

Prioritize the State's Expenditures
 Republican Options for Consideration
 Fall Deficit Mitigation Special Session - 2015
 (in millions)

Option	FY 2016	FY 2017
Divert the excess funding from the MRSA without reducing funding to municipalities by one cent	94.6	(30.0)
Give the Governor the authority to the \$93.1 million unallocated executive lapse	93.1	-
Offer a Retirement Incentive Program with three years of credit	79.9	95.6
Reduce funding for various appropriations	41.2	29.3
Accept a portion of the Governor's Rescissions (all non-hospital, non-development disabled, and non-mental health services)	26.6	-
Create an Office of Overtime Accountability	10.0	50.0
Reduce various accounts by 4%	7.5	-
Modify Corporation Tax to sales only single factor apportionment for all "C" corporations	6.2	10.3
Identify savings from Governor's delay of managers raises	5.9	5.9
Require Increased Efficiencies at Southbury Training School	5.0	7.5
Remove OPM independently provided additional funding for nursing home enhancements	4.8	4.8
Remove funding for 39 new GF positions created in the budget that are not school related nor supported with revenue	4.3	4.5
Eliminate Energy Star Sales Tax Exemption eff. 1/1/2016	3.6	7.5
Reduce Citizens Election Program grants by 20%	2.2	6.6
Eliminate single taxpayer exemption under the Public Utilities Control Tax	1.9	3.7
Reduce funding for legislative franking	1.0	1.0
Eliminate venue specific admissions tax exemptions (XL Center, Bridgeport Harbor Yard and Webster Bank Arena) eff. 1/1/2016	1.0	2.0
Eliminate state support of legislative commissions - effectively state taxpayer-funded lobbyists eff. 4/1/2016	0.9	2.8
Consolidate juvenile justice functions currently under DCF into Judicial's Court Support Services Division	0.8	2.5
Exempt employees in the state for less than 15 days by providing a Personal Income Tax short term exemption	-	-
Modify the implementer to make the \$6 billion exemption effective retroactive to 1/1/2015	-	-
Enact legislation explicitly stating that propane generators are exempt from the Petroleum Gross Receipts Tax	(0.1)	(0.1)
Implement the Governor's Tax Credit proposal R&D, R&E and URA tax credits	(2.7)	(13.5)
Eliminate Unitary Combined Reporting	(14.9)	(23.7)
Total Potential Options	372.8	166.8

Prioritize the State's Expenditures
Recommended Reductions to Appropriations

Agency	Account	Amount Remaining	FY 2015 reduction	FY 2016 Proposed Reduction	FY 2017 reduction	FY 2017 Proposed Reduction
AES	Lake Pocopataug Water Quality	100,000	20,000	20%	40,000	40%
CEQ	Personal Services		106,421	Eliminate the CEQ	182,657	Eliminate the CEQ
CEQ	Other Expenses		1,624	Eliminate the CEQ	1,789	Eliminate the CEQ
DAG	Urban Oaks & Auer Farm	60,000	12,000	20%	24,000	40%
DAG	New Haven Land Trust	50,000	10,000	20%	20,000	40%
DAS	Management Services	3,342,529	167,126	5%	334,253	10%
DAS	Rents & Moving	5,198,860	250,000	OFA available from garage lease savings	250,000	Same as FY 2016
DAS	Workers Comp Administrator		246,250	OFA available from contract renegotiation	246,250	Same as FY 2016
DAS	Conn. Education Network	2,555,206	127,760	5%	255,521	10%
DCF	Children's Community Program of CT, Inc.	25,000	5,000	20%	10,000	40%
DCF	St. Joseph Parenting Center	30,000	6,000	20%	12,000	40%
DCF	Funding for VETTS	142,500	28,500	20%	57,000	40%
DCF	Child First program in Middletown and Stam	160,000	32,000	20%	64,000	40%
DECD	Dream It, Do It	250,000	50,000	20%	100,000	40%
DECD	HartBeat Ensemble	25,000	5,000	20%	10,000	40%
DECD	Schooner, Inc	50,000	10,000	20%	20,000	40%
DECD	New Haven Symphony	10,000	2,000	20%	4,000	40%
DECD	Seven Angels Theater	20,000	4,000	20%	8,000	40%
DECD	Stamford Parade	50,000	10,000	20%	20,000	40%
DECD	Unified Theater	35,000	7,000	20%	14,000	40%
DEEP	New London County 4-H	40,000	8,000	20%	16,000	40%
DEEP	ABCD Weatherization	400,000	80,000	20%	160,000	40%
DEEP	Auer Farm	130,000	26,000	20%	52,000	40%
DEEP	Stonington Harbor Break-Wall	30,000	6,000	20%	12,000	40%
DOC	Inmate Medical Services	91,742,350	4,587,118	5%	9,174,235	10%
DOL	Cradle to Career	200,000	40,000	20%	80,000	40%
DOL	Connecticutcorps Program	100,000	20,000	20%	40,000	40%
DPH	New Lyme Disease Prevention Initiative	100,000	20,000	20%	40,000	40%
DSS	Person to Person in Darien	125,000	25,000	20%	50,000	40%
ECD	Statewide Marketing		3,500,000	37% reduction	2,500,000	26% reduction
ECD	Hartford Urban Arts Grant	365,026	73,005	20%	146,010	40%
ECD	New Britain Arts Alliance	60,028	12,006	20%	24,011	40%
ECD	Main Street Initiatives	144,683	144,683	Eliminate	154,328	Eliminate
ECD	Capitol Region Developmen Auth	3,303,035	600,000	Eliminate support of tennis tournament	600,000	Eliminate support of tennis tournament
ECD	Neighborhood Music School	120,057	24,011	20%	48,023	40%
ECD	Nutmeg Games	60,872	12,174	20%	24,349	40%
ECD	Bridgeport Discovery Museum	300,134	60,027	20%	120,054	40%
ECD	National Theatre for the Deaf	120,053	24,011	20%	48,021	40%
ECD	CT Science Center	200,739	40,148	20%	80,296	40%
ECD	Ct Flagship Producing Theaters	396,253	79,251	20%	158,501	40%
ECD	Women's Business Center	374,063	74,813	20%	149,625	40%
ECD	Performing Arts Centers	1,200,529	1,200,529	Eliminate	1,298,792	Eliminate
ECD	Performing Theaters Grant	468,270	401,532	Eliminate	505,904	Eliminate
ECD	Arts Commission	1,485,474	1,485,474	Eliminate	1,622,542	Eliminate
ECD	Art Museum Consortium	437,964	437,964	Eliminate	473,812	Eliminate
ECD	CT Invention Convention	18,703	3,741	20%	7,481	40%
ECD	Litchfield Jazz Festival	44,532	8,906	20%	17,813	40%
ECD	Connecticut River Museum	23,750	4,750	20%	9,500	40%
ECD	Arte Inc.	23,750	4,750	20%	9,500	40%
ECD	CT Virtuosi Orchestra	23,750	4,750	20%	9,500	40%
ECD	Barnum Museum	23,750	4,750	20%	9,500	40%
ECD	Greater Hartford Arts Council	84,533	16,907	20%	33,813	40%
ECD	Stepping Stone Child Museum	35,104	7,021	20%	14,042	40%
ECD	Maritime Center Authority	462,950	92,590	20%	185,180	40%
ECD	Amistad Committee for the Free	37,539	7,508	20%	15,016	40%
ECD	Amistad Vessel	101,966	20,393	20%	40,786	40%
ECD	New Haven Festival of Arts and	631,856	126,371	20%	252,742	40%
ECD	New Haven Arts Council	75,033	15,007	20%	30,013	40%
ECD	Beardsley Zoo	310,780	62,156	20%	124,312	40%
ECD	Mystic Aquarium	191,404	38,281	20%	76,562	40%
ECD	Twain/Stowe Homes	93,921	18,784	20%	37,568	40%
ECD	Cultural Alliance of Fairfield	75,033	15,007	20%	30,013	40%
JUD	Remove Additional Funding for JJPOC	100,000	20,000	20%	40,000	40%
OLM	Personal Services		700,000	Eliminate Office of Program Review	1,400,000	Eliminate Office of Program Review
OLM	Other Expenses		250,000	Place OLM security system on stand-by	500,000	Place OLM security system on stand-by
OLM	Interim Salary Caucus Offices	590,328	590,328	Eliminate	590,328	Eliminate
OLM	Education Strategic Plan	150,000	30,000	20%	60,000	40%
OLM	Intern Program	4,478	896	20%	1,791	40%
OLM	Appropriations Committee Accountability	20,000	4,000	20%	8,000	40%
OPM	Litigation Settlement	3,051,836	1,525,918	50%		
OPM	Auto Bud Sys & Data Base Link	37,487	37,487	Eliminate	47,221	Eliminate
OPM	Reserve For Salary Adjustments	24,023,206	20,000,000	Per OFA no additional payouts, only accruals	-	no reduction
OPM	Personal Services		306,500	Eliminate 4 Undersecretary positions	623,175	Eliminate 4 Undersecretary positions
SDE	New Earmarked Health Foods Initiative	20,000	4,000	20%	8,000	40%
SDE	New Haven Reads	80,000	16,000	20%	32,000	40%
SDE	New Career Pathways Collaborative	250,000	50,000	20%	100,000	40%
SDE	New Family Resource Center	110,000	22,000	20%	44,000	40%
SDE	Earmarked Monies for East Hartford Magnet	915,084	183,017	20%	366,034	40%
SDE	New Program iCare in Middletown	25,000	5,000	20%	10,000	40%
SDE	Eli Whitney Pilot Program	250,000	50,000	20%	100,000	40%
SDE	SCHOTT Foundation	100,000	20,000	20%	40,000	40%
SDE	School-Based Diversion Initiative	1,000,000	250,000	new program, hasn't started yet	-	no reduction
SDE	Interdistrict Cooperation	4,902,482	2,451,241	50%	4,902,482	40%
SOS	Board of Accountancy	181,725	150,000	Eliminate eff. 1/1/2016	301,941	Eliminate
			41,200,483		29,330,286	

