TESTIMONY OF JEFF LEAKE, PRESIDENT

AND ROBYN KAPLAN-CHO, RETIREMENT SPECIALIST

THE CONNECTICUT EDUCATION ASSOCIATION (CEA)

S.B. No. 873

AN ACT STABILIZING THE TEACHERS’ RETIREMENT FUND

BEFORE THE APPROPRIATIONS COMMITTEE

APRIL 5, 2019

Good afternoon Senator Osten, Representative Walker, and members of the Appropriations Committee. My name is Jeff Leake and I am the president of the CEA, and with me is Robyn Kaplan-Cho, our teacher retirement specialist. We represent active and retired teachers across the state of Connecticut who are members of the State Teachers’ Retirement System.

CEA strongly supports the proposal set forth by the Governor and Treasurer Wooden that is embodied in Senate Bill 873 that ensures the long-term viability of the teachers’ retirement fund. This plan accomplishes two critically important objectives – it reduces the state’s annual payments to a more manageable level (and minimizes the anticipated spike in payments as we approach 2032), while also allowing the assumed rate of investment return to be lowered from 8% to 6.9%. OPM estimates that this proposal will generate budgetary savings of $183.4 million in FY 2020 and $189.4 million in FY 2021, for a total of $372.8 million over the biennium. Moreover, it is able to do this without violating the bond covenant from the 2008 pension bond issuance.

This is a win-win for the state and its dedicated active and retired public school teachers. CEA would like to commend the Governor and Treasurer Wooden for their commitment to making much-needed structural changes necessary to address decades of state underfunding. This will ensure the long-term solvency and stability of the fund for years to come.

Please support Senate Bill 873. Thank you for your time and consideration.