THE UNION PRIVILEGE SERIES

Part One

Overtime Spiking in Connecticut

February 2025

AUTHOR

Red Jahncke

YANKEE INSTITUTE

Contents

Executive Summary

This study examines Connecticut state employee compensation to ascertain whether "overtime spiking" is a prevalent phenomenon.

The evidence is highly suggestive of overtime (OT) spiking. Equally troubling, an analysis of six state agencies finds that the overwhelming majority of employees in these agencies regularly work overtime and, in aggregate, earn significant levels of overtime pay ($376 million in 2024). Yet regular, everyday overuse of overtime is different from OT spiking.

The prevalence of overtime in six major agencies can only signify gross mismanagement of these agencies. In 2021, the Boston Consulting Group found overtime to be pervasive and concluded it was caused by significant absenteeism — employees regularly work overtime to fill in for many employees who do not show up for work.

The pervasiveness of overtime as part of the regular operating routine of these agencies has likely camouflaged OT spiking. In the Dept. of Correction, over 5,000 of its 7,000 employees worked overtime and, in aggregate, earned over $100 million in overtime pay in FY 2023. Since, in a normal year, only about 5% to 10% of any workforce retires, the widespread overuse of overtime cannot relate just to OT spiking. Yet the widespread overuse of overtime makes it challenging to identify cases of actual OT spiking.

This study recommends that the prevalence of OT spiking be investigated further. Although the overall levels of overtime can be measured at a population level, identifying and assessing OT spiking with complete precision requires looking at data on an employee-by-employee basis, a more significant undertaking than this preliminary study.

Based upon this preliminary study finding evidence highly suggestive of OT spiking, however, Yankee Institute and the author recommends that the General Assembly pass, and Gov. Ned Lamont sign, legislation eliminating overtime from the calculation of pension benefits. It should be noted that a bill eliminating OT spiking was introduced in the earliest days of the 2025 session of the Connecticut General Assembly (Proposed Bill No. 24 – LCO No. 762).

Elimination of OT spiking is central to introducing control over runaway state employee compensation. Wages of unionized state employees have increased from $3.4 billion to $4.5 billion over the six years of the Lamont Administration, driven by over-generous pay raises cumulating to 33% that Gov. Lamont awarded unionized state employees in the SEBAC 2022 contract (also used as a benchmark for non-union employees). Since pensions are calculated based upon wages, including overtime, future pension obligations have skyrocketed from $34 billion in FY 2018 to $43 billion in FY 2024.

In light of this stunning increase in the cost of state employee compensation, the authors have called for a freeze of state employee wages. Obviously, a freeze would halt the increase in wages, but it would also stop the rapid increase in future pension costs.

Introduction

Connecticut state employee compensation has escalated rapidly in recent years. Unionized state employee wages have increased from $3.4 billion in FY 2019 when Gov. Lamont took office to $4.5 billion in FY 2024, a one-third increase. Under Lamont, unionized state employees have received six consecutive annual wage increases (two 5.5% increases and four 4.5% increases), compounding to a 33% overall increase. An employee making $100,000 on Gov. Lamont's first day in office is making $133,000 today.

The 5.5% and 4.5% annual wage increases include both general wage increases of 3.5% and 2.5%, as well as the regular annual 2.0% "steps," or "annual increments." In analyzing the cost of SEBAC contracts, the state's budget agencies include both elements, as does SEBAC in promoting the contracts to union members to encourage their approval. Yet in announcing the negotiated contracts, the Lamont Administration (and the Malloy Administration before it) only cite the general wage increase. This misleads the public about the true cost of SEBAC wage contracts and the state's overall labor costs.

Despite the wage increases, overall wage costs should not have risen by one-third, because many senior employees retired in FY2022 and were replaced by much lower-paid entry level employees. So in an effort to analyze the major causes of the one-third increase and the equivalent increase in future pension benefits, we investigate overtime pay, both as a large component of current pay and as a possible cause of fast-rising pension benefit expense. Pension benefits are based upon wages, which often include overtime pay, particularly in the years immediately preceding retirement.

When the pay base for pension benefit calculation includes both wages and recent overtime pay, employees planning imminent retirement may work large amounts of overtime in order to boost their pension benefit. This phenomenon is referred to as "overtime spiking." This study was undertaken primarily to investigate possible overtime spiking among Connecticut state employees.

This is a preliminary study of possible OT spiking utilizing the OpenCT database maintained by the Connecticut Comptroller. It likewise assesses the need for a more in-depth study of OT spiking and evaluates the adequacy of the OpenCT database to support an in-depth study.

