State Fiscal Note for Bill
Number: 2014-H-7347

Date of State Budget Office Approval:

Date Requested: Thursday, April 03, 2014
Date Due: Sunday, April 13, 2014

<table>
<thead>
<tr>
<th>Impact on Expenditures</th>
<th>Impact on Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014 n/a</td>
<td>FY 2014 n/a</td>
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<tr>
<td>FY 2015 Indeterminate</td>
<td>FY 2015 n/a</td>
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<tr>
<td>FY 2016 Indeterminate</td>
<td>FY 2016 n/a</td>
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</tbody>
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Explanation by State Budget Office:
This proposed bill would amend Section (d)(2) and (d)(3) of Chapter 36-10-36 entitled 'Post retirement employment' to expand the earnings in a calendar year that a retired member of the Employees' Retirement System of Rhode Island can earn while serving as a educator, advisor or coach at a state college, or a driver education teacher, without forfeiting their retirement benefits. For state college educators, advisors or coaches, and driver education teachers, the annual limit would increase from $15,000 to $18,000 per calendar year.

Comments on Sources of Funds:
The source of funds for retirement benefits is the Trust held by the Employees' Retirement System of Rhode Island (the 'Trust'). The source of funds to pay retired state employees working as faculty, advisors, coaches, or driving instructors would be college and university funds. The Department of Elementary and Secondary Education would be responsible for driving instructors providing classroom instruction at the State's high schools.

Summary of Facts and Assumptions:
The State's colleges and universities do not compile this information, and therefore, are unable to provide the number of state retirees who are currently employed as faculty, advisors, coaches or driving instructors.

Post-Retirement work allowances can affect the employer contribution rate depending on the volume of participants. This is not predictable and probably varies between the groups identified in the legislation from year to year. Retired members collecting retirement benefits while working part-time as allowed under current law do not contribute to the Trust, nor do their employers make the employer contribution. This scenario may create an actuarial loss that subsequently results in higher employer contributions.

Summary of Fiscal Impact:
As previously described, the State's colleges and university do not compile this information so an estimate for existing retirees who are currently working is indeterminate. Also, due to the unpredictability of the future number of retirees who will seek post-retirement employment at colleges and universities, or as driving education instructors, a fiscal impact on expenditures for the state, as the employer contributor to the Trust, is indeterminate. No effect in FY 2014 is expected due to potential late passage of the bill.

Budget Office Signature: [Signature]

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Wednesday, April 23, 2014

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State of Rhode Island
Budget Office