



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

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Office of Labor Relations

2019 JUL 18 AM 11:39

MAH

OFFICE OF THE HOUSE CLERK
FREDERICK J. JORTNER CLERK

July 18, 2019

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

SUBJ: SUBMISSION of A Memorandum of Understanding between the State of Connecticut and the State Employees Bargaining Agent (SEBAC). State Employees Retirement System (SERS).

Dear Mr. Jortner:

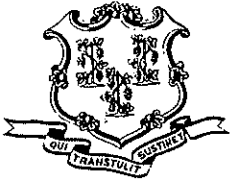
In accordance with Section 5-278(b) of the Connecticut General Statutes, the Office of Labor Relations hereby files with the Clerks of the House of Representatives and of the Senate, a Memorandum of Understanding between the State of Connecticut and the SEBAC on behalf of their bargaining unit members. The Memorandum of Understanding adjusts the amortization period as reflected in the Governor's budget.

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

Sincerely,

S. Fae Brown-Brewton
Undersecretary for Labor Relations

Melissa McCaw Secretary, OPM
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

July 18, 2019

SENATE CLERK'S OFFICE
RECEIVED ON 7/18/19

FF

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

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Dan Livingston, SEBAC


MEMORANDUM OF UNDERSTANDING

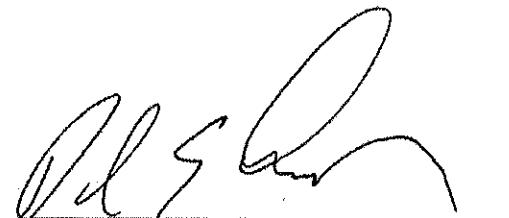
THIS AGREEMENT is made by and between the State of Connecticut, acting herein through the Secretary of the Office of Policy and Management (hereinafter "the State") and the State Employees Bargaining Agent Coalition, acting herein through the designated representatives of its constituent unions (hereinafter "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.

The following changes shall be implemented effective upon approval by the parties:

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 15th day of July, 2019.


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


Daniel E. Livingston, Chief Negotiator
SEBAC

**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 AGREEMENT | SEBAC | 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 | | C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156a |
| <ul style="list-style-type: none"> 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 | | |

OFFICE OF POLICY AND MANAGEMENT
Agreement between State of Connecticut and State Employees Bargaining Agent Coalition
Cost Estimate of Agreement Dated July 15, 2019
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).