

**SENATE . . . . . No. 1384**

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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:

An Act relieving municipal personnel costs .

PETITION OF:

NAME:

*Bruce E. Tarr*

DISTRICT/ADDRESS:

[District]

*Sal N. DiDomenico*

*Middlesex, Suffolk, and Essex*

**SENATE . . . . . No. 1384**

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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].

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The Commonwealth of Massachusetts

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  
2 general or special law to the contrary, a municipality which accepts this section may establish  
3 and 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  
11 section, in addition to any other requirements imposed by the municipality, an employee must be  
12 an active member of a municipal, regional or county retirement system with at least 20 years of  
13 service whose salary is paid from the operating budget and not from federal, trust or other capital  
14 funds.

15           (d) An employee who is eligible for the early retirement incentive program may  
16 request in an application for retirement that the retirement board credit the employee with an  
17 additional retirement benefit of a combination of years of creditable service and years of age, in  
18 full year increments, the sum of which shall not be greater than 3 years, or a lesser amount  
19 established by the municipality, for the purposes of determining the employee’s superannuation  
20 retirement allowance under paragraph (a) of subdivision (2) of section 5 of chapter 32 of the  
21 General Laws. Notwithstanding the credit, the total normal yearly amount of the retirement  
22 allowance, as determined in accordance with said section 5 of said chapter 32, of any employee  
23 who retires and receives the retirement incentive program benefit shall not exceed 80 per cent of  
24 the average annual rate of the employee’s regular compensation as determined in accordance

25 with said section 5 of said chapter 32. All participants shall forego the right to accrued sick and  
26 vacation time, and the amount that would have been paid to a retiree for accrued sick and  
27 vacation time shall be paid into the municipal, regional or county retirement system to reduce the  
28 additional pension liability resulting from this program.

29 (e) In filling positions which have been vacated by employees who participate in  
30 an early retirement incentive program under this section, the chief executive officer of the  
31 municipality shall be limited to paying compensation, contract and professional services in an  
32 amount that does not exceed the following percentage of the total annual salary of all participants  
33 in the program calculated as of their respective retirement dates: 30 per cent in fiscal year 2011,  
34 45 per cent in fiscal year 2012 and 60 per cent in fiscal year 2013.

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

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

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

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

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

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

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

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

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

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

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