



Massachusetts Taxpayers Foundation

Retiree Health Care: *The Brick That Broke Municipalities' Backs*

FEBRUARY 2011

MTF

The Massachusetts Taxpayers Foundation is a nationally recognized, nonprofit research organization whose purpose is to promote the most effective use of tax dollars, improve the operations of state and local governments, and foster positive economic policies. Our credibility is based upon independent, objective, and accurate analysis of state and local spending, taxes, and the economy. Over the past decade the Foundation has won fourteen national awards for our work on transportation reform, business costs, capital spending, state finances, MBTA restructuring, state government reform, and health care.

Massachusetts Taxpayers Foundation
333 Washington Street, Suite 853
Boston, MA 02108-5170

617-720-1000 Fax: 617-720-0799
Email: mtf_info@masstaxpayers.org
Website: www.masstaxpayers.org

Retiree Health Care: ***The Brick That Broke*** ***Municipalities' Backs***

MASSACHUSETTS TAXPAYERS FOUNDATION

FEBRUARY 2011

We would like to recognize
MTF Policy Analyst Carolyn Ryan as
the principal author of this report.

Retiree Health Care: The Brick That Broke Municipalities' Backs

Table of Contents

WHAT IS OPEB?	1
HUGE LIABILITIES.....	2
ANNUAL OBLIGATIONS	4
OVERWHELMING BURDEN ON TAXPAYERS	6
A DISAPPEARING BENEFIT	7
RECOMMENDATIONS	9
APPENDICES	13

Retiree Health Care: The Brick That Broke Municipalities' Backs

Taxpayers have long understood government pension liabilities and the impact on local budgets, but government obligations for other post-employment benefits provided to employees (OPEB), namely retiree health insurance, have only recently started to receive similar attention. New reporting requirements force governments to disclose their OPEB liabilities, and the numbers show that retiree health benefits are no longer the marginal annual budget items they were when initially offered to employees. Instead, the rapid acceleration of health care costs combined with overly generous benefits have created staggering OPEB liabilities which exceed unfunded pension liabilities in almost all Massachusetts communities. Without action, these OPEB liabilities will continue to escalate with enormous consequences for cities and towns.

While a handful of Massachusetts communities have begun to fund their OPEB liabilities with modest contributions, the aggregate liability is more than 99 percent unfunded. Enormous OPEB liabilities, combined with existing pension obligations, threaten the long-term stability of local government finances and are already crippling municipalities' ability to provide basic services, including public education.

What is OPEB?

The term OPEB refers to all benefits, other than pensions, that retirees receive. For public employees in Massachusetts, OPEB largely consists of retiree health insurance but also includes life insurance. As with pension benefits, employees are entitled to these benefits after meeting certain eligibility requirements, such as a vesting period and minimum retirement age.

The increased focus on government OPEB obligations comes partly as a result of

requirements issued by the Governmental Accounting and Standards Board (GASB) in June 2004. Referred to as GASB 45, these standards require all government entities to report their annual OPEB obligations, unfunded liabilities, and various assumptions in annual financial statements. GASB 45 brought governments in line with private sector reporting requirements that have existed for 20 years.

Under GASB 45, governments must disclose the present value of their incurred OPEB costs for both current retirees and active employees already eligible for benefits. The liability defines how much the governments need to set aside today in order to continue to provide these benefits over time, based on a variety of assumptions. Such reporting also helps to gauge the true cost of employee compensation by forcing governments to quantify the present value of a future retirement benefit, even though an employee may not receive that benefit for many years.

Like the earlier pension statements issued by GASB, Statement 45 outlines technical and reporting requirements but does not set policies for governments to address liabilities. As a technical rulemaking board, this is typical for GASB. Although there is no requirement to pre-fund these liabilities, those governments that choose pay-as-you-go over pre-funding place a heavier burden on future taxpayers.

GASB 45 included a three-year phase-in of reporting requirements, with the largest governments being the first to implement the policy. Fiscal year 2009 was the first in which all 351 Massachusetts communities were required to disclose OPEB liabilities.

OPEB has historically received less attention than public sector pensions and employee health insurance, but it is an

important component of employee costs. Although GASB 45 forced disclosure, the total liabilities remain a buried note at the back of financial statements. In theory, OPEB data should be readily available, but in reality it is often difficult to find. Decentralized reporting and the lack of funding requirements lead to haphazard availability of local government OPEB data.

To fill the void and provide a clearer picture of the impact on taxpayers, the Taxpayers Foundation researched and analyzed data from the 50 largest communities in the state, based on population, providing the first broad look at municipal OPEB liabilities in Massachusetts.

Huge Liabilities

The total OPEB liability for the top 50 communities is a breathtaking \$20 billion—nearly \$5 billion larger than earlier estimates of the total liability for all 351 communities in the state.¹ The OPEB liability for the remaining 300 communities, plus regional school districts, will likely add at least \$5 to \$10 billion to this burden. The retiree health care problem threatens to wreak havoc with local government budgets, and no individual community is immune. Governments already owe this, and the liability is rising every year.

Retiree health care liabilities² are driven by several factors which can vary from community to community. Table 1 and Appendix A provide details on the liabilities for all 50 municipalities, which range from \$59 million in Dartmouth to more than \$4.5 billion in Boston. Each community

calculates its own liability and chooses its own assumptions for investment performance and health care cost growth. A higher assumed rate of return and a lower cost growth assumption would reduce the liability. The health plan design, number of people covered, and employees' share of contributions all also affect the liability.

The \$20 Billion Liability

Table 1 shows a total liability of approximately \$18 billion, but we use a \$20 billion liability throughout this report for several reasons:

- Two communities did not have any data available. Based on liabilities in similar communities, we estimate that the liabilities in Fall River and Woburn would add \$500 to \$750 million to the aggregate liability.
- GASB guidelines require that entities relying on pay-as-you-go use a short-term interest rate assumption, but Weymouth and Lynn use an 8 percent return assumption. If these communities had followed GASB guidelines, we estimate it would add \$500 to \$650 million to the aggregate liability.
- Many communities are relying on old data to report their liabilities. For 34 communities, the most recent actuarial valuations were conducted prior to 2009. In most cases, unfunded liabilities will have grown because of communities' failure to begin to address the problem.

¹ Two of the top 50 communities, Fall River and Woburn, do not have any OPEB data available despite the requirement to do so. As discussed later, this liability is almost totally unfunded.

² Since OPEB is almost entirely retiree health care, we use the two terms interchangeably.

