TOWN OF MIDDLEBORO RETIREES INSURANCE GROUP (MRIG)
MIDDLEBORO.RETIREES.INS.GROUP@GMAIL.COM
MARCH 2011

Candidates Night – March 24, 2011
Middleborough COA – 558 Plymouth Street – 7:00 PM

We would love to see a large turnout of retirees to listen to the candidates and to maybe ask them a few questions. At least to let them know we are out there and voting.

Town Election
The Annual Town Election is scheduled for Saturday, April 2, 2011

This year the Selectmen seats currently held by Marsha Brunelle and Muriel Duphily are up for election. The Finance Committee seats currently held by Richard Pavadore and Jason Ruth are also open for election.

We again sent out questionnaires to the candidates and received replies from Allin Frawley, Ben Quelle (Candidates for Selectmen) and Suzanne Dube (Candidate for Finance Committee). It is interesting to note that we did not receive any correspondence from any of the incumbents. On pages 3 thru 6 you will find the candidates' responses to our request for information. As we did not receive anything from the incumbents we will include a brief voting record as it relates to retirees issues. We do not have a voting record for Mr. Pavadore and as the Chairman of the Finance Committee he is not required to vote except in the event of a tie.

Our letter to the candidates asked the following questions:

As you are a candidate for public office, we are looking for a written statement of your position on the following questions:

- What is your stand on following a Town Meeting vote that you personally, or as a member of the Board of Selectmen not agree with? Example: Town Meeting of May 26, 2009 regarding retiree health insurance?

- What is your stand on reducing benefits for employees already retired (current retirees)?

- What is your position on raising the COLA (Cost of Living Adjustment) base for retirees from the current $12,000 to $16,000? Note: the typical adjustment is 3% - less than a dollar a day on the current $12,000 base.

It is notable that the candidates (Representatives Thomas Calter and William Straus and Senator Marc Pacheco) who responded to our questionnaires for the November 2010 election, all won their respective elections. It would be good to think that the MRIG members' evaluation of their responses to our questions contributed to those results.

Save the Date

Due to a conflict in dates at the COA we have had to postpone the **MRIG Annual Meeting** to **Tuesday, May 24, 2011** at 1:30 PM at the Middleborough Council on Aging, 558 Plymouth Street. We will update everyone at that time on the ongoing legal situation. If anyone has a specific issue they would like addressed please contact us so we may do whatever research is necessary to answer your questions.

Call to Action

Governor Deval Patrick plans to set new limits on the health insurance benefits received by all municipal employees and retirees. The proposal would require all cities and towns to either join the state Group Insurance Commission or institute a program of equivalent value and cost by July 1. A key part of the governor's proposal: a provision to require cites and towns to move eligible municipal retirees into the federally funded Medicare program. With rare exceptions for those who have never worked under, nor been married to someone who worked under, Social Security, most teachers and other municipal employees will find themselves "Medicare eligible."

Make no mistake – the growing nationwide assault on public employees' collective bargaining rights is equally an assault on your retirement plans and benefits.

*Given the fact that the cities and towns do not have to bargain health insurance with their retirees, all retirees will have to be **VERY** vocal with their legislators and the parent (statewide divisions) of unions from which they retired.*

Make your voice heard – don't sit in silence while our legislators, unions and others shape your future. Don't assume they understand the impact of potential changes on you. They're not mind readers – *communicate!*

Dues / Contact Information

If you are receiving this newsletter in paper format via the U.S. mail but have an e-mail address, please take a moment now to share that e-mail address with us, this saves on postage and printing as well as providing you with quicker information and more frequent updates than can be accomplished by our periodic paper mailings. In case you need to change any information, or haven't paid your dues for the current year we have again included a dues form. If you don't know whether or not you are paid please contact our Treasurer, Mary Cook, at richard.cook2@verizon.net or 508-821-2112 and she will verify the information for you.

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TOWN OF MIDDLEBORO RETIREES INSURANCE GROUP (MRIG)
MEMBERSHIP REGISTRATION – 2011 - $5.00

NAME: ___________________________________
ADDRESS: ________________________________
CITY/TOWN: _____________________________ **ZIP:** ____________
E-MAIL: __________________________________
TELEPHONE: _____________________________

(This information is confidential and will not be shared with any other person or organization.)

