

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-5407 – AN ACT RELATING TO EDUCATION -- TEACHERS', MUNICIPAL AND STATE EMPLOYEES EARLY RETIREMENT PENALTY

Chair Abney and Honorable Committee Members,

On behalf of the Rhode Island League of Cities and Towns, thank you for the opportunity to provide testimony on behalf of the Rhode Island League of Cities and Towns regarding House Bill 5407, which proposes to reduce the current early retirement penalties for teachers, municipal, and state employees to a uniform cumulative annual reduction of three percent (3%) and a monthly reduction of twenty-five hundredths percent (.25%).

The League appreciates the General Assembly's longstanding support for the dedicated public servants who work in our cities and towns. However, we must respectfully express our concern regarding the potential financial impact of this legislation on municipal budgets.

Currently, municipalities across Rhode Island are operating under tight fiscal constraints, working diligently to hold the line on property taxes while continuing to provide essential services to residents. H-5407 could significantly increase retirement system costs for local governments by enabling earlier retirements at higher benefit levels, thereby straining already limited resources. These additional costs could create pressure to either reduce vital services or raise taxes, both of which would be detrimental to our communities.

Before moving forward with any change to the existing retirement penalty structure, we urge the Committee to request a comprehensive fiscal impact analysis from the Employees' Retirement System of Rhode Island (ERSRI) and other appropriate financial entities. It is imperative that municipalities and state policymakers fully understand the long-term financial implications of such a policy change, particularly as local governments face increasing demands and limited flexibility in their budgets.

The League stands ready to work collaboratively with the General Assembly to explore thoughtful, balanced approaches to improving retirement benefits without placing an undue burden on municipal taxpayers.

Thank you for considering our testimony. We respectfully request that H-5407 not advance without a full financial analysis and municipal input.

Sincerely,

A handwritten signature in dark ink, appearing to read "Randy R. Rossi".

Randy R. Rossi
Executive Director

Cc: Honorable Members of House Finance Committee