

GOVERNOR PATRICK PUSHES COMPREHENSIVE PENSION REFORM

Testifies before Joint Committee on Public Service in support of closing loopholes and ending abuses of public employee pension benefits

BOSTON - Monday, April 6, 2009 - Continuing his push for comprehensive pension reform, Governor Deval Patrick testified today before the Joint Committee on Public Service's hearing on pension bills, outlining a number of steps officials can take to strengthen the rules governing public retirement systems. The Governor has long advocated for pension reform and renewed his call for change last month as part of his Massachusetts Recovery Plan to change the way government does business and secure the state's economic future.

"The rules must be tightened so that loopholes are eliminated and the system is financially sound, and so that special benefits for a select few are removed. Until we do, the abuses of a few will continue to undermine the public's confidence in the system as a whole," said Governor Patrick. "I commend Senate President Murray, Speaker DeLeo, the members of this committee and all of my partners in the Legislature for their commitment to addressing this critical issue swiftly."

The Governor urged the Committee to recommend the following reforms:

MBTA - Align the MBTA pension system with the best elements of the state pension system. Specifically, end the "23 years and out" rule, where MBTA employees can start receiving a pension earlier than any reasonable retirement age. The Governor proposed this remedy in his transportation reform bill but noted it is important enough to pursue here as well.

Regular compensation - Limit the definition of "regular compensation" to wages and salary for the purposes of calculating annual benefits. Specifically, exclude non-salary items, such as a housing allowance, retirement annuity or transportation allowance.

Year and a day rule - End the "one day, one-year" rule by which some public employees receive an entire year of pension credit for as little as one day of work. Credit should be granted only for actual time employed.

Voluntary job producing service credit - Eliminate the provisions that allow employees to purchase pension credit at minimal cost for service as an unpaid local official.

Section 10 termination benefits - End the rule that enables elected officials who are not re-elected to start collecting their pensions early, and tighten up the rules for employees with 20 years of service who are terminated or whose positions are abolished.

Dual service - Eliminate pension boosts due to holding multiple jobs concurrently.

Double Pensions - Eliminate double pensions by changing provisions which allow some employees to qualify for two public pensions.

Disability retirement while filling in for supervisor - Change the salary formula on Accidental Disability Retirement calculations so as not to over-inflate benefits based on a temporary supervisory assignment.

Spousal Early Retirement - Repeal the "spousal early retirement" provision whereby if two public employees are married and one retires, the other gets to retire early at full pension benefits.

The Governor noted that this series of reforms will streamline the pension rules and address some deep-seated and longstanding public grievances about the system. He commended the Senate for passing legislation last week, and said he looks forward to the House of Representatives taking action on these measures shortly.

The Special Commission on Pension Reform met last week and is working on further reforms such as a pension cap and further clarification of disability retirement rules. The Governor said the members of the commission should also look at basing pensions on workers' entire service history, not just the three top years, and review the financial implications of all the choices under consideration. Pension reform is a key part of Governor Patrick's Massachusetts Recovery Plan. The plan will combine state, federal and, where possible, private efforts to provide immediate and long-term relief and position the Commonwealth for recovery in the following ways:

- **Deliver immediate relief** by investing in the road, bridge and rail projects that put people to work today and providing safety net services that sustain people who are especially vulnerable during an economic crisis;
- **Build a better tomorrow** through education and infrastructure investments that strengthen our economic competitiveness, prepare workers for the jobs of the future and support clean energy, broadband and technology projects that cut costs while growing the economy; and
- **Reform state government** by eliminating the pension and ethics loopholes that discredit the work of government and revitalize the transportation networks that have suffered from decades of neglect and inaction.