

PRELIMINARY FISCAL NOTE
HR 4/SR 4

Appropriations Committee
Meeting

March 16, 2026



OFFICE OF FISCAL ANALYSIS

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RESOLUTION PROPOSING APPROVAL OF A TENTATIVE AGREEMENT BETWEEN THE STATE OF CONNECTICUT AND THE CONNECTICUT EMPLOYEES UNION INDEPENDENT, NP-2 BARGAINING UNIT (CEUI).

Preliminary OFA Fiscal Note

State Impact: See Below

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$	FY 28 \$	FY 29 \$
Various Agencies	Appropriated - Cost	8,645,124	20,086,113	31,704,331	32,657,076
Constituent Units of Higher Education	Non-Appropriated - Cost	2,860,975	6,341,321	9,981,319	10,193,999
Various Agencies	Non-Appropriated - Cost	620,209	1,384,948	2,178,095	2,224,282
Total		12,126,308	27,812,381	43,863,745	45,075,356

Municipal Impact: None

Explanation

The resolution proposes approval of an agreement between the State of Connecticut and the Connecticut Employees Union Independent NP-2 Bargaining Unit (CEUI). This agreement covers four fiscal years for the period of July 1, 2025 - June 30, 2029, with a wage re-opener provision for the final year of the agreement (FY 29). The agreement covers approximately 3,661 state employees whose responsibilities include service, maintenance, repair, delivery, cleaning, and cooking at hospitals, campuses, airports, roads, bridges, and parks across the state.

The table below contains a summary of the provisions of the agreement and the associated costs to all appropriated funds.

Connecticut Employees Union Independent (CEUI) NP-2

All Funds Cost Estimate

Description	FY 26	FY 27	FY 28	FY 29
Provisions Beginning in FY 26				
General Wage Increase (GWI) 2.5%	6,483,416	6,744,668	6,744,668	6,744,668
Annual Increment (AI)	2,901,148	5,782,441	5,782,441	5,782,441
Lump Sum	1,358,320	-	-	-
FY 26 Subtotal	10,742,885	12,527,109	12,527,109	12,527,109
Provisions Beginning in FY 27				
General Wage Increase (GWI) 2.5%		6,786,390	7,057,846	7,057,846
Annual Increment (AI)		2,939,658	5,858,112	5,858,112
Lump Sum		1,694,156	-	-
Grade Changes		614,979	728,657	728,657
Fire Crash Standby (CAA)		1,820	1,820	1,820
FY 27 Subtotal		12,037,003	13,646,435	13,646,435
Provisions Beginning in FY 28				
General Wage Increase (GWI) 2.5%			7,096,870	7,380,745
Annual Increment (AI)			2,813,960	5,612,295
Lump Sum			2,064,277	-
Grade Changes			220,045	275,495
Differentials and On-Call Rates			339,380	339,380
FY 28 Subtotal			12,534,533	13,607,914
Total Salary	10,742,885	24,564,112	38,708,076	39,781,457
Fringe				
Social Security 6.2%	666,058	1,522,976	2,399,901	2,466,452
Medicare 1.45%	155,771	356,180	561,267	576,830
Unemployment 0.12%	10,742	24,564	38,708	39,782
SERS Normal Cost	359,285	821,522	1,294,552	1,330,452
OPEB	191,567	438,027	690,241	709,383
Fringe Subtotal	1,383,423	3,163,269	4,984,669	5,122,899
Non-Salary Adjustments	-	85,000	171,000	171,000
TOTAL	12,126,308	27,812,381	43,863,745	45,075,356

General Wage Increase and Annual Increment - Employees will receive a General Wage Increase (GWI) of 2.5% and an Annual Increment (AI) in FY 26, FY 27, and FY 28. Increases in costs between the year the increase begins, and the following year are due to the annualization of the increases provided. The estimate in FY 29

represents the cost of all GWIs and AIs in the contract once they are fully annualized. The contract includes a wage re-opener provision which allows for the negotiation of a GWI and AI in FY 29.

Lump Sum Payments – Employees who are at the top step of their pay plan and are not eligible for an AI, instead receive a lump sum payment equal to 2.5% of their salary.

Grade Changes – The contract increases the pay grades for certain job titles using the round up methodology¹. The changes to pay grades impact six job titles beginning in FY 27 and an additional eight job titles beginning in FY 28. The table below provides a list of the job titles with their current and new pay grades.

