

HOUSE No. 4933

The Commonwealth of Massachusetts

INTERIM

REPORT

OF THE

SPECIAL COMMISSION

ON

RETIREMENT PROBLEMS OF PUBLIC EMPLOYEES

(Chapter 65 of the Resolves of 1970)

December 28, 1970

The Commonwealth of Massachusetts

STUDY AUTHORIZATION

CHAP. 65 RESOLVE PROVIDING FOR AN INVESTIGATION AND STUDY BY A SPECIAL COMMISSION RELATIVE TO THE RETIREMENT AGE AND ALLOWANCES FOR EMPLOYEES OF THE COMMONWEALTH, CITIES AND TOWNS AND MATTERS RELATED THERETO.

Resolved, That a special commission, to consist of three members of the senate, five members of the house of representatives, the chairman of the retirement law commission or his designee and four persons to be appointed by the governor, one of whom shall be a member of a labor organization representing state and municipal employees, is hereby established for the purpose of making an investigation and study of the subject matter of current senate documents numbered 759, relative to reclassifying registered nurses under the retirement system; and 816, providing certain retirement benefits for members of police departments in group 4 with 20 years or more of creditable service; and of current house documents numbered 658, providing for a change in the method of computing retirement allowance for all employees of the commonwealth, cities and towns now classified as members of group 1; 2741, providing for a guaranteed minimum retirement allowance on the completion of forty years of creditable service; and 3544, increasing retirement benefits of certain governmental retirees.

Approved July 22, 1970.

The Commonwealth of Massachusetts

MEMBERS OF THE SPECIAL COMMISSION

Appointed by the President of the Senate

Sen. SAMUEL HARMON of Suffolk, Chairman
Sen. BERYL W. COHEN of Norfolk and Suffolk
Sen. FRED LAMSON of Middlesex

Appointed by the Speaker of the House of Representatives

Rep. JOHN R. BUCKLEY of Abington, House Chairman
Rep. T. HAROLD GAYRON of Lynn
Rep. ELEANOR M. CAMPOBASSO of Arlington
Rep. CHARLES M. MCGOWAN of Dedham
Rep. DANIEL C. TOWSE of Stoneham, Clerk

Appointed by His Excellency, the Governor

MR. WARREN F. ROULSTON of Weymouth
MR. JOHN J. MANNING of Salem
MR. ELWYN E. MARINER of Arlington
MR. FRANK J. VALIANTI of Marlborough

*Designee by the Resolve,
the Chairman of the Retirement Law Commission*

MR. JOHN J. BAZZINOTTI of Topsfield

The Commonwealth of Massachusetts

LETTER OF TRANSMITTAL TO THE
SENATE AND HOUSE OF REPRESENTATIVES

To the Honorable Senate and House of Representatives:

GENTLEMEN: The Special Commission established to investigate and study the retirement age and allowances for public employees as specified in Chapter 65 of the Resolves of 1970, submits herewith an Interim Report. The undersigned members of this Special Commission approve the findings and recommendations of this Interim Report.

Respectfully submitted,

Sen. SAMUEL HARMON

Sen. BERYL W. COHEN

Sen. FRED LAMSON

Rep. JOHN R. BUCKLEY

Rep. T. HAROLD GAYRON

Rep. ELEANOR M. CAMPOBASSO

Rep. DANIEL C. TOWSE

Mr. WARREN F. ROULSTON

Mr. JOHN J. MANNING

Mr. ELWYN E. MARINER

The Commonwealth of Massachusetts

INTERIM REPORT

I. INTRODUCTION

A. Origin of Study

During the 1970 Session, the Committee on Public Service scrutinized more than 250 petitions affecting Chapter 32, the statutory retirement law for public employees. Some of these proposals sought substantive changes, such as, an earlier retirement age, increased survivors benefits, larger allowances, special consideration for uniformed employees, in addition to the run-of-the-mill variety which modified administrative procedures. Most of these petitions were disapproved; several gained Committee support but were voted down later during legislative debate; and, a few subsequently were enacted into law, for example, Chapter 644 which adjusts the accidental disability pension allowances from two-thirds to 72% of pay; Chapter 249 which corrects the computation of the cost of living adjustment for employees retired under the veterans provisions; and, Chapter 617 which extends to veterans who retire on super annuation in the non-contributory system a \$15.00 allowance per year of creditable service but limited to \$300.00.

