

Labor and Public Employees Committee JOINT FAVORABLE REPORT

Bill No.: HB-5609

AN ACT CONCERNING RETIREMENT BENEFITS AND WORKERS'

Title: COMPENSATION BENEFITS.

Vote Date: 3/18/2025

Vote Action: Joint Favorable Substitute

PH Date: 3/4/2025

File No.:

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SPONSORS OF BILL:

Labor & Public Employees Committee

REASONS FOR BILL:

The reason for this bill is to ensure that a worker's retirement benefits are not lessened due to a workplace injury that caused them to utilize workers' compensation benefits. As pensions are calculated based on salary, this bill would require that the workers' compensation benefits are not used as a salary baseline in said calculations if those would lower the retirement benefits. The bill would not alter any collective bargaining agreements in effect before the bill's effective date.

The substitute language: limits the use workers' compensation benefits in pension calculations to instances when they are greater than the wages used to calculate the employee's final average salary for his or her pension.

RESPONSE FROM ADMINISTRATION/AGENCY:

None provided.

NATURE AND SOURCES OF SUPPORT:

Brian Anderson, Legislative Director Council 4 AFSCME: Supports the bill. States the bill ensures that police officers, firefighters, public works employees and others who are hurt protecting the public do not lose pension income. Adding pensions should be based on their true income and shouldn't leave out workers' compensation income into their pension calculation and these workers are already suffering financially by being unable to work, and

work overtime, and that denying workers' true income from being calculated for their pension is unfair.

Anonymous Firefighter, Town of Stratford: Supports the bill is important because if they had a career ending injury on the job, they would essentially be forced into poverty under the current interpretation of the disability pension agreement. Adding that if they were hurt right now by the time workers' comp deemed them unable to work, they would receive a wage that is about half of the current minimum wage because workers' comp would not be calculated into the pension, adding that getting hurt helping the residents of Stratford would mean their own family could end up homeless. Stating this isn't how we should be treating the people who choose a profession of service to their community.

Anonymous Firefighter: Supports the bill, states they are a firefighter with more than 15 years of experience serving the community adds they love the job, but without retirement benefits and workers compensation providing security and stability it is hard to deal with the potential threats on scene, adding it allows time to focus on healing from injuries and not on financial burden assured that our families will be supported through death benefits. Stating this is essential wellbeing boosting morale and it shows loyalty from employers.

Michael Camperlengo, Concerned Citizen: Supports the bill. States a personal history of a close friend that was a firefighter. States the Firefighter worked for 27 years paying 8% of pay into the pension fund over that time with the promise that for 25 years of service they'd receive a living wage pension. Adding that the firefighter was injured on the job resulting in a hip replacement and doctors saying they could not return to work. Stating this resulted in the town offering \$16,000 a year in disability pension, which is much less than the 8% paid into for 27 years. Stating this is because of a new interpretation of language in law and the municipality is taking advantage of public safety employee, and questioning if anyone can live off \$16,000 a year. Stating this committee has an opportunity and obligation to fix this problem and make it.

Stacey Zimmerman, Deputy Director SEIU CT: Supports the bill. States if you are hurt at work, you should not be punished for it when you retire.

Ed Hawthorne, President Connecticut AFL-CIO: Supports the bill. States the importance of Worker' compensation, adding Sick or injured employees should not be penalized twice by having their pension benefits reduced. Stating this would mean are less likely to report work-related injuries and illnesses or seek necessary medical treatment if they fear pension reductions.

Frederick Knapp, Vice President of Stratford Professional Fire Fighters IAFF Local 998: Supports the bill. States two Stratford firefighters are facing a significant reduction in their pensions which comes by way of an unjust loophole which penalizes these members for being injured in the line of duty and receiving workers' compensation. Adding both members have served the Town of Stratford for 20 plus years and were promised a solid pension. Stating the disability pension is already capped at a significant percentage below normal superannuated retirement, this loophole further cuts that benefit by two thirds. Stating the goal is not to subvert contract language or take more than earned, but simply to be allowed the dignity to retire without being penalized for becoming injured immediately preceding retirement.