Table 1
Municipal OPEB and Pension Liabilities (in thousands)

Pop. Rank	Municipality	Unfunded OPEB Liability	Pension Liability		OPEB + Pension Total Unfunded Liability
			Unfunded	Total	
1	Boston	4,553,816	2,920,165	7,212,669	7,473,981
2	Worcester*	765,312	297,675	929,569	1,062,987
3	Springfield	761,576	402,504	699,026	1,164,080
4	Cambridge	598,995	67,004	833,034	665,999
5	Lowell	432,752	150,668	413,775	583,419
6	Brockton	635,224	32,623	410,270	667,847
7	New Bedford	478,609	319,667	516,133	798,276
8	Quincy	435,548	165,187	472,269	600,735
9	Fall River	N/A	N/A	N/A	N/A
10	Lynn	450,682	214,078	412,239	664,760
11	Newton	531,675	137,886	419,001	669,561
12	Somerville	570,929	96,631	280,400	667,559
13	Lawrence	323,977	146,233	285,982	470,210
14	Framingham	389,843	64,895	262,770	454,738
15	Haverhill	299,042	138,230	282,522	437,272
16	Waltham	517,000	89,420	251,354	606,420
17	Plymouth	264,991	54,787	175,119	319,778
18	Brookline	323,000	108,623	332,222	431,623
19	Malden	164,766	57,893	216,498	222,659
20	Chicopee	165,267	94,628	247,050	259,895
21	Taunton	335,113	89,769	281,787	424,883
22	Medford	247,639	66,794	216,374	314,433
23	Weymouth	131,756	53,587	190,920	185,343
24	Peabody	419,806	78,341	197,189	498,146
25	Revere	160,287	66,438	163,452	226,725
26	Barnstable	159,322	54,693	**	214,015
27	Methuen	209,816	67,016	154,332	276,833
28	Attleboro	274,301	29,194	118,944	303,495
29	Pittsfield	224,749	105,976	186,547	330,725
30	Leominster	154,772	19,511	118,516	174,283
31	Fitchburg	177,764	75,856	167,874	253,620
32	Westfield	178,430	70,609	193,420	249,039
33	Arlington	139,440	47,385	192,195	186,825
34	Salem	159,946	79,394	179,382	239,339
35	Holyoke	300,166	90,362	265,688	390,528
36	Billerica	233,836	73,500	**	307,336
37	Beverly	209,173	56,430	143,368	265,603
38	Woburn	N/A	N/A	N/A	N/A
39	Marlborough	111,574	56,153	151,387	167,727
40	Everett	137,107	99,111	156,991	236,218
41	Chelsea	184,806	68,366	130,398	253,172
42	Amherst	68,990	**	**	N/A
43	Braintree	158,006	47,920	189,266	205,926
44	Dartmouth	59,273	36,744	**	96,017
45	Chelmsford	162,400	52,175	**	214,575
46	Shrewsbury	85,122	19,592	85,257	104,714
47	Andover	245,108	36,946	136,899	282,054
48	Watertown	118,381	43,511	140,549	161,892
49	Falmouth	108,886	40,786	125,751	149,672
50	Natick	111,744	40,383	131,268	152,127
	Total	17,930,716	7,225,337	18,669,656	25,087,064

* Worcester also has approximately \$168 million in outstanding pension obligation bonds.

** The Foundation does not have complete data for the communities in regional pension plans.

Just how big is this burden? For these 50 communities, the unfunded liability is two-and-a-half times larger than the total unfunded pension liability. Every community has a larger unfunded OPEB liability than unfunded pension liability. In Peabody, for example, the unfunded OPEB liability is more than five times larger than its unfunded pension liability.

This trend is particularly troubling among communities that are already suffering from large unfunded pension obligations. Lynn, Chelsea, and Pittsfield all have pension systems that are less than 50 percent funded and have unfunded OPEB liabilities that are more than twice as much as their unfunded pension liabilities. In more than half of the 50 communities, excluding those in regional pension plans, the *total* OPEB liability is greater than the *total* pension liability. Attleboro, Peabody, Waltham, and Somerville each has a total OPEB liability that is more than double its total pension liability.

With pension obligations already weighing down municipal budgets, communities cannot realistically expect to satisfy both their retiree health care and pension liabilities. If municipalities continue business as usual with retiree health care, many can expect to be paying more to provide a year of retiree health benefits than the average retiree receives in pension benefits. Once a supplemental benefit, retiree health care is becoming the most costly aspect of retirement compensation.

As breathtaking as these liabilities are, they almost certainly are understated because most of the communities have used artificially low assumptions about the growth of health care costs in liability calculations. All but five of the 50 municipalities assume that health cost

growth will drop to five percent annually, most commonly within five years, which seems highly unlikely. As shown in Table 2 and Appendix B, this does not reflect actual experiences over the last decade.

Table 2
Cost Growth Assumptions versus Actual
Health Insurance Expenditures³
Select Communities

Municipality	Assumed Long-Term Growth (%)	Average Annual Growth Since 2001 (%)
Methuen	5.0	12.7
Brookline	5.0	11.6
Framingham	5.0	11.1
Medford	5.0	10.1
Marlborough	5.0	9.8
Everett	5.0	8.2

Annual Obligations

The annual costs to tackle OPEB liabilities are daunting. To pay for this \$20 billion liability over the next 30 years would require an annual contribution (ARC) of at least \$1.2 billion for just these 50 cities and towns, compared to the \$500 million they currently spend on a pay-as-you-go basis.⁴

The \$1.2 billion ARC includes two parts: an amortization payment and the “normal cost” payment. The amortization payment, which increases each year, is the annual cost to reduce the existing unfunded liability over a period of time, in this case 30 years. Since the future costs for current retirees are incorporated into the unfunded liability, the amortization payment includes those expenses. The normal cost is the amount a municipality must set aside to fund all of the

³ As reported to the Massachusetts Department of Revenue.

⁴ Excludes Fall River and Woburn.

OPEB obligations payable in the future that were incurred for active employees during that year.

Municipalities have two ways to fund liabilities: pay-as-you-go or paying the ARC. All 50 communities currently fund OPEB on a pay-as-you-go basis and calculate the ARC mainly to comply with GASB 45. However, every year that a community does not meet its ARC, it defers that obligation to the future and increases its unfunded liability. With current pay-as-you-go funding at \$500 million and the ARC at \$1.2 billion, these 50 communities face two paths that both lead to the same disastrous result.

By deferring \$700 million in contributions each year, municipalities lose the income they would have earned on that money, which adds to their obligation. That lost interest compounds every year they continue to defer payment and builds dramatically over time.

Based on a four percent rate of return, these municipalities lose \$28 million of interest earnings by not paying the \$700 million for one year.⁵ By deferring the \$700 million each year for five years, the municipalities would sacrifice more than \$400 million in interest income. Skipping the \$700 million payment each year for 30 years would lead to an astonishing \$19.8 billion in lost interest income (Appendix C).

Of the 50 communities, only Arlington has designated a special OPEB trust, which holds \$2.9 million or about two percent of the town's total liability. A handful of other communities have made small contributions to special funds for OPEB, but those contributions were not placed into

⁵ The median assumed rate of return in actuarial valuations for the top 50 communities is four percent.

irrevocable trusts at the time of their most recent valuations.⁶ With such an enormous and growing gap between current payments and the ARC, these communities have no way to meet the ARC now or in the future.

On the other hand, if municipalities continue pay-as-you-go funding, the liabilities do not disappear and paying for annual costs will become more and more unmanageable. Health care costs will continue to grow and consume an ever larger share of limited revenues. While municipalities operate under the illusion that pay-as-you-go adequately meets their obligations, they are digging deeper and deeper holes that taxpayers must fill in the future.

