



OLR RESEARCH REPORT

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OLR BACKGROUNDER: STATE EMPLOYEE LONGEVITY PAY

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This report describes state employee longevity payments and changes made to the practice in 2011.

SUMMARY

Longevity payments are lump sum payments given to long serving state employees. Until 2011, almost all active state employees with at least 10 years of state service could receive the payments, which are made twice a year, in April and October. Payment amounts were typically based on an employee's pay and increased after 15, 20, and 25 years of service. They are also included in an employee's "salary" for purposes of determining retirement benefits.

Longevity payments to the state's unionized employees are governed by their individual union contracts. Payments to nonunion employees are authorized by state law. In 2011, the state made several changes to longevity pay through contract negotiations with the unions (SEBAC 2011) and the enactment of PA 11-1, June Special Session. Although the specifics differ for union and nonunion employees, these changes generally phase out the practice over the long term.

UNIONIZED STATE EMPLOYEES (SEBAC 2011)

The law requires the state to collectively bargain over state employee retirement and health benefits with a coalition representing all unionized state employees (CGS § [5-278](#)). The coalition, known as SEBAC (State

Employees' Bargaining Agent Coalition), consists of a representative from each of the 15 unions that represent the state's unionized employees. The 15 unions further consist of 34 collective bargaining units that individually negotiate contracts for issues such as wages and longevity pay. In 2011, the state and SEBAC negotiated an agreement which, among other things, required the collective bargaining units to adopt changes to the longevity pay provisions in their contracts (for a more complete description of the entire 2011 SEBAC agreement see OLR Report [2012-R-0032](#)).

Under the agreement, employees hired after July 1, 2011 will no longer be eligible to receive any longevity payments. Employees hired before then remain eligible for the pay; however, the agreement imposes a two-year freeze, from July 1, 2011 through June 30, 2013, on the accumulation of service time used to determine payment amounts and eligibility. After June 30, 2013, the accumulation of service time resumes as if the two-year freeze had not occurred.

In effect, this freeze will postpone some employees' eligibility for longevity pay. An employee with 9 years of service in June 2011 will be counted as having 9 years of service in 2012 and 2013 and remain ineligible for longevity pay, but then have 12 years of service, and be eligible, in June 2014. Similarly, an employee with 14 years of service in June 2011 will have his or her 15-year longevity pay increase delayed for two years.

The agreement also required employees with capped longevity payments to skip their October 2011 payments and employees with uncapped payments to forfeit equal amounts.

NONUNION STATE EMPLOYEES (PA 11-1, JUNE SPECIAL SESSION)

For most nonunion state employees, [PA 11-1](#), June Special Session, required the Department of Administrative Services (DAS) commissioner, Office of Policy and Management (OPM) secretary, chief court administrator, and Legislative Management Committee to implement changes to the longevity payments of their respective nonunion classified and unclassified officers and employees that are comparable to the eligibility provisions of the executive pay plan. (The act's wage and longevity pay provisions do not apply to elected officials and Judicial Branch officers and employees whose wages are set in statute, such as judges, family support magistrates, and workers' compensation commissioners.)

The executive pay plan is set by DAS and applies to positions such as agency commissioners and deputy commissioners. To receive longevity payments under it, an employee must have been eligible for the October 2010 payment. Employees who were not eligible to receive that payment cannot receive them in the future. The years of service used to determine an employee's payment is also frozen at the years he or she had as of January 6, 2011. The plan also features fixed payment amounts (as opposed to a percentage of an employee's salary) for different salary levels and years of service.

Pursuant to the act, the DAS and OPM commissioners issued [Item No. 1707-E](#) in September 2011. It states that longevity payments will (1) only be made to employees who were eligible to receive a payment in April 2011 and (2) be based on the years of service an employee had on September 1, 2011. The Legislative and Judicial branches instituted the same provisions for their respective nonunion employees soon after.

By freezing employees' service accumulation, the changes will prevent an eligible employee's payment from increasing when he or she reaches the 15, 20, and 25 year milestones. However, payment amounts can vary depending on the employee's salary.

Table 1 compares the major changes made to longevity payments for union and nonunion state employees.

Table 1: 2011 Changes in Union and Nonunion Longevity Pay

Provision	Union Employees	Nonunion Employees
Ends longevity pay eligibility for:	Employees hired after July 1, 2011	Employees with less than 10 years of service as of April 1, 2011
Service accumulation	2-year freeze, from July 1, 2011 to June 30, 2013, then resumes accumulating as if freeze had not occurred	Frozen at employee's service as of September 1, 2011
Additional provisions	October 2010 payment skipped	

LONGEVITY PAYMENT AMOUNTS

According to the comptroller's office, longevity payments in April 2011 (prior to the changes discussed above) totaled \$20.25 million. In April 2012, the payments totaled \$18.8 million. Presumably, the payments

will continue to decrease as the most senior employees retire and are replaced by new employees who will be ineligible for any longevity payments. Table 2 shows a further breakdown of the longevity payments in April 2011 and April 2012.

Table 2: April 2011 and April 2012 Longevity Payments

Date	Union	Nonunion	Total
April 2011	Employees: 28,639 Payments: \$13.2 million	Employees: 3,600 Payments: \$7.0 million	Employees: 32,239 Payments: \$20.2 million
April 2012	Employees: 26,553 Payments: \$12.2 million	Employees: 3,236 Payments: \$6.2 million	Employees: 29,789 Payments: \$18.8 million

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