Make checks payable to: MRIG
c/o Mary Cook
130 Scadding Street
Taunton, MA 02780

Voting record for Marsha Brunelle and Muriel Duphily:

When we met with Selectmen originally to discuss the change in retiree benefits Mrs. Duphily told us to go to Town Meeting with our complaint and Mrs. Brunelle told us to take it to the Supreme Court for she was not changing her stance. Now we are in court. (Costing the Town legal fees that could be better spent on maintaining retiree benefits.)

When we did go to Town Meeting Mrs. Duphily tried to use a parliamentary maneuver to block our article on the Town Meeting floor. Mrs. Brunelle stepped down from her Selectmen's seat to speak from the floor as a private citizen against the retirees' article.

Both Mrs. Brunelle and Mrs. Duphily have voted to compensate active employees for paying more in insurance and did not support any compensation for retirees. They voted to send a letter to the State in opposition to increasing the COLA base and to also deny the yearly COLA increase for retirees.

Both Mrs. Brunelle and Mrs. Duphily voted to change health insurance administrators to MIIA at what they called a reduced cost. The cost was only reduced by shifting expenses (increased deductibles and co-pays) to the employee/retiree. It should be noted that MIIA is an arm of the Massachusetts Municipal Association, an organization that lobbies for the cities and towns of the Commonwealth, they are not in a position to assist employees to get the best, only the cheapest insurance for the employer.

Both Mrs. Brunelle and Mrs. Duphily have been part of a Board of Selectmen that have worked against employee/retiree health benefits, have seen fit to not follow the collective bargaining laws in place resulting in several lawsuits unnecessarily costing the town money in legal fees. At the March 12, 2011 Selectmen's Meeting the Board voted to sign a Memorandum of Agreement with the Clerical/COA, Library and DPW Unions to accept the new insurance plan with the Town agreeing to implement an increased co-pay/deductible reimbursement schedule to those union members. As to where this leaves the retirees is to be seen.

Response from Allin Frawley:

Town of Middleboro Retirees Insurance Group
Thank you for the opportunity to address your concerns.

On your first concern, Town Meeting vote.
It is my opinion that Town Meeting vote should ALWAYS be followed. If the vote cannot be followed, by law, there should certainly be a discussion regarding the issue.

Regarding your second concern, reducing the benefits for employees already retired (current retirees)? While not required by law to be present during negotiations, I believe a representative of the MRIG should be present, at the very least, when discussions regarding your benefits are taking place. I understand that at the last contract labor counsel said they could legally exclude your group during negotiations. And as I've said before, 'Just because it is legal doesn't make it right'.

Regarding the COLA base increase, as I understand the issue right now there has not been an increase in COLA since 1997. The current proposal in the legislation will allow the Town to raise it 3% to $16,000. I believe that proposal would have to pass at Town Meeting. I just don't think it would pass at this time. I am not opposed to working towards that end.

Keeping that in mind I believe that we as a Town need to proactively work towards attracting new tax base revenue to our Town. A pursuit I do not see with the current Board. If the Town can start to increase its revenue and properly manage its budget I think a COLA proposal could pass. This is just one of the concerns I have with the current Board.

If you have any questions o would like to speak to me, about anything, anytime, please feel free to contact me.

Sincerely,
Alin Frawley
508.243.7072
allin@allinfrawley.com

<u>Response from Ben Quelle:</u>

Dear Fellow Citizens,

I respectfully submit these responses to the Middleboro Retirees Insurance Group (MRIG) in response to their insightful questionnaire.

On the first question about Town Meeting votes

- I believe that my personal feelings are irrelevant in this matter. As it relates to warrant items, I will abide by any binding votes that come out of a Town Meeting while representing this community as a member of the Board of Selectman.

As it relates to the second question relevant to reducing benefits for retired employees

- The Town of Middleborough should abide by any promises made to retirees as it relates to their benefits.

Lastly, my response to your COLA questions on raising the base for current retirees from $12,000 to $16,000.

- First of all, I find it difficult to see how someone could survive on $1,000/month. Twelve thousand dollars does not seem like a livable wage. However, without seeing all the relevant facts and information, it is not possible for me to comment any further on the matter.

