

3052

FISCAL NOTE (Form 7)
(Office of Fiscal Analysis)
Analyst: GM/CG 6/18/92
las
Version: 1

BILL NUMBER: SR 303
FILE NUMBER:
AMENDMENTS:

Passed

TITLE: "RESOLUTION PROPOSING APPROVAL OF A MEMORANDUM OF AGREEMENT BETWEEN THE STATE OF CONNECTICUT AND THE STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC) AND PROPOSING APPROVAL OF VARIOUS RELATED AGREEMENTS"

FAVORABLY REPORTED BY Emergency Certification

SUMMARY: Passage of this resolution would approve 1. the SEBAC pension agreement which includes \$153 million in pension concessions and \$3 million for job training and placement and 2. miscellaneous other agreements which are outlined below.

EFFECTIVE DATE: Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER SR 303

STATE IMPACT Net Cost Savings, Future Cost, see below
MUNICIPAL IMPACT None
STATE AGENCY(S) Various

| | Current FY | 1992-93 | 1993-94 |
|-----------------------|------------|----------------|-----------------|
| State Cost (savings) | : | :(149,897,860) | :(119,293,886): |
| St Revenue (loss) | : | : | : |
| Net St Cost (savings) | : | : | : |
| Municipal Impact | : | : | : |

EXPLANATION OF ESTIMATES:

The net cost savings shown above are based on the collective impact of the following Memoranda of Agreement:

1992-93 1993-94

- Memorandum of Agreement between the State and the State Employees Bargaining Agent Coalition (SEBAC)

This agreement calls for a reduction in the State contribution to the State Employees Retirement System (SERS) for unfunded accrued liability for the next four fiscal years resulting in savings as follows:

| <u>FY</u> <u>1992-93</u> | <u>FY</u> <u>1993-94</u> | <u>FY</u> <u>1994-95</u> | <u>FY</u> <u>1995-96</u> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$153.0 | \$121.4 | \$127.6 | \$119.7 |

In addition, the agreement specifies that \$3.0 million of the 92-93 savings shall be allocated to the establishment of a Placement and Training Fund. In FY 1993-94 \$2.0 million is to be allocated to the Fund. The Fund shall be used for the following purposes:

- (a) administrative costs for support services provided by DAS,
- (b) payment to a facilitator,
- (c) salary for employees during periods of on-the-job training for up to ninety (90) days,
- (d) training costs such as payments to trainers, tuition or fee payments, job trainers,
- (e) such other purposes as the Committee may determine will advance the employment opportunities of those who would otherwise be laid off.

The 1992-93 savings associated with this agreement are the result of the \$153.0 million reduction in the State contribution to the SERS for unfunded accrued liability. The agreement also calls for \$3.0 million of this savings to be used for a Placement and Training Fund. The net savings of the agreement for 1992-93 is \$150.0 million and this amount has been reflected in SA 92-13 (the Appropriations Act). The future year cost to the State

Employees Retirement Fund from lowering the State's pension contribution has not yet been calculated by the SERS actuaries. (\$150,000,000) (\$119,400,000)

It should also be noted that SA 92-13 included \$3.0 million in the Reserve for Salary Adjustment account that is to be used for the Placement and Training Fund. Additionally, PA 92-16, MSS transfers \$3.0 million from the State Employees Retirement Contribution to various State agencies as follows:

| | |
|---|-------------|
| CADAC-Governor's Partnership to Protect Conn.'s Workforce | \$ 200,000 |
| DOHS pilot health insurance program for children | 235,000 |
| Judicial Dept.- 5% pay raise for magistrates, eff. 1/1/93 | 15,000 |
| Leg. Management-Conn. Institute for Municipal Studies | 500,000 |
| OPM-Payment for Firearm Purchase Program | 200,000 |
| OPM-Partial Funding of new \$7.5 million town grant | 1,850,000 |
| Total Transfers from SERF | \$3,000,000 |

2. and 3. Memoranda of Agreement between the State and the Administrative Clerical (NP-3) and Social and Human Services (P-2) bargaining units.

