

## MINUTES OF THE RHODE ISLAND PENSION ADVISORY WORKING GROUP

**DATE: 14 December 2023**

**Chair Michael DiBiase called this meeting to order at 3:00 p.m.**

Pension Advisory Working Group members present:

Michael DiBiase, Co-Chair

George Nee, Co-Chair

Patrick Crowley

Thomas Huestis

John P. Maguire

Laura Quinby

Edinaldo Tebaldi

Jonathan Womer

Ernie Almonte was represented by designee Jennifer Slattery.

Pension Advisory Working Group members absent:

Eric Atwater

Rhode Island Office of the General Treasurer staff present:

Alexandra Almonte

Wilder Arboleda

Eric Baggesen

Robert Craven

Gonzalo Cuervo

Frank Karpinski

Kevin Li

Michelle Moreno-Silva

Ranika Reyes

**A quorum being present, the Working Group considered the minutes of the 30 November 2023 meeting of the Rhode Island Pension Advisory Working Group.**

On a motion duly made by Mr. Nee and seconded by Mr. Womer, it was:

VOTED: THAT

The Pension Advisory Working Group adopt the minutes of the 30 November 2023 meeting.

VOTE: 8 members voted in the affirmative by voice vote, 0 members voted in the negative.

YEAS: George Nee, Michael DiBiase, Patrick Crowley, John Maguire, Laura Quinby, Laura Quinby, Jennifer Slattery, and Edinaldo Tebaldi.

NAYS: 0

ABSTAINS: 0

**Chair DiBiase then called Roger Boudreau, President of the Rhode Island Federation of Teachers/Retirees, Local #8037R who testified via pre-recorded video.**

**Chair DiBiase then called Raymond Pouliot, the State, Municipal Retired Personnel Representative, National Education Association Rhode Island.**

Messrs. Boudreau and Pouliot recommended the Working Group consider the following options:

- (1) Legislation which would occasion a one-time 2% cost of living adjustment (“COLA”) to be distributed in FY2025;
- (2) Legislation which would exempt public pension benefits from state income tax;
- (3) Legislation permitting active members of the Employees’ Retirement System of Rhode Island (“ERSRI”) to transfer assets from their Defined Contribution (“DC”) plan to their Defined Benefit (“DB”) plan under set conditions;
- (4) Policy affirming the state’s commitment to the health of the pension system through continued use of budget surplus to increase the system’s funded ratio; and
- (5) Legislation which would create a “pension benefit floor” tied to the federal poverty line. Annual benefits of those who fall below this line would be supplemented through legislative appropriation from general revenue.

**Chair DiBiase then called the AFSCME Rhode Island Retirees Council 94. Vice President Russell Marsocci, and Executive Board members Ronald Pepin, Linda Folcarelli, Mary Reilly, and lobbyist Robert Jacquard offered testimony.**

Mr. Marsocci endorsed the options recommended by AFSCME Council 94, the Rhode Island Federation of Teachers and Health Care Professionals (“AFT”), the National Education Association (“NEA”) Rhode Island, the Rhode Island State Association of Firefighters, the International Brotherhood of Police Officers, the Rhode Island Federation of Teachers/Retirees, Local #8037R, and the NEA Retirees.

On behalf of the Council 94 Retirees Association, Mr. Jacquard recommended the Working Group consider issuing a strong statement in the Working Group's Final report that reflects the hardships endured by retirees over the decade following enactment of the Rhode Island Retirement Security Act of 2011 and consider a minimum 3% COLA non-compounding on the first \$30,000 of a pensioners' annual benefit funded by legislative appropriation from general revenue or an increase in the employer contribution to the pension system.

**Chair DiBiase then called Chief Kevin Lynch, President of the Rhode Island Police Chiefs' Association.**

Chief Lynch recommended the Working Group consider the following options:

- (1) Legislation which would create parity in retirement benefits offered to police personnel in municipalities participating in the Municipal Employees' Retirement System and municipalities managing their pension system independently, specifically with reference to the retirement age and the early retirement penalty; and
- (2) Legislation which would repeal post-retirement employment restrictions for police personnel relating to the number of days a retiree can work without incurring penalties.

