



## **SEBAC 2022**

### The Full Cost of the 2022 Wage Agreement Between the State of Connecticut and State Employees

SEBAC 2022 Increased Unfunded Pension Liability By \$4.5 Billion,  
A Huge Impact Not Previously Disclosed

by

The Townsend Group, Intl, LLC

Update as of January 2024 of Original March 2023 Study



The Townsend Group



Nutmeg Research Initiative is an IRS §501(c)(4) non-profit, social welfare organization researching, and sharing information about issues that impact the lives and livelihood of everyone in Connecticut, every single day. Using a foundation rooted in center-right principles we strive to make Connecticut a better place to live, work and raise a family, by embracing open and limited government, lower taxes and economic growth and opportunity for everyone.



**The Townsend Group**



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## **Executive Summary**

### **NRI/Townsend Analysis of the Full Cost of SEBAC 2022:**

In the absence of official follow-up analysis, and with subsequent actual cost data available, NRI/Townsend have prepared a comprehensive analysis of SEBAC 2022, almost three years later. The agreement was generous/costly per the original official forecast at the time, but our analysis shows **huge previously undisclosed costs.**

- SEBAC 2022 **increased the unfunded SERS pension liability by \$4.5 billion, or 11%,** an effect offset and overshadowed by a \$3.2 billion special deposit to SERS, which reduced the liability by \$6.75 billion.
- SERS **annual pension benefit payments have increased by about \$380 million,** as the average number of retirees has increased about 4,800, or 9%.
- **Aggregate annual state employee compensation cost has increased \$836 million.**
- **SEBAC 2022 encouraged retirements,** despite the hope and expectation that it would moderate them. It provided large lump-sum payments averaging over \$4,000 to ALL employees in June 2022, before a reduction in retirement benefits took effect for retirements after June 30th. Not surprisingly, many employees took the non-conditional \$4,000 and retired prior to June 30<sup>th</sup>, resulting in large loss of employees AND a large increase in pension payouts as benefit reductions were avoided.
- Highlights of the NRI/Townsend **analysis is on the facing page.**

### **SEBAC 2022 and Official Cost Analysis:**

- In March 2022, Governor Lamont negotiated a new four-year wage agreement with the State Employees Bargaining Alliance Coalition (“SEBAC 2022” agreement) after the previous wage agreement expired on July 1, 2021.
- The official estimate of the future cost of SEBAC 2022 prepared by [\(OFA\) projected SEBAC 2022’s cost](#), excluding impact upon the unfunded SERS pension liability and assuming no increase in the 4<sup>th</sup> “open” year, was: \$292 million, 444 million, \$587 million and \$602 million in fiscal years 2022, 2023, 2024 and 2025.
- OFA said “The SERS (State Employee Retirement System) impact will not be recognized until FY24,” since it was not known at the time how many employees would retire and how retirements would change estimation of the unfunded pension liability.
- By December 2022 when the actuaries issued their new valuation report as of June 30, 2022 both the number of retirements and other factors bearing upon the unfunded pension liability of SEBAC 2022 were known. An official follow-up full-cost analysis should have been prepared. Yet, none was then, nor has been since.

## The Impact of SEBAC 2022

### *Huge Increase in State's Pension Liability and Costs*

A comparison of three Cavanaugh Macdonald actuarial reports reveals a big increase in the unfunded SERS pension liability. Open CT data shows a big increase in SERS pension benefit payments from the year before to the year after SEBAC 2022.

- **Increased SERS pension fund's unfunded liability by \$4.5 Billion, or over 11%.**
- **Increased SERS pension benefit payments by \$381 million, or 15.5%.**

<u>Fiscal Year</u>	<u>Average Number of Retirees</u>	<u>Pension Benefit Payments</u>
2023	57,913	\$2.59 billion
2021	<u>53,120</u>	<u>\$2.21 billion</u>
Increase	4,793	\$ .38 billion

- **In June 2022, Lamont paid a \$2,500 bonus (\$110 million in total), a retroactive lump-sum pay raise (\$85 million) and a retroactive Annual Increment (\$58 million) to employees active on March 31, 2022, allowing them to bank the payments and retire before retirement benefit reductions took effect on July 1, 2022 for later retirees.**

### *Major Increase in Wages and Total Compensation*

OpenCT data shows that total compensation increased \$836 million from fiscal 2021, the last fiscal year before SEBAC 2022, to the current fiscal year. Excluding allowance for SERS pensions, the increase is \$623 million, close to the original OPM/OFA estimate of \$587 million on that basis. Note the intervening fiscal years of 2022 and 2023 were distorted by special factors.

- **Wages increased \$414 million, or 11.8% from FY21 to FY24YTD annualized.**
- **Compensation rose \$836 million, or 10.9%, from FY21 to FY24YTD annualized.**

<u>Fiscal Year</u>	<u>Salaries &amp; Wages</u>	<u>Gross</u>	<u>Non-Pension Fringes</u>	<u>Pension (SERS)</u>	<u>Total Compensation</u>
(\$ Millions)					
FY24YTD (Annualized)	\$3,925	\$4,391	\$1,262	\$2,847	\$8,500
FY21:	<u>3,511</u>	<u>3,952</u>	<u>1,077</u>	<u>2,634</u>	<u>7,664</u>
Increase	414	439	185	213	836

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## **Introduction**

In April 2022, the Connecticut General Assembly (CGA) approved a new wage contract which the Governor Lamont negotiated with the State Employees Bargaining Alliance Coalition (SEBAC) (the “SEBAC 2022” agreement) after the previous wage agreement expired on July 1, 2021.

