Pay records show hefty spending at Mass. quasi-public agencies

By **Matt Rocheleau** Globe Staff, March 18, 2019, 12:44 p.m.

A plane at Logan Airport. PAT GREENHOUSE/GLOBE STAFF/FILE

New payroll data show some hefty spending at Massachusetts' quasi-public agencies.

Half of the staff at the state's student loan agency, the Massachusetts Educational Financing Authority, made six figures last year, led by two officials who collected more than $300,000 and a third who fell just shy of that mark.

About 46 percent of the staff at the Massachusetts Housing Partnership, which supports and finances affordable housing, made $100,000 or more, including four workers who made $200,000 or more. The agency saw its total payroll spending balloon 12 percent in 2018 compared with the previous year.

At MassHousing, another affordable housing financing agency, 39 percent of workers made six-figures, including nine whose pay topped $200,000.

About one-third of employees made six figures at the agency that sells health insurance plans, the Commonwealth Health Insurance Connector Authority. It was the same situation at the Massachusetts Water Resources Authority, which pipes water to Boston and dozens of other cities and towns.

At the Massachusetts Port Authority, one of the largest quasi-public agencies and best known for running Logan International Airport in Boston, about 600 workers made $100,000 or more last year, or 43 percent of its staff. That included 18 Massport employees who collected more than $200,000 and four whose pay topped $300,000.

And at the agency that oversees the state's $70 billion pension fund, four Pension Reserves Investment Management Board officials made $400,000 or more, led by director and chief investment officer Michael Trotsky, who collected $668,824 last year. Four other employees there made $300,000 or more. The agency's payroll spiked 12 percent from the previous year.

"Not only do these salaries strain agency budgets, they leave a monstrous burden on future administrations in the form of pension liabilities," said Mary Connaughton, director of finance, administration, and government transparency at the Boston think tank Pioneer Institute.

"Imagine the lucky pensioners getting 80 percent of their $200,000 salaries each year for life — that's quite the benefit so many in the private sector could only dream of," she added.

Officials at many quasi-public agencies said their payrolls reflect what market forces dictate they must pay to attract and retain talent, including employees who have decades of experience and work in highly specialized positions and executive roles.

Overtime spending was also cited as a factor for some agencies, with officials saying that paying overtime is often less expensive than hiring additional employees who are eligible to receive benefit packages.

Some agencies touted metrics indicating strong performance and significant growth in recent years, prompting them to give raises to existing employees and expand staff.

For example, Pension Reserves Investment Management Board spokesman Cosmo Macero said in a statement that the agency's headcount grew by four full-time employees, or about 10 percent last year, and the agency's strong performance — a 9.5 percent return in fiscal 2018 — led to "incentive compensation payments that were approximately 8% higher than the previous year."

Macero said competition for talent is intense, and the agency's "compensation structure is governed by a rigid and detailed process."

Agency trustees and a compensation consultant "continually survey the market and gather detailed compensation data to ensure that PRIM staff compensation remains competitive with — but not above that — of its peers," Macero said.

Trotsky, Massachusetts' highest-paid quasi-public official, has been praised by trustees since his tenure began in 2010, and the agency "consistently outperforms its peers in both up and down markets," Macero said.

Many quasi-public agencies also noted that they don't rely solely — or in some cases at all — on taxpayer dollars for operating expenses, but rather use significant revenue they generate from services, investments, and fees they charge to customers, such as tolls, fares, and rent.

Quasi-public agencies are established by the state, provide public services, and receive state financial support, but unlike regular government agencies, they are legally structured to operate somewhat independently. The agencies also operate with less public accountability than traditional government offices, with their budgets largely kept separate and not subject to legislative oversight.

A 2010 law calls for agencies, including quasi-public agencies, to provide financial records to the state so they can be posted online.

Roughly half of the state's 40 quasi-public agencies came under fire last year after the Globe reported they had failed to disclose millions of dollars in payroll and spending data.

Connaughton said that "with the sheer number of sky-high salaries, it's no wonder so many agencies lollygagged in entering the transparency age."

Over the past year, state Auditor Suzanne Bump's office cited 15 of the agencies — mostly regional transit authorities — for violating transparency requirements under state law, with more reviews of quasi-public agencies upcoming.

Bump said the reviews found that, in addition to agencies failing to report data at all, some information they posted publicly had errors or appeared more than once.

But Bump said her office did not find discrepancies with the internal financial records of agencies, nor did it find agencies were hiding or obfuscating data deliberately.

“I just don’t think they prioritized trying to get it right,” Bump said. Accurate disclosure of financial records is important, she said. “The public has a right, and really need, to have access to this information so they can make informed decisions about their government.”

Matt Rocheleau can be reached at matthew.rocheleau@globe.com. Follow him on Twitter @mrochele