

Madam Moderator,

The increase in line 2100 Employee Benefits budget for FY12 is a modest 2.52%.

The bulk of my comments tonight on benefits will be devoted to the healthcare budget, but there is more than healthcare to discuss.

The second largest portion of the benefits budget is line 2110, Contributory Retirement. The Commonwealth of Massachusetts requires municipalities to fully fund pension obligations by 2040. Full Funding is somewhat of a slippery notion – since we must project a number of changing factors. Lexington was briefly “fully funded” as of January 1, 2008 before the most recent economic downturn. With this year’s appropriation request of a little over \$4M, a 9.81% increase over FY2011, we will be on track to be fully funded by 2020. This is slightly later than our projection of 2018 last year.

Also growing at a faster rate is our budget for Workers Compensation (at about 13%) to \$542,600 and Unemployment Benefits (at about 56%) to \$310,000. These increases are to relatively small budget items and reflect recent experience and the extension of unemployment benefits by the federal government.