

Republican Budget Summary

HB 7501 as amended by Senate "B" (LCO 1072)

Nine Democrats (three Senators and six Representatives) broke ranks with their party during a special session September 15-16 to join Republicans in passing a budget that guts collective bargain and slashes vital public services while protecting the wealthy, corporations and inefficient, archaic home rule. The vote was 21-15 in the Senate and 72-78 (either one absence) in the House of Representative.

Governor Malloy has pledged to veto the Republican Budget.

Senators Doyle, Hartley, and Slossberg and Representative Boyd, Hampton, McCarthy-Vahey, Reed, Rose and Rovero turned their backs on the poor, middle class and working families by supporting this Republican Budget.

Provisions that directly impact AFT Connecticut members include:

STATE EMPLOYEES

- Accepts SEBAC's \$1.57M in negotiated concessions makes unilateral changes in direct violation of the SEBAC agreement.
- Removes state employee's rights to collectively bargain pensions:
 - Extends overtime changes enacted in SEBAC 2017 (25 year smoothing) to all employees, not just those hired after July 1, 2017;
 - Eliminates the breakpoint for all employees not yet retired as of that date;
 - Removes COLA for retirees until the funded ratio of the retirement fund hits 80%;
 - Increases employee contributions to 7% for all employees;
 - Modifies current state policy on use of state vehicles to limit access to vehicles and to prohibit supersedence of the policy by union agreements;
 - Eliminates negotiated union time for stewards and union representatives to do work, including the elimination of funding for hearings, union conferences/conventions, steward training, contract negotiations, and all other union work;
 - Limits release time to a maximum of 5% for any given employee;
 - Establishes state telecommuting policy and prohibits supersedence of the policy by union agreements;
 - Limits overtime pay to the amount of time actually worked and prohibits "mandatory minimum" paid hours; and
 - Eliminates provisions requiring state agencies to provide office space and parking privileges for union employees.
- Limits the duration of any state employee collective bargaining agreement (SEBAC or individual bargaining units) to four years
- Requires the Retirement Commission to prepare a valuation of the assets and liabilities of the State Employee Retirement System in order to predetermine the normal rate of contribution and the unfunded liability.
- Requires mandatory approval of collective bargaining agreements by the full General Assembly
 - If rejected once, parties go to arbitration and then must come back to the General Assembly for affirmative approval of the award. If the award is rejected, it goes back to arbitration and the arbitrator's second decision deemed approved.
 - If no action is taken by the General Assembly, the CBA is considered rejected.
- In cases of state employee arbitration, requires the arbitrator to consider the financial capability of the state, by reviewing the:
 - balance of the Budget Reserve Fund;

- short and long-term liabilities of the state;
- initial budgeted revenue for the state for the past five fiscal years as compared to the actual revenue received by the state for such fiscal years;
- state revenue projections for the fiscal years during the term of the proposed collective bargaining agreement;
- economic outlook for the state; and
- State's access to capital markets.
 - The arbitrator cannot consider the state's ability to raise revenue through new or increased taxes.
- Transfers all juvenile justice programs and services from DCF to Court Support Services Division of the Department of Justice
- Consolidates the Department of Housing into the Department of Economic and Community Development
- Consolidates the Department of Aging into the Department of Social Services
- Consolidates the Office of Early Childhood into the State Department of Education
- Eliminates the Commission on Women, Children and Seniors
- Eliminates the Commission on Equity and Opportunity
- Increases non-union employee contributions for retiree health by two percent and reduces the state match by the same amount

MUNICIPAL EMPLOYEES

- Makes significant changes to municipal collective bargaining, including:
 - Allows municipalities to reopen collective bargaining agreements to enact regional consolidation or shared services, i.e. regionalization;
 - Allows municipalities to reopen collective bargaining agreements to negotiate savings in the event that state education aid is reduced by more than 10%;
 - Allow towns to reopen collective bargaining agreements when “changes are needed to effectuate consolidation or shared services agreements;”
 - Prohibits collective bargaining agreements from prohibiting the use of volunteers (i.e. parents, students, etc.) to perform bargaining unit work.
 - Changes how municipal collective bargaining agreements and arbitration awards are approved:
 - If an agreement is rejected by a municipal legislative body, rather than return to bargaining, it moves directly to arbitration.
 - If the municipal legislative body fails to vote on a collective bargaining agreement within 30 days, it is deemed rejected (current statute deems it approved)
 - If an arbitration award is rejected by the legislative body, the matter shall be returned for further arbitration with the second award deemed approved.
- Makes significant changes to binding arbitration, including:
 - Extends the time by which the State Board of Mediation and Arbitration must come to a decision in an arbitration case from 20 days to 60 days;
 - Requires municipal unions to provide last best offer and briefs within one year of the date arbitration was imposed;
 - Requires the use of neutral state arbitrators to be selected at random; and
 - Shields municipal reserve fund balances of 15% or less from consideration for payment of an arbitration award (currently 117 municipalities have fund balances of 15% or less).
- Establishes a **Municipal Accountability Review Board (MARB)** and ranks municipalities in Tiers 1 through 4, according to their financial health. With regards to collective bargaining, MARB may:
 - Review all collective bargaining agreements and arbitration awards in Tier 3 municipalities to monitor compliance with a three-year financial plan;
 - Reject new collective bargaining agreements and arbitration awards in Tier 4 municipalities if MARB believes they do not comply with a three-year financial plan

