

# Senate Executive Departments and Administration Committee

*Chantell Wheeler 271-1403*

**HB 1535-FN**, relative to a one-time allowance for certain state retirees.

**Hearing Date:** April 13, 2022

**Members of the Committee Present:** Senators Reagan, Ricciardi, Cavanaugh and Prentiss

**Members of the Committee Absent:** Senator Carson

**Bill Analysis:** This bill grants a one-time additional allowance to certain retirees in the state retirement system. The bill makes a general fund appropriation for the retirement allowances.

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**Sponsors:**

Rep. Merner

Rep. Deshaies

Rep. Guthrie

Rep. Bordes

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**Who supports the bill:** Rep. Merner, Sandra Amlaw, Brian Ryll (PFFNH), Jay Ward (SEA), Rich Gulla (SEA), Brian Hawkins, Arthur Beaudry, Chris Aylward, Lori Carmichael, Mary Eisner, Dave Smith, Kiersten Hall, Alison Buchsbaum, Lisa Dorval, Stephanie Hussey-Pack, Janine Anctil, Paula Grassie, Victor PIRO, Ruth Collins, Heather Diamond, Stephanie Bottcher, Katie Bass, Penelope Desrosiers, Susan Almy, Kevin Fleming, Joyce Weston, Amelia Barnes, David Doherty, Christie West, Roger Dontonville, Anne Dontonville, Marlise Bryant, Michael Bryant, Sally Widerstrom, Richard Hunnewell, Anne Hunnewell, Claudia Istel, Kate Murray, walter kirsch, Debrah Howes, Ilsa Pinkson-Burke, Robin Bancewicz, Stephen Bancewicz, Dan Toomey, Jay Guzofski, Tiffany Talon, Charles Chalk, Zoe Martel, Nancy Ancharski, Sandra Amlaw, Nancy Kuemmerle, Anne Lentz, Linda Hallock, Joan Hamblet, Amy Cranage, Ellis Robinson, Russan Chester

**Who opposes the bill:** Gerard Fleury

**Who is neutral on the bill:** Marty Karlon, NH Retirement System (NHRS)

**Summary of testimony presented in support:**

**Rep. Merner** introduced the bill.

- This bill was filed last year for a one-time \$500 cost-of-living-adjustment (COLA) payment for retirees receiving under \$30,000 in pension.

**Sandra Anwa, President of Retired Educators of NH**

- The original bill was far more beneficial to members.
- The person who makes \$30,001 gets nothing.
- This is better than nothing at all.

**Rich Gulla, President, State Employees Association (SEA)**

- Represents over 10,000 employees.
- Supports this bill but it did start out as a COLA that will cost the state less in the long run.
- This should include all retirees.
- There is record inflation over the last 12 months.
- The cost of gasoline is up 48% and bacon is up 18%.
- Core inflation jumped 6.5% in the past 12-months.
- This bill should be a COLA, but if it is a 13<sup>th</sup> check, it should include everyone as there are more than enough funds.

**Karen Irwin**

- Submitted written testimony to the committee.
- Ms. Irwin is a 31-year state employee.
- This bill can still be a one-time COLA instead of a one-time payment that can be rolled forward for everyone.
- Suggested 1.5% in addition to the one-time payment.
- Suggested there could be a revolving one-time COLA allowance for every 5 years.
- Something is better than nothing.
- It was too big a stretch to pre-fund this with \$79 million.
- There are over 30,000 individuals who are 5 years out.
- Suggested annual reporting on the COLA annuity fund with a breakdown of payout from the members' account.

**Senator Reagan** complimented Ms. Irwin on her testimony and research.

**Brian Hawkins, NEA NH**

- Supports this bill and the original bill for COLA.
- Since the elimination of the COLA special account 10 years ago there have only been two COLA adjustments.

- The average annual pension is about \$22K.
- Teachers represent 36% of retirees.
- Mr. Hawkins will provide a written request for an amendment.

**Arthur Beaudry, NH State Firefighters Retirement Association (NHSFFRA)**

- Supports this bill but has reservations.
- The COLA raises were granted by legislature and funded through the general account from 1967-1983.
- In 2007 the funding trigger was changed; \$204 million was retained in the corpus of the fund that would have gone into the special account.
- The elimination of the special account and transfer of \$637million to the corpus of the fund.
- There has been one COLA since July 2010.
- The average annual pension is \$21K.
- Pensions are devoured by inflation and pensioners may have to rely on public services.
- The amendment virtually eliminates group II from receiving a COLA, and they do not receive social security
- A \$25K annual pension falls in value by 67% over 20 years.
- NH is an anomaly by not providing COLA.
- Maine offers 2.5% COLA. MA offers an ad hoc COLA based on CPIU. VT has an automatic COLA.
- Please support a COLA for all retirees.

**Summary of testimony presented in opposition:**

**Gerard Fleury, retired from NHRS**

- There are significant flaws in this bill.
- Worked for the state for over 35 years and then worked for the City of Manchester.
- This first amendment protected the cities and towns. The original concept to shift the to the state general fund, but then affordability became a problem.
- The amendment allows someone to enter public service and work a short time and walk away with a smaller pension after reaching a certain age.
- As a retiree who made it a career doesn't get COLA - this seems unjust.

- The 5 year look back is problematic. The inflation levels in 2021 were far greater.
- Suggested giving every retiree \$50 which will benefit every retiree the same.
- Very frustrated by the bill composition

**Neutral Information Presented:**

**Marty Karlon, NHRS**

- NHRS takes no position on this bill and is here to answer any questions.
- Mr. Karlon explained that about 23,000 retirees are eligible for the one-time payment.
- Senator Prentiss asked for clarification that this is a one-time payment.
- Mr. Karlon confirmed that the one-time payment will not add to the base benefit in future years.

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Date Hearing Report completed: April 14, 2022