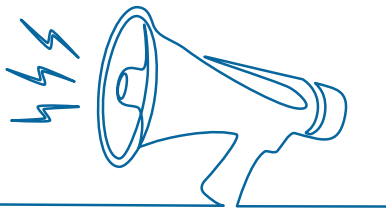
LABOR ISSUES & MUNICIPAL LIABILITY

CCM Public Policy Issue Bulletin



The services towns and cities provide are only as good as the critical employees who work everyday to enable municipalities to function. Municipal leaders must balance a variety of factors when budgeting for services and ensuring the employees are working in a competitive market. Although there are many factors that local leaders must consider, some have larger impacts on a local budget than others. It should be no surprise that employee benefits and compensation are one of the most significant cost drivers of municipal budgets.

CCM has been building a positive working relationship with labor groups to work collaboratively in supporting the local workforce. There remain issues that local officials strive to address each year.

Workers' Compensation and Mandates

Workers' compensation is an insurance that provides cash benefits and/or medical care for workers who are injured or become ill as a direct result of their job. Municipalities are required to carry workers' compensation insurance and it's especially critical for municipal jobs that may carry a higher risk of injury such as police and fire. Connecticut is a no-fault state in regards to workers' compensation, but there have been multiple legislative proposals in Connecticut that would shift that burden onto municipalities. The consequence of which would be costly for property taxpayers.

Shifting the burden, or "presuming" that if an employee experiences a particular injury that it be work-related imposes a significant burden on towns and cities and would be a dramatic shift in traditional public policy. It has been tried before with negative effect. For example, prior to 1996, there was a presumption under workers' compensation that if a police officer or firefighter experienced hypertension or a heart ailment that it be work-related. This resulted in tens of millions of dollars being paid out, which forced the legislature to sunset the law because of its costs and abuse.

In recent years, similar presumptions have been proposed including presuming that if a firefighter contracts cancer then it is work-related; a mandated presumption of Post Traumatic Stress Disorder (PTSD) coverage for first responders; and another would have presumed that any contraction of COVID-19 would be considered to have been contracted at work. Expanding workers compensation benefits can be very costly, which is why CCM has worked with police and fire to develop solutions – that do not include workers' compensation presumptions and work within the existing workers' compensation system - to take care of our employees without negatively impacting a municipal budget.

In 2016, CCM worked with the firefighter labor union to create a separate fund, outside of workers' compensation, to provide wage replacement for eligible employees that contract cancer. This work continued in 2023 with the establishment of compensation for the employee outside of the workers' compensation system and is state funded. While we were successful in obtaining a direct appropriation in the budget for firefighter cancer relief, it is important to recognize the need to establish a dedicated revenue source that is sustainable for years to come in order to make the compensation system work for both municipal employers and employees long-term. CCM also has worked with the police unions to provide PTSD coverage in certain limited and horrific cases. CCM has always been a willing partner to ensure employees are taken care of through compromise and collaboration.

Connecticut's Municipal Employees Retirement System (CMERS)

This is a public pension plan provided by the State of Connecticut for participating municipalities' employees. Unlike the State Employees Retirement System, which is negotiated between the Governor's Office and state employee unions and has multiple tiers, CMERS benefits and structure are set in state statute and until the passage of Public

For Fiscal Years Ending	June 30, 2023*	June 30, 2022	June 30, 2021	June 30, 2020
Employer Contribution Rates				
General Employees				
With Social Security	17.55%	16.44%	14.95%	13.73%
Without Social Security	21.58%	19.02%	16.39%	14.23%
Police and Fire				
With Social Security	23.11%	22.45%	20.95%	19.45%
Without Social Security	24.82%	23.59%	21.92%	20.24%

Act 24-151, Section 82, municipalities did not have the opportunity to negotiate benefit levels between municipal employers and municipal employees. Employer contributions have steadily increased and maintaining adequate funding for CMERS is becoming increasingly unsustainable financially. In order to contain costs, some municipal leaders have called on the legislature to establish a new tier within the CMERS, similar to the state, so towns and cities can begin to achieve long-term savings. With the creation of the new Municipal Employees Retirement Board in Public Act 24-151, Section 82 , we are optimistic systemic changes are obtainable.

Prevailing Wage

Prevailing wage mandates require workers on public works construction projects to receive the same wage that is customarily paid for the same work in the project's town. Appropriate thresholds for remodeling, refinishing, refurbishing, rehabilitation, alteration and new construction, are essential to municipalities in managing their limited resources. Currently, the thresholds for new construction are $1 million, which was enacted in 2017, while the renovations threshold remains at one hundred thousand ($100,000). The renovations threshold has not been updated since 1991.

