



OFFICE OF MANAGEMENT & BUDGET

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May 14, 2026

The Honorable Louis P. DiPalma
Chair
Senate Committee on Finance
Rhode Island State House
Providence, RI 02903

Re: Senate Bills – 2362, 2374, 2446, 2538, 2678, 2818, 2835, 2842, 3100, 3152, and 3251

Dear Chair DiPalma,

Thank you for providing the Office of Management and Budget (OMB) within the Department of Administration (Department) the opportunity to submit comments in response to the several above-referenced bills, each of which proposes new amendments relating to State employee and teacher retirement benefits.

The State's pension system continues to have a significant unfunded liability. As of June 30, 2025, the Unamortized Actuarial Accrued Liability (UAAL) for the State Employee Retirement System was \$1.96 billion for the State employee plan and \$2.41 billion for the teacher plan. This sizable UAAL requires the State to make substantial annual appropriations. In Fiscal Year 2027, the State of Rhode Island's share of retirement contributions for State employees is projected to total \$270.7 million, while the State's share for teachers (40% of total employer costs) is expected to total \$134.5 million, for a total of \$405.2 million – or 6.8% of the State's general revenue budget. Any bill that expands retirement benefits will increase State retirement costs over time and may slow the decline of the State's unfunded liability. Further, as the State continues to face structural deficits in the coming years, any increased pension contributions may require cutting other programs or increasing revenues.

OMB appreciates the opportunity to share this information about this legislation with the Committee. If there are any questions, please feel free to contact my office at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Daniels".

Brian M. Daniels
Director, Office of Management and Budget

cc: The Honorable Members of the Senate Committee on Finance
The Honorable Peter A. Appollonio, Jr., Robert Britto, John P. Burke, Frank A. Ciccone III, Walter S. Felag, Jr., Mark P. McKenney, Todd M. Patalano, V. Susan Sosnowski, and Brian J. Thompson
Kristen Silvia, Deputy Chief of Staff and Director of Legislation
Jamie Plume, Committee Clerk