



House of Representatives

General Assembly

File No. 301

January Session, 2021

Substitute House Bill No. 6375

House of Representatives, April 7, 2021

The Committee on Higher Education and Employment Advancement reported through REP. ELLIOTT of the 88th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE UNFUNDED PENSION LIABILITY PORTION OF THE FRINGE BENEFIT COST FOR EMPLOYEES OF THE CONSTITUENT UNITS OF THE STATE SYSTEM OF HIGHER EDUCATION.

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

1 Section 1. (NEW) (*Effective from passage*) For the fiscal year ending
2 June 30, 2021, and for each fiscal year thereafter, the Comptroller shall
3 fund, from resources appropriated for the State Comptroller-Fringe
4 Benefits, the unfunded pension liability portion of the fringe benefit
5 costs of the constituent units of the state system of higher education for
6 employees compensated through resources other than the General
7 Fund. Nothing in this section shall change the funding by the
8 Comptroller of the fringe benefit costs of the constituent units of the
9 state system of higher education for employees compensated through
10 the General Fund from resources appropriated for the State
11 Comptroller-Fringe Benefits.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	New section
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HED *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 21 \$	FY 22 \$	FY 23\$
Resources of the General Fund	GF - Cost	Approximately \$75 Million	Approximately \$100.2 Million	Approximately \$104.1 Million
Higher Education Constituent Units	Various - Savings	Approximately \$75 Million	Approximately \$100.2 Million	Approximately \$104.1 Million

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill results in a cost to the General Fund of approximately \$75 million in FY 21, \$100.2 million in FY 22, and \$104.1 million in FY 23, and equivalent aggregate savings to the higher education constituent units. The bill requires that beginning in FY 21, the General Fund defrays the cost of the State Employees Retirement System (SERS) unfunded accrued liability (UAL) attributed to non-General Fund supported positions at the higher education constituent units. The table below describes the estimated savings to each institution and associated cost to the General Fund:

\$ Millions

Institution	FY 21 Est.	FY 22 Est.	FY 23 Est.
UCONN Health	30.2	31.7	33
UCONN - Storrs & Reg.	25.6	26.9	27.9
BOR - State Universities	18.7	19.6	20.4
BOR - Community Colleges*	0	21.3	22.1
BOR - Charter Oak	0.6	0.7	0.7
TOTAL	75.0	100.2	104.1

**The Community Colleges receive \$20.35 million in FY 21 (only) to defray the entire estimated non-General Fund supported SERS UAL cost.*

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount of the SERS unfunded accrued liability attributed to non-General Fund supported positions at the higher education constituent units, as affected by an annual SERS actuarial valuation and the amount of non-General Fund personnel costs at each constituent unit.

OLR Bill Analysis**sHB 6375*****AN ACT CONCERNING THE UNFUNDED PENSION LIABILITY PORTION OF THE FRINGE BENEFIT COST FOR EMPLOYEES OF THE CONSTITUENT UNITS OF THE STATE SYSTEM OF HIGHER EDUCATION.*****SUMMARY**

This bill requires the state comptroller to fund the unfunded pension liability portion of UConn's, the Connecticut State Universities', the community colleges', and Charter Oak State Colleges' fringe benefit costs beginning in FY 21. It limits this funding to costs related to employees who are compensated through resources outside of the General Fund.

The bill also specifies that it does not change the comptroller's funding of these institutions' fringe benefits costs for employees who are compensated through the General Fund using appropriations for the State Comptroller-Fringe Benefits in the state budget.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/22/2021)