These Agreements define seniority (to accrue during various leave periods) for the purpose of layoff selection.

This change has no direct fiscal impact.

4. Memorandum of Agreement between the State and the Education (P-3B) bargaining unit.

This agreement:

a. provides time and one-half pay for employees required to work premium holidays at the Southbury poultry assignment; and

b. places part-time employees working under 20 hours per week in P-3B classifications on the P-3B salary schedule.

The 1993-94 costs are based on 1 employee (who currently receives regular pay) receiving time and one-half pay to work the Southbury poultry assignments for 6 premium holidays per year and 11 employees receiving a 2.625% salary increase consistent with the current P-3B salary schedule. The figures shown include related fringe benefit costs. The 1992-93 costs associated with placement on the P-3B salary schedule have been prorated based on a 6/26/92 effective date. Though no specific funds have been provided for these salary and overtime costs within the 1992-93 budgets of the Departments of Mental Retardation, Correction and Children and Youth Services, it is anticipated that these costs could be covered through appropriate management of funds given the amount of these costs in relation to the size of the budgets of the agencies involved.

7,381

7,652

5. Memorandum of Agreement between the State and the New England Health Care Employees Union, District 1199 (P-1) bargaining unit.

This agreement provides overtime to all Correctional Head Nurses. Currently, Correctional Head Nurses in Steps 1 through 5 of Pay Group 24 receive payment for overtime while nurses in Steps 6 and 7 receive compensatory time.

The 1993-94 costs represent an estimate of the higher cost which would be paid to 11 Correctional Head Nurses currently in Steps 6 and 7 who will be paid overtime at the Step 5 rate (for an average of 18 overtime hours biweekly per person plus fringe benefits) in lieu of the existing practice of paying Head Nurses at the lower end of the salary schedule to cover for them. Overtime costs could ultimately be less if existing vacancies are filled. The figures also include additional costs which would result from providing straight time payment for unused compensatory time to individuals who retired under the Early Retirement Incentive (ERI) program but it is anticipated that this provision would only affect 1 individual who would receive \$4,400 over the next 2 years in accordance with the schedule of payments for accrued vacation under the ERI program. Overtime costs for 1992-93 have been prorated based on a 6/26/92 effective date. Though no specific funds have been provided for the overtime and straight time costs within the Department of Correction's 1992-93 budget it is anticipated that these costs could be covered through appropriate management of funds given the amount of these costs in relation to the size of the agency's budget.

24,573

25,468

6. Memorandum of Understanding between the State and the Correction (NP-4) bargaining unit.

This agreement provides a \$.75 per hour stipend for Correction bargaining unit personnel assigned to regularly scheduled fire fighting duties.

The 1993-94 costs are based on 6 employees receiving \$.75 per hour stipends plus related fringe benefits for a full year. Costs for 1992-93 have been prorated based on 6/26/92 effective date. Though no specific funds have been provided for this stipend cost within the Department of Correction's 1992-93 budget, it is anticipated that this cost could be covered through appropriate management of funds given the amount of this cost in relation to the size of the agency's budget.

10,474

10,894

7. Memorandum of Agreement between the State and the New England Health Care Employees Union, District 1199 (NP-6 and P-1) bargaining units.

This agreement provides a \$3 meal allowance for employees in new correctional facilities and for additional job titles utilized in correctional facilities.

The 1993-94 costs are based on 90 employees receiving a \$3 meal allowance for a full year. Costs for 1992-93 have been prorated based on a 6/26/92 effective date. Though no specific funds have been provided for this meal allowance cost within the Department of Correction's 1992-93 budget, it is anticipated that this cost could be covered through appropriate management of funds given the amount of this cost in relation to the size of the agency's budget.

59,712

62,100

Net Cost Savings

(\$149,897,860)

(\$119,293,886)

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