

State of Connecticut

NANCY WYMAN
COMPTROLLER



MARK E. OJAKIAN
DEPUTY COMPTROLLER

Hartford

Labor and Public Employees Committee
Submitted By State Comptroller Nancy Wyman
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Good afternoon Senator Prague, Representative Ryan, and distinguished members of the Labor and Public Employees Committee. Thank you for the opportunity to comment on several of the bills currently under deliberation before your Committee.

I would quickly like to provide general comment to the Committee on a few concepts on today's agenda.

- **House Bill 5704 An Act Concerning Credit In the State Employees Retirement System For Service To A Municipality That Is Not A Member Of The Municipal Employee Retirement Fund (MERF)**
- **House Bill 5406 An Act Concerning Credit Under Tier II Of The State Employees Retirement System For Service To A Municipality That Is Not A Member Of The Municipal Employees Retirement System**

House Bill 5704 and 5406 would significantly increase the unfunded liability of the state employee retirement system. Current law for the Tier II pension plan only permits employees who were participants in the municipal employee retirement system to transfer their service credits to the state plan. The reason is that both the employer and employee contributions can be transferred to the state plan thereby making the state plan whole for the increased credited state time. House Bill 5704 and 5406 do not address the employer contributions. Further, the employee contributions do not cover the full actuarial value of the increased service.

I would also like to point out that the state employee retirement system was the result of negotiations between the state and the coalition of state employee unions. A change in retirement benefits such as proposed by these two bills should be collectively bargained. The proposal also creates additional inequities between Tier II and Tier IIa.

- **House Bill 6300 An Act Concerning Credit In The State Employees Retirement System For Prior State Service In Rhode Island**

My staff is well aware of this request. The employee to whom this applies has been informed on numerous occasions that the State of Connecticut has a reciprocity provision and that his issue is with the state in which he previously served, i.e. Rhode Island. He cannot receive credit in Connecticut for his Rhode Island service because Rhode Island does not permit Connecticut employees to utilize their service in the Rhode Island state pension service. Rhode Island only allows credit in their system for Connecticut teachers.

- **House Bill 6677 An Act Concerning The Purchase Of Credit For Military Service In The Municipal Employees' Retirement System**

We would be happy to speak to the proponent. It appears much as any credited military provisions in SERS that there is always an end date to when employees or retirees can apply to receive the credit. This proposal seems to attempt to re-open a MERS deadline of 1/1/92 to the start of next year 1/1/08. If approved, MERS members who avail themselves of the extended purchase opportunity pay a portion of the cost; the balance of the cost would be borne by the municipalities participating in MERS and could be significant.

- ✓ (•) **House Bill 402 AA Creating An Additional Retirement Income Option Under The State Employees Retirement System**

This legislation creates an additional retirement option that is not currently available pursuant to Section 5-165 of the general statutes. The pension plan is collectively bargaining and the addition of any new retirement options for spouse would need to be bargained with SEBAC. In addition, I am requesting that the committee be mindful of the fact that they may be creating an additional obligation for retiree health care.

- **Senate Bill 1050 AAC Retirement Benefit Options For Spouses Of Certain Deceased State Employee**

This proposal would significantly increase the unfunded liability of the state employee retirement system. In addition, the proposed bill would permit a spouse to choose an option to receive 100% of the benefit. This proposal would provide more to the spouse than they would be able to receive under any current spouse option and/or the pre-retirement death benefit. The spouse would always choose the 100% option. Again, this is a collectively bargained benefit.