

**Testimony in Support of House Bill No. 5533 – An Act Concerning the Municipal
Employee Retirement System**

**Labor & Public Employees Committee – Public Hearing
February 26, 2013**

**Matthew W. Hart
Town Manager, Town of Mansfield**

Thank you for the opportunity to testify in support of House Bill No. 5533, an act that would increase the contribution rate for members of the Municipal Employee Retirement System (MERS).

Mansfield's regular employees working 20 or more hours per week and our full-time firefighter/EMT's participate in MERS. Many of our non-certified school employees are also enrolled in MERS.

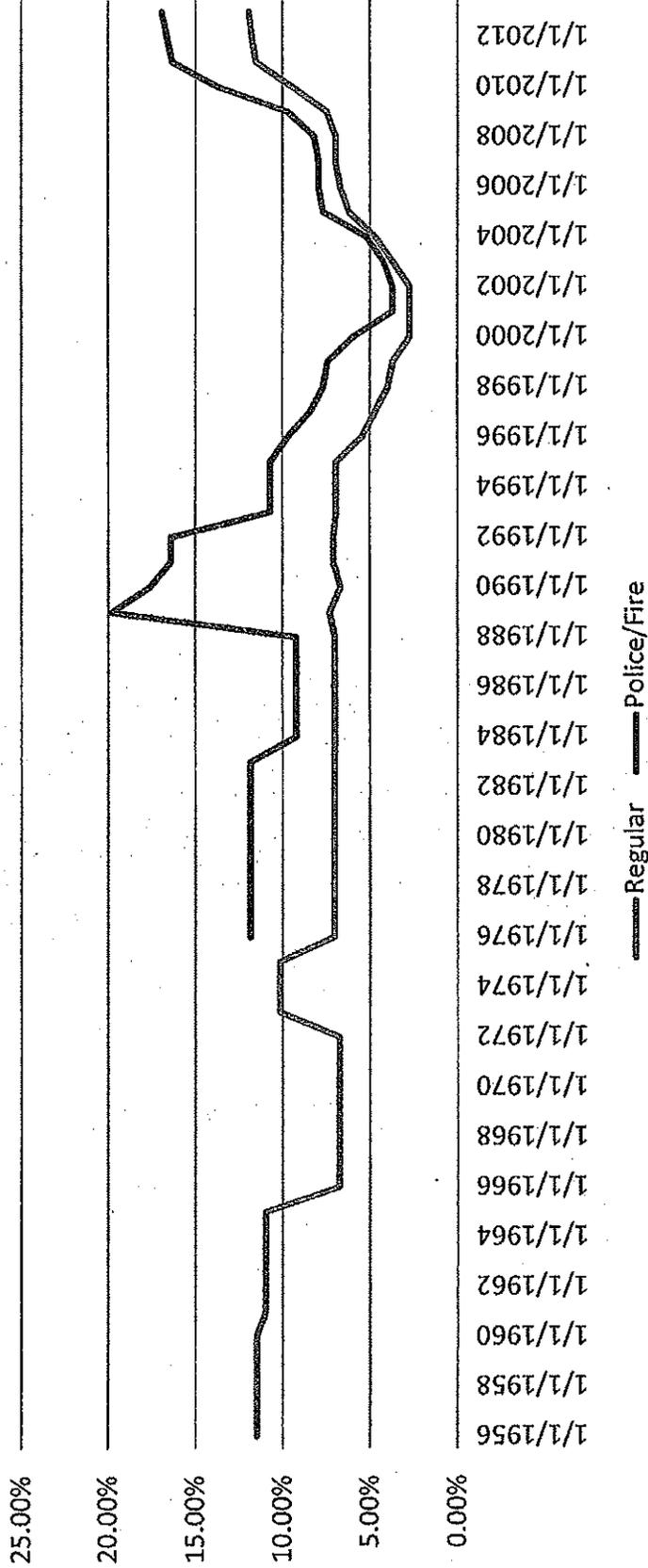
As you will note on the attached spreadsheet, the employer contribution since the inception of MERS has averaged 7.70% for regular employees and 10.69% for police/fire. On its face, this historical contribution rate may not appear that onerous. However, I have also attached a graph that illustrates the volatility in the employer contribution, particularly over the last 10 years. As noted by CCM, from 2002-12 the employer contribution rate has increased by 392% (3% to 11.76% of payroll) for regular employees and by 444% (3.75% to 16.65% of payroll) for public safety employees. The dollars associated with the increase in the employer share are significant. In FY 2007/08, Mansfield paid \$608,669 into MERS on a payroll of \$8,548,663. In FY 2011/12, the amount the Town paid to MERS increased to \$1,070,049 on a payroll of \$8,718,926. This increase totals \$461,380 or 75% over a four year period in which wages increased by only 2% in aggregate. The past four to five years have been very difficult for all levels of government and the recent increases to the employer contribution to MERS have placed an enormous strain on Mansfield's operating budget. In addition, the challenge to funding MERS has made the Town more reticent to fill employee vacancies and to hire new full-time employees.

