



House of Representatives

General Assembly

File No. 253

February Session, 2014

Substitute House Bill No. 5461

House of Representatives, April 1, 2014

The Committee on Transportation reported through REP. GUERRERA of the 29th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING RETIREMENT AND GROUP WELFARE BENEFITS FOR CERTAIN UNCLASSIFIED EMPLOYEES OF THE CONNECTICUT AIRPORT AUTHORITY.

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

1 Section 1. Section 15-120mm of the 2014 supplement to the general
2 statutes is amended by adding subsection (h) as follows (*Effective from*
3 *passage*):

4 (NEW) (h) The executive director, as described in subsection (d) of
5 section 15-120bb, and those unclassified employees who, under the
6 authority's organizational chart report directly to the executive
7 director, may, at the discretion of the authority and at the one-time
8 irrevocable option of the employee, be exempted from the provision of
9 subsection (g) of this section for the purposes of retirement under
10 chapter 66 or group welfare benefits under sections 5-257 and 5-259. If
11 the employee elects such option, as approved by the authority, the
12 employee's participation in the retirement or group benefits plan shall
13 be suspended during the period of such election while the employee is

14 an employee of the authority. The authority may develop and
 15 implement retirement plans and group welfare benefits for the
 16 executive director and those employees who report directly to the
 17 executive director who are exempted from the provisions of subsection
 18 (g) of this section. Such plans shall not be subject to supervision,
 19 oversight or approval by the State Employees Retirement Commission
 20 under chapter 66 or the Comptroller, Attorney General or Insurance
 21 Commissioner under chapter 67, provided any such retirement plan
 22 shall be considered a Connecticut retirement plan for purposes of
 23 subsection (d) of section 5-160.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	15-120mm

Statement of Legislative Commissioners:

In the first sentence of section 1, "define" was changed to "described" for accuracy and clarity.

TRA *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: None

Municipal Impact: None

Explanation

The bill does not result in a fiscal impact to the state or municipalities, as current statute requires fringe benefit costs for employees of the Connecticut Airport Authority (CAA)¹ to be reimbursed by CAA.² The bill may result in a savings to the CAA from allowing unclassified employees (non-union, managerial) a one-time option to opt-out of the State Employees' Retirement System (SERS) and enroll in a retirement plan provided by CAA. Based on the FY 14 fringe benefit rate, the CAA reimburses the Office of the State Comptroller 54.71% of salary for those employee's enrolled in SERS. The bill does not specify what type of retirement plan CAA may develop or the employer's contribution. It is assumed the cost to CAA for those employees who opt out will be less than the SERS contribution, which includes contributions for the SERS unfunded liability. The FY 14 estimated gross cost to CAA for SERS for unclassified employees is approximately \$1.6 million.³

¹ The CAA is a quasi-public state agency whose employees are state employees' for the purposes of fringe benefits (e.g. health and pension).

² The Department of Transportation (DOT) provides a subsidy to CAA, from which a small proportion, covers the fringe benefit costs of former state employees' of the DOT which transferred to CAA when it was established. The bill is not anticipated to impact employees from this group. Secondly, CAA may receive reimbursement from the federal government for a portion of employee's fringe benefit costs if they are partially supported through federally funded programs.

³ This estimate is based on annual salaries for the 24 unclassified employees as of March 2014 as reported in CORE-CT and does not include any offset for federal

The Out Years

The annualized ongoing fiscal impact to CAA identified above would continue into the future subject to inflation.

reimbursements. Salaries for these employees range from approximately \$68,000 to \$283,000.

OLR Bill Analysis**sHB 5461*****AN ACT CONCERNING RETIREMENT AND GROUP WELFARE BENEFITS FOR CERTAIN UNCLASSIFIED EMPLOYEES OF THE CONNECTICUT AIRPORT AUTHORITY.*****SUMMARY:**

This bill allows Connecticut Airport Authority (CAA) to offer to its executive director, and those employees who report directly to him, the choice to opt out of state retirement and group welfare benefits. Employees can be given this option only once, and their choice is irrevocable. Any employee who opts out is ineligible for participation in the state's basic retirement plan, which is automatically available to unclassified employees after six months of state employment.

Under the bill, CAA may establish its own retirement plans and group welfare benefits for the employees opting out of the state plan. The State Employees Retirement Commission, comptroller, attorney general, and insurance commissioner do not approve or oversee CAA plans.

EFFECTIVE DATE: From passage

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 32 Nay 0 (03/14/2014)