



RHODE ISLAND AMERICAN FEDERATION OF TEACHERS/RETIREES

A Chapter of the Rhode Island Federation of Teachers
and Health Professionals, R.I. AFT/R Local #8037R

Testimony in Support of H5472

Mr. Chairman and members of the Senate Finance Committee, I am offering this written testimony in support of S0249 as president of RI AFTR Local 8037r, and on behalf of our almost 2,000 members and the almost 6,000 members of the RI Public Employees Retiree Coalition. This proposed legislation provides changes to three statutes in need of updating and/or financial relief for retired public employees.

The first statute, **16-16-26**, provides the first increase in the base rates for a beneficiary of the Teacher Survivor Benefit (TSB) Trust which is separate from the pension fund. This benefit provides a monthly payment to the surviving spouse of a teacher whose school district does not participate in Social Security. The rates were last adjusted in 2017. Inflation during the intervening years has significantly impacted the purchasing power of the base benefit tiers. The proposed new tiers take into account the cumulative inflation over the past eight years. This separate trust fund has a reported funding level of 192%, up from 184.2% last year, as reported by the ERSRI actuary at the Board's December 2024 meeting. A requisite fiscal impact note will show that no additional contributions from employers or employees will be necessary to effectuate the changes. Additionally, the proposed changes include an escalator clause that would increase the base rate tiers annually in accordance with the current statutory provision which subjects the initial benefit to the annual Social Security COLA each January. This would eliminate the need for future amendments to this statute.

The second statute, **16-16-40** and the parallel provisions of **36-10-35** and **45-21-52**, would provide for a one-time full COLA of this year's 2.89% to those eligible retirees who retired after July 1, 2012. Those retirees are currently eligible for the Fractional COLA (.72%) that went into effect last year. Absent that recent change, they were scheduled for a full COLA this year, based on the Settlement Agreement and resultant statutory changes in 2015. The Fractional COLA was proposed when the last fully scheduled COLA went into effect in 2021. The intention was to provide 25% of the annually declared COLA in each of the years 2022-2025. However, the proposed changes were not passed until 2023, effective 2024, costing eligible employees the full added benefit they were due. This proposal would "back-fill" the lost Fractional benefit years. The requisite fiscal note will show a minimal effect on the employer's Annual Required Contribution (ARC) since it applies to only minority portion of retirees; the December actuarial report also indicated that the ARC for both the state and school districts is scheduled to decrease in 2026, so implementation of this proposal would have virtually no long term impacts

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- **Roger Boudreau** President
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on current ARC rates.

The final statute, **44-30-12**, would provide for the subtraction of ERSRI pension income from federal adjusted gross income. Similar to the statutory treatment on military pensions which became effective in 2023, this provision would recognize the value of service at the state and local level by public employees. Many public employee retirees are already discounting retirement income under the current provisions of this statute as implemented in Articles from the last General Assembly session, so the revenue impact would be *de minimus*. This acknowledgement of service would have no impact on the pension system.

Respectfully submitted,

A handwritten signature in black ink that reads 'Roger P. Boudreau'.

Roger P. Boudreau, President

RI AFTR Local 8037r

Chair, RI Public Employees Retiree Coalition (RIPERC)

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