Prioritize the State's Expenditures
4% Reduction to Appropriations

Agency	SID Description	FY 16 Appropriations	Available Balance	4% Reduction
Agricultural Experiment Station	Equipment	10,000	-	374
Agricultural Experiment Station	Mosquito Control	503,987	-	19,039
Agricultural Experiment Station	Wildlife Disease Prevention	98,515	-	3,941
Auditors of Public Accounts	Equipment	10,000	1,850	120
Commission on Human Rights and Opportunities	Martin Luther King, Jr. Commission	6,318	1,860	175
Department of Administrative Services	IT Services	14,315,087	419,504	547,234
Department of Administrative Services	Refunds Of Collections	25,723	-	1,014
Department of Administrative Services	State Insurance and Risk Mgmt Operations	13,683,019	-	539,111
Department of Children and Families	Neighborhood Center	250,414	12,520	9,015
Department of Correction	Program Evaluation	289,781	-	11,012
Department of Correction	Stress Management	-	-	2,600
Department of Correction	Volunteer Services	154,410	-	5,868
Department of Economic and Community Development	Capital Region Development Authority	7,864,370	3,300,000	310,575
Department of Economic and Community Development	CCAT-CT Manufacturing Supply Chain	843,013	36,612	30,570
Department of Economic and Community Development	CONNSTEP	495,712	-	18,837
Department of Economic and Community Development	Development Research and Economic Assist	121,095	-	4,602
Department of Economic and Community Development	Hydrogen/Fuel Cell Economy	153,671	8,750	5,490
Department of Economic and Community Development	Office of Military Affairs	216,598	43,199	6,409
Department of Economic and Community Development	Small Business Incubator Program	339,916	19,354	12,143
Department of Economic and Community Development	Tourism Districts	1,260,788	-	47,910
Department of Economic and Community Development	Women's Business Center	393,750	-	14,963
Department of Education	Adult Education Action	240,687	-	9,627
Department of Education	After School Program	5,363,286	-	214,531
Department of Education	Alternative High School and Adult Reading In	185,000	-	7,030
Department of Education	American School For The Deaf	9,992,840	-	399,714
Department of Education	Bilingual Education	2,991,130	-	119,645
Department of Education	Bridges to Success	242,479	-	9,214
Department of Education	Commissioner's Network	12,800,000	-	512,000
Department of Education	Common Core	5,906,250	-	232,706
Department of Education	CommPACT Schools	350,000	-	13,300
Department of Education	Connecticut Pre-Engineering Program	246,094	-	9,844
Department of Education	Connecticut Writing Project	69,375	-	2,636
Department of Education	Development of Mastery Exams Grades 4, 6,	15,149,111	-	595,061
Department of Education	Health and Welfare Services Pupils Private Sc	3,867,750	-	152,389
Department of Education	K-3 Reading Assessment Pilot	2,869,949	-	114,798
Department of Education	Leadership, Education, Athletics in Partnersh	681,329	-	25,891
Department of Education	Longitudinal Data Systems	1,190,700	-	45,247
Department of Education	New or Replicated Schools	339,000	-	13,357
Department of Education	Parent Trust Fund Program	468,750	-	17,813
Department of Education	Resource Equity Assessments	157,560	-	6,302
Department of Education	Wrap Around Services	19,375	-	775
Department of Education	Young Parents Program	229,330	-	9,173
Department of Emergency Services and Public Protection	Connecticut State Firefighter's Association	194,711	-	7,788
Department of Emergency Services and Public Protection	Equipment	93,990	-	3,703
Department of Emergency Services and Public Protection	Fire Training School - Derby	29,559	-	1,123
Department of Emergency Services and Public Protection	Fire Training School - Fairfield	49,164	-	1,868
Department of Emergency Services and Public Protection	Fire Training School - Hartford	97,989	-	3,724
Department of Emergency Services and Public Protection	Fire Training School - Middletown	29,299	-	1,113

