HOUSE DOCKET, NO. 713 FILED ON: 1/14/2019

HOUSE . . . . . No. 2158

The Commonwealth of Massachusetts

PRESENTED BY:

James Arciero

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 cost of living adjustments for retired public employees of the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
James Arciero	*2nd Middlesex*	*1/14/2019*
Brian M. Ashe	*2nd Hampden*	*1/22/2019*
Carole A. Fiola	*6th Bristol*	*1/29/2019*
Colleen M. Garry	*36th Middlesex*	*1/18/2019*
Carmine Lawrence Gentile	*13th Middlesex*	*2/1/2019*
Thomas A. Golden, Jr.	*16th Middlesex*	*1/28/2019*
Stephan Hay	*3rd Worcester*	*1/28/2019*
James M. Kelcourse	*1st Essex*	*1/24/2019*
Edward J. Kennedy	*First Middlesex*	*1/30/2019*
David Paul Linsky	*5th Middlesex*	*1/23/2019*
Rady Mom	*18th Middlesex*	*1/31/2019*
David M. Nangle	*17th Middlesex*	*1/29/2019*
Alan Silvia	*7th Bristol*	*1/17/2019*
Bruce E. Tarr	*First Essex and Middlesex*	*1/31/2019*
José F. Tosado	*9th Hampden*	*1/31/2019*
Timothy R. Whelan	*1st Barnstable*	*1/28/2019*

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HOUSE . . . . . No. 2158

By Mr. Arciero of Westford, a petition (accompanied by bill, House, No. 2158) of James Arciero and others relative to cost of living adjustments for certain retired public employees. Public Service.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *1322* OF 2017-2018.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

An Act relative to cost of living adjustments for retired public employees of the Commonwealth.

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

SECTION 1. Section 22C of Chapter 32 of the General Laws, as appearing in the 2010 Official Edition, is amended by striking out in line 29 the number “23” and inserting in place thereof the following number:— 26.

SECTION 2. Section 22D of said Chapter 32, as appearing in the 2010 Official Edition, is amended by inserting in line 32 after the word “approve” the following words:—provided further, however, that in the event that a system has accepted the provisions of paragraph (j) of Section 103, the funding schedule, and any updates thereto, shall be designed to reduce the unfunded actuarial liability of said system to zero as of such year, that may be subsequent to June 30, 2028, as the commission shall approve.

SECTION 3. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2010 Official Edition, is amended by striking out in lines 32, 36 and 43 the dollar amount “$13,000” and inserting in place thereof the following dollar amount:—$16,000.

SECTION 4. Section 103 of said Chapter 32 is amended by inserting the following new paragraph:—

(j) Notwithstanding the provisions of paragraph (a) to the contrary, the board of any system may, by accepting the provisions of this paragraph as hereinafter provided, elect to pay a cost-of-living adjustment on a base amount greater than $12,000. Acceptance of this paragraph shall be by a majority vote of the board of such system, subject to the approval of the legislative body. For the purpose of this paragraph, “legislative body” shall mean, the city council in accordance with its charter, in the case of a town, the town meeting, in the case of a county or region, the county or regional retirement board advisory council, in the case of a district, the district members, and, in the case of an authority, the governing body. Acceptance of this paragraph shall be deemed to have occurred upon the filing of the certification of such vote with the commission. A decision to accept the provisions of this paragraph may not be revoked. Notwithstanding the provisions of subdivision (6A) of Section 22 or Section 22D to the contrary, for each system that has accepted the provisions of this paragraph, the board, in consultation with the commission, shall prepare a funding schedule which shall reflect the costs and the actuarial liabilities attributable to the cost of living allowance that may be paid in accordance with the provisions of this paragraph and said schedule shall be designed to reduce the applicable retirement system’s pension liability to zero by such year, that may be subsequent to June 30, 2028, as approved by the commission.

The board shall file revised funding schedules triennially with the joint committee on public service until such costs and liabilities are reduced to zero.

SECTION 5. The provisions of sections one and three of this act shall take effect for cost of living adjustments to be made, in accordance with the provisions of Section 102 of said Chapter 32, commencing July 1, 2016.

