



**State Fiscal Note for Bill
Number: 2015-H-5561**

Date of State Budget Office Approval:

Date Requested: Thursday, February 26, 2015

Date Due: Sunday, March 08, 2015

Impact on Expenditures

Impact on Revenues

FY 2015 n/a

FY 2015 n/a

FY 2016 [\$318,000]

FY 2016 n/a

FY 2017 [\$318,000]

FY 2017 n/a

Explanation by State Budget Office:

This bill would increase the monthly minimum benefit for spouses or domestic partners of teachers, following the death of the teacher, based on a new table of highest annual salaries at the time of retirement. The bill also changes the calculation for annual cost-of-living increases, from the annual social security adjustment, to the previous year's social security adjustment. Further, the act states that adjustments to the minimum benefits provided under the new law would not be compounded.

Comments on Sources of Funds:

Source of funds for the Teachers' Retirement Trust contributions by teachers and municipalities held in Trust by the Municipal Employees' Retirement System (MERS)

Summary of Facts and Assumptions:

Readers of this fiscal note are cautioned that a reliable estimate of these costs requires clarification on the definition of the minimum benefit and whether this would include the benefit for family and children, as this would impact the calculation of the COLA. Moreover, an actuarial study will be required to ascertain the full fiscal impact of H 5561, in accordance with Rhode Island General Laws § 36-10-39.

Summary of Fiscal Impact:

The changes in this bill would increase payout of plan funds by an estimated \$300,000 per year. This would have a long-term impact to the funding ratio that could increase the contribution amounts made to the plan for both the employer and employee, specifics of which would need to be analyzed though an actuarial study. The adjustments proposed to the COLA would increase costs by an additional approximation of \$18,000 per year. These values are bracketed above to illustrate that they are from the Teachers' Retirement Trust and not general revenues of the State.

Budget Office Signature:

Fiscal Advisor Signature:

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Thursday, March 19, 2015

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