

Thank you Mr. Chairman and members of the committee.

The settlement deal you have before you today gives Rhode Island a chance to finally turn the page on a dark chapter of our state's history.

I believe that I speak for all Rhode Islanders when I say that those among us who spend their lives serving our community deserve to retire with dignity. Rhode Island would not be able to function without the hard work and talent of our teachers, state employees, public safety and municipal professionals.

Unfortunately, due to a series of events that spanned several decades, Rhode Island's pension system became one of the worst funded of any state in the country. By 2011, the state pension system was less than 50% funded, with costs on pace to exceed \$1 billion per year. The system was unsustainable, to the point where we could not look a young public employee in the eye and say with confidence that their pension would be there when they retire. I think most people – experts and everyday Rhode Islanders – understand that something had to be done.

The deal you have in front of you is the product of many months of negotiations between unions, retiree groups, and representatives of the state and municipalities. This deal was crafted very carefully to meet the most significant concerns of union and retiree groups while keeping the pension system on a sustainable financial path.

Under this deal, more than 92% of the savings of the 2011 reform are maintained, totaling more than \$4 billion. In the 2017 fiscal year alone, taxpayers will save nearly \$400 million under this deal compared to what the cost would have been before the 2011 reform.

At the same time, this deal has significant improvements for workers and retirees in the system. Most of the members in the retirement system will see larger cost of living adjustments, more frequent cost of living adjustments and lower retirement ages than they would have received under the original reform. Employee and retiree groups were given a chance to vote on this deal, and the deal was approved by popular vote at groups representing more than 98% of the members of the system.

A good deal is one where nobody walks away feeling like they got everything they want, but everyone feels that they got something. By that measure, this is a good deal.

Perhaps the most important thing for this committee to consider is what the consequences of a long, drawn-out trial would be. If this deal is not approved, the resulting trial would last for years and would be very expensive for both sides. Then, no matter how the judge ruled, there would be an appeal, and we would do the whole thing all over again.

This enormous financial uncertainty would cast shadow over our state, hurting our bond rating, our business climate and the well-being of our workers and retirees who deserve to have some certainty about what their retirement is going to be. At a time when we are working together to rebuild Rhode Island's economy, we cannot afford to be bogged down by a multi-year, multi-billion dollar financial uncertainty.

Today we have an opportunity to put the troubles of the past behind us, and move forward. The future can be very bright for Rhode Island, but only if we are willing to turn the page on the disputes of the past.

Because we need to focus on rebuilding our economy, because we need a pension system that is financially sound, and because we need to be able to look that young teacher, or firefighter or state worker in the eye and say with confidence “your pension will be there”, I respectfully ask you to support this pension deal.