[**Next up at T: Pension reform**](http://www.bostonherald.com/opinion/op_ed/2016/12/next_up_at_t_pension_reform)

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A new collective bargaining agreement that resets the MBTA’s relationship with its biggest union to benefit riders and taxpayers is a historic step forward. But there is more to be done to get the T back on track.

Labor accounts for almost three-quarters of MBTA operating expenses and the Carmen, the union with which the T struck the new deal, represents a majority of unionized T employees.

The contract will save more than $750 million over 25 years; money that can be plowed back into the system to improve service quality. Better service translates to more riders and additional revenue.

The new agreement ends the practice of calling in sick, then collecting overtime for picking up an extra shift during the same week. Employees will now have to work 40 hours before they can collect overtime. The change will help the T further reduce absenteeism by creating a disincentive to call in sick.

Bus drivers will forego previously negotiated raises this year, and future raises will be more aligned with the MBTA’s anticipated rate of revenue growth.

In return, MBTA employees will enjoy more flexibility, such as the ability to work four 10-hour days instead of the typical five-day work week.

T bus drivers will continue to operate at the current level of service, but private competition can be introduced for service expansions. The deal doesn’t prevent the MBTA from privatizing bus maintenance, its money room and warehouse operations, which will save millions.

Nor does it prevent reforms to the T’s troubled pension system, which should be the next focus of the MBTA’s Fiscal and Management Control Board.

The MBTA Retirement Fund had a $49 million unfunded liability in 2005. Today it is over $1 billion short of what it needs to fund its liabilities, despite the fact that T contributions have more than doubled over the past decade.

The fund was organized as a private trust and is exempt from many public disclosure requirements, even though two-thirds of T funding comes directly from taxpayers and the authority is responsible for three quarters of any increase in required annual contributions. Lack of transparency resulted in a two-year delay before the retirement fund disclosed that it had lost a $25 million investment in a hedge fund represented by the retirement fund’s former executive director less than a year after his departure.

One reason the T’s retirement fund is in free fall is because T employees contribute less toward their retirement than other state employees and get richer benefits. Unlike their state counterparts, MBTA retirees also receive Social Security benefits in addition to their pensions.

The average T employee hired before December 2012 contributes $47,000 during his or her career and collects a stunning $1.65 million in lifetime benefits. This is clearly unsustainable.

A big reason the MBTA was able to negotiate a deal that benefits riders and taxpayers is the enhanced powers granted to the Fiscal and Management Control Board. The reforms they have pursued have altered the balance of power and led the Carmen to make long-overdue concessions.

The new MBTA labor deal is an important milestone. Next up: getting the T’s pension system under control.

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