Without the legislature increasing these thresholds, municipalities are paying at least 20% more on projects subject to prevailing wage requirements and this is exacerbated by the recent cost of living and inflationary increases. The combination of prevailing wage requirements and inflation has strained municipal budgets and is making them even more reliant on the local property tax. Prevailing wage thresholds are just one of the many factors that municipal officials have to balance when budgeting.

Municipal Liability

Municipal liability not only affects the administration of our local governments, but also our property taxpayers who support them. Towns and cities are seeing record high legal settlements. This leads to a corresponding increase in insurance premiums, which strains already tight municipal budgets.

One way to address this growing concern is through setting limitations on municipal liability, in particular capping damages towns and cities are required to pay. We realize injured parties should receive fair damages; however, we are striving for a balance to ensure it is a reasonable compensation without undue financial impact on taxpayer funds.

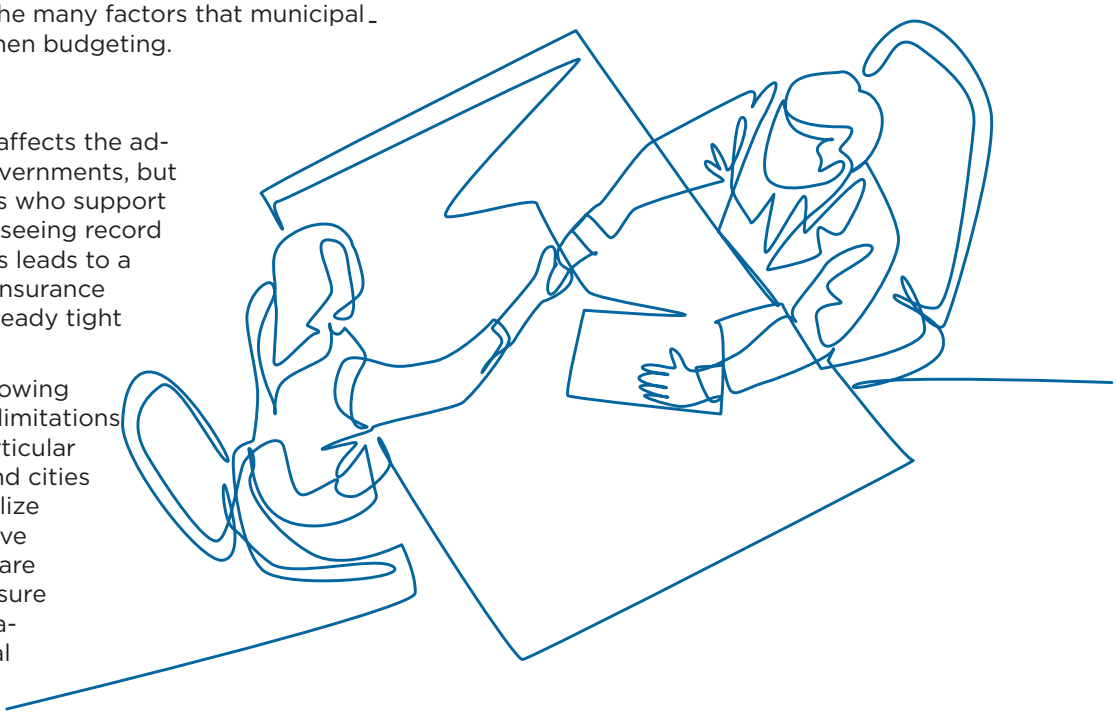
While the phrase "tort reform" is often a non-starter at the State Capitol, we are not suggesting sweeping reform, rather suggest taking a meaningful approach towards capping only those statutes with the greatest exposure for municipalities. Even with these limited changes, 38 other states would still have broader and more wide sweeping caps on municipal liability than Connecticut.

The reality is that larger settlements are driving up insurance premiums, making it harder for municipalities to effectively manage their budgets. This can lead to financial instability and increased property taxes.

Implementing these reforms will provide much-needed protection for our local governments. By implementing these modest statutory caps, towns and cities can mitigate rising costs, ensure that taxpayer dollars are preserved for essential services and still provide fair compensation for injured parties.

Labor Issues Remain a Focus for Municipal Issues

These labor issues are on the forefront of every local leader's mind. As explained in our earlier issue bulletin, Connecticut's municipalities are overly reliant on the property tax and there is always a balance between benefits and budget as changes to certain labor issues can have a direct effect on how much property tax you will pay. CCM remains committed to ensure there is an adequate balance in meeting the needs of municipal employees and property taxpayers.



Public Policy and Advocacy

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