February 27, 2019

Chairmen McCrory and Sanchez, Ranking Members Berthel and McCarty, and esteemed members of the Education Committee:

Thank you for allowing us to submit testimony in opposition of S.B. 7150.

I am very concerned with the Governor’s proposal which requires municipalities to fund a portion of teacher pension costs for many reasons including:

1. **It penalizes municipalities for the fiscal mismanagement of the State** - though they have had no say in the design or maintenance of the fund.
2. **This does nothing to restructure pensions going forward for fiscal sustainability.**
3. **It doesn’t provide a guarantee or lockbox that the funds municipalities provide will be used for - and only for - pension obligations.**
4. **It doesn’t provide a seat at the table for municipalities** - just redirects money to a system the state has proven unable to manage effectively.
5. Adding further injury, **it adds further surcharges for those whose teacher salaries exceed the state median - without any consideration of the relative cost of living or the impact of binding arbitration.** The two factors are beyond local control yet have a significant impact on final salary agreements.

If local municipalities will be forced to pay they **must have a seat at the negotiating table** for any agreements impacting local budgets and taxpayers.

Further, the state need to correct underlying structures that feed and exacerbate these issues including:

1. **Revisiting future arbitration and contract practices.** Unions are an important tool to give workers a seat at the table. Citizens also need some space at the table too. And the current setup favors the unions over the needs of citizenry / greater good.
2. **Revisiting future pension planning for new hires in education.** The current is financially challenged AND doesn’t serve many of the educators who pay into it (thanks to 10 year vesting period). Given they are ineligible for Social Security - this is a double whammy for educators who invest immensely in their own education so that they may serve our state’s children.

Connecticut faces hard problems, but many of these proposals will exacerbate them. Floating so many ideas (this, the car tax, regionalization, etc.) to transfer funds from municipalities to the state, while neither addressing underlying issues nor locking those funds to the purpose they need to serve (e.g. debt reduction) adds volatility and uncertainty for employers, citizens and the housing market. There is no confidence that the problems will be addressed by these moves. Rather, in the worst housing market in a decade [1], these measures add additional financial challenges and burdens to municipalities whose Grand Lists still haven’t bounced back from the
Great Recession, including those that have been as fiscally sound as possible and taken care of all of their obligations responsibly.

Thank you again for reading our testimony. Please reach out with any questions or comments you may have. Best,

Kim and Matt Hall
Wilton CT