

SENATE No. 01384

The Commonwealth of Massachusetts

PRESENTED BY:

Bruce E. Tarr

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 passage of the accompanying bill:

An Act relieving municipal personnel costs .

PETITION OF:

NAME:

DISTRICT/ADDRESS:

Bruce E. Tarr

First Essex and Middlesex

Sal N. DiDomenico

Middlesex, Suffolk, and Essex

SENATE No. 01384

By Mr. Tarr, petition (accompanied by bill, Senate, No. 1384) of DiDomenico and Tarr for legislation to relieve municipal personnel costs [Joint Committee on Public Service].

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relieving municipal personnel costs .

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

1 SECTION 1. (a) Notwithstanding chapter 32 of the General Laws or any other general or
2 special law to the contrary, a municipality which accepts this section may establish and
3 implement an early retirement incentive program for its employees in accordance with this
4 section.

5 (b) The chief executive officer of the municipality shall limit the total number of
6 participating employees, with preference given to those with greater years of creditable service,
7 and shall have the authority to determine which eligible municipal employees may participate
8 and to approve early retirement benefits for each employee in order to avoid adverse impacts on
9 municipal operations and services.

10 (c) In order to be eligible to participate in a program established under this section, in
11 addition to any other requirements imposed by the municipality, an employee must be an active

12 member of a municipal, regional or county retirement system with at least 20 years of service
13 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
15 in an 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 established by
18 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 shall forego the right to accrued sick and vacation
25 time, and the amount that would have been paid to a retiree for accrued sick and vacation time
26 shall be paid into the municipal, regional or county retirement system to reduce the additional
27 pension liability resulting from this program.

28 (e) In filling positions which have been vacated by employees who participate in an early
29 retirement incentive program under this section, the chief executive officer of the municipality
30 shall be limited to paying compensation, contract and professional services in an amount that
31 does not exceed the following percentage of the total annual salary of all participants in the
32 program calculated as of their respective retirement dates: 30 per cent in fiscal year 2011, 45 per
33 cent in fiscal year 2012 and 60 per cent in fiscal year 2013.

34 (f) A municipality that establishes an early retirement incentive program under this
35 section shall provide the public employee retirement administration commission with
36 information demonstrating the value of the plan and any information requested by the public
37 employee retirement administration commission in order to allow it to evaluate the plan and
38 confirm the analysis, including historic data upon which the plan is based, the elements of the
39 municipal plan including the total number of participants, the types of eligible employees, the
40 salaries of participating employees, the benefits to be received and the limits on refilling vacated
41 positions. In addition, the municipality shall certify to the public employee retirement
42 administration commission that the present value cost of its plan is estimated to be less than the
43 present value savings and provide the commission with all information it requests to evaluate the
44 plan and confirm a cost analysis.

45 (g) In order to establish an early retirement incentive program under this section, a
46 municipality shall:

47 (i) require the chief executive officer of a municipality that chooses to participate to
48 submit its plan to the public employee retirement administration commission for approval within
49 8 months after the effective date of this act;

50 (ii) once the plan has been approved, submit to the legislative body of the municipality
51 for acceptance not later than the next meeting of the legislative body at which the plan can
52 practicably be submitted;

53 (iii) publish and make available to employees the approved plan within 1 month after
54 its acceptance by the legislative body;

55 (iv) require employees to participate within 2 months of the plan's publication;

56 (v) determine which applicants shall be allowed to participate in the program and
57 notify them within 1 month of the application deadline; and

58 (vi) require that participating employees retire within 2 months of notification of
59 acceptance.

60 (h) The chief executive officer of a municipality that establishes a program under this
61 section shall submit an annual report to the public employee retirement administration
62 commission, the executive office for administration and finance and the municipal legislative
63 body. The report shall include the salaries and positions of participants, the amount of sick and
64 vacation time being contributed by participants, the salaries and positions of those being hired as
65 replacements and whether the positions of participants have been permanently eliminated.

66 (i) A municipality's increased pension liability resulting from participation in a program
67 established under this section shall be amortized over 10 years, starting in the next fiscal year
68 after all participating employees retire, in equal installments, and shall be separately identified in
69 the municipal, regional or county retirement system's pension funding schedule.

70 (j) For purposes of sections (a) to (i), inclusive, the powers and duties of the chief
71 executive officer shall be vested in the manager of the municipal lighting plant for all matters
72 affecting municipal lighting plant employees.