SECTION 6: Subdivision (3) of section 21 of Chapter 32 is hereby amended by striking out paragraph (f) and inserting in place thereof the following paragraph:

(f) the preparation and filing with the general court, of a report, annually, in the month of January, on the computation of any increase in the United States Consumer Price Index and the percentage thereof in the previous year by the Commissioner of Social Security, including a statement that such increase in said Consumer Price Index during the last previous year requires a cost of living increase in the retirement allowances, pensions or annuities of eligible members, as defined in sections 102 and 103, equal to the percentage increase in the Consumer Price Index or 3 per cent, whichever is greater.

SECTION 7: Section 102 of Chapter 32 is hereby amended by striking out paragraph (a) and inserting in place thereof the following paragraph:

(a) The actuary in the commission shall annually in the month of January file with the clerk of the house of representatives the report prepared in accordance with paragraph (f) of subdivision (3) of section 21. The retirement allowance, pension or annuity of every member of the state employees' system and the teachers' retirement system who has received a retirement allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other beneficiary of such member who has received a retirement allowance, pension or annuity on

June 30 of the prior fiscal year, shall be increased by the percentage as determined by the actuary's report; provided that notwithstanding the actuary's report the cost of living increase shall be at least three percent. The cost of living adjustment shall be applied each July 1. Said cost of living increase shall be funded from the investment income account of the state employees' and state teachers' systems. The sum of the dollar amount of each cost of living increase, together with the amount of retirement allowance, pension or annuity to which the cost of living per cent factor is applied, shall become the fixed retirement allowance, pension or annuity for all future purposes, including the application of subsequent cost of living adjustments in future years.

SECTION 8. Section 102 is hereby amended by adding after paragraph (c) the following clauses:

(i) In any case as of June 30, 2010 but prior to June 30, 2016 where such former employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity which is sixty-five percent of the maximum social security benefit or more exclusive of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five percent of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost of living adjustments, together with the amount of retirement allowance, pension or annuity to which the cost of living per centum factor is applied and any amounts in excess of said sixty-five percent of the maximum social security

benefit shall become the fixed retirement allowance, pension or annuity for all future purposes including the application of subsequent cost of living adjustments in future years; provided, however, that the limitations of this paragraph shall continue to apply.

(ii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity which is seventy-five percent of the maximum social security benefit or more exclusive of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying the per centum of change determined pursuant to paragraph (a) to the sum of seventy-five percent of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost of living adjustments, together with the amount of retirement allowance, pension or annuity to which the cost of living per centum factor is applied and any amounts in excess of said seventy-five percent of the maximum social security benefit shall become the fixed retirement allowance, pension or annuity for all future purposes including the application of subsequent cost of living adjustments in future years; provided, however, that the limitations of this paragraph shall continue to apply.

(iii) In any case as of June 30, 2020 but prior to June 30, 2024 where such former employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity which is eighty-five percent of the maximum social security benefit or more exclusive of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying

the per centum of change determined pursuant to paragraph (a) to the sum of eighty-five percent of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost of living adjustments, together with the amount of retirement allowance, pension or annuity to which the cost of living per centum factor is applied and any amounts in excess of said eighty-five percent of the maximum social security benefit shall become the fixed retirement allowance, pension or annuity for all future purposes including the application of subsequent cost of living adjustments in future years; provided, however, that the limitations of this paragraph shall continue to apply.

(iv) In any case as of June 30, 2024 but prior to June 30, 2028 where such former employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity which is ninety-five percent of the maximum social security benefit or more exclusive of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying the per centum of change determined pursuant to paragraph (a) to the sum of ninety-five percent of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost of living adjustments, together with the amount of retirement allowance, pension or annuity to which the cost of living per centum factor is applied and any amounts in excess of said ninety-five percent of the maximum social security benefit shall become the fixed retirement allowance, pension or annuity for all future purposes

including the application of subsequent cost of living adjustments in future years; provided, however, that the limitations of this paragraph shall continue to apply.

(v) In any case as of June 30, 2028 where such former employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity which is one hundred percent of the maximum social security benefit or more exclusive of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying the per centum of change determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost of living adjustments, together with the amount of retirement allowance, pension or annuity to which the cost of living per centum factor is applied and any amounts in excess of said one hundred percent of the maximum social security benefit shall become the fixed retirement allowance, pension or annuity for all future purposes including the application of subsequent cost of living adjustments in future years; provided, however, that the limitations of this paragraph shall continue to apply.