SEBAC 2022 is a four-year agreement, with three annual 2.5% wage increases (and an open 4<sup>th</sup> year) plus regular Annual Increments worth about 2% of the all-employee wage base. SEBAC 2022 included pensionable cash bonuses of \$2,500 paid in June 2022 (fiscal 2022) to all active employees as of the prior March 31<sup>st</sup> and \$1,000 paid in July 2022 (fiscal 2023) to all active employees as of the prior March 31<sup>st</sup>.

At the time, the Office of Policy and Management (OPM) and the Office of Fiscal Analysis (OFA) estimated the future cost of the agreement, exclusive of the impact on the unfunded liability of the State Employee Retirement System (SERS) pension fund.

In March 2023, Townsend assessed the full cost of the agreement, including the impact on SERS unfunded pension liability based upon three actuarial reports from the state’s outside actuaries. Also, Townsend assessed the increased compensation cost to the state and the elevated pension benefit payments made by SERS by annualizing five months of actual experience, using data from the OpenCT database of the State Comptroller.

This paper measures the full cost of SEBAC 2022, including the impact upon SERS unfunded liability that was developed in March 2023 and the actual full year compensation costs to the state and actual pension benefit payments experience of SERS, using data from OpenCT.

The paper measures the increased compensation cost by comparing the cost in the last full fiscal year before the agreement (fiscal 2021) to cost in fiscal 2024 (annualizing actual cost in the first half of fiscal 2024); actual costs in fiscal 2022 and fiscal 2023 are distorted by the one-time bonuses paid as part of the agreement and by various other special factors.

The paper measures the elevated pension benefit payments made by SERS by comparing the actual experience in the last full year before the agreement (fiscal 2021) to actual costs in the first full year after the agreement (fiscal 2023).

One of the key objectives of SEBAC 2022 was expected to be the prevention of an abnormally large wave of retirements in late fiscal 2022 and to do so without incurring high employee compensation costs, including significantly increased future pension benefit costs. In fact, more than 5,600 state employees retired over the twelve months through July 31, 2022, more than 2 ½ times the average annual level of retirements, according to information from the State Retirement Commission.

## **Official OPM / OFA Forecast – Excludes Impact on SERS Pension Fund**

OPM and (OFA) estimated the cost increase caused by SEBAC 2022, not including the impact upon the unfunded pension liability. In addition, the estimate did not provide an explicit figure for the prior salary and wage base on which raises were calculated, leaving readers to calculate the imputed starting wage base by using the wage increase which was expressed in dollar and percentage terms; the OPM/OFA estimate did cite the number of employees covered by the agreement: 46,237.

The OPM / OFA estimate of the cost increase as follows:

		<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
	(\$Millions)				
Total Wage Increase	*	252.71	374.03	494.72	505.31
“Additional Items”		2.44	14.81	19.24	22.32
Non-Pension Fringes		26.95	39.89	52.76	53.89
Normal Pension Cost		<u>10.36</u>	<u>15.34</u>	<u>20.28</u>	<u>20.72</u>
Total Wage & Fringes**		292.47	444.07	587.00	602.24

\* Includes wage raises, annual increments and pensionable bonuses.

\*\* Does not include impact on unfunded pension liability.

## **SEBAC 2022 Increased Future State Pension Costs by About \$4.5 Billion**

To measure the increase in required future State contributions to SERS occasioned by SEBAC 2022, the paper uses the Actuarial Valuation Reports of SERS of June 2021 and 2022 (“2021 Report” and “2022 Report, respectively) and a special report (“Special Report”), all three prepared by the State’s actuaries, Cavanaugh Macdonald (CavMac”).

The Valuation Reports present schedules of the State’s future contributions to SERS required to fully amortize the State’s pension liability. Two large and unusual factors had impact between the two reports: (1) SEBAC 2022 and (2) a special \$3.2 billion deposit to SERS (“Special Deposit”).

By comparing the schedules in the two Valuation Reports over the same amortization period (fiscal 20223 to fiscal 2048), it is possible to determine the combined impact of SEBAC 2022 and the \$3.2 billion Special Deposit.

Then, by removing the impact of the Special Deposit which CavMac estimated in its Special Report, we are left mainly with the impact of SEBAC 2022 aside from various lesser factors. The Special Report shows the impact of the Special Deposit in the originally anticipated amount of \$2.8 billion. Employing the same methodology used to assess the impact of the original \$2.8 billion, it is possible to estimate the impact of the ultimate \$3.2 billion deposit.

A comparison of the schedules in the 2021 Report and the 2022 Report (see Attachments 1 and 2, respectively) shows the overall year-to-year reduction in the unfunded liability, resulting predominantly from the combination of the Special Transfer and SEBAC 2022. The reduction was \$2.25 billion. See Step One below.