Grade Changes Summary

Title	Current	New
Effective July 1, 2026		
Transportation Supervisors Assistant	FM 12	FM 15
Transportation Manager's Assistant	FM 14	FM 17
Transportation Maintenance Crew Leader	FM 20	FM 21
Ferry First Mate	FM 15	FM 17
Ferry Captain	FM 20	FM 21
Ferry Master Captain	FM 23	FM 24
Effective July 1, 2027		
Transportation General Supervisor	FM 24	FM 25
Assistant Cook	TC/FM 09	TC/FM 10
Central Sterile Processing & Distribution Aide		
DOT Rest Area Attendant		
Custodian		
Maintainer		
Storekeeper Assistant		
Mail Handler Trainee		

Other Adjustments - The table below provides a summary of additional adjustments that were part of the agreement and their

¹ When increasing from one grade to another the round up methodology is used which takes the wage from the old grade and replaces it with the next highest wage in the new grade. This potentially lowers the employee’s current step therefore increasing the number of AI increases the employee is eligible for in the future.

associated costs. Salary-related adjustments result in corresponding increases to fringe benefit costs.

Other Adjustments Summary

Description	FY 27	FY 28	FY 29
Fire Crash Standby (CT Airport Authority)	1,820	1,820	1,820
Shift Differential - Increase by \$0.10	-	70,284	70,284
Weekend Differential - Increase by \$0.10	-	17,187	17,187
On Call - Increase from \$1.50 to \$2.00	-	247,000	247,000
DOC Mail Handler Unpleasant Duty \$0.20 Increase	-	4,909	4,909
Salary Related Subtotal	1,820	341,200	341,200
Meals	85,000	85,000	85,000
Shoes Allowance Increase	-	86,000	86,000
Non-Salary Related Subtotal	85,000	171,000	171,000
TOTAL OTHER ADJUSTMENTS	86,820	512,200	512,200

Fringe Benefits - Social Security, Medicare, and unemployment insurance fringe benefit costs will be incurred based on the salary related provisions in the contract. The current rate is 7.75% of salary to account for these three benefits.

Retirement - The state's contribution to the state employee retirement system on behalf of active employees for future benefits is 3.34%, and subject to change based on the annual actuarial valuation. Costs are likely to be higher than estimates due to employees in this bargaining unit having various retirement classifications. The identified wage provisions also increase the costs to the pension plans associated with increased liability costs which will not be fully recognized in the state's actuarially determined employer contribution (ADEC) until FY 30.

Additionally, the state pays defined contribution and Other Post Employment Benefits (OPEB) match incurring at a rate of 1.78% of salary. The total state impact resulting from the negotiated contract for pension and retiree health care costs is 5.13%.

Fiscal Impact by Fund - The table below contains a summary of costs by appropriated fund and groups the non-appropriated fund

impact by the constituent units of higher education and all other non-appropriated funds.

Connecticut Employees Union Independent (CEUI) NP-2

Cost Estimate by Fund

Fund	FY 26	FY 27	FY 28	FY 29
Appropriated Funds				
General Fund	3,250,239	7,124,585	11,317,418	11,459,709
Special Transportation Fund	5,385,143	12,944,136	20,361,700	21,174,728
Banking Fund	3,668	5,635	7,651	5,767
Consumer Counsel and Public Utility Control Fund	6,075	11,757	17,563	16,872
Appropriated Fund Subtotal	8,645,124	20,086,113	31,704,331	32,657,076
Non-Appropriated Funds				
Constituent Units of Higher Education	2,860,975	6,341,321	9,981,319	10,193,999
Other Non-Appropriated Funds	620,209	1,384,948	2,178,095	2,224,282
ALL FUNDS TOTAL	12,126,308	27,812,381	43,863,745	45,075,356

Funding Availability – Based on the quarterly report provided on January 12, 2026, by the Office of Policy and Management (OPM) the current available fund balance of the General Fund Reserve for Salary Adjustments (RSA) account is \$169 million. In FY 27, an additional \$222.5 million is budgeted within the General Fund RSA account through appropriations and carryforwards. In addition, agencies already partially account for costs from lump sum payments within their own appropriations reducing the need to rely on transfers from RSA.

Non-Appropriated Fund Impact - The agreement impacts state employees supported by non-appropriated funds including state employees working for the constituent units of higher education. The total impact to Connecticut State Colleges and Universities, University of Connecticut, and University of Connecticut Health Center is summarized in the table below.

**Estimated Cost to Constituent Units of Higher Education
Non-Appropriated**

FY 26	FY 27	FY 28	FY 29
2,860,975	6,341,321	9,981,319	10,193,999

The Out Years

This contract will expire on June 30, 2029. The wage provisions of this resolution will remain in effect in future years subject to the outcome of the collective bargaining process.