Ben Quelle
Candidate
Middleborough Board of Selectman
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<u>Response from Suzanne Dube:</u>

March 11, 2011

Dear members of the Town of Middleboro Retirees Insurance Group:

As a candidate for Middleborough's Finance Committee, I appreciate the opportunity to share my interpretation of your issues and concerns. However, due to pending litigation between the Town of Middleborough and the MRIG, I do not have access to historical, analytical, and empirical data in which to gain an in-depth understanding of the precise details of this situation. Without knowledge of the current terms and conditions, it is difficult to render specific comments. Instead, I would like to share my understanding of the responsibilities, in which I hope to undertake as your representative on our town's Finance Committee.

The Massachusetts General Law Chapter 39, Section 16 is the statutory backing for the Municipal Finance Committee's duties and powers. This law gives the local Finance Committee the same role as the House Ways and Means Committee in the State Legislature. When the Committee receives the municipal budget from our Town Manager and the Board of Selectmen, our major responsibilities become a two step process.

First, an analysis is performed by the Finance Committee that evaluates the revenues and expenditures with accompanying explanations of major cost drivers and a Capital Plan projecting long-term financial commitments. The critical part of this analysis is formed by gaining input from holding hearings, which includes department heads and the public. To construct a clear understanding of the town's finances and specific budgetary issues, I believe that the inclusion of viewpoints from all affected persons is paramount.

While municipal retirees do not have collective bargaining rights, I am aware that many local members can participate in health insurance negotiations under the Massachusetts General Law Chapter 32 B, Section 19, known as coalition bargaining. Personnel costs, which include salaries, benefits, and pensions, are the major expenditures within the town's budget. The Finance Committee has no direct responsibility or control over collective bargaining and personnel policies. Nevertheless, the Committee must understand the financial implications of the town's personnel policies and practices.

State Aid is the second largest source of revenue, as tax levy is our primary component. The Governor's Budget Recommendation was released on January 26, 2011, in which a 7% cut in non-school local aid was proposed. Topping Governor Deval Patrick's second term priorities list is "Health Care Cost Containment", which includes "Municipal Health Care." Due to fiscal constraints within all levels of government, the Governor felt that in order to balance state and municipal budgets, it was imperative that he file a bill entitled "An Act Further Strengthening the Commonwealth's Partnership with its Municipalities."

This bill will relinquish the authority of health insurance plan design revisions to our Town Manager with an expedited collective bargaining process. If an agreement is not reached within the brief, prescribed timeframe, the municipality can effect changes without union and retiree approval. This legislation will also mandate that all eligible retirees move into Medicare as their primary source of coverage. The Governor's justification is that "these two measures will save our communities over $120 million."

To date, the House Ways & Means Committee is reviewing the Governor's budget and is developing their recommendations. The final House Budget bill should move to the Senate within a few weeks. If you are not in agreement with the current bill, this is the time to actively petition your legislative delegation.

Secondly, the Finance Committee presents a balanced budget to the citizens at the annual Town Meeting. At this time, specific items can be requested by the citizens to have an elaboration of details and/or a defense to the decision clarified by the Finance Committee. Upon completion of this budgetary process by the Committee, (which has assumed the role of watchdog over municipal finances), all of our citizens should benefit. This result is only possible when all citizens are a part of the process and only then, will all citizens truly benefit from this process.

The defined benefit formula within the pension's Cost of Living Adjustment (COLA) base for the town's retirees has remained at $12,000 since 1997, when Chapter 17 was enacted. With the passage of Chapter 188 of the Acts of 2010, local municipalities can now vote to increase this base. The COLA amount is determined by applying a 3% annual increase to the base amount. Increasing the base to $16,000 would add $120 each year or 33¢ per day to every retiree's pension.

Since 1988, a legislative change mandates that the town accounts for a fully funded pension system, as a protection to you, the retiree. This legislative reform mandates that any benefit increases must be paid for in advance. Therefore, the calculated aggregate cost on $120 per year, after twenty years totals $25,300 per retiree. This must be planned for accordingly, since increased benefits reciprocally increase accrued liabilities.

