

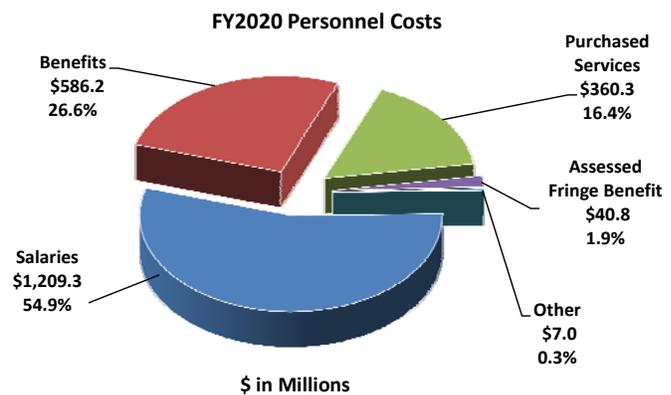
Personnel

The Governor's FY2020 Budget includes a total of \$2,203.6 million for personnel expenditures, an increase of \$69.7 million compared to the FY2019 Budget as Enacted, and \$46.4 million more than the Governor's FY2019 Revised Budget recommendation. Salaries and benefits total \$1,795.5 million and comprise 81.5 percent of FY2020 personnel expenditures (42.4 percent of the salaries and benefits costs are supported by general revenue).

The Governor's FY2019 Supplemental Budget includes \$2,129.8 million for personnel expenditures, an increase of \$87.2 million compared to the FY2019 Budget as Enacted. Salaries and benefits total \$1,714.5 million and comprise 80.5 percent of FY2019 revised personnel expenditures (42.3 percent of the salaries and benefits costs are supported by general revenue). Purchased services increase \$80.0 million, (\$8.9 million in general revenue), largely due to increasing restricted receipt and federal funding for information technology services within the Executive Office of Health and Human Services.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2020 total \$1,209.3 million, comprising 54.9 percent of total personnel costs, an increase of \$69.7 million (6.1 percent) from the FY2019 Budget as Enacted, reflecting an increase in the number of authorized FTE positions, overtime, and salary inflation. Total benefit costs, excluding assessed fringed benefits and other costs, amount to \$586.2 million and comprise 26.6 percent of total personnel costs. Benefits increase \$10.0 million, 1.7 percent, from the FY2019 Budget as Enacted, primarily due to increased retirement costs. Purchased services costs are \$360.3 million, 16.4 percent, of the total personnel costs. Purchased services increase \$80.0 million, 28.5 percent, from the FY2019 Budget as Enacted.



Expenses by Description	FY2017 Actual	% of Total	FY2018 Actual	% of Total	FY2019 Enacted	% of Total	FY2019 Governor	% of Total	FY2020 Governor	% of Total
Salaries	\$1,065.3	55.5%	\$1,100.3	55.6%	\$1,139.6	55.8%	\$1,162.9	54.6%	\$1,209.3	54.9%
Benefits	542.3	28.3%	515.3	26.0%	576.2	28.2%	551.6	25.9%	586.2	26.6%
Purchased Services	265.2	13.8%	319.4	16.1%	280.3	13.7%	366.4	17.2%	360.3	16.4%
Assessed Fringe Benefits	39.4	2.1%	40.3	2.0%	42.2	2.1%	41.9	2.0%	40.8	1.9%
Other	5.7	0.3%	5.1	0.3%	4.3	0.2%	7.0	0.3%	7.0	0.3%
Total	\$1,917.9	100.0%	\$1,980.4	100.0%	\$2,042.6	100.0%	\$2,129.8	100.0%	\$2,203.6	100.0%

\$ in millions. Totals may vary due to rounding.

Expenses by Function	FY2017	FY2018	FY2019 Enacted	FY2019 Governor	FY2020 Governor	% of Pers. Budget	FY2020	
							General Revenue	FY2020 General Revenue %
General Government	\$277.2	\$234.3	\$256.7	\$255.9	\$271.0	12.3%	\$152.1	56.1%
Human Services	455.2	499.0	495.4	567.3	577.6	26.2%	225.3	39.0%
Education	575.8	635.5	644.2	660.2	687.1	31.2%	181.7	26.4%
Natural Resource	56.8	56.5	62.7	61.5	65.3	3.0%	36.9	56.5%
Public Safety	442.3	432.9	454.4	453.4	466.1	21.2%	429.6	92.2%
Transportation	110.6	122.2	129.2	131.5	136.5	6.2%	-	-
Total	\$1,917.9	\$1,980.4	\$2,042.6	\$2,129.8	\$2,203.6	100.0%	\$1,025.6	46.5%

\$ in millions. Totals may vary due to rounding.

