

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

MEMORANDUM

TO: Jay Gonzalez, Secretary of Administration and Finance
FROM: Joseph E. Connarton, Executive Director
RE: Commonwealth Appropriation for Fiscal Year 2011 for Boston Teachers
DATE: December 15, 2009

Required Fiscal Year 2011 Appropriation: **\$127,732,624**

This memorandum is provided in accordance with paragraph 7 of the agreed to items in the Memorandum of Agreement on Boston Teachers' Pension Liability signed by the City of Boston, the State-Boston Retirement Board, the Commonwealth of Massachusetts (Executive Office of Administration and Finance), the Public Employee Retirement Administration Commission and the Office of the Comptroller of the Commonwealth of Massachusetts. That paragraph states:

"PERAC shall issue separate 12/15/08 pension appropriation letters for FY 2010 for SBRS/All Other valuation components, with the letter for SBRS/All Other going to the Mayor of Boston and to the SBRS, and the letter for SBRS/Teachers going to the appropriate state officials and to the SBRS, and PERAC shall continue to issue letters in this manner in future years."

Pursuant to the Memorandum of Agreement on Boston Teachers' Pension Liability, this Commission is hereby furnishing you with the amount to be appropriated for Boston teachers by the Commonwealth for Fiscal Year 2011 which commences July 1, 2010. That amount is one component of the appropriation for the Commonwealth's Total Pension Obligation and is reflected in the \$1,441,811,000 appropriation for FY 2011 in the funding schedule provided to Administration and Finance on 12/9/08.

As called for in the Memorandum of Agreement we have furnished a pension appropriation letter to the City of Boston and the SBRS which is consistent with the funding schedule in place for addressing the liabilities associated with non-teachers in the City of Boston. We issued a letter last year in the same manner for FY10.



January 20, 2010

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The amount shown above does not reflect the Commonwealth payment for the Cost of Benefits paid to teachers by the SBRS in FY 2009 of approximately \$111.8 million. This amount is scheduled to be reflected in FY10.

It should be noted that, as is outlined in the Memorandum of Agreement, many of the terms of that Agreement must be confirmed by legislation. Consequently, in the event that legislation as called for does not become law, PERAC will issue revised appropriation letters for both FY10 and FY11 to Administration and Finance and the City of Boston. We will monitor this situation over the next several months

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl

cc: Mary Ann Bradley, Administration and Finance
Kathleen Kiely-Becchetti, Boston Retirement System
Joan Schloss, Massachusetts Teachers' Retirement System
Jim Kennedy, Budget Bureau, Boston