

DENISE L. NAPPIER  
TREASURER

State of Connecticut  
Office of the Treasurer

HOWARD G. RIFKIN  
DEPUTY TREASURER

September 7, 2010

VIA ELECTRONIC MAIL

The Honorable M. Jodi Rell  
Governor  
Executive Chambers  
State Capitol  
Hartford, CT 06106

Dear Governor Rell:

My Office is in receipt of your press release and letter of September 7, 2010 to your appointed State Post-Employment Benefits Commission outlining a series of measures you hope and expect the Commission to consider at its meeting of September 9, 2010. I would remind you that September 9<sup>th</sup> is the first day of Rosh Hashanah, the Jewish New Year.

Specifically, there is nothing in this media communication that Deputy OPM Secretary Michael Cicchetti didn't outline as possibilities for reform at a prior meeting of the Commission. At that time he was asked to provide a detailed cost savings analysis of each of the items. To date, we have not seen that. I would also extend the request to specifically lay out which items your Administration believes can be dealt with administratively and those items that require legislative action and/or an agreement to reopen the existing SEBAC Agreement.

I share your concern that the State must look at all aspects of its retirement system, including those benefits known as Other Post Employment Benefits (OPEB) for which the State must now report its unfunded liability. The essence of what is in place currently dates back to decisions made in 1995 by the then Rowland/Rell Administration to use a methodology for funding the State's share of the State Employees Retirement Systems' past service liability, resulting in the State paying less in the early years and much larger payments later on – which significantly contributes to the heart of the challenge now before us. I would also remind you that of the \$9.3 billion in unfunded liability, almost \$7 billion is attributable to employees hired before July 1, 1984.

Since I took office in January 1999, I have spoken out against some of the long term practices imbedded in our retirement systems – particularly the ongoing underfunding of both the State Employees System and the Teachers' System.

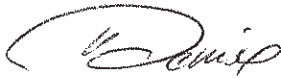
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That is why I proposed and fought for the issuance of state bonds to reduce the Teachers' System liability and to insist on covenants in the bond indenture requiring the State to contribute 100% of what is required each year. But, I cannot and will not vote for a series of measures which have not been fully vetted, analyzed and understood. That would falsely raise expectations of tax payers and needlessly cause anxiety among employees.

By this letter I am formally asking that the meeting scheduled for Thursday, September 9 be postponed until such time as these questions can be answered and the appropriate analysis done.

Sincerely,



Denise L. Nappier  
State Treasurer

Cc: State Post-Employment Benefits Commission