Agency	SID Description	FY 16 Appropriations	Available Balance	4% Reduction
Department of Emergency Services and Public Protection	Fire Training School - New Haven	39,426	-	1,498
Department of Emergency Services and Public Protection	Fire Training School - Stamford	29,342	-	1,115
Department of Emergency Services and Public Protection	Fire Training School - Torrington	59,034	-	2,243
Department of Emergency Services and Public Protection	Fire Training School - Willimantic	98,079	-	3,727
Department of Emergency Services and Public Protection	Fire Training School - Wolcott	68,810	-	2,615
Department of Emergency Services and Public Protection	Fleet Purchase	6,183,375	-	243,625
Department of Emergency Services and Public Protection	Maintenance of County Base Fire Radio Netw	23,918	-	909
Department of Emergency Services and Public Protection	Maintenance of State-Wide Fire Radio Netw	15,919	-	605
Department of Emergency Services and Public Protection	Police Association of Connecticut	190,000	-	7,600
Department of Emergency Services and Public Protection	Stress Reduction	25,354	-	1,014
Department of Energy and Environmental Protection	Clean Air	4,455,103	110,335	168,410
Department of Energy and Environmental Protection	Connecticut River Valley Flood Control Comn	32,395	-	1,296
Department of Energy and Environmental Protection	Conservation Districts & Soil and Water Cour	266,250	1,688	10,050
Department of Energy and Environmental Protection	Dam Maintenance	142,981	-	5,602
Department of Energy and Environmental Protection	Emergency Spill Response	7,278,320	79,539	276,108
Department of Energy and Environmental Protection	Environmental Conservation	9,083,811	-	357,912
Department of Energy and Environmental Protection	Environmental Quality	10,047,411	-	396,397
Department of Energy and Environmental Protection	Interstate Environmental Commission	48,783	-	1,922
Department of Energy and Environmental Protection	Laboratory Fees	151,683	-	5,673
Department of Energy and Environmental Protection	Mosquito Control	272,597	-	10,825
Department of Energy and Environmental Protection	New England Interstate Water Pollution Corr	28,827	-	1,136
Department of Energy and Environmental Protection	Northeast Interstate Forest Fire Compact	3,295	-	132
Department of Energy and Environmental Protection	Solid Waste Management	3,384,724	-	132,831
Department of Energy and Environmental Protection	State Superfund Site Maintenance	481,918	64,179	15,457
Department of Energy and Environmental Protection	Thames River Valley Flood Control Commissi	48,281	-	1,931
Department of Energy and Environmental Protection	Underground Storage Tank	1,040,293	34,665	39,476
Department of Rehabilitation Services	Connecticut Radio Information Service	78,055	-	2,966
Department of Rehabilitation Services	Independent Living Centers	495,637	-	18,834
Department of Rehabilitation Services	Part-Time Interpreters	1,522	-	58
Department of Rehabilitation Services	Special Training for the Deaf Blind	286,581	-	7,165
Department of Rehabilitation Services	Supplementary Relief and Services	93,515	-	3,554
Department of Veterans' Affairs	SSMF Administration	593,310	-	23,732
Division of Criminal Justice	Cold Case Unit	277,119	-	10,345
Division of Criminal Justice	Expert Witnesses	330,000	154,915	6,145
Division of Criminal Justice	Training And Education	56,499	8,674	1,766
Governor's Office	National Governors' Association	126,469	-	4,730
Governor's Office	New England Governors' Conference	106,209	-	3,972
Labor Department	Spanish-American Merchants Association	500,531	28,500	18,881
Labor Department	STRIDE	518,094	35,715	19,295
Labor Department	STRIVE	237,094	13,500	8,944
Labor Department	Veterans' Opportunity Pilot	526,875	-	21,001
Office of Early Childhood	Children's Trust Fund	11,206,751	-	448,270
Office of Early Childhood	Community Plans for Early Childhood	703,125	-	26,719
Office of Governmental Accountability	Board of Firearms Permit Examiners	127,959	-	4,976
Office of Governmental Accountability	Child Fatality Review Panel	107,668	-	4,167
Office of Governmental Accountability	Contracting Standards Board	314,368	-	12,196
Office of Governmental Accountability	Elections Enforcement Commission	3,624,215	-	142,119
Office of Governmental Accountability	Freedom of Information Commission	1,726,320	-	67,497
Office of Governmental Accountability	Information Technology Initiatives	31,588	-	1,181
Office of Governmental Accountability	Judicial Review Council	146,265	-	5,708
Office of Governmental Accountability	Judicial Selection Commission	93,100	-	3,613

Agency	SID Description	FY 16 Appropriations	Available Balance	4% Reduction
Office of Governmental Accountability	Office of State Ethics	1,580,644	-	61,792
Office of Governmental Accountability	Office of the Child Advocate	714,642	-	27,867
Office of Governmental Accountability	Office of the Victim Advocate	462,544	-	18,088
Office of Higher Education	Alternate Route to Certification	97,720	-	3,713
Office of Higher Education	Minority Advancement Program	2,188,526	-	87,243
Office of Higher Education	Minority Teacher Incentive Program	447,806	-	17,912
Office of Higher Education	National Service Act	295,904	-	11,836
Office of Policy and Management	Automated Budget System and Data Base Lir	46,600	-	1,743
Office of Policy and Management	Justice Assistance Grants	1,008,740	-	39,616
Office of Policy and Management	Project Longevity	1,000,000	-	40,000
Secretary of the State	Commercial Recording Division	5,658,728	-	218,065
State Library	Computer Access	169,219	-	6,430
State Library	Connecticard Payments	900,000	-	34,200
State Library	Connecticut Humanities Council	1,921,643	-	73,022
State Library	Grants To Public Libraries	190,846	-	7,252
State Library	Interlibrary Loan Delivery Service	282,393	-	11,222
State Library	Legal/Legislative Library Materials	737,431	-	28,022
State Library	State-Wide Digital Library	1,865,494	-	70,889
State Library	Support Cooperating Library Service Units	185,844	-	7,434
University of Connecticut	Kirklyn M. Kerr Grant Program	400,000	-	16,000
University of Connecticut Health Center	AHEC	427,576	-	16,197
				7,477,860