Whether communities choose the path of pre-funding or pay-as-you-go, retiree health care costs are simply unaffordable. Employee benefits have already eroded local budgets and forced cuts to basic services—and municipalities have not even begun to fund OPEB liabilities. This hemorrhaging will intensify as the soaring costs of retiree health care and other employee benefits force more severe cuts than municipalities have already implemented.

The Legislature and municipalities face a clear and critical choice: cut back retiree health care benefits to an affordable and sustainable level or see cities and towns sink farther and farther into debt while decimating local services.

⁶ GASB requires that contributions be irrevocable and placed in a specially designated trust that is protected from creditors. Since these communities did not establish irrevocable trusts—and therefore funds could be tapped for other purposes at any time—these assets are not counted in actuarial valuations. Boston and Brookline established irrevocable trusts after their most recent valuations.

Table 3
Increase in Average Single Family Tax Bills to Meet OPEB Obligations
Communities with increases over 50 percent

City/Town	Average Single Family Tax Bill (FY10)	Increase Needed, per Single Family Parcel	Tax Bill Increase	Total 30-yr Payment, Average Single Family Homeowner
Lawrence	2,374	6,053	255%	181,604
Boston	2,762*	3,261	118%	97,827
Holyoke	2,764	2,433	88%	72,989
Attleboro	3,153	2,614	83%	78,434
Brockton	2,713	1,858	68%	55,740
Worcester	3,129	2,049	65%	61,478
Lowell	3,072	1,971	64%	59,118
Taunton	2,612	1,571	60%	47,135
Revere	3,347	1,964	59%	58,933
New Bedford	2,838	1,577	56%	47,308

**Boston's average family tax bill is for FY 2009 and includes the residential exemption.*

Overwhelming Burden on Taxpayers

Another way of understanding these massive liabilities is to measure the potential impact on taxpayers, and the burden would be overwhelming.⁷

As shown in Table 3 and Appendix D, 10 communities would need to increase the average single family tax bill by more than 50 percent and maintain that increase for 30 years to pay for the full ARC. Lawrence homeowners would see an astonishing 255 percent increase and Boston a 118 percent increase in their bills.

In 29 of the 40 communities, tax bills would need to jump by 20 percent or more to pay the ARC. Even at the lowest end, Falmouth

homeowners would see an 8 percent increase in property taxes.

Over 30 years, the average single family homeowner in Boston would pay nearly \$100,000 in *additional* taxes to meet the city's annual OPEB obligations. In eight other communities—Worcester, Lowell, Brockton, Newton, Lawrence, Revere, Attleboro, and Holyoke—the average homeowner would pay more than \$50,000 in additional taxes over 30 years.⁸

It is absolutely inconceivable that taxpayers would, or should, be asked to pay such extraordinary and unaffordable amounts—yet that is the obligation on the backs of taxpayers if the benefits are not changed.

⁷ The Foundation used the Department of Revenue's data on residential parcels and tax bills to analyze the implications of paying the full ARC for taxpayers in 40 of the 50 communities. Residential tax bill data was not available for Barnstable, Brookline, Chelsea, Everett, Malden, Marlborough, Somerville, and Watertown, in addition to Fall River and Woburn.

⁸ Municipalities increase the amortization portion of their ARC each year (usually by 4.5 percent), but the Foundation assumed the entire ARC remained level for 30 years because several communities do not provide details of the amortization portion. As a result, the total 30-year payments may be low estimates for some communities.

A Disappearing Benefit

Massachusetts municipalities already stand apart from the great majority of employers by offering retiree health care at all, but the richness of benefits—extraordinary plans, substantial employer contributions, and low eligibility barriers—places them among the most generous employers in the nation.

In the private sector, retiree health care is rapidly becoming a thing of the past. Only 28 percent of private sector employers with at least 500 employees offered health care benefits to early retirees in 2009, down from 46 percent in 1993, while just 21 percent of these employers provided supplemental health care coverage for Medicare-eligible retirees compared to 40 percent in 1993.⁹ These percentages include employers that require retirees to pay the full premium cost, so an even smaller fraction actually contribute anything to the cost of premiums.¹⁰

In Massachusetts, employer-provided retiree health care is also a rarity. According to the state's 2009 survey, only 9.6 percent of all employers offered early retiree health care. Slightly more—12 percent of all employers—provided supplemental coverage to Medicare-eligible retirees. A survey by Associated Industries of Massachusetts (AIM) found similar results: in 2010, only eight percent of employers offered retiree health care coverage. These

numbers also include employers that do not contribute anything to the cost of premiums.

Even in the public sector, retiree health care is more the exception than the rule. According to a national survey by Cobalt Community Research, just 28 percent of local governments provided retiree health care in 2010.¹¹ The Department of Health and Human Services found similar results in a 2009 national survey—36.4 percent of state and local governments offered health care to early retirees and 25.4 percent offered supplemental health care to retirees 65 and older. As with the private sector data, these numbers include governments that do not contribute anything to the cost of premiums.

The 100 largest government entities in Oregon have a total OPEB liability of only \$3 billion. That includes Oregon state government, which reduced its already modest retiree health care subsidy for new hires in 2003. Among local governments in the U.S., Boston has the fourth largest unfunded OPEB liability, behind only New York City, Los Angeles County, and Detroit.¹²

Several factors explain the extraordinarily large municipal liabilities in Massachusetts. The state's cities and towns offer exceedingly generous health benefits, including such relics as \$5 co-pays and no deductibles. Many municipal retirees are not required to enroll in Medicare, leaving municipalities to pay for the more expensive non-Medicare plans. Finally, the eligibility

⁹ Frontstin, Paul. "Issue Brief: Implications of Health Reform for Retiree Health Benefits." Employee Benefit Research Institute (EBRI), January 2010.

¹⁰ Employers who provide only access to employer health care, and make no contribution, still have a liability if retirees are included in the same health plan(s) as active employees. Using a single rate for both retirees and actives results in retiree premiums lower than they would otherwise be in a retiree-only plan, and active employee premiums are slightly higher than if retirees were excluded. This is known as the implicit rate subsidy.

¹¹ "Health & OPEB Funding Strategies, 2010 National Survey of Local Governments." Cobalt Community Research.

¹² U. S. Government Accountability Office. "State and Local Retiree Health Benefits: Liabilities are Largely Unfunded but Some Governments are Taking Action." November 2009.

requirements for retiree health care have few restrictions.

As a rule, municipal health plans in Massachusetts are significantly richer than plans offered by other employers, including the state and federal governments.¹³ While these other employers have responded to the reality of escalating health care costs, municipalities have lagged in adjusting plan benefits because all changes are subject to collective bargaining. Retirees are included in these same expensive plans with the same generous benefits. And, unlike other public and private entities, Massachusetts municipalities have no dollar cap on their contribution for retiree health care.

Adding to the problem, thousands of Medicare-eligible retirees are not enrolled in Medicare, even though the municipality and employee have already paid for it.

Municipalities also have eligibility requirements that are remarkably expansive. Between current retirees and active employees already eligible for benefits, these 50 municipalities must provide lifetime health care to 150,000 people.