Timothy J. O'Flynn, Attorney FDC Law, IAFF Local 998: Supports the bill. States the bill protect public employees from an unjust loophole that punishes them for getting hurt at work. Adding this originates from two firefighters in Stratford that received their disability retirement estimates and they were both extremely low and were low because the workers' compensation benefits were not calculated into the estimates based off the town's interpretation of the pension agreement. Stating including workers' compensation would not inflate pensions because workers' compensation is awarded based on average pay, meaning the pension would be the same either way. Stating if not remedied this practice may spread hurting more public employees, adding public servants need to be focused on the task at hand and not if an injury at work how will they support their family.

NATURE AND SOURCES OF OPPOSITION:

Carl P. Fortuna Jr., First Selectman, Town of Old Saybrook: Opposes the bill. States the bill is an unfunded mandate on Connecticut towns and cities, and the costs associated with this proposal are incalculable and volatile. Adding The legislature continues to take collective bargaining rights away from municipalities stating the proposed changes would circumvent the collective bargaining process and amount to a windfall for the employee and provide little incentive to settle claim establishing a precedent that would enable future legislative act on to invalidate components of collective bargaining agreements if any stakeholder is unhappy with the agreed upon result. Adding requiring workers' compensation to be included in the pension calculation would also amplify negative fiscal impacts of claims by creating a mechanism that would enable a claim to continue indefinitely without being settled with the unpredictable costs further pushing municipalities into a precarious fiscal situation and jeopardizing their ability to provide similar benefits to future workers. Stating one idea for discussion with stakeholders is implementing a cap on workers' compensation benefits in/or calculating for retirement to ensure that an individual does not receive more compensation while out of work than they would have earned while working. Stating this unfunded mandate will have fiscal consequences and would significantly increase the cost of administering retirement plans.

Ronald Ing, Director of Human Resources and Risk Management Stratford: Opposes the bill. States the bill would take away municipalities right to negotiate as stated in MERA which governs the collective bargaining relationship between municipalities and public employee unions. Adding it is a municipalities job to decide how to best pay for services that it offers to the constituents and how to pay the municipal employee, stating the bill will add costs to municipalities. States workers' compensation provides benefits for an employee with the expectation they will return to work, if they cannot return to work, they keep these benefits and their pension. Adding mandating that workman's compensation be included in retirement plans it allows employees to get double benefits and forces the town to pay out more. Stating that retiring due to injury that occurs on the job does not mean an individual can no longer work, meaning they can still be employed with another employer while still collecting workman's' compensation and their retirement.

Zachary McKeown, Advocacy Manager CCM: Opposes the bill. States the bill represents an unfunded mandate on Connecticut towns and cities and the associated costs of this proposal are incalculable and volatile. Adding the legislature continues to take away collective bargaining rights away from municipalities. Adding the proposed changes would circumvent the collective bargaining process and amount to a windfall for the employee and

provide little incentive to settle claims establishing a precedent that would enable future legislative action to invalidate components of collective bargaining agreements, and requiring workers' compensation payments be included into the pension calculation would also amplify negative fiscal impacts of claims by creating a mechanism that would enable a claim to continue indefinitely without being settled leading to unpredictable costs that would further push municipalities into a precarious fiscal situation. Adding one idea for discussion with stakeholders is implementing a cap on workers' compensation benefits in/or calculating for retirement to ensure that an individual does not receive more in compensation while out of work than they would have earned while working. Stating there are also situations in which different considerations are incorporated in a municipality's independent pension plan. The municipality has the fiduciary duty to ensure these plans are solvent. This unfunded mandate will have fiscal consequences on these plans and would significantly increase the cost of administering them. Adding this mandate would negatively impact CMERS and would negatively affect the work of the Municipal Employees Retirement Commission which is working to get more municipalities into CMERS which would be more sustainable for them.

Reported by: Ian Graves

Date: 4/1/2025