Study Parameters

Six state government agencies account for a predominant share of total state overtime pay. Moreover, overtime pay constitutes a larger share of pay in these agencies than in other agencies. Accordingly, this study focuses on these agencies. *See Figure 1 and Figure 2.*

Figure 1

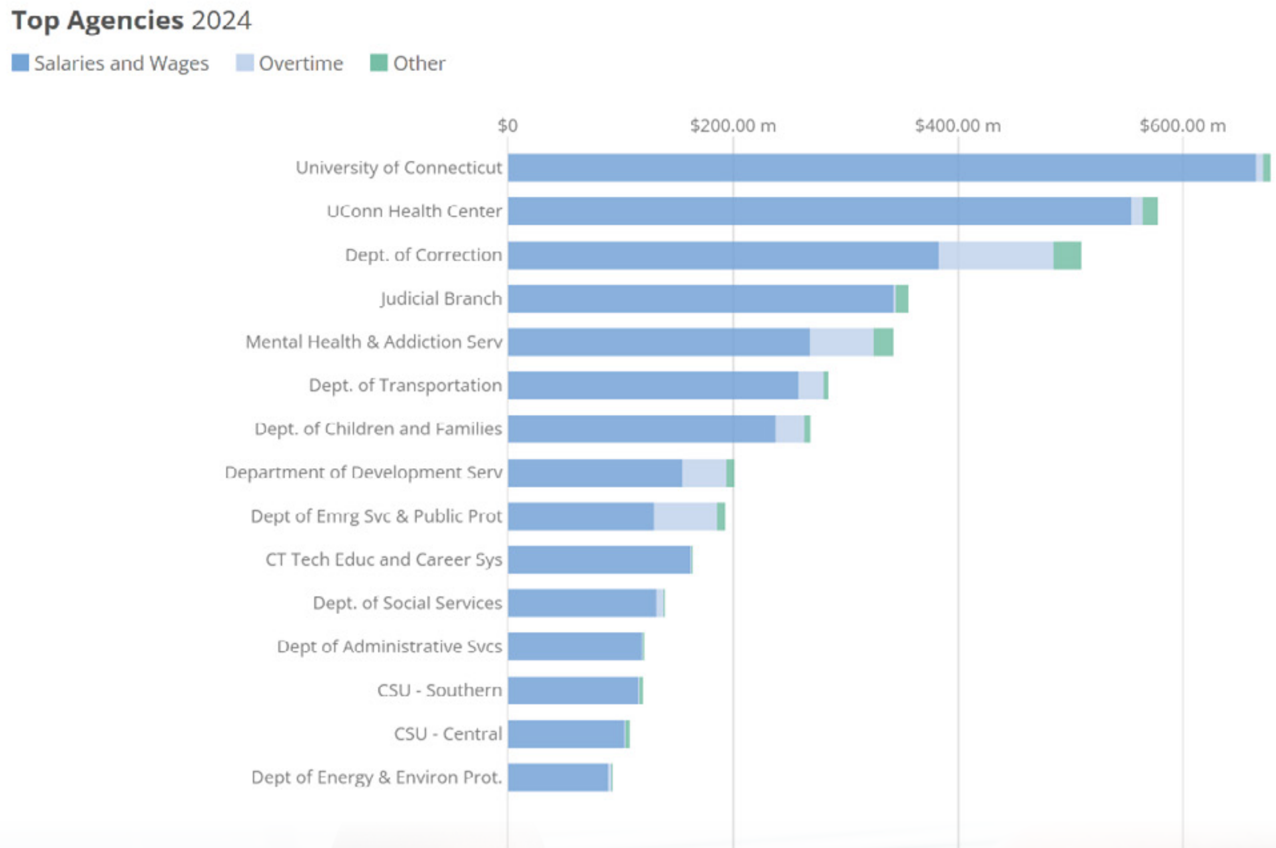

Figure 2

The study examines one module of the OpenCT database, Open Payroll. OpenCT is a collection of different unconnected databases, including Open Payroll and Open Pension. It is not possible to follow an employee from active employment (covered by Open Payroll) into retirement (covered by Open Pension) by downloading large amounts from one integrated database. Data from the two separate databases would have to be downloaded and connected outside OpenCT for every individual employee/retiree in a major database management effort outside of OpenCT, which is beyond this study's scope.

Furthermore, the OpenCT databases are built with payment data, i.e., every payment made by the state is logged into one or another of the different separate databases. Most employees are paid bi-weekly, or 26 times in the normal year. This generates a massive number of data records. The OpenCT database system itself does not aggregate this atomistic data, except by certain obvious parameters such as wage payments by year and/or by agency (see Figures 1 and 2). The OpenCT "front end" allows users to query for data, but not to aggregate the data easily by custom parameters or combinations of data metrics within the system. Accordingly, an effort to connect employee data from active employment and into retirement would entail the management of large amounts of data in a database management effort, which, again, is beyond the scope of this study.

