

OFFICE OF FISCAL ANALYSIS

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sSB-882

AN ACT CONCERNING MUNICIPAL ARBITRATION AND THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM.

AMENDMENT

LCO No.: 10659

File Copy No.: 724

Senate Calendar No.: 350

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities that Participate 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). 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 an annualized savings of \$24.6 million in FY 25 when fully phased in compared to current law.¹ The employer

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

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 and thereafter 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 preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.