

Agreement Reached to Shore Up State Employees' Retirement Security

Representatives of the 15 unions in the State Employees Bargaining Agent Coalition (SEBAC) yesterday reached agreement with the administration of Governor Dannel P. Malloy to restructure state employee pension fund payments. The agreement does not impact members' retirement benefits or require increased employee contributions; it does, however, stabilize pensions by ensuring obligations to current and future retirees are fully funded.

Click here for a copy of the Memorandum of Understanding (MOU) between the parties.

"This agreement makes sense for the long term retirement security of the public sector workers we represent and the taxpayers of Connecticut," said Ron McLellan, President of the Connecticut Employees Union Independent (CEUI)/SEIU Local 511, representing 4,000 state employees, and a member of the State Employees Retirement Commission.

Highlights of the MOU include:

- Reducing the assumed rate of return from 8 percent to 6.9 percent;
- Transitioning from "level percent of payroll" to "level dollar" amortization over five years;
- Moving to Entry Age Normal cost methodology;
- Maintaining 2032 as the payoff date for the unfunded liability accrued through December 31, 1983; and
- Extending the amortization period for the balance of the unfunded liability in a new 30-year period.

"We have been raising concerns since 2000 that the current level percent of payroll system insisted upon by then-Governor Rowland was not the best way to assure stable and reliable pension funding," said Stephen Greatorex, business manager of the 3,200-member Connecticut State University branch of the American Association of University Professors (AAUP). "This agreement at last moves us to a funding system that does its job for the people of the state and the employees who serve them," added Greatorex, also a member of SERC.

"Real pensions play an important role in Connecticut's economy by supporting jobs and generating purchasing power in our communities," said Sal Luciano, executive Director of Council 4 AFSCME, which represents 15,000 state employees. "This agreement is part of a larger policy imperative by our unions to create retirement security for all," added Luciano, another of the union representatives who sits on SERC.

State employee union leaders and the governor's administration have been in discussions over pension funding for nearly a year in an effort to smooth out the pension liability. Because the MOU does not materially change any members'

retirement benefits or contributions, it was approved by the leaders of the 15 unions in the coalition:

- Council 4 AFSCME;
- New England Health Care Employees Union, District 1199/SEIU;
- CEUI/SEIU Local 511;
- AFT Connecticut;
- CSEA/SEIU Local 2001;
- Administrative and Residual Union (A&R), AFT;
- Congress of Community Colleges (4Cs), SEIU Local 1973
- UConn-AAUP;
- Judicial Professional Employees (JPE), AFT;
- CSU-AAUP;
- Connecticut Judicial Marshals/IBPO Local 731;
- Connecticut Police and Fire Union, IUPA/IAFF;
- UConn Health-AAUP
- Connecticut Association of Prosecutors; &
- AFSA Local 61.