A more in-depth study of OT spiking, if warranted, would require a significant effort, given that large volumes of data from two different databases would have to be integrated and analyzed in a separate database management system.

Study Methodology

Main Methodology – Population-Level Analysis

This preliminary study follows a simple approach. We downloaded data from Open Payroll for all employees in the six agencies over the five fiscal years from 2019 to 2024. In each fiscal year, we eliminated employees who did not earn any overtime pay in that fiscal year.

In each fiscal year, we separated remaining employees into two groups: (1) those who were paid on the first pay date of the fiscal year and on the first pay date of the next fiscal year — "active employees", and (2) those who were paid on the first pay date of the fiscal year but not on the first pay date of the next fiscal year — presumed to be employees "retiring" during the fiscal year. Note, they may have quit or been fired; Open Payroll records "Terminations," but with uncertain consistency and without defining the term.

For each group, we totaled the three elements of total gross pay - other, overtime and salaries and wages. We calculated OT as a percentage of salaries and wages for each group. If OT spiking were occurring, one would expect a higher percentage of OT pay to salaries & wages for the "retiring" group than for the "active" group.

The limitations of this approach are two-fold: (1) by this method, we assess possible OT spiking only in the single and partial year of retirement; we do not measure possible OT spiking in years prior to the year of retirement; (2) employees who worked during the fiscal year but were not paid on the first pay date of that year are included in "actives" if they worked the first pay date of the next fiscal year, but they are included in "retiring" employees if they did not.

The first limitation may be significant. Employees may very well OT spike over several years, especially, when their retirement falls early in the fiscal year in which they choose to retire. The second limitation is probably insignificant; it likely only introduces an element of possible imprecision into the results.

Sample of Employee-Level Data

We analyzed data for one year for one agency at the employee level: Dept. of Correction in FY 2023. We did so to confirm the accuracy of the results at the population level. We also investigated possible OT spiking by individual employees. We found instances of very high levels of overtime earnings. We investigated these instances in fiscal years both before and after 2023 in an effort to determine whether or not OT spiking was involved. This detailed analysis served to inform our assessment of the need and feasibility of an in-depth study.

Results and Preliminary Conclusions

In our population-level analysis of the six agencies over the five fiscal years, overtime for "active" employees exceeded overtime for "retiring" employees, as summarized in Table 1 below. In all six, on average, overtime represented a substantial proportion of wages. In four agencies, it exceeded 30% of salaries and wages for "active" employees over the five years; in the other two, it represented 22% and 14%. Accordingly, we conclude that overtime is a regular component of regular compensation in these six agencies.

Table 1

Department of Correction

Active Employees			
Fiscal Year	Overtime	Salary & Wages	Overtime as % of Salary & Wages
2019	$ 47,807,247	$ 177,001,219	27%
2020	$ 55,966,615	$ 192,094,855	29%
2021	$ 72,106,386	$ 230,837,299	31%
2022	$ 80,964,569	$ 262,678,894	31%
2023	$ 103,017,565	$ 345,555,275	30%
2024	$ 107,934,588	$ 346,618,820	31%
Grand Total	$ 467,796,969	$ 1,554,786,363	

"Retiring"				
Fiscal Year	Head Count	Overtime	Salary & Wages	Overtime as % of Salary & Wages
2019	472	$ 1,732,002	$ 7,198,243	24%
2020	568	$ 2,377,837	$ 9,078,615	26%
2021	450	$ 1,933,226	$ 6,558,922	29%
2022	602	$ 3,148,973	$ 11,097,547	28%
2023	616	$ 2,009,123	$ 8,563,001	23%
2024	n/a	n/a	n/a	N/A
Grand Total	2708	$ 11,201,161	$ 42,496,328	

Department of Development Services

Active Employees			
Fiscal Year	Overtime	Salary & Wages	Overtime as % of Salary & Wages
2019	$ 22,012,067	$ 58,254,929	38%
2020	$ 23,595,237	$ 61,168,055	39%
2021	$ 24,597,383	$ 65,186,178	38%
2022	$ 32,224,124	$ 80,816,352	40%
2023	$ 39,830,217	$ 107,326,093	37%
2024	$ 42,755,035	$ 112,346,243	38%
Grand Total	$ 185,014,063	$ 485,097,850	

