

MAJOR POLICY SHIFTS

2011

REVISION OF COLLECTIVE BARGAINING AGREEMENT

Connecticut and the State Employees Bargaining Agent Coalition (SEABAC) agreed to (1) raise the retirement age for new and active employees from 60 to 63 with 25 years of service, (2) create the option to retire at 65 with 10 years of service, and (3) reduce the cost-of-living adjustment (COLA) from 2.5% to 2%.

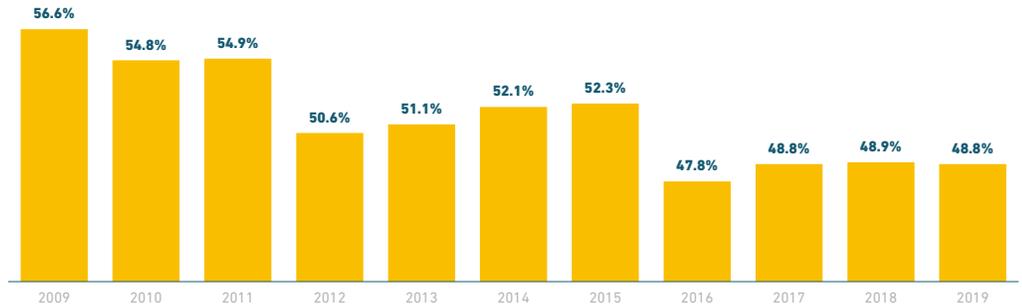
2017

REVISION OF COLLECTIVE BARGAINING AGREEMENT

Connecticut and SEABAC agreed to (1) increase the employee contribution rate from 3% to 5%, (2) revise the way the COLA is calculated, and (3) create a new tier for new employees with a multiplier of 1.3% (changed from a 1.3% multiplier plus 0.05% over the breakpoint salary) and with mandatory participation in a defined benefit plan.

FUNDED RATIO

The graphic below covers the following retirement systems: Connecticut State Employees Retirement System (SERS), Connecticut Teachers' Retirement Board (TRS), and Connecticut Municipal Employees Retirement System (MERS).

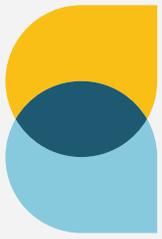
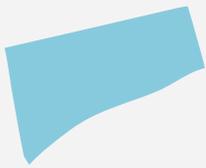


LEGAL ENVIRONMENT FOR FUTURE POLICY EFFORTS

Legislative efforts confined to new hires are excluded from analysis because they rarely face significant legal challenges.

What are some policy options?	Were there relevant policy shifts for active employees or retirees?	Have there been legal challenges?	What are the legal prospects for future changes?*
INCREASE EMPLOYEE CONTRIBUTIONS	YES Collective Bargaining Agreement (2017)	NO	<ul style="list-style-type: none"> • FAVORABLE as to active employees • N/A as to retirees
DECREASE OR ELIMINATE COST-OF-LIVING ADJUSTMENTS	YES Collective Bargaining Agreement (2011, 2017)	NO	<ul style="list-style-type: none"> • FAVORABLE as to active employees • FAVORABLE as to retirees
CHANGE VESTING PERIOD	YES Collective Bargaining Agreement (2011)	NO	<ul style="list-style-type: none"> • FAVORABLE as to active employees • N/A as to active, vested employees and retirees
CHANGE BENEFIT CALCULATION	YES Collective Bargaining Agreement (2017)	NO	<ul style="list-style-type: none"> • FAVORABLE as to active employees • UNDEVELOPED as to retirees
INCREASE RETIREMENT AGE	YES Collective Bargaining Agreement (2011); Public Act 75-531 (1975)	<p>NO (2011 Agreement)</p> <p>YES (1975 Public Act 75-531)</p>	<ul style="list-style-type: none"> • FAVORABLE as to active employees • N/A as to retirees

* **FAVORABLE** indicates that the issue survived litigation in the past and/or there is a permissive legal environment for the change.
 * **UNFAVORABLE** indicates that the issue did not survive litigation in the past and/or there is a non-permissive legal environment the change.
 * **UNDEVELOPED** indicates that the issue has not been litigated and/or the current legal environment is unclear as to what the outcome would be.



CONNECTICUT STATE LAW CONTEXT

State Provisions

ARTICLE I, SECTION 8 OF THE CONNECTICUT CONSTITUTION: "No person shall be . . . deprived of life, liberty or property without due process of law."

CONNECTICUT GENERAL STATUTE SECTION 7-148: "[R]ights or benefits granted to any individual under any municipal retirement or pension system shall not be diminished or eliminated." This provision protects municipal pensions, but not statewide systems.

Key Opinions

PINEMAN V. OECHSLIN, 488 A.2D 803 (CONN. 1985)

Following Connecticut changing the retirement age in 1975, state employees sued, claiming a contractual right to the old retirement age. The court rejected the existence of a contractual right to pension benefits, instead finding a property right: "[T]he statutory pension scheme establishes a property interest on behalf of all state employees in the existing retirement fund, which interest is entitled to protection from arbitrary legislative action under the due process provisions of our state and federal constitutions." *Pineman v. Oechslin*, 488 A.2d at 810.

PINEMAN V. FALLON, 662 F. SUPP. 1311 (D. CONN. 1987)

Following Connecticut changing the retirement age in 1975, state employees sued, claiming a contractual right to the old retirement age. The court rejected the existence of a contractual right to pension benefits, instead finding a property right protected both by Article I, Section 8 of the Connecticut Constitution and the due process clause of the Fourteenth Amendment to the U.S. Constitution: "[T]he statutory pension scheme establishes a property interest on behalf of all state employees in the existing retirement fund, which interest is entitled to protection from arbitrary legislative action under the due process provisions of our state and federal constitutions." *Pineman v. Oechslin*, 488 A.2d at 810.

However, the court further wrote that, "[i]t is by now well established that legislative Acts adjusting the burdens and benefits of economic life come to the Court with a presumption of constitutionality, and that the burden is on one complaining of a due process violation to establish that the legislature has acted in an arbitrary and irrational way," holding that the law survived due process challenge under rational basis review because the plaintiff was unable to show that the legislature had no conceivable rational basis to pass the law. *Pineman v. Fallon*, 662 F. Supp. at 1318 (quoting *Usery v. Turner Elkhorn Mining Co.*, 428 U.S. 1, 15, (1976)). (Connecticut is in the Second Circuit, and follows the due process approach articulated in *Fusco v. Connecticut*: "(a) whether a property right has been identified; (b) whether governmental action with respect to that property right amounts to a deprivation; and (c) whether the deprivation, if one be found, was visited upon the plaintiff without due process of law." *Fusco v. Connecticut*, 815 F.2d at 205 (citing *Parratt v. Taylor*, 451 U.S. 527 (1981)).

FOR MORE INFORMATION

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