

Massachusetts governor deepens austerity drive with early retirement legislation

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12 May 2015

Massachusetts Governor Charlie Baker, a Republican who took office in January, has received full backing from the Democratic legislature for his plan to force as many as 5,000 state workers into early retirement by the end of June. Baker signed the plan into law last week and interested workers will have only until June 12 to make this life-altering decision.

The state's House of Representatives passed the measure unanimously, without a public hearing. The only differences between the House and Senate versions—which were worked out by a “conference committee” that never actually met—were whether the total number of retirements should be 4,500 or 5,000, and whether the state will have to wait 30 or 120 days to rehire retired workers as consultants.

The legislation also gives Baker the authority to institute layoffs if the net savings to the state from early retirements do not reach \$172 million. The plan is part of a larger austerity drive that Baker is pushing through, including attacks on public transportation workers, increases to health care premiums, and a threat of more than 200 layoffs in addition to the early retirement scheme.

Baker has enlisted the support of reactionary think tanks in the state, including the Massachusetts Taxpayers Foundation and the Pioneer Institute. He also has taken the measure of state Democrats and the trade unions and knows that he can rely on them.

Describing the bill's signing, the *Boston Globe* wrote that the Democratic House Speaker Robert A. DeLeo, “standing next to Baker, said he believes the governor is right and ‘it will work out fine.’”

David J. Holway, president of the National Association of Government Employees, offered only a craven criticism of the early retirement plan. Holway told the *Globe* that although “it scares us that all of that

institutional knowledge will be walking out the door at the same time,” early retirements are better than layoffs.

The application workers will have to fill out to qualify for early retirement is 12 pages long, and they will also have to take retirement counseling before June 12. Applicants are required to contact their human resources office to find out whether any of their salary is paid from federal, trust, or capital accounts, which would make them ineligible. In other words, they are being rushed through the decision with inadequate time to consider their financial situation.

If they do decide to take the package, the application warns them that “due to the expected high volume of retirement applications it is likely your first benefit payment will be direct deposited (90) ninety to (120) one hundred and twenty days after your retirement date. Direct deposit is credited the last business day of the month. Please plan accordingly.”

Baker claims that after his election in January his transition team and administration discovered a previously undisclosed budget deficit that will reach \$1.8 billion in the fiscal year beginning July 1. Yet the early retirement scheme, which will affect not only thousands of state workers but also a wide range of services, will save the state only about 10 percent of the projected deficit.

Baker's proposed budget for fiscal year 2016, which is still being debated by the legislature, also includes a tax amnesty measure that would waive penalties for delinquent filers. It does not, however, propose any tax increases on corporations or the wealthy. Tax reductions known as “tax expenditures” would easily close the deficit if eliminated.

For example, defense corporations such as Raytheon and General Electric, because they do business in a

number of states, benefit from a Massachusetts formula that cuts more than \$400 million from the taxes they would otherwise pay.

Other legislation that allows corporations to apply Net Operating Losses to future profits for tax purposes cuts an additional \$173 million from state revenues. The state also loses nearly \$900 million per year by not taxing capital gains when the wealthy pass away.

A study released by the Massachusetts Budget and Policy Center in February shows the benefits to the wealthy of Massachusetts' tax structures. Those in the lowest quintile, who earn less than \$22,000 per year, pay more than 10 percent of their income in state and local taxes. Those earning more than \$860,000 per year pay less than 5 percent after the effects of federal offsets are taken into account. The study goes on to say that if the effective rates were averaged and everyone paid 9.7 percent of their income, the increase in taxes on those in the top quintile would total \$2.2 billion.

Baker's early retirement scheme will damage already underfunded state services. The web site masslive.com has analyzed state data and concluded:

- * Nearly half the 774 employees in the Department of Environmental Protection are eligible for the scheme.

- * At least 40 percent of the staff of the Department of Transitional Assistance are eligible; Transitional Assistance includes welfare, the Department of Mental Health, the Department of Developmental Services and the Department of Transportation.

- * In the Department of Developmental Services, 2,600 workers are eligible.

- * 976 of the 3,500 workers in the Department of Children and Families are eligible.

The Department of Environmental Protection is already looking at a \$25 million budget cut in fiscal year 2016 as Baker cuts regulations on businesses.

When adjusted for inflation, state funding for environmental and recreational programs has decreased by more than 30 percent in the last 15 years. In one horrific incident, the water in a public pool in Fall River became so murky in the summer of 2011 that a woman drowned and her body was not found for two days.

Supplemental Nutrition Assistance Program (SNAP) services, part of Transitional Assistance, are likely to go from bad to worse. In March the *Boston Globe* reported that thousands, and possibly tens of thousands,

of eligible people lost benefits in 2014 because of problems with new "anti-fraud" software. Phone lines at the agency were so understaffed that people were not able to get through to argue their cases. Both the Department of Transitional Assistance and the Department of Revenue were to blame, and both will be heavily affected by Baker's staffing cuts.



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