"Retiring"				
Fiscal Year	Head Count	Overtime	Salary & Wages	Overtime as % of Salary & Wages
2019	1669	$ 649,261	$ 2,369,471	27%
2020	1018	$ 867,884	$ 3,013,841	29%
2021	1173	$ 874,061	$ 3,498,170	25%
2022	1025	$ 2,756,660	$ 8,656,964	32%
2023	1287	$ 1,184,815	$ 4,243,949	28%
2024	n/a	n/a	n/a	N/A
Grand Total	6172	$ 6,332,680	$ 21,782,396	

Dept of Emergency Services & Public Protection

Active Employees			
Fiscal Year	Overtime	Salary & Wages	Overtime as % of Salary & Wages
2019	$ 18,978,837	$ 61,159,336	31%
2020	$ 20,989,326	$ 70,432,603	30%
2021	$ 27,368,142	$ 84,907,805	32%
2022	$ 39,145,898	$ 112,735,433	35%
2023	$ 53,741,922	$ 153,559,931	35%
2024	$ 58,082,833	$ 159,839,196	36%
Grand Total	$ 218,306,957	$ 642,634,305	

"Retiring"				
Fiscal Year	Head Count	Overtime	Salary & Wages	Overtime as % of Salary & Wages
2019	362	$ 462,439	$ 1,554,726	30%
2020	352	$ 978,652	$ 3,153,730	31%
2021	296	$ 1,594,565	$ 4,728,454	34%
2022	258	$ 3,032,095	$ 8,460,704	36%
2023	325	$ 498,875	$ 1,697,979	29%
2024	n/a	n/a	n/a	N/A
Grand Total	1593	$ 6,566,627	$ 19,595,593	

Dept. of Children and Families

Active Employees			Overtime as % of Salary & Wages
Fiscal Year	Overtime	Salary & Wages	
2019	$ 15,175,175	$ 94,975,712	16%
2020	$ 12,987,404	$ 85,110,115	15%
2021	$ 8,189,014	$ 71,537,741	11%
2022	$ 14,626,526	$ 113,907,876	13%
2023	$ 20,449,156	$ 153,785,003	13%
2024	$ 26,297,505	$ 171,774,607	15%
Grand Total	$ 97,724,781	$ 691,091,055	

"Retiring"				Overtime as % of Salary & Wages
Fiscal Year	Head Count	Overtime	Salary & Wages	
2019	919	$ 391,123	$ 2,841,331	14%
2020	653	$ 336,429	$ 2,421,374	14%
2021	502	$ 159,913	$ 1,530,380	10%
2022	475	$ 602,993	$ 5,707,897	11%
2023	617	$ 504,300	$ 4,825,671	10%
2024	n/a	n/a	n/a	N/A
Grand Total	3166	$ 1,994,757	$ 17,326,654	

Dept. of Transportation

Active Employees			Overtime as % of Salary & Wages
Fiscal Year	Overtime	Salary & Wages	
2019	$ 15,106,414	$ 58,099,550	26%
2020	$ 13,775,311	$ 59,927,396	23%
2021	$ 17,018,694	$ 68,433,992	25%
2022	$ 17,557,373	$ 80,246,142	22%
2023	$ 19,376,642	$ 104,820,166	18%
2024	$ 22,513,198	$ 112,922,398	20%
Grand Total	$ 105,347,632	$ 484,449,644	

"Retiring"				Overtime as % of Salary & Wages
Fiscal Year	Head Count	Overtime	Salary & Wages	
2019	801	$ 502,448	$ 2,207,678	23%
2020	651	$ 398,595	$ 2,085,973	19%
2021	525	$ 562,793	$ 2,479,745	23%
2022	420	$ 953,890	$ 5,138,288	19%
2023	676	$ 458,473	$ 3,455,314	13%
2024	n/a	n/a	n/a	N/A
Grand Total	3073	$ 2,876,199	$ 15,366,998	

Dept. of Mental Health & Addiction Serv

Active Employees			Overtime as % of Salary & Wages
Fiscal Year	Overtime	Salary & Wages	
2019	$ 31,914,017	$ 92,858,815	34%
2020	$ 37,714,639	$ 103,450,666	36%
2021	$ 38,503,678	$ 111,066,754	35%
2022	$ 44,593,052	$ 130,485,946	34%
2023	$ 61,558,153	$ 176,932,233	35%
2024	$ 61,935,057	$ 179,481,845	35%
Grand Total	$ 276,218,595	$ 794,276,259	

"Retiring"				Overtime as % of Salary & Wages
Fiscal Year	Head Count	Overtime	Salary & Wages	
2019	889	$ 878,131	$ 3,719,791	24%
2020	712	$ 1,202,109	$ 5,012,640	24%
2021	515	$ 990,327	$ 3,909,216	25%
2022	508	$ 2,178,064	$ 8,191,606	27%
2023	593	$ 1,058,516	$ 4,486,429	24%
2024	n/a	n/a	n/a	N/A
Grand Total	3217	$ 6,307,147	$ 25,319,682	

While our finding that overtime for "active" employees exceeds overtime for "retiring" employees would suggest that OT spiking is not occurring on a widespread basis, we could not determine whether or not the regular heavy usage of overtime included significant instances of OT spiking in years prior to the one year of retirement.