Although the Public Service Committee rejected many petitions this year, as has been its practice during the past several Legislative Sessions, nevertheless the Public Service Committee did recognize that there has developed a concentrated demand by public employee groups for liberalization of pension laws. Retirees seek larger benefits and prompt payment of cost of living adjustments. Uniformed employees desire an earlier retirement age with maximum benefits. All employees urge the use of the highest annual salary in determining the base for retirement benefits. Administrative personnel seek parity with those employees who are classified in the hazardous job group. Much of the testimony submitted at the public hearings held by the Public Service Committee provided scant evidence or meaningful analysis to support the pending proposals. No reliable data was offered during these numerous public sessions as to the numbers of employees which would be affected by specific bills or the financial implications as these may impinge

on state, counties or municipal budgets. Although an employee contributes 5% of his gross pay as a retirement credit it is not a very well known fact that public funds account for 80% of each retiree pension.

Thus it was within this setting that the Public Service Committee drafted House 5528 the enabling resolve to create a special study commission to elicit relevant information on pension problems for government employees. Attached to its recommendations were five specific petitions indicative of the variety of proposals currently referred to the Public Service Committee. Moreover, the Committee was mindful of the existence of a state agency, the seven member Retirement Law Commission, whose primary purpose is to undertake studies and offer recommendations on procedures, problems and pension costs. It was the consensus of the Public Service Committee that a special study commission would reflect an increasing concern by legislators about public pensions. This attitude is demonstrated in part by an examination of the proceedings of the House of Representatives, for during the debate on House 5528 it refused to accept an adverse report to reject the study rendered by the Joint Rules Committee and upheld the recommendation of the Public Service Committee.

B. Commission Procedures

1. Once all of the appointments to this special commission were complete, the members met at an organization meeting on Wednesday, October 14, 1970 at the State House. Unanimously elected to serve as officers were:

Senator Samuel Harmon, Chairman
Representative John R. Buckley, House Chairman
Representative Daniel C. Towse, Clerk

2. The Special Commission members agreed to schedule a public hearing on the five petitions identified in the study resolve and to invite the petition sponsors to testify. Announcements on this special public hearing were mailed to state, county and municipal public officials as well as to representatives of public employee organizations and civic associations. Notices were also distributed to news media throughout the state. The Special Commission solicited written comments and statements from those officials who would be unable to appear at this Boston hearing.

3. No funds were appropriated for staff personnel or to engage technical actuarial assistance. This was a handicap because it became evident from preliminary discussions on the various petitions that it would be necessary to ascertain or to estimate pension costs. The Special Commission was informed that the Retirement Law Commission, from time to time, has engaged actuarial consultants for its various assignments and that some of this reference and resource information on number of employees affected and related pension costs could be utilized.

II. PENSION LEGISLATION

A. Public Hearing

Several hundred persons attended the three hour long public hearing held on Wednesday, November 18, 1970 at the State House in Boston, in response to the Special Commission's letters of invitation. Legislators, employees, representatives of government unions and state, county and municipal officials responsible for administering the retirement laws endorsed the pension petitions or testified. Written comments were received from a few public officials. Most of the witnesses favored liberalization of pension laws. No opposition was recorded to these bills, however, several letters were received by the Commission disapproving some of the proposals.

B. Bill Analysis

1. Senate 759 — A proposal offered by the Massachusetts Nurses Association which would permit registered nurses to retire at age 55 with all the benefits which are now accorded at age 65.

2. Senate 816 — This petition was submitted by the Boston Police Patrolmen's Association. It grants a pension to police officers after 20 years service at 75% of termination pay. In addition these police officers would receive 1% of their pay for each additional year of service after 20 years but not to exceed more than 26 years and also includes the maximum \$300.00 veterans allowance.

3. House 658 — This petition was submitted by the Massachusetts Public Employees Association and would compute retirement allowances for Group I employees, which includes administra-

tive, technical, professional and blue collar workers, on a higher basis than is currently provided for those retiring between ages fifty-five to sixty-five.

4. House 2741 - A petition presented by Representative John F. Melia of Boston to establish a new option which permits an employee to receive 80% retirement allowance provided he has served at least 40 years and is at least 60 years of age.

5. House 3544 - Seven Springfield legislators co-sponsored this petition which grants a retirement allowance on the highest annual pay instead of the present three years final average. Furthermore, this proposal would adjust the pension for police officers to reflect salary changes made prospectively.

III. RECOMMENDATIONS

A. The members of the Special Commission unanimously propose these recommendations:

1. Request the Retirement Law Commission for data and resources which may relate to the study.

2. Request an appropriation in the forthcoming supplementary budget for modest funds to engage actuarial consultants.

3. File this Interim Report with the request to revive and continue the Special Commission in order that it may complete its assignment in 1971.

APPENDIX A

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

A RESOLVE TO REVIVE AND CONTINUE THE SPECIAL COMMISSION
ESTABLISHED BY CHAPTER 65 OF THE RESOLVES OF 1970.

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

- 1 That the special commission established by chapter 65 of the
- 2 resolves of 1970 is hereby revived and continued and may
- 3 expend any funds appropriated therefor.

