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DUKAKIS ENDORSES PENSION REFORM BILL

Gov. Dukakis yesterday endorsed legislation designed to reorganize the state's pension system, supporting a bill that has been redrafted so many times that a section aimed at addressing disability abuses is now much weaker, according to one of the bill's original proponents.

Dukakis, who testified yesterday in favor of the bill at a hearing sponsored by the Legislature's Public Service Committee, said that "remarkable consensus" has been achieved on this year's version of the bill. Dukakis said that besides ensuring the "viability of our retirement system into the 21st century," the legislation will improve the system for administering disability pensions.

Nonetheless, when asked by a committee member to rate the disability reform section as it now stands, John McElwee, of the Massachusetts Business Roundtable, said: "You see in this current legislation, a great deal of compromise. If we had our preferred position, the disability section would be more stringent." The Roundtable, which represents the state's top business leaders, has been the bill's chief proponent.

In an interview afterward, McElwee attributed the weakening of the disability section to the lobbying clout of the Professional Firefighters Union, a powerful labor organization that represents the state's 13,000 firefighters. But he said the Roundtable supports the current version of the bill despite the changes because it achieves other positive goals.

"It's not toothless," said McElwee, who conceded that the firefighters have "achieved a good bit of what they wanted."

T. Dustin Alward, who heads the firefighters union, said yesterday that both sides made concessions. For example, he said his union agreed to cap pensions for new employees at 75 percent of their salary rather than at 78 percent. But he acknowledged that the section relating to disability pensions now is close to what the firefighters wanted.

Business leaders have long been urging the state to adopt legislation that would address the problem of the state's unfunded pension liability -- the projected \$11 billion shortfall in funds that is owed to future retirees.

The effort has strong support from Administration and Finance Secretary Frank T. Keefe. For the past two years, however, versions of the bill have failed to win legislative approval.

Keefe, who helped help craft compromise versions of the bill, was out of the state and unavailable for comment yesterday. Steve Kidder, Keefe's chief legal counsel, said "It's clear that some of the things are changed from earlier versions." But Kidder insisted that "the package as a whole is a fair compromise that provides for effective reform."

Last year, the bill failed initially because the firefighters union vehemently opposed the disability reform section and later because of differences between the House and Senate over how much local liability the state should assume.

The original provision concerning disability pensions required that newly hired firefighters who smoke prove that their heart or lung disease is job-

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related. That would have limited the presumption in existing law that heart and lung damage that develops in firefighters was caused on the job.

The current version does nothing to limit that presumption. It does require as a condition of employment that newly hired public safety personnel not smoke -- a provision that Alward said he anticipates would eventually be challenged in court.

Last year, Rep. Kevin Blanchette (D-Lawrence), one of the bill's original sponsors and the cochairman of the Public Service Committee, said he would not support a compromise version that eliminated the effort to limit the heart and lung presumption.

But in an interview yesterday, he said he agreed to leave the heart and lung presumption intact because "the firefighters considered it sacrosanct."

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He said the new provision that would limit police and firefighting jobs after Jan. 1, 1999, to non smokers would put Massachusetts in the forefront of pension reform.

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