OFFICE OF FISCAL ANALYSIS

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HR-3
RESOLUTION PROPOSING APPROVAL OF AN ARBITRATION AWARD BETWEEN THE STATE OF CONNECTICUT JUDICIAL BRANCH AND THE CONNECTICUT STATE EMPLOYEES ASSOCIATION, SEIU LOCAL 2001, THE INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS AND THE UNION OF PROFESSIONAL JUDICIAL EMPLOYEES (AFT/AFT-CT, AFL-CIO).

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27$
Judicial Branch Agencies	GF - Cost	7,048,192	7,493,797
Judicial Dept.	BF - Cost	55,447	69,174
State Comptroller - Fringe Benefits[1]	GF - Cost	900,759	957,707
Various Agencies	Non-App Fund – Cost	69,778	79,040

Note: GF=General Fund; BF=Banking Fund

Municipal Impact: None

Explanation

The resolution proposes approval of an arbitration award between the State of Connecticut Judicial Branch and the Connecticut State Employees Association SEIU local 2001, the International Brotherhood of Police Officers and the union of Professional Judicial Employees (AFT/AFT-CT, AFL-CIO) bargaining units. The total cost of the agreement is $8,074,176 in FY 26 and $8,599,720 in FY 27. The agreement impacts FY 26 and is retro-active to July 1, 2025. The agreement includes

[1]The 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 41.82% of payroll in FY 27.

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a general wage increase (GWI) of 2.5%, an annual increment (AI) and lump sum payments to certain eligible employees. The table below provides a summary of the salary and fringe costs associated with the agreement by fund.

Table 1. Cost Estimate of Salary & Fringe by Fund

Salary	**FY 26**	**FY 27**
General Fund	7,048,192	7,493,797
Banking Fund	35,343	44,094
Appropriated Fund Subtotal	**7,083,535**	**7,537,891**
Non-Appropriated Funds	44,479	50,383
Salary Subtotal	**7,128,014**	**7,588,274**
Fringe		
General Fund	900,759	957,707
Banking Fund	20,103	25,081
Appropriated Fund Subtotal	**920,862**	**982,788**
Non-Appropriated Funds	25,299	28,658
Fringe Subtotal	**946,162**	**1,011,446**
Totals		
Total Appropriated Funds	8,004,397	8,520,679
Total Non-Appropriated Funds	69,778	79,040
TOTAL	**8,074,176**	**8,599,720**

Fringe Benefits

Fringe benefit related costs will be incurred on the wage related provisions negotiated in the contract. These benefits include Social Security, Medicare, state employee retirement system (SERS) normal cost, defined contribution (DC) match, and other post employment benefits (OPEB).

Salary & Wage Increases by Type

The three different salary and wage increases function differently and therefore have distinct impacts in FY 26 and FY 27. Table 2 below provides a summary of each increase type and their associated fiscal impact per year.

Table 2. Salary Increases by Type

Type	FY 26	FY 27
General Wage Increase (GWI)	4,410,370	4,410,370
Annual Increment (AI)	1,854,096	3,177,904
Lump Sum	863,548	-
TOTAL	**7,128,014**	**7,588,274**

The General Wage Increase (GWI) is effective July 1, 2025, and impacts the salary and wages of employees going forward, therefore results in a consistent impact in both FY 26 and FY 27. The annual increment also impacts an employees' wages going forward, with an effective date of July 1, 2025, or January 1, 2026, depending upon the employee. This results in a partial year impact in FY 26 which is then annualized in FY 27 once all employees receive a full year of the increased salary. The Lump Sum payments included in this agreement are only for FY 26 and have no impact on future wages, therefore there is no impact in FY 27.

The Out Years

The cost increase indicated above would continue into the out years.

Sources: Core-CT Financial Accounting System