

## **Pension Sustainability Commission**

### **MEETING MINUTES**

**Tuesday, July 24, 2018**

**10:30 AM IN ROOM 1B OF THE LOB**

#### **I. CONVENE MEETING:**

**The meeting was called to order at 10:30 AM by Chairman Rep. Steinberg.**

**The following commission members were present:**

Representative Jonathan Steinberg, Michael Imber, Greg Messner, Carmen Roda, Ted Murphy, Joseph Rubin, Erin Choquette (for Shane Mallory), Justice C. Ian McLachlan, Tara Downes, Larry Wilson (for Treasurer Nappier)

**Absent were:**

Three vacancies at time of meeting: President Pro Tempore of the Senate, Minority Leader of the House of Representatives, Governor

#### **II. OPENING REMARKS:**

Chairman Rep. Steinberg opened the meeting by discussing the current financial crisis facing the state. He stressed the importance of resolving the ongoing pension problem as a critical step towards remedying the state's fiscal issues. He pointed out that the single largest factor in this budget crisis has been the growing pension liabilities — both with the state workers and with teachers. He went on to explain that reducing this liability must be the state's top priority and is something this commission has been tasked with. He explained that we really can't cut spending enough, particularly at this point, to close the gap after eight years of cuts. Raising taxes in his opinion is probably not on the table. And it is his belief that it's unrealistic to expect to grow our way out of this problem in the short term. He then presented the fourth way to address the fiscal condition of the state-trying to monetize state-owned assets to generate money for the pensions. The chairman explained that this commission will explore potentially selling state-owned real estate and other assets to help generate millions for pensions.

#### **III. INTRODUCTION OF COMMISSION MEMBERS:**

Commission members introduced themselves offering a brief background of their careers and areas of expertise as they relate to the charge of the commission.

#### **IV. PRESENTATION BY SECRETARY BEN BARNES, OFFICE OF POLICY AND MANAGEMENT:**

Secretary Barnes gave a presentation to commission members entitled **State of Connecticut – Status of Pension Plan Funding**. Within his presentation the secretary commented on the state employees' retirement system (SERS) history, key factors in SERS underfunding, actuarial assumptions and results as of June 30, 2016 valuation, current employer contribution projections, and exposure to market risk high for Teacher Retirement System (TRS).

A copy of his presentation can be found by clicking on the link below:

[http://cga.ct.gov/fin/tfs/20180710\\_Pension%20Sustainability%20Commission/20180724/Pension%20Presentation.pdf](http://cga.ct.gov/fin/tfs/20180710_Pension%20Sustainability%20Commission/20180724/Pension%20Presentation.pdf)

Following Secretary Barnes's presentation there was conversation among commission members as summarized below.

Rep. Steinberg commented that real estate options are varied, including partnering with third parties and leasing buildings. One of the commission's first tasks is to compile a comprehensive list of state assets, which it currently does not have.

A discussion also took place regarding the lottery option which members explained could be based on a model in New Jersey, which was pushed by former Republican Gov. Chris Christie and signed into law. Rep. Steinberg pointed out that since the lottery was initially destined to pay for education costs perhaps that could be used to target teachers' pensions. He also stated that in theory, everything is on the table — all state assets not just the lottery.

Secretary Barnes closed by noting that the state pension problems have been growing for decades because governors and legislators did not place the proper funding into the system on an annual basis. He went on to explain that there are no quick fixes to a pension system that is unfunded, they need to be addressed with patience.

## **V. DISCUSSION OF MEETING SCHEDULE:**

In closing the meeting Rep. Steinberg explained that the new group is scheduled to make recommendations by Jan. 15 so the legislature can take action during the 2019 session. It is his plan to hold meetings every other week during the month of August and in the meantime relevant articles/documents will be posted on the commission's website for members and the public to read.

Link to website:

[http://cga.ct.gov/fin/taskforce.asp?TF=20180710\\_Pension%20Sustainability%20Commission](http://cga.ct.gov/fin/taskforce.asp?TF=20180710_Pension%20Sustainability%20Commission)

## **VI. CLOSING REMARKS:**

The meeting was adjourned at 12:08 P.M. by Chairman Rep. Steinberg.

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**Tom Spinella**

**Administrator**

**Dawn Marzik**

**Clerk**