Republican Options for Consideration
 Proposal to Equalize the Distribution of State Employee Retirement Expenditures
 Discussion Items for SEBAC

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u> and thereafter
<u>Personal Services Items Requiring SEBAC Approval</u>			
Increase Current Employee Pension Contributions Currently, hazardous duty employees in Tiers II and IIA contribute 4% and 5%, respectively, towards the State Employees Retirement System (SERS) Plan, while other Tier II employees contribute nothing and Tier IIA employees contribute 2%. Other New England states have an average employee contribution rates of 6.93% for non-hazardous duty. This proposal recommends making all non-hazardous state employees regardless of what tier they are in to pay 4% of their salary towards their pension benefit. OFA estimates that this requirement would increase employee contributions to the SERS fund by \$74.8 million in FY 2017. Actuaries would need to determine the reduction to the ARC as a result of this increased revenue source. Estimated Savings Would Need to Be Generated by the Actuaries	-	-	-
Cap Cost of Living Adjustments For future retirees set COLAs with a minimum of 0% up to a maximum of 3% Estimated Savings Would Need to Be Generated by the Actuaries	-	-	-
Calculate Final Average Salary Computation off of Base Salary Only The Office of Fiscal Analysis estimates that had pension payments been excluded from the Final Average Salary calculation for those that retired in FY 2015, that pension benefits would have been reduced by \$7.3 million. Estimated Savings Would Need to Be Generated by the Actuaries	-	-	-
Transition Part-Time, Temporary, and Seasonal Workers to the FICA Alternate Retirement Program Source of Estimated Savings: Office of Fiscal Analysis, assumed effective date 4/1/2016	2,250,000	9,000,000	9,000,000
Transition New State Employees to a Defined Contribution/Defined Benefit Plan Similar to Rhode Island Estimated Savings Would Need to Be Generated by the Actuaries	-	-	-
Suspend Longevity Payments This proposal suspends longevity payments in April 2016 and thereafter Source of Estimated Savings: Office of Fiscal Analysis	9,900,000	19,800,000	19,800,000
Increase State Employee Health Premiums This proposal would increase the health premiums that active state employee's pay by 10% to approximately 15%. Source of Estimated Savings: Office of Fiscal Analysis, assumed effective date 4/1/2016	1,415,385	5,653,846	5,653,846
Increase State Employee Dental Premiums by 10% Source of Estimated Savings: Office of Fiscal Analysis	89,250	357,000	357,000
Increase Current Prescription Drug Co-Pays for State Employees and Retirees The savings included in this proposal contain both GF and STF savings. Source of Estimated Savings: Office of Fiscal Analysis, assumed effective date 4/1/2016	2,800,000	11,200,000	11,200,000
Only Provide COLAs for State Employees in FY 2017 Under this recommendation, state employees would only receive a COLA increase in FY 2017 and would not receive merit increases, step increases or annual increments. Source of Estimated Savings: Office of Fiscal Analysis	-	34,813,446	60,977,231
Total - Examples of Possible Labor Savings	16,454,635	80,824,292	106,988,077
Labor concessions that were not recommended: Eliminating COLAs for retirees or setting at a low rate like 1% annually A hard wage freeze in FY 2017 Eliminating premium payment for Medicare Part B for retirees Furloughs Establishing premium assistance for retirees			

Allowing the State to Effectively Manage Our Employees Proposed Modifications to Individual Labor Contracts

General Modifications – Language to be Included in all Contracts

- Collectively bargain language that allows individuals who are ranked higher than the position in question to fill in for that position in question rather than requiring the state to pay for overtime expenses. This will get at the recent experience of the DOC where the agency wanted a lieutenant which is ranked higher than a sergeant to fill in for a sergeant for a shift rather than calling someone in for overtime. The union grieved and won thereby preventing the agency from managing their personnel in a cost-effective way.
- Throughout all labor contracts eliminate language that provides for double time for mandated overtime hours and pay all overtime at time and a half. Having a higher rate for mandated overtime results in individuals purposefully not volunteering for overtime since they know that they will be paid more when the agency is not able to find anyone to volunteer.

Specific Modifications Sought to Individual Labor Contracts

- NP1 State Police – Modify article 7, section 7 to allow employees to accrue compensatory time beyond the current language that allows for compensatory time to only accrue when working on holidays. Allowing employees to accrue and take compensatory time will result in reduced overtime expenditures of this agency.
- NP1 State Police – Delete or modify article 17, section 11 which states that employees can volunteer for non-emergency overtime in order of seniority. Volunteering for overtime should be done on a first come, first serve basis.
- NP1 State Police – Delete or modify sections 5, 9, 10 and 11 of article 19 which pays state police officers who are assigned for any duty, for instance a Resident State Trooper, an additional \$100 per month on top of their normal salary.
- NP1 State Police – Delete section 2 of article 30 which effectively results in troopers being paid 2.5 times when their regular schedule requires them to work on a 'premium' holiday. This was a recent addition to their contract which allows for time and a half plus a day off for working their regular schedule.
- NP2 Maintenance and Service – Delete section 3 or article 18 which states "No change in work schedules can be made for the primary purpose of avoiding overtime payment."
- NP2 Maintenance and Service – Modify section 10 of article 18 to delete the following "employer must not reschedule or change an employee's shift or days off to avoid overtime."
- NP2 Maintenance and Service – Modify the following stipulation regarding three hours from section 15 of article 18 "*Employees working under emergency conditions must not be released from work within three hours of their normal starting time*" (i.e., sent home and have to return three hours later for a regularly scheduled shift) and must be assigned productive work. The three hour stipulation should be reduced to two.
- NP2 Maintenance and Service – Modify the following from section 16 of article 18 "Employees who are required to report for overtime must be assigned at least four hours of work before being released (sent home). If they are called back within two hours of being released (1) they must be paid as if they were never released and (2) the four-hour minimum re-starts when the employee was released." The four hour stipulation should be reduced to two.
- NP3 Administrative Clerical – Modify section 9 of article 17 which requires that for purposes of computing eligibility for overtime pay, the total number of hours in a week worked must include any hours for which the employee receives his or her regular pay, such as sick leave, personal

Allowing the State to Effectively Manage Our Employees
Proposed Modifications to Individual Labor Contracts

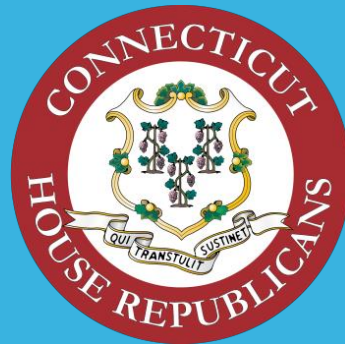
leave, vacation time, or holidays. Require that employees work 40 of regular time before accruing overtime.

- NP3 Administrative Clerical – Modify the following four hour requirement as contained in section 9 of article 17 which states that “Employees who have left work at the end of their scheduled work shift and are called back to work must receive at least four hours of overtime.” The four hour stipulation should be reduced to two.
- NP4 Correctional Officers – Eliminate mandatory staffing requirements which was set in previous administrative policies but that the union believes is ‘current practice’ and therefore needs to be changed through collective bargaining. The policy, last reiterate on December 4, 2003 minimizes the agency’s ability to manage its staff by stating that each shift needs to be started with a full compliment of staff regardless of how many inmates are located at each facility. The memo also states that planned trips cannot be filled by utilizing pull or shut down posts. The contract should clearly state that the agency has full discretion in how they will manage their facility that will provide the security and safety of both employees and inmates.
- NP4 Correctional Officers – Modify work schedule from 5 days on and 3 days off to 5 days on 2 days off for CRCI 1st shift, Enfield CI 1st shift, Osborn CI 1st shift, and Manson Youth 1st/2nd/3rd shift. The 5 days on 2 days off schedule is used for correctional officers employed at all other correctional facilities. This change alone will save the state \$3 million annually.
- NP4 Correctional Officers – In section 1 of article 14 increase the normal work week from 36.25 hours to 40 hours. This will allow the agency to better schedule and manage their employees.
- NP4 Correctional Officers – Modify the following four hour requirement as contained in section 3 of article 15 which states “Employees called back to work after completing their regular shift must be paid for at least four hours at the overtime rate.” The four hour stipulation should be reduced to two.
- NP4 Correctional Officers – Delete section 10 of article 15 which states “Except in emergency situations, only employees assigned to a work unit for normal operations can work overtime in that work unit.”
- NP5 Protective Services – Modify the following provisions to only pay overtime for actual overtime worked. *Employees who are called back after completing their scheduled work shift must be paid for at least two hours of overtime pay (e.g., a worker who works one extra hour is paid for two hours overtime). If they work for the next two hours they must be paid for at least four hours of overtime (e.g., a worker who works three extra hours is paid four hours of overtime.)* Pay for work beyond four hours is based on actual hours worked (e.g., a worker who works five extra hours is paid five hours of overtime). The minimum overtime pay begins when the employee is called (Art. 18, sec. 4). Establish a minimum of two hours of overtime pay with the pay for work beyond three hours based on actual hours worked.
- NP6 and P1 Paraprofessional Health Care and Professional Health Care – Delete section 7 of article 13 which states “Once a work schedule has been posted, the employer must not reschedule an individual’s day off or work hours with the intent to avoid overtime payment.”
- NP6 and P1 Paraprofessional Health Care and Professional Health – Delete article 47 which states “Whenever the employer closes a facility early or opens late due to unusual weather or other circumstances, employees who are deemed essential and cannot be released or arrive late must be paid time-and-a-half for their work hours during the release period.”
- P4 Engineering, Scientific and Technical - Modify the following four hour requirement as contained in section 2 of article 17 which states “*Employees who have left work after their scheduled shift and are called back must receive a minimum of four hours overtime.*” The four hour stipulation should be reduced to two.

Allowing the State to Effectively Manage Our Employees
Proposed Modifications to Individual Labor Contracts

- P5 Administrative and Residual - Delete the following "*Employees who leave work after a scheduled shift and are called back must receive at least four hours of overtime.*" (Art. 16, sec 5(c)). The four hour stipulation should be reduced to two.

DEFICIT
MITIGATION
SENATE & HOUSE REPUBLICAN
OPTIONS FOR CONSIDERATION
NOVEMBER 12, 2015



The Time to Act is Now

- ▶ **The state of Connecticut is at a crossroads.** We have an opportunity to put our state on a new path towards fiscal sustainability, predictability and positive growth.
- ▶ **We have a choice.** Either we continue to live in a state of permanent fiscal crisis, or we take on a holistic approach to rethink our budget in both the short and long term. We have an obligation not to pass a two-year reelection budget, but an obligation to pass a plan to help future generations.

An Unsustainable Path

Perpetual Deficits

- ▶ Connecticut ended last fiscal year with a deficit of \$113.2 million.
- ▶ As enacted, the budget this year had significant holes from the start.
- ▶ Today, we are facing a shortfall hundreds of millions of dollars deep coupled with uncertainties that can add to this deficit.
- ▶ Fiscal year 2017 will already need to be adjusted by \$399.4 million as a result of revenue deterioration.
- ▶ The upcoming biennium is already in deficit by at least \$2.9 billion, which begs for the fiscal responsibility of needing to address this deficit now.

All of this is after the two largest tax increases in state history.

An Unsustainable Path

Rampant Spending

- ▶ Over the past four years over **\$1.6 billion** of what was once operating expenses has been moved to bonding (see attached list).
- ▶ Over the same time period, bonded indebtedness has increased by over **\$3 billion** due to rampant utilization of state bond commission allocations.
- ▶ This past enacted budget alone is spending over **22.4%** more than what is reflected on paper, a direct result of moving budget items outside of the General Fund.

As a result...

- ▶ Small businesses including many of those in our cities are struggling, and large companies like GE are considering leaving.
- ▶ **Connecticut is not growing the high paying jobs our families need to survive and care for their loved ones.**
- ▶ **People are leaving Connecticut for other states.**
According to a March 2015 U.S. Census Bureau report, Hartford, New Haven and Fairfield counties lost 7,090, 6,725 and 6,506 people respectively due to “domestic migration” from July 2013 to July 2014.

As more people and employers move out of the state, the burden of paying taxes will start to shift more and more to those who remain and those who can least afford it, or social services for the poor, elderly and disabled will have to be cut.

Paving a New Path

Together we can create a strong state that:

- ▶ Demonstrates Republicans and Democrats understand that challenging times demand action, and both groups are willing to put aside our differences to improve our state.
- ▶ Keep our vital services for the poor, elderly and disabled funded
- ▶ Supports working and middle class families
- ▶ Creates environments where all people have access to opportunities to be successful no matter how humble
- ▶ Supports and protects the most vulnerable
- ▶ Is accountable not only to the current generation but also to future generations who will suffer from a government that refuses to live within its means and put people before political rhetoric and election cycles.

To get there, we must not only repair the budget today, we must plan for a brighter future with **long-term structural changes** to restore **stability** and **predictability** to our state.

