
Connecticut Governor Seeks to Shift Teacher Pension Costs to Towns, Cities.

Gov. Dannel Malloy's proposal comes as state faces budget shortfall; measure could force local governments to raise property taxes

Connecticut Gov. Dannel Malloy said Friday he wants to shift more than $400 million in annual teacher pension costs from Hartford down to cities and towns, as the state wrestles with ways to balance its budget.

If adopted, the measure could force local governments to find new ways such as property-tax hikes to offset the new costs.

Mr. Malloy's proposal comes as the state faces a budget deficit of about $1.7 billion for the fiscal year that begins in July. The governor, a Democrat, plans to submit his budget plan to close that shortfall on Wednesday.

"I'm going to ask for a lot of additional sacrifices," Mr. Malloy said at a news conference Friday.

The state currently pays about $1.2 billion annually toward the pension system for teachers across the state. Towns and cities don't pay into the system. Mr. Malloy's proposal, which would have to be approved by the Legislature, wouldn't reduce pension benefits for teachers, who pay 6% of their of their salary into the pension fund.

Fairfield First Selectman Michael Tetreau said his town would have to pay $27.5 million toward teacher pensions under governor's plan. Mr. Tetreau, Fairfield's top municipal officer, said the town would have to raise property taxes by 10% to cover that.

"I'm in totally disbelief that anyone would even propose that," Mr. Tetreau said. "It merely transfers the tax burden from the state to the town, but it's still the same taxpayers that are paying for it."

Joe DeLong, executive director of the Connecticut Conference of Municipalities, called Mr. Malloy's proposal a "colossal cost transfer." He said local governments would urgently need to tap new revenue streams in order to make these pension payments. His group has called for the creation of a 1% local sales tax for all of Connecticut's cities and towns to bring in new cash.

"It's a full-frontal assault on local taxpayers," said Peter Tesei, the first selectman of the town of Greenwich. It will "further drive local taxpayers to move elsewhere," he said.

Mr. Malloy said the state currently pays into the retirement system based on factors it can't control, such as how many teachers a town can afford to hire and how much they pay them. It is not based on student enrollment or need, Mr. Malloy said.

Under the current system, that means towns that can afford to hire the most teachers and pay them the highest salaries get the most pension funding, he said. "The current system results in vast disparities,” Mr. Malloy said.

By comparison, the state is scheduled to pay $24 million for the pensions of teachers in Greenwich, a wealthy town. For New Britain, one of the state’s low-income districts, that figure is $18 million.

Officials in Bridgeport, another low-income district, estimate the change could cost the city between $12 million and $13 million. Av Harris, director of legislative affairs and public policy for Bridgeport, said those additional costs would be significant. But he noted that Mr. Malloy has called for additional municipal aid and public-school funding for cities like Bridgeport.

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