



OFFICE OF MANAGEMENT & BUDGET

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April 22, 2025

The Honorable Marvin L. Abney
Chairperson
House Committee on Finance
82 Smith Street
Providence, RI 02903

Re: House Bill 5530 – Relating to Education – Council on Postsecondary Education

Dear Chairperson Abney,

Thank you for providing the Office of Management and Budget (OMB) within the Department of Administration (Department) the opportunity to submit this letter of opposition in response to House Bill No. 5530.

Effective July 1, 2025, the bill would allow state union employees to negotiate longevity payments, which ended in 2011, in their collective bargaining agreements. While the fiscal impact of this legislation is unknown – as it only allows for the negotiation of longevity payments – prior longevity payments equaled 5 percent of base salary after 10 years of service and increased to 10 percent of base salary after 20 years of service. An OMB analysis in 2024 indicated that the 5 percent/10 percent framework would result in added costs of \$33.5 million from all funding sources, including \$18.3 million in general revenue, in Fiscal Year 2026. Those estimates did not include quasi-public corporations and authorities, which would likely experience personnel cost increases as well.

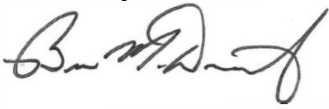
Even without the ability to negotiate longevity payments, the State reached mutually beneficial, three-year agreements with Rhode Island Council 94, American Federation of State, County, and Municipal Employees (AFSCME) and the Coalition (a group of labor organizations representing other state employees) in 2024. The agreements included cost-of-living adjustments totaling 12 percent over the duration of the contract and enhancements to State health care plans.

The State has been able to achieve a balance of recognizing the hard work and dedication of State employees while keeping personnel cost growth beneath projected revenue growth – a key goal of responsible budgeting. As of the time that the Governor's Fiscal Year 2026 budget proposal was submitted, annual personnel cost growth is expected to be 2.5 percent annually from Fiscal Year 2026 through Fiscal Year 2030, while revenue growth is projected to be 2.8 percent annually over the same period.

The Department is concerned that allowing negotiation of longevity payments could undo the Administration's work to recognize its employees without adversely impacting the State's fiscal outlook.

The Department appreciates the opportunity to share this information about this legislation with the Committee. If there are any questions, please feel free to contact my office at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Daniels". The signature is fluid and cursive, with the first name "Brian" being more prominent.

Brian M. Daniels
Director, Office of Management and Budget

cc: The Honorable Members of the House Committee on Finance
The Honorable Arthur J. Corvese
Nicole McCarty, Chief Legal Counsel to the Speaker of the House
Christopher O'Brien, Clerk