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HIGHER EDUCATION AND EMPLOYMENT ADVANCEMENT COMMITTEE THURSDAY, MARCH 8, 2012

PUBLIC HEARING TESTIMONY IN SUPPORT OF

SENATE BILL 241, "AN ACT ALLOWING ADJUNCT FACULTY MEMBERS OF THE REGIONAL COMMUNITY-TECHNICAL COLLEGE SYSTEM TO WAIVE MEMBERSHIP IN A STATE RETIREMENT PLAN."

Good Morning Chairwoman Bye, Chairwoman Willis, Ranking Member Boucher, Ranking Member Legeyt, and members of the Higher Education and Employment Advancement Committee. I am truly appreciative of your action to raise this concept for public hearing and welcome the opportunity to express my support for this effort.

I became aware of this issue when I was contacted by a state resident regarding the effect his part-time employment at Manchester Community College will have on his personal retirement account. As party of the collective bargaining agreement for community college staff and faculty, he is mandated to participate in the retirement program. As a result of this mandated participation, his ability to make contributions to his personal IRA, the way he as a sole proprietor funds his pension plan, is prohibited. The IRS will not allow someone who is part of a retirement plan to also make contributions to a deductible IRA.

The end result is that while the individual truly enjoys teaching within the Community College System, it does not bring him sufficient income to offset the tax penalties he will incur if the IRS disallows his IRA contribution. If there is ultimately no way to disavow any retirement benefit that the State may afford him, or change the requirement specific to the Community College System, he will be unable to continue to teach within that system.

Upon research we learned that:

1) Unlike the Community College System, the State College system does not mandate such coverage, he therefore is penalized by choosing to provide the same course he could teach at UConn, at Manchester Community College.

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- 2) Based on IRS regulation, if an individual works for a corporation, he or she is allowed to belong to two retirement plans, both of which are deductible as expenses to the sponsoring organization.
- 3) That even though the State is willing to verify that the individual is not vested in the retirement system, and unable to collect benefits, the fact that he is considered part of the program under IRS rules will not permit him to make the deductible IRA payment he needs for his actual, drawable retirement fund.
- 4) This problem has arisen many times and resulted in the Community College System losing out on experienced, specialized and high quality teachers.

Ann L. Bonney, Director of Credit-Free Programs at Manchester Community College, said that if you work for Credit-Free, it has to be as an individual employee and "we still toil under the rule that you have to participate in an employee retirement plan." The college does not feel that instructors can be hired as independent contractors. She has stated that she has lost other good instructors over this issue and she hopes it will be resolved in the future now that MCC has merged with the state universities, but there has been no movement yet.

The State is in the process of encouraging job retraining. The best teachers for this are often individuals who own their own small businesses. Unless a change is made, very few of these potential instructors will be able to afford to teach these very specialized classes. The bill as proposed would allow part-time instructors as Community Colleges to be able to waive their right to be part of the pension plan as are part-time, adjunct faculty members employed at the University of Connecticut or one of the four State Universities.

Again, I thank the committee for raising this important effort to retain professional, experienced instructors within our Community College System. I stand ready to answer any questions that the membership may have in this regard.

FROM STATE CONTROLLER'S RETIREMENT WEBSITE

New Employees Only (No Prior State Employment)

State statutes require that each State of Connecticut employee be covered by a retirement system. **This is a mandatory requirement.**

If you are employed in a position statutorily defined as a state teacher or a professional staff member in higher education you may elect membership in the State Employees Retirement System (SERS) Tier III retirement plan, the SERS Hybrid Plan, the Alternate Retirement Program (ARP), or, if eligible, the Teachers Retirement System (TRS) within 60 days of your employment. **This is a one-time, irrevocable election.** If you do not make an election within the 60 day period you will automatically become a member of SERS Tier III. **No change to an employee's retirement plan membership is permitted after initial election or following 60 day default.** However, if you elect SERS Hybrid Plan or ARP membership and are subsequently employed in a position not eligible for SERS Hybrid Plan or ARP participation, you must be enrolled in SERS Tier III.

Classified employees automatically become members of SERS Tier III.

**Special Note: Certain part-time, adjunct faculty members employed at the University of Connecticut or one of the four State Universities also have the one-time, irrevocable option of waiving membership in a retirement plan within 60 days of their employment. Once membership in a retirement plan is waived an employee is no longer eligible to elect to participate in a retirement plan in any subsequent part-time employment with that agency or the Board of Governors of Higher Education or any other of its constituent units within the State of Connecticut including the Community Colleges.*