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FISCAL NOTE (Form 2)  
(Office of Fiscal Analysis)  
Analyst: *Cg 5/4/92*  
tc  
Version: 8

BILL NUMBER: HB 5919  
FILE NUMBER:  
AMENDMENTS: House "A", "B",  
"D", "E"

TITLE: "AN ACT CONCERNING THE PURCHASE OF CREDIT FOR RETIREMENT PURPOSES UNDER THE STATE EMPLOYEES' RETIREMENT SYSTEM"

FAVORABLY REPORTED BY Appropriations

SUMMARY: The bill as amended excludes future employees of the Newington Children's Hospital, American School for the Deaf and Connecticut Institute for the Blind from becoming members of the State Employees' Retirement System. It also extends a retirement incentive program to certain employees of the state-aided institutions and teachers at E. O. Smith School.

The bill as amended allows any non-collective bargaining member of the State Employees' Retirement System laid off between 4/1/92 and 7/1/92 who otherwise would have been eligible to participate in the 1991-92 Early Retirement Incentive program to participate in the program retroactively.

The bill as amended also extends the Early Retirement Incentive program to qualified employees in the United States Purchasing and Finance Office. Additionally, it permits the purchase of military service under the State Employees' Retirement System.

EFFECTIVE DATE: Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER HB 5919

STATE IMPACT Yes, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) State Comptroller

EXPLANATION OF ESTIMATES:

STATE IMPACT: This bill as amended makes various changes to the State Employees Retirement System that result in potential future costs and savings to the State.

House "A" excludes future employees of the State-aided institutions from membership in the State Employees' Retirement System (SERS). This change results in a future savings to the State Employees' Retirement Fund (SERF) and to the State's contribution to SERF. The extent of the savings cannot be determined.

Under current law, employees of Newington Children's Hospital (NCH) are to be excluded from SERS when it establishes a qualified defined benefit pension plan. The amendment changes this provision and permits all current employees of the state-aided institutions to remain in SERS, thereby eliminating future savings to the system from the removal of NCH. The amendment also deletes the 1991 requirement that the state pay NCH for pension assets.

The amendment extends a retirement incentive program to qualified employees of state-aided institutions and teachers at E.O. Smith School. This results in an increased liability to SERF from the additional retirement credit and increased benefits. The amendment potentially increases the SERF unfunded liability which would result in an increase to the State's Contribution to the fund. The number of employees impacted is unknown at this time and, therefore, cost cannot be determined. It should be noted that these employees were specifically excluded from the 1991-92 Early Retirement Incentive Plan negotiated between the State and the State Employees' Bargaining Agent Coalition.

House "B" allows any non-collective bargaining member of the State Employees' Retirement System laid off between 4/1/92 and 7/1/92 who otherwise would have been eligible to participate in the 1991-92 Early Retirement Incentive Program to participate in the program retroactively. This may result in increased costs to the State Employees' Retirement Fund (SERF) from the additional retirement credit qualified individuals would receive under the amendment. The Retirement Division has indicated that approximately eleven individuals are eligible under the amendment. The amendment potentially increases the SERF unfunded liability which would result in an increase to the State's contribution to the fund.

House "D" extends the 1991-92 Early Retirement Incentive Program to qualified employees in the United States Purchasing and Finance Office. This may result in an increased liability to the State Employees' Retirement Fund (SERF) from the additional retirement credit qualified individuals would receive. The amendment potentially increases the SERF unfunded liability which would result in an increase to the State's contribution to the fund. It should be noted that these employees were specifically excluded from the 1991-92 Early Retirement Incentive Program collectively bargained between the State and the State Employee's Bargaining Agent Coalition.

House "E" states the intent of permitting the purchase of retirement credit for any period of military service. However, because the amendment does not amend the military purchase sections of the State Employees Retirement Act, the administration of the purchase is unclear and the fiscal impact is indeterminate.

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