

# Finance, Revenue and Bonding Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-6930  
AN ACT CONCERNING THE DEVELOPMENT OF BEST PRACTICES FOR  
**Title:** GOVERNANCE STRUCTURES OF MUNICIPAL RETIREMENT PLANS.  
**Vote Date:** 4/18/2023  
**Vote Action:** Joint Favorable  
**PH Date:** 4/14/2023  
**File No.:**

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## **SPONSORS OF BILL:**

Finance, Revenue and Bonding Committee; Representative Maria Horn, 64<sup>th</sup> District; Representative Cristin McCarthy Vahey, 133<sup>rd</sup> District.

## **REASONS FOR BILL:**

This bill would require each municipality to provide the Comptroller with a statement on whether the municipality has adopted an investment policy, as well as data about each retirement plan the municipality offers to its employees. It would also require the Comptroller, Treasurer, and Office of Policy and Management (OPM) Secretary to develop best practices for municipal retirement plan governance structures and training resources to help municipalities implement or improve their plans' governance structure. The Comptroller must report to the Finance, Revenue and Bonding and Planning and Development Committees on best practices, training resources developed and any recommendations for related legislative changes.

The proponents of the bill wanted to provide municipal pension boards with technical assistance in implementing or improving their plans' governance structure.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

[Cristin McCarthy Vahey, State Representative, Connecticut General Assembly](#) testified as the main proponent of the bill. Like all of those in local government in Fairfield in 2008, she was stunned to learn that the Madoff Ponzi scheme meant that over \$40 million of Fairfield's investment had disappeared. In response to the losses, new members of the Joint Retirement Investment Board, managing a portfolio of close to \$500 million, developed a series of safeguards and policies to avoid the overexposure that had so negatively impacted the town's retirement fund, costing local taxpayers millions of dollars.

Rep. McCarthy Vahey asserted that the State should provide, at the very least, a minimal level of support and information to local volunteer bodies who are investing hundreds of millions of dollars on behalf of local retirees. This would give local boards unbiased information that is not offered solely by firms seeking to sell their services to a pension fund for a profit.

There are an estimated 60 municipally run pension funds and many municipal 401(k) plans. Collecting basic information about the status of municipal plans will provide increased transparency into the health of the funds as well as a window into the support that the Comptroller, Treasurer and OPM could provide in the way of information and resources. The data provided through this bill will help our municipalities save money by reducing costs and maximizing invested resources.

[Sean Scanlon, Comptroller, State of Connecticut](#) testified in support of the bill's concept. The collection of municipal retirement program data is important to understand the various retirements programs offered by local governments. We would be better able to work with our state government partners and with nationally recognized research organizations to identify best practices for governing and managing pension plans. Providing municipalities with best practices and resources is our goal. We aim to secure and yield positive results for their beneficiaries; not to mandate changes to their plans.

Comptroller Scanlon respectfully requested that the deadline for municipalities to report information be changed from November 1, 2023, to January 1, 2024, to give more time to submit the data. Subsequently, the legislative reporting date should be changed from February 1, 2024, to July 1, 2024.

#### **NATURE AND SOURCES OF SUPPORT:**

[Brian Anderson, Legislative Director, Council 4 AFSCME](#) noted that just about all of Connecticut's municipal governments are suffering from understaffing. This bill would allow for studying municipal worker retirement plans. Instituting pensions for municipal workers will help increase municipal job competitiveness. Our union believes that all working Americans should have pensions. A major worry of American workers is that they will face a life of poverty when they get too old to work. Currently, the median American retiring at age 65 on a 401k has just \$43,000 in total assets. Bringing back public employee pensions will put positive pressure on the private sector to reinstate pensions.

[Matt Fifer, President, Council 4 Torrington Police Local](#) testified on behalf of the AFSCME Public Safety Council, which represents 1,900 municipal police officers. They are in favor of compiling the data and establishing best practices for municipalities regarding retirement. Police and fire jobs are physically taxing and staying on the job too long can jeopardize public safety. There is already a law that a police officer needs special permission to work for every year after 65. A wedge is driven between the generations of officers in the same department when older officers will receive pension and younger officers will not. Guaranteeing a pension to police officers is the right thing to do as have many other states already done. Maybe we should consider the CMERS pension like the one in Massachusetts.

#### **NATURE AND SOURCES OF OPPOSITION:**

[Randy Collins, Advocacy Manager, Connecticut Conference of Municipalities \(CCM\)](#) expressed concerns regarding the potential cost to towns and cities that would be required to compile this information. This may create a redundancy for municipalities that already provide this information to the Connecticut Fiscal Health Monitoring System, administered by OPM. The development of best practices and training resources could be done without legislation. Another concern is that municipalities will have to implement any mandated recommendations coming from the Office of the State Comptroller. CCM is willing to continue conversations with the proponents to determine the fiscal impact of meeting the requirements of this bill.

**Reported by: Pamela Bianca**

**Date: April 26, 2023**