

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Office of Labor Relations

February 28, 2020

SENATE CLERK'S OFFICE
RECEIVED ON 2/28/2020

Mr. Michael Jefferson
Clerk of the Senate
State Capitol
Hartford, CT 06106

RE: An Agreement between the State of Connecticut and the State Employees Bargaining Agent Coalition regarding pension funding.

Dear Mr. Jefferson:

In accordance with Section 5-278(b) of the Connecticut General Statutes, the Office of Labor Relations hereby files with the Clerks of the House of Representatives and the Senate a Memorandum of Understanding between the State of Connecticut and the State Employee Bargaining Agent Coalition (SEBAC) on behalf of bargaining unit members. Please be advised that the parties revised the Agreement dated July 15, 2019 and filed on July 18, 2019. That Agreement is hereby withdrawn.

The Memorandum of Understanding adjusts the amortization period and is necessary to achieve the savings enacted into law by the General Assembly in PA 19-117. The General Fund savings was \$115.8 million in FY 2020 and \$121.2 million in FY 2021. We respectfully request that this agreement be submitted in accordance with the Joint Rules, so the process can be completed within the requisite timeframes and prior to the end of the fiscal year to avoid a year-end deficit. Please note that the effect of the re-amortization as reflected in this Agreement results in savings relative to the ADEC basis and methodology previously negotiated.

Also enclosed is the Supersedence Appendix and the Office of Policy and Management's statement of estimated costs necessary to implement the Agreement.

Sincerely,

S. Fae Brown-Brewton
Undersecretary for Labor Relations

Melissa McCaw Secretary, OPM
Sen. Cathy Austin
Sen. Martin Looney
Sen. Bob Duff
Paul Potamianos, Budget
Gregory Messner, Budget
Carolyn Mercier, Comptrollers' Office
Office of Fiscal Analysis
Dan Livingston, SEBAC



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

Office of Labor Relations

RECEIVED
2020 FEB 28 PM 3:58

OFFICE OF THE HOUSE CLERK
FREDERICK J. JORTNER CLERK

February 28, 2020

Mr. Frederick Jortner
Clerk of the House
State Capitol
Hartford, CT 06106

RE: An Agreement between the State of Connecticut and the State Employees Bargaining Agent Coalition regarding pension funding.

Dear Mr. Jortner:

In accordance with Section 5-278(b) of the Connecticut General Statutes, the Office of Labor Relations hereby files with the Clerks of the House of Representatives and the Senate a Memorandum of Understanding between the State of Connecticut and the State Employee Bargaining Agent Coalition (SEBAC) on behalf of bargaining unit members. Please be advised that the parties revised the Agreement dated July 15, 2019 and filed on July 18, 2019. That Agreement is hereby withdrawn.

The Memorandum of Understanding adjusts the amortization period and is necessary to achieve the savings enacted into law by the General Assembly in PA 19-117. The General Fund savings was \$115.8 million in FY 2020 and \$121.2 million in FY 2021. We respectfully request that this agreement be submitted in accordance with the Joint Rules, so the process can be completed within the requisite timeframes and prior to the end of the fiscal year to avoid a year-end deficit. Please note that the effect of the re-amortization as reflected in this Agreement results in savings relative to the ADEC basis and methodology previously negotiated.

Also enclosed is the Supersedence Appendix and the Office of Policy and Management's statement of estimated costs necessary to implement the Agreement.

Sincerely,

S. Fae Brown-Brewton
Undersecretary for Labor Relations

Melissa McCaw Secretary, OPM
Rep. Toni Walker
Rep. Joe Aresimowicz
Rep. Matthew Ritter
Paul Potamianos, Budget
Gregory Messner, Budget
Carolyn Mercier, Comptrollers' Office
Office of Fiscal Analysis
Dan Livingston, SEBAC

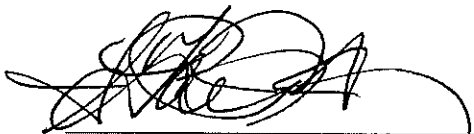
MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT is made by and between the State of Connecticut, acting herein through the Secretary of the Office of Policy and Management (hereinafter "the State") and the State Employees Bargaining Agent Coalition, acting herein through the designated representatives of its constituent unions (hereinafter "SEBAC"), for the purpose of amending certain terms and conditions governing the State Employees' Retirement System ("SERS"), as provided in the Agreements between SEBAC and the State.

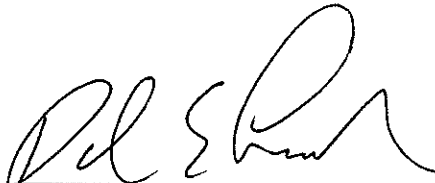
In the spirit of cooperation, and in accordance with the agreement of the parties and provisions of the current biennial budget, the following changes shall be implemented:

1. Unfunded liability shall be maintained using Entry Age Normal as the actuarial cost method.
2. The pension funding method shall be the level dollar method with a five (5) year phase in. By mutual agreement of the parties, this may be adjusted up to an eight (8) year phase in.
3. Reset of the Amortization Period:
 - a. Unfunded liability as of 2018 shall be paid off by June 30, 2047.
 - b. Actuarial gains and losses going forward will be amortized using a 25-year layered amortization approach.

Dated this 28th day of February 2020.



S. Fae Brown-Brewton, Chief Negotiator
State of Connecticut



Daniel E. Livingston, Chief Negotiator
SEBAC

OFFICE OF POLICY AND MANAGEMENT
 Agreement between State of Connecticut and State Employees Bargaining Agent Coalition
 Cost Estimate of Agreement Dated February 28, 2020
 in \$ Millions

2019-20 2020-21 2021-22 2022-23 2023-24 2024-25

Agreement Item* - Changes to Pension Amortization Schedule:

Reamortization of all outstanding unfunded liability as of June 30, 2018 over a new 30-year period.	(157.2)	(168.3)	(167.1)	(163.8)	(163.9)	(164.1)
Total - All Funds	(157.2)	(168.3)	(167.1)	(163.8)	(163.9)	(164.1)
Projected General Fund Share	(115.8)	(121.2)	(120.3)	(117.9)	(118.0)	(118.2)

* The agreement also provides for the possibility of a 3-year extension of the period for transitioning to level dollar amortization (subject to the agreement of both parties).

**SUPERSEDEDENCE APPENDIX
 AGREEMENT BETWEEN THE STATE OF CONNECTICUT
 AND
 THE STATE EMPLOYEES BARGAINING AGENT COALITION**

In accordance with Section 5-278(b) of the General Statutes, the following is a list of those provisions of the Agreement with SEBAC which are in conflict with any statute or regulation of any state agency.

PROVISIONS OF SEBAC AGREEMENT	Statute(s) and/or Regulation Amended
Entry Age Normal	C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156a
Level Dollar Method with a Five (5) Year Phase In, extendable to an Eight (8) Year Phase In	C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156(a)
Reset of Amortization Period a. Unfunded liability as of 2018 shall be paid off by June 30, 2047 b. Actuarial gains and losses going forward will be amortized using a 25 year layered amortization approach	C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156a