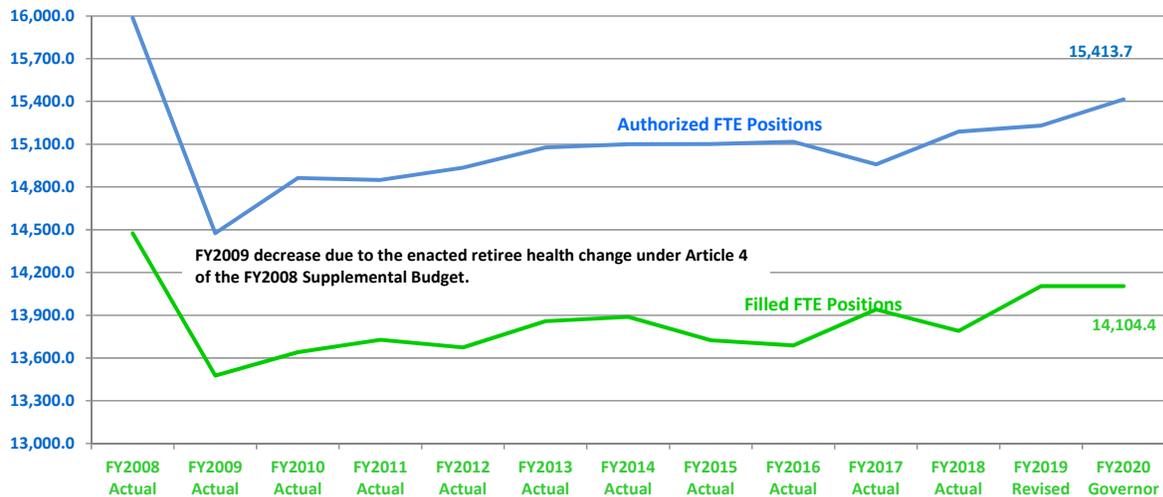
FILLED FTE POSITION TRENDS

In 2018, the Governor initiated a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI was intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. The Governor identified 941 executive branch employees who matched the eligibility requirement. By June 9, 2018, 361 executive and non-executive branch employees accepted the VRI. The number of filled FTE positions was 13,791.0.

As of January 19, 2019, the number of filled FTE positions is 14,104.4, or 313.4 more filled FTE positions than at the point that the VRI impact was measured on June 9, 2018.

FTE POSITIONS

The FY2019 Budget as Enacted authorizes 15,209.7 FTE positions. At the start of the fiscal year, 13,846.9 FTE positions (91.9 percent of the original enacted authorized amount) were filled, leaving 1,366.5 FTE positions vacant, a rate of 8.1 percent. Over the past decade, the state vacancy rate has averaged 8.1 percent, or 1,216.3 FTE positions. As of January 19, 2019, 14,104.4 FTE positions (92.7 percent of the authorized amount) were filled, leaving 1,105.3 FTE positions vacant. From the start of the fiscal year to January 19, 2019, the State had a net increase of 248.4 filled FTE positions.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2019 Enacted	FY2019 Governor	Change to Enacted	FY2020 Governor	% of Total	FY20/FY19	FY20/FY19
						Governor Change	Enacted Change
General Government	2,438.9	2,441.9	3.0	2,513.9	16.3%	72.0	75.0
Human Services	3,682.6	3,698.6	16.0	3,711.6	24.1%	13.0	29.0
Education	3,959.4	3,699.2	(260.2)	3,706.2	24.0%	7.0	(253.2)
Public Safety	3,160.0	3,160.0	-	3,210.0	20.8%	50.0	50.0
Natural Resources	425.0	425.0	-	436.0	2.8%	11.0	11.0
Transportation	755.0	755.0	-	785.0	5.1%	30.0	30.0
Subtotal	14,420.9	14,179.7	(241.2)	14,362.7	93.2%	183.0	(58.2)
Sponsored Research	788.8	606.0	(182.8)	606.0	3.9%	-	(182.8)
Auxiliary Enterprise	-	445.0	445.0	445.0	2.9%	-	445.0
Total FTE Positions	15,209.7	15,230.7	21.0	15,413.7	100.0%	183.0	204.0

FY2019: The Governor's FY2019 Revised Budget proposes 15,230.7 FTE positions, a net increase of 21.0 FTE positions from the FY2019 Budget as Enacted. The FTE changes include:

- **An increase of 445.0 FTE positions in Higher Education Auxiliary Enterprise:** In an attempt to align the FTE positions at the University of Rhode Island with the appropriate program funding, the Budget establishes a new Higher Education Auxiliary Enterprise FTE category and shifts 262.2 FTE positions from Higher Education and 182.8 URI – Sponsored Research positions into this new Auxiliary Enterprise FTE category with 445.0 FTE positions.
- **A decrease of 262.2 FTE positions in Public Higher Education:** In an attempt to align the FTE positions at the University of Rhode Island with the appropriate program funding, the Budget establishes a new Higher Education Auxiliary Enterprise FTE category and shifts 262.2 FTE positions from Higher Education into this new Auxiliary Enterprise FTE category.
- **A decrease of 182.8 FTE positions in Higher Education Sponsored Research positions:** In an attempt to align the FTE positions at the University of Rhode Island with the appropriate program funding, the Budget establishes a new Higher Education Auxiliary Enterprise FTE category and shifts 182.8 URI – Sponsored Research positions into this new Auxiliary Enterprise FTE category with 445.0 FTE positions
- **An increase of 10.0 FTE positions in the Department of Human Services:** The Revised Budget includes a net increase of 10.0 FTE positions within the Department of Human Services. An increase of 12.0 FTE positions for the Veterans' Home is slightly offset by a transfer of 2.0 Program Planner positions from the Department of Human Services to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.
- **An increase of 3.0 FTE positions in the Executive Office of Health and Human Services:** The Budget adds 3.0 Senior Legal Counsel positions, of which two positions are transferred from the Department of Children, Youth, and Families.
- **An increase of 3.0 FTE positions in the Department of Health:** There is an increase of 3.0 FTE positions within the Department of Health. These additional positions are to increase the number of inspections to state-licensed health facilities.
- **An increase of 2.0 FTE positions in the Department of Administration:** The Budget increases the Department's FTE positions by two positions, reflecting the addition of a 1.0 Programming Services Officer to manage the employee benefits co-share accounting system. The other position is a 1.0 Programmer/Analyst Manager position to manage the upgrades to the state E-procurement system. Both positions shall be funded centralized internal service funds.
- **A decrease of 2.0 FTE positions in the Department of Children, Youth, and Families:** The Budget transfers 2.0 Senior Legal Counsel positions to the Executive Office of Health and Human Services, as this is where the positions are funded.
- **An increase of 2.0 FTE positions in the Department of Behavioral Health, Developmental Disabilities, and Hospitals:** The Budget transfers 2.0 FTE program planner positions from the Department of Human Services to BHDDH. The employees have already been working within the Department, but the positions were never formally transferred.
- **An increase of 2.0 FTE positions in Elementary and Secondary Education:** The Budget includes 2.0 new FTE positions in FY2019. The new positions include, 1.0 federally funded FTE position is part of a \$9.0 million, five-year grant from the United States Department of Health and Human Services to support stronger mental and behavioral health services for Rhode Island students; and, 1.0 federally funded FTE position as part of a Safe and Drug-Free Schools grant.

- **An increase of 1.0 FTE positions in the Department of Business Regulation:** The Budget adds 1.0 FTE position to handle all fiscal matters in the Division of Building, Design, and Fire Professionals.

FY2020: The Governor's FY2020 Budget proposes 15,413.7 FTE positions, a net increase of 204.0 FTE positions from the FY2019 Budget as Enacted, and an increase of 183.0 FTE positions from the Governor's recommendation for the FY2019 Revised Budget. Following are changes in the Governor's proposal:

- **An increase of 445.0 FTE positions in Higher Education Auxiliary Enterprise:** In an attempt to align the FTE positions at the University of Rhode Island with the appropriate program funding, the Budget establishes a new Higher Education Auxiliary Enterprise FTE category and shifts 262.2 FTE positions from Higher Education and 182.8 URI – Sponsored Research positions into this new Auxiliary Enterprise FTE category with 445.0 FTE positions.
- **An increase of 287.1 FTE positions in the Executive Office of Health and Human Services (EOHHS):** The Budget transfers the Divisions of Elder and Veterans' Affairs from the Department of Human Services (DHS) and establishes them as offices within EOHHS. This involves the transfer of 283.1 FTE positions from DHS, 31.0 from Elder Affairs and 252.1 from Veterans' Affairs. The net increase in EOHHS also includes the addition of 4.0 Senior Legal Counsel positions, 3.0 of which are added in the FY2019 Revised Budget and 1.0 of which is added in FY2020.
- **A decrease of 265.1 FTE positions in the Department of Human Services:** The Budget includes a net decrease of 265.1 FTE positions within the Department of Human Services (DHS), reflecting a decrease of 252.1 positions related to the transfer of the Office of Veterans Affairs from DHS to the Executive Office of Health and Human Services (EOHHS), and a decrease of 31.0 positions related to the transfer of the Division of Elderly Affairs from DHS to EOHHS. These decreases are offset by an increase of 8.0 FTE positions due to the transfer of the Childcare Licensing Unit from the Department of Children, Youth and Families to DHS.
- **A decrease of 260.2 FTE positions in Public Higher Education:** In an attempt to align the FTE positions at the University of Rhode Island with the appropriate program funding, the Budget establishes a new Higher Education Auxiliary Enterprise FTE category and shifts 262.2 FTE positions from Higher Education into this new Auxiliary Enterprise FTE category.

In addition, the Budget includes 3.0 new FTE positions at the Westerly Education Center and 1.0 new FTE position at the new Northern Rhode Island Higher Education Center. This increase is partially offset by a reduction of 2.0 FTE positions in the Commissioner's Office. This results in a net decrease of 260.2 FTE positions in Public Higher Education.

