



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

14 April 2026

The Honorable Marvin Abney
Chair, House Committee on Finance

The Honorable Members of the House Committee on Finance

RE: 2026-H 7391 – *An Act Relating to Education – Teachers’ Retirement*

Chair Abney:

I write with regard to 2026-H 7391, which would reinstate a full annual cost-of-living adjustment (“COLA”) for eligible teachers and state employees that retired after July 1, 2012 “[f]or plan year 2026.” 2026-H 7391. The calendar year 2026 COLA is 3.34%. It would also provide a one-time COLA of 2.89%¹ “[f]or plan year 2026” for municipal employees. *Id.* As presented, Treasury is interpreting each of these provisions to provide for a one-time adjustment, retroactive to January 1, 2026. It would also allow for a tax modification for public pension benefits.

Currently, retired members of the Employees’ Retirement System of Rhode Island (“ERSRI”) and the Municipal Employees’ Retirement System of Rhode Island (“MERS”) in plans or units that have not reached a 75% funded ratio will receive 25% of a COLA annually until the system reaches 75% (expected to occur in 2026 per actuarial estimates). *See* R.I. Gen. Laws §§ 16-16-40 (g)(2); 36-10-35 (h)(2); 45-21-52 (d)(2).²

Since this legislation would enhance retirement benefits for teachers and state and municipal employees, 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. Law §§ 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)

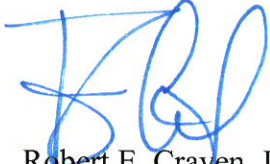
¹ Though expressly states in the proposed bill, this was the COLA for calendar year 2025.

² Prior to January 1, 2024, eligible pensioners received an adjustment once every four years (decreased from an adjustment once every five years as part of the settlement negotiations in *Clifford v. Raimondo*, 184 A.3d 673, 681 (R.I. 2018)). *See* Pub. L. 2015, Ch. 141, art. 21, § 19.

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. Law §§ 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,

A handwritten signature in blue ink, appearing to read 'R. Craven, Jr.', is positioned above the typed name.

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

cc: The Honorable William O'Brien