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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
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BILL NUMBER: sSB 490
FILE NUMBER:
AMENDMENTS: Senate "A", "B", "C" & "E"

TITLE: "AN ACT PROVIDING FOR THE TRANSFER OF PENSIONS FOR EMPLOYEES OF THE METROPOLITAN DISTRICT IN HARTFORD COUNTY AND ITS MEMBER MUNICIPALITIES AND CONCERNING STATE EMPLOYEE RETIREMENT AND LONGEVITY PAYMENTS"

FAVORABLY REPORTED BY Finance, Revenue and Bonding, Labor and Public Employees, Appropriations

EFFECTIVE DATE: Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 490

STATE IMPACT	Potential Significant Cost, Potential Future Cost see explanation below
MUNICIPAL IMPACT	Potential Cost, see explanation below
STATE AGENCY(S)	State Comptroller, Retirement Division, Judicial Department

EXPLANATION OF ESTIMATES:

STATE IMPACT: Passage of the bill as amended allows family support magistrates to be included in the Judges and Compensation Commissioners Retirement System. Due to generous provisions of this retirement system, it is anticipated that all family support magistrates would opt to be members of the Judges and Compensation Commissioners Retirement System. Based on the payroll of family support magistrates, the state cost would be approximately $301,816 under the Judges and Compensation Commissioners Retirement System, as compared to $132,398 under the State Employees Retirement System. The impact to the unfunded liability of the Judges and Compensation Commissioners Retirement System cannot be determined at this time. The fiscal impact of opening the eligibility for various retirement credits cannot be estimated because the number of members affected cannot be determined at this time. However, it should be noted that any change in the structure and benefits of the State Employees Retirement System would be subject to the Pension Agreement between the State of Connecticut and the State Employees Bargaining Agent Coalition (SEBAC).

Senate "A" adds the lack of reappointment to a position in the unclassified service as a criteria for entitlement to an actuarially reduced retirement benefit for a qualified individual. This provision has no fiscal impact because the acturial reduction to the

benefit offsets the fact that the benefit is being received early. Senate "A" also opens a window for a compensation commissioner to receive a retirement benefit tied to the current salary of office rather than a benefit with a cost of living adjustment (COLA). It is expected that the current salary of office will be greater than a benefit and a COLA. The Retirement Division has indicated that this provision effects one individual and any future cost associated with it is not anticipated to be significant.

Senate "B" addresses SERS members who currently would have to wait until age 55 to qualify for an actuarially reduced early retirement benefit or wait until age 65 to qualify for a normal retirement benefit. Under this amendment certain members would now qualify for a normal retirement. Given the narrow parameters of the amendment, any cost associated with this change is not anticipated to be significant.

Senate "C" 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.

Senate "C" 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.

Senate "C" allows any non-collective bargaining member of the State Employees' Retirement System laid off or whose state service was terminated due to lack of reappointment to an unclassified position between 4/1/91 and 7/1/91 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.

Senate "C" 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.

Senate "C" also permits the Tier I purchase of retirement credit for any period of military service at its full actuarial value. The Retirement Division has indicated that there is a cost to calculating the actuarial value of military service. Depending upon the level of activity due to this provision, the Retirement Division may require additional resources.

Senate "E" would result in a potential cost to the Judicial Department that cannot be quantified at this time. To the extent that years of service as a prosecutor or defense attorney may be included in the years of service as a judge for the purpose of calculating longevity payments, the amount of longevity payments, and therefore cost, that the Judicial Department would incur would be increased.

MUNICIPAL IMPACT: The potential cost to municipalities which are members of the Metropolitan District in Hartford County cannot be determined since it is not known how many employees will be affected.

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