Our in-depth employee-level analysis of the Dept. of Correction in FY 2023 confirmed the accuracy of our results on the population-level analysis. *See Table 2.*

Table 2

DEPARTMENT OF CORRECTION - FISCAL 2023

	Employee Head Count	Number of Pay-checks	Earliest Check Date	Last Check Date	No. of Employees with Termina-tion Dates	Orig Hire Date	Other	Overtime	Salaries & Wages	Total Gross	Overtime as % of Salaries & Wages
							Dollars in Thousands				
EMPLOYEES WITH OT		% of Total									
Full-Year Employees	4,223	81%	7/1/2022	6/30/2023	4	Various	19,276,603	97,200,265	316,176,551	432,706,519	31%
Full-Year Employees	160	3%	7/15/2022	6/30/2023	0	Various	472,926	2,153,912	7,627,363	10,255,101	28%
Part-Year, but Not New Hires	19	0%	7/29 - 9/9/2002	6/30/2023	0	Various	102,508	433,679	1,061,262	1,597,550	41%
New Hires	412	8%	Various	6/30/2023	3	FY2023	986,403	2,698,996	14,322,975	18,008,374	19%
Full-Year Employees: Different Pay Cycle	152	3%	7/1-7/15/2022	6/16/2023	4	Various	491,626	1,992,884	6,935,173	9,421,382	29%
	4,966	95%			11		21,330,067	104,479,735	346,123,324	471,988,927	30%
Terminations	265	5%	7/1/2022	Pre-6/30/23		Various	3,029,112	2,540,922	9,481,344	15,053,879	27%
TOTAL EMPLOYEES WITH OT	5,231	100%					24,359,180	107,020,657	355,604,669	487,042,805	30%
EMPLOYEES WITHOUT OT	1,774	100%			652		2,898,624	(4,553)	71,094,507	74,003,079	0%
Terminations	652	37%									
Employees With OT							24,359,180	107,020,857	355,604,669	487,042,805	30%
Employees Without OT							2,898,624	(4,553)	71,094,507	74,003,079	0%
							27,257,804	107,016,105	426,699,176	561,045,884	25%

The in-depth analysis revealed great variation in overtime earnings among employees. We found instances where overtime earnings exceeded salary & wages. Yet we also found that "retiring" employees represented 37% of all employees not earning any overtime, while "retiring" employees represented only 5% of employees earning overtime.

Since our detailed analysis was limited to just one year, the significance of this great variation could not be properly assessed. The greater incidence of "retirement" among employees not earning any overtime does not mean that they did not earn significant overtime in prior years.

Yet the high levels of overtime among continuing "active" employees could very well be OT spiking in years prior to retirement.

Accordingly, we examined the ten employees with the highest level of overtime in Department of Correction in FY 2023. *See Table 3.*

