



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

24 April 2024

The Honorable Marvin Abney
Chair, House Committee on Finance

The Honorable Members of the House Committee on Finance

RE: 2024-H 7254 – *An Act Relating to Public Officers and Employees – Retirement System – Membership and Service Credits*

Chair Abney:

I write with regard to 2024-H 7254, which allows members of the Employees' Retirement System of Rhode Island to purchase one year of service for every five years of service in the Rhode Island National Guard or reserve forces. Members would be able to purchase a maximum of four years. The act also entitles certain state and municipal first responders to up to four years of national guard or reserve service credit at no cost.

Consistent with Rhode Island law, legislation concerning the pension system should not be approved without the benefit of a pension impact note. *See* R.I. Gen. Law § 36-10-39 (Legislation impacting the pension system "shall *not* be approved by the general assembly unless an explanatory statement or note . . . is appended to the proposed legislation which actuarially calculates . . . the projected twenty (20) year cost of the proposed legislation") (emphasis added). This independent assessment will clarify any impact the proposed legislation may have on both the State budget, and the sustainability of the pension system. The Chairperson of the House Finance Committee – with the approval of the Speaker of the House – can request a pension impact note concerning proposed legislation originating in the House. *See* R.I. Gen. Law § 36-10-39.

Concerning the merits, there are a number of provisions of the Rhode Island General Laws which already permit active members of the National Guard or reserve forces to purchase service credits for service.

Foremost, *any* state or municipal employee on a leave of absence because of service in the armed forces "shall be construed as continuous employment for retirement pension" and is "prescribed rights or benefits in any established retirement system or pension fund . . . as though the employee

had not been on a leave of absence.” R.I. Gen. Laws § 36-5-3. As such, annual training periods do not negatively impact accrual of retirement time.

Under R.I. Gen. Laws § 45-21-53, municipal employees on active duty in the United States armed forces or merchant marine service “may purchase service credit for that service for up to a maximum of four (4) years.” This includes members of the National Guard or reserve currently on active status. “The cost to purchase these credits is ten percent (10%) of the member’s first years’ earnings as a municipal employee, as defined in this chapter, multiplied by the number of years and fraction of years of armed service up to a maximum for four years.” *Id.* R.I. Gen. Laws §§ 16-16-7.1 (concerning teachers) and 36-9-31 (concerning municipal employees, including public safety professionals) contain identical provisions applicable to teachers and state employees, respectively.

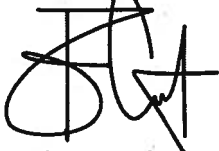
Under R.I. Gen. Laws § 42-28-22, state police officers with more than twenty years of service and at least six months of active duty in the armed services or in the merchant marine service can purchase service credit “up to a maximum of two (2) years.” Members who served six months or more in a given calendar year are entitled to purchase one full year for such service. *See id.* Those with less than six months in a calendar year are permitted to purchase six months’ credit. *See id.* Credits cost “ten percent (10%) of the member’s first year salary as a state policeman multiplied by the number of years and/or fraction thereof of such armed service up to a maximum of two (2) years.” *Id.*

The statutory change entitling certain state and municipal first responders to service credit at no cost would be in direct conflict with R.I. Gen. Laws §§ 16-16-7.1, 42-28-22, and 45-21-53. The proposed amendments to R.I. Gen. Laws § 36-9-31 waive the cost provisions of “subsections (c) and (d) of *this* section.” (emphasis added). Therefore, this amendment would only waive the cost provisions contained in Title 36, not those in titles 16, 42, or 45.

Further, the cost -waiving provision expressly includes “municipal police officers” but does not include municipal firefighters. Despite the reference to “firefighters” in that paragraph, the plain language would apply to *state* firefighters, and not municipal firefighters. Specifically, the provision applies to “any members who are employed as *state* . . . firefighters, crew chiefs, assistant chiefs, fire investigators, fire safety inspectors, fire safety training officers, [and] explosives and flammable liquids technicians. . . employed by the State of Rhode Island and executive military staff.” (emphasis added).

Please feel free to reach out by email at Robert.CravenJr@treasury.ri.gov or by phone at (401) 330-0661 with any further questions.

Respectfully,

A handwritten signature in black ink, appearing to be "R. Craven, Jr.", written over a horizontal line.

Robert E. Craven, Jr.
Director of Legislative Affairs
Office of the General Treasurer

cc: The Honorable Alex Finkelman