
Nurses - Add/Drop 3 steps	-	1,578,082	1,921,240	2,361,074	2,605,301
Psychologist, etc. - Add/Drop 3 steps	-	295,570	314,904	340,263	354,884
Pharmacists - Add/Drop 1 step	-	22,018	37,889	37,889	37,889
Staff Physician/Psychiatrist - New Pay Plan	-	2,340,284	2,398,791	2,398,791	2,398,791
NP-2					
Increase Safety Shoe Allowance \$10	-	31,539	31,539	31,539	31,539
Increase Shift Differentials	-	233,875	233,875	233,875	233,875
Increase Meal Allowance	-	100	100	100	100
Increase QCW, Water Poll./Wastewater	-	750,827	814,720	855,136	855,136
Increase DOT Maintainers	-	2,723,780	3,158,142	3,546,217	3,546,217
Increase Hours for TSA/TMA	-	181,921	190,567	192,627	192,627
Increase Safety Shoe Allowance \$10	-	-	31,539	31,539	31,539
Increase Shift Differentials	-	-	233,875	233,875	233,875
NP-3					
Increase Lump Sum at Max by \$250	270,250	270,250	270,250	270,250	270,250
Increase Tuition Funds	25,000	25,000	25,000	25,000	25,000
Increase Shift Differentials	35,342	424,106	424,106	424,106	424,106
Conference and Special Programs Funds	-	42,500	12,500	12,500	12,500
NP-4					
Increase Lump Sum at Max by \$150	115,800	115,800	115,800	115,800	115,800
Meal reimb. for post-2017 emp.	1,583,921	1,583,921	1,583,921	1,583,921	1,583,921
NP-5					
Eliminate step 1	-	217,923	217,923	217,923	217,923
Increase top step bonus by \$250	-	32,000	32,000	32,000	32,000
Increase shoe allowance by \$10	-	7,398	7,398	7,398	7,398
Liquor Cntrl Supv Agts instructional stipend	-	3,900	3,900	3,900	3,900
Increase travel reimbursements	-	3,000	3,000	3,000	3,000
			492,553	492,553	492,553
NP-8					
Increase Tuition Remb..Fund To \$25K	-	5,000	5,000	5,000	5,000
Increase On-call Pay	-	49,543	49,543	49,543	49,543
Increase Shift Commander pay	-	64,362	64,362	64,362	64,362
Increase Supervisory Stipend by \$100	-	49,300	49,300	49,300	49,300
NP-9					
Revise pay plan and mealtime treatment	-	381,570	391,110	400,887	400,887
Increase Tuition Remb..Fund To \$10K	-	5,000	5,000	5,000	5,000
P-2					
Increase Tuition Funds	40,000	40,000	40,000	40,000	40,000
DCF On-call Standby	4,047	4,047	4,047	4,047	4,047
Conference and Workshop Funds	-	100,000	100,000	100,000	100,000
P-3A					
Add 10th Step	-	254,254	305,489	344,830	344,830
\$1,000 PhD, JD, EdD Stipend	-	15,000	15,000	15,000	15,000
Increase PhD, JD, EdD Stipend to \$2,000	-	-	15,000	15,000	15,000
P-3B					
EC25 Step Increments	-	16,691	16,691	16,691	16,691
Increase 12-month bonus by \$250	-	34,250	34,250	34,250	34,250
Pupil Svcs Spec.Stipend = \$4,000	-	108,000	108,000	108,000	108,000
Pupil Svcs Spec - 60hr MA = 6th year	-	31,479	32,266	33,073	33,073
On Call for Beh Hlth Clin Supv	-	54,912	54,912	54,912	54,912
Increase 12-month bonus by additional \$250	-	-	34,250	34,250	34,250
P-4					
DOT engineers +2/-2 steps with hook	-	396,607	979,654	1,459,877	1,571,931
DOT engineer2 +1/-1 step with hook	-	110,012	222,363	242,524	260,346
IT classes +2/-2 steps	-	851,617	1,521,958	1,972,466	2,053,212
Increase Professional Dev Funds Funds	-	25,000	25,000	25,000	25,000
P-5					
Increase Weekend and Night Shift Diff	-	15,961	15,961	15,961	15,961
Increase On-call Pay	-	47,368	47,368	47,368	47,368
Increase Safety Shoe Allowance	-	1,060	1,060	1,060	1,060
Increase Auto Usage Fee	-	18,700	18,700	18,700	18,700
Increase Travel/Meal reimbursements	-	1,000	1,000	1,000	1,000
Increase Professional Dev and Conf Fund	-	10,000	10,000	10,000	10,000
Further increase Weekend Shift Diff	-	-	10,569	10,569	10,569
Further Increase Prof Dev/Conf Fund	-	-	10,000	10,000	10,000
<b>Total Bargaining Unit-Specific Items</b>	<b>2,117,615</b>	<b>13,689,170</b>	<b>16,865,359</b>	<b>18,769,390</b>	<b>19,238,860</b>