

PRELIMINARY FISCAL NOTE
SR 9/HR 13

Appropriations Committee
Meeting

May 17, 2021



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

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RESOLUTION PROPOSING APPROVAL OF AN AGREEMENT BETWEEN THE STATE OF CONNECTICUT AND THE CONNECTICUT STATE EMPLOYEES ASSOCIATION (P-3B) BARGAINING UNIT.

OFA Fiscal Note

State Impact:

Agencies Affected	Fund-Effect	FY 21 \$	FY 21 Annualized \$
DCF, DOC, MHA	GF - Cost	39,672	50,152
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	6,685	8,451

Municipal Impact: None

Explanation

The resolution proposes approval of an agreement between the State of Connecticut and the Connecticut State Employees Association (P-3B) bargaining unit for State School Principals 1 and 2. This agreement effects seven employees.

This agreement would move the Principals in the Departments of Correction (DOC), Mental Health and Addiction Services (MHA), and Children and Families (DCF) into the Education Professionals (P-3B) bargaining unit. This agreement is effective from passage through June 30, 2021. The estimated impact to FY 21 and the annualized cost is reflected in the table below.

Primary Analyst:
Contributing Analyst(s):

5/16/21

**CT State Employees Association (P-3B)
School Principal 1 and School Principal 2¹**

Components:	FY 21 \$	FY 21 Annualized \$
FY 21 - 3.5% General Wage Increase (GWI) - DCF	7,250	7,529
FY 21 - 3.5% General Wage Increase (GWI) - DOC	15,193	16,189
FY 21 - 3.5% General Wage Increase (GWI) - MHA	3,922	4,179
FY 21 - 2% Annual Increment (AI) - DCF	2,284	4,745
FY 21 - 2% Annual Increment (AI) - DOC	4,787	9,943
FY 21 - 2% Annual Increment (AI) - MHA	1,236	2,567
Longevity	5,000	5,000
Total Earnings	39,672	50,152
Social Security, Medicare, Unemployment - 8.15%	3,233	4,087
OPEB - 3%	1,190	1,505
SERS - 5.7% ²	2,261	2,859
Total Fringe Benefits	6,685	8,451
TOTAL	46,357	58,602

¹Source: May 7, 2021 Roster from CORE-CT.

²The SERS impact will not be recognized until FY 23.

Wage Provisions - This agreement establishes wage increases where employees will receive a General Wage Increase (GWI) of 3.5%, retroactive to June 19, 2020, as well as an Annual Increment (AI) of 2% effective January 1, 2021. All employees shall have a January 1st annual increment date. Longevity will be paid to five employees, \$500 twice a year.

Fringe Benefits - Social Security, Medicare, unemployment and retiree health related fringe benefit costs will be incurred based on the wage related provisions currently in the P-3B contract. The current social security rate is 7.65% of salary. The current unemployment rate is 0.5% of salary. The current state contribution towards retiree health rate is 3%. The estimated fringe benefit costs to the General Fund is \$4,423 in FY 21, annualized at \$5,592.

Impact to Retirement - Employees covered by this contract are members of the State Employees' Retirement System (SERS) plan. The pension impact of the wage related provisions assumes an average

normal cost SERS rate of 5.7%. The total estimated retirement cost is \$2,261 in FY 21, annualized at \$2,859. The increased costs to SERS will not be recognized in the state's actuarially determined employer contributions (ADEC) until FY 23, as the FY 21 contribution is based on the June 30, 2019 actuarial valuation.

Funding Availability - The DOC, MHA, and DCF agencies did not include funding for this contract in their FY 20 - FY 21 budget request. The Reserve for Salary Adjustments (RSA)¹ General Fund account for collective bargaining costs associated with unsettled contracts currently has adequate funding to transfer to DOC, MHA, and DCF. Lastly, the provisions of this agreement remain in effect until a subsequent agreement is negotiated by the parties.

Member Overview - There are 7 employees currently classified as State School Principals (SSP) 1 and 2 who would join the P-3B union. The employees will remain in their existing range plans, but they will be retitled SSP in lieu of MP through at least the end of any successor agreement to the 2016-21 P-3B contract. The agreement will expire June 30, 2021.

The Out Years

The impact of the 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.