



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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*Testimony by Representative John Shaban  
Before the Labor and Public Employees Committee  
On House Bill 5533  
February 26, 2013*

Good afternoon Chairmen Osten and Tercyak, Ranking Members Markley and Smith, and members of the Labor and Public Employees Committee. I am Representative Shaban and I would like to thank this committee for letting me present my testimony in support of House Bill 5533, AN ACT CONCERNING THE MUNICIPAL EMPLOYEE RETIREMENT SYSTEM CONTRIBUTION RATE.

All of us in the General Assembly have heard of requests of our municipal officials for relief from unfunded mandates and for prudent legislation that will allow our cities and towns to manage their affairs. Too often we pass legislation with the best of intentions, only to hear from our mayors and first selectman about the negative impact our efforts are having on municipal budgets.

Raised Bill 5533 presents an opportunity to both pass prudent legislation, and to give our municipalities a modicum of financial help.

As this committee knows, the Municipal Employee Retirement System (MERS) is a state run pension program provided to Connecticut municipalities. MERS was created in 1947 to give cities and towns the opportunity to offer their employees a stable pension benefit through pooling municipal monies under a combined management structure.

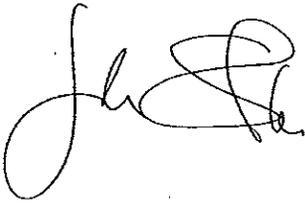
While the annual contribution rate for municipalities is adjusted nearly every year by the State Retirement Commission, the employee contribution rate has not changed in over 60 years – as in 1947, the employee contribution rate is still 2.5 – 5% of the employee's income (varying on whether the employee also participates in social security). This has resulted in a disproportionate share of the financial burden being placed on the municipality – indeed, in the last decade the municipal contribution rate has increased 400% while the employee rate has stayed the same. Even worse, the recent assessments have been both large and unpredictable (E.G., Weston had two consecutive years of 20% increases) thus placing an incredible budgets.

I proposed a similar bill in 2012, HB 5400. It made it to the floor of the House but unfortunately was never called.

Raised Bill 5533 finally ticks the employee contribution rate upwards to restore balance to the fund and to the system, and to give our cities and towns a small degree of relief in a time when it is most needed.

Thank you for allowing me to testify on House Bills 5533. I urge your support for this common sense measure.

Sincerely,

A handwritten signature in black ink, appearing to read "John Shaban". The signature is fluid and cursive, with a large initial "J" and a stylized "S" at the end.

Rep. John Shaban  
135th District