- **A decrease of 182.8 FTE positions in Higher Education Sponsored Research positions:** In an attempt to align the FTE positions at the University of Rhode Island with the appropriate program funding, the Budget establishes a new Higher Education Auxiliary Enterprise FTE category and shifts 182.8 URI – Sponsored Research positions into this new Auxiliary Enterprise FTE category with 445.0 FTE positions
- **An increase of 42.0 FTE positions in the Department of Labor and Training:** The Budget adds 42.0 positions reflecting the transfer of 37.0 FTE positions in the Employer Tax Division from the Department of Revenue to the Department of Labor and Training, and 5.0 new FTE positions for the implementation of the Medicaid Employer Assessment.
- **An increase of 31.0 FTE positions in the Department of Public Safety:** There is an increase of 31.0 FTE positions within the Department consisting of 30.0 new Trooper FTE positions slated to graduate from the 2019 Rhode Island State Police Training Academy in July and 1.0 Grants Manager position within Central Management.

- **An increase of 30.0 FTE positions in the Department of Transportation:** The Budget adds 30.0 FTE positions within the Department of Transportation. The increase includes an additional 1.0 Administrative Officer positions within Central Management. An increase of 22.0 positions within Infrastructure Engineering including, 1.0 Community Liaison, 1.0 Construction Manager, 1.0 Economic and Policy Analyst, 13.0 Engineering Technicians, 1.0 Managing Engineer, 3.0 Civil Engineers, 1.0 Project Manager, and 1.0 Material Standards Supervisor. As well as an increase of 7.0 positions within Infrastructure Maintenance including, 6.0 Highway Maintenance Operators, and 1.0 Mason.
- **An increase of 26.0 FTE positions in the Department of Business Regulation:** The Budget adds 26.0 FTE positions to the department including 1.0 FTE position to handle all fiscal matters in the Division of Building, Design, and Fire Professionals, 17.0 FTE positions for the proposed Office of Cannabis Regulation, 7.0 positions dedicated to improving business-friendliness in Rhode Island, and the transfer of 1.0 FTE position for the Small Business Omnibus from the Office of Management and Budget.
- **A decrease of 17.0 FTE positions in the Department of Revenue:** The Budget decreases a net 17.0 FTE positions in FY2020. This reflects the transfer of 37.0 FTE positions from the Division of Taxation to the Department of Labor and Training (DLT) associated with the shifting of the Employer Tax Unit to DLT; an increase of 1.0 Legal Counsel within the Division of Collections; an increase of 4.0 FTE positions in the Division of Taxation to assist with the revenue aspects of the new Adult-use Marijuana program; a decrease of 5.0 FTEs positions within the Division of Municipal Finance; an increase of 6.0 FTE positions associated with the Budget's sales tax initiatives, including 1.0 Senior Legal Counsel, 1.0 Legal Counsel, 1.0 Taxpayer Service Specialist, and 3.0 Revenue Agent I; and 4.0 new FTE positions related to vaping excise tax enforcement, including 1.0 Tax Investigator, 1.0 Legal Counsel, and 1.0 Tax Aide I; and includes an additional 8.0 Customer Services Representatives related to the implementation of the federally mandated Real ID compliance and 2.0 Control Inspectors that will be assigned to enforcement of license plate visibility and reflectivity standards and vehicle inspection enforcement.
- **An increase of 15.0 FTE positions in the Department of Administration:** The Budget increases the Department's number of full-time employees by a net 15.0 FTE positions. The Budget adds 18.0 FTE positions for the Human Resource, Information Technology, and Capital Asset Management service centers that will be funded from the various centralized internal service funds. The Budget also adds 2.0 FTE positions to operate the proposed Litigation Oversight Unit under the Legal Services program and a Data Analyst I position to assist with the Census 2020 program in Planning. The increase is offset with the transfer of the Water Resources Board functions and 3.0 FTE positions from the Division of Planning to the Division of Public Utilities and Carriers, the elimination of 2.0 FTE positions related to cybersecurity in Central Management, and the transfer of the Small Business Ombudsman position from the Office of Management and Budget to the Department of Business Regulation.
- **An increase of 11.0 FTE positions in the Department of Environmental Management:** The Budget provides 11.0 new FTE positions reflecting additional maintenance workers, civil engineers, and a plumber in the Parks and Recreation Division.
- **An increase of 10.0 FTE positions in the Department of Corrections:** The Budget adds 10.0 FTE Correctional Officer positions. The additional positions will allow the Department to hire the expected 70.0 graduates of the next correctional officer class.
- **An increase of 7.0 FTE positions in Public Utilities Commission:** The Budget adds 7.0 new FTE positions in FY2020 including 3.0 FTE positions reflecting the transfer of the Water Resources Board functions from the Division of Planning in the Department of Administration to the Division of

Public Utilities and Carriers (DPUC). The Budget also adds 2.0 Engineer positions, 1.0 Consumer Agent, and a 1.0 Public Utilities Analyst. The added positions are required to handle an increase in workload to expand the DPUC's capacity to inspect utility infrastructure, handle increased regulatory proceedings regarding renewable energy and energy-efficiency, and to help consumers facing termination of utility services, and to assist rate payers in communicating with utilities.

