

BOSTON CITY COUNCIL

Committee on Ways and Means
Brian J. Worrell, Chair

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REPORT OF COMMITTEE CHAIR

June 4, 2025

Dear Councilors:

The Committee on Ways and Means was referred the following docket for consideration:

Docket #0824, Message and order approving an appropriation of Forty Million Dollars (\$40,000,000.00) to the Other Post Employment Benefits (OPEB) Liability Trust Fund.

This matter was sponsored by Mayor Michelle Wu and referred to the committee on April 9, 2025.

From April to June, the Committee held 34 hearings overall on the FY26 departmental budgets and associated capital projects, as well as 6 working sessions. Prior to the FY26 budget process, the Committee held 3 hearings and 7 working sessions to collate the Council's FY26 budget priorities.

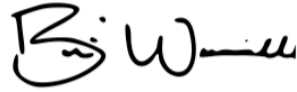
Summary of Legislation

Docket #0824 represents the operating budget allocation to fund the City's liability for Other Post-Employment Benefits (OPEB). While the City is required by law to make an annual contribution toward reducing its unfunded pension liability, there is no such requirement for retiree health and life insurance benefits. Similar to pensions, employees earn these OPEB over their years of service, but do not actually receive them until retirement. The independent actuarial valuation, as of June 30, 2023, valued the City of Boston's unfunded liability for these benefits at \$2.68 billion.

In FY08, the City was required to follow new Governmental Accounting Standards Board (GASB) requirements to identify and disclose this estimated liability. At the same time, the City also voluntarily began to annually allocate funds to reduce the OPEB liability. Annual allocations are retained in an irrevocable Trust Fund, authorized through the City's acceptance of Massachusetts General Laws Chapter 32B Section 20, as added by Chapter 479 of the Acts of 2008. As of June 30, 2024, the Fund had a balance of \$1.17 billion. The City has been contributing \$40 million to this fund each year since FY13.

Committee Chair Recommended Action

As Chair of the Committee on Ways and Means I recommend moving the listed docket from the Committee to the full Council for discussion and formal action. At that time, my recommendation to the full Council will be that this matter **OUGHT TO PASS**.

A handwritten signature in black ink, appearing to read "B. J. Worrell". The signature is stylized with a large, looped "B" and a cursive "Worrell".

Brian J. Worrell, Chair
Committee on Ways and Means