

January 31, 2018

Rep. Carol McGuire  
Chair House Executive Departments and Administration Committee  
Legislative Office Building, Room 306  
33 N State Street  
Concord, NH 03301

Dear Madame Chairwoman and Members of the Committee,

On behalf of the more than 10,000 members of the SEA, SEIU Local 1984, I am writing to express my strong opposition to House Bill 1754, which would establish a defined contribution retirement plan for state and political subdivision members of the retirement system. Our opposition stems from the following reasons:

First, the unacceptable increase in the UAAL that would result in the passage of this legislation. Establishing a defined contribution plan for new hires would close out the current defined benefit plan and thus increase the total actuarial accrued liability of the NHRS by \$1.9 billion according to the fiscal note. Given the fact that such an increase would not benefit the members of the current plan nor the employers since their rates would skyrocket, we feel the state should not artificially set the system back by passing such a piece of legislation. The dramatic increase in cost, which would be borne by employers, is also one of the reasons the Decennial Commission did not recommend this approach for further legislation.

Second, a lesser benefit will further hurt already existing recruitment and retention problems for the state and its political subdivisions. We had already been seeing these recruitment and retention issues after the passage of SB 3 in 2011, which created a second tier of public employees in our workplaces, and the challenge is even greater now that the economy is booming and employees are at a premium. Further reducing the retirement system benefits by moving to a defined contribution plan will exacerbate recruitment issues we are seeing in key areas of public employment from county nursing homes, to the state hospital and our department of corrections.

Finally, I think the same concern holds true for this Defined Contribution plan that Commissioner Hodgdon wrote about in her submission to the Decennial report with respect to cash balance plans. Commissioner Hodgdon wrote, "NH government employees' benefits are already modest in comparison with those from other systems, compounded by the lack of a COLA in the last 7 years. The thought of further reducing that benefit, or introducing significant

uncertainty threatens the labor force stability and dependability.” We concur with that sentiment and urge this committee to find HB 1757 Inexpedient to Legislate.

Sincerely,

Richard Gulla  
President  
SEA, SEIU Local 1984