- **An increase of 7.0 FTE positions in Elementary and Secondary Education:** The Budget adds 7.0 new FTE positions in FY2020, including 1.0 FTE position for the School Building Authority; 4.0 FTE positions to support the universal pre-K initiative; 1.0 federally funded FTE position that is part of a \$9.0 million, five-year grant from the United States Department of Health and Human Services to support stronger mental and behavioral health services for Rhode Island students; and, 1.0 federally funded FTE position that is part of a Safe and Drug-Free Schools grant. The federally funded positions are added in FY2019 Revised Budget.
- **An increase of 6.0 FTE positions in Military Staff:** The Budget includes 6.0 new federally funded FTE positions in FY2020. The new positions are: 2.0 Security Managers to maintain the electronic security system, 2.0 Planning Positions to provide environmental compliance on major capital projects, and 2.0 Program Managers to support control of National Guard facilities.
- **An increase of 6.0 FTE positions in the Department of Health:** The Budget adds 6.0 FTE positions within the Department of Health. This includes 2.0 Environmental Food Inspector positions and 1.0 Senior Environmental Health Food Specialist position that will be associated with the adult-use marijuana program. In addition, there is an additional increase of 3.0 Inspector positions to be utilized to increase the number of inspections to state-licensed health facilities.
- **An increase of 3.0 FTE positions in the Department of Behavioral Health, Developmental Disabilities, and Hospitals:** The Budget transfers 2.0 FTE program planner positions from the Department of Human Services to BHDDH. The employees have already been working within the Department, but the positions were never formally transferred. The Budget also includes 1.0 FTE Substance Use Disorder Program Administrator position to be funded through revenues associated with the adult-use marijuana proposal.
- **An increase of 2.0 FTE positions in the Executive Office of Commerce:** The Budget increases 2.0 FTE positions in the Executive Office of Commerce, adding 2.0 FTE positions within the Executive Office of Commerce to run the proposed Simplify and Streamlining initiative in partnership with the Department of Business Regulation.
- **A decrease of 2.0 FTE positions in the Department of Children, Youth, and Families (DCYF):** The Budget reduces DCYF's FTE authorization by 2.0 FTE positions relative to the FY2019 Budget as Enacted. This is related to the transfer of 2.0 Senior Legal Counsels included in the FY2019 Revised Budget.
- **An increase of 2.0 FTE positions in the Office of the Attorney General:** The Budget adds 2.0 FTE positions including 1.0 Principal Clerk Stenographer to work as an intake clerk and 1.0 Staff Attorney to work as a traffic safety resource prosecutor.
- **An increase of 1.0 FTE positions in the Office of the Public Defender:** The Budget increases the Department's FTE positions by 1.0 FTE position, reflecting the conversion of a contracted social services case worker to a full-time state position to provide continuity of educational and social services to juvenile clients to alleviate long term detentions.

STATE EMPLOYEE CONTRACT AGREEMENT

The current state employee contract agreements between the State and the state employee bargaining units includes a 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020.

The current agreement is projected to increase general revenue expenditures by \$6.4 million in FY2018, \$19.8 million in FY2019, and \$23.9 million in FY2020.