The following proposal does NOT cut from those most in need

- ▶ We do NOT cut from hospitals.
- ▶ We do NOT cut from Medicaid.
- ▶ We do NOT cut from services for those with developmental disabilities.
- ▶ We do NOT cut from services for those who need mental health and substance abuse treatment.
- ▶ We do NOT hurt the poor, the sick or the elderly.

First, Short-Term Initiatives

Solving the immediate need

- ▶ In addition to a long-term, holistic, structural approach, Connecticut is in need of help to close the immediate deficit before us today.
- ▶ Our calculations, along with data provided by the Office of Fiscal Analysis and the state Treasurer, show a deficit of approximately \$350 million - \$370 million for Fiscal Year 2016. Moreover, Fiscal Year 2017 is already in deficit by at least \$400 million.
- ▶ The following list of options offers a total savings of at least \$372.8 million in Fiscal Year 2016 and at least \$166.8 million in Fiscal Year 2017.

Solving the immediate need

I) Enact the Republicans' Prioritize Progress transportation initiative which provides over \$37 billion in bonding dollars for transportation over the next 20 years.

- ▶ The Republican's Prioritize Progress would provide the state with a reliable source of funding for vital transportation upgrades over the next two decades. It would entirely fund the \$21 billion in projects detailed by DOT taking care of critical safety needs. Our plan would then provide at least an additional \$40 billion for other projects all within current funding sources without the imposition of any additional taxes.
- ▶ We cannot ignore that the funding source dedicated to the governor's \$100 billion initiative is only sufficient to support this initiative until FY 2020.
- ▶ Enacting the Republican transportation plan allows the \$158.6 million in FY 2016 and \$260.6 million in FY 2017 that is now being deposited in the STF to increase the amount of debt service that the STF can support and thereby increase the amount of STO bonds that can be supported by the STF thus increasing the total funding available for capital improvements over the \$67 billion as originally presented.

Solving the immediate need

2) Divert excess funding from the Municipal Revenue Sharing Account without reducing any funding for municipalities.

- ▶ The Office of Fiscal Analysis has estimated that the revenues being diverted to the account are in excess of projected expenditures by \$94.6 million in FY 2016.
- ▶ In deference to the legislative leaders, we are recommending that an additional \$30 million be diverted to the MRSA in FY 2017 in order to ensure that municipalities are truly held harmless.

3) Enact legislation that allows the governor to hold back \$93.1 million in specified areas as bottom-line savings target that is currently designated as an unallocated lapse.

- ▶ The enacted budget contained an additional \$68.5 million in lapses above what was targeted last year in addition to completely eliminating the usually-significant lapse in the debt service account, therefore the likelihood of natural lapses occurring are unlikely.
- ▶ For example, if 10% was held back from “Other Expense” appropriations not yet expended the state would save \$50 million.

Solving the immediate need

4) Eliminate funding for 39 new general fund positions from the budget.

- ▶ This figure does not include those positions that are located in schools or those positions that are supported by a revenue stream such as pool licensing.
- ▶ This provides a savings of \$4.3 million in FY 2016 and \$4.5 million in FY 2017.

5) Remove funding for the additional \$4.8 million that was unilaterally given to union nursing home employees via a memo. This would have no impact on the \$13 million granted to union and non-union nursing home employees by the state legislature in the state budget.

6) Consolidate all juvenile justice functions currently under DCF to the Judicial Court Support Services Division. Utilizing the Governor's estimate when he proposed moving the functions in the opposite direction, assuming full implementation in April, this will save the state \$2.5 million in FY 2016 and \$9.9 million thereafter according to OPM's analysis. According to OFA's analysis this will save \$800,000 in FY 2016 and \$2.5 million in FY 2017.

Solving the immediate need

- 7) Eliminate state support of legislative commissions** saving \$900,000 in FY 2016 and \$2.8 million in FY 2017.

- 8) Reduce or eliminate various appropriations and single-taxpayer specific exemptions** totaling \$51.6 million in FY 2016 and \$35 million in FY 2017.

- 9) Reduce funding for legislative franking** for an annual savings of \$1 million.

- 10) Create an Office of Overtime Accountability** and require specific approval for overtime expenditures by state agencies resulting in an estimated \$10 million savings in FY 2016 and coupled with modifications to individual labor contracts at least \$50 million savings in FY 2017 for total overtime cost savings.

Solving the immediate need

I 1) Identify savings from the governor's delay of managers raises totaling \$5.9 million annually for the next two fiscal years.

I 2) Require increased efficiencies at Southbury Training School totaling \$5 million in FY 2016 and \$7.5 million in FY 2017.

I 3) Reduce Citizen's Election Program grants by 20% for a savings of \$2.2 million in FY 2016 and \$6.6 million in FY 2017.

I 4) Accept a portion of the Governor's Rescissions - all non-hospital, non-development disabled, and non-mental health services rescissions.

Solving the immediate need

I5) Eliminate Energy Star Sales Tax Exemption effective 1/1/2016 for a savings of \$3.6 million in FY 2016 and \$7.5 million in FY 2017. Given the large amount of Energy Star products on the market this exemption does not serve as a large incentive.

I6) Offer a Retirement Incentive Program with three years of credit.

- ▶ We are proposing a RIP for those employees that are currently eligible to retire that must also be paired with a long-term plan to better manage labor costs and pension payments. If we can implement a solid, affordable plan for long term savings, the state will be better prepared to handle costs associated with state employee retirees. This proposal would enable Connecticut to find immediate savings of \$79.9 million in FY 2016 and \$95.6 million in FY 2017.

Tax Relief

- ▶ We are also proposing to make immediate changes to improve Connecticut's business and tax environment including the following:
 - ▶ **Eliminate Unitary Combined Reporting.**
 - ▶ **Undo the recent restriction on the use of R&D, R&E and URA tax credits** and phase in a restoration to the 70% cap.
 - ▶ **Modify Corporation Tax to sales only single factor apportionment** for all "C" corporations as proposed by governor but using the former definition of unitary reporting.
 - ▶ **Exempt employees in the state for less than 15 days** by providing a Personal Income Tax short term exemption.
 - ▶ **Modify the implementer** to make \$6 billion exemption effective retroactive to 1/1/2015.
 - ▶ **Enact legislation to fix the Propane Gross Receipts tax exemption for residents with emergency generators.**

Solving the immediate need

Prioritize the State's Expenditures
 Republican Options for Consideration
 Fall Deficit Mitigation Special Session - 2015
 (in millions)

