



**City of New Haven
Office of Management and Budget
Justin M. Elicker, Mayor**

Michael Gormany, City Budget Director and Acting Controller

Bargaining Local 3144 (Supervisory and Professional Union), AFSCME

Total budget position: 400 (Including vacancies)
Contract Period July 1, 2020 – June 30, 2026

General Compensation Cost

Wages: FY 2019-2020 (contract expiration) Base cost was \$25,831,173

Fiscal Year	Effective	GW	Cost	Cost over prior Year	
2020-2021	7/1/2020	2.75%	\$28,005,596.00	\$2,174,423.01	
2021-2022	7/1/2021	2.75%	\$31,816,184.00	\$3,810,588.00	Step Movement
2022-2023	7/1/2022	3.00%	\$34,736,165.00	\$2,919,981.00	
2023-2024	7/1/2023	3.00%	\$38,904,504.80	\$4,168,339.80	Step Movement
2024-2025	7/1/2024	3.00%	\$39,831,754.00	\$927,249.20	
2025-2026	7/1/2025	3.00%	\$41,011,965.00	\$1,180,211.00	

* Effective 7/1/21 and retroactive to 7/1/21 the City will implement a one-time step placement and another one-time step placement on 7/1/23, based on seniority pursuant to the tentative agreement.

**Estimated Total Cost/(Savings) \$15.M
Difference between base Amount and
ending year contract**

Retroactivity:

Retro will be paid in two installments for actual hours worked for regular time only. The First retro payment to be made thirty (30) days following ratification of this Agreement and second retro payment to be made on or before August 4, 2023. Retro is FY 2021 and FY 2022 is based on general wage increase only, and FY 2023 is based on salary placement with the step included.

**Estimated Total Cost/(Savings) \$3.4M
through May 2023**



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Bonus

Employees who were in step 10 in FY 2021 would receive a \$1,000 bonus in FY 2022 since they could not receive a step increase

Employees who were at step 10 in FY 2023 would receive a \$1,000 bonus in FY 2024 since they could not receive a step increase

**Estimated Total Cost/(Savings) for both
fiscal years \$100K**

Pension:

Summary of changes to pension:

1. Employee contributions increased to 10.5%;
2. New employees are eligible to retire at age 65 and don't have Rule of 80/85;
3. Early retirement penalty increased to 3% for each year of early retirement
4. Employees have options for joint and survivor benefits
5. Employees 60 years or older have the option to participate in either the Pension or Social Security.

The attached PDFs are the cost analyses for Local 3144 (Management and Professional). H&H analyzed the cost separately for the proposed changes for current employees and the proposed changes for just future hires. The net impact of the proposed changes for current employees is an increase in liabilities of about \$3.77M and **an increase to the FYE 2024 ADEC of about \$171,000.**

There are no future employees represented in the July 1, 2022 valuation report, so H&H demonstrated the cost of the proposed changes for future hires by showing the impact on the City's Normal cost for recent hires of Local 3144.

The impact of the proposed changes for future employees is a decrease on the ADEC of about 2.2% of pay. Please note that this savings of 2.2% would be experienced on a long-term basis, as it would initially have a small impact. The cost estimates are based on the census data, actuarial assumptions and plan provisions used in the July 1, 2022 Valuation.



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Pension Contributions 10.50% (rounded)

FY 2022-2023	\$98,000
FY 2024-2025	\$99,000
FY 2025-2026	\$103,000

**Total additional contribution from 10.00%
to 10.50 % \$300,000**

Medical Benefits

Changes to the prescription coverage plan as follows

1. Convert from the IngenioRx National formulary to the Essential formulary
2. Increase Rx copays and add a fourth tier for specialty drugs as follows:
 - High Deductible plans: Copays after deductible \$15/\$35/\$60/\$75 Retail; 2X Mail
 - Non-High Deductible plans: \$15/\$35/\$60/\$75 Retail; 2X Mail
3. Adopt Specialty Drug management provisions
 - High Deductible Plans: IngenioRx Specialty Accumulator Rules
 - Non-High Deductible Plans: IngenioRx Cost Relief
4. Two Options are available with High Deductible Health Plan and Century Preferred as a buy up option
 - Eliminate Comp Mix and BC POE
5. Employee cost share for the HDHP/HSA is based on income levels for employees as outlined below

