

Name of Committee: Override Study Committee Personnel Benefits Subcommittee

Meeting Date: October 25, 2013 Time: 8:00 a.m.

Meeting Location: Town Hall – Room 111

Members Present: Cliff Brown, Janet Gelbart, Carol Kamin

Staff Present: Sean Cronin, Deputy Town Administrator

Topic: Selection of Chair

Cliff Brown agreed to serve as the sub-committee chair. Janet Gelbart agreed to take minutes.

Topic: Discussion of OSC charge as it pertains to Personnel Benefits Subcommittee

Sean presented a brief overview of the Town's benefit expenses which represent a \$50-million line in the budget primarily for pension and health. The purpose of the subcommittee is to review the current benefit structure for the town and recommend areas where potential savings might be found. For example, the EIC's recommendation that the Town negotiate with its unions to join the GIC resulted in a \$5 million savings in health costs.

Topic: Review of Personnel Benefits to identify topics for consideration

Municipal pensions, except for teachers, are governed by Massachusetts law which dictates employee contributions and the defined pension benefit for retirees based on years of service. All municipalities are required to fully fund their pension liabilities by 2040. The town Retirement Board manages the funds, dictates the level of appropriation each year based on actuarial reviews, determines part-time service requirements for eligibility in the plan, sets the rate of return, etc. All participants are entitled to retiree health benefits.

Under current state law, part-time employees who work a minimum of 18.75 hours per week for ten years are eligible for full health benefits for themselves and surviving spouses for life. By law, pension benefits are subject to an annual COLA of up to 3% of the first \$12,000 to \$18,000. The current Brookline COLA base is \$13,000.

Brookline has participated in the GIC since 2011 under section 19 which allows the Town to negotiate health benefits with all of its unions at the same time. Unions vote on a weighted average basis, which in effect gives the teachers' union veto power. Retirees are allowed a 10% voice. State law requires a minimum of 50% contribution toward retiree health benefits, but under Section 19 retirees must receive the same contribution toward their health care as active employees. The town currently pays 83% of employee and retiree health costs. Section 19 does not allow the Town to grandfather existing participants and change the benefits for new employees.

The Town's current agreement with the GIC is up for re-negotiation in the next two years. After it expires, the Town can consider changing from being a section 19 participant to being covered under Municipal Health Reform. This would allow the Town the flexibility to change the contribution required of retirees and to grandfather benefits for existing participants. Janet asked for a comparison of the rules between Municipal Health Reform and Section 19.

Cliff asked if there any incentives for employees to opt for less expensive health plans. Sean indicated there are incentives to employees to opt out of Town benefits.

Janet and Cliff asked how many part-time employees now receive full health benefits. Sean indicated that most of the part-time and job shares occur on the school side. There is only one part-time eligible employee on the town side.

Carol Kamin asked what policies the subcommittee can affect. Sean responded the flexibility currently is in hiring practices and the eligibility of staff to participate in the system.

Janet asked about HRA's to cover insurance deductibles. The Town provides HRA's to cover some specific out-of-pocket costs.

Janet asked if unemployment benefits were part of the subcommittee's purview. Sean responded that unemployment is on a pay-as-you-go basis and has not been a substantial budget item. The largest exposure is for seasonal, part-time employees. Workers comp is also pay-as-you-go. Privatization of some services is an option to review for reducing costs.

The Committee agreed to reserve Friday mornings for future meeting times and set the next two meetings for November 8 and November 15 at 8:00 a.m. Sean will line up the heads of the retirement board and human resources to meet with the subcommittee on those dates.

The meeting adjourned at 9:40 a.m.