



JOINT COMMITTEE ON

PUBLIC SERVICE

2007-2008 BIENNIAL REPORT

COMMITTEE CHAIRS

**REPRESENTATIVE
JAY R. KAUFMAN**

**SENATOR
ANTHONY D. GALLUCCIO**

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TABLE OF CONTENTS

LIST OF COMMITTEE MEMBERS AND COMMITTEE CHARGE.....2

LETTER FROM CHAIRS.....3

COMMITTEE PRIORITIES.....5

LEGISLATIVE ACCOMPLISHMENTS.....9

SPECIAL COMMISSIONS

 Other Post Employment Benefits (OPEB) Commission.....13

 Subcommittee on Regular Compensation.....15

JOINT COMMITTEE ON PUBLIC SERVICE

2007-2008

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COMMITTEE STAFF: Patrick Charles, General Counsel and Research Director; Jacob Baker, Researcher; Sean Fitzgerald, Staff Director; Karin Wall, Receptionist and Assistant; Adam Coffin, Researcher July 2006 – December 2007.

*Sen. Benjamin B. Downing was the Senate Chairman of the Joint Committee on Public Service from January 2007 through October 2007.

Charge:

It shall be the duty of the committee on Public Service to consider all matters concerning salaries, civil service and retirement of public employees (including the retirement of judges, court personnel and county employees but excluding the salaries of said judges, court personnel and county employees), collective bargaining for state employees and other public employees and such other matters as may be referred.

January 6, 2009

Dear Colleagues:

During the 2007-2008 Legislative Session, the Committee on Public Service was responsible for the disposition of over 850 bills, roughly 14% of the nearly 6,000 bills before the Legislature this session. The policy areas for which the Committee has oversight account for nearly 10% of the annual state budget. We had a large and significant portfolio.

Primarily, The Public Service Committee has oversight over salary, pension, and healthcare costs for public servants. Additionally, the Committee is responsible for bills relating to civil service, sick leave banks, collective bargaining, group classification, and creditable service. We have acted upon and reported out all bills referred to this Committee during the 2007-2008 Legislative Session, and we are pleased to inform you that five major bills have been signed into law.

During the 2007-2008 Legislative Session, we were involved in two major municipal finance reforms, both signed into law by Governor Patrick. After extensive review and in collaboration with the legislative sponsors, various advocacy and constituency groups, House and Senate leadership, and the Administration, we reported out a bill to afford cities and towns the opportunity to obtain employee health care benefits under the Commonwealth's GIC program, savings millions of dollars in premiums. We also passed legislation establishing a benchmark for assessing the performance of local pension systems and providing for under-performing systems to have their assets managed by the Commonwealth's PRIT fund.

We were proud to approve and witness the passage into law of a bill divesting all state pension funds from companies doing business in the Sudan, an appropriate response to the ongoing genocide in the Darfur region of that oppressed nation.

We chaired and staffed a special commission addressing the issue of our unfunded healthcare liability for the state's future retirees. The commission's recommendations are detailed in the attached report. In addition, we worked with the Joint Committee on Health Care Financing to pass legislation to allow each city and town to create a trust fund to begin accounting for the healthcare liability for local retirees.

The Written Majority Authorization bill became law midway through this term.

We incorporated the recommendations of last session's Blue Ribbon Panel on Group Classification into Committee rules and applied strict oversight to all proposals to move individuals or classes of employees from one retirement group to another. For four years, the Committee has held the line on what had become one of the major contributors to both the inequities and the economic fragility of the state's retirement system. This is an area that will require ongoing vigilance.

We made significant headway in advancing a number of other initiatives. We developed legislation clarifying the definition of regular compensation and, in other ways, sought to stop practices that led to occasional abuses of the retirement system. We worked with PERAC to

strengthen their oversight over the activities of local retirement boards. We advanced legislation to both raise the minimum pension and update our protocols for dealing with cost-of-living increases. In the area of civil service reform we continue to work with towns to help alleviate the many civil service age exemption bills that are filed every year. None of this legislation for various reasons, became law, but we are committed to refileing them and seeing them on the Governor's desk for his signature during the next session.

We would like to take this opportunity to thank the members of the Joint Committee for their hard work and individual contributions to committee deliberations. We would like to thank Senator Benjamin Downing for his excellent leadership as Senate Co-Chair during the first half of this session. We would also like to extend a special thank you to the members of the OPEB Commission, which examined the ways to address the funding liability concerning health insurance for public sector retirees.

