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## State Pension Reform Targets “King for a Day”

*Critical language changes are needed to define income and prevent abuse*

The House and Senate have passed separate pension reform bills that both propose significant improvements to the flawed accidental disability pension calculation for public safety employees. The House bill is preferable but further change is needed to prevent possible abuse and to control costs.

Presently, accidental disability pensions generally are based on the salary paid on the date of the injury, creating an incentive to report career-ending injuries while filling in for a superior at the higher pay rate, even if for just one day. That is why this type of out-of-grade disability pension has been characterized as “king for a day.” Both the House and the Senate bills would change the accidental disability pension calculation to the average annual income earned during the 12 months prior to the retirement becoming effective.

The Senate bill contains a provision that could gut any reform by allowing local retirement boards to award a pension based on the out-of-grade rate after reviewing the severity or circumstances surrounding the injury. The House bill does not include this provision and establishes one calculation for income to be used for all accidental disability retirements.

The House bill should be amended so that the annual salary is based on the 12 months prior to the date of injury rather than date of retirement. State law allows police officers and firefighters on injury leave to be paid 100% of their salary, which would apply to

the higher salary if injured while acting out-of-grade. The injury leave pay received while waiting for retirement approval, which can be delayed for a year or more, would be included in the pension calculation, thus inflating the total pension cost over the lifetime of the employee.

Accidental disability pensions are a necessary benefit to provide economic security to public employees who incur legitimate disabling injuries in the performance of their duties. However, it is critical that the administration of this benefit does not encourage abuse and ensures pensions are based on an accurate estimate of an employee’s regular compensation.

### Boston’s Kings

One only needs to look at the abuse of the current accidental out-of-grade pension calculation among Boston firefighters to see why meaningful reform is needed. In 2007, 69% of all firefighter retirements were disability retirements and 68% of those retirements were higher out-of-grade retirements. The Office of the Massachusetts U. S. Attorney is investigating possible fraud among retired and active Boston firefighters. Even with heightened scrutiny, 47% of all firefighter disability pensions in 2008 were out-of-grade disability pensions. [MORE](#) Over the past 10 years, Boston’s spending for pensions increased by 77% while total city operating costs grew by 48%. [MORE](#)