

Senator Toni Boucher Testimony in Support of Appropriations Bills to Reduce State Tax Burdens

Senator Formica, Senator Osten, Representative Walker, Representative Ziobron and distinguished members of the Appropriations Committee, my name is Toni Boucher and I represent the residents of the 26th State Senatorial District. I am here to testify in support of four bills that I believe will help to lower the tax burden on Connecticut residents and businesses.

State pensions are now being funded at 35%, down from 42% and far below the accepted level of 85%. The current level state employee fringe benefits are driving up costs, taxes and budget deficits to an unsustainable level and have our put our state in financial peril. Other states, notably Rhode Island, and most Connecticut towns and cities have faced the high costs of employee benefits and made the changes needed to solve their budget problems. It is past time that the state also moves in this direction and makes the reforms to the retirement system that must be made.

The first bill, **SB 86**, An Act Increasing Copays under the State Employee Health Care Plans, would nominally increase the co-pays state employees pay for doctor visits and prescription drugs, but would result in significant savings for state taxpayers. This bill would increase the co-payments for doctor's visits from \$15 to \$30 and increase the co-payments for prescription drugs from \$5 to \$10.

While a fiscal analysis of this proposal has not been done, changes that required state employees to contribute more for their healthcare have saved hundreds of millions of dollars in the past. Doubling co-payments to \$30 for doctor's visits and \$10 for prescriptions is still one third or more of what individuals pay in the private sector or in municipal governments. It should be noted that with these changes State employees would have one of the best health insurance plans in the country.

For some time we have talked about a need to reform state employee pensions, how they are funded, and how the payments are calculated. The vote taken earlier this year was simply more of the same kick-the-can approach that has been happening for years. We rob Peter to pay Paul with the knowledge that our children and grandchildren and even our great-grandchildren will be faced with an \$11 billion bill in the future. We need to address the steps needed to resolve our problems now.

SB 87, *An Act Increasing Contributions by State Employees to the State Employee Retirement System*, would move toward bringing state employee pension contributions in line with the private sector and even our municipalities. Having employees contribute only two percent or none of their salaries toward their pension is insufficient and unrealistic. This proposal would increase employee contributions to eight percent. Your committee could also change this number to 6% to match what our teacher's contribute if it so chooses.

The final bills I will discuss are **SB 90**, *An Act Excluding Reimbursements to State Employees for Mileage and Payments for Overtime from the Calculation of Retirement Income*, and **SB 92**, *An Act Eliminating Longevity Payments and Overtime Compensation from the Calculation of Retirement Income for State Employees*. Both measures attempt to reign in the high pensions paid to some state employees and that have the public in disbelief that these have been added to pensions currently.

I understand that there may have been a time when such incentives were needed to attract and keep people in state service positions, but that is not the situation today. It has been disclosed and reported that these items to boost employee pensions are often abused.

Many of our state employees are also now well compensated and even receive higher salaries than they would for the same private sector work. We have to end the practice of allowing employees to pad their pension salaries with tens-of-thousands of dollars in overtime and longevity payments. Pensions based on an employee's base salary should be the norm.

Even worse is the practice of adding mileage reimbursements into the salary and pension calculation. If the state paid for a vehicle's fuel to begin with, no one would consider including that cost as part of a salary. Reimbursements are payments intended to make the employee whole and should not in any way be construed as a payment for work rendered.

We are now half way through the 2017 legislative session and still have very serious budget issues to face. I hope you will consider my comments and the purpose behind them and behind these bills you have before you today. Our residents and businesses are looking at us to resolve these costs that are at the root of our budget issues which have driven up the cost of living and have too many leaving for other states. I believe these measures can help reverse this trend and are a step in the right direction. Thank you for your consideration of these proposals.