AVERAGE COST PER FTE

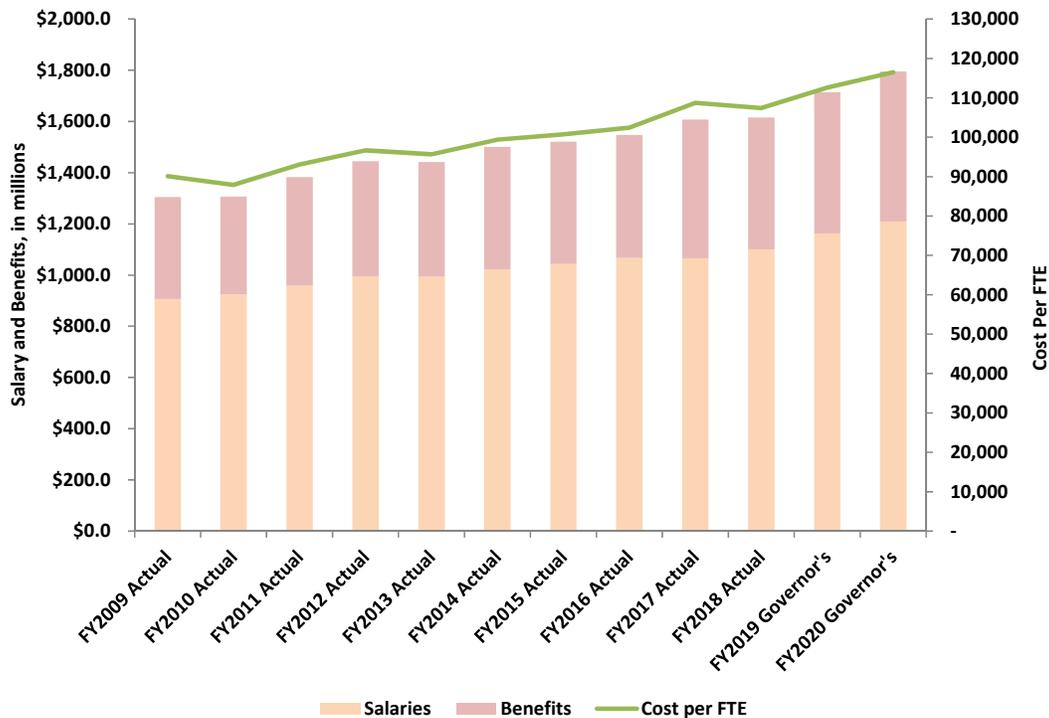
The projected average cost per FTE position is \$116,483 in FY2020, reflecting an increase of 3.5 percent over the FY2019 Governor's Revised Budget. Statewide, total salary costs annually increased on average by 2.7 percent and benefit costs increased 3.7 percent since 2009. The cost per FTE position decreased slightly in FY2018 possibly as a result of the volunteer retirement incentive package initiated by the Governor.

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%

*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

Average Cost per FTE



PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: 4 of the 10 categories, Management and Consultant Services, Training and Educational Services, Design and Engineering, and Information Technology, comprise 77.5 percent of the total FY2020 purchased service expenditure recommendation in the Governor's FY2020 budget.

	FY2016	FY2017	FY2018	FY2018	FY2019	FY2019	FY2020	FY20 to FY19
Purchased Services	Actual	Actual	Enacted	Actual	Enacted	Governor	Governor	Change
Design & Engineering	\$47.9	\$44.9	\$46.8	\$49.7	\$49.1	\$50.9	\$48.0	(\$1.1)
Management & Consultant Services	79.3	79.1	70.8	83.6	69.2	77.7	74.1	4.9
Training & Educational Services	48.5	45.9	43.2	50.5	50.1	58.2	57.3	7.2
Information Technology	107.4	29.6	51.0	66.1	39.9	97.8	99.7	59.8
Medical Services	15.5	15.7	18.2	15.8	18.1	20.9	19.9	1.8
Other Contracts	12.7	15.6	15.2	16.0	17.9	19.7	20.7	2.8
Clerical & Temporary Services	3.7	4.3	5.1	6.4	6.7	5.8	5.3	(1.4)
Buildings & Grounds Maintenance	5.6	6.0	6.7	6.1	5.9	7.5	7.2	1.3
Legal Services	4.9	7.1	5.0	5.6	5.5	6.5	6.3	0.8
University & College Services	14.0	16.8	15.7	18.3	17.9	21.4	21.8	3.9
Total	\$339.5	\$265.2	\$277.5	\$318.0	\$280.3	\$366.4	\$360.3	\$80.0

\$ in Millions. Totals may vary due to rounding.

Does not include Internal Service Funds

For the FY2020 Budget, the Governor recommends \$360.3 million for purchased service expenses, of which \$68.5 million (19.0 percent) is general revenue. The FY2020 Budget recommendation reflects an increase of \$80.0 million from the FY2019 Budget as Enacted and a decrease of \$6.1 million from the Governor's FY2019 Budget as Revised. Approximately \$290.5 million (80.6 percent) of the appropriation funds services in seven state departments.

Purchased Services

Department	FY2019 Enacted	FY2019 Governor	FY2020 Governor	FY2020 General Revenue
Office Health and Human Services	\$72.0	\$126.2	\$131.0	\$17.1
Elementary and Secondary Education	42.9	45.0	46.9	7.0
Transportation	41.6	44.8	42.3	-
Administration	8.4	11.2	8.6	3.1
Human Services	16.3	25.5	21.2	3.3
BHDDH	2.8	6.6	7.3	2.5
Community College of Rhode Island	4.3	3.9	3.6	1.6
Corrections	14.7	16.6	15.4	14.3
Health	10.0	14.6	11.1	1.6
Environmental Management	6.9	7.3	7.1	0.3
Children, Youth, and Families	4.9	5.5	5.5	3.3
Labor and Training	4.9	4.9	4.5	0.1
University of Rhode Island	19.3	21.2	22.6	2.5
Revenue	7.6	5.1	8.7	5.0
All Other Agencies	23.7	28.0	24.5	6.8
Total	\$280.3	\$366.4	\$360.3	\$68.5