- After only 10 years of service, employees are entitled to lifetime health care benefits upon retirement. By contrast, the pension system tailors benefits to years of service so an individual who works for 30 years receives a much greater benefit than one with 10 years of service.
- Retirees are eligible for health care benefits as early as age 55, 10 years before they qualify for Medicare.

- The state mandates that municipal employees must work only 20 hours per week to be eligible for the same benefits as full-time employees. Such part-time employees also need to have only 10 years of service to receive retiree benefits, so a part-time employee must work the equivalent of only five years of full-time service to obtain lifetime retiree health care benefits.
- State law requires that retiree health benefits include spouse and dependent coverage which costs more than twice as much as individual coverage. At local option, spouses retain lifetime coverage upon the death of a retiree.

¹³ The Foundation will be releasing a study which compares the benefits offered by a sample of municipal plans with other public and private sector plans.

Recommendations

It is urgent that municipalities and the Legislature take steps to rein in these huge and growing liabilities. Delay will only require more difficult and sweeping action later.

There is a serious question whether many communities can afford to continue to provide any sort of retiree health care, particularly in combination with their pension obligations and the escalating costs of employee health care. At a minimum, the extraordinarily generous retiree benefits must be scaled back, and the sooner communities act the more likely they will be able to preserve some form of those benefits.

Unfortunately, communities have limited flexibility to address this problem since so many of the benefits are mandated by state law. Nevertheless, cities and towns have some opportunities to make changes on their own, which they should seize.

This report makes a series of recommendations to address this problem, divided into those that require legislative action and those that municipalities can implement under current law.

Because of the severity of the problem, the changes in benefits need to apply to current employees, and in some cases to current retirees, rather than only for new hires, as in the case of pension changes.¹⁴ It is important to emphasize that even if all the recommendations were adopted, municipalities would still be providing their retirees with far more generous health benefits than all but a tiny fraction of Massachusetts employers.

¹⁴ Retiree health care benefits do not have the same legal protections as pensions.

Legislative Recommendations

Provide Local Officials the Authority to Adjust Plan Design

One of the most important steps to control the costs of municipal health care for both employees and retirees is to give local officials the authority to change plan design outside of collective bargaining. Unlike the state and private sector employers, municipal officials' hands are tied by having to go through collective bargaining to make even minor plan changes. The result is overly rich plans, and since retirees are enrolled in the same health plans as active employees, this also drives up OPEB liabilities. Making modest changes, but still keeping benefits at least on par with the state's Group Insurance Commission, would have the dual impact of immediate and large savings in operating budgets while taking a significant bite out of OPEB liabilities.

Contribute Set Dollar Amounts and Cap Municipal Contributions

A key strategy for communities to control their OPEB liabilities, which would require legislative action, would be to contribute a set dollar amount toward premiums and to place a cap on their contributions. Municipalities currently tie their contributions to a percentage of a plan's cost with a minimum 50 percent required by state law. The dollar approach would reduce liabilities by helping to protect the municipality from the relentless growth in health care costs and encourage retirees to choose less expensive health care plans. For example, Gainesville, Florida switched from percentage to dollar contributions in 2009 and reduced its liability by 12 percent.¹⁵

¹⁵ U. S. Government Accountability Office. "State and Local Retiree Health Benefits: Liabilities are Largely Unfunded but Some Governments are Taking Action." November 2009.

Massachusetts municipalities are not permitted to cap their benefits, but contribution limits are prevalent in both the private and public sectors. For example, a local Fortune 100 company—one of the few private employers still providing retiree health care—caps its contribution at 100 percent of 2005 costs. Colorado caps its monthly contributions for early and Medicare-eligible retirees at \$230 and \$115 respectively, and Florida offers a maximum health insurance subsidy of \$150 per month to state employees.

Require Medicare Enrollment

Current state law requires that all state retirees enroll in Medicare as their primary coverage. However, there is no such requirement for municipalities—only a local option. The additional costs of covering Medicare-eligible retirees in non-Medicare plans adds substantially to OPEB liabilities. For example, if just one-third of the Medicare-eligible retirees in Newton who are currently not enrolled in Medicare made the switch, the city’s liability would drop by almost \$15 million. If all 150 made the switch, the liability would drop by about \$45 million, or 8.5 percent.

The majority of communities have imposed the Medicare requirement, and in those that do not have a formal requirement many retirees have chosen Medicare as their primary coverage. Nevertheless, there are thousands of retirees statewide who are not enrolled despite the fact that both the municipality and the employee have paid into the Medicare system. As recently proposed by the Governor, the state should mandate that all Medicare-eligible municipal retirees enroll in Medicare.

Tie Benefits to Years of Service

Instead of allowing all retirees to be eligible for full retiree health care after just 10 years

of service, the Foundation recommends the Legislature make retiree health care benefits commensurate with length of service, as the pension system already does.

There are a number of ways this could be accomplished. Under one option, employees would receive the municipality’s maximum subsidy at 35 years of service, with the contribution reduced proportionately for shorter tenures. For example, if a municipality’s maximum retiree health care contribution is 75 percent of the premium, contributions could be scaled downward as follows:

Years of Service	Percent of Full Municipal Contribution	Municipal Contribution, Based on a 75% Maximum
35 or more	100%	75%
30 to <35	85%	63.75%
25 to <30	70%	52.5%
20 to <25	55%	41.25%
15 to <20	40%	30%
10 to <15	25%	18.75%

A slightly more complicated version would tie the scale to the pension benefit, which includes age as a factor. Only employees receiving the maximum pension benefit of 80 percent of final average salary would receive the maximum premium contribution. Alternatively, municipalities could contribute a flat dollar amount per year of service towards monthly health care premiums for eligible retirees.

Raise the Retiree Health Care Eligibility Age

The Foundation recommends the Legislature increase the retiree health care eligibility age from 55 to 62. This substantially shortens the time frame for which a municipality would have to pay pre-Medicare premiums

and be responsible for the overlapping health care costs of both the retiree and the retiree's replacement. Increasing the eligibility age may also encourage some employees to defer retirement, allowing the community to benefit longer from their knowledge and years of experience.¹⁶

Several state governments have raised the eligibility age for retiree health benefits. In 2008, Rhode Island raised eligibility to 59. New York state raised the minimum retirement age—which dictates the retiree health care eligibility age—from 55 to 62 for new hires.

Increase Eligibility Hours and Prorate Benefits for Part-Time Employees

Under state law employees must work only 20 hours per week to be eligible for retiree health care. Thus, an employee who works 20 hours per week for 10 years is entitled to the same retiree health benefit as an employee who works 40 hours per week for 35 years.

The Foundation recommends that the Legislature raise the eligibility for retiree health benefits to 1,400 hours or approximately 27 hours per week for part-time employees. In addition, the benefit should be tied to the number of hours an employee works. For example, an employee working three-fourths of a full-time schedule would be entitled to 75 percent of the benefits of a full-time employee with the same years of service.

