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OFFICE OF MANAGEMENT & BUDGET

STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION

State Budget Office

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State Fiscal Note for Bill Number: *2024-H 7029*

Date of State Budget Office Approval: Friday, March 29, 2024
Date Requested: Friday, January 5, 2024
Date Due: Monday, March 25, 2024

Impact on Expenditures		*Impact on Revenues*	
FY 2024	N/A	FY 2024	$0
FY 2025	Indeterminate	FY 2025	$0
FY 2026	Indeterminate	FY 2026	$0
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Explanation by State Budget Office:
This bill would increase the maximum post retirement employment earnings from $18,000 to $25,000 for retired educators that meet certain criteria. Those retired from any state college, university, state school or otherwise retired as a teacher under the provisions of Title 16, or as a service member under the provisions of title 36 or 45, and who are employed on a part-time basis by any state college, university or state school are entitled to receive up to the above amount in compensation without forfeiture or reduction of any retirement benefit or allowance.

Summary of Facts and Assumptions:
Under the current law, retired educators who meet certain criteria may work as parttime instructors in state colleges, universities, or state schools, may receive a maximum gross compensation of up to $18,000 per year without experiencing any commensurate reduction of their retirement benefit or allowance. H-7029 would increase this maximum allowance by $7,000, from $18,000 to $25,000.

There is no expected fiscal impact associated with this change. While the increase in maximum gross compensation may prompt some individuals to work, it is assumed that schools will restructure accordingly so as not to incur additional costs.

The Budget Office assumes that the enactment of this bill would increase the employment opportunities for active educators who are eligible for retirement. It is likely some educators will retire earlier than otherwise planned to take a secondary job with a state college, university, state school, or Local Education Agency, allowing the educator to continue working part-time and start receiving pension benefits. This would directly impact both the inflows and outflows of the pension trust funds, as the retiring educators will stop contributing to the fund and start receiving benefits sooner than they otherwise would have. Additionally, the educators will not contribute to the pension funds in their new roles which will directly increase the employer contributions to maintain current actuarial defined contributions. If a substantial amount of educators chooses to retire earlier than planned, it would likely translate into increases in employer contributions in future valuations. The full fiscal impact of this bill is directly related to the future employment decisions of educators, which is unknown at this time. For this reason, the fiscal impact of this bill is indeterminate.