Table 3

DEPT. OF CORRECTION - FISCAL 2023: 10 EMPLOYEES WITH HIGHEST PERCENTAGE OF OVERTIME TO SALARY

Payroll Fiscal Year	Full Name	Number of Pay-checks	Earliest Check Date	Last Check Date	Termin-ation Date	Orig Hire Date	Annual Rate	Bi-Weekly Comp Rate	Other	Overtime	Salaries & Wages	Total Gross	Overtime as % of Salaries & Wages
							Dollars in Thousands						
2023	**DeCampos, Edgar**	**27**	**7/1/2022**	**6/30/2023**		**12/24/2004**	**102,017**	**3,909**	**56,308**	**365,286**	**137,963**	**559,556**	**265%**
2023	**Greenwood, Chad A.**	**27**	**7/1/2022**	**6/30/2023**		**12/28/2001**	**102,017**	**3,909**	**49,118**	**299,369**	**120,078**	**468,565**	**249%**
2023	Mangs, Laura S.	27	7/1/2022	6/30/2023		9/3/2004	94,236	3,611	26,934	230,802	121,175	378,912	190%
2023	Lee, Leroy L	27	7/1/2022	6/30/2023		4/30/2004	65,666	2,516	12,991	191,371	79,706	284,068	240%
2023	Martell, Viviane L.	27	7/1/2022	6/30/2023		10/4/2013	78,321	3,001	25,869	190,066	108,616	324,552	175%
2023	Joyner, Kevin Sr	27	7/1/2022	6/30/2023		9/28/2007	65,666	2,516	11,314	170,801	90,797	272,911	188%
2023	Daniels, Timothy	27	7/1/2022	6/30/2023		9/1/2006	65,666	2,516	10,053	167,008	82,609	259,670	202%
2023	Green, Eric J.	27	7/1/2022	6/30/2023		8/31/2007	74,694	2,862	20,937	159,354	96,286	276,577	166%
2023	Ostuno, Donald Peter	27	7/1/2022	6/30/2023		3/2/2007	65,666	2,516	9,214	155,314	80,249	244,776	194%
2023	Davidson, Patrick C	27	7/1/2022	6/30/2023		8/20/2004	65,666	2,516	11,060	154,482	82,562	248,104	187%

We examined their levels of overtime in later years and in years prior. *See Table 4.* Of the ten, one seemed to have retired in FY 2024. He was paid only through the first 9 pay dates (having received bi-weekly pay checks in FY2023) and no longer appears in Open Pay Roll in FY2025.

Yet this employee did not shown up in the Open Pensions database in our initial query, but did on a second attempt (the "front end" of the query function in OpenCT is non-intuitive). He retired with an initial annual pension of $90,780, or 78% of his final annual salary rate of $116,000. As a Tier IIA employee hired in 2001, he was entitled to a pension equal to 54% of final average earning (including overtime) over his last three years of employment. On salary alone, he would have qualified only for a pension of about $63,000. Clearly, he engaged in OT spiking.

Another employee received only 16 pay checks in FY 2024 (having also received bi-weekly pay checks in FY2023) and received only 13 pay checks in FY2025; he does not appear in Open Pension database, based on several attempts. Accordingly, we could not determine definitively, by looking at subsequent years, that the high overtime earnings of this second employee in FY 2023, FY2024 and FY 2025 constituted OT spiking as a prelude to retirement on a state pension.

The other eight employees are still active, receiving bi-weekly pay checks through December 2024.

In the case of the two employees who seem to have retired, we decided to investigate the overtime earnings in prior years, specifically FY2020, FY2021 and FY 2022. In both cases, overtime earnings were relatively modest in FY2020 — 4% and 19% of salary & wages. However, they escalated dramatically thereafter, documenting that the one employee definitely OT spiked and suggesting even more strongly that the second did as well.

Table 4

Payroll Fiscal Year	Full Name	Number of Pay-checks	Earliest Check Date	Last Check Date	Termination Date	Orig Hire Date	Annual Rate	Bi-Weekly Comp Rate	Other	Overtime	Salaries & Wages	Total Gross	Overtime as % of Salaries & Wages
FY 2020-2022: Correction Employees with the Highest Overtime Earnings in FY2023													
2025	DeCampos, Edgar	13	7/12/2023	12/27/2023	NA	12/24/2004	115,877	4,440	21,924	195,010	52,671	269,605	370%
2024	DeCampos, Edgar	16	7/14/2023	NA	NA	*8/11/2023*	110,077	4,218	23,971	124,496	59,305	207,771	210%
2023	DeCampos, Edgar	27	7/1/2022	6/30/2023		12/24/2004	102,017	3,909	56,308	365,286	137,963	559,556	265%
2022	DeCampos, Edgar	26	7/2/2021	6/17/2022	NA	12/24/2004	102,017	3,909	32,359	252,780	105,993	391,133	238%
2021	DeCampos, Edgar	26	7/2/2020	6/18/2021	NA	12/24/2004	96,932	3,714	32,838	177,716	102,414	312,969	174%
2020	DeCampos, Edgar	26	7/5/2019	6/19/2020	NA	12/24/2004	91,207	3,495	16,201	16,835	90,490	123,526	19%
2025	Greenwood, Chad A.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2024	Greenwood, Chad A.	9	7/14/2023	NA	NA	*8/11/2023*	110,077	4,218	19,050	54,249	30,808	104,107	176%
2023	Greenwood, Chad A.	27	7/1/2022	6/30/2023		12/28/2001	102,017	3,909	49,118	299,369	120,078	468,565	249%
2022	Greenwood, Chad A.	26	7/2/2021	6/17/2022	NA	12/28/2001	102,017	3,909	19,435	70,753	106,620	196,808	66%
2021	Greenwood, Chad A.	26	7/2/2020	6/18/2021	NA	12/28/2001	99,528	3,813	11,292	10,910	98,481	120,683	11%
2020	Greenwood, Chad A.	26	7/5/2019	6/19/2020	NA	12/28/2001	93,654	3,588	4,143	3,393	88,875	96,412	4%

This study's overall preliminary conclusion is that overtime is both a consistent component of regular compensation in these six agencies and that material instances of OT spiking are occurring. It may be that only a minority of employees are engaging in OT spiking, but those individual instances appear to include extreme cases which unnecessarily cause very significant increases in compensation cost and associated major increases in pension benefit expense.

