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sSB-882
AN ACT CONCERNING MUNICIPAL ARBITRATION AND THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM.
AMENDMENT
LCO No.: 10641
File Copy No.: 724
Senate Calendar No.: 350

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 20 $	FY 21 $
Various Municipalities Participating in the Municipal Employees' Retirement System (CMERS)	Savings	See Below	See Below

Explanation

The amendment strikes the underlying bill and its associated fiscal impact.

The amendment results in savings to municipalities participating in the Connecticut Municipal Employee Retirement System (CMERS) by increasing the employee share of the pension contribution by 3% over six years (0.5% per year starting in FY 20) after which contributions revert to current law. Total savings in CMERS employer contributions are estimated to be $3.4 million in FY 20; $7 million in FY 21; and $11 million in FY 22; $15.2 million in FY 23; $19.7 million in FY 24 and $24.6 million in FY 25 when fully phased in compared to current law.[1]

[1] Based the most recent available CMERS actuarial valuation as of July 30, 2018. Assumes total contribution rate and benefit structure remain constant.

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The employer contribution rates for FY 20 were established in June 30, 2018 valuation, therefore savings will not be realized by municipalities until FY 21 at the earliest unless a revised June 30, 2018 valuation is issued. The savings for FY 21 will be reflected in the employer contribution rate reported for FY 21 in the June 30, 2019 valuation. The savings in FY 22 through FY 25 will be reflected in the employer contribution rate reported for in actuarial valuations for the system starting with the June 30, 2020 valuation.

The retirement system currently has 10,096 active members (5,874 with social security and 4,222 without social security).

The annualized ongoing fiscal impact is interpreted to end in FY 25, when employee contribution rates revert back to current law. The future impact will be reflected in increased employer contribution rates presented in future CMERS actuarial valuations.