Effective	Cost Share	Income
07/01/2022	12.00%	\$40-60K
	13.50%	\$61-80K
	15.00%	\$81K or greater

Each subsequent fiscal year, the cost share will increase by 1.00%

6. Eligible employees who retire on or after ratification and approval of this agreement shall contribute, through a monthly deduction, the same percentage of the medical insurance premiums for insurance coverage for himself or herself and his/her eligible dependents as was paid by that retiree in his/her last year of employment with the City.
7. Spouses of new hires after the ratification of this agreement are not covered under the retiree medical plan.



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City's Annual HSA contributions

- First year's contribution for new enrollees who are current employees shall be at 65%
- Employees hired after ratification are not eligible for the above, and contribution shall be 50%
- Maintain annual contributions of 50% through the term of the contract.

Total Estimated Cost/(Savings) will depend on open enrollment for individuals. The estimated savings is between \$50K and \$150K

Pay Differentials

Pay Differential for performing duties of a higher classification increases to \$4.00 an hour from \$3.00 an hour TA 3/29/23 This replaces the current Pay Differential MOU dated September 13, 2006. Also, there will be an IT Public Safety Support stipend in the amount of \$5.00 an hour for all Project Leaders and Network Support employees, who provide on call support on the weekends and after hours to the city's public safety operations, on a weekly rotating basis.

Total Estimated Cost/(Savings) per fiscal year is \$150K

**The City of New Haven City Employees' Retirement Fund
Proposed Changes to Local 3144 (Management) - Current Employees**

	2022 Valuation*	Proposed Changes**
Gross normal cost	7,053,034	7,217,781
Estimated employee contributions	(4,943,489)	(5,225,065)
Estimated administrative expenses	226,071	226,071
City's normal cost	2,335,616	2,218,787
Actuarial accrued liability	520,456,686	524,226,077
Actuarial value of assets	208,793,896	208,793,896
Unfunded accrued liability	311,662,790	315,432,181
<i>Increase (decrease) in unfunded accrued liability</i>		<i>3,769,391</i>
Amortization of unfunded accrued liability	23,467,192	23,751,015
Contribution before adjustment as of the valuation date	25,802,808	25,969,802
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	53,381,110	55,120,980
City's normal cost as a percentage of payroll	4.4%	4.0%
Contribution as a percentage of payroll	48.3%	47.1%
Fiscal year ending June 30, 2024		
Adjustment for interest and inflation	645,070	649,245
Actuarially determined employer contribution	26,447,878	26,619,047
<i>Expected annual increase (decrease)</i>		<i>171,169</i>
Fiscal year ending June 30, 2025		
Adjustment for interest and inflation	661,197	665,476
Actuarially determined employer contribution	27,109,075	27,284,523
<i>Expected annual increase (decrease)</i>		<i>175,448</i>

*Reflects census data, actuarial assumptions and plan provisions used in the July 1, 2022 Valuation.

**Reflects the following changes: Early retirement reduction factor of 3.0% per year, change in normal form of payment from 50% joint & survivor annuity to life annuity, employee contributions of 10.5%, updated budgeted pay and salary scale for active members of Local 3144 (Management) communicated on May 11, 2023.

**The City of New Haven City Employees' Retirement Fund
Proposed Changes to Local 3144 (Management) - Future Hires**

	2022 Valuation*	Proposed Changes**
Gross normal cost	132,120	120,221
Estimated employee contributions	(115,239)	(129,690)
Estimated administrative expenses	4,235	4,235
City's normal cost	21,116	(5,234)
Estimated valuation year payroll	1,152,389	1,235,139
City's normal cost as a percentage of payroll	1.8%	-0.4%
Increase (decrease) as a percentage of pay		(2.2%)

**Reflects actuarial assumptions and plan provisions used in the July 1, 2022 Valuation Report*

***Reflects the following changes: Early retirement reduction factor of 3.0% per year, change in normal form of payment from 50% joint & survivor annuity to life annuity, employee contributions of 10.5%, elimination of Rule of 80/85 provisions, updated budgeted pay and salary scale for active members of Local 3144 (Management) communicated on May 11, 2023.*