Based upon these conclusions, the real problem would seem to be the state's inability to manage its workforce properly. Ongoing high levels of overtime imply chronic understaffing; OT spiking on the scale in which certain employees seem to engage would have to constitute serious abuse of the public compensation system.

Further Study of Overtime in State Agencies

We recommend further study of overtime in these six agencies. Although we focused on the prevalence of potential OT spiking, perhaps the equal or greater problem is the payment of overtime as a regular and significant component of state employee compensation, an issue this study does not address.

In 2021, the state engaged Boston Consulting Group to conduct a study of all aspects of state operations, including manpower and staffing conditions and policies with goal to "modernize state government operations to be more efficient and cost less." BCG found excessive use of overtime was a chronic problem. See page 29 of its report. BCG found rates of absenteeism, which, in turn caused excessive rates of overtime as employees on overtime filled in for the absent employees. Given the escalating levels of overtime, it would appear that overtime and overtime costs remain a major problem in the administration of state agencies, at least in the six agencies covered by this study. In that the overtime problem is likely a manifestation of the systemic management failures that BCG discovered in its 2021 study, an update of that study by BCG or a similar management consulting firm is highly recommended.

Apart from the systemic mismanagement problems, of which overtime would seem to be both a part and a manifestation, the subsidiary problem of OT spiking requires further investigation. Specifically, all six agencies warrant analysis at the employee-level over the most recent five-year period, in the same way this report studies the Dept. of Correction in fiscal 2023.

First, the study would identify employees with high rates of overtime; then it would focus on those employees to assess whether they were OT-spiking, just this paper has identified ten employees in Correction in fiscal 2023 with high rates of overtime and found that two were highly likely to have been OT spiking in anticipation of retirement in fiscal 2024/2025.

The fact that mismanagement is causing widespread usage of overtime should not excuse OT spiking. OT spiking is a serious abuse of the compensation system, quite apart from the mismanagement of state agencies

that results in widespread overuse of overtime. At the least, overtime should be allocated evenly across all employees to combat OT spiking.

Assessing the actual incidence of OT spiking would require further investigation, both because it is camouflaged by the high levels of overtime paid as a regular part of an apparently flawed compensation system and because of the great variation from employee to employee in the levels of overtime pay.

The current state of knowledge about the causes of fast-escalating pension expense entails what might be called "the bookends" of the problem. At the beginning, before any pension is awarded, there is the general knowledge of the pension benefit structure across the various "tiers," or categories, of state employees, active and retired, e.g. the required years of service for full retirement and early retirement, the definition of base pay off of which pensions are calculated, the pension benefit as a percent of base pay at time of retirement, the cost-of-living adjustments to pension benefit payments in future years etc.

At the end, after pensions have been awarded, the Open Pensions component of the OpenCT database is searchable to find the pensions paid to individual employees. This search function is widely used, primarily to identify retired state employees with the highest pensions.

What is missing is an understanding of how retiring employees behave in order to qualify for the pensions that they enjoy today. In Table 4, we outline the different components of pay entailed in one clear effort to spike a pension and in a second highly probable effort to do so. We believe completion of such analysis would identify conclusively the incidence of OT spiking and its cost to the state.

In our estimation, although such a study would be materially more costly than this one, it provide great value by revealing how the state's very high pension expense has developed (and continues to develop) and would likely imply clearly and strongly the action needed to curtail highly likely OT spiking and other possible abuses.

Background

The impetus for this study came from a radio interview show, during which an individual claiming to be an employee of Department of Transportation (DOT) called in and stated that, in DOT, OT spiking was not occurring because the labor contract required the equal distribution of overtime across all eligible employees.

The caller's statement conflicted with the general preconception that OT spiking does, in fact, occur and thus spurred the idea of this study. The contract for DOT was reviewed for relevant language. Language bearing upon overtime allocation is part of the contract. *See Attachment 1*.

At the surface level, it appeared to confirm the caller's statement. Yet upon closer examination, it seems to allow for employees to coordinate among themselves to evade its strictures. To avoid such coordination, contracts should include language giving management authority to designate which individuals should work overtime.

