

Newton Charter Commission Compensation for Elected Officials – Discussion Outline November 16, 2016

Discussion Objectives:

- **Bring our charter up-to-date where references to salary and/or benefits might be warranted**
- **Help the Commission understand how our proposed charter changes might impact the city financially over time**

The following City Officials and professionals have provided input and research efforts to assist with this discussion:

Marilyn Contreas and Tanya Stepasiuk, Collins Center

Kelly Byrne, City Hall Pension Specialist

David Wilkinson, Comptroller

Terry Struth, Human Resources, Employment and Labor Relations Manager

Maura O'Keefe, Legal

Matt Hills, Member of the Blue Ribbon Commission (2005) and current School Committee Chair

Discussion Points:

1. Newton's charter does not specify that City Councilors or School Committee representatives shall be compensated. More current charters typically solidify that these positions shall be compensated, with the actual amount of compensation to be set by ordinance. Brief language would be inserted into sections 2 and 4 (*See sample language from other charters provided by the Collins Center.*)
 - **Shall we establish in the charter that the City Council and the School Committee shall be compensated?**
2. Newton's City Council and School Committee members are eligible for health insurance benefits. Some more current charters prohibit these elected officials from receiving health insurance benefits. *See email of June 11th from Marilyn Contreas [last page of this document].*

Note: Our law department (with city retirement specialist) are still interpreting changes to MA State Retirement Laws to understand whether those holding office for 10+ years (and receiving salaries over \$5,000) are still eligible to receive healthcare benefits when they begin drawing upon their pensions.

- Arguments in favor of the prohibition of healthcare benefits within the charter include the unpredictable cost of healthcare benefits and the fact that this form of compensation has value for some officials and not for others. An argument against the prohibition is that healthcare is a valuable benefit that may encourage people to seek office who might otherwise not.
 - **Shall we specifically exclude the CC and SC from being eligible for health insurance? (**Note: Our city law office is verifying the legality of this action.)**
3. Newton city councilors are eligible to receive a pension if they serve for at least 10 years. School Committee members are not eligible for a pension because they term out after 8 years. (A compensation reset might allow for them to meet the state threshold of \$5,000 minimum compensation.) Our Commission should be aware that imposing term limits on city councilors may result in higher turnover of officials and therefore an increased number of pension payouts. This would be offset by having fewer officials. On average, they will be serving a shorter time than our current officials. (longer service=higher payouts). Pension specialist Kelly Byrne and Comptroller David Wilkinson have been consulted.
 4. Setting salaries is complex. The Blue Ribbon Commission was formed in 2005 to look at elected officials' salaries. A mayoral salary increase went into effect thereafter, but CC and SC salaries have been the same since 1997. It is important to consider best practices to ensure fair stipends and salaries. For instance, some charters require regular salary reviews. Others require a 2/3 vote of the City Council in order to increase city councilors' compensation.
 - **Shall we require regular salary reviews for our elected officials (Mayor, City Council School Committee)?**
 - **Shall we require a 2/3 vote of the City Council in order to increase compensation?**
 5. Some charters allow for a one-time compensation reset for elected officials in the transition provisions. (*See sample language from other charters provided by the Collins Center.*)
 - To compare compensation, we looked at the average of the 7 cities from our peer group that our closest in population to Newton.
 - i. The 7 cities are: Lawrence, Somerville, Fall River, Lynn, Quincy, Brockton, and New Bedford. All of these cities consider the job of city councilor to be part-time
 - ii. All of these cities have a considerably lower cost of living than Newton.

- iii. Average City Council compensation: \$14,160
- iv. Average School Committee compensation: \$7,299
- v. Average Mayoral compensation: variable based on sample .Further data analysis for a more accurate sample may be recommended.

- **Shall we include a transitional provision in Article 12 establishing a one-time compensation reset for city council and school committee members? If so, to what amount?**
 - **Should the Mayor's Compensation be addressed in the Transition Provisions?**
6. Some current charters allow for the reimbursement of related expenses for city officials in addition to compensation. A cap on expenses can be established by ordinance.
- A salary plus expense reimbursement ensures (and highlights for voters) that a portion of compensation is used toward job-related expenses.
 - An expense reimbursement requires officials to track and submit for expenses and requires City personnel to process the expense claims.
 - Expense reimbursement gives elected officials less discretion over how they spend their total compensation.
- **Do we want to include a clause in our charter that stipulates expenses reimbursement?**

Appendix 1: Charters Excluding Healthcare

From: "Marilyn Contreas" <contream2@gmail.com>
Date: Sat, Jun 11, 2016 at 10:07 AM -0400
Subject: Compensation provisions and health insurance references - charters and special acts
To: "Bryan P. Barash" <bbarash@newtonma.gov>
Cc: "Tanya M Stepasiuk" <Tanya.Stepasiuk@umb.edu>, "Joshua Krintzman" <jkrintzman@newtonma.gov>

Special acts and charter provisions discontinuing or limiting health insurance availability for elected officials have been adopted since the late 1990s.