End Spousal/Dependent Coverage

Providing spousal/dependent coverage to retirees is an expensive obligation imposed on municipalities and is unusually generous

even among the dwindling ranks of employers still offering retiree health care. The Foundation recommends that the Legislature eliminate the requirement that municipalities offer spousal/dependent coverage to all future retirees who are eligible for health benefits.

Costs for spousal/dependent coverage are at least twice as much as individual coverage. For example, in Somerville's least expensive plan, the city pays \$17,610, or over \$11,000 more, for an early retiree who elects family coverage instead of individual coverage. For supplemental Medicare plans, the city pays twice as much for retiree-plus-spouse coverage as it does for retiree-only coverage.

Municipal Recommendations

Decrease the Municipal Share of the Premium Contribution

State law requires municipalities to contribute a minimum of 50 percent toward retiree health care premiums, and in the 50 communities the average municipal contribution is 75 percent.

Municipalities currently contributing more than 50 percent can reduce their contributions without needing a legislative change. It is an open question whether municipalities must bargain changes in premium contributions or plan design for retirees. Recognizing that such a change could be disruptive for some retirees, municipalities could phase down their contribution over time.

Require Medicare Enrollment

As discussed earlier, municipal retirees are not required to enroll in Medicare. Communities do have the option to adopt this policy on their own, and the Foundation

¹⁶ Governor Patrick has proposed increasing the pension eligibility age, but that does not automatically affect the retiree health care eligibility age.

recommends that municipalities exercise that option if they have not yet done so.

Other Recommendations

Detail Costs in Annual Budgets

One of the key reasons GASB 45 was implemented was to force municipalities to measure and recognize the liabilities they incur every year, rather than simply pushing the obligation onto future taxpayers outside of the public limelight.

In the annual budget, municipalities should publish that year's total normal cost, which is the amount the municipality should set aside to pre-fund the retiree health benefits that active employees earned that year. This will help municipalities determine their total spending on employee compensation and benefits. Municipalities should also track spending on retiree health care by making it a separate line item in the annual operating budget.

Centralize Reporting

GASB requires that all OPEB plans with at least 200 members conduct biennial valuations, but many municipalities in Massachusetts have not met this standard. In addition, as the Foundation discovered, most municipalities do not make this data readily available. With such limited transparency and lack of enforcement, municipalities have little incentive to update their valuation if it would increase their liabilities.

The Foundation recommends the state implement and enforce reporting standards for municipalities. As Governor Patrick recently proposed, municipalities should be required to report on key data points—the liability, annual required payment, pay-as-you-go costs, and assumed rate of return—annually to the state. This would allow taxpayers and other interested parties to view their community's liability, compare it to other communities, and encourage municipalities to address their large liabilities.

Appendices

Appendix A: OPEB Liability by Municipality	14
Appendix B: Health Care Cost Growth Assumptions by Municipality	16
Appendix C: Impact of Underfunding the Annual Required Contribution.....	19
Appendix D: Impact on Average Property Tax Bill by Municipality.....	20
Appendix E: Methodology and Tax Calculations.....	22

Abbreviations Used in Tables

AAL:	Actuarial Accrued Liability
ARC:	Annual Required Contribution
AVA:	Actuarial Value of Assets
FY:	Fiscal Year
Paygo:	Pay-as-you-go
UAAL:	Unfunded Actuarial Accrued Liability

Appendix A
OPEB Liability by Municipality

Pop. Rank	Municipality	Retired Members	Active Members	AVA (1,000s)	UAAL (1,000s)	AAL (1,000s)	Assumed Rate of Return	ARC (1,000s)	Paygo Cost (1,000s)	Paygo as a % of ARC	Paygo FY	Date of Valuation
1	Boston	14,000	15,000	0	4,553,816	4,553,816	5.3%	252,685	153,433	61	2010	6/30/09
2	Worcester	5,285	4,348	0	765,312	765,312	4.0%	70,142	19,507	28	2009	6/30/08
3	Springfield	4,917	4,179	0	761,576	761,576	3.5%	43,555	25,004	57	2009	6/30/08
4	Cambridge	2,168	2,786	0	598,995	598,995	4.5%	39,272	18,558	47	2009	1/1/09
5	Lowell	1,959	3,029	0	432,752	432,752	3.5%	31,917	8,738	27	2009	1/1/08
6	Brockton	2,577	3,064	0	635,224	635,224	4.0%	46,244	15,808	34	2009	6/30/09
7	New Bedford	N/A	N/A	0	478,609	478,609	3.5%	31,933	12,537	39	2009	7/1/07
8	Quincy	1,928	2,307	0	435,548	435,548	3.5%	31,433	10,967	35	2009	7/1/07
9	Fall River	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Lynn	2,020	2,225	0	450,682	450,682	8.0%	28,993	11,005	38	2009	6/30/08
11	Newton	2,500	2,453	0	531,675	531,675	2.0%	47,573	14,141	30	2009	6/30/10
12	Somerville	1,880	1,497	0	570,929	570,929	3.5%	34,353	15,038	44	2009	6/30/08
13	Lawrence	401	665	0	323,977	323,977	4.0%	33,661	7,843	23	2009	1/1/09
14	Framingham	1,538	1,895	0	389,843	389,843	4.0%	26,539	12,181	46	2009	7/1/08
15	Haverhill	1,838	1,160	0	299,042	299,042	5.0%	16,613	11,227	68	2009	1/1/09
16	Waltham	1,193	1,254	0	517,000	517,000	4.0%	30,129	17,869	59	2009	7/1/06
17	Plymouth	1,177	1,184	0	264,991	264,991	4.5%	21,182	11,975	57	2009	7/1/06
18	Brookline	1,523	1,444	0	323,000	323,000	5.3%	20,503	9,532	46	2009	6/30/08
19	Malden	1,132	1,135	0	164,766	164,766	5.0%	16,137	5,309	33	2008	6/30/08
20	Chicopee	1,289	1,182	0	165,267	165,267	5.0%	11,481	6,613	58	2009	12/31/06
21	Taunton	1,421	1,717	0	335,113	335,113	3.5%	22,258	6,150	28	2009	6/30/08
22	Medford	900	933	0	247,639	247,639	3.5%	14,018	6,215	44	2009	6/30/08
23	Weymouth	1,385	1,267	0	131,756	131,756	8.0%	11,020	0	0	2009	1/1/07
24	Peabody	1,649	1,296	0	419,806	419,806	3.5%	26,183	9,926	38	2008	7/1/06
25	Revere	951	1,048	0	160,287	160,287	N/A	15,636	6,912	44	2009	7/1/07

