



# OFFICE OF MANAGEMENT & BUDGET

## State Budget Office

One Capitol Hill  
Providence, RI 02908-5890

Office: (401) 222-6300  
Fax: (401) 222-6410

*State Fiscal Note for Bill Number:*

**2025-S 0043**

**Date of State Budget Office Approval:** Monday, February 24, 2025

**Date Requested:** Thursday, January 23, 2025

**Date Due:** Saturday, February 15, 2025

### Impact on Expenditures

FY 2025 \$0  
FY 2026 Indeterminate  
FY 2027 Indeterminate

### Impact on Revenues

FY 2025 N/A  
FY 2026 N/A  
FY 2027 N/A

### Explanation by State Budget Office:

This act would increase the number of days a retired municipal employee could work in a calendar year without interruption of pension benefits from seventy-five (75) days to ninety (90) days.

### Summary of Facts and Assumptions:

The Municipal Employees' Retirement System (MERS) is administered by the Employees' Retirement System of Rhode Island (ERSRI), which is overseen by a 15-member Retirement Board and chaired by the General Treasurer. ERSRI itself provides retirement, disability, and survivor benefits to State employees, public school teachers, judges, and State Police, amongst others. As of June 30, 2024, there were 8,226 active members and 6,887 retired members in the Rhode Island MERS.

If passed, S-0043 would increase the number of days a retired municipal employee could work in a calendar year without interruption of pension benefits from seventy-five (75) days to ninety (90) days. R.I.G.L. § 45-21-54 currently specifies if the retired member continues in service beyond the seventy-five (75) days, pension payments are suspended, and the member is not eligible for pension credit for the additional service. The member is also not required to make pension contributions for post-retirement service. Therefore, the only change for ERSRI is additional fifteen (15) days before suspending pension payments for post-retirement employees.

The enactment of this bill could incentivize post-retirement employment opportunities for municipal employees who are eligible for retirement. Municipal employees could retire earlier than otherwise planned to take a secondary job with a state agency or municipality, collecting pension for up to ninety (90) days. This will impact both the inflows and outflows of the pension trust funds, as the retiring employee will stop contributing to the fund and start receiving pension benefits sooner than they otherwise would have. Additionally, the employee will not contribute to the pension funds in their new roles which will directly increase the employer contributions to maintain current actuarial defined contributions. If a substantial amount of municipal employees choose to retire earlier than planned, it would likely translate into significant increases in employer contributions in future valuations. The full fiscal impact of this bill is directly related to the future employment decisions of municipal employees, which is unknown at this time.



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The Budget Office assumes the true fiscal impact of this legislation is ultimately indeterminate without a complete actuarial study by the Employees' Retirement System.

No additional costs are assumed for personnel, as municipal employee salary and benefit costs are supported by local funds. However, in the case that a municipal retiree begins working for the State or a State funded municipal position post-retirement, the Budget Office assumes the personnel expenditures associated to the part-time or full-time role is within current expenditures.

### Comments on Sources of Funds:

All funding sources, including general revenue, restricted receipts, federal funds, and other sources are utilized for contributions to ERSRI for state employees. However, municipal employee salary and benefit costs are supported by local funds. The budget office assumes contributions and costs associated to S-0043 are borne by municipal employers and employees, not the state.

### Summary of Fiscal Impact:

The fiscal impact of this legislation is indeterminable without a complete actuarial study by the Employees' Retirement System to determine the financial impact overtime.

Budget Office Signature: \_\_\_\_\_

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Codega Jr.  
Date: 2025.02.24 16:48:19 -05'00'

Fiscal Advisor Signature: \_\_\_\_\_



## DEPARTMENT OF REVENUE

### Municipal Finance Office

One Capitol Hill  
Providence, RI 02908-5890

**Municipal Fiscal Note for Bill Number:**

**2025-S 0043**

**Date of Municipal Finance Office Approval:** Tuesday, February 18, 2025

**Date Requested:** Tuesday, February 18, 2025

**Date Due:** Tuesday, February 18, 2025

**Bill Explanation:**

This act would increase the number of days a retired municipal employee could work in a calendar year without interruption of pension benefits to ninety (90) days.

**Facts - Assumptions for Basis of Estimate:**

Any retired member of the system is permitted to reenter the service of the system for not more than ninety (90) working days in a calendar year without interruption of pension benefits. Pension payments, however, are suspended when that period is exceeded. This ninety (90) rule shall not apply to police officers, as defined in § 28-9.2-, for the purposes of their working private details, paid for by a nongovernmental entity. If the retired member continues in service beyond the ninety (90) period (with his or her annuity temporarily suspended) the member is not eligible for pension credit for the additional service, nor is the member required to make pension contributions for this service; provided, that any retired member of the system is permitted to serve as an elected city or town council member or school committee member and continues to be eligible for and receive the retirement allowance for service other than that as a council member or school committee member.

**Summary of Local Fiscal Effect (Statewide):**

Narragansett: Immaterial fiscal impact but would welcome the flexibility. Richmond: This bill will have a minimal effect. Warren: No significant impact. 3 of the 39 municipalities contacted responded to the request regarding the impact of Bill No. 0043. Several municipalities have stated that there will be minimal to no impact. Please reference the paragraphs above from each municipality.

City / Town	Current Year	Next Year	Following Year
Narragansett	\$0		
Portsmouth	\$0		
Richmond	\$0		
	\$0		

Municipal Finance Signature: \_\_\_\_\_

Fiscal Advisor Signature: \_\_\_\_\_ 02/19/25