I do realize the profound effect that this initiative will have on each and every one of you. Since 1990, I have been a licensed insurance Advisor and Broker specializing in group employee benefits packages, and accordingly I am familiar with this issue. With any plan that has a monetary benefit, a COLA policy provision is paramount in protecting the purchasing power of the payout from erosion by inflationary pressures due to increases in the Consumer Price Index. Over time, a significant impact is experienced.

Our Town Treasurer has stated that the number of town retirees is 375.

The unfunded pension (OPEB) liability as of January 2010 is $ 42 million.
The unfunded medical and life insurance (GASB 45) liability as of July 2008 is $117 million. (The revised GASB 45 report is not due until June 30, 2011.)
Together, the town's accrued liabilities totals $159 million.

This fiscal year will be the fourth consecutive year of budgetary cuts within our municipal's operating budget. It has historically been a divisive process when relegating a shrinking pool of revenues into an increasing expenditure base. In my opinion, the manner in which this situation has been handled over the years has brought about strife and civil discord between differing municipal divisions.

As you are aware, our current fiscal situation has far-reaching implications.
Regarding public safety, the following statistics describe sobering staffing realities:
Middleborough Police Department is at 1977 levels with a population increase of 40%.
Middleborough Fire Department is at 1985 levels with a population increase of 30%.
These departments are responsible for the largest patrol and fire district in the entire state.
With staffing levels at half of the national standard guidelines, effectiveness of services rendered becomes challenging and risk to the community and staff increases exponentially. Replacing the Police Station and Fire Apparatuses are urgent concerns.

Veterans' services expenditures has substantially grown every year, due to our country's on-going commitment in two wars, while still assisting World War II, Korean, and Vietnam Veterans. All of these departments provide critical roles to our entire community and they should be applauded for accomplishing quality services with substantially decreased resources. With declining local revenues, reduced State aid, and no federal stimulus funds available, the town has few choices in which to gain additional funds to balance our annual operating budget.

Recently, as publicly-elected officials (like in Wisconsin and Providence, RI) attempt to address their budgetary concerns and constraints, an increased focus of blame has been unfairly aimed at public employees. The global financial crisis that we are still experiencing, when combined with former budgetary and managerially decisions by our public officials, has been the underlying catalyst leading to our current, cyclical fiscal deficits. One fact is crystal clear, since public employees (current or retirees) were not the cause of this fiscal condition, they should not be expected to bear the burden as we attempt to balance our municipal budget.

Rather than promoting extreme actions against the very people that have competently served our community, inclusive deliberation must prevail for appropriate and mutually beneficial solutions to result. All employees (past or present), with whom the town has obligations, deserve a voice and equal consideration when budgetary priorities are being discussed. It is the responsibility of the town's officials to pay particular attention to the ramifications and consequences of the resulting actions of the policies that they institute.

It is imperative that the town's boards and committees have a steadfast commitment to implementing several goals and initiatives, which will invoke change within our fiscal management practices. Government transparency and accountability will lead to increased efficiencies and cost containment measures like municipal partnerships and regionalization. Pro-active steps must be taken to aggressively market the attributes of our town, as to attract businesses, which will increase our commercial revenue base. Upgrading and improving our town's infrastructure, in particular the rotary, is the conduit for making the previous measure a viable option. Success in these endeavors is dependent upon continually building allies that fosters relationships for strong regional partnerships.

An adherence to the town's revised Financial Policy and Procedures that the Board of Selectmen approved on February 7, 2011 is the main component to regain financial control. One example would be to rebuild our Stabilization Fund (currently at $350,000) to be at a minimum of 5% of our general fund operating revenues and striving to maintain a balance of one million dollars. This fund accumulates capital for non-recurring purposes and most importantly, it is a major component when rating agencies assess our bond rating, which can cost or save the town millions of dollars. These measures will put Middleborough back on the road to financial stability.

I look forward to working collaboratively with you, our department heads, and the town's officials, so that we can find solutions to our challenges that are acceptable to all. Together, with our shared values and the courage of our convictions, the town of Middleborough can remain the revered community that all of us are proud to be a part of. I would sincerely appreciate your vote on Saturday, April 2, 2011.

Regards, Suzanne Dubé
Candidate for Finance Committee