



Senate of Pennsylvania

March 31, 2015

The Honorable Tom Wolf
Governor
225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Wolf:

Last week, Senator Folmer sent a letter to Secretary Albright requesting additional information on the fiscal impact of the impending to-be-negotiated state collective bargaining agreements.

His interest was neither the specifics of the contracts nor the details of the negotiations. Rather, requesting Secretary Albright to provide his insights into how he developed cost estimates to properly budget for proposed changes once they are negotiated. Specifically, Senator Folmer was looking for answers to the following questions:

- What are the total number and the total costs of the existing collective bargaining agreements, including their impacts on the state budget, health care, and pensions?
- Where are anticipated changes in Governor Wolf's proposed budget (i.e. increased wages, benefits, and pension costs)? If the proposed budget does not include anticipated changes, how will changes be incorporated into the budget once the negotiations have finalized the specific details?
- How do you calculate the financial impact of any changes associated with increases in salaries, wages, health care benefits, and pension costs? Is there a standard model that allows you to determine the impacts or is there another method you will use?
- For planning purposes in passing a balanced state budget, what would a one percent (1%) increase in the salaries and wages of state workers mean to the budget? What would be the impact on the cost to health care benefits and pensions? For example, if the current contracts total \$3 Billion, is it fair to say a 1% increase would have a \$30 Million financial impact on the General Fund budget?

The Honorable Tom Wolf
Page 2
March 31, 2015

This request is not to interfere with the current negotiations of the collective bargaining agreements, but rather to gain a better understanding of the impacts these agreements will have on the General Fund as we move through the budget process.

We would appreciate a prompt response to Senator Folmer's request. Thank you for your attention to this manner.

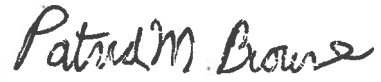
Sincerely,



Senator Joe Scarnati
President Pro Tempore



Senator Jake Corman
Majority Leader



Senator Patrick Browne
Chair, Appropriations

cc: Senator Mike Folmer, Chair, Senate State Government Committee