

Joyce Okonuk
First Selectman
Town of Lebanon
Testimony
Before the
Labor Committee
February 26, 2013

*Written
only*

RE: HB-5533, An Act Concerning the Municipal Employee Retirement Contribution Rate

As First Selectman of the Town of Lebanon, I support **HB-5533, An Act Concerning the Municipal Employee Retirement Contribution Rate**, which will create a more equitable mechanism for funding the Municipal Employee Retirement Fund.

In order to fund the municipal employees retirement system, towns have had to contribute an increasing share of the costs. This imposes a tremendous cost burden on our towns and is unfair to taxpayers.

State aid to municipalities has been flat funded for a number of years although the cost of delivering critical services, such as education and public safety, have increased significantly. We must do something to assist towns in managing costs.

State law caps the municipal employee contribution rate at 2 ¼% of earnings subject to Social Security taxes plus 5% of earnings on which no Social Security tax is paid. Participating municipalities are required to contribute the remainder of the costs needed to finance the plan. As a result, towns are picking up a greater share of municipal pension costs at a time. This is diverting scarce resources from essential public services.

Connecticut needs to address concerns with the Municipal Employees Retirement System to ensure that it is a sustainable program for funding pensions.

I urge your support for HB-5533.