



# OFFICE OF MANAGEMENT & BUDGET

## State Budget Office

One Capitol Hill  
Providence, RI 02908-5890

Office: (401) 222-6300  
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*State Fiscal Note for Bill Number:*

*2024-H 7672*

*Date of State Budget Office Approval:* Monday, April 1, 2024

*Date Requested:* Thursday, February 15, 2024

*Date Due:* Monday, March 25, 2024

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2024	\$0	FY 2024	N/A
FY 2025	Indeterminate	FY 2025	N/A
FY 2026	Indeterminate	FY 2026	N/A
*		**	

*Explanation by State Budget Office:*

This bill reclassifies environmental law enforcement officers working for the Department of Environmental Management (DEM) for purposes of payroll contributions to the Employees' Retirement System of Rhode Island (ERSRI). Currently, state employees contribute 3.75 percent of their compensation to the retirement system. The definition of state employees in R.I.G.L. § 36-10.3-1 currently includes environmental law enforcement officers. This bill reclassifies environmental law enforcement officers outside the typical taxonomy of state employees and, effective July 1, 2024, increases their contribution to the retirement system to 10 percent of their permanent salary rate. The Act also renders environmental law enforcement officers at DEM eligible for the optional municipal law enforcement/firefighter benefits as set forth in R.I.G.L. Chapter 45-21.2.

*Summary of Facts and Assumptions:*

The Rhode Island Retirement Security Act of 2011 (RIRSA) became effective on July 1, 2012. This law made numerous changes to retirement benefits for state employees, teachers, and non-member retiree groups. Prior to RIRSA, retirement system members were eligible for a defined benefit retirement benefit upon completion of state service when reaching retirement eligibility. RIRSA created a hybrid defined benefit and defined contribution plan effective July 1, 2012. As a result, member contributions to the defined benefit plan were reduced from 8.75 percent of compensation to 3.75 percent with the difference going to a new defined contribution plan, matched with an employer contribution ranging from 1 percent to 1.5 percent based on years of service.

R.I.G.L. Chapter 45-21.2 contains statutory language establishing a retirement program for municipal police and firefighters' alternative to the standard retirement program(s) for other municipal employees. This optional retirement plan sets retirement ages and allowances for municipal police and firefighters. The retirement allowance in this case is set to 2 percent of the final compensation of the employee multiplied by the years of total service, except in the case of retirees who reach age 57 with 30 years of service, who receive 2.25 percent of their final compensation as the base, and retirees younger than the eligible retirement age, who receive a reduced benefit. The statutory language in this chapter also provides for disability benefits and death benefits in accordance with the main municipal employee retirement program.



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The present bill makes environmental police officers working for DEM eligible for that retirement program, at a 10 percent employee payroll contribution. The officers would not technically enter the Municipal Employees' Retirement System (MERS) but would instead remain in the defined benefit portion of the hybrid ERSRI system. They would exit the defined contribution portion of the system. Their benefits would be equivalent to those MERS benefits set forth in R.I.G.L. Chapter 45-21.2.

Comments on Sources of Funds:

All funding sources, including general revenue, restricted receipts, federal funds, and other sources are utilized for contributions to ERSRI state employees' retirement trust. However, in this instance, all environmental law enforcement official salaries/benefits are funded through general revenue.

Summary of Fiscal Impact:

There is no near-term savings or expenditure impact of this bill, as there are no environmental police officers eligible for retirement for the next five to seven years. The long-term fiscal impact of this bill is indeterminate. An actuarial study would be necessary to determine the effect on the retirement trust funds from the changes to environmental police officers' contributions to the defined benefit plan and subsequent outlays related to the change in retirement benefits to be more similar to MERS. The benefits provided in the updated retirement plan under this bill are more extensive than those for other state employees, and no catch-up payments would be required. This would most likely result in outlays from the retirement system exceeding the new contributions for some time. However, the exact length of time and amount of excess is indeterminate.

Budget Office Signature:

Digitally signed by Joseph Codega Jr.  
Date: 2024.04.03 09:42:02 -04'00'

Fiscal Advisor Signature: