



Senate

General Assembly

February Session, 2012

File No. 264

Senate Bill No. 241

Senate, April 4, 2012

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT ALLOWING ADJUNCT FACULTY MEMBERS OF THE REGIONAL COMMUNITY-TECHNICAL COLLEGE SYSTEM TO WAIVE MEMBERSHIP IN A STATE RETIREMENT PLAN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2012*) An adjunct faculty member
2 of a regional community-technical college shall be permitted to
3 irrevocably waive membership in a Connecticut retirement plan not
4 later than sixty days after accepting employment with such regional
5 community-technical college. Once the adjunct faculty member waives
6 membership in a Connecticut retirement plan, such faculty member is
7 no longer eligible to elect to participate in a Connecticut retirement
8 plan in any subsequent part-time employment with the regional
9 community-technical college system, the Board of Regents for Higher
10 Education or any other constituent unit, as defined in section 10a-1 of
11 the general statutes.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Office of the State Comptroller - State Employees Retirement System	Various - Precludes Cost/Savings	Minimal	Minimal

Municipal Impact: None

Explanation

The bill results in a potential minimal impact to the State Employees Retirement System (SERS) due to: 1) a potential reduction in the state’s pension contribution and associated investment interest and 2) the balance of investment interest earned on employee contributions after payouts.¹ The bill permits adjunct faculty members of the regional community-technical colleges to waive membership in a retirement plan. Adjunct faculty at the community colleges currently contribute to SERS as membership in a retirement plan is mandatory for all state employees.²

The bill appears to apply only to future hires of adjunct faculty as of FY 13, thus the precluded annual cost or savings to SERS is expected to be minimal.³ The annual impact to SERS would depend upon actual

¹The State Employees Retirement Fund (SERF) currently has an assumed investment rate of return of 8.25%. Employees not eligible for any retirement benefits (as most adjunct faculty are due to vesting requirements) may withdraw their retirement contributions, plus 5% annual interest, when leaving state service. Without withdrawal, these contributions revert to the retirement fund after 10 years following employment termination.

² With the exception of the UConn and State University System adjunct faculty as a result of the special waiver provisions in their collective bargaining agreements.

³ In FY 12, there are 3,828 part-time lecturers at the community technical colleges with a year-to-date payroll of \$32.6 million. This represents approximately 1% of payroll covered under SERS.

investment experience and the number of employees opting out of retirement plan membership each year.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to investment experience.

Sources: Office of the State Comptroller, Community-Technical Colleges

OLR Bill Analysis**SB 241*****AN ACT ALLOWING ADJUNCT FACULTY MEMBERS OF THE REGIONAL COMMUNITY-TECHNICAL COLLEGE SYSTEM TO WAIVE MEMBERSHIP IN A STATE RETIREMENT PLAN.*****SUMMARY:**

This bill allows an adjunct faculty member of a regional community-technical college to irrevocably waive participation in a state employee retirement plan within 60 days of accepting employment. The waiver remains irrevocable if the faculty member accepts subsequent part-time employment with the regional community-technical college system, Connecticut State University system (CSU), University of Connecticut (UConn), or Charter Oak State College. (If the faculty member becomes a full-time employee, he or she can join a state retirement plan at that time.) Adjunct faculty at UConn and CSU are already allowed to do this under individual collective bargaining agreements.

The will allow these faculty members to make tax-deductible contributions to individual retirement accounts (IRA). Depending on a person's filing status, Internal Revenue Service regulations prohibit federal tax deductions for IRA contributions if a person is also covered by an employer retirement plan.

EFFECTIVE DATE: July 1, 2012

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Change of Reference
Yea 18 Nay 0 (03/13/2012)

Labor and Public Employees Committee

Joint Favorable

Yea 10 Nay 0 (03/20/2012)