

April 22, 2025

The Honorable Marvin L. Abney, Chair
House Finance Committee
Rhode Island House
82 Smith Street
Providence, RI 02903

RE: BILL NUMBER H-5198 – A N A C T RELATING TO EDUCATION -- TEACHERS' RETIREMENT

Chair Abney and Honorable Committee Members,

On behalf of the Rhode Island League of Cities and Towns, I write to express our concerns regarding House Bill 5198, which proposes to allow teachers, state, and municipal employees to retire upon the earlier of reaching age sixty (60) with thirty (30) years of service or upon reaching their current retirement eligibility date under existing state statutes.

While we recognize the intent of this legislation, to provide greater flexibility and recognition for long-serving public employees, we respectfully urge the Committee to consider the potential financial and operational impacts this bill may have on Rhode Island's municipalities. Our concerns are as follows:

Increased Pension Obligations

- Allowing employees to retire earlier would likely extend the number of years that pension benefits are paid, increasing long-term liabilities for municipal pension systems. This would place additional strain on local budgets and taxpayers.

Actuarial Considerations

- Earlier retirements could significantly alter actuarial assumptions used to determine municipal pension fund contributions. These changes could undermine the financial health and long-term sustainability of pension systems, particularly for municipalities managing their own plans.

Budgetary Planning Challenges

- Cities and towns would need to revisit and potentially revise their long-term financial planning to accommodate increased pension liabilities. This may divert funding away from other critical services and investments.

Workforce Planning and Replacement Costs

- A shift toward earlier retirements may accelerate the loss of institutional knowledge and require municipalities to hire and train new employees at a faster pace, increasing recruitment and onboarding costs.

Healthcare Cost Impacts

- Municipalities may also experience changes in their healthcare expenditure patterns, as retiring employees transition from active employee plans to retiree healthcare or other coverage options. This could lead to budgetary pressures in municipal health insurance planning.

Potential Disruption to Service Delivery

- The departure of experienced professionals could affect continuity in public services, particularly in areas where municipalities already face staffing shortages. Strategic workforce planning would be essential to ensure uninterrupted service to residents.

Short-Term Savings vs. Long-Term Costs

- While early retirements might yield short-term savings in salaries, these must be weighed against the long-term pension and healthcare obligations they trigger. A comprehensive cost-benefit analysis is necessary to fully assess the fiscal impact.

In summary, while House Bill 5198 is well-intentioned, its implications for pension obligations, financial planning, and municipal service delivery are significant and warrant further evaluation. We respectfully urge the General Assembly to proceed with caution and conduct a thorough fiscal analysis before advancing this legislation.

The League of Cities and Towns remains committed to working collaboratively with state leaders, employee organizations, and stakeholders to develop thoughtful, sustainable retirement policies that support both our valued public servants and the financial stability of our communities.

Thank you for your time and consideration of our views.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Rossi", with a stylized flourish at the end.

Randy R. Rossi
Executive Director

Cc: Honorable Members of House Finance Committee