Option	FY 2016	FY 2017
Divert the excess funding from the MRSA without reducing funding to municipalities by one cent	94.6	(30.0)
Give the Governor the authority to the \$93.1 million unallocated executive lapse	93.1	-
Offer a Retirement Incentive Program with three years of credit	79.9	95.6
Reduce funding for various appropriations	41.2	29.3
Accept a portion of the Governor's Rescissions (all non-hospital, non-development disabled, and non-mental health services)	26.6	-
Create an Office of Overtime Accountability	10.0	50.0
Reduce various accounts by 4%	7.5	-
Modify Corporation Tax to sales only single factor apportionment for all "C" corporations	6.2	10.3
Identify savings from Governor's delay of managers raises	5.9	5.9
Require Increased Efficiencies at Southbury Training School	5.0	7.5
Remove OPM independently provided additional funding for nursing home enhancements	4.8	4.8
Remove funding for 39 new GF positions created in the budget that are not school related nor supported with revenue	4.3	4.5
Eliminate Energy Star Sales Tax Exemption eff. 1/1/2016	3.6	7.5
Reduce Citizens Election Program grants by 20%	2.2	6.6
Eliminate single taxpayer exemption under the Public Utilities Control Tax	1.9	3.7
Reduce funding for legislative franking	1.0	1.0
Eliminate venue specific admissions tax exemptions (XL Center, Bridgeport Harbor Yard and Webster Bank Arena) eff. 1/1/2016	1.0	2.0
Eliminate state support of legislative commissions - effectively state taxpayer-funded lobbyists eff. 4/1/2016	0.9	2.8
Consolidate juvenile justice functions currently under DCF into Judicial's Court Support Services Division	0.8	2.5
Exempt employees in the state for less than 15 days by providing a Personal Income Tax short term exemption	-	-
Modify the implementer to make the \$6 billion exemption effective retroactive to 1/1/2015	-	-
Enact legislation explicitly stating that propane generators are exempt from the Petroleum Gross Receipts Tax	(0.1)	(0.1)
Implement the Governor's Tax Credit proposal R&D, R&E and URA tax credits	(2.7)	(13.5)
Eliminate Unitary Combined Reporting	(14.9)	(23.7)
Total Potential Options	372.8	166.8

Second, and arguably the more
important challenge:
Long-Term Initiatives

Long-Term Initiatives

- ▶ **Transportation:** Enact constitutional transportation lockbox language that prevents reductions in funding to the Special Transportation Fund.
- ▶ **Spending:** Enact definitions for the constitutional spending cap.
 - ▶ The spirit of the spending cap that was overwhelmingly supported by voters in 1992 has been directly and indirectly violated since 2012.
 - ▶ In this past session alone over \$1.8 billion of pension liability was moved from under the cap and the formula for calculating the cap was modified for the sole purpose of spending more money than what the taxpayers believe they have authorized.

Long-Term Initiatives

- ▶ **Bonding:** Legislatively cap annual allocations that can be made by the State Bond Commission to \$1.8 billion.
 - ▶ This proposal will result in significant reductions in debt service in the General Fund as compared to if the allocations are uncapped and remain at the all-time record high of \$2.5 billion annually.
 - ▶ Reduction in debt service will allow future legislators to have more money to spend on social services.

- ▶ **Competitively bid the Correctional Managed Healthcare contract.**
 - ▶ The state spends approximately \$92 million annually to provide healthcare services to inmates.
 - ▶ The provision of this service has never been competitively bid. This will allow the state to determine if a lesser cost is feasible.

Long-Term Initiatives

- ▶ **Municipal Aid:** Allow for expenditure reductions by the state and municipalities by revising current prevailing wage laws.
 - ▶ Revise the new construction threshold from \$400,000 to \$1 million.
 - ▶ Revise the remodeling and alteration threshold from the current \$100,000 to \$400,000.
 - ▶ These modifications aim to provide real property tax relief to municipalities and residents.
- ▶ **Conduct in-depth review of each state appropriation:**
 - ▶ Identify inefficiencies and potential waste by reviewing each state appropriation to ensure that its purpose is being fulfilled.
 - ▶ Aim to reduce duplication of efforts among multiple appropriations or programs.

Long-Term Initiatives

- ▶ **Legislatively Create an Efficiency Planning Committee** which would be a small working group of various stakeholders to identify additional opportunities for non-profit providers to assume services that are currently managed by the state in the future.
 - ▶ The committee will be immediately tasked with identifying and evaluating those services which cost the state more than \$250,000 per person on an annual basis.
 - ▶ Any reduction in workforce as a result of this shift will be accomplished through attrition over time.
 - ▶ Once appropriate opportunities are identified, those services and/or functions should be competitively bid to private companies.
 - ▶ Savings to the state will then be used to increase rates to our private provider community.
 - ▶ This committee will not be tasked with examining the state's penal institutions.

Long-Term Initiatives

- ▶ **Close the Connecticut Juvenile Training School including Pueblo Unit** in favor of utilizing community programs run by non-profit providers.
 - ▶ It costs the state \$52.9 million annually to operate CJTS.
 - ▶ This equates to an annual cost of \$545,671 per resident in FY 2015.
 - ▶ These children are not getting the therapeutic treatment they need at CJTS. One can argue that many of these children leave the program worse off than when they entered.
 - ▶ Various non-profit and advocacy organizations feel that these children can be better served in the community.
 - ▶ The population of CJTS would be grouped based on type of offense and would be either placed in a secure residential facility, residential group home, or at home with intensive community supports.

Long-Term Initiatives

- ▶ **Enact bill 1088 of the 2015 legislative session which implemented a long-term plan to provide efficiencies with the provision of services to individuals with intellectual disabilities.**
 - ▶ The non-partisan Program Review and Investigations Committee found that not only do non-profits provide care to our developmentally disabled community for lower costs, they also provide better care. Therefore, care at all state funded facilities should be closely reviewed.
- ▶ **Designate the Investment Advisory Council** as the entity that establishes the assumed rate of return for the state's pension plans in lieu of the current structure which allows the retirement commissions to set their own rates. This modification will take at least some of the politics out of the process and will allow the state to fund its retirement systems responsibly.

Long-Term Initiatives – Labor

Long-Term Initiatives – Labor

- ▶ The Office of Fiscal Analysis has found that not all of the labor savings the state was promised in the FY 2012/2013 budget were achieved. As a result, taxpayers were shorted at least \$250 million in the “shared sacrifice” negotiations.
- ▶ Republicans previously proposed to seek out these owed savings from labor in our Blueprint for Prosperity plan released in April of this year.
- ▶ **Today we are not looking at that number.** Instead, we are proposing to make basic modifications to highly lucrative benefits for state employees, while also protecting individual employees from potentially more harmful changes. The following slides detail the options we are proposing.

