



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

23 April 2024

The Honorable Marvin Abney
Chair, House Committee on Finance

The Honorable Members of the House Committee on Finance

RE: *2024-H 7992 – An Act Relating to Public Officers and Employees – Retirement System – Contributions and Benefits*

Chair Abney:

I write with regard to 2024-H 7992, which would expand post-retirement employment options for “[a]ny retired member [of the Employees’ Retirement System of Rhode Island (“ERSRI”)] who retired from service as a certified or qualified court interpreter.” 2024-H 7992. Since this legislation purports to expand post-retirement benefits of retired members of ERSRI, it may have an impact on the state’s pension system.

Consistent with Rhode Island law, legislation concerning the pension system should not be approved without the benefit of a pension impact note. *See* R.I. Gen. Law § 36-10-39 (Legislation impacting the pension system “shall *not* be approved by the general assembly unless an explanatory statement or note . . . is appended to the proposed legislation which actuarially calculates . . . the projected twenty (20) year cost of the proposed legislation”) (emphasis added). This independent assessment will clarify any impact the proposed legislation may have on both the State budget, and the sustainability of the pension system. The Chairperson of the House Finance Committee – with the approval of the Speaker of the House – can request a pension impact note concerning proposed legislation originating in the House. *See* R.I. Gen. Law § 36-10-39.

Concerning the merits of the proposed legislation, post-retirement employment legislation can have an appreciable impact on a pension system depending on the extent to which it impacts employee behavior. This impact is twofold:

- (1) Some members could choose to proactively retire earlier than they otherwise may have with the intent to return to employment and receive both a salary and retirement benefits; and

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(2) ERSRI is likely to lose revenue since contributions will decrease if recent retirees are rehired in the place of full-time employees whose payroll would have been eligible for retirement contributions.

Currently, retired state employees are not permitted to "be employed or reemployed by any state agency or department unless any and all retirement benefits to which he or she may be entitled . . . are suspended for the duration of any employment or reemployment." R.I. Gen. Law § 36-10-39. By expanding court interpreters' abilities to work post-retirement, this legislation may have an adverse impact on the pension system. Further, legislation exempting one discrete class of employees from a generally applicable rule increases the likelihood that such exemptions are sought by other groups.

Please feel free to reach out by email at Robert.CravenJr@treasury.ri.gov or by phone at (401) 330-0661 with any further questions.

Respectfully,

A handwritten signature in black ink, appearing to be "R. Craven, Jr.", written over a horizontal line.

Robert E. Craven, Jr.
Director of Legislative Affairs
Office of the General Treasurer

cc: The Honorable Robert E. Craven, Sr.