Good evening Senator Osten, Representative Walker, Senator Formica, Representative Lavielle, and members of the Appropriations Committee.

My name is Ed Messina and I am the President of the Association of Retired Teachers of Connecticut. On behalf of the 37,000 CT retired teachers, we would like speak in support of Governor Lamont’s proposed budget for FY 2020-FY 2021 as it relates to the teachers’ pension fund.

Our retirement benefits are dependent on legislative decisions and past government promises. Connecticut teachers do not contribute to Social Security; however, they do contribute 7 percent of their annual income to the Teachers Retirement Fund.

Over the years, while teachers contributed to their retirement funds and health care costs, state budgets did not adequately contribute to the Teachers Retirement Fund. As a result, there is an unfunded liability of more than $13 billion in the Retirement Fund. Unless these funds are maintained, Connecticut will no longer be able to attract and keep qualified educators to maintain its high standards of education.

In response to Connecticut’s financial condition, many news reports have focused on the State’s pension liabilities and the need to change government pensions. Many of these articles confuse the pension contributions of teachers with the pension contributions of state employees.

These reports ignore the fact that teachers contribute a significantly larger portion of their salaries toward their pension and are not able to fully participate in the social security system. There is also a casual disregard for the fact that both retired teachers and state employees have paid their fair share to ensure a solvent system while state government has not.

Gov. Ned Lamont wants to use the state’s projected $380 million budget surplus to smooth out projected payments to the fund and avoid a multi-billion-dollar liability coming up in 2025. The proposal that the governor developed with State Treasurer Shawn Wooden, is projected to save $2.8 billion over the next five years for the system, which has about 37,260 retirees and 50,000 active teachers.
Second, he proposes to use about $381 million of January’s estimated $462 million surplus in the fiscal year that runs through June 30, to essentially backstop the retirement program, assuring bond holders of their principle and interest.

Third, Lamont will ask that net revenues from the Connecticut Lottery Corp., projected at $371 million next year and more than half-a-billion dollars by 2032, be available to support what would become the new Teachers’ Retirement Fund Special Capital Reserve Fund.

These three ideas are all sensible ways to put our pension funds on the road to recovery. More will be needed in the future to ensure full sustainability, but we appreciate Governor Lamont’s proposals, especially in the context of competing budgetary priorities.