	Municipality	Retired Members	Active Members	AVA (1,000s)	UAAL (1,000s)	AAL (1,000s)	Assumed Rate of Return	ARC (1,000s)	Paygo Cost (1,000s)	Paygo as a % of ARC	Paygo FY	Date of Valuati
26	Barnstable	723	915	0	159,322	159,322	5.0%	11,202	5,060	45	2009	6/30/08
27	Methuen	763	794	0	209,816	209,816	4.5%	14,340	4,494	31	2009	6/30/08
28	Attleboro	N/A	N/A	0	274,301	274,301	4.3%	24,309	0	0	2009	6/30/09
29	Pittsfield	1,250	1,500	0	224,749	224,749	N/A	17,719	7,549	43	2009	1/1/07
30	Leominster	859	1,107	0	154,772	154,772	4.5%	13,454	4,968	37	2009	1/1/08
31	Fitchburg	939	1,090	0	177,764	177,764	4.3%	13,159	5,444	41	2009	1/1/09
32	Westfield	482	1,201	0	178,430	178,430	3.8%	20,440	5,197	25	2009	6/30/08
33	Arlington	941	1,049	2,909	139,440	142,349	5.3%	12,729	8,762	69	2009	1/1/08
34	Salem	928	919	0	159,946	159,946	5.0%	11,129	6,799	61	2009	12/31/07
35	Holyoke	1,450	1,433	0	300,166	300,166	4.0%	19,471	6,564	34	2008	6/30/07
36	Billerica	917	825	0	233,836	233,836	4.3%	17,020	6,970	41	2009	1/1/09
37	Beverly	725	715	0	209,173	209,173	4.0%	12,936	6,028	47	2009	6/30/09
38	Woburn	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
39	Marlborough	709	1,161	0	111,574	111,574	3.5%	8,796	2,344	27	2009	7/1/08
40	Everett	669	1,337	0	137,107	137,107	4.0%	12,574	5,183	41	2009	1/1/07
41	Chelsea	399	968	0	184,806	184,806	4.0%	20,010	1,861	9	2008	6/30/08
42	Amherst	217	457	0	68,990	68,990	4.3%	6,025	2,140	36	2009	7/1/07
43	Braintree	858	1,066	0	158,006	158,006	4.9%	14,500	5,498	38	2009	1/1/07
44	Dartmouth	N/A	N/A	0	59,273	59,273	4.0%	6,240	1,647	26	2009	7/1/08
45	Chelmsford	952	800	0	162,400	162,400	4.3%	14,043	5,040	36	2010	1/1/09
46	Shrewsbury	N/A	N/A	0	85,122	85,122	3.5%	6,700	1,504	22	2009	7/1/09
47	Andover	485	747	0	245,108	245,108	3.5%	18,051	5,363	30	2009	6/30/09
48	Watertown	N/A	N/A	0	118,381	118,381	3.5%	N/A	N/A	N/A	N/A	N/A
49	Falmouth	590	744	0	108,886	108,886	5.0%	7,776	3,232	42	2009	7/1/08
50	Natick	788	1,179	0	111,744	111,744	4.0%	10,908	2,997	27	2009	7/1/08
	Total	71,275	77,075	2,909	17,930,716	17,933,625	--	1,236,993	521,131	--	--	--

Appendix B

Health Care Cost Growth Assumptions by Municipality¹

Pop. Rank	Municipality	Date of Valuation	Health Care Growth Rate Assumptions				Actual Growth Annual Average 2001-2009 (%)
			Initial Growth (%)	Long-Term Growth (%)	Phase Down Period (years)	First Year Long-Term Growth Applies	
1	Boston	6/30/09	10 to 11	5 to 6	5	2014	9.4
2	Worcester*	6/30/08	10	5	7	2015	11.0*
3	Springfield	6/30/08	9	5	8	2016	8.8
4	Cambridge	1/1/09	11	5	13	2022	8.5
5	Lowell	1/1/08	10	5	5	2013	12.9
6	Brockton	6/30/09	7.5	5	5	2014	10.2
7	New Bedford	7/1/07	N/A	N/A	N/A	N/A	31.7
8	Quincy	7/1/07	8.5	5	6	2013	9.6
9	Fall River	N/A	N/A	N/A	N/A	N/A	9.4
10	Lynn	6/30/08	8	5	10	2018	14.2
11	Newton	6/30/10	6.9 to 7.2	5.2	3	2013	12.4
12	Somerville	6/30/08	9	5	8	2016	11.8
13	Lawrence	1/1/09	10	5	5	2014	11.2
14	Framingham	7/1/08	7	5	5	2013	11.1
15	Haverhill	1/1/09	9	5	5	2014	8.6
16	Waltham	7/1/06	9	5	8	2014	9.9
17	Plymouth	7/1/06	11	6	by 2040	2040	10.9
18	Brookline	6/30/08	10	5	5	2013	11.6
19	Malden	6/30/08	12	5	5	2013	12.8
20	Chicopee	12/31/06	N/A	N/A	N/A	N/A	8.4
21	Taunton	6/30/08	9	5	8	2016	7.5
22	Medford	6/30/08	7.5	5	10	2018	10.1
23	Weymouth	1/1/07	N/A	N/A	N/A	N/A	6.3
24	Peabody	7/1/06	10	5	10	2016	8.7
25	Revere	7/1/07	N/A	N/A	N/A	N/A	18.0
26	Barnstable**	6/30/08	10	5	7	2015	61.5
27	Methuen	6/30/08	10	5	10	2018	12.7
28	Attleboro	6/30/09	N/A	N/A	N/A	N/A	10.8
29	Pittsfield	1/1/07	N/A	N/A	N/A	N/A	10.6
30	Leominster	1/1/08	11	6	10	2018	19.8
31	Fitchburg	1/1/09	9 to 11	5 to 6	10	2019	14.6
32	Westfield	6/30/08	7.2	6.2	by 2040	2040	10.3

¹ Actual annual growth as reported to the state's Department of Revenue.

* The actual growth for Worcester is from 2002, instead of 2001, to 2009.

** Barnstable and Amherst numbers likely reflect a change in reporting between 2002 and 2009.

Pop. Rank	Municipality	Date of Valuation	Health Care Growth Rate Assumptions				Actual Growth Annual Average 2001-2009 (%)
			Initial Growth (%)	Long- Term Growth (%)	Phase Down Period (years)	First Year Long-Term Growth Applies	
33	Arlington	1/1/08	8	5	N/A	N/A	15.3
34	Salem	12/31/07	10	5	5	2012	8.6
35	Holyoke	6/30/07	4.5	4.5	N/A	N/A	6.8
36	Billerica	1/1/09	11	5	10	2019	11.5
37	Beverly	6/30/09	10	5	10	2019	20.2
38	Woburn	N/A	N/A	N/A	N/A	N/A	10.8
39	Marlborough	7/1/08	9	5	8	2016	9.8
40	Everett	1/1/07	6.98	5	10	2017	8.5
41	Chelsea	6/30/08	9	5	5	2013	3.2
42	Amherst **	7/1/07	10	5	5	2012	44.5
43	Braintree	1/1/07	11.83	5	10	2017	11.2
44	Dartmouth	7/1/08	10	5	N/A	N/A	4.0
45	Chelmsford	1/1/09	Blended, <10	5	10	2019	7.1
46	Shrewsbury	7/1/09	8.5	5	7	2016	8.7
47	Andover	6/30/09	8.5	5	8	2017	13.7
48	Watertown	N/A	N/A	N/A	N/A	N/A	12.0
49	Falmouth	7/1/08	9	5	7	2015	14.1
50	Natick	7/1/08	10	5	5	2013	10.8

** Barnstable and Amherst numbers likely reflect a change in reporting between 2002 and 2009.

This page intentionally left blank.

