Testimony of Jan Hochadel  
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**H.B. #7148: AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM**

Appropriations Committee  
March 6, 2019

Senator Osten, Representative Walker, Senator Formica, Representative Lavielle, and members of the Appropriations Committee: I am Jan Hochadel, and as the President of AFT CT I represent over 15,000 teachers and other school related personnel, including paraprofessionals. It is on their behalf I offer testimony on behalf of H.B. No. 7148: AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM.

We applaud the Governor for making recommendations to shore up the Teacher Retirement Fund. Connecticut teachers work hard to provide our students with a quality education that consistently is ranked among the best in the country. They deserve a dignified, secure retirement. The proposal by Governor Lamont and Treasurer Wooden is a significant step in that direction. It makes key adjustments that promote the viability of the fund: it adjusts the anticipated rate of return of the fund to 6.9% from the overly optimistic 8%; it respects the bond covenant, and it minimizes the anticipated spike a dozen years from now. These steps will help ensure the long-term health of the fund.

We must also note the budget fully meets the requirements for the retiree healthcare fund. For too long, active teachers have shouldered the burden of paying over 40% of the costs because the State has not met its obligation. The TRB has managed to provide a quality healthcare system for our retired teachers while efficiently managing costs despite the underfunding, but the system would be facing insolvency again if the State did not fully meet its obligations. We must remember that passing any costs to our retired teachers is harmful to them, because they do not receive Social Security. The Governor’s recognition of the moral and financial obligation the State has to this program is gratifying.

Our primary concern is the proposed transfer of some of the costs of the Teacher Retirement System to the towns. The towns are understandably concerned that once that process begins, it will only grow. If the financial responsibility of the pension begins to be borne by property taxes, we worry about the long-term effect on our communities. We find that many cities and towns are already feeling pinched financially, and in negotiations are shifting healthcare costs and limiting raises to our teachers. We can recruit the high-quality teachers that have spearheaded Connecticut’s educational sense only if we provide a fair wage and a secure retirement. The shift of Pension costs to the towns does nothing to make our retirements more secure statewide and will clearly depress wages even further. While there is much to applaud in House Bill #7148, we believe this provision should be eliminated or significantly amended.

Thank You