Long-Term Initiatives – Labor
*Modifications to State Employee
Pension & Health Benefits*

Long-Term Initiatives – Labor

▶ **Increase Current Employee Pension Contributions**

- ▶ Currently, hazardous duty employees in Tiers II and IIA contribute 4% and 5%, respectively, towards the State Employees Retirement System (SERS) Plan, while other non-hazardous Tier II employees contribute **nothing** and Tier IIA employees contribute **2%**.
- ▶ In other New England states employees contribute an average of **7%**.
- ▶ This proposal recommends making all non-hazardous state employees regardless of what tier they are in to pay **4%** of their salary towards their pension benefit.
- ▶ OFA estimates that this requirement would increase employee contributions to the SERS fund by \$74.8 million in FY 2017.

Actuaries would need to determine the reduction to the ARC as a result of this increased revenue source.

Long-Term Initiatives – Labor

▶ **Cap Cost of Living Adjustments**

- ▶ For future retirees set COLAs with a minimum of 0% up to a maximum of 3%

▶ **Calculate Final Average Salary Using Base Pay Only**

- ▶ The Office of Fiscal Analysis estimates that had pension payments been excluded from the Final Average Salary calculation for those that retired in FY 2015, pension benefits would have been reduced by \$7.3 million (this number reflects only overtime, it does not include vacation pay).

Actuaries would need to determine the reduction to the ARC as a result of this increased revenue source.

Long-Term Initiatives – Labor

- ▶ **Transition Part-Time, Temporary, and Seasonal Workers to the FICA Alternate Retirement Program**
 - ▶ Savings: \$2.25 million in Fiscal Year 2016, \$9 million in Fiscal Year 2017
- ▶ **Suspend Longevity Payments in April 2016 and thereafter**
 - ▶ Savings: \$9.9 million in Fiscal Year 2016, \$19.8 million in Fiscal Year 2017.
- ▶ **Transition New State Employees to a Defined Contribution/Defined Benefit Plan Similar to Rhode Island**
 - (Estimated Savings Would Need to Be Generated by the Actuaries)
- ▶ **Increase State Employee Health Premiums**
 - ▶ This proposal would increase the health premiums that active state employee's pay by 10% to approximately 15%.
 - ▶ Savings: \$1.4 million in Fiscal Year 2016, \$5.7 million in Fiscal Year 2017

Source of Estimated Savings: Office of Fiscal Analysis

Long-Term Initiatives – Labor

- ▶ **Increase State Employee Dental Cleanings by 10%**
 - ▶ Savings: \$89,000 in Fiscal Year 2016, \$357,000 in Fiscal Year 2017
- ▶ **Increase Current Prescription Drug Co-Pays for State Employees**
 - ▶ Increase copays from \$5, \$20, \$35 → \$10, \$30, \$40 for non maintenance acute prescriptions.
 - ▶ No changes to copayments to treat chronic conditions or diabetes.
 - ▶ Savings: \$2.8 million in Fiscal Year 2016, \$11.2 million in Fiscal Year 2017
- ▶ **Only Provide COLAs for State Employees in FY 2017**
 - ▶ Under this recommendation, state employees would only receive a COLA increase in FY 2017 and would not receive merit increases, step increases or annual increments.
 - ▶ Savings: \$34.8 million in Fiscal Year 2017.

Source of Estimated Savings: Office of Fiscal Analysis

Example of Impact to Average Employee

- ▶ If a Tier II annual increase in pension contributions was implemented, that would result in the average state employee saving \$900 more per year for retirement, increasing contributions by **\$2.47 per day**.
- ▶ If health premiums were increased as proposed, that same employee would see a \$1,896 annual increase for family coverage, an increase equivalent to **\$5.19 per day**.
- ▶ In total, the average employee would contribute an additional **\$7.66 per day** to cover the costs of their health benefits and pension – **in return for a reliable pension system and the peace of mind that their long-term benefits will actually be secure.**

Long-Term Initiatives – Labor

Minimum Total Potential Savings from Modifications to State Employee Health & Pension Benefits

FY 2016: \$16.5 million

FY 2017: \$80.8 million

(These numbers do not yet include savings from proposals that would need to be estimated by actuaries.)

Long-Term Initiatives – Labor *Modifications to Labor Contracts*

The state needs the ability to manage its employees

- ▶ Current individual labor contracts have provisions that tie managers hands and prevent them from taking action to prevent unnecessary overtime costs.
- ▶ Strict procedures need to be advanced in all departments regarding overtime.
- ▶ We need to give the state the ability to manage its employees just like in the private sector, especially concerning overtime, which the state spends over \$220 million on annually.

The state needs the ability to manage its employees

- ▶ We are proposing to remove 20+ restrictive provisions:
 - ▶ For example, state employees are often paid for overtime hours they never worked because of required overtime minimums. Some contracts state that employees who are called back after completing their scheduled work shift must be paid for at least four hours of overtime pay (e.g., a worker who works one extra hour is paid for four hours of overtime). **We are proposing reducing the 4 hour overtime stipulations to 2 hours.**
 - ▶ Another example, in the Department of Corrections there is a minimum staffing requirement that requires full staffing regardless of the number of inmates in prison at a single point in time. **We are proposing to modify mandatory staffing requirements.**

The state needs the ability to manage its employees

- ▶ A full list of over 20 proposed changes can be found in the attached document.
- ▶ These changes will significantly help control costs without hurting state employees:
 - ▶ None of these changes result in layoffs
 - ▶ None of these changes include a hard hiring freeze
 - ▶ None of these changes include salary reduction

These proposals will give the state the tools it needs to reasonably manage employees and overtime.

The state needs the ability to manage its employees

- ▶ We are also proposing to institute **mandatory approval of labor contracts** by the General Assembly.

Items NOT included in this proposal

Please note that the Republican deficit mitigation proposal purposefully does **not** include many savings options that were previously discussed. Our goal was to create a budget proposal that truly appeals to all parties at the negotiation table and does not overly burden any one group. **Specifically, our proposal does NOT include:**

- ▶ Eliminating COLAs for retirees or setting a low rate like 1% annually
- ▶ A hard wage freeze
- ▶ Eliminating premium assistance the state gives to retirees for Medicare Part B
- ▶ State employee furloughs
- ▶ Removing meal allowances from union contracts
- ▶ Providing President's Day off as opposed to both Lincoln's birthday and Washington's birthday
- ▶ Eliminating ECS Earmarks (W. Hartford, W. Haven, New Haven and Norwalk) which would have saved \$2.9 million.
- ▶ Immediately eliminating remaining funds for specific earmarks.

Next Steps...

- ▶ We are open to discussing in more detail any other proposals put forward by Democrat leaders including the governor's proposals.
- ▶ However, any financing changes to the state pension system need to come with an understanding that pension benefits are extraordinarily high in our state and need resizing.

We need to not only fix the immediate problems before us, we have to put Connecticut on a better path for our future.

Next Steps...

Questions?