



Town of Redding

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Joyce Pemberton, First Selectman, Town of Redding
Testimony before the Labor Committee

Re: SB-219, An Act Concerning the Municipal Employee Retirement Contribution Rate

The Town of Redding urges support for SB-219, An Act Concerning the Municipal Employee Retirement Contribution Rate, which will increase the contribution rate of employees to the Municipal Employee Retirement Fund.

The amount the town must contribute to fund pension costs constitutes a significant share of total town expenditures. These costs are likely to accelerate in the coming years because total pension costs are mushrooming. The municipal employee contribution rate, which is set by statute, has never been increased. To fund pensions, towns are picking up a greater share of municipal pension costs at a time when property taxpayers simply cannot afford it. This is diverting scarce resources from essential public services.

Consider this stark comparison of the trend over the past several years for the Town of Redding. In fiscal year 2003-04, employees contributed 42% of the funds placed into our MERS account. Only 7 years later, in the fiscal year 2011 budget, that share had dropped to only 14%, with the town required to pick up 86% of the costs. The monetary contribution increased from \$159,000 or 1.75% of the 2003 town budget to \$526,000, or 4% of the 2011 town budget. That is an increase of \$367,000 for a town with only 65 employees. This trend is unsustainable, and, I suggest to you, unfair to the public, who has been required to shoulder the increased costs.

The employee rate of contribution has remained unchanged at 2.25%, while the town contribution has grown from 2.75% in 2003 to 11.56% in 2011. The jump for police employees is even greater, from a 3.75% contribution to 16.37% in 2011.

According to a report by the Pew Center on the States, 18 states have recently taken action to reduce their pension liabilities either through reducing benefits or increasing employee contributions – or both – and more were expected to do so. Connecticut also needs to take steps to bring municipal pension costs back in line. SB-219 is a modest proposal that will more equitably fund the Municipal Employee Retirement System