Governor’s FY 2015 Budget: Articles 2, 6, 22, 28

Staff Presentation to the House Finance Committee
February 4, 2014

Introduction

- Article 2 – Municipal Incentive Aid
- Article 6 – Resource Recovery
- Article 22 – Legal Notices
- Article 28 – Education Aid
Article 2 – Municipal Incentive Aid

- Amends current law to include the enacted amount of $5.0 million for the Municipal Incentive Aid program for FY 2015 and FY 2016
  - Current law requires $10.0 million

- 2011 pension reform legislation required municipalities to submit Funding Improvement Plans if local plan is in “critical status”
  - If a plan is <60% funded, it is in critical status
  - Municipality has 180 days to submit an alternative Funding Improvement Plan (FIP) to emerge from critical status
Article 2 – Municipal Incentive Aid

- 3-year program to encourage:
  - Sustainable funding of retirement plans
  - Reduce unfunded liabilities
- 2013 Assembly enacted $5.0 million for the first year – FY 2014
- Distributed to eligible municipalities on population basis if certain conditions are met

Article 2 – Municipal Incentive Aid

- For FY 2014, a municipality may receive funds if:
  1) If it has no locally administered pension plan, or
  2) It has submitted an approved FIP, if required, by May 1, 2013, or
  3) If its local plan is not required to submit a FIP
For FY 2015 and FY 2016, a municipality may receive funds if:
1) All local plans are in MERS or have transitioned to MERS by June 30, 2014, or
2) Has submitted or implemented FIP that has been approved by plan sponsor and local governing body, or
3) No FIP is required and municipality is meeting 100% of ARC

Municipalities with only MERS plans automatically qualify for aid

As of June 2013:
1) 15 plans in 10 communities funded at least 100% for 2014
2) 20 plans in 17 communities are in critical status for 2014
### Article 2 – Municipal Incentive Aid

#### Municipalities with Plans in Critical Status

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coventry (3)</td>
<td>North Providence</td>
<td>Tiverton</td>
</tr>
<tr>
<td>Cranston</td>
<td>Pawtucket</td>
<td>Warwick</td>
</tr>
<tr>
<td>Cumberland</td>
<td>Portsmouth</td>
<td>West Warwick</td>
</tr>
<tr>
<td>East Providence</td>
<td>Providence</td>
<td>Woonsocket</td>
</tr>
<tr>
<td>Johnston</td>
<td>Scituate</td>
<td></td>
</tr>
<tr>
<td>Newport (2)</td>
<td>Smithfield</td>
<td></td>
</tr>
</tbody>
</table>

- If a municipality does not qualify, the unused amount will be distributed among other eligible municipalities.
- Revised FY 2014 and FY 2015 distributions are in Staff Budget Analysis FY 2015 publication.
Article 6 – Resource Recovery

- Current law sets municipal tipping fees charged by Resource Recovery Corporation
- Fees currently range from $29 to $32
  - Based on proportion of solid waste recycled by each municipality
- 2009 Assembly established interim rates
  - Rates last extended by 2011 Assembly

Article 6 – Resource Recovery

- Article 6 extends current rates by one year through FY 2015
- Current law: RRC would be responsible for determining the fees
- Intent is to provide RRC time to develop a plan for future rates
Current law requires that legal notices or advertisements are published in newspapers.
Article 22 allows legal notices and advertisements to be posted electronically on approved websites in lieu of in a newspaper.
No savings assumed in budget.

Intent to do so must be advertised where notice or advertisement is currently required to be published:
- for three consecutive weeks
- Secretary of State, transparency portal
- Administration will promulgate rules and regulations to implement the provisions.
Article 28 – Education Aid

School Breakfast
- State law mandates all public schools provide a breakfast program
- Eliminates requirement for admin cost reimbursement to districts
- Admin costs shift to districts, food paid from federal sources
- Enacted budget includes $270,000
- Proposed by the Governor in FY 2013

Textbooks
- Eliminates requirement that the state reimburse certain costs
- State has been funding since FY 2001
- Districts will still have to provide textbooks
- Budget assumes savings of $240,000
- Proposed by the Governor in FY 2012 and FY 2013
Governor’s FY 2015 Budget: Articles 2, 6, 22, 28

Staff Presentation to the House Finance Committee
February 4, 2014