

Joann Lombardi
Retired State of Rhode Island Employee
Bill H8147
Oppose

Members of the Rhode Island House of Representatives Finance Committee:

I am writing in opposition to Bill H8147 entitled "An Act Relating To Public Officers And Employees - Retirement System - Contributions And Benefits."

I retired on July 01, 2006 after thirty-two years of employment with the Rhode Island Department of Labor and Training. My first six years were spent in the Unemployment Insurance Division and the remaining twenty-six years were spent in the Temporary Disability Insurance Division.

Since the Pension Settlement Agreement of 2015, the Office of the Rhode Island General Treasurer together with the Rhode Island Senate and House have worked in earnest so that the Employees' Retirement System of Rhode Island will be eighty percent funded in 2032. Once the fund reaches eighty percent, cost-of-living adjustments (COLAS) will be restored.

Bill H8147 proposes many changes to the payment of benefits. It proposes too many changes be made at once. It proposes changes for retirees, current employees and future employees. It proposes changes for an infinite number of individuals. Instituting these changes will cause a delay, a major delay, in the pension attaining eighty percent funding.

Bill H8147 proposes that cost-of-living adjustments be paid from funds within the Employees' Retirement System of Rhode Island without any modification or increase in contributions to the fund by public employers. This proposition has the potential to decimate the pension fund. This is analogous to withdrawing all or part of the principal of a certificate of deposit. You incur no penalty if you withdraw any interest earned, but there are penalties if you choose to withdraw the principal. Paying cost-of-living adjustments from the pension fund principal is a disaster waiting to happen.

I strongly urge that Bill H8147 not be passed.

Joann Lombardi, MBA, MS in Management