

TESTIMONY OF S. FAE BROWN-BREWTON
UNDERSECRETARY FOR LABOR RELATIONS
OFFICE OF POLICY AND MANAGEMENT BEFORE THE JOINT COMMITTEE ON
APPROPRIATIONS OF THE GENERAL ASSEMBLY
MONDAY, MARCH 8, 2021

SR 6/HR 11 RESOLUTIONS PROPOSING APPROVAL OF A TENTATIVE AGREEMENT BETWEEN THE STATE OF CONNECTICUT AND THE ADMINISTRATIVE AND RESIDUAL (P-5) BARGAINING UNIT.

Between February and April 2020, the Connecticut State Board of Labor Relations issued several decisions modifying the Administrative and Residual (P-5) bargaining unit to include thirteen (13) former managerial classifications. The classifications cover approximately 58 employees throughout four (4) state agencies:

- Department of Banking
- Department of Labor
- Department of Transportation
- Department of Insurance

The proposed resolutions represent the conclusion of impact negotiations regarding the accretion of employees into the P-5 Unit in the classifications of:

- Banking Department Manager
- Banking Assistant Division Director
- Labor Department Unit Director
- Director of Unemployment Insurance Field Services and Adjudication
- Insurance Actuary
- Insurance Certified Supervising Examiner
- Insurance Program Manager
- Chief Property and Casualty Insurance Actuary
- Transportation Transit Manager
- Transportation Maintenance Manager
- Transportation District Maintenance Special Services Section Manager
- Transportation Assistant Planning Director
- Transportation Purchasing and Stores Assistant Director

The FY 2021 cost of this agreement, including fringe benefits, is estimated at \$334,993 and is fully budgeted in the Reserve for Salary Adjustment account. The major compensatory provisions of this agreement include Salary Group Placement, General Wage Increase and Incremental Steps. Regarding Salary Group Placement, at the outset of these negotiations, the Union sought to place them on the A&R step pay plan in accordance with the DAS Manual, "Determining Salary upon a Change in Job Class." According to the Manual, approximately twenty-four (24) of the incumbents would have received an automatic increase from their managerial pay rate in order to bring them to the *minimum* of the corresponding P-5 step plan. The cost of slotting those employees

onto the P-5 scale, per the DAS Manual, would have resulted in increases of up to 3.1%; a total of \$141,090, not including the cost of increases for employees who already fell within the corresponding P-5 range. A three percent (3%) increment, rather than two percent (2%) per this Agreement, would have cost an additional \$70,000 effective January 2021.

The provisions of this agreement, including the 3.5% general wage increase and 2% annual increment are limited to one year. The incremental increase is lower than the rest of the bargaining unit. They are not eligible for time and one-half pay for overtime hours worked, and their vacation accrual maximum is reduced, including the associated payout upon employment separation. Those who had their longevity pay rolled into their base pay as managers, are not eligible for bargaining unit longevity.

The Administrative and Residual (P-5) Bargaining Unit already has a Contract in place that will expire on June 30, 2021. This Agreement reflects that these employees will be covered, by the terms of the current contract that was approved by the Legislature in July of 2017 with some exceptions. The Agreement before you today, therefore, follows the final year wage structure set forth in the 2017 SEBAC Agreement. **Of note is the fact that the value steps (aka increments) in the A&R pay plan are 3.1%. This Agreement provides only a 2% incremental increase, in lieu of the step increase in the last year of the Agreement. We have effectively captured a savings for the State with this lower increment rate.** For those at the top of the pay scale, they shall receive the 2.5% lump sum payment at maximum as prescribed by the Contract.

Like similar accretion agreements, this avoids any immediate pay increases that would otherwise result by placing them on a step within the A&R pay plan. They shall maintain their current rate of pay, based on the managerial range plan, and they shall only be afforded one general wage increase and a single incremental increase along with the rest of the A&R bargaining unit, commencing June 19, 2020. This outcome was dictated by the statutory factors that an arbitrator must consider in interest arbitration. Section 5-276(e)(5) of the General Statutes provides, in relevant part, that:

The factors to be considered by the arbitrator in arriving at a decision are: The history of negotiations between the parties including those leading to the instant proceeding; the existing conditions of employment of similar groups of employees; the wages, fringe benefits and working conditions prevailing in the labor market; the overall compensation paid to the employees involved in the arbitration proceedings..., the ability of the employer to pay; changes in the cost of living; and the interests and welfare of the employees.

The history of the negotiations between the State and the A&R Union resulted in an agreement that already has a wage package that was the result of the SEBAC 2017 Agreement. The conditions of employment of similar groups of employees is reflected in the SEBAC 2017 Agreement which covered approximately 40,000 state employees. The wages, fringe benefits and working conditions prevailing in the labor market also supports

the wages for this group of employees. Fringe benefits such as pension and health care were negotiated on a coalition basis pursuant to Section 5-278(f)(1) of the General Statutes. Those benefits are included in the 2017 SEBAC Agreement which will not be open for renegotiation until 2027.

The overall compensation paid to these employees reflects multiple years without any pay increases at all; and when we consider the changes in the cost of living with the rest of the bargaining unit, it is clear they have fallen behind. The ability of the employer to pay this increase in pay must be considered against the cost of wage increases for other organized employees and the total State budget. Finally, the statute requires an arbitrator to consider "the interest and welfare of the employees." While it should be patently obvious that the interest and welfare of the employer and the employees are inexorably tied together, the Statute only requires an arbitrator to consider the interest and welfare of the employees. This Agreement captures the savings associated with maintaining them on a range plan, lower increments and reduced maximum vacation accruals. Otherwise, they are on par with the rest of the bargaining unit and the other organized employee groups. I am available to respond to any questions.