



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

6 February 2025

The Honorable Marvin Abney
Chair, House Finance Committee

The Honorable Members of the House Finance Committee

RE: 2025-H 5076, Art. 2, Sec. 3, *An Act Making Appropriations in Support of FY 2026*

Chair Abney:

I write concerning Article 2, Section 3 of the proposed FY 2026 budget. Among other things, this Article temporarily pauses an existing state law that requires half of all excess state revenue be transferred to the Employees' Retirement System of Rhode Island ("ERSRI"). See R.I. Gen. Laws § 35-6-1(e).¹ Given the state's current budget deficit, it is unlikely the pension fund would have received significant excess revenue this year, if any at all. A one-time pause also helps ensure the legislature is able to enact a balanced and fiscally sound budget.

Notwithstanding a temporary pause, the state should continue the practice of allocating half of all excess revenues to ERSRI. In the 14 years since the Rhode Island Retirement Security Act, the pension fund has made much progress. However, the pension fund remains at 63.9%. Actuarial projections indicate we will not reach the target 75 % funded ratio until 2031. This allocation is a sound fiscal practice and represents a meaningful commitment – made on behalf of the state – that it is doing all within its authority to ensure the pension fund reaches that goal and can resume annual benefit adjustments after a decades' long pause.

Respectfully submitted,

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

James A. Diossa
General Treasurer

¹ In 2024, the General Assembly passed a one-time change that allocated 100 % of excess state revenue to ERSRI.