

National Conference of State Legislatures (NCSL)
National Association of Counties (NACo)
United States Conference of Mayors (USCM)
National League of Cities (NLC)
International City/County Management Association (ICMA)
National Association of State Auditors Comptrollers and Treasurers (NASACT)
Government Finance Officers Association (GFOA)
Council of Institutional Investors (CII)
National Association of State Retirement Administrators (NASRA)
National Council on Teacher Retirement (NCTR)
National Institute on Retirement Security (NIRS)
National Conference on Public Employee Retirement Systems (NCPERS)
National Association of Government Defined Contribution Administrators (NAGDCA)
International Public Management Association for Human Resources (IPMA-HR)
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers (AFT)
Fraternal Order of Police (FOP)
International Association of Fire Fighters (IAFF)
National Association of Police Organizations (NAPO)
National Education Association (NEA)

May 11, 2007

VIA ELECTRONIC MAIL

U.S. Department of Energy
Office of Procurement and Assistance Management
1000 Independence Avenue, SW
Washington, DC 20585
contractorpensions@hq.doe.gov

Re: Request for Public Comment on Department of Energy Contractor Employee Pension and Medical Benefits Challenge

Dear Sir/ Madam:

On behalf of the 20 national organizations listed above – representing state and local governments, public employee unions, public retirement systems, and over 20 million public employees, retirees, and beneficiaries – we are writing in response to the Request for Public Comment on the Department of Energy Contractor Employee Pension and Medical Benefits Challenge. Specifically, we wish to register our objections to a proposed policy as outlined in DOE Notice 351.1 that would deny reimbursement of contractor costs associated with defined benefit (DB) pension plans for new employees. **We urge the agency to cease consideration of this proposal.**

The proposal is simply bad public policy. It is irresponsible for an agency of the Federal government to limit the type of benefits a public or private contractor may provide its employees. This is particularly true for the DB model that has proven invaluable in the management of human resources as well as one of the most efficient means of providing retirement security. Encouraging those that contract with the DOE to terminate their DB plans or close them to new hires has the very real possibility of increasing transition costs, employee turnover and training expenses at a time when many government agencies and private employers are attempting to retain institutional knowledge.

These losses will not only affect DOE and its private contractors, but also many State and local agencies that contract with the Department. State and local governments would be required to take on the administrative burdens and transition costs associated with freezing existing DB plans and operating new DC plans for future employees associated with the performance of such work. This additionally sets a very dangerous precedent with regard to other intergovernmental agency contracts and Federal-State shared programs.

In the State and local government workforce—two-thirds of which is employed in education, public safety, corrections and the judiciary—such a policy could undermine an important and successful workforce management tool used to attract and retain qualified, experienced and trained personnel in positions critical to the continuous and reliable delivery of vital public services. It also removes a cost-effective means for delivering survivor and disability benefits particularly important in many high risk public sector jobs.

Furthermore, to have employees who will be receiving very different retirement benefits working alongside one another at the same job – particularly highly technical or hazardous work such as that encountered in connection with many DOE and other Federal contracts – could have a significant adverse impact on employee morale and, accordingly, employee productivity and work quality.

When national security could be at stake, Federal policies should focus on attracting the most qualified workers, not creating barriers that could serve to effectively discourage the use of some of the best experts available.

We strongly urge that this policy be rejected. Please contact our association representatives if you have any questions or require further information.

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