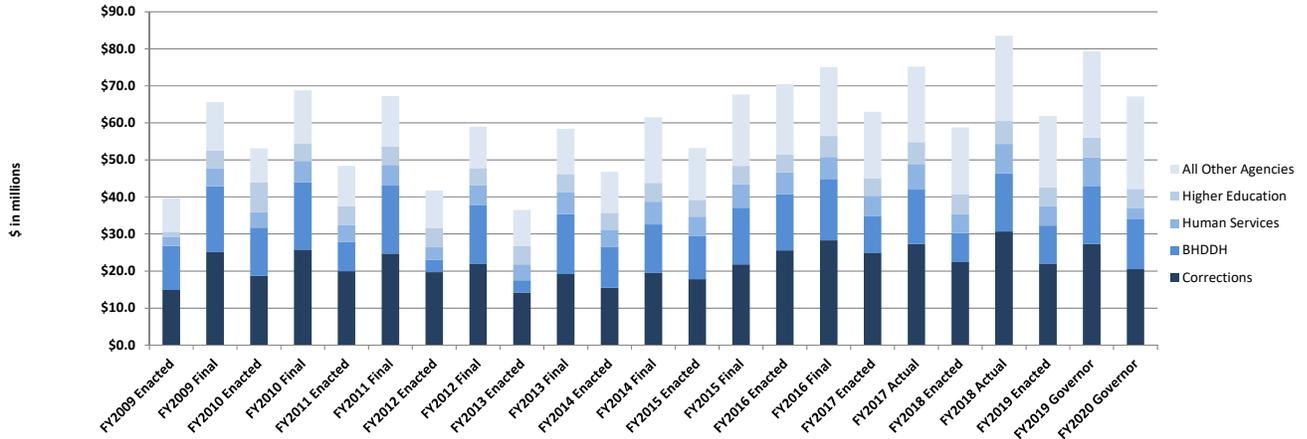
\$ in Millions

Does not include ISFs

OVERTIME

Overtime costs in FY2020 are projected to total \$67.1 million, \$5.2 million more than the FY2019 Budget as Enacted and \$12.2 million less than proposed in the Governor's FY2019 Revised Budget. General revenue supports 58.9 percent of overtime expenses. 30.6 percent of the total FY2020 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease 6.8 percent in FY2020.

Overtime Costs



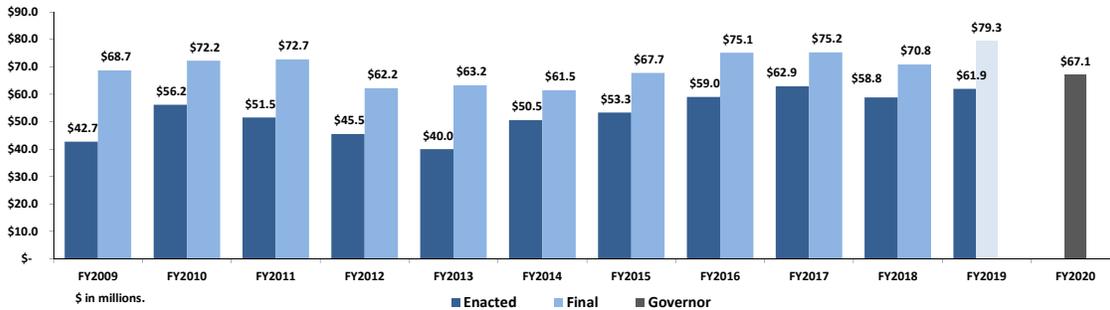
State agencies regularly over spend their overtime appropriation. Over the last eight fiscal years, overtime expenditures have exceeded enacted amounts by an average of \$18.3 million (30.1 percent).

The Department of Corrections and Behavioral Healthcare, Developmental Disabilities, and Hospitals generally exceed their overtime appropriations by the largest amounts. Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

The FY2020 Budget includes a decrease of \$1.5 million in overtime costs within the Department of Corrections. The Budget includes the renovation of the Department’s High Security facility, the facility will be closed for three quarters of FY2020 resulting in fewer shifts that would need to be covered, and the High Security correctional officers would be available to cover shifts in other facilities at standard time rates. The Budget also includes an additional 10.0 FTE correctional officer positions to address the Department’s attrition rate, these additional correctional officers will be available to cover shifts resulting in a lower need for overtime.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs:

Overtime Expenditures, in Millions



STATE EMPLOYEE HEALTH INSURANCE RATES

As of January 1, 2019, the State now has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans.

Since information on which plan each employee chose was not available at the time of the FY2020 budget preparation, the Budget Office used the equivalent plan that most employees had the previous fiscal year (Anchor Plus) to project the change in the cost. The FY2020 projected rates for individual and family health insurance are 0.4 percent higher than the rates enacted in FY2019.

