

Proposed New Municipal Legislation

Streamline Procedures for Allowing Regional School Districts Access to Their Stabilization Funds

SECTION XX. Section 16G½ of chapter 71 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by striking out the third paragraph and inserting in place thereof the following paragraph:-

The stabilization fund may be appropriated by vote of two-thirds of all the members of the regional district school committee for any purpose for which regional school districts may borrow money or for such other district purpose as the director of accounts may approve.

Explanation:

This section makes two changes to the statute governing regional school district stabilization funds. First, it makes a technical correction, replacing “emergency finance board” (EFB) with “director of accounts.” The EFB no longer exists; when it was abolished most of its responsibilities were assigned to the director of accounts (in DOR), but the language was not correspondingly changed in the statute. Second, and more substantively, it eliminates the puzzling requirement that, in order for a regional school district to spend from its stabilization fund, it must go through the elaborate process for debt approval. The primary purpose of a stabilization fund is to give the regional school district a convenient way to put aside money for unexpected capital expenses (such as building repairs) and to avoid the need for borrowing. By adding an additional layer of approval, the current requirement serves to undermine this purpose. Many districts already operate this way, so to a certain degree this would be codifying existing practice. It will also be of assistance to regional districts in that it helps them to legally use their stabilization funds more efficiently.

By facilitating access to their stabilization funds, the language assists regional districts in coping with the results of our revenue shortfall at the state level.

Allow Regional School Districts to Share Superintendents

SECTION XX. Section 61 of said chapter 71, as so appearing, is hereby amended by adding the following sentence:- Notwithstanding any provision of this chapter to the contrary, the school committee of a regional school district may participate in a superintendency union on the same terms and conditions as a school committee of a town.

Explanation:

Small local school districts looking for ways to use resources more efficiently may want to explore forming a superintendency union. Despite the name, superintendency unions have nothing to do with collective bargaining and labor unions. Rather, they are cooperative arrangements between two or more school districts to share the services of a superintendent of schools and central office staff, while allowing each town to keep its own school committee and school buildings.

Section 61 of Chapter 71 of the General Laws allows the school committees of two or more towns to join together to form a union school committee. The organization of the union school committee is governed by statute, as are its powers, which are limited to the authority to employ a superintendent of schools, school physicians, school nurses, clerical and secretarial personnel, special teachers, and supervisors. All other powers and responsibilities are retained by the local school committees of the member towns. There are 17 superintendency unions in Massachusetts, comprised of 50 member towns. Currently, 33 of the municipal districts participating in superintendency unions also are members of regional school districts that hire the same superintendent and central office staff. Superintendency unions provide an option for small school districts to share the salary expenses of central office staff.

This section allows regional school districts to join with municipal districts (or other regions) in a superintendency union. To a large degree this codifies current practice. More significantly, it: (1) facilitates a step towards regionalization; and (2) is consistent with our developing regionalization proposal.

Superintendency union language gives regional school districts another tool to manage through this budgetary cycle. By allowing regionals to join with municipal districts in superintendency unions, we're facilitating cost savings at the district level that are in part necessary due to state aid reductions.

Commission to Evaluate Local Aid Formulas

SECTION XX. There shall be a special commission to evaluate local aid formulas consisting of the following members: the secretary of administration and finance, or his designee; the president of the Massachusetts Municipal Association or his designee; the president of the MetroMayors Coalition or his designee; 4 members of the general court, 1 of whom shall be appointed by the speaker of the house, 1 of whom shall be appointed by the house minority leader; 1 of whom shall be appointed by the senate president and 1 of whom shall be appointed by the senate minority leader; and 5 members to be appointed by the governor, 1 of whom shall be a private citizen who shall serve as chair of the commission, 2 of whom shall have professional experience in local government economics and

policy and 2 of whom shall be local officials. Each member shall serve without compensation.

The commission shall review the general government unrestricted local aid formula and make recommendations for any changes or new formula approaches, beginning with the "Partnership Aid" proposal of the Hamill Commission's Municipal Finance Task Force.

The commission shall report in writing to the clerks of the senate and house of representatives, including its recommendations for legislation, not later than November 15, 2010.

Municipal Early Retirement Incentive Program

SECTION XX. (a) Notwithstanding chapter 32 of the General Laws or any other general or special law to the contrary, a municipality which accepts this section may establish and implement an early retirement incentive program for its employees in accordance with this section.

(b) The chief executive officer of the municipality shall limit the total number of participating employees, with preference given to those with greater years of creditable service, and shall have the authority to determine which eligible municipal employees may participate and to approve early retirement benefits for each employee in order to avoid adverse impacts on municipal operations and services.

(c) In order to be eligible to participate in a program established under this section, in addition to any other requirements imposed by the municipality, an employee must be an active member of the retirement system with at least 20 years of service who receives compensation from the operating budget and not from federal, trust or other capital funds.

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

right to any accrued sick and vacation time, and such amounts shall be paid into the municipality's pension system to reduce the additional pension liability resulting from this program.

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

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

(g) In order to establish an early retirement incentive program under this section, a municipality shall comply with the following procedures:

- (1) Within 2 months after the effective date of this section, the chief executive officer of a municipality that chooses to participate shall submit its plan to the public employee retirement administration commission for approval.
- (2) Once the plan has been approved, it shall be submitted to the legislative body of the municipality for acceptance not later than the next regular meeting of the legislative body at which the plan can practicably be submitted.
- (3) The approved plan shall be published and made available to employees within one month after it has been accepted.
- (4) Employees must apply to participate within 2 months of the plan's publication.
- (5) The municipality shall determine which applicants shall be allowed to participate in the program and notify them within one month of the application deadline.
- (6) Participating employees must retire within 2 months of notification of acceptance.

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

(i) A municipality's increased pension liability resulting from participation in a program established under this section shall be amortized over 10 years, starting in the next fiscal year, in equal installments, and shall be separately identified in the municipality's pension funding schedule.

Explanation:

This optional early retirement incentive program for cities and towns is structured in a restrictive manner to ensure that desired near-term budget savings exceed the present value cost to the pension system, while still giving city and town managers sufficient flexibility to structure the program in a manner that avoids adverse operating impacts. By making this program available at the option of municipalities, it will give cities and towns the flexibility to determine for themselves whether this limited tool is appropriate for their community.