You may ask why, given this significant increase in the employer contribution rate, the Town of Mansfield has not moved to leave MERS or create a new plan for new hires. The answer is multifaceted. Notably, under state law a participating municipality can create a successor plan to MERS only if that plan is of equal value to the state plan. Furthermore, the Town must enroll all eligible employees in MERS and there is no ability to create a separate plan for new hires.

HB 5533 would help to resolve the challenge of funding MERS by increasing the employee contribution, which has remained flat at 2.25% of payroll since the inception of the plan. Mansfield is joining its municipal colleagues and CCM in seeking to increase the employee contribution rate for non-social security participants from 5% to 8% over time, and the contribution rate for Social Security participating employees from 2.25% to 5%, also over time. By sharing the burden more equitably between the employer and the employee, MERS would become more sustainable in the future, to the benefit of both taxpayers and municipal employees.

I encourage your support of House Bill No. 5533, and would be happy to answer any questions you may have.

CMERS Contribution Rates



CMERS - Contribution Rates
Employees with Social Security

Effective Date	Regular	Police/Fire
7/1/1956	11.50%	
7/1/1957	11.50%	
7/1/1958	11.50%	
7/1/1959	11.50%	
7/1/1960	11.50%	
7/1/1961	11.00%	
7/1/1962	11.00%	
7/1/1963	11.00%	
7/1/1964	11.00%	
7/1/1965	11.00%	
7/1/1966	6.80%	
7/1/1967	6.80%	
7/1/1968	6.80%	
7/1/1969	6.80%	
7/1/1970	6.80%	
7/1/1971	6.80%	
7/1/1972	6.80%	
7/1/1973	10.20%	
7/1/1974	10.20%	
7/1/1975	10.20%	
7/1/1976	7.10%	11.90%
7/1/1977	7.10%	11.90%
7/1/1978	7.10%	11.90%
7/1/1979	7.10%	11.90%
7/1/1980	7.10%	11.90%
7/1/1981	7.10%	11.90%
7/1/1982	7.10%	11.90%
7/1/1983	7.10%	11.90%
7/1/1984	7.07%	9.29%
7/1/1985	7.07%	9.29%
7/1/1986	7.07%	9.29%
7/1/1987	7.07%	9.29%
7/1/1988	7.07%	9.29%
7/1/1989	7.36%	19.83%
7/1/1990	6.74%	17.66%
7/1/1991	7.15%	16.44%
7/1/1992	7.15%	16.44%
7/1/1993	7.00%	10.75%
7/1/1994	7.00%	10.75%
7/1/1995	7.00%	10.75%
7/1/1996	5.50%	9.75%
7/1/1997	4.75%	8.50%
7/1/1998	4.00%	7.75%

CMERS - Contribution Rates
Employees with Social Security

Effective Date	Regular	Police/Fire
7/1/1999	3.75%	7.50%
7/1/2000	2.75%	6.00%
7/1/2001	2.75%	3.75%
7/1/2002	2.75%	3.75%
7/1/2003	3.75%	4.25%
7/1/2004	4.75%	5.25%
7/1/2005	6.25%	7.75%
7/1/2006	6.75%	8.00%
7/1/2007	7.00%	8.00%
7/1/2008	7.00%	8.25%
7/1/2009	7.50%	9.75%
7/1/2010	9.50%	13.75%
7/1/2011	11.56%	16.37%
7/1/2012	11.79%	16.65%
7/1/2013	11.98%	16.96%
AVERAGE	7.70%	10.69%