- MARB must indicate which provisions caused the rejection and its rationale. MARB may indicate the total acceptable cost impact or savings in a new agreement and give parties 10 days to propose a modified agreement. If parties can't reach agreement or MARB rejects a modified agreement, MARB shall set the terms of the agreement, which shall be binding.
 - For binding arbitration in Tier 4 municipalities, MARB can impose arbitration, serve as the arbitration panel and shorten arbitration timelines.
- Requires all board of education employment contracts with administrative personnel (including amendments and wage modifications) to be filed with the town clerk, and in all town clerks in the case of regional districts

TEACHERS/PREK-12 EDUCATION

- Raises teacher pension contributions from 6% to 7% January 1, 2018, and from 7% to 8% July 1, 2018
- Creates the Teachers' Retirement System Volatility Commission to implement a plan to maintain the financial viability of the system
- Moves the Teachers' Retirement System from a biennial valuation to annual valuation
- Reconfigures the Education Cost Sharing (ECS) formula to give more weight for English Language Learners, students eligible for Free and Reduced Price Lunch and town wealth, but establishes a new funding base by cutting every town by 22%. There is a complicated process of additional grants for towns that aren't fully funded with their new base, but full funding is not expected to be reached until 2029.
- Eliminates Excess Cost grants for special education and replaces them with special education funding to be delivered on a sliding scale according to a town's grand list
- Caps charter school grants to within available appropriations
- Sweeps funding for Smart Start competitive grants to expand preschool
- Requires School Based Health Centers to enroll as Medicaid providers
- Allows the Commissioner of Education to limit grants to interdistrict magnet schools under certain enrollment conditions
- Allows a municipal legislative body to reduce its education appropriation allocated to non-educational expenses in an amount equal to the reduction in municipal aid without holding a referendum on the question
- Requires local boards of education to utilize and comply with all municipal purchasing procedures, consult when possible about the joint purchasing of property, casualty and workers' compensation insurance and consult about the maintenance of the buildings, grounds, equipment and information technology.
- Requires the School Building Projects Advisory Council to establish three prototype school construction designs and incentivizes the use of such prototype designs by linking state reimbursement levels for construction, engineering and architecture

HIGHER EDUCATION

- Cuts UConn Storrs and regional campuses by \$185 million over the biennium, making it more expensive for students.
- Cuts UConn Health Center \$124 million over the biennium, which would most likely lead to its closure.
- Caps block grant support for UConn and UConn Health Center employee salary costs at \$100,000
- Increases course loads for UConn professors by one class
- Requires the UConn Health Center board of directors to establish public-private partnerships with hospitals or other private entities
- Requires Office of Policy and Management to issue an RFP for health care and behavioral health care services for Department of Correction inmates and requires OPM to contract with any provider who may provide savings. The budget assumes an \$8 million savings.

- Exempts UConn and UConn Health Center from procurement requirements established by the State Contracting Standards Board, including competitive bidding and competitive negotiation requirements
- Caps the Roberta Willis Scholarship Program and closes it to new students
- Establishes a \$2 billion annual bonding cap and reduces bonding amounts for higher education projects that were already planned and approved by the General Assembly

BROADER ISSUES

- Eliminates the Citizens Election Program and invites corporate spending in state elections
- Lowers the estate and gift taxes that benefit the wealthy
- Lowers the insurance premiums tax rate
- Exempts Social Security from state income tax
- Exempts pensions and annuities from state income tax
- Slashes the Earned Income Tax Credit (EITC) for the working poor
- Increases fees for criminal history background checks
- Eliminates the Municipal Revenue Sharing Account (MRSA)
- Requires 2/3 approval of the General Assembly to enact municipal mandates
- Creates a task force to study the expenditure of tax revenue for the provision of local services by municipal governments
- Requires OPM to contract with an independent financial and operational global professional services advisor to develop a Sustainability Plan for the state
- Redefines the State Spending Cap to eliminate the current exemptions for grants to distressed municipalities and non-appropriated expenditures

THE OUT YEARS

- Creates a \$1.24 billion deficit in FY 20
- Creates a \$2.14 billion deficit in FY 21
- Creates a \$2.81 billion deficit in FY 22

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