



**Testimony  
Betsy Gara  
Executive Director  
Connecticut Council of Small Towns (COST)  
Before the Labor Committee  
February 27, 2014**

**RE: SUPPORT – SB-219, An Act Concerning the Municipal Employee Retirement System Contribution Rate**

The Connecticut Council of Small Towns (COST) supports SB-219, which adjusts the employee contribution rate to more equitably fund the Municipal Employees Retirement System.

**According to the Office of Legislative Research, the statutorily set employee contribution rate has not changed since MERS was established in 1947. However, in the past 12 years, however, the employer contribution rate has been increased 12 times.**

State law caps the municipal employee contribution rate at 2 ¼% of earnings subject to Social Security taxes or 5% of earnings not subject to Social Security taxes. Participating municipalities\* are required to contribute the remainder of the costs needed to finance the plan.

As a result, from FY 02 – FY 12, for employees covered by social security, the employer share for regular employees has increased from 37% to 70% and from 35% to 75% for hazardous duty employees. For employees not covered by social security, the employer share for regular employees has increased from 55% to 84% and from 63% to 88% for hazardous duty employees for the same time period.

This imbalance in funding the Municipal Employees Retirement System is straining the budgets of municipalities, forcing reductions in critical services or increases in property taxes.

**COST supports adjusting the statutorily set employee contributions to the Municipal Employee Retirement System by increasing such contributions by 1% annually over the next three years for a total increase of 5.25%. This is a modest proposal which addresses the imbalance in the current system.**

\*Small towns (<30,000 population) participating in MERS: Andover, Ansonia, Beacon Falls, Bethany, Bozrah, Branford, Canterbury, Canton, Clinton, Colchester, Coventry, Cromwell, Derby, East Haddam, East Hampton, East Haven, Easton, Ellington, Greenwich, Griswold, Lebanon, Mansfield, Middlefield, Monroe, Montville, New Fairfield, New London, Oxford, Plymouth, Portland, Preston, Prospect, Putnam, Redding, Ridgefield, Seymour, Stonington, Thompson, Waterford, Watertown, Weston, Wethersfield, Winchester, Windsor Locks, Woodbridge, Woodstock. *\*May be limited to Education, Housing, Police, Public Works, Town employees.*