Apart from reviewing the language of the DOT contract, we did not review any other contracts. Review of legal contracts is beyond the scope of this study.

Attachment 1

The bargaining units in the DOT are NP-2 and NP-3. Also reflected below is the overtime "Equalization" System from the Dept. of Correction contract now in effect.

NP-2 MAINTENANCE & SERVICE UNIT (NP-2) CONTRACT

Between

STATE OF CONNECTICUT

And

CONNECTICUT EMPLOYEES UNION INDEPENDENT

Affiliated Local 511 Service Employees International Union AFL-CIO, CLC

Effective July 1, 2021 Expiring June 30, 2025

Section Eight. Equalization of Overtime. The employer shall survey Maintenance Unit employees to determine willingness to work overtime. Subject to the provisions of the overtime section, voluntary overtime shall be distributed equally among qualified volunteers with similar skills and duties. Overtime shall be reasonably equalized according to equalization work unit or shift over each six (6) month period.

When an employee refuses voluntary overtime, the hours offered shall be charged to the employee as if worked, for equalization purposes. When the employer attempts to contact an employee to offer overtime and is unable to do so, such attempt will be considered to be a "no- contact". Three "no-contacts" will be considered to be a refusal of eight (8) hours of overtime for equalization purposes. Only one "no-contact" may be charged to an employee in a day.

When there are insufficient volunteers available for overtime work, the employer will endeavor to distribute such overtime work among qualified employees who normally do such work. An employee shall not be penalized for not volunteering for overtime work. However, an employee who refuses an order to work overtime may be subject to disciplinary action.

There shall be no basis for any employee claim for compensation in any form for hours not worked. Overtime records shall be maintained at each agency or facility which utilizes employees on overtime. Such records shall be maintained or posted in an area convenient to the employees and shall be kept in a manner easily understandable by the employees. Such records shall also be available for inspection by the Union. If an agency chooses not to post overtime records, the employees shall have the absolute right of access to the necessary information during their normal working hours even if such working hours do not coincide with the regular business hours of the agency.

NP-3 Contract Between State of Connecticut and American Federation of State, County and Municipal

EMPLOYEES, AFL-CIO LOCALS 196, 318, 478, 610 AND 704 OF COUNCIL4

ADMINISTRATIVE CLERICAL (NP-3) BARGAINING UNIT

EFFECTIVE: JULY 1, 2021 EXPIRING: JUNE 30, 2025

"Agencies will endeavor to equally distribute overtime opportunities among employees in the same classification in the same work unit who normally do the work. There shall be no payment of overtime for hours not worked. "

NP-4 Corrections contract Expires June 30, 2025

A. **"Equalization" System.** All overtime work, including overtime holdovers caused by short notice of absence, shall be distributed equally, to the extent practicable, to employees within the same job class at each institution, regardless of shift who have volunteered for such overtime. Equalization shall be accomplished annually, subject to quarterly review of the overtime list by both parties. Employees who refuse overtime, shall only be "charged" the number of hours offered in said overtime.

For the purpose of equalization, overtime work refusal shall be treated as overtime worked. Three (3) separate instances of an unanswered phone on three (3) separate days shall count as one (1) refusal, and six (6) refusals within a quarter shall remove an employee from the overtime list for the balance of the quarter. At the beginning of each quarter, employees seeking overtime shall sign-up for the overtime list and those employees who do not sign for the quarter but subsequently sign for future quarters or employees removed for six (6) refusals shall be credited with the highest overtime hours earned by employees in the previous quarter. The overtime list will be available for inspection.

https://portal.ct.gov/opm/olr-publications/contracts/office-of-labor-relations-contracts

About the Author

Red Jahncke is the founder and CEO of The Townsend Group International, LLC, a business and public policy consulting firm headquartered in Connecticut; and the founder of The-Red-Line.com. Earlier in his career, he was an investment banker at E.F. Hutton and J.P. Morgan Chase where he specialized in financial institutions.

Red is a nationally recognized columnist, who writes about politics and policy. His columns appear in numerous national publications, including The Wall Street Journal, Bloomberg, National Review, The Hill and USA Today, as well as many Connecticut newspapers.

Red's columns are featured on RealClearPolitics and CT Capitol Report. He appears weekly on radio talk shows in Connecticut.

Red was raised in Connecticut, where he and his wife raised four children. He is a graduate of Harvard College and Harvard Business School.

YANKEE INSTITUTE

Empowering people to forge a brighter future.

PO Box 290935
Wethersfield, CT 06129

YankeeInstitute.org