

PRELIMINARY FISCAL NOTE
SR 4 /HR 3

Appropriations Committee
Meeting

February 28, 2020



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building Hartford,
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The resolution proposes approval of an interest arbitration award between the State of Connecticut and the AFSCME Council 4, Local 3419 Department of Children and Families (DCF) Program Supervisors (P-8) bargaining unit. This arbitration award covers four fiscal years for the period of August 10, 2017 to June 30, 2021.

Total estimated costs associated with this arbitration award are \$653,230 in FY 20 and \$1,136,690 in FY 21 (see table below for more detail). There is no fiscal impact in FY 18 or FY 19.

AFSCME Council 4, Cost Estimate¹

	FY 20 \$	FY 21 \$	FY 21 \$ Annualized
FY 20 - 3.5% General Wage Increase (GWI) effective 7/1/2019	343,781	343,781	343,781
FY 20 - Annual Increment	62,787	125,575	125,575
Lump Sum at Maximum Step	74,057	85,666	85,666
\$2,000 One-time Payment	198,000	-	-
3 Furlough Days	(117,301)	-	-
FY 21 - 3.5% General Wage Increase (GWI)	-	360,209	360,209
FY 21 - Annual Increment	-	61,533	123,065
Total Wages	561,325	976,764	1,038,297
Social Security, Medicare, and Unemployment	43,070	74,947	79,669
Other Post Employment Benefits (OPEB) 3%	16,840	29,303	31,149
State Employee Retirement System (SERS) ²	31,996	55,676	59,183
TOTAL	653,230	1,136,690	1,208,297

¹Source: CORE-CT roster as of February 2020.

²The SERS Impact will not be recognized until FY 22.

Wage Increases - In FY 20 and FY 21 employees will receive a general wage increase (GWI) of 3.5%. In FY 20, the payment will be retroactive to July 1, 2019 and is estimated to cost \$343,781, the FY 21 estimate is \$360,209. Employees will receive annual increments of 2% effective January 1st of FY 20 and FY 21; this is estimated to cost \$62,787 in FY 20 and \$61,533 in FY 21. In lieu of an annual increment, employees at maximum salary will receive lump sum payments totaling \$74,057 in FY 20 and \$85,666 in FY 21. Members will receive a \$2,000 one-time payment in FY 20 at a cost \$198,000. Each employee will take three furlough days in FY 20, which is estimated to save \$117,301.

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 current social security rate is 7.65% of salary. The current unemployment rate is 0.23% of salary. The current state contribution towards retiree health is 3%. The estimated fringe benefit costs are \$59,910 in FY 20 and \$104,250 in FY 21.

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 5.70%. The total estimated retirement cost is \$31,996 in FY 20 and \$55,676 in FY 21. The increased costs to SERS will not be recognized in the state's actuarially determined employer contributions (ADEC) until FY 22, as the FY 21 contribution is set based on the June 30, 2019 actuarial valuation.

Funding Availability - The Reserve for Salary Adjustments¹ (RSA) General Fund account currently has adequate funding to cover the costs associated with this award. Lastly, the provisions of this award remain in effect until a subsequent contract is negotiated by the parties.

Member Overview - There are 99 employees covered by this arbitration award.

The Out Years

The contract will expire, effective June 30, 2021. The wage provisions of this resolution will remain in effect in future years subject to the outcome of the collective bargaining process.

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

