

OFFICE OF FISCAL ANALYSIS

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HR-26

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$
Reserve for Salary Adjustments	GF - Cost	46,014,470
State Comptroller - Fringe Benefits ¹	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 \$49,534,577² 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

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

² Estimate includes the fiscal impact of an award being provided to the State Police in the NP-1 bargaining unit which may require a separate negotiated agreement to receive the award.

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 awards based on hours worked with an average award of approximately \$1,475.

Table 1. Hourly Award Summary

Regular Hours Worked	Low Risk	High Risk
Minimum Hours 180	\$ 125	\$ 250
Maximum Hours 2080	\$1,417	\$2,834
Overtime Hours Worked		
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 members who will receive an award of \$1,500. There are also 5,046 UCONN employees who may receive an award based on an approximation of what similar employees would have received if their hours were tracked. This is estimated to result in an average award of \$500 per employee, with a subset of approximately 150 UCONN employees who will receive an estimated average 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 annualized ongoing fiscal impact identified above would continue into the future subject to inflation. awards will result in an indeterminate increase in pension costs in the out years.