UNITED PUBLIC SERVICE EMPLOYEES UNION
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April 16, 2019

VIA U.S. Certified Mail

Connecticut General Assembly
Attn: Planning and Development Committee
Legislative Office Building, Room 2100
Hartford, CT 06106

RE: Municipal Employees Retirement System – Proposed Governor's Bill - SB 882

Dear Planning and Development Committee Members,

As the Regional Director of the Meriden office for the United Public Service Employees Union (UPSEU), which represents approximately 28,000 members in the Northeast, approximately 10,000 of which are in the State of Connecticut, I feel it is imperative that I address significant concerns regarding the proposed Governor's Bill SB 882.

Upon review of the aforementioned proposed bill, which was introduced by Senator Martin Looney, Senator Bob Duff, Representative Joe Aresimowicz, and Representative Matt Ritter, and concerns the Municipal Employees' Retirement System, what troubles me most is the extent to which the hard-working members, who participate in CMERS, throughout this state will be financially harmed if such proposed changes are implemented.

As you are perhaps aware, in 1947 the State of Connecticut established the Municipal Employees Retirement System (MERS) which provides municipalities the ability to participate in such retirement system for its respective employees. My organization represents thousands of members that are currently active participants (and many retirees) in MERS through the respective municipality where they are or were employed. The Governor's proposed increases to employee contributions in Bill SB 882, which has been referred to your committee are as follows:

1. Effective July 1, 2019, for members on that date not covered by Social Society will be expected to contribute **7% of compensation** to the retirement fund. Those covered by Social Security will be expected to contribute **4.25% of compensation**.

2. Effective July 1, 2020, members not covered by Social Society will be expected to contribute **9% of compensation** to the retirement fund. Those covered by Social Security will be expected to contribute **6.25% of compensation**.

3. Effective July 1, 2021, members not covered by Social Society will be expected to contribute **11% of compensation** to the retirement fund. Those covered by Social Security will be expected to contribute **8.25% of compensation**.

This is an approximate 6% increase to our members' contribution amount to the fund over only three (3) years and thus a reduction in their take home pay by that same amount. I would like to point out that the majority of our members, if not all, live paycheck to paycheck and such change would unquestionably be detrimental to the financial success and wellbeing of our members and their families.

Through the collective bargaining process, our dedicated UPSEU staff is continually advocating on behalf of members by negotiating general wage increases, contract language improvements, and mitigating increasing health insurance costs. However, despite our best efforts the steady increase of health insurance and reduction of other benefits employers routinely demand typically negates any general wage increase that is achieved at the bargaining table. Therefore, to provide an additional expense to our members' participating in MERS over such a short period of time would only exacerbate the loss of money for our members.

While I can understand and appreciate that the State of Connecticut is, pursuant to the advice of its Actuary, looking for avenues to ensure a healthy MERS plan, what approach will be taken should be very carefully and cautiously considered. Municipalities that participate in MERS have already been notified that they will see their pension costs rise by as much as 16 to 21 percent, within the next five years, which could be a million dollar plus increase, dependent on the respective municipality. I highly anticipate that the participating MERS Municipalities will make very concerted efforts to minimize a large portion of their increased costs by seeking to pass them on to our members through the contract negotiation process. This will, undoubtedly, impact our general wage increase discussions and only compound the negative financial effect on our members.

In conclusion, I urge each of you to fully analyze this specific matter and to consider other alternatives than implementing a plan that will undoubtedly negatively impact the hard-working municipal employees and tax payers in this state.

Thank you for your continued efforts in advocating for your respective constituents while serving on this important committee.

You are welcome to contact me at 203.235.4485 if you wish to speak with me further regarding this matter.

Respectfully,

Matt Geer
UPSEU Regional Director

cc: Kevin Boyle, Jr., UPSEU President
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