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Press Release – Pension Reform
November 10, 2011

Rhode Island’s public pension systems are a significant financial problem that should have been addressed years ago. Burrillville is in the State pension system.

There are important differences between the allegedly mismanaged, private pension plans such as those sponsored by the cities of Providence and Cranston and the other State sponsored pensions such as Burrillville. The remedies needed for seriously underfunded or mismanaged private pension plans do not necessarily apply to those of us in the State pension system. However, that does not mean that pension reform for all pension systems/plans statewide is not required despite the differences.

Burrillville, like most of the State pension participants has ALWAYS funded 100% of the amount the State required. The State Pension Board determines how much each of its participants (including Burrillville) must fund each year to meet the requirements of an actuary study. This has been the practice for many, many years.

Now, after many years of following a specific methodology, the State Pension Board has recently changed key actuary conditions (or assumptions) and most, if not all, municipal pension plans, are now allegedly underfunded.

The impact of this action is that Burrillville’s pension contribution increases for next budget year using the new methodology are as follows:

School teachers	\$1,113,000
School, non-teachers	\$209,000
Municipal, non-police	\$239,000
Municipal police	\$253,000

So, unless things change, our budgets will increase a total of \$1,814,000 for pension contributions alone in FY2013 (next budget year). That equates to a property tax increase of approximately \$320 per property owner (on average).

The pension system(s) should have been addressed many years ago. Because there are political “consequences” for public officials who attempt to change these unrealistic pension programs, none of our past elected State leaders, including a long line of governors, have done anything about it. Only now, when everything is about to collapse around us, is something being done.

To be fair, this problem has been perpetuated for many, many years. Nevertheless, the pension problems must be corrected, including the private systems in the larger cities and some Rhode Island towns. I believe that not addressing the private, municipal systems will eventually come back to impact all Rhode Island cities and towns financially if the serious problems in some of those systems are not addressed by timely pension reform.

The plan (bill) put forward by the incumbent Governor and Treasurer is a good bill that addresses many of the problems long-term. The State House and Senate have now put forth revised versions of the original bill. What is ultimately voted will have a direct impact on Burrillville's property taxes next year. If the amended bills of the House and Senate pass, but do not adequately address the pension problems or the impact on our budget, we will advise everyone accordingly.

The full State legislature is about to meet to address pension reform. Let's all hope they do the right thing for every city and town.