

Why I voted “no” to the Pension Obligation Bond.

First and foremost, if the people voted to allow the constitution to be amended and permit the government to borrow \$200 million to pay its debt to the Retirement Fund, who will pay for the repayment of the obligation bond? Obviously, the answer will be the taxpayers from both the private and the public sector. And, whose debt is it? It is the debt of the government for failing for many years and continues to fail to remit its employer contribution to the Retirement Fund. Is it really fair for the people in the private work force to have to pay for the failure of the government to honor a mandate to remit its employer obligation? For whatever apparent reason, the government has consistently failed to honor its obligation, and now is asking the private workforce to take part in paying for its failure.

The \$200 million that is proposed to be borrowed through a Pension Obligation Fund is to satisfy a public debt that the private sector workforce is not a party of. Imagine if the employer of a private firm consistently failed to remit its share of the employer contribution of a 401 Retirement Plan, will the government pass an initiative to be placed on the ballot for the people to vote and decide whether to amend the constitution and allow the government to pay for the millions of dollars that the private employer had failed to pay to the Plan? Will the public (government) employees be willing to pay for such a debt that they had nothing to do with? I seriously doubt it.

I believe that collectively, the private and public workforce would rather see that any future pension obligation fund be for capital improvements as allowed by the constitution. It'll be a lot easier for all of us to vote on a pension obligation fund that proposes to improve CHC for an example as it benefits the entire Commonwealth.

And what assurances do the work force from both the public and private sector have that the government will begin to remit its employer contribution to the Retirement Fund? Just look at the track record of the government, there is no assurances or guarantee.

The CNMI government budget already allocates approximately \$7,474,000 for bond repayment. How much more will we incur? If \$200 million is borrowed and after interests are compounded, how much do we really owe and how much will be allocated to pay the debt annually? A payment for a \$60 million bond in 2008 is approximately \$1,858,000 annually. It is safe then to conclude that we will probably be remitting more than \$3 million annually for a \$200 bond payment. Can the CNMI afford this and not sacrifice some essential services?