We look forward to working with you in the future on matters relating to public service.

Sincerely,



Jay R. Kaufman
House Chair



Anthony D. Galluccio
Senate Chair

PUBLIC SERVICE COMMITTEE PRIORITIES

I. Pension System Reform (H4011)

This pension reform bill is designed to address a number of best practices issues that have arisen in the past within the local retirement boards. The objective of the bill is to ensure fairness and transparency in the local retirement board system, as well as to prevent the breach of public trust perpetrated by some board officials. Although the bill was drafted and released prior to the scandals recently reported in the press with regard to the practices of some local retirement boards, these unfortunate situations highlight the critical need for this legislation.

Under the bill, a new procurement section that is specifically tailored to retirement services is added to chapter 32. Presently the retirement systems are exempt from the provisions of the state procurement law, chapter 30B. The new section does not mandate the same rigid adherence to competitive lowest bidder requirements but rather is designed to provide a fair system for bidding in which retirement systems can secure the best service at the best price. Retirement systems are given the flexibility of choosing a higher bid if they feel that the service will more directly aid them or if they have a well established relationship with the contractor. The procurement provision is there to provide documentation of what options are available when the retirement system was looking for a vendor or contractor.

The bill provides the Public Employees Retirement Administration Commission (PERAC) with greater authority to ensure that retirement systems are paying the appropriate benefits, dealing with reputable firms, and carefully managing the public employee's retirement funds. PERAC will have the authority to debar or suspend vendors or contractors who have been convicted of criminal offenses in obtaining public contracts, committed embezzlement or fraud, violated federal or state anti-trust laws, violated ethics laws or violated provisions of chapter 32. PERAC will have the authority to remove board members who have violated the provisions of chapter 32 or the state ethics laws. Board members will be required to sign a statement acknowledging that they are aware of and will comply with the provisions of chapter 268A, the ethics law.

The bill will prohibit anyone in the future from concurrently doing business with retirement boards and serving on the retirement boards. It will also prohibit someone from being an employee of a board and also serving as an elected member of the same board. Both of these restrictions are designed to remove any conflict of interest that may arise from individuals having two interests or functions in the retirement system.

Under the provisions of the bill, retirement board members would be required to attend 8 hours of educational training in retirement, investment, and best practices each year. Four hours of the training would be provided by PERAC and four hours would be provided by the Massachusetts Association of Contributory Retirement Systems (MACRS) or an outside source approved by PERAC.

Two sections of the bill provide for an increase in the stipends available to board members. The new stipends will be at least \$3,000 but not more than \$7,500. These two sections would require local approval before implementation.

The bill also removes many of the cumbersome investment restrictions that are presently in place on local systems and eliminates the need for systems to request exemptions. Certain restrictions are maintained, such as a limitation on the amount of money that can be invested in tobacco and a restriction on direct investment in mortgages or collateral loans.

The bill requires that all collective bargaining agreements be provided to the board to ensure compliance with chapter 32 and to ensure that retirement systems have the best information possible when evaluating a member's retirement claim. The boards will only be reviewing the contracts in order to determine what a member's regular compensation for retirement benefit calculation should be.

The pension reform bill is designed to ensure that retirement systems are properly managed and properly supervised and that the rights of taxpayers and public employees who rely on their pensions are appropriately served and safeguarded.

This bill was released from the Public Service Committee but ultimately never made it out of House Committee on Ways and Means.

II. Minimum Pension Threshold (H2604)

The Committee on Public Service has released a bill that would increase the minimum pension provided to retired members of the state and state teacher's retirement system from \$10,000 to \$15,000. The bill also includes a local option section to enable local retirement systems to accept the provisions of chapter 32 section 90D ½ and provide a minimum pension of up to \$15,000. Presently a retiree under the state system who has completed 25 years of service is guaranteed a pension of \$10,000 under M.G.L. c.32 s.90C1/2. This legislation provides a needed increase to those retirees who have the lowest income levels and are thus more susceptible to the pressures from increased costs of living.

There are very few people who are still receiving the minimum pension. With the annual cost of living adjustments, most are receiving slightly more than the \$10,000 original minimum. The Public Employee Retirement Administration Commission has provided cost estimates for increasing the state's minimum pension to \$15,000. They estimate that it would cost approximately \$34 million dollars to provide the increased pension payments. This figure can be spread out throughout the remaining funding schedule to ensure a minimal impact in the current appropriation.