Also, the Fall River charter commission is considering a similar provision.

It has proven somewhat more popular in towns and districts than in cities overall. Some examples include:

St. 1998, c. 480	Town of Carver
St. 1998, c. 383	Town of Sterling
St. 1998, c. 148	Town of Seekonk
St. 2000, c. 182	Seekonk Water District
St. 2007, c. 7	Town of North Andover
St. 2008, c. 87	Town of Easton
St. 2008, c. 153	Town of Tyringham
St. 2008, c. 122	Town of Boxborough (officials can participate but pay 100% of premiums – no town share)
St. 2012, c. 451	West Barnstable Fire District
St. 2013, c. 89	Town of Harwich (similar to Boxborough provisions)

I have found no charter provisions that specify equal compensation for the city council and school committee members.

Marilyn Contreas

Appendix 2: Email Re: Long Term Healthcare Costs (City Council and School Committee) from David Wilkinson

From: David C. Wilkinson
Sent: Monday, November 14, 2016 3:22 PM
To: Karen Manning; Rhanna Kidwell
Subject: Retiree health issue

The current annualized cost of health coverage for active School Committee and Council members, who have opted for coverage, is \$189,059. We currently have 9 Council members and 5 school committee members participating in the City plan. If all 24 Council members and all 8 School Committee members opted to take family plan coverage the City's annualized cost would be \$523,488, based upon current premiums.

The current annualized cost of health care coverage for retired School Committee and Council members is \$77,989. We currently have 21 retired Board and School Committee members collecting retirement allowances, which makes them eligible for retiree health coverage. Of the 21 eligible for participation in the retiree health plan 6 do not participate at all and another 4 only participate in the Medicare Part B reimbursement program only, receiving a maximum annual benefit of \$1850.88 (\$925.44 for the retiree and \$925.44 for a spouse). The current maximum annual retiree health benefit (assuming a retiree and spouse and Medicare eligibility) is \$10,661.

FYI – Current Massachusetts retirement law does not allow for any retirement creditable service on annual compensation of less than \$5,000, so unless School Committee's annual compensation is increased to at least \$5,000 there will be no additional School Committee retirees and therefore no new retiree health benefits for School Committee members.

Appendix 3: Several Examples of Transition Provisions From Collins Center

Council Salary/Compensation Charter Provisions Melrose, Chapter 105, Acts of 2005 Compensation - The members of the board of aldermen shall receive such salary for their services as may from time to time be set by ordinance. No ordinance increasing the salary of aldermen shall be effective unless it shall have been adopted during the first 18 months of the term for which the board of aldermen is elected and unless it provides that the salary increase is to take effect upon the organization of the city government following the next municipal election.

Northampton, Chapter 277, Acts of 2012 SECTION 2-4: COMPENSATION The members of the city council shall receive a salary for their services set by ordinance. No ordinance increasing or reducing the salary of the members of the city council shall be effective unless it is adopted by a two-thirds vote of the full city council. No ordinance increasing the salary of councilors shall be effective unless it is adopted during the first 18 months of the term for which the city council is elected and it provides that the salary increase is to take effect upon the organization of the city government following the next regular city election.

Pittsfield, Chapter 72, Acts of 2013 SECTION 2-4: COMPENSATION The members of the city council shall receive compensation for their services as set by ordinance. No ordinance increasing or reducing the compensation of the members of the city council shall be effective unless it is adopted by a two-thirds vote of the full city council. No ordinance increasing or reducing the compensation of councilors shall be effective unless it is adopted during the first 18 months of the term for which the city council is elected and it provides that the compensation increase or reduction is to take effect upon the organization of the city government following the next regular city election.

Beverly, Home Rule Charter – adopted 1996 SECTION 2-4: COMPENSATION, EXPENSES (a) Salary - The city council may, by ordinance, provide an annual salary for its members. No ordinance increasing such salary shall be effective, however, unless it shall have been adopted during the first twelve months of a term of office and it provides that such salary is to take effect with the organization of the city government following the next biennial election. (b) Expenses - Subject to appropriation, the council members shall be entitled to reimbursement of their actual and necessary expenses in the performance of their duties.