



**RHODE ISLAND
FEDERATION OF TEACHERS AND
HEALTH PROFESSIONALS AFT AFL-CIO**

To: House Finance Committee

From: Frank Flynn

Date: May 7, 2024

RE: **Pension - Final Average Salary**

Testimony in *Support* of 2024 **HB 8149** (Representative Edwards et al.)

The Rhode Island Federation of Teachers and Health Professionals appreciates Representative Edwards for submitting this important piece of legislation which is our 2024 legislative priority. This bill would return the formula used to compute pension benefits for teachers, state, and municipal employees by using the average of their highest three consecutive years instead of the five-year average in current statute. For over forty years, prior to the 2009 changes, this provision known as “Final Average Salary” used a formula based on a three-year average.

It has been thirteen years since the passage of the misnamed “R. I. Retirement Security Act” which dramatically reduced the potential benefits for all of our members. Teachers, state, and municipal workers must work significantly longer for a considerably diminished retirement benefit. The actuaries informed the General Treasurer’s Pension Advisory Working Group that the annual cost to change the pension calculation used with a 3-year final average salary to a 5-year final average salary is \$12.1 million a year. The \$12 million annual cost of this bill is a mere fraction of the \$4 billion in pension benefits which were taken from our members and retirees in 2011.

Our members who are educators, state, and municipal employees, and other public servants make vital contributions to the success of our state and deserve the opportunity for a secure and dignified retirement.

Multiple pension cuts enacted by the General Assembly from 2005 through 2011 have also contributed to the fact that teaching and other public service careers are less attractive to potential new hires.

The Rhode Island Federation of Teachers and Health Professionals along with many other public sector unions are asking the House to support this bill which would change the formula used to compute pension benefits, referred to as “Final Average Salary” by using the three highest consecutive years rather than a five-year average.

The bill **HB8149**, as currently written, does not include 16-16-12 which is the Teacher Retirement Act. We anticipate a Sub A will be submitted to add teachers to the current bill which includes state and municipal employees.

We would also like to clarify that teachers who retire at the end of the current school year have an effective date of retirement as July 1, 2024, in order to be eligible to receive this benefit.

This bill will help all future retirees by providing much deserved and badly needed pension improvements for all active public employees. Please support this bill to demonstrate that the services provided by teachers, state, and municipal workers are valued.

Thank you for your consideration.

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