Appendix C
Impact of Underfunding the Annual Required Contribution
Based on 4.0 percent annual rate of return

FY	Amount Underfunded (1,000s)	Foregone Interest (1,000s)	Cumulative Foregone Interest (1,000s)	Total Underfunding (1,000s)
2010	700,000	28,000	28,000	728,000
2011	700,000	57,120	85,120	1,485,120
2012	700,000	87,405	172,525	2,272,525
2013	700,000	118,901	291,426	3,091,426
2014	700,000	151,657	443,083	3,943,083
2015	700,000	185,723	628,806	4,828,806
2016	700,000	221,152	849,958	5,749,958
2017	700,000	257,998	1,107,957	6,707,957
2018	700,000	296,318	1,404,275	7,704,275
2019	700,000	336,171	1,740,446	8,740,446
2020	700,000	377,618	2,118,064	9,818,064
2021	700,000	420,723	2,538,786	10,938,786
2022	700,000	465,551	3,004,338	12,104,338
2023	700,000	512,174	3,516,511	13,316,511
2024	700,000	560,660	4,077,172	14,577,172
2025	700,000	611,087	4,688,259	15,888,259
2026	700,000	663,530	5,351,789	17,251,789
2027	700,000	718,072	6,069,861	18,669,861
2028	700,000	774,794	6,844,655	20,144,655
2029	700,000	833,786	7,678,441	21,678,441
2030	700,000	895,138	8,573,579	23,273,579
2031	700,000	958,943	9,532,522	24,932,522
2032	700,000	1,025,301	10,557,823	26,657,823
2033	700,000	1,094,313	11,652,136	28,452,136
2034	700,000	1,166,085	12,818,221	30,318,221
2035	700,000	1,240,729	14,058,950	32,258,950
2036	700,000	1,318,358	15,377,308	34,277,308
2037	700,000	1,399,092	16,776,400	36,376,400
2038	700,000	1,483,056	18,259,456	38,559,456
2039	700,000	1,570,378	19,829,835	40,829,835
Total	21,000,000	19,829,835	19,829,835	40,829,835

Appendix D
Impact on Average Property Tax Bill by Municipality

Pop Rank	Municipality	ARC (1,000s)	Paygo (1,000s)	Difference (1,000s)	Tax Bill Increase, Per Parcel	Total 30-yr Payment, Average Single Family Homeowner	Average Single Family Tax Bill (FY10)	Tax Bill Increase (%)
1	Boston*	252,685	153,433	(99,252)	3,261	97,827	2,762	118
2	Worcester	70,142	19,507	(50,635)	2,049	61,478	3,129	65
3	Springfield	43,555	25,004	(18,551)	714	21,416	2,685	27
4	Cambridge	39,272	18,558	(20,714)	1,027	30,810	3,564	29
5	Lowell	31,917	8,738	(23,178)	1,971	59,118	3,072	64
6	Brockton	46,244	15,808	(30,436)	1,858	55,740	2,713	68
7	New Bedford	31,933	12,537	(19,396)	1,577	47,308	2,838	56
8	Quincy	31,433	10,967	(20,466)	1,501	45,030	4,373	34
10	Lynn	28,993	11,005	(17,988)	1,573	47,200	3,466	45
11	Newton	47,573	14,141	(33,432)	1,975	59,245	8,320	24
13	Lawrence	33,661	7,843	(25,818)	6,053	181,604	2,374	255
14	Framingham	26,539	12,181	(14,358)	1,076	32,282	4,979	22
15	Haverhill	16,613	11,227	(5,386)	529	15,871	3,474	15
16	Waltham	30,129	17,869	(12,260)	762	22,858	3,803	20
17	Plymouth	21,182	11,975	(9,208)	520	15,606	3,902	13
20	Chicopee	11,481	6,613	(4,868)	444	13,329	2,490	18
21	Taunton	22,258	6,150	(16,108)	1,571	47,135	2,612	60
22	Medford	14,018	6,215	(7,803)	995	29,848	3,931	25
23	Weymouth	11,020	0	(11,020)	843	25,288	3,322	25

* Boston's average family tax bill is for FY 2009 and includes the residential exemption.

Pop Rank	Municipality	ARC (1,000s)	Paygo (1,000s)	Difference (1,000s)	Tax Bill Increase, Per Parcel	Total 30-yr Payment, Average Single Family Homeowner	Average Single Family Tax Bill (FY10)	Tax Bill Increase (%)
24	Peabody	26,183	9,926	(16,257)	1,499	44,979	3,273	46
25	Revere	15,636	6,912	(8,724)	1,964	58,933	3,347	59
27	Methuen	14,340	4,494	(9,846)	926	27,793	3,337	28
28	Attleboro	24,309	0	(24,309)	2,614	78,434	3,153	83
29	Pittsfield	17,719	7,549	(10,170)	903	27,084	2,663	34
30	Leominster	13,454	4,968	(8,487)	1,063	31,901	3,296	32
31	Fitchburg	13,159	5,444	(7,715)	1,204	36,108	2,687	45
32	Westfield	20,440	5,197	(15,243)	1,639	49,172	3,478	47
33	Arlington	12,729	8,762	(3,967)	497	14,917	5,779	9
34	Salem	11,129	6,799	(4,330)	901	27,035	4,370	21
35	Holyoke	19,471	6,564	(12,907)	2,433	72,989	2,764	88
36	Billerica	17,020	6,970	(10,050)	937	28,119	4,077	23
37	Beverly	12,936	6,028	(6,908)	826	24,772	5,006	16
42	Amherst	6,025	2,140	(3,885)	954	28,615	5,667	17
43	Braintree	14,500	5,498	(9,003)	1,001	30,026	3,532	28
44	Dartmouth	6,240	1,647	(4,592)	474	14,234	2,966	16
45	Chelmsford	14,043	5,040	(9,003)	1,001	30,018	5,267	19
46	Shrewsbury	6,700	1,504	(5,196)	577	17,298	3,893	15
47	Andover	18,051	5,363	(12,688)	1,496	44,866	7,239	21
49	Falmouth	7,776	3,232	(4,544)	251	7,540	3,326	8
50	Natick	10,908	2,997	(7,912)	935	28,059	5,282	18

Note: Eight communities are excluded because average property tax bill data was not available: Barnstable, Brookline, Chelsea, Everett, Malden, Marlborough, Somerville, and Watertown. Fall River and Woburn are excluded because OPEB data was not available.

Appendix E

Methodology and Tax Calculations

Methodology

The Foundation collected the data on retiree health care liabilities from each community's most recent annual financial statements. As noted in the report, GASB requires that this data—which is found in Appendices A, B, and D—be included in annual financial statements.

Only a handful of the 50 communities had annual financial statements available directly on their websites. For the large majority, we collected the information from Official Statements published when they issue bonds. Many municipalities issue short-term debt on a regular basis to manage cash flow, so they publish an Official Statement—with the most recent financial statements as an appendix—nearly every year. The Municipal Securities Rulemaking Board (MSRB) maintains a comprehensive online database of Official Statements, through which we collected most financial statements.

