SENATE DOCKET, NO. 1731 FILED ON: 1/21/2011

SENATE . . . . . No. 1305

The Commonwealth of Massachusetts

PRESENTED BY:

Robert L. Hedlund

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to early retirement for municipal employees.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Robert L. Hedlund	

SENATE DOCKET, NO. 1731 FILED ON: 1/21/2011

SENATE . . . . . No. 1305

By Mr. Hedlund, petition (accompanied by bill, Senate, No. 1305) of Hedlund for legislation relative to early retirement for municipal employees [Joint Committee on Public Service].

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to early retirement for municipal employees.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Chapter 32 of the Massachusetts General Laws is hereby amended by inserting, at the end thereof, the following new section:-

SECTION 1. (a) Notwithstanding chapter 32 of the General Laws or any other general or special law to the contrary, a municipality which accepts this section may establish and implement an early retirement incentive program for its employees in accordance with this section. (b) The chief executive officer of the municipality shall limit the total number of participating employees, with preference given to those with greater years of creditable service, and shall determine which eligible municipal employees may participate and shall approve early retirement benefits for those employees in order to avoid adverse impacts on municipal operations and services. (c) In order to be eligible to participate in a program established under this section and in addition to any other requirements imposed by the municipality, an employee shall be an active member of a municipal retirement system with at least 20 years of service whose salary is paid from the operating budget and not from federal, trust or other capital funds.

14 (d) An employee who is eligible for the early retirement incentive program may request in an
15 application for retirement that the retirement board credit the employee with an additional
16 retirement benefit of a combination of years of creditable service and years of age, in full year
17 increments, the sum of which shall not be greater than 3 years, or a lesser amount as established
18 by the municipality, for the purposes of determining the employee's superannuation retirement
19 allowance under paragraph (a) of subdivision (2) of section 5 of chapter 32 of the General Laws.
20 Notwithstanding the credit, the total normal yearly amount of the retirement allowance, as
21 determined in accordance with said section 5 of said chapter 32, of any employee who retires and
22 receives the retirement incentive program benefit shall not exceed 80 per cent of the average
23 annual rate of the employee's regular compensation as determined in accordance with said
24 section 5 of said chapter 32. All participants in the employee retirement system shall agree to
25 forego the right to accrued sick and vacation time and the amount that would have been paid to a
26 retiree for accrued sick and vacation time shall be paid into the municipal retirement system to
27 reduce the additional pension liability resulting from this program. (e) In filling positions which
28 have been vacated by employees who participate in an early retirement incentive program under
29 this section, the chief executive officer of the municipality shall be limited to paying
30 compensation, contract and professional services in an amount that does not exceed the
31 following percentage of the total annual salary of all participants in the program calculated as of
32 their respective retirement dates: 30 per cent in fiscal year 2012; 45 per cent in fiscal year 2013;
33 and 60 per cent in fiscal year 2014. (f) A municipality that establishes an early retirement
34 incentive program under this section shall provide the public employee retirement administration
35 commission with information demonstrating the value of the plan and any information requested
36 by the public employee retirement administration commission in order to allow it to evaluate the

37 plan and confirm the analysis, including historic data upon which the plan is based, the elements
38 of the municipal plan including the total number of participants, the types of eligible employees,
39 the salaries of participating employees, the benefits to be received and the limits on refilling
40 vacated positions. In addition, the municipality shall certify to the public employee retirement
41 administration commission that the present value cost of its plan is estimated to be less than the
42 present value savings and shall provide the commission with all information it requests to
43 evaluate the plan and confirm a cost analysis. (g) In order to establish an early retirement
44 incentive program under this section, a municipality shall: (1) require the chief executive officer
45 to submit its plan to the public employee retirement administration commission for approval
46 within 2 months after the effective date of this section; (2) once the plan has been approved,
47 submit the plan to the legislative body of the municipality for acceptance not later than the next
48 meeting of the legislative body at which the plan can practicably be submitted; (3) publish and
49 make available to employees the approved plan within 1 month after its acceptance by the
50 legislative body; (4) require employees to participate within 2 months of the plan's publication;
51 (5) shall determine which applicants shall be allowed to participate in the program and notify
52 them within 1 month of the application deadline; and (6) participating employees must retire
53 within 2 months of notification of acceptance. (h) submit an annual report prepared by the chief
54 executive officer to the public employee retirement administration commission, the executive
55 office for administration and finance and the legislative body; provided, however, that the report
56 shall include the salaries and positions of participants, the amount of sick and vacation time
57 being contributed by participants, the salaries and positions of those being hired as replacements
58 and whether the positions of participants have been permanently eliminated. (i) A municipality's
59 increased pension liability resulting from participation in a program established under this

60 section shall be amortized over 10 years, starting in the next fiscal year after all participating
61 employees retire, in equal installments, and shall be separately identified in the municipal
62 retirement system's pension funding schedule. (j) For purposes of sections (a) to (i), inclusive,
63 the powers and duties of the chief executive officer shall be vested in the manager of the
64 municipal lighting plant for all matters affecting municipal lighting plant employees. (j) By a
65 vote of the school committee and with the further approval of the municipal chief executive
66 officer as provided in subsection (b), members of the state teachers' retirement system and
67 teachers employed by the city of Boston who are members of the State-Boston retirement system
68 shall be eligible for an early retirement incentive in accordance with this section; provided,
69 however, that no member shall benefit from both the incentive established by this section and the
70 allowances provided for in subdivision 4 of section 5 of chapter 32 of the General Laws. In the
71 event that a municipality offers an early retirement incentive pursuant to this section to members
72 of the state teachers' retirement system or teachers employed by the city of Boston who are
73 members of the State-Boston retirement system, such municipality shall reimburse the
74 appropriate retirement system for all actuarially determined costs resulting from the members'
75 choices made under this subsection, in equal installments over a 10-ten year period starting in the
76 next fiscal year as determined by the Public Employee Retirement Administration Commission.
77 No municipality shall implement an early retirement incentive program for its teachers under this
78 section if a school or district within such municipality has been designated by the commissioner
79 of elementary and secondary education as underperforming under section 1J or 1K of chapter 69
80 of the General Laws unless the chief executive officer of such municipality receives approval
81 from the commissioner of elementary and secondary education to implement such program. Any
82 member of the state teachers' retirement system or a teacher employed by the city of Boston and

83 member of the State-Boston retirement system who retires pursuant to this section shall not be
84 eligible to be employed pursuant to subsection (e) of section 91 of chapter 32 of the General
85 Laws in a position that has been designated critical shortage by the department of elementary and
86 secondary education for the first 5 years immediately following the date of the member's
87 retirement. As to positions vacated by members electing to receive both the incentives of this
88 section and the allowances provided for in subdivision 4 of section 5 of said chapter 32, the
89 percentage applicable in subsection (e) shall be zero in fiscal 2011. Persons retiring pursuant to
90 this subsection shall retire not earlier than June 30, 2011 and not later than August 31, 2011 or
91 not earlier than June 30, 2012 and not later than August 31, 2012.