**Chair DiBiase then called Tim Ryan, representing the Rhode Island School Superintendents Association.**

Chair DiBiase requested the Rhode Island School Superintendents Association consider the options presented to the Working Group thus far and assess whether said proposals would be beneficial in recruiting and retaining teachers.

Mr. Crowley requested Mr. Ryan provide the Working Group with the average pension costs borne by a school district in 2010 relative to 2023.

**Chair DiBiase then called Chief Scott Kettelle, President of the Rhode Island Fire Chiefs' Association.**

Chief Kettelle recommended the Working Group consider the following options:

- (1) Legislation which would create parity in retirement benefits offered to fire personnel in municipalities participating in the Municipal Employees' Retirement System and municipalities managing their pension system independently, specifically with reference to the retirement age and the early retirement penalty; and
- (2) Legislation which would repeal post-retirement employment restrictions for fire personnel relating to the number of days a retiree can work without incurring penalties.

Mr. Maguire requested the Rhode Island Fire Chiefs' Association and the Rhode Island Police Chiefs' Association proffer the number of individuals employed by their respective departments that are working part-time as retirees and are thus impacted by the statutory cap on post-retirement employment.

**Chair DiBiase then called East Greenwich Town Manager Andrew Nota, as representative for the Rhode Island League of Cities and Towns. Mr. Nota was not in attendance.**

**Chair DiBiase then called Tom Sgouros, a fellow at the Policy Lab at Brown University in the Pension Accounting Reform Working Group.**

Mr. Sgouros recommended the Working Group consider legislation which would create a state-sponsored annuity plan for retirees administered by ERSRI. He also recommended the Working Group explore legislation which would create a deferred retirement option plan (“DROP”). A DROP plan would allow a pensioner to defer benefit collection and work past retirement age. The employee’s pension would remain in the retirement system and continue to be invested. For the duration of post-retirement employment, an employee would not accrue additional benefits. Thus, the employer would not fund the normal cost of any employee benefit as is the case for active employees. Once the employee stops work, they would collect their pension benefits plus any investment return accrued over the intervening years.

**Chair DiBiase then called Laura Quinby, Senior Research Economist at the Center for Retirement Research at Boston College.**

**Chair DiBiase then began calling public testimony. Individuals offering testimony were called on a ‘first come first serve’ basis, based on a sign-up sheet available in person.**

The following individuals offered public testimony:

|                     |                   |                                |
|---------------------|-------------------|--------------------------------|
| Francesca Bedell    | Deborah Catamero  | Jose Berto                     |
| Mary Kennedy        | John Breguet      | The Honorable Patricia Serpa   |
| Tim Murphy          | Glen Hebart       | The Honorable Scott J. Guthrie |
| Mary McKenna        | Lorraine Savard   | Geoffrey Rinn                  |
| Sandra Paquette     | Jim Bedell        | Frank Fiorenzano               |
| Brian Lee Kennedy   | David Neves       | The Honorable Charlene Lima    |
| W. David Shallcross | Lee Grossi        | James Dealy                    |
| Alan Palazzo        | Russell J. Rapose | Donna Lico                     |

The following individuals were signed up to testify, but did not offer public testimony:

|              |                            |                 |
|--------------|----------------------------|-----------------|
| Dotty Kupitz | Donna M. Folcarelli        | Ron Bianco      |
| George Arets | The Honorable Mary Messier | Deborah Thurber |

Brian Casilli – who signed up to testify – offered written testimony in lieu of oral testimony.

The members of the Rhode Island Pension Advisory Working Group also received written testimony from over 100 individuals prior to and during the hearing.

**Chair DiBiase called for a motion to adjourn the meeting.**

On a motion duly made by Mr. Nee and seconded by Mr. Maguire, it was:

VOTED: THAT

The Pension Advisory Working Group adjourn the meeting of December 14, 2023

VOTE: 8 members voted in the affirmative by voice vote and 0 members voted in the negative.

YEAS: George Nee, Michael DiBiase, Patrick Crowley, Thomas Huestis, John P. Maguire, Jennifer Slattery, Edinaldo Tebaldi, and Jonathan Womer.

NAYS: 0

ABSTAINS: 0

The meeting adjourned at 8:18 p.m.