Health Insurance Rates Annual Employer Cost per Employee

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020	% Change
Individual	Actual	Enacted	Governor	Governor	FY20/FY19							
Medical	\$6,558	\$6,559	\$7,062	\$6,967	\$7,525	\$7,358	\$7,601	\$8,363	\$8,432	\$8,297	\$8,448	0.2%
Dental	349	350	376	382	405	393	405	373	369	377	389	5.4%
Vision	83	84	63	59	60	57	79	57	57	58	59	3.5%
Total	\$6,991	\$6,993	\$7,501	\$7,408	\$7,990	\$7,808	\$8,085	\$8,793	\$8,858	\$8,732	\$8,896	0.4%
Family												
Medical	\$18,386	\$18,386	\$19,799	\$19,531	\$21,093	\$20,626	\$21,307	\$23,445	\$23,637	\$23,259	\$23,682	0.2%
Dental	978	978	1,052	1,068	1,132	1,100	1,133	963	955	975	1,007	5.4%
Vision	177	177	173	161	165	157	162	157	157	158	162	3.2%
Total	\$19,540	\$19,541	\$21,024	\$20,760	\$22,390	\$21,883	\$22,602	\$24,565	\$24,749	\$24,392	\$24,851	0.4%

Source: State Budget Office

State Employee Health Plan Costs

The FY2020 proposed total employer expenditure for state employee health plan costs is \$196.4 million, of which \$98.3 million is general revenue. This is \$11.4 million lower than the FY2019 Budget as Enacted, but \$7.7 million more than the Governor's proposed FY2019 Revised Budget. The health cost rates changed on January 1, 2019, resulting in lower expenses for FY2019 and in FY2020.

State Employee Health Plan Total Costs

Health Plan	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2020	FY20 to FY19	% Change
	Actual	Enacted	Governor	Governor	Change	FY20/FY19							
Medical	\$148.6	\$145.9	\$155.2	\$162.1	\$157.5	\$162.3	\$174.7	\$170.1	\$197.3	\$179.0	\$186.2	(\$11.1)	-5.6%
Dental	9.2	9.2	9.3	9.8	9.7	9.6	8.4	7.9	9.1	8.4	8.8	(0.3)	-3.3%
Vision	1.6	1.5	1.4	1.4	1.4	1.3	1.3	1.4	1.4	1.3	1.4	-	0.0%
Total	\$159.4	\$156.6	\$165.9	\$173.3	\$168.6	\$173.3	\$184.4	\$179.3	\$207.8	\$188.7	\$196.4	(\$11.4)	-5.5%

\$ in millions

State Employee Health Co-shares

Since 2005, state employees are required to pay a co-share for health insurance. The rate charged to each employee is based on a percent of premium cost and assessed by salary range. These rates increased between FY2010 and FY2012, and remained constant through 2018. As of January 1, 2019, the State now has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. Along with the new medical plans and health cost rates, there are new employee health insurance co-share rates that are illustrated in the following tables.

Family Plan Co-share - Salary Ranges

Post - January 1, 2019	Anchor	Anchor Plus	Anchor Choice	Anchor Dental	Anchor Dental Plus	Anchor Dental Platinum	Anchor Vision	Anchor Vision Plus
Below \$51,930	\$115.97	\$124.08	\$115.13	\$5.74	\$10.40	\$16.98	\$0.91	\$3.52
\$51,930 - \$99,825	154.63	165.55	153.51	7.65	12.31	18.89	1.21	3.82
Over \$99,825	193.28	206.80	191.89	9.56	14.22	20.80	1.52	4.13

Individual Plan - Salary Ranges

FY2010	Anchor	Anchor Plus	Anchor Choice	Anchor Dental	Anchor Dental Plus	Anchor Dental Platinum	Anchor Vision	Anchor Vision Plus
Less than \$99,825	\$55.16	\$59.01	\$54.76	\$2.95	\$4.75	\$7.29	\$0.44	\$1.38
Over \$99,825	68.94	73.77	68.45	3.69	5.49	8.03	0.55	1.49

Deductibles

Effective January 1, 2019, the new medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,500/\$3,000 for an individual/ family plan. In addition, the new point of service co-payments are as follows:

Point of Service	5/1/2005	10/1/2008	7/1/2014	Anchor		Anchor Choice
				1/1/2019	1/1/2019	
Primary Care	\$10	\$10	\$15	\$15	\$15	Coinsurance after deductible
Specialist Visit	10	20	25	25 / 50	25 / 50	10%/30% after deductible
Urgent Care	10	35	50	50	50	Coinsurance after deductible
Emergency Co-payment (waived if admitted)	25	100	125	150	125	Coinsurance after deductible
Key: Individual / Family						
Pharmacy						
Tier 1 generic	5	5	7	10	10	10 after deductible
Tier 2 preferred brand	12	20	25	35	35	35 after deductible
Tier 3 non-preferred brand	30	40	45	60	60	60 after deductible
Tier 4 specialty				100	100	100 after deductible

STATE EMPLOYEES AND TEACