

From: Edin, Scott - Administration
Sent: Friday, May 8, 2020 9:35 PM
To: Sen. Julie Rosen; Rep. Mary Murphy
Cc: Susan Lenczewski; Rahul Koranne; Underdahl, Steve - Administration
Subject: Pension Bill HF 4300 / SF4201

Dear Senator Julie Rosen & Rep. Mary Murphy,

I am writing to express my opposition to HF bill 4300 & SF 4201. As I understand these bills were initially introduced on March 11th, just as the first wave of the Covid 19 Pandemic was first being realized in the US. Since that time none of us have had time to initiate a letter writing campaign to express our concerns about these Pension Bills, as we were all consumed with preparations for the upcoming Pandemic. Just this evening I learned of the plan to have this bill heard before the Legislature Commission early tomorrow morning. This feels like there is an attempt to rush this bill through without giving hospitals and their Governing Boards, as well as employees an opportunity to express their concerns.

Julie as you may recall, Steve & I met with you a few years ago to express our concerns re: the PERA plan. Municipal hospitals like Northfield Hospital + Clinics are at a disadvantage fiscally because we incur the additional benefit expense caused by the mandated 7.5% contribution to the PERA plan, compared to a similar private hospital that may make contributions of 4-5% to a 403b plan. For Northfield Hospital + Clinics (NH+C) that amounts to nearly \$1 million of additional benefit cost annually. Maybe somewhat surprisingly, it can also put us at a disadvantage when it comes to recruiting. On many occasions we have had employee candidates decline a job offer because of the mandated 6.5% employee contribution. For many young families being mandated to contribute to a retirement plan, especially 6.5%, is extremely difficult in their family budget.

For some of those reasons, we have given thought to evaluating a transition to a privatized retirement plan. However, decisions of this magnitude cannot be made in a vacuum, and therefore take many months if not years to develop. As we have been battling the Covid 19 pandemic, we have not had the time nor energy to address our concerns or consider our alternatives to the current PERA plan.

I also have some concerns with the bill as it is currently proposed. Specifically, I am concerned about the impact it would have on our employees if we were to consider privatizing since it phases out augmentation; this would freeze the employees benefit amount at the time of conversion, rather than allowing it to increase at the same rate as other members of the PERA plan. I also am concerned about the method used to calculate the withdrawal liability, as it would add significant costs to any potential conversion, thereby making it more difficult to consider this alternative.

Therefore, I ask that you table the introduction of this bill at this time to allow NH+C as well as other municipal hospitals and the MHA the time to further evaluate the bill and make recommendations to the Pension Commission.

Thanks for taking your time to consider my concerns.

Sincerely,

Scott D. Edin
Vice President & CFO
Northfield Hospital + Clinics
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