This legislation provides financial support to some of the state's most vulnerable retirees at a modest cost to the state retirement system. The 2004 poverty threshold is listed as \$9,060 for a single adult age 65 or older and \$12,649 for two adults with no children according to the U.S. census bureau. Retirees who spent more than 25 years working for the state should not be asked to survive on a pension that is barely above the poverty level.

This bill was released from the Public Service Committee but ultimately never made it out of House Committee on Ways and Means.

III. Cost of Living Adjustment (COLA) Base (S1586) redrafted as (S2234)

Every year the Committee on Public Service receives several bills to amend the way in which a cost of living adjustment (COLA) for retirees is calculated. A COLA is designed to increase retirees' pensions in order to offset the effects of inflation.

Presently any COLA is restricted to not more than 3% and is only calculated on the first \$12,000 of a retiree's pension. This amounts to a maximum of a cost of living increase of only \$360 per year. According to the State Actuarial Valuation Report issued in January by PERAC the average pension for a state retiree is only \$21,294. A retiree receiving a pension anywhere near this level will see a dangerous drop in purchasing power over the remainder of his or her life if the present cola base of \$12,000 is maintained. The committee on public service released a bill (S2234) that would increase the base upon which a retirees COLA is calculated from \$12,000 to \$16,000, which means retirees could now receive a cost of living adjustment of \$480 per year. The Committee requested that PERAC conduct a study detailing the costs of increasing the base from \$12,000 to \$22,000 in one thousand dollar increments. In its report, PERAC recommended increasing the base to \$16,000.

A \$360 COLA simply does not keep pace with actual increased costs of living for retirees. Retirees see their purchasing power drop over their retirement because a COLA calculated on only a fraction of their pensions does not keep pace with increases in basic spending. In recent years retirees have seen dramatic increases in energy costs such as electric and heating oil. The increase to a \$16,000 base is an important step toward ensuring that retirees do not see a dangerous decline in the value of their pensions. Each year the Social Security Administration calculates a cost of living adjustment to be provided to social security recipients. According to the social security administration website the COLA figure for 2006 is 4.1%. The 3% granted on the first \$12,000 in Massachusetts does not come close to keeping pace with the true cost of living increase experienced by the states retirees. A COLA of \$480 per year will not keep pace with actual cost increases but will still provide much needed help while being a responsible expense for the retirement system.

In an effort to provide a more equitable cost of living increase the committee's redrafted bill provided that the COLA base be calculated as a percentage of the maximum social security benefit. The immediate increase of the base to \$16,000 equates to approximately 65% of the social security base. The base would then increase to 75% of the social security benefit after four years and then increase by 10% every four years until 2024 when the COLA base would be equal to 100% of the maximum social security benefit.

In order to fund the increased base amount the legislation also changes the funding schedule for the state retirement system. Massachusetts began pre-funding its pension obligation in 1988 and created a funding schedule to detail the annual appropriations necessary to reduce the funds unfunded liability to zero by 2028. The funding schedule has subsequently been updated to

provide full funding by 2023. The funding schedule is adjusted every three years to ensure that the proper funds are appropriated each year to meet the funding schedule. This legislation pushes that date to 2026. This extension is meant to ensure that the appropriations necessary to meet the schedule are not dramatically increased at the present time.

Although S2234 was not released from the Senate Ways and Means Committee, this session legislation to increase COLA made it to the Governor's desk through the budget process. Ultimately though it was vetoed. The Governor returned the budget sections with an amendment (H4957 Attachment D) that limited a COLA to only a portion of the state and state teachers retirees. The Governor suggested that only retirees who receive a pension of less than \$40,000 should be eligible for the increased COLA. This position was rejected by the legislature for a number of reasons. It is unfair to limit COLA simply because members earned a higher salary or retired more recently with a higher pension. New retirees will retire with higher pensions but their purchasing power will be eroded, in the same way older retirees have seen a decline in value of their pensions, if adequate COLA's are not provided. The suggested cut off was an arbitrary figure with no relevant data to support its use.

LEGISLATIVE ACCOMPLISHMENTS

Establishment of health care liability funds for municipalities (H5148)

House Bill 5148, drafted with the help of the Joint Committee on Health Care Financing provides authorization for cities and towns to establish trust funds to pre-fund their retiree's healthcare costs in much the same way as pensions are now pre-funded. In the past this has been done solely through home rule petitions creating a patchwork of rules and regulations that are different in each town. This legislation will allow cities and towns to establish a trust fund and funding schedule similar to the local retirement systems. Local cities and towns can invest the fund money in the local retirement system or in the PRIT fund. If and when the state creates a healthcare trust fund we would make that fund available to the local systems as an investment vehicle.

