

The Truth About the Newest Early Retirement Controversy

○ **Background - Four Key Facts:**

- After years of hiring freezes and last year's retirement incentive program (RIP), **Connecticut is dangerously understaffed.**
- Due to the old "pay as you go system," and many past RIPS, **Connecticut's retirement system is poorly funded.**
- Connecticut continues suffer a budget crisis, and **both sides (Unions and the Governor) claim they have "win/win" solutions** that will help.
- If the sides don't agree, their collective bargaining agreement, backed by state and federal law, provides the method to **resolve their differences through binding arbitration by a neutral arbitrator** agreed to by both parties.

○ **Comparison of Solutions**

| IMPACT | UNIONS' PLAN | GOVERNOR'S PLAN |
|----------------------------------|---|--|
| Savings in Budget | At least \$65 Million | About \$65 Million |
| Effect on Public Services | ↑ Improves State Services by encouraging those workers to stay during the understaffing crisis | ↓ Serious Damage to Services by removing thousands of experienced workers from already understaffed public safety, education, healthcare and other critical positions |
| Effect on Pension Funding | ↑ Improves funding | ↓ Serious Damage to Budget by increasing unfunded liability \$1 - \$2 BILLION for pension and other post-employment benefits, depending on how many leave |

○ **Conclusion**

Neither party's short-term solution will solve Connecticut's budget woes. As the unions have argued all along, that will happen only with a real jobs program that jump-starts Connecticut's economy, and puts people back to work. But between the two proposals which provide about the same amount of savings in this year's budget, **the governor wants to reward people for leaving just when Connecticut's people need their services the most.** This results in poorer state services, and a huge increase in the state's pension related debt. **The Unions want to reward people for staying on and working during our understaffing crisis.** This results in better state services, and better pension funding. The governor should just agree to the Union's proposal. If she doesn't agree, she should arbitrate the differences as the collective bargaining agreement requires.