PRELIMINARY FISCAL NOTE
SR 7 /HR 9

Appropriations Committee Meeting

March 21, 2024

OFFICE OF FISCAL ANALYSIS
Room 5200, Legislative Office Building Hartford,
CT 06106 • (860) 240-0200
E-Mail: ofa@cga.ct.gov
www.cga.ct.gov/

SR 7 and HR 9 - Resolution Proposing Approval of a Memorandum of Agreement between the PCA Workforce Council and the New England Health Care Employees Union (District 1199, SEIU)

Summary - The resolution proposes approval of a memorandum of agreement (MOA) between the Personal Care Attendant (PCA) Workforce Council and the New England Health Care Employees Union (District 1199, SEIU). This agreement covers the period July 1, 2023 through June 30, 2026. The fiscal impact of the agreement begins in FY 24 and is associated with wage increases, premium assistance, paid time off, holiday pay, and longevity bonuses. The agreement covers approximately 12,000 PCAs employed by approximately 8,000 consumers of the state's Medicaid self-directed programs funded under the Department of Social Services (DSS) and the Department of Developmental Services (DDS).

The table below summarizes the cost of the agreement's provisions and associated fiscal impact to the state, including: (1) the total gross cost (reflecting both the state and federal share of Medicaid), (2) the total state General Fund cost, (3) the General Fund revenue gain to reflect federal reimbursements for certain Medicaid related expenditures, and (4) the net state impact after considering both General Fund costs and revenues.

Cost Estimate of Agreement

Agreement Provision	FY 24 $	FY 25 $	FY 26 $	Annualized $
Wages	6,907,000	21,863,000	33,949,000	37,668,000
Paid Time Off	1,375,000	1,372,000	1,457,000	1,457,000
Holiday Pay	770,000	852,000	900,000	900,000
Premium Assistance	1,810,000	1,852,000	1,852,000	1,852,000
Longevity Bonus	-	-	5,598,000	5,598,000
Total Gross Cost	**10,862,000**	**25,939,000**	**43,757,000**	**47,475,000**
Total General Fund Cost	**6,413,000**	**15,315,000**	**25,835,000**	**28,030,000**
General Fund Revenue Gain	***1,387,000***	***3,311,000***	***5,586,000***	***6,061,000***
Net State Cost	**5,026,000**	**12,004,000**	**20,249,000**	**21,969,000**

The provisions of the agreement and associated gross costs are described below.

Wage Increases - The agreement provides for wage increases for PCA's supported by DSS and DDS programs, which total $6,907,000 in FY 24, $21,863,000 in FY 25, $33,949,000 in FY 26 and $37,668,000 annualized. The minimum wage and general wage (GWI) percentage increases specified for each employee group in the agreement are outlined below:

Wage Increases

	Minimum Hourly Wage[1]			GWI		
Effective Date	**PCA**	**Respite & Companion**	**ILST[2]**	**Hourly**	**Per Diem**	**ILST**
45 days from approval	20.00	18.25	36.80	2.5%	4.0%	2.5%
7/1/2024	20.50	18.75	37.72	2.5%	4.0%	2.5%
1/1/2025	21.50	19.25	-	-	-	-
7/1/2025	22.00	19.75	38.66	2.5%	4.0%	2.5%
1/1/2026	23.00	20.25	-	-	-	-

[1]The agreement maintains provisions aligning the "sleeper" rate for PCA's with the State minimum wage
[2]ILST=Independent Living Skills Trainer

Premium Assistance – The agreement requires that qualifying[1] employees receive an amount equal to seven percent (from six percent) of their pay on an annualized basis up to an annual maximum amount of $5,000 for healthcare premium assistance. This is estimated to cost $1,810,000 in FY 24 and $1,852,000 in FY 25 and FY 26.

Paid Time Off (PTO) – The agreement increases the PTO accrual rate to .033 hours (from .025 hours) per every hour worked up to a maximum of 50 hours per state fiscal year (from 40 hours). This applies to hourly and 12-hour per diem PCAs. The PTO accrual rate for 24 hour per diem employees is one 24-hour shift for every 58 days (from 73) up to a maximum of 6.25 24-hour shifts of PTO accumulated per year (from 5 24-hours shifts). The estimated cost for the PTO provisions is $1,375,000 in FY 24, $1,372,000 in FY 25 and $1,457,000 in FY 26.

Holiday Pay - The agreement increases the number of holidays for which employees are paid 1.5 times his or her rate of pay. The inclusion of two additional holidays, Juneteenth and Labor Day, results in a cost of $770,000 in FY 24, $852,000 in FY 25, and $900,000 in FY 26.

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[1]Employees must provide proof of denial for Husky and Covered Connecticut programs and attest to not having access to any alternate employment or spousal health coverage.

Longevity Bonus - The agreement establishes bonus payments for PCAs working for the same consumer-employer starting on or before 4/1/24 and who are continuously employed through 3/31/26. PCAs working 20 hours or less per week will receive a one-time bonus of $400, while those working 21 hours or more will receive a bonus of $800. PCAs are eligible for a bonus under each consumer-employer for whom they work for the required timeframe. This results in a cost of $5,598,000 in FY 26. Longevity payments will be issued the week of 5/18/26.

General Fund Impact

The agreement results in a net state cost to the General Fund after factoring in off-setting federal revenue, as detailed below.

The estimated General Fund (GF) net impact associated with this three-year agreement is approximately $5 million in FY 24, $12 million in FY 25, $20.2 million in FY 26 and $22 million annualized. The net impact is comprised of: (1) expenditures in the Medicaid and Connecticut Home Care Program line items in DSS, and Employment Opportunities and Day Services and Community Residential Services in DDS, and (2) off-setting federal grants revenue associated with Medicaid reimbursement for DDS-funded services. A summary of the estimated General Fund cost and revenue impact of the contract is provided below.

General Fund Impact of Agreement

Line Item	FY 24 $	FY 25 $	FY 26 $	Annualized $
Medicaid	3,603,000	8,605,000	14,517,000	15,750,000
Community Residential Services	1,970,000	4,705,000	7,937,000	8,612,000
Employment & Day Services	803,000	1,917,000	3,234,000	3,509,000
Connecticut Home Care Program	37,000	87,000	147,000	159,000
Appropriated Account Total	**6,413,000**	**15,314,000**	**25,835,000**	**28,030,000**
Federal Grants Revenue	1,387,000	3,311,000	5,586,000	6,061,000
Net State Impact	**5,026,000**	**12,003,000**	**20,249,000**	**21,969,000**

Funding Availability - Funding was not provided in the FY 24 and FY 25 biennial budget to support the PCA agreement. DDS currently has an estimated net lapse of $35.6 million in FY 24 while DSS has a net deficiency of approximately $125.8 million. It is anticipated that the agencies will redirect ARPA Home and Community Based Services (HCBS) reinvestment funds for this purpose. Costs associated with the agreement are accounted for in the Governor's FY 25 Revised Budget proposal.