We were not able to obtain recent financial statements through either their own websites or Official Statements for four communities—Fall River, Woburn, Watertown, and Dartmouth. We called each community and Watertown and Dartmouth provided us with the information we requested.

Clarification of Tax Calculations

The calculations of the percentage increases in property tax bills and the total amount a single family homeowner would pay over 30 years (found in Table 3 and Appendix D) assume that the retiree health care costs would be paid entirely by single family residential homeowners. While some of the burden would of course be borne by commercial and industrial property owners, those additional costs would be passed along to consumers in some fashion. Our calculation of the increase in residential property taxes captures the full effect of these additional obligations on taxpayers and consumers. In either case, the estimates are only illustrative because retiree health care obligations far exceed the capacity of homeowners or businesses to pay for these liabilities.

Acknowledgement

We would like to thank Jim Link for his helpful comments on this report.

OFFICERS

Chair
Michael Costello

Vice Chair
Sandra L. Fenwick

Treasurer
Fay Donohue

President & Secretary
Michael J. Widmer

BOARD OF TRUSTEES

Joseph F. Ailinger, Jr.
Vice President – Media Relations
The Bank of New York Mellon
Boston

W. Gerald Austen, M.D.
Edward D. Churchill
Professor of Surgery
Surgeon-in-Chief, Emeritus
Massachusetts General Hospital
Boston

Dennis G. Austin
Director, State Government Relations
Raytheon Company
Waltham

Maura O. Banta
Corporate Community Relations
Manager
IBM Corporation
Waltham

Andra S. Bolotin
Managing Director, Controller,
Corporate Finance
Putnam Investments
Boston

Christopher N. Buchanan
Senior Manager, Public Affairs
Wal-Mart Stores
Plymouth

Ann Carter
Chief Executive Officer
Rasky Baerlein Strategic
Communications
Boston

Elizabeth Chace-Marino
Director, Government Affairs
The Stop & Shop Supermarket Company
Boston

Veda Clark
Scituate

Kenneth A. Cohen, Esq.
Partner
Goodwin Procter LLP
Boston

James F. Conway, III
Chairman, President and CEO
Courier Corporation
Chelmsford

Lois Cornell
SVP of HR and General Counsel
Tufts Health Plan
Watertown

Michael J. Costello
Former Managing Partner
PricewaterhouseCoopers
Boston

Mark C. Crandall
Regional President, MA/RI
TD Bank, N.A.
Boston

Thomas R. Creed
Senior Vice President/
Regional Executive
Berkshire Bank
Springfield

Donna C. Cupelo
Region President – New England
Verizon
Boston

Jay Curley
Chief Government and Public Affairs
Officer, SVP
Blue Cross Blue Shield of Massachusetts
Boston

Geri Denterlein
President
Denterlein Worldwide
Boston

Michael DiBiase
Senior Vice President, Public Policy
Fidelity Investments
Boston

Fay Donohue
President and CEO
Delta Dental of Massachusetts
Boston

Pamela Dunlap
CFO and SVP of Global Sales and
Service, North America
Philips Healthcare
Andover

Philip J. Edmundson
Chairman and CEO
William Gallagher Associates
Boston

Sandra L. Fenwick
President and COO
Children's Hospital
Boston

Patricia M. Flynn, Ph.D.
Trustee Professor of Economics &
Management
Bentley College
Waltham

David S. Friedman
Senior Vice President and Special
Counsel
Boston Red Sox
Boston

Christopher E. Goode
Vice President, Global Corporate
Affairs and Public Policy
EMC Corporation
Hopkinton

John S. Hall
SVP & Division Manager,
Commercial Banking Division
Salem Five Cents Savings Bank
Salem

Lloyd Hamm
Chief Administrative Officer
Eastern Bank
Lynn

William S. Hogan, Jr.
President and CEO
Easthampton Savings Bank
Easthampton

Ann S. Hurd
Corporate Affairs Manager
Intel Massachusetts
Hudson

William F. Kennedy, Esq.
Partner
Nutter McClennen & Fish LLP
Boston

Karen Kruck
Partner
Walker Lane Capital
Boxford

Edward H. Ladd
Chairman Emeritus
Standish Mellon Asset Management LLC
Boston

Stanley J. Lukowski
Chairman Emeritus
Eastern Bank
Boston

James E. Mahoney
Corporate Communications and
Public Policy Executive
Bank of America
Boston

Christopher C. Mansfield
Senior Vice President, General Counsel
Liberty Mutual Insurance Company
Boston

Peter Markell
Vice President of Finance
Partners Healthcare Systems
Boston

James J. McCarthy
EVP and Chief Operating Officer
Danversbank
Danvers

Douglas M. McGarrah, Esq.
Partner
Foley Hoag LLP
Boston

Patricia McGovern
General Counsel, Senior VP,
Corporate & Community Affairs
Beth Israel Deaconess Medical Center
Boston

Keith C. McLean-Shinaman
CFO, Senior VP, Finance and Treasurer
Baystate Health
Springfield

Joseph Newman
Vice President of Government Affairs –
Massachusetts
National Grid
Boston

Robert T. Noonan
Partner in Charge - Tax,
N.E. & Upstate NY
KPMG LLP
Boston

Paul O'Connor
Vice President, Taxes
Millipore Corporation
Billerica

Thomas L. P. O'Donnell, Esq.
Of Counsel
Ropes & Gray LLP
Boston

Kathleen King Parker, Esq.
Partner
Pierce Atwood LLP
Boston

Dorothy Puhly
EVP and Chief Financial Officer
Dana-Farber Cancer Institute
Boston

John R. Regier, Esq.
Partner
Mintz Levin Cohn Ferris
Glovsky and Popeo P.C.
Boston

Mark Robinson
Partner
Bingham McCutchen LLP
Boston

Dennis Ross
Executive Vice President,
Global Tax
State Street Corporation
Boston

Thomas Samoluk
Vice President and Counsel
John Hancock Financial Services
Boston

Girard Sargent
President
Citizens Bank, Massachusetts
Boston

Jeffrey N. Saviano
Tax Partner,
Director New England
Ernst & Young LLP
Boston

Robert K. Sheridan
President and CEO
Savings Bank Life Insurance
Woburn

John Stefanini
Counsel
DLA Piper LLP (US)
Boston

Robert Suglia
Senior Vice President and
General Counsel
Amica Mutual Insurance Company
Lincoln, RI

Brian P. Sullivan, P.E.
President
Tetra Tech
Framingham

Adam Weiner
Weiner Ventures
Boston

Peter Welsh
EVP, Work Acquisition
Suffolk Construction Co.
Boston

Peter T. White
President
J.F. White Contracting Company
Framingham

Michael J. Widmer
President and Secretary
Massachusetts Taxpayers Foundation
Boston

James R. Williams
Second V.P. and Counsel
MassMutual Financial Group
Springfield

Thomas Wroe, Jr.
Chief Executive Officer
Sensata Technologies
Attleboro