



## State Fiscal Note for Bill Number: 2023-H-6118

**Date of State Budget Office Approval:** Thursday, May 11, 2023

**Date Requested:** Thursday, March 23, 2023

**Date Due:** Sunday, April 2, 2023

### Impact on Expenditures

FY 2023	\$0
FY 2024	Indeterminate
FY 2025	Indeterminate

### Impact on Revenues

FY 2023	N/A
FY 2024	N/A
FY 2025	N/A

**Explanation by State Budget Office:**

This bill would amend RI General Law Section 36-10-35 by allowing teachers who retired prior to June 30, 2012 to receive a cost of living adjustment (COLA) that have never received a COLA, of 4% annually for ten years applied to their base salary, and would not be compounded. After ten years, the annual COLA would be reduced to 3% annually until death.

The bill would also increase the annual retirement allowance on which COLAs are applied from \$30,000 to \$60,000 to all retired teachers.

**Comments on Sources of Funds:**

All funding sources support the employer's share of retirement costs. This could include general revenue, federal funds, restricted receipts, and various other sources of funds. Payments to retirees are supported by the State Employees', State Police, and Judicial Retirement Trust Funds.

**Summary of Facts and Assumptions:**

The bill will take effect upon passage which is assumed to be late June 2023. Actuarial consulting firm Gabriel, Roeder, and Smith completed an actuarial valuation report for the Employees Retirement System of Rhode Island (ERSRI), the Judicial Retirement Benefit Trust, and the State Police Retirement Benefits Trust fund as of June 30, 2022. The funded ratios included in the report are as follows:

State Employees: 58.8% funded  
 Teachers: 61.5% funded  
 Judicial Retirement Benefit Trust: 104.0% funded  
 State Police Retirement Benefits Trust: 90.0% funded

**Summary of Fiscal Impact:**

The size and timing of the fiscal impact of this legislation is indeterminable without a complete actuarial study on behalf of ERSRI to determine the financial impact. However, this legislation would increase benefits for retirees and therefore the outflows from the Retirement Trust Funds. This legislation does not propose changes in employee contribution rates. The Retirement Trust Funds would require increases in employer contributions. While disbursement of retiree benefits does not directly impact the state budget, increases in employer contributions would be reflected in the higher cost of personnel employed at all state agencies.

FY2023 Expenditures: \$0  
 FY2024 Expenditures: Indeterminate  
 FY2025 Expenditures: Indeterminate


Prepared by:

Gary Pascoa / 4012222327 / gary.pascoa@budget.ri.gov

Thursday, May 11, 2023

Page 1 of 2

Budget Office Signature:



Digitally signed by Joseph  
Codega  
Date: 2023.05.11 14:29:04  
-04'00'

Fiscal Advisor Signature:

