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TESTIMONY OF ROBYN KAPLAN-CHO, RETIREMENT SPECIALIST

THE CONNECTICUT EDUCATION ASSOCIATION (CEA)

H.B. No. 7148 AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE THIRTIETH, 2021, RELATED TO

THE STATE TEACHERS' RETIREMENT BOARD (STRB)

BEFORE THE APPROPRIATIONS COMMITTEE

MARCH 6, 2019

Good afternoon Senator Osten, Representative Walker, and members of the Appropriations Committee. My name is Robyn Kaplan-Cho and I am the Retirement Specialist for the CEA, representing 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 to ensure 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%. Moreover, it is able to do this without violating the bond covenants from the 2008 pension bond issuance. This is a win-win for the state and its dedicated active and retired public school teachers.

CEA also would like to acknowledge that the Governor's budget appropriates the full required funding level to the retired teachers' health insurance fund which also is critically important. Please remember that the retiree health fund was originally set up to be sustained primarily by contributions from active and retired teachers along with a committed appropriation from the state. The reality is that active teachers have contributed the lion's share to this fund and their contributions have never wavered. In fact, over 40 percent of the cost of the retiree health insurance program is borne by active teachers' contributions. Despite being underfunded for years, the Teachers' Retirement Board has managed to run a quality but cost efficient health program for retired teachers. But without the full funding this year, this would not be possible much longer as the health fund was on the verge of insolvency once again. Due to this proposed budget's full appropriation combined with recent changes to the Medicare program instituted by the TRB, the health fund should now remain more stable than it has been over the past two decades.

Thank you for your time and consideration.