This bill was enacted by the House and the Senate and is awaiting the Governor's signature.

Release of "Group Classification Bills"

The Senate and House Chairs of the Joint Committee on Public Service appointed a Blue Ribbon Panel in March 2006 to examine the Commonwealth's public employees' group classification system. Under the current statute, the retirement system is defined by four different groups of members. When originally created, these groups were based on the then-current understanding of life expectancy of employees in different professions. The current enumeration of those covered by the different groups, however, lacks a well-defined rationale. As a result, the group classification system presents a number of problems for retirement boards, the Legislature, and participants.

The Panel's recommendations included strict definitions of the criteria for inclusion in each group. The report proposed that the group that allows earlier retirement be only for employees whose jobs involve significant daily physical exertion *and*, given the skills required for their jobs and the numbers of such workers, are unlikely to find alternative employment, thereby necessitating earlier retirement. Probably the biggest change is the requirement that all requests come with a cost estimate, allowing the Committee to make informed judgments on each bill.

In the current legislative session, the Committee on Public Service received almost a hundred bills regarding classification, many of which requested increased benefits or group changes that would be costly to the state. After putting a moratorium on releasing any bills while the Panel was making its recommendations, the Committee was able to release a small number of bills using the guidelines outlined in the report.

Written Majority Authorization (H2465): Chapter 120 of the Acts of 2007

Under House Bill 2465, the General Laws would be amended to allow written majority authorization for an employee organization to represent the workers in a bargaining unit in collective bargaining. Written authorization would include authorization cards, petitions, or such

other evidence suitable to the Labor Relations Commission. Further, the Commission would be required to certify and the public employer would be required recognize the employee organization which has received written majority authorization as the exclusive representative for the purpose of collective bargaining. The Commission would establish rules and procedures for the prompt verification of written majority authorization. These rules would include safeguards to protect employee privacy as to their choice and would also provide that the verification procedure would not last longer than ten days, absent exceptional cause, from the date of appointment of the neutral.

The bill was signed by the Governor on September 27, 2007.

Sudan Divestment Act (S1474): Chapter 151 of the Acts of 2007

The Committee on Public Service reported favorably a bill that would require the state pension fund to divest all assets held in companies that do business with the Sudanese government. The bill would require the divestment to take place within 1 year of the effective date of the act. The treasurer would be required to make an annual report of all investments sold, redeemed, divested or withdrawn in compliance with the act.

The committee attempted to carefully craft a bill that would make a strong statement that the Commonwealth of Massachusetts objects to the recent actions of the Sudanese government while at the same time not unduly restricting the pension fund's investment practices. Under the bill, an independent third party research firm will compile and present a list of targeted companies that are in violation of the divestment statute. Companies that provide services clearly dedicated to social development for the country shall be excluded from divestment. These include those providing medicine and medical equipment, agricultural supplies and infrastructure, educational services and general consumer goods. The provisions of the bill will expire in the event that the United States revokes its current sanctions on Sudan.

Sudan has been involved in a decades-long civil war. It is estimated that hundreds of thousands of civilians from Sudan's Darfur region have been killed by government-sponsored militias in what numerous governmental bodies, including the U.S. Congress, have labeled genocide. Millions of other civilians have been deported, forcibly starved, or have decided to flee the country to escape the atrocities being committed there. Because Sudan is greatly in debt, the government relies heavily on international investment for the funds it needs to continue the campaign against its own people.

Currently, a U.S embargo forbids American companies from doing direct business with Sudan, but there is no prohibition on investing in the numerous European and Asian companies that operate there, and some public funds are currently invested in such companies. Several other states have either passed or are considering similar legislation. Numerous major universities have begun divesting assets from companies doing business within Sudan.

This important legislation was signed by the Governor on November 2, 2007.

An Act to Reduce the Stress on Local Property Taxes Through Enhanced Pension Fund Investments: Chapter 68 of the Acts of 2007

The Committee on Public Service looked at the investment performance and operations of the state's 106 pension boards during the past session. By any standard, some of the local and regional boards have done well, some not so well, and some quite poorly. In any event, where investment returns have been weak, local taxpayers have been made vulnerable. They are responsible for paying the pension benefits for retired public employees, whatever the investment returns of their local funds. This is why the committee looked closely at those investment returns and why Governor Patrick focused on those returns as one element of his Municipal Partnership Act.

