



Senate

General Assembly

File No. 50

February Session, 2014

Substitute Senate Bill No. 59

Senate, March 19, 2014

The Committee on Labor and Public Employees reported through SEN. HOLDER-WINFIELD of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING HAZARDOUS DUTY RETIREMENT FOR CERTAIN EMPLOYEES AT THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION.

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

1 Section 1. Subsection (d) of section 5-192f of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2014*):

4 (d) "Hazardous duty member" means a member who is (1) a state
5 policeman in the active service of the Division of State Police within
6 the Department of Emergency Services and Public Protection, [who is]
7 (2) engaged in guard or instructional duties at the Connecticut
8 Correctional Institution, Somers, the Connecticut Correctional
9 Institution, Enfield-Medium, the Carl Robinson Correctional
10 Institution, Enfield, the John R. Manson Youth Institution, Cheshire,
11 the Connecticut Correctional Institution, Niantic, the Connecticut
12 Correctional Center, Cheshire, or the community correctional centers,

13 [who is] (3) an employee of the Whiting Forensic Division or its
 14 predecessor institutions with direct and substantial patient contact,
 15 [who is] (4) a detective, chief inspector or inspector in the Division of
 16 Criminal Justice or chief detective, [who is] (5) employed as a
 17 correctional counselor, correctional counselor supervisor, parole officer
 18 or parole supervisor or in a comparable job classification by the Board
 19 of Pardons and Paroles, (6) the director or assistant director of the
 20 Emergency Response and Spill Prevention division within the
 21 Department of Energy and Environmental Protection, provided such
 22 director or assistant director pays into the State Employees Retirement
 23 Fund such contributions as he or she would have paid if he or she had
 24 been a hazardous duty member for each of his or her years of credited
 25 service, or (7) [who has been] designated as a hazardous duty member
 26 pursuant to the terms of a collective bargaining agreement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	5-192f(d)

LAB *Joint Favorable Subst.*

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 15 \$	FY 16 \$
State Comptroller - Fringe Benefits (State Employees' Retirement System)	GF - Cost	Between \$10,021 to \$16,533	Between \$10,453 to \$17,245

Municipal Impact: None

Explanation

The bill will result in an estimated annual cost to the State Employee Retirement System (SERS) of between \$10,021 to \$16,533 in FY 15 and between \$10,453 and \$17,245 in FY 16. The cost is the result of extending hazardous duty retirement status to two positions within the Department of Energy and Environmental Protection (DEEP). Under the SERS, hazardous duty benefits are more generous and therefore more costly than normal retirement benefits.

The SERS normal cost for Tier II and Tier IIA¹ regular and hazardous duty retirement are as follows:

¹ Tier IIA employees are not included statute. However, pursuant SEBAC V (1997), employees of Tier IIA receive the same benefits as those in Tier II. Tier III was not established until SEBAC 2011, for individuals hired after July 1, 2011, it was excluded as reference for the purposes of this fiscal note.

Employer Contribution-Normal Cost (as % of salary)

	Regular Retirement	Hazardous Duty Retirement	Difference
Tier II	8.01%	13.90%	5.89%
Tier IIA	4.23%	7.80%	3.57%

The estimated annual salaries for the Director and Assistant Director of the Emergency Response and Spill Prevention Division in DEEP are \$145,851 and \$134,845 respectively in FY 15 and \$152,136 and \$140,650 respectively in FY 16.² The combined normal cost for regular retirement for these positions versus hazardous duty retirement, by tier, is reflected in the following table.

Estimated Employer Contribution-Normal Cost for Two Positions

	Fiscal Year	Regular Retirement	Hazardous Duty Retirement	Difference
Tier II	FY 15	22,484	39,017	16,533
	FY 16	23,453	40,698	17,245
Tier IIA	FY 15	11,873	21,894	10,021
	FY 16	12,385	22,838	10,453

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future subject to wage and contribution rate changes. The annualized ongoing fiscal impact will be identified by the SERS' actuaries and reflected in the state's ARC as reported in the SERS actuarial valuation.

Sources: *State Employees' Retirement System Actuarial Valuation as of June 30, 2012*

² Prospective salaries assume an annual 3% general wage increase effective July 1st and an annual 3% merit increase effective January 1st.

OLR Bill Analysis**sSB 59*****AN ACT CONCERNING HAZARDOUS DUTY RETIREMENT FOR CERTAIN EMPLOYEES AT THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION.*****SUMMARY:**

This bill gives a Tier II state employee hazardous duty status for retirement purposes if he or she (1) is director or assistant director of the Department of Energy and Environmental Protection's Emergency Response and Spill Prevention division and (2) makes the same contribution to the state employees' pension system required of other Tier II hazardous duty members for each of his or her credited service years.

The state pays the full retirement contribution for regular Tier II employees but hazardous duty members of Tier II must contribute 4% their salaries to the pension system. Hazardous duty members can generally retire with full benefits at a younger age and with fewer years of service.

EFFECTIVE DATE: October 1, 2014

BACKGROUND***State Retirement Tiers***

The state employee pension system has four tiers, based on when an employee began working for the state: Tier I (hired before July 1, 1984), Tier II (hired between July 1, 1984 and July 1, 1997), Tier IIA (hired between July 1, 1997 and July 1, 2011), and Tier III (hired after July 1, 2011). Tiers IIA and III are not defined in statute. A collective bargaining agreement gives them the same benefits as Tier II, but requires them to make a greater contribution to the pension system and sets different retirement eligibility requirements, among other

things.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 10 Nay 1 (03/04/2014)