

# OFFICE OF FISCAL ANALYSIS

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RESOLUTIONS PROPOSING APPROVAL OF AN INTEREST  
ARBITRATION AWARD BETWEEN THE STATE OF CONNECTICUT  
AND THE STATE EMPLOYEES BARGAINING AGENT COALITION  
(SEBAC)

## PRELIMINARY

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### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 23 \$</b>
Various State Agencies	GF - Cost	46,014,470
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	3,520,107
Total	GF - Cost	49,534,577

Note: GF=General Fund

***Municipal Impact:*** None

#### ***Explanation***

The resolution proposes approval of an interest arbitration award concerning pandemic pay between the State of Connecticut and the State Employees Bargaining Agent Coalition (SEBAC). This award covers those employees who worked in person during the period of March 20, 2020, through March 27, 2021. The cost of the one-time arbitration award is estimated to be \$49,534,577 across various state agencies which includes fringe costs related to Social Security (6.2%) and Medicare (1.45%) Employee taxes. The award will also impact the pension calculation of certain employees which would increase the cost of their pension upon retirement. The award from the arbitration is estimated to impact 34,514 employees including state employees, national guard employees and employees at quasi-public agencies.

**Hourly Employees** - For employees that track their hours worked the calculation of the award is based on; 1) regular hours worked, 2) overtime hours worked, and 3) a classification of employee work as

“high risk” or “low risk.” **Table 1** below shows the minimum and maximum awards for both regular hours worked, and overtime hours worked. Please note that the awards for overtime work are in addition to any award given for regular hours worked. There are approximately 27,370 employees receiving award based on hours worked with an average award of approximately \$1,475.

**Table 1. Hourly Award Summary**

<b>Regular Hours Worked</b>	<b>Low Risk</b>	<b>High Risk</b>
Minimum Hours 180	\$ 125	\$ 250
Maximum Hours 2080	\$1,417	\$2,834
<b>Overtime Hours Worked</b>		
Minimum OT Hours 200	\$ 135	\$ 270
Maximum OT Hours 2300	\$1,563	\$3,126

**Non-Hourly Employees** - There are 7,415 non-hourly employees that do not have their hours tracked but are eligible for an award. This group includes approximately 1,949 National Guard member who will receive an award of \$1,500, 5,046 UCONN employees who will receive an award of \$500 and a subset of approximately 150 UCONN employees who will receive an award of \$1,000.

**Funding** - Previous budget acts allocated \$35 million from American Rescue Plan Act (ARPA) funds for state employee essential workers and National Guard premium pay during the pandemic. The Governor’s recommended budget also provides for an additional \$6.5 million in ARPA fund to be allocated towards premium pay for these employees for a total of \$41.5 million from ARPA funds. This would leave \$8,034,577 of costs to be funded by non-ARPA funding. PA 22-118 provides for \$28,861,306 in carryforward funds to support accrued wage payouts and increase funding available for state employee and National Guard premium pay.

### ***The Out Years***

The awards will result in an indeterminate increase in pension costs in the out years.