The Governor proposed, and the committee embraced a two-part test to define "underperformance." The Governor's legislation proposed looking at the funded ratio and comparing the investment performance to the returns achieved by PRIT, the state's pension system. While we have used different thresholds to define satisfactory performance on the two tests, the legislation stayed with these two tests and, in cases where a local or regional board has failed both tests, the bill provided for PRIT to assume responsibility for investments going forward. Only boards that fail both tests are addressed in the bill. In any event, local and regional retirement boards have retained their authority and responsibility for decisions about distribution of pension benefits (including questions about eligibility, cost of living increases, etc.) But, where boards fail both tests, the assets will be managed by PRIT which has, over the past decade, outperformed nearly all other public pension systems in the country.

The Governor proposed that boards be at 80% of full funding and we lowered that to 65%. He also proposed a discrepancy of 2.25% between a local board's performance and PRIT's, averaged over the past 5 years. We've opted for a 10 year look-back and a differential of only 2%. This resulted in a list of 25 underperforming boards. In total, these 25 boards underperformed by, at very least, over \$700 million, and probably closer to a billion dollars. Six of the affected board's assets are already being managed by PRIT and a number of others are partially invested in one or several of the PRIT funds. A few boards voluntarily surrendered investment responsibility to PRIT after the passage of chapter 68 of the acts of 2007.

The bill included an appeal process if a local board whose assets would be assumed by PRIT believes it can justify its performance and has a reasonable plan to catch up.

This important legislation was signed by the Governor on July 25, 2007

Group Insurance Commission: Chapter 67 of the Acts of 2007

This legislation allows local communities to join the Group Insurance Commission. This action was taken in an effort to reduce the cost of healthcare at the local level and to slow the growth of rates. The cost of health coverage to municipal employees has skyrocketed by an average of 63 percent from 2001 through 2005, a growth rate nearly double the rate of increase for health coverage of state government employees over the same period.

To date approximately 27 entities have joined the GIC through the procedure established by chapter 67 of the acts of 2007. This represents approximately 25,000 employees that will now receive their health insurance through the GIC. A number of other towns actively pursued joining the GIC for next year but could not reach an agreement with the employee committee prior to the deadline.

Cities and towns may choose to participate in the Group Insurance Commission. Decisions to participate would be made by agreement between the municipality and a public employee committee which would include representatives from each collective bargaining unit. Seventy percent of the collective bargaining unit would have to agree to join the GIC.

Under the legislation the Group Insurance Commission will have 11 and up to 13 Members (based on the number of municipal subscribers), including 1 MMA member immediately and an additional MMA member after 45,000 subscribers have joined the GIC. There will also be two labor representatives: one from a teachers union and second from a public safety union after 45,000 subscribers have joined the GIC.

Saugus was allowed to join the GIC immediately and an amendment was added to the original bill to allow charter schools and Education Collaboratives to join the GIC.

This important legislation was signed by the Governor on July 25, 2007.

Other Post Employment Benefits (OPEB) Commission

In reaction to standards issued in 2004 by the Governmental Accounting Standards Board (GASB), the Special Commission to Investigate and Study the Commonwealth's Liability for Paying Retiree Health Care and Other Non-Pension Benefits (OPEB) was assembled to consider the risks and potential solutions related to state retiree unfunded health care and other non-pension benefit liabilities. The Special Commission met during the latter half of 2007 and into early 2008.

The goals of this report were threefold. First, the report sought to provide a clear explanation of the unfunded OPEB liability issue; why it is important, and why it is timely. Second, the report documented various options for allocating and managing funds to address the unfunded OPEB liability. Third, the report presented recommended actions for the Commonwealth.

At present, the Commonwealth of Massachusetts is paying for OPEB on a pay-as-you-go basis. OPEB costs have been funded through annual appropriations within state and local government budgets. But this funding system is not sustainable given rising life expectancies, rising health care costs, and the consequently rising OPEB liabilities. OPEB represents a \$13.3 billion liability to the Commonwealth (based on a 2006 valuation.)¹ With pre-funding that follows GASB guidelines, the liability is only \$7.5 billion (based on that same valuation.) Even without the GASB mandate to take unfunded retiree healthcare costs into account, pre-funding these future liabilities is both prudent and necessary.

