



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

2 May 2025

The Honorable Marvin Abney
Chair, House Committee on Finance

The Honorable Members of the House Committee on Finance

RE: 2025-H 5322 – *An Act Relating to Education – Teachers’ Retirement*

Chair Abney:

I write with regard to 2025-H 5322, which would permit teachers, administrators, and school staff members to exceed post-retirement employment limitations set out in titles 16, 36, and 45 (respectively) of the Rhode Island General Laws. While this bill includes some limited guardrails,¹ this bill represents the *fifth consecutive extension* of post-retirement employment limitations for teachers.

As routinely confirmed by the actuary in prior pension impact notes concerning this bill’s predecessors, post-retirement employment legislation has a negative impact on a pension system *particularly* where it changes employee behavior. As this Office indicated in written testimony submitted to the House of Representatives in 2023 *and* 2024 “[s]hould this bill be the first in a series intended to incrementally relax or pause post-retirement employment restrictions . . . there is likely to be an appreciable impact that will only increase with each extension.” Letter to Chair Marvin Abney RE: 2023-H 5040aa (Mar. 14, 2023). With each extension, future extensions become more predictable. As that happens, the state will continue to see an increased number of retired teachers take advantage of such provisions, to the detriment of both active teachers searching for jobs and the funded status of the state system.

Indeed, the state actuary confirmed that – should he be asked to prepare a pension impact note concerning the anticipated cost of this legislation – he would need to alter underlying actuarial assumptions to account for expected extensions. This would increase the cost to fund this change. This too was expected. In a 2022 pension impact note submitted to the House concerning one of

¹ Local education authorities are only be permitted to fill vacancies with retired professionals – thereby permitting them to exceed post-retirement employment restrictions – upon showing of a “specialized need” to address teacher and administrative staffing shortages.

this bill's predecessors, the actuary indicated "there could be a substantial cost to the System," "if a current active member can anticipate that this provision will be extended again for fiscal year 2022-2023 (*and especially beyond*)."

Pension Impact Note Re: Extension of Executive Order 21-114 (emphasis added).

Further, a recent Internal Revenue Service Private Letter Ruling concerning post-retirement employment in the Florida Retirement System Pension Plan may have implications in Rhode Island. Details of that decision of that ruling – and the impact it may have relative to post-retirement employment in Rhode Island - are still forthcoming. Once Treasury has a sufficient opportunity to review and assess that ruling, I will supplement this testimony accordingly.

Since this legislation would expand post-retirement opportunities for teachers, administrators, and school staff members for yet another year, it will have an impact on the state's pension system. 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. Laws §§ 36-10-39, 45-21-42.2 (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. Laws §§ 36-10-39, 45-21-42.2.

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,



Robert E. Craven, Jr.
Director of Policy and Intergovernmental Affairs
Office of the General Treasurer

cc: The Honorable William O'Brien