



# OFFICE OF MANAGEMENT & BUDGET

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May 7, 2024

The Honorable Representative Marvin L. Abney  
Chairperson, House Committee on Finance  
Rhode Island House of Representatives  
82 Smith Street, Providence, RI 02903

**Re: House Bills No. 8193 -**

**An Act Relating To Public Officers And Employees – Retirement System–Contributions And Benefits**

Dear Chair Abney,

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 above-referenced House bill, 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, 2023, the Unamortized Actuarial Accrued Liability (UAAL) for the State Employee Retirement System was \$1.98 billion for the state employee plan and \$2.51 billion for the teacher plan. This sizable UAAL requires the state to make substantial annual appropriations. In Fiscal Year 2025, the State of Rhode Island's share of retirement contributions for state employees is projected to total \$238.0 million, while the state share for teachers (40% of total employer costs) is expected to total \$128.7 million, for a total of \$366.7 million – or 6.1% 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.

The Pension Advisory Working Group report included estimated costs for proposals similar to this bill. However, in order to understand the impact that this bill might have on State costs over time, OMB recommends that this, and any related bill receive a pension fiscal note before further consideration.

The Department 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 blue ink, appearing to read "Brian M. Daniels".

Brian M. Daniels  
Director, Office of Management and Budget

cc: The Honorable Representative Patricia A. Serpa  
The Honorable Members of the House Committee on Finance  
Christopher O'Brien, Clerk  
Nicole McCarty, Chief Legal Counsel to the Speaker of the House