The Special Commission identified three funding options that could serve the Commonwealth's best interests, and made recommendations to utilize all three:

1. **Tobacco Settlement Funds:** The Special Commission recommends a phased-in approach. In year one, we propose that 25% of the Tobacco Settlement Funds be channeled to the State Retiree Benefits Trust (SRBT). In year two, 50%; in year three, 75%; in year four and thereafter, 90%. At present, 90% of the Tobacco Settlement Fund equates to \$263 million, assuming the average rate at which the Commonwealth has received these funds since 1999.
2. **Stabilization Funds:** The Special Commission recommends that 50% of any unanticipated surplus funds in a given budget surplus year be allocated to the SRBT, instead of to the Stabilization Fund.
3. **Annual Appropriations:** The Special Commission recommends that, beginning immediately, appropriations be made in the annual budget to address the unfunded OPEB liability as we have been doing for the unfunded pension liability. While, between now and at least 2026, the lion's share of the appropriation should continue to address our pension obligations, we should anticipate the continuing need for annual appropriations

¹ The Commonwealth is currently performing another valuation based on activity since 2006.

to address our OPEB obligations at a rate that will allow us to meet those obligations by 2038.

In short, we rely on the Tobacco Settlement Fund and the Stabilization Fund initially as we complete the process of addressing the pension liability, but also suggest maintaining annual allocations of funds from current revenues, with the unfunded healthcare liability, like the pension liability, considered as part of the consensus revenue equation.

To manage the funds, the Commonwealth established the State Retiree Benefits Trust (SRBT) to be the vehicle for receiving, investing, and disbursing funds related to OPEB liabilities. The Special Commission saw no discernible reason to consider alternatives to the SRBT for holding OPEB liability funds, but did recommend that, to reflect the expanded responsibilities of the Trust, the Trustees of the SRBT be designated as follows:

- The Secretary of Administration and Finance
- The Executive Director of the Group Insurance Commission
- The Executive Director of the Public Employees Retirement Administration Commission
- The Treasurer
- The Comptroller of the Commonwealth
- Two investment experts.

The OPEB liability is not simply an issue at the state level but is an important issue that will impact all of the Commonwealth's cities and towns. Unlike funding pension liabilities, cities and towns will retain the responsibility of funding the OPEB liability of their teachers.

The Special Commission recommended that a new commission be established to study possible benefit, eligibility, and contribution changes in order to ensure a stable total compensation system that addresses both employee needs and fiscal impact. A comprehensive evaluation of total compensation for state employees would include a review of salary, health care benefits, sick time, vacation, holidays, life insurance, dental and vision benefits, short and long term disability, workers compensation, and retirement benefits (pension and OPEB).

Special Commission Members:

Rep. Jay R. Kaufman – House Chairman, Joint Committee on Public Service

Sen. Benjamin B. Downing – Senate Chairman, Joint Committee on Public Service

Rep. Robert A. DeLeo – Chairman, House Committee on Ways and Means

Sen. Steven C. Panagiotakos – Chairman, Senate Committee on Ways and Means

Rep. Todd Smola – House Minority designee

Sen. Michael Knapik – Senate Minority designee

Leslie Kirwan – Secretary of Administration and Finance

Timothy Cahill – Treasurer of the Commonwealth

Martin Benison – Comptroller of the Commonwealth

Michael Travaglini - Executive Director of the PRIM Board

Bob Johnson – Executive Director GIC

SUBCOMMITTEE ON REGULAR COMPENSATION

In recent times, the issue of regular compensation has received increased attention from Legislators and the general public alike. High profile court cases became a driving force and symbolize the need for reform in this complicated policy matter.

Senator Ben Downing and Representative Jay Kaufman, then co-chairs of the Joint Committee on Public Service, formed a sub-committee to examine regular compensation. The subcommittee was charged with assessing the relevant issues regarding regular compensation, and to make policy recommendations for comprehensive reform.

Based on its analysis, the subcommittee recommended the following changes be implemented:

1. Define regular compensation as wages based on the language of Senate bill 1616 (Appendix A), listing certain specific exclusions such as overtime, bonuses and expense payments.
2. Change the interest rates for withdrawal of assets prior to vesting from 0% or pass book savings interest, to the buy-back interest rate of 4.125%.
3. Move the benchmark for the extra 2% contribution from \$30,000 to \$50,000.
4. Maintain the current federal cap on retirement benefits.
5. Insert language that would address dual membership pensions.

The subcommittee drafted legislation reflecting these suggestions that will be filed next session.