Testimony of Brian Kennedy, Member of Advocates for COLA Restoration & Pension Reform:

* Brian Kennedy, Retired State Employee, Governor's Budget Office, Central Personnel Office, USMC;

* Strongly in support of H-8147

The following testimony is designed for the average person, and is intended to align the proper placement of skewed, cherry-picked data in evaluating the past, present and future program success of RIRSA 2011. There are many rabbit holes created by RIRSA 2011, leading to confusion and uncertainty, but they all fall into two basic categories:

(1) RIRSA 2011 first took on and nullified the pre-2012 ERSRI retirees. Their guaranteed inflation protection (full COLAs) was eliminated, and their mortality rate was strategically utilized to ensure that benefit value would be slashed (currently decreased by over 40%), and that most would be dead in twenty years (over 15,000 dead now, the surviving 14,000 dead by 2036).

(2) RIRSA 2011 then addressed the 30,000 2012 actives, and future hires. Most are compelled to join a 'hybrid" plan, whose endgame is 1/4 defined benefit plan (cannibalized with a capped "COLA" applied to a capped base), and 3/4 defined contribution plan (a glorified savings account with a laughable 1% employer match and 100% employee risk).

As you can see, these two elements construct the virtual elimination of the pension plan. The ballyhooed Trust Fund solvency (arbitrarily used to define program "success") comes at the expense of benefit value (i.e. program quality), with a concurrent cratering of trust in government, and an explosion of ERSRI member cynicism. H-8147 would restore that trust. It does not add additional costs; it simply seeks to curtail the draconian cuts which are no longer "unintended consequences".

The following numbers (Gabriel, Roeder & Smith actuarial projections, using ERSRI data), mark the present and future remnants of what used to be a pension plan, and the abdication of the employers' responsibility for a now abandoned mutual pact between the citizen/employees and their governmental employers.

2026 - 2035 projected employer contributions - $4.2 Billion (approx.)

2036 - 2045 projected employer contributions - $700 Million (approx.)

Our proposal (H-8147) only deals with the 1/4 defined benefit component, producing a full defined benefit COLA which does not misrepresent the acronym. It does not touch the remaining 3/4 defined contribution (savings account). The costliest current financial obligation, to the pre-2012 retirees, will cease with their imminent deaths (average age, 79). The Trust Fund has skyrocketed from $10 Billion to $13 Billion during the present Treasurer's term, buoyed by minimized benefits and pre-2012 retiree deaths. Accessing the Trust Fund and maintaining the current revenue stream will easily finance these restructured priorities, with no additional taxpayer revenue or General Fund allocations.

I ask you to question the sophistic argument that curtailing program cuts is a form of "additional funding." We are not insisting on "additional funding," simply on the reversal of present and future funding decreases which will parallel the planned benefit cuts. RIRSA 2011 was sold as a "haircut." The ongoing decapitations go far beyond what was supposedly intended, and are being eagerly embraced by the special interests who hope to benefit by the availability of additional resources.

Brian Kennedy

North Providence, RI