## Step One

<u>SERS Valuation as of June 30, 2021</u>		<u>SERS Valuation as of June 30, 2022</u>		<u>Difference in UAL Amortization: 2021 Report vs. 2022 Report</u>	
Amortization of the		Amortization of the		<u>2023 to 2048</u>	
Fiscal	UAL	Fiscal	UAL		
Year	(000)	Year	(000)	(000)	
2022	\$ 1,910,858		NA	NA	
2042		2023 to 2042			
(20 Years)	1,910,858 per year	(20 Years)	\$ 1,817,214 per year	20 Years	\$ (93,644) per year
2043	1,860,811	2043	1,767,166		\$ (93,645)
2044	1,773,238	2044	1,679,593		\$ (93,645)
2045	1,729,103	2045	1,635,459		\$ (93,644)
2046	-	2046	(93,644)		\$ (93,644)
2047	-	2047	-		-
2048	-	2048	-		-
2023 to 2048	<b>\$ 43,580,312</b>		<b>\$ 41,332,854</b>		<b>\$ (2,247,458)</b>

The Special Report shows that the \$2.8 billion transfer alone reduced future State contributions to SERS by \$5.79 billion (see Attachment 3). Employing the methodology used in the Special Report, the ultimate \$3.2 billion transfer reduced State contributions to SERS by an estimated \$6.75 billion. Accordingly, that implies that SEBAC 2022 was the predominant factor in *increasing* the State's future obligations to SERS by \$4.50 billion. See Step Two below.

## Step Two

<u>Difference in UAL Amortization: 2021 Report vs. 2022 Report</u>		<u>Reduction in State Contribution to SERS Due to \$3,132,087,937 Deposit from BRF into SERS in 2022</u>		<u>Implied Increase due to SEBAC 2022</u>	
Fiscal		Fiscal		Fiscal	
Year	<u>2023 to 2048</u>	Year	<u>2023 to 2048</u>	Year	<u>2023 to 2048</u>
	(000)		(000)		(000)
	NA				
2023	\$ (93,644)	2023	\$ -	2023	\$ (93,644)
2024 to 2042	\$ (93,644) per year	2024 to 2042	\$ (270,000) per year	2024 to 2042	176,356 per year
2043	\$ (93,644)	2043	\$ (270,000)	2043	176,356
2044	\$ (93,644)	2044	\$ (270,000)	2044	176,356
2045	\$ (93,644)	2045	\$ (270,000)	2045	176,356
2046	\$ (93,644)	2046	\$ (270,000)	2046	176,356
2047	-	2047	\$ (270,000)	2047	270,000
2048	-	2048	\$ (270,000)	2048	270,000
	<b>\$(2,247,456)</b>		<b>\$ (6,750,000)</b>		<b><u>\$4,502,544</u></b>

## **SEBAC 2022 Grew Pension Benefit Payments \$381 Million, or 15.5%**

After the retirement wave associated with SEBAC 2022, pension benefit payments to retirees surged. The [OpenCT](#) database maintained by the State Comptroller records all pension benefit payments as they are made.

From the last full fiscal year before SEBAC 2022 (fiscal 2021) to the first full fiscal year after the agreement (fiscal 2023) aggregate annual pension benefit payments increased \$381 million, or 15.5%, from \$2.214 billion and to \$2.595 billion.

The following table shows actual annual pension benefit payments and average number of beneficiaries from OpenCT for the last several fiscal years:

<u>Fiscal Year</u>	<u>Average Number of Beneficiaries</u>	<u>Benefit Payments</u> <sup>2</sup> (\$ Millions)
<b>2021</b>	<b>53,120</b>	<b>\$ 2,214</b>
2022	54,909	\$ 2,366
<b>2023</b>	<b>57,913</b>	<b>\$ 2,595</b>
2024*	57,495**	\$ 2,634***

\* First half (July – December, 2023).

\*\* As of December, 2023.

\*\*\* First half annualized.

Source: OpenCT

See Attachment 4 for month-by-month data.

The \$381 million increase is due primarily to a 9.0% increase in the number of retired beneficiaries from an average of 53,120 in fiscal 2021 to 57,913 in fiscal 2023 for a 4,793 increase. As reflected in the table above, aggregate pension benefit payments have continued to increase in fiscal 2024, despite a slight decline in the number of beneficiaries.

The 4,793 figure aligns with the elevated level of [5,607](#) retirements associated with SEBAC 2022 according to State Employee Retirement Commission data.<sup>1</sup>

Approximately 830 new retirees were rehired over the 14 months from July 1, 2021 through August 31, 2022; as such they were not receiving pension benefits during this period. Annual retirements averaged [2,130](#) over the prior decade.

The OpenCT data is consistent with the data used by Cavanaugh Macdonald in their annual actuarial valuation reports.<sup>2</sup>

<sup>1</sup> According to the State Employees Retirement Commission, retirements over the 12 months through July of 2022 numbered [5,607](#) versus an annual average of [2,130](#) over the last decade. As of September 2022, approximately 830 new retirees had been rehired over the 14 months through August of 2022. By State regulation, rehired retirees can usually only work for a limited number of months as payroll employees; thus, they are classified as “temporary.”

<sup>2</sup> These totals align with data in the Cavanaugh Macdonald valuation reports, in which Schedules B show benefit disbursements of \$2,228 million in fiscal 2021 and \$2,606 million in fiscal 2023.

## **SEBAC 2022: Wages and Total Compensation are Up 11% to 12%**

The paper measures the increased compensation cost by comparing the cost in the last full fiscal year before the agreement (fiscal 2021) to cost in fiscal 2024 (annualizing actual cost in the first half of fiscal 2024); actual costs in the intervening fiscal years of 2022 and 2023 are distorted by the one-time bonuses paid as part of the agreement and by various other special factors.

From the last full fiscal year before SEBAC 2022 (fiscal 2021) to the first half of the current fiscal year (fiscal 2024) aggregate annual wages are up \$414 million, or 11.8%, and total compensation is up \$836 million, or 10.9%, as reflected in the table below:

<u>Fiscal Year</u>	<u>Salaries &amp; Wages</u>	<u>Gross</u>	<u>Non-Pension Fringes</u>	<u>Pension (SERS)</u>	<u>Total Compensation</u>
					(\$ Millions)
2021	3,511	3,952	1,077	2,634	7,664
2022	3,576	4,091	1,092	2,807	7,991
2023	3,936	4,438	1,173	3,193	8,805
FY2024YTD (Annualized)*	3,925	4,391	1,262	2,847	8,500

\* First half annualized.

Source: OpenCT

See Attachment 5 for month-by-month data.

## **Background**

***Special Deposits to Pension Funds:*** Connecticut has two state-level public pension funds, SERS for state employees and TRS for the state's K-12 teachers. They are among the most severely underfunded state-level pension funds in the nation.

In an effort to bolster funding, in 2017, the state adopted certain budget provisions designed to channel money to these funds in addition to the regularly scheduled actuarially determined employer contributions (ADECs).

First, whenever the state's Budget Reserve Fund (BRF) exceeds 15 percent (18 percent in fiscal 2024 and thereafter) of the budget adopted for the coming fiscal year, the excess is required to be used to pay down the state's long-term liabilities, beginning with deposits to SERS and TRS.

Second, if there is a surplus in the state's General Fund, and the amount in the BRF exceeds 15 percent (18 percent in fiscal 2024 and thereafter) of the budget adopted for the coming fiscal year, then the surplus is also required to be utilized to pay down the state's long-term liabilities, beginning with deposits to SERS and TRS.

As a result of these provisions, deposits were made into SERS in fiscal 2023 in the amount of \$3.2 billion.

In late fiscal 2022, the State Comptroller requested that actuary, Cavanaugh MacDonald, perform an analysis of the impact of the fiscal 2023 special deposit (expected, then, to amount to \$2.8 billion) and previous special deposits to SERS. The actuary treated the

deposits into SERS and TRS, as if the deposits in each year were made as of the prior June 30<sup>th</sup>, i.e. the regularly scheduled date for actuarial valuations of these pension funds.

CavMac calculated that the \$2.8 billion deposited to SERS would result in a reduction to the total contributions to SERS through fiscal year 2048 of \$5.74 billion. From fiscal 2024 through fiscal 2046, the annual savings of \$231 million were projected, with slightly lesser annual reductions in fiscal 2047 and 2048.

Subsequent to CavMac's special report, the special deposit exceeded the expected amount, coming in at \$3.2 billion, an amount which CavMac used in its Valuation Report as of June 30, 2022, issued in December 2022.

***New Contract with State Employees (SEBAC 2022):*** Almost all state employees in Connecticut are represented by SEBAC unions. SEBAC negotiates both wage and benefit agreements with the State on behalf of member unions. In July 2021, the SEBAC wage agreement with the State expired. Between that time and March 2022, Governor Lamont negotiated the new SEBAC 2022 wage agreement.

Leading up to SEBAC 2022, the general expectation had been that the new agreement should moderate a large wave of expected retirements which had been anticipated since the time of the approval of the prior wage and benefit agreement in 2017 (SEBAC 2017). It was anticipated that retirements would be triggered by contract provisions of SEBAC 2017 which became effective July 1, 2022 which (1) suspended cost-of-living adjustments for the first 30 months after retirement for all subsequent retirees vs. the previous average deferral of 12 months, (2) eliminated the minimum COLA of 2%, (3) increased retirees' required contributions to their own health care benefits from 1.5%/3% to 3%/5% for subsequent retirees, and (4) reduced from 100% to 50% the state's coverage of higher Medicare premiums (IRMAA) for higher income retirees.

The structure of the SEBAC 2022 was suboptimal insofar as concerned stemming retirement: almost a full year of a retroactive wage increase was paid in lump sum in June 2022 immediately before the critical June 30<sup>th</sup> date, as was a \$2,500 lump sum bonus.

When SEBAC 2022 was submitted to the General Assembly for approval in April, the state's OFA provided an estimate of the cost increase caused by SEBAC 2022.

The OFA cost estimate stated: "The SERS impact will not be recognized until FY24," based upon a subsequent actuarial valuation date when more information would be available about the ultimate number of employees retiring before July 1, 2022 and certain other factors would be known.<sup>3</sup>

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<sup>3</sup> The OFA estimate did factor in the increase in the normal cost of pensions, a very small amount. OFA's estimate reads as follows: "The pension impact of the wage related provisions assume an average normal cost rate of 4.10%."

OFA calculated the amount by which the normal cost portion of the State's contribution to SERS would increase in each year, by multiplying its estimate of the total wage increase by 4.10%. For example, OFA estimated the total amount of the pensionable wage increase in Fiscal 2023 as \$374 million, which when multiplied by 4.10% yields \$15.3 million as the increase in the normal cost of pensions.



**Schedule J – Projection of Unfunded Accrued Liability**

An amortization payment schedule of the June 30, 2021 Unfunded Accrued Liability is provided in the table below. No future gains and losses are included in this table.

Valuation Year	Unfunded Accrued Liability (\$ in thousands)	Amortization Payment (\$ in thousands)
2021	22,397,582	1,910,858
2022	22,032,157	1,910,858
2023	21,641,517	1,910,858
2024	21,223,924	1,910,858
2025	20,777,516	1,910,858
2026	20,300,307	1,910,858
2027	19,790,170	1,910,858
2028	19,244,833	1,910,858
2029	18,661,869	1,910,858
2030	18,038,679	1,910,858
2031	17,372,490	1,910,858
2032	16,660,334	1,910,858
2033	15,899,039	1,910,858
2034	15,085,214	1,910,858
2035	14,215,236	1,910,858
2036	13,285,229	1,910,858
2037	12,291,051	1,910,858
2038	11,228,276	1,910,858
2039	10,092,168	1,910,858
2040	8,877,670	1,910,858
2041	7,579,371	1,910,858
2042	6,191,489	1,910,858
2043	4,707,844	1,860,811
2044	3,171,874	1,773,238
2045	1,617,496	1,729,103
2046	0	0



Attachment 2: Sched. J – Projection of Unfunded Accrued Liability, Actuarial Valuation Report,  
 CT State Employees Retirement System (SERS), June 30, 2022



**Schedule J – Projection of Unfunded Accrued Liability**

An amortization payment schedule of the June 30, 2022 Unfunded Accrued Liability is provided in the table below. No future gains and losses are included in this table.

Valuation Year	Unfunded Accrued Liability (\$ in thousands)	Amortization Payment (\$ in thousands)
2022	20,930,962	1,817,214
2023	20,557,984	1,817,214
2024	20,159,272	1,817,214
2025	19,733,048	1,817,214
2026	19,277,414	1,817,214
2027	18,790,342	1,817,214
2028	18,269,662	1,817,214
2029	17,713,055	1,817,214
2030	17,118,042	1,817,214
2031	16,481,973	1,817,214
2032	15,802,015	1,817,214
2033	15,075,140	1,817,214
2034	14,298,111	1,817,214
2035	13,467,467	1,817,214
2036	12,579,509	1,817,214
2037	11,630,281	1,817,214
2038	10,615,556	1,817,214
2039	9,530,816	1,817,214
2040	8,371,229	1,817,214
2041	7,131,630	1,817,214
2042	5,806,498	1,817,214
2043	4,389,933	1,767,166
2044	2,925,672	1,679,593
2045	1,447,950	1,635,459
2046	(87,600)	(93,644)
2047	0	0



**Attachment 3: Special Report on Special Deposit of \$2.8 billion to SERS – Resulting Reduction in State’s Future Contributions to SERS**



Honorable Natalie Braswell  
 June 30, 2022  
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Unfunded Actuarial Accrued Liability (UAAL) as of the valuation date. The UAAL is amortized with future payments which reflect an interest and principal component. By reducing the UAAL with each transfer, the future interest payments are reduced. The table below provides the forecast of savings to the State’s ADEC due to the past and future transfers.

**Connecticut SERS - Projected ADEC Reductions Due to Additional Transfers**

Valuation Year	Fiscal Year	ADEC Reductions			Total ADEC Reductions
		due to \$61,621,659 transferred in 2020	due to \$714,663,947 transferred in 2021	due to \$2,781,807,202 transferred in 2022	
2020	2022	4,893,000	0	0	4,893,000
2021	2023	5,267,000	59,274,000	0	64,541,000
2022	2024	5,267,000	59,274,000	231,684,000	296,225,000
2023	2025	5,267,000	59,274,000	231,684,000	296,225,000
2024	2026	5,267,000	59,274,000	231,684,000	296,225,000
2025	2027	5,267,000	59,274,000	231,684,000	296,225,000
2026	2028	5,267,000	59,274,000	231,684,000	296,225,000
2027	2029	5,267,000	59,274,000	231,684,000	296,225,000
2028	2030	5,267,000	59,274,000	231,684,000	296,225,000
2029	2031	5,267,000	59,274,000	231,684,000	296,225,000
2030	2032	5,267,000	59,274,000	231,684,000	296,225,000
2031	2033	5,267,000	59,274,000	231,684,000	296,225,000
2032	2034	5,267,000	59,274,000	231,684,000	296,225,000
2033	2035	5,267,000	59,274,000	231,684,000	296,225,000
2034	2036	5,267,000	59,274,000	231,684,000	296,225,000
2035	2037	5,267,000	59,274,000	231,684,000	296,225,000
2036	2038	5,267,000	59,274,000	231,684,000	296,225,000
2037	2039	5,267,000	59,274,000	231,684,000	296,225,000
2038	2040	5,267,000	59,274,000	231,684,000	296,225,000
2039	2041	5,267,000	59,274,000	231,684,000	296,225,000
2040	2042	5,267,000	59,274,000	231,684,000	296,225,000
2041	2043	5,267,000	59,274,000	231,684,000	296,225,000
2042	2044	5,267,000	59,274,000	231,684,000	296,225,000
2043	2045	5,267,000	59,274,000	231,684,000	296,225,000
2044	2046	5,267,000	59,274,000	231,684,000	296,225,000
2045	2047		59,274,000	231,684,000	290,958,000
2046	2048			231,684,000	231,684,000
<b>Total</b>		<b>131,301,000</b>	<b>1,481,850,000</b>	<b>5,792,100,000</b>	<b>7,405,251,000</b>

In summary for SERS, the total amounts transferred to SERS over the three years will total \$3,558.1 million but will result in a reduction to the total ADECs through fiscal year ending 2048 of \$7,405.3 million.

**Attachment 4**

**SERS PENSION BENEFIT PAYMENTS BY MONTH - FISCAL 2024 YTD**

<u>Month Ending</u>	<u>Number of Beneficiaries</u>	<u>Total Pension Benefit Payments</u>
7/31/2023	57,586	\$ 220,138,154
8/31/2023	57,583	220,496,806
9/30/2023	57,521	219,221,774
10/31/2023	57,518	219,445,968
11/30/2023	57,484	219,178,013
12/31/2023	57,495	218,453,402
Total		\$ 1,316,934,118
FY - 1st Half Annualized		\$ 2,633,868,235
December	57,495	



## Attachment 4

### SERS PENSION BENEFIT PAYMENTS BY MONTH - FISCAL 2023

<u>Month Ending</u>	<u>Number of Beneficiaries</u>	<u>Total Pension Benefit Payments</u>
7/31/2022	58,158	\$ 215,177,119
8/31/2022	58,188	215,152,020
9/30/2022	58,068	214,896,699
10/31/2022	58,033	215,366,766
11/30/2022	58,019	214,904,443
12/31/2022	57,985	215,007,994
1/31/2023	57,771	217,850,777
2/28/2023	57,838	217,936,408
3/31/2023	57,909	218,297,305
4/30/2023	57,703	216,902,723
5/31/2023	57,685	216,131,531
6/30/2023	57,593	217,121,825

Total \$ 2,594,745,610

1st Half of FY (July to Dec) \$ 1,290,505,041

Average 57,913

Source: OpenCT - Open Pension - SERS only

## Attachment 4

### SERS PENSION BENEFIT PAYMENTS BY MONTH - FISCAL 2022

<u>Month Ending</u>	<u>Number of Beneficiaries</u>	<u>Total Pension Benefit Payments</u>
7/31/2021	53,877	\$ 192,572,443
8/31/2021	53,985	192,742,632
9/30/2021	54,167	194,686,811
10/31/2021	54,351	196,469,592
11/30/2021	54,440	195,519,222
12/31/2021	54,522	194,403,979
1/31/2022	54,580	196,783,372
2/28/2022	54,758	197,251,698
3/31/2022	55,075	197,479,431
4/30/2022	56,043	201,775,235
5/31/2022	56,273	201,904,400
6/30/2022	56,834	204,263,301

Total \$ 2,365,852,116

1st Half of FY (July to Dec) \$ 1,166,394,679

Average 54,909

Source: OpenCT - Open Pension - SERS only

**Attachment 4**

**SERS PENSION BENEFIT PAYMENTS BY MONTH - FISCAL 2021**

<u>Month Ending</u>	<u>Number of Beneficiaries</u>	<u>Total Pension Benefit Payments</u>
7/31/2020	52,641	\$ 183,784,182
8/31/2020	52,787	182,250,635
9/30/2020	52,987	182,187,431
10/31/2020	53,042	183,328,059
11/30/2020	53,040	183,344,342
12/31/2020	52,975	183,336,359
1/31/2021	52,997	184,553,613
2/28/2021	53,151	184,967,057
3/31/2021	53,219	185,517,762
4/30/2021	53,434	187,017,033
5/31/2021	53,499	186,644,583
6/30/2021	53,672	187,932,673

Total \$ 2,214,863,729

1st Half of FY (July to Dec) \$ 1,098,231,008

Average 53,120

Source: OpenCT - Open Pension - SERS only

**Attachment 5**

**CONNECTICUT STATE EMPLOYEE COMPENSATION - FIRST HALF, FISCAL 2024**

<u>Month</u>	<u>Bi-Weekly Compensation Rate</u>	<u>Salaries &amp; Wages</u>	<u>Other</u>	<u>Overtime</u>	<u>Total Gross Earnings</u> [Employees' Pretax Earnings]	<u>Fringe Amt - Non-Retirement</u>	<u>SERS Amount</u>	<u>Total Compensation Expense</u>
	(A)	(B)	(C)	(D)	(E) (E) = (B)+(C)+(D)	(F) (F) = 29% of (E)	(G) (G) = 65% of (E)	(H) (H) = (E)+(F)+(G)
December-23 <sup>1</sup>	\$ 428,814,867	\$ 458,561,408	\$ 9,219,510	\$ 40,782,679	\$ 508,609,842	\$ 145,346,394	\$ 330,776,872	\$ 984,733,108
November-23	285,259,853	303,686,443	6,165,565	27,572,847	337,458,157	97,299,757	218,628,205	653,386,120
October-23	284,190,380	302,628,372	<b>18,536,880</b> <sup>2</sup>	27,455,461	348,657,367	98,239,367	225,836,497	672,733,231
September-23	283,357,195	298,430,723	6,665,688	27,495,589	333,540,533	96,585,744	216,295,990	646,422,267
August-23	282,703,810	299,931,341	6,791,428	26,793,587	333,552,958	96,701,618	215,864,594	646,119,170
July-23	279,374,746	299,090,836	7,441,980	27,201,651	333,747,371	96,579,585	216,312,378	646,639,334
<b>FYTD 2024</b>	<b>\$ 1,843,700,852</b>	<b>\$ 1,962,329,123</b>	<b>\$ 54,821,051</b>	<b>\$ 177,301,814</b>	<b>\$ 2,195,566,227</b>	<b>\$ 630,752,465</b>	<b>\$ 1,423,714,536</b>	<b>\$ 4,250,033,229</b>
<b>FYTD 2024 - Annualized</b>	<b>\$ 3,687,401,704</b>	<b>\$ 3,924,658,246</b>	<b>\$ 109,642,103</b>	<b>\$ 354,603,628</b>	<b>\$ 4,391,132,455</b>	<b>\$ 1,261,504,931</b>	<b>\$ 2,847,429,072</b>	<b>\$ 8,500,066,457</b>

<sup>1</sup> Three paychecks this month.

<sup>2</sup> Includes longevity pay.

Source: OpenCT - Open Payroll - SERS Employees Only

SEBAC Payroll Data - by Month - FYTD 2024 - July to Dec 2023.xlsx

**Attachment 5**

**CONNECTICUT STATE EMPLOYEE COMPENSATION - FISCAL 2023**

<u>Month</u>	<u>Bi-Weekly Compensation Rate</u>	<u>Salaries &amp; Wages</u>	<u>Other</u>	<u>Overtime</u>	<u>Total Gross</u> [Employees' Pretax Earnings]	<u>Fringe Amt - Non-Retirement</u>	<u>SERS Amount</u>	<u>Total Compensation Expense</u>
	(A)	(B)	(C)	(D)	(E) (E) = (B)+(C)+(D)	(F) (F) = 29% of (E)	(G) (G) = 65% of (E)	(H) (H) = (E)+(F)+(G)
June-23 <sup>1</sup>	\$ 409,881,542	\$ 465,658,659 <sup>4</sup>	\$ 9,107,134	\$ 39,200,428	\$ 514,017,531	\$ 138,570,249	\$ 372,514,697	\$ 1,025,102,477
May-23	269,450,990	287,411,609	6,634,803	25,935,029	320,013,443	90,499,509	230,126,614	640,639,566
April-23	269,045,898	286,566,578	17,471,421 <sup>2</sup>	27,205,706	331,279,688	91,296,879	238,728,368	661,304,935
March-23	267,358,587	287,060,879	6,136,842	30,152,621	323,383,493	90,362,799	233,595,781	647,342,074
February-23	265,505,748	286,176,586	6,971,361	26,577,221	319,759,241	89,283,352	231,102,510	640,145,103
January-23	261,041,048	282,538,597	6,480,113	26,929,816	315,952,939	88,559,910	228,218,251	632,731,100
<b>December-22</b> <sup>1</sup>	384,932,276	413,291,996	8,530,221	40,943,510	462,810,193	129,485,039	335,037,768	927,333,000
November-22	254,770,360	271,678,660	5,641,917	26,207,576	303,546,521	86,052,275	219,071,778	608,670,573
October-22	254,322,329	273,601,356	18,674,653 <sup>2</sup>	25,729,356	318,024,053	87,011,895	229,265,232	634,301,181
September-22	253,936,732	268,017,764	5,842,704	25,171,119	299,053,454	85,082,645	216,084,847	600,220,946
August-22	251,126,722	267,996,904	8,479,981	25,475,458	302,784,771	85,325,995	218,391,426	606,502,192
<b>July-22</b> <sup>1</sup>	390,043,590	546,078,538 <sup>3</sup>	44,184,845	37,392,013	627,675,355	111,610,493	441,693,736	1,180,979,585
<b>Fiscal 2023</b>	\$ 3,531,415,821	\$ 3,936,078,125	\$ 144,155,995	\$ 356,919,853	\$ 4,438,300,683	\$ 1,173,141,040	\$ 3,193,831,006	\$ 8,805,272,729
<b>First Half FY 2023</b>	\$ 1,789,132,010	\$ 2,040,665,217	\$ 91,354,321	\$ 180,919,032	\$ 2,313,894,348	\$ 584,568,343	\$ 1,659,544,786	\$ 4,558,007,476

<sup>1</sup> Three paychecks this month.

<sup>2</sup> Includes longevity pay.

<sup>3</sup> Includes \$2,500 bonuses for some employees; and \$1,000 bonuses for most others.

<sup>4</sup> Includes \$45 million in "pandemic pay."

Source: OpenCT - Open Payroll - SERS Employees Only

Attachment 5

CONNECTICUT STATE EMPLOYEE COMPENSATION - FISCAL YEAR 2022

Month	Bi-Weekly Compensation		Salaries & Wages	Other	Overtime	Total Gross [Employees' Pretax Earnings]	Fringe Amt - Non-Retirement	SERS Amount	Total Compensation Expense
	Rate	Rate							
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
					(E) = (B)+(C)+(D)	(F) = 27% of (E)	(G) = 69% of (E)	(H) = (E)+(F)+(G)	
Jun-22	\$ 253,846,249	\$ 366,059,942	\$ 26,273,846	\$ 24,684,605	\$ 417,035,224	\$ 90,630,335	\$ 283,899,213	\$ 791,564,773	
May-22	243,356,307	265,031,725	10,392,426	23,679,337	299,131,326	81,794,921	206,490,389	587,416,636	
Apr-22	250,411,747	268,241,826	<b>48,065,860</b> <sup>2</sup>	23,154,922	339,482,863	85,983,903	227,215,048	652,681,814	
Mar-22	250,125,869	265,351,621	11,800,523	26,028,222	303,208,348	83,485,961	208,256,853	594,951,161	
Feb-22	250,773,930	266,181,212	11,396,499	29,151,760	306,748,861	83,585,285	211,001,307	601,335,452	
Jan-22	250,909,156	265,228,103	12,605,512	27,668,198	305,519,508	83,556,551	209,614,692	598,690,752	
<b>Dec-21</b> <sup>1</sup>	<b>374,732,563</b>	<b>402,440,039</b>	<b>9,197,631</b>	<b>37,054,620</b>	<b>448,726,603</b>	<b>123,264,517</b>	<b>310,483,832</b>	<b>882,474,951</b>	
Nov-21	249,918,188	266,882,010	6,862,090	23,915,636	297,678,240	82,611,576	205,599,680	585,889,496	
Oct-21	251,512,958	268,622,679	<b>23,980,685</b> <sup>2</sup>	23,895,874	316,518,666	84,312,070	217,216,736	618,047,471	
Sep-21	251,932,170	265,832,923	9,928,133	24,164,938	299,947,265	83,192,667	206,725,051	589,864,982	
Aug-21	253,630,723	272,226,389	9,008,558	23,235,818	304,824,044	83,712,864	209,642,478	598,179,386	
<b>Jul-21</b> <sup>1</sup>	<b>381,740,216</b>	<b>404,335,834</b>	<b>14,305,936</b>	<b>33,736,342</b>	<b>452,421,481</b>	<b>126,041,387</b>	<b>311,349,330</b>	<b>889,812,197</b>	
<b>Fiscal 2022</b>	<b>\$ 3,262,890,075</b>	<b>\$ 3,576,434,302</b>	<b>\$ 193,817,699</b>	<b>\$ 320,370,272</b>	<b>\$ 4,091,242,428</b>	<b>\$ 1,092,172,036</b>	<b>\$ 2,807,494,607</b>	<b>\$ 7,990,909,071</b>	
<b>First Half of FY 2022</b>	<b>\$ 1,763,466,818</b>	<b>\$ 1,880,339,873</b>	<b>\$ 73,283,033</b>	<b>\$ 166,003,229</b>	<b>\$ 2,120,116,298</b>	<b>\$ 583,135,080</b>	<b>\$ 1,461,017,106</b>	<b>\$ 4,164,268,484</b>	

<sup>1</sup> Three paychecks this month.

<sup>2</sup> Includes longevity pay.

<sup>3</sup> Includes \$2,500 bonuses for some employees.

Source: OpenCT - Open Payroll - SERS Employees Only

**Attachment 5**

**CONNECTICUT STATE EMPLOYEE COMPENSATION - FISCAL YEAR 2021**

<u>Month</u>	<u>Bi-Weekly Compensation Rate</u>		<u>Salaries &amp; Wages</u>	<u>Other</u>	<u>Overtime</u>	<u>Total Gross Earnings</u> [Employees' Pretax Earnings] (E) = (B)+(C)+(D)	<u>Non-Retirement</u> (F) = 27% of (E)	<u>SERS Amount</u> (G) = 67% of (E)	<u>Total Compensation Expense</u> (H) = (E)+(F)+(G)
	(A)	(B)							
June-21	253,804,916	270,062,844	9,050,825	22,801,839	301,951,199	82,293,245	200,928,569	585,173,013	
May-21	252,544,982	268,602,771	6,944,169	21,810,636	297,400,266	82,103,773	198,282,514	577,786,554	
April-21	255,243,411	270,946,915	<b>26,861,772</b> <sup>2</sup>	20,986,606	318,825,960	84,227,883	211,633,286	614,687,130	
March-21	255,081,072	271,115,210	7,501,840	23,883,184	302,525,206	83,093,185	201,731,020	587,349,412	
February-21	256,000,294	271,085,205	9,849,164	27,727,878	308,697,251	83,410,705	205,632,033	597,739,989	
January-21	254,507,557	276,821,619	10,758,439	25,136,054	312,739,820	83,771,423	208,411,984	604,923,227	
<b>December-20</b> <sup>1</sup>	<b>377,926,572</b>	<b>405,718,533</b>	<b>8,596,148</b>	<b>38,683,567</b>	<b>453,036,594</b>	<b>122,754,637</b>	<b>303,230,080</b>	<b>879,021,311</b>	
November-20	252,406,712	270,188,414	6,189,609	21,964,541	298,382,937	82,146,498	199,358,640	579,888,075	
October-20	253,530,525	269,337,157	<b>23,039,957</b> <sup>2</sup>	22,185,427	314,602,525	83,813,018	209,545,270	607,960,814	
September-20	253,460,873	266,440,090	8,620,471	23,186,402	298,239,403	82,385,350	198,718,746	579,343,499	
August-20	254,806,086	268,845,268	9,274,085	23,696,773	302,933,698	82,915,300	201,373,913	587,222,911	
<b>July-20</b> <sup>1</sup>	<b>379,249,428</b>	<b>401,937,500</b>	<b>11,116,788</b>	<b>30,129,967</b>	<b>443,188,594</b>	<b>124,037,161</b>	<b>295,529,893</b>	<b>862,755,648</b>	
<b>Fiscal 2021</b>	<b>\$ 3,298,562,428</b>	<b>\$ 3,511,101,526</b>	<b>\$ 137,803,266</b>	<b>\$ 302,192,875</b>	<b>\$ 3,952,523,453</b>	<b>\$ 1,076,952,177</b>	<b>\$ 2,634,375,949</b>	<b>\$ 7,663,851,580</b>	
<b>First Half FY 2021</b>	<b>\$ 1,771,380,196</b>	<b>\$ 1,882,466,962</b>	<b>\$ 66,837,057</b>	<b>\$ 159,846,677</b>	<b>\$ 2,110,383,750</b>	<b>\$ 578,051,963</b>	<b>\$ 1,407,756,543</b>	<b>\$ 4,096,192,257</b>	

<sup>1</sup> Three paychecks this month.

<sup>2</sup> Includes longevity pay.

Source: OpenCT - Open Payroll - SERS Employees Only

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