

OFFICE OF THE FIRST SELECTMAN

Michael R. Criss First Selectman, Town of Harwinton

PLANNING & DEVELOPMENT COMMITTEE

February 19, 2021

Good Afternoon, my name is Michael R. Criss, I am the First Selectman for the Town of Harwinton and I am submitting testimony regarding H.B. 6421 "An Act Concerning the Continuation of Retirement Allowances for Certain Retirees Upon Subsequent Employment by a Board of Education."

H.B. 6421 "An Act Concerning the Continuation of Retirement Allowances for Certain Retirees Upon Subsequent Employment by a Board of Education"

Thank you for the opportunity to comment and submit testimony on proposed H.B. 6421 "An Act Concerning the Continuation of Retirement Allowances for Certain Retirees Upon Subsequent Employment by a Board of Education." The Town of Harwinton and CCM are opposing this bill as submitted.

H.B. 6421 seeks to permit retired public safety personnel to receive retirement allowances if such personnel are employed by a local or regional board of education in a public safety capacity after retirement. This proposal, does not include any state long-term assistance compounding cost for local governments who, under this bill, would be paying a pension and a salary to the same employee simultaneously. Long ago, the State of Connecticut abandoned the partnership and programs with regional and local school districts that helped to provide SROs for our students despite pleas from local municipalities to continue the program and share the costs.

Additionally, under the bill, the retiree/employee could potentially become eligible for another lucrative pension while employed under the provisions promulgated by this bill. This bill would squeeze the balloon and inflate costs, particularly for MERS towns.

The MERS contribution rates for employees have largely remained the same since the system was established. Currently the employee contribution rates range from 2.25% to 5% depending on whether the employee is considered non-hazardous duty or hazardous duty (police and fire), respectively.

Over the years as the Municipal Employee Retirement Fund (MERF) has been actuarially evaluated municipal employer contribution rates have been steadily increased to ensure adequate funding and solvency. Recently, the assumed rate of return for the MERF was reduced from 8% to 7%.

TOWN OF HARWINTON

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This creates a significant funding gap that will have to be filled by increasing the contribution rates for municipal employers. As a result, municipalities enrolled in MERS are facing an increase in required contributions 11.74% to 14.22% for non-hazardous duty employees and 17.13% to 19.95% for hazardous duty employees.

Over the years the State has created additional tiers for newly hired employees to help reduce the costs associated with growing retirement benefits and liabilities. However, municipalities have not been allowed this opportunity because the contribution rates are set in statute. This also prohibits towns and cities from collectively bargaining changes to contribution rates to make them more equitable.

Accordingly, the Town of Harwinton & CCM is asking for the ability to create a new tier within MERS that would:

- a. exclude overtime from retirement benefit calculations;
- b. increase the retirement age to 62;
- c. limit cost-of-living increases to between 0 and 2%, and
- d. increase employee contributions

The Town of Harwinton and CCM is also asking for the ability to collectively bargain changes to contribution rates. For these reasons, the Town of Harwinton and CCM **strongly oppose** H.B. 6421 at this time.

Thank you for allowing me to submit testimony on behalf of the Town of Harwinton and CCM. If you have any further questions, please feel free to contact me at any time.

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General Assembly

Raised Bill No. 6421

January Session, 2021

LCO No. 3262

03262____PD_

Referred to Committee on PLANNING AND DEVELOPMENT

Introduced by: (PD)

AN ACT CONCERNING THE CONTINUATION OF RETIREMENT ALLOWANCES FOR CERTAIN RETIREES UPON SUBSEQUENT EMPLOYMENT BY A BOARD OF EDUCATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 7-438 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2021*):

- (a) Any member retired under this part who again accepts employment from [this] the state or from any municipality of [this] the state, other than a participating municipality, shall continue to receive his or her retirement allowance while so employed, and shall be eligible to participate, and shall be entitled to credit, in the state retirement system for the period of such state employment, but [any such member] he or she shall not be eligible to participate or be entitled to credit in any municipal retirement system for the period of such municipal employment.
- (b) If a member is retired under this part and again accepts employment from the same municipality from which he <u>or she</u> was retired or any other participating municipality, he <u>or she</u> shall be

eligible to participate, and shall be entitled to credit, in the municipal employees' retirement system for the period of such municipal employment. Such member shall receive no retirement allowance while so employed except if (1) such employment is for less than twenty hours per week, or (2) his or her services are rendered for not more than ninety working days in any one calendar year, provided that any member reemployed for a period of more than ninety working days in one calendar year shall reimburse the Municipal Employees' Retirement Fund for retirement income payments received during such ninety working days.

(c) Notwithstanding the provisions of subsection (b) of this section, if a uniformed member of a paid municipal fire department or a regular member of a paid municipal police department is retired under this part and subsequently accepts employment of a public safety nature from any school district or regional school district, which district is a participating municipality, he or she shall continue to receive his or her retirement allowance while so subsequently employed, but he or she shall not be eligible to further participate or be entitled to additional credit in the municipal employees' retirement system for the period of such subsequent employment.

This act sha sections:	all take effect as follows	and shall amend the following
Section 1	October 1, 2021	7-438

Statement of Purpose:

To permit retired public safety personnel to receive retirement allowances, but not credit in a municipal pension system, if such personnel are employed by a local or regional board of education in a public safety capacity after retirement.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]