



**Testimony
Betsy Gara, Executive Director
Connecticut Council of Small Towns
Before the
Labor Committee
February 19, 2013**

RE: SB-704 - AN ACT CONCERNING RETIREMENT DEFINITIONS OF MUNICIPALITIES AND PARTICIPATING MUNICIPALITIES RELATING TO THE MUNICIPAL EMPLOYEES' RETIREMENT FUND

SB-704 is aimed at remedying administrative inconsistencies in the application of eligibility provisions related to the Municipal Employees Retirement Fund.

It is our understanding that the State Retirement Commission has tried to tighten up eligibility related to the Municipal Employees Retirement Fund, which we believe is appropriate. It is unclear how SB-704 intends to address "inconsistencies" but we would oppose efforts to expand eligibility, particularly in view of concerns regarding funding the Municipal Employees Retirement System.

Under current law, the State Employees Retirement Commission is authorized to increase employer contribution rates and has done so on eleven occasions in the past 12 years. However the employee contribution rate is set in statute and has not been increased since its inception. As a result, municipal employers are shouldering an increasingly larger burden in funding the system. In 2002, the employer-employee contribution ratio was 55% municipality/45% employee. By July 2013, the ratio will be 82% municipality/18% employee. This contribution ratio is creating an unsustainable system.

To ensure the continued financial viability of the system, Connecticut must adjust the employee contribution rate and more equitably fund the Municipal Employee Retirement System.

COST recommends amending the statutorily set employee contributions to the Municipal Employee Retirement System by increasing such contributions by 1% annually over the next three years-to total employee contribution to MERS of 5.25%.