



TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

PLANNING AND DEVELOPMENT COMMITTEE

March 5, 2010

The Connecticut Conference of Municipalities is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 90% of Connecticut's population. We appreciate this opportunity to testify on the following bill of interest to towns and cities:

R.B. 337, "An Act Concerning Municipal Postemployment Benefit Funding Bonds"

CCM appreciates the intent behind this proposal – to provide towns and cities with a mechanism by which to provide postemployment benefits.

Municipalities, like the State, face a burgeoning problem of paying for post-employment benefits for retired employees. In many municipalities, municipal pension funds are underfunded. GASB accounting rules have created further problems for non-pension retirement benefits.

According to one study, there are at least 24 municipal entities with more than 40% underfunded pensions; an additional 23 with pensions between 30%-40% underfunded.

Municipalities need options and tools with which to approach these problems. A question is whether 337 is overall best approach to take.

CCM urges the Committee to consider and support a proposal that was recommended by the Collective Bargaining, Health Care and Pensions Subcommittee of the Municipal Opportunities and Regional Efficiencies (MORE) Committee – as well as the Governor: *provide for municipal pension reform through development of an alternative benefits plan*. This proposal – to find a lower-cost state alternative pension system for new hires – promises long-term savings and a reduction in the chronic problem of underfunding.

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If you have any questions, please call Ron Thomas or Gian-Carl Casa of CCM, at (203) 498-3000.