Governor’s FY 2012 Budget: Articles

Staff Presentation to the House Finance Committee
March 29, 2011
Introduction

● Five Articles today
  ◆ Article 8 – Longevity Payments
  ◆ Article 9 – Government Restructuring
  ◆ Article 13 – Pensions
  ◆ Article 23 – Sheriffs
  ◆ Article 37 – Unclassified Positions
Article 8 – Longevity Payments

• Article 8 eliminates longevity payments for non-union, non-classified employees of Board of Regents
• % increase on base salary once a certain number of years is reached
• Any longevity earned as of June 30, 2010 would be frozen in the base salary
Article 8 – Longevity Payments

- Current law: non-classified employees of the Board of Regents get additional 5.0% of salary after 10 years service and 10.0% after 20 years
- Commissioner would use money for performance bonuses
- Affects around 30 employees
Article 8 – Longevity Payments

- Collective bargaining agreements for union employees
  - Different increases for Higher Education/ElSec and Public Telecommunications
  - Governed by General Laws, Title 16
- Personnel policy for non-union employees
**Longevity Increases - % of Salary**

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Education Boards</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>-</td>
<td>5.0%</td>
</tr>
<tr>
<td>11</td>
<td>5.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>15</td>
<td>-</td>
<td>15.0%</td>
</tr>
<tr>
<td>20</td>
<td>10.0%</td>
<td>17.5%</td>
</tr>
<tr>
<td>25</td>
<td>-</td>
<td>20.0%</td>
</tr>
</tbody>
</table>
Article 9 – Public Safety Dispatch

- 2010 Assembly passed legislation that transferred the dispatch & port security functions from Environmental Management to Public Safety by January 1, 2011
- The transfer of 6.0 positions and funding was to be included in Governor’s FY 2011 supplemental budget
Article 9 – Public Safety Dispatch

- Article 9 reverses this language
  - Maintains functions in the Department of Environmental Management
- Department of Public Safety purchased additional equipment in anticipation of move
Article 9 Sections 2 & 3 - WIC

- 2010 Assembly transferred Women, Infants, and Children supplemental nutrition program from DOH to DHS
- State told by USDA that DHS does not meet federal standard for oversight
- Reverses the transfer including funds and resources
Article 9, Section 4 – RI Crime Lab

- Funding shifted from Attorney General to DOH in FY 2010 budget
- Staff remained at URI
- Governor includes FY 2011 enacted level of $775,000 for FY 2012
- Shifts funding from DOH to new, separate Forensics Program at URI
Article 13 – Pensions

- Effective July 1, 2011, all state employees and teachers contribute 11.75% towards pension benefits
- State employees currently contribute 8.75%
- Teachers contribute 9.5%
- Those rates are set in statute
Article 13 – Pensions

- Budget assumes there would be no reduction in the employer share
  - Additional contributions would go to the Fund to pay down unfunded liability
- As drafted, article does not require the use of funds that way
**Article 13 – Pensions**

- **Normal Cost**
  - Actuarial value of current benefit structure
  - Current assumptions on investment returns

- **UAAL**
  - Unfunded Actuarial Accrued Liability
  - Degree to which liabilities (promised benefits) exceed assets (funds available to fulfill those promises)
## Article 13 – Pensions

<table>
<thead>
<tr>
<th>FY 2012</th>
<th>Normal Cost</th>
<th>Employee Rate</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Employees</td>
<td>9.34%</td>
<td>8.75%</td>
<td>0.59%</td>
</tr>
<tr>
<td>Teachers</td>
<td>10.02%</td>
<td>9.50%</td>
<td>0.52%</td>
</tr>
<tr>
<td>Judges</td>
<td>22.21%</td>
<td>8.75%</td>
<td>13.46%</td>
</tr>
<tr>
<td>State Police</td>
<td>25.89%</td>
<td>8.75%</td>
<td>17.14%</td>
</tr>
</tbody>
</table>
### Article 13 – Pensions

<table>
<thead>
<tr>
<th>Employer Rate FY 2012</th>
<th>Balance of Normal Cost</th>
<th>UAAL</th>
<th>Total Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Employees</td>
<td>0.59%</td>
<td>22.39%</td>
<td>22.98%</td>
</tr>
<tr>
<td>Teachers</td>
<td>0.52%</td>
<td>21.80%</td>
<td>22.32%</td>
</tr>
<tr>
<td>Judges</td>
<td>13.46%</td>
<td>5.23%</td>
<td>18.69%</td>
</tr>
<tr>
<td>State Police</td>
<td>17.14%</td>
<td>8.25%</td>
<td>25.39%</td>
</tr>
</tbody>
</table>
## Article 13 – Pensions

- Budget assumes no savings

<table>
<thead>
<tr>
<th>In millions</th>
<th>Additional Contribution</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Employees</td>
<td>3.00%</td>
<td>$19.6</td>
</tr>
<tr>
<td>Teachers</td>
<td>2.25%</td>
<td>20.5</td>
</tr>
<tr>
<td>Judges</td>
<td>3.00%</td>
<td>0.3</td>
</tr>
<tr>
<td>State Police</td>
<td>3.00%</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$40.8</strong></td>
</tr>
</tbody>
</table>
Article 23 – Sheriffs

- Transfers the Sheriffs from Administration to Public Safety
- Maintains the 10 year appointment of the Executive High Sheriff
- Sheriffs were standalone agency until moved into DOA in FY 2002
Article 23 – Sheriffs

- Initially proposed as part of the 2007 Assembly’s legislation creating the Department of Public Safety
  - 2008 Assembly did not concur
- Also proposed in Governor Carcieri’s FY 2011 Budget
  - 2010 Assembly did not concur
Article 23 – Sheriffs

- Transfer includes 180.0 full-time equivalent positions and $17.1 million from general revenues
- Includes no savings in FY 2012
- Effective July 1, 2011 with a provision for the Colonel to delay the transfer to a date he deems appropriate
Article 37 – Unclassified Positions

- New unclassified deputy director for each department
- Position will be appointed by:
  - Person or group of persons having power by virtue of the constitution, a statute, lawfully delegated authority or the Governor
Article 37 – Unclassified Positions

- Unclassified positions generally include:
  - Employees of elected officials
  - Courts
  - Independent agencies
  - Public authorities
  - Various policy making positions

- Subsequent to budget submission, Governor requests an amendment
  - Director of Veterans’ Affairs
Governor’s FY 2012 Budget:
Articles

Staff Presentation to the House Finance Committee
March 29, 2011