

Advocates for COLA Restoration and Pension Reform Testimony - 14 Dec

Sandra Paquette

Main Points

- **We, the Retirees, are the Unintended Consequences**
- **The State changed the Rules in Middle of the Game, for all Current and future Retirees the**
- **The state changed the score after the game was over for all pre 2011 retirees**
- **Pension Security Act violated the Constitution of the State of Rhode Island**
- **It was / is Legally, Morally, and Ethically Unjust**

To members of the Pension Advisory Working Group

- **One of your major functions is to look into the Unintended Consequences of the Retirement Security Act of 2011**
 - **Well, look no further. The Unintended Consequences are facing you right now.**
 - **WE ARE THE UNINTENDED CONSEQUENCES!!**
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Brian Kennedy

Main Points

WHAT SHOULD BE THE FOCUS OF THE PAWG

- **Restoration of a true FULL COLA (3% compounded annually), returning to Pre-2012 RIRSA formula for Pre-2012 retirees**
- **Restoration of a true FULL COLA (3% Compounded Annually), returning to Pre- 2012 RIRSA formula for Post- 2012 retirees**

BRACKETS FOR GENERAL ASSEMBLY ACTION - THE BOOKEND OPTIONS

- **"Kicking the can down the road." This homily describes the General Assembly "action" for the last twelve years. Rather than put off remedial**

action for another year because of the complexity of the matter, we recommend a one-year true COLA of 3% for all retirees (approximately \$30 million). This can be paid out of the Trust Fund, which is a more humane option than forcing retirees to wait another 8 years to get their own money back. Any "damage" to the Trust Fund, which has become an obstacle to solvency for its own participants, is minimal, and secondary

KICKING THE CAN DOWN THE ROAD WITH A FRESH SET OF EYES

- **Independent analysis of projected state revenue for the next 12 years, using the last 12 (post RIRSA) years as base points. That revenue supported an 85% increase in RI State Budgets (\$7.7B to \$14.1B). Yet, these inflation protected revenue streams (e.g. sales and income taxes) have never been evaluated for their ability to support equivalent growth in funding for the Trust Fund. Simply put, the "inability to pay" lament has never been buttressed by go-forward data**

MISINFORMATION/DECEPTION RE: 2031 FULL COLA RESTORATION

- **Retirees have suffered a 35% decrease in the value of their guaranteed "defined benefits" since RIRSA 2011. That number will climb to over 50% by 2031. That is the allegedly "unintended consequence" which necessitated the creation of the PAWG. Therefore, any options proposed by the PAWG should also calculate the numerical impact, both long and short term, on that trend. The number should be developed and expressed in the context of the Consumer Price Index (CPI). That analysis is absolutely necessary to properly evaluate if the PAWG has actually addressed the major issue which is before it.**

MISUSE OF THE TRUST FUND

- **Underfunding - The General Assembly must know that any problems (if they do indeed exist) is a result of underfunding by the General Assembly**
 - **The rationale for the Trust Fund is to assure the payment of guaranteed defined benefits, and avoid the vagaries and uncertainties of annual budgeting**
 - **Although the Trust Fund was put in place to guarantee the ERSRI members' retirement packages, the "fix" was to guarantee the Trust Fund by gutting those very benefits**
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David Shallcross

Main Points

The State Investment Commission (SIC) oversees the assets of the Pension as well as non-pension related investments such as the General Fund. The SIC has a fiduciary duty to put first the interests of the members of the retirement system, and to pursue the best investment portfolio possible

- The Legality/Illegality of the 2011 RIRSA legislation
 - Personnel and Personal Unintended Consequences
 - The Impact on the Taxes and Services of our Municipalities
 - The Services and Financial Stability of the State
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Aldo Palazzo

Main Points

PAWG Tasking is to provide OPTIONS to IMPROVE ERSRI Pension Programs and ADDRESS the UNINTENDED Consequences of RIRSA2011!

No Representative from ANY Pension Advocacy Group on the PAWG itself. "WHY NOT?"

RIGL 36-10.2-11 does NOT limit the NUMBER of members of this group!

The Final Hearing is scheduled for 21 February 2024 with the PAWG Report due on 1 March 2024, only 10 days later!

What is the exact Mechanism as to how this Report will be written?

OMB Director Brian Daniels statements on 2 November:

- RI Budgets had been "***Fiscally Responsible***" since RIRSA2011!
- ***They have almost Doubled!*** Increasing from \$7.8 Billion to over \$14.12 Billion!
- ***"I only stated what I was told to present!"***
- Director Daniels is NOT listed as a Member of the PAWG!

RI Public Employees, have done EVERYTHING asked of them. They PAID into their Retirement, anywhere from 9 to 10%, of their Gross Salary. Something the State and Municipalities sometimes failed to do!

RI Public Employees as well as the State, had a Contractual Obligation and somehow the State, for Political Expediency used the RI Judiciary to change that fact!

The very idea that the ***State's GOAL is wait until the Elderly Retirees pass on*** is both ***Ethically*** and ***Morally Reprehensible!***

We ask that ***Any and All Options*** provided to the General Assembly in the 1 March Report include a "***Fiscal Note***" from Treasurer Diossa's Office!

Our ***Commitment to COLA Restoration and Pension Reform*** is ***NOT*** going away! ***2024*** in an ***ELECTION*** Year!

John Breguet

Main Points

Setting a cap on COLAs is unfair to people who worked longer, or in higher positions. Somebody who worked for 35 years should not have the same cap as someone who only worked 20 years.

How about eliminate the cap and pay a lower COLA (e.g. 2.5% instead of 3%)