

# OFFICE OF FISCAL ANALYSIS

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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.

## **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
<b>TOTAL</b>	<b>75.0</b>	<b>100.2</b>	<b>104.1</b>

*\*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.