



Senate

General Assembly

File No. 564

February Session, 2022

Substitute Senate Bill No. 405

Senate, April 21, 2022

The Committee on Appropriations reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING VALUATIONS OF THE TEACHERS' RETIREMENT SYSTEM.

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

1 Section 1. Section 10-183l of the 2022 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2022*):

4 (a) (1) On and after July 1, 1991, the management of the system shall
5 continue to be vested in the Teachers' Retirement Board, whose
6 members shall include the Treasurer, the Secretary of the Office of Policy
7 and Management and the Commissioner of Education, or their
8 designees, who shall be voting members of the board, ex officio. (2) On
9 or before June 15, 1985, and quadrennially thereafter, the members of
10 the system shall elect from their number, in a manner prescribed by said
11 board, two persons to serve as members of said board for terms of four
12 years beginning July first following such election. Both of such persons
13 shall be active teachers who shall be nominated by the members of the
14 system who are not retired and elected by all the members of the system.
15 On or before July 1, 1991, and quadrennially thereafter, the members of

16 the system shall elect from their number, in a manner prescribed by said
17 board, three persons to serve as members of said board for terms of four
18 years beginning July first following such election. Two of such persons
19 shall be retired teachers who shall be nominated by the retired members
20 of the system and elected by all the members of the system and one shall
21 be an active teacher who shall be nominated by the members of the
22 system who are not retired and elected by all the members of the system.
23 (3) On or before July 1, 2011, and quadrennially thereafter, the members
24 of the system shall elect from their number, in a manner prescribed by
25 said board, one person to serve as a member of said board for a term of
26 four years beginning July first following such election. Such person shall
27 be an active teacher who shall be nominated by the members of the
28 system who are not retired, elected by all the members of the system
29 and a member of an exclusive representative of a teachers' bargaining
30 unit that is not represented by the members of the board elected under
31 subdivision (2) of this subsection. (4) If a vacancy occurs in the positions
32 filled by the members of the system who are not retired, said board shall
33 elect a member of the system who is not retired to fill the unexpired
34 portion of the term. If a vacancy occurs in the positions filled by the
35 retired members of the system, said board shall elect a retired member
36 of the system to fill the unexpired portion of the term. The Governor
37 shall appoint five public members to said board in accordance with the
38 provisions of section 4-9a, one of whom shall be the mayor, first
39 selectman or chief elected official of a municipality. On and after
40 October 31, 2017, the Governor shall fill the next vacant position on the
41 board that is appointed by the Governor with a person who is the
42 mayor, first selectman or chief elected official of a municipality. The
43 members of the board shall serve without compensation, but shall be
44 reimbursed for any expenditures or loss of salary or wages which they
45 incur through service on the board. A majority of the membership of the
46 board shall constitute a quorum for the transaction of any business.

47 (b) In carrying out its duties, the board may employ a chief
48 administrator with a title established by the board, who shall also serve
49 as secretary of the board, an administrative officer and such staff as may
50 be necessary. Their salaries shall be paid by said board with the

51 approval of the Secretary of the Office of Policy and Management. Said
 52 board shall employ the services of one or more actuaries, each of which
 53 shall be an individual or firm having on its staff a fellow of the Society
 54 of Actuaries, to carry out the actuarial duties of this section and sections
 55 10-183b, 10-183r, and 10-183z and for such related purposes as the board
 56 deems advisable. The cost of such services shall be charged to the funds
 57 provided for in section 10-183r. Said board shall arrange for such
 58 actuary to prepare an actuarial valuation of the assets and liabilities of
 59 the system as of June [30, 1980, and at least once every two years
 60 thereafter] thirtieth, annually. On the basis of reasonable actuarial
 61 assumptions approved by the board, such actuary shall determine the
 62 actuarially determined employer contribution required to meet the
 63 actuarial cost of current service and the unfunded accrued liability.
 64 [Commencing December 1, 2002, such] Such valuation shall be
 65 completed prior to December first, [biennially] annually. Said board
 66 shall adopt all needed actuarial tables and may adopt regulations and
 67 rules not inconsistent with this chapter, including regulations and rules
 68 for payment of purchased service credits and repayment of previously
 69 withdrawn accumulated contributions. Said board shall establish an
 70 operational budget necessary for the management of the system. The
 71 board may enter into such contractual agreements, in accordance with
 72 established procedures, as may be necessary for the discharge of its
 73 duties.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2022	10-183l

Statement of Legislative Commissioners:

In Subsec. (b), "June 30, 1980, and at least [once every two years] annually thereafter" was changed to "June [30, 1980, and at least once every two years thereafter] thirtieth, annually" and "Commencing December 1, 2002, such valuation shall be completed prior to December first [biennially] annually" was changed to "[Commencing December 1, 2002, such] Such valuation shall be completed prior to December first, [biennially] annually" for accuracy and clarity.

APP *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 23 \$	FY 24 \$
Teachers' Retirement Bd.	GF - Cost	None	Approximately \$60,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill changes the Teachers' Retirement System valuation from being performed on a biennial basis to an annual basis. Under current law, the June 30, 2022 actuarial valuation, establishing the TRS actuarially determined employer contribution for FY 24 and FY 25 will be completed in November 2022 and is funded in the agency's FY 23 budget. This change will result in an additional cost of approximately \$60,000 in FY 24 to support the actuarial costs for the June 30, 2023 valuation.

The Out Years

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

Sources: Core-CT Financial Accounting System
TRB Testimony

OFA Bill Analysis

sSB 405

AN ACT CONCERNING VALUATIONS OF THE TEACHERS' RETIREMENT SYSTEM.

SUMMARY:

The bill changes the frequency of the actuarial valuation of the Teachers' Retirement System (TRS) from biennial to annual basis.

EFFECTIVE DATE: July 1, 2022

BACKGROUND

TRS Actuarial Valuation

Currently, the TRS actuarial valuation is done every two years (in the even year) and establishes the Actuarially Determined Employer Contribution (ADEC) for the upcoming biennial budget. Most recently, the June 30, 2020 valuation established the ADEC for FY 22 and FY 23.

COMMITTEE ACTION

Appropriations

Join Favorable Substitute
Yea 50 Nay 0