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Tier IV Employee Contribution Increase

By Logan Place (/users/logan-place) on Wednesday, May 10 - 6:34pm



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Today it was announced that the Lamont Administration plans to invoke a provision in the SEBAC 2017 Agreement that permits the State to increase employee contributions for Tier IV employees by 2%. Specifically, the base contribution of 5% (base contribution is 8% for Hazardous Duty members and members of the Hybrid Plan) can be increased for one year by one-half of the difference between the state investment performance and its predicted investment performance, up to 2%. The change is effective July 1st. Employees' contribution will return to 5% on July 1, 2024 unless the state's investment performance is less than its predicted investment performance.

We have a staffing crisis and an additional 2% contribution for approximately 13,000 employees will hurt the State's ability to recruit and retain employees. At a time when the State has billions of dollars in surplus and has already made billions in additional pension payments over the last three years, this is not the time to implement this provision of the contract. While the impact on the pension debt will be negligible, it will be a significant impact on the 13,000 state workers and their families. And it is Connecticut families that will suffer as the people who provide essential public services will continue to leave for more lucrative opportunities.

Tier IV – which was negotiated in the middle of a nearly decade-long budget crisis – has proved inadequate in recruiting and retaining employees, particularly in years of surplus and a tight labor market. Implementation of this provision only exacerbates these issues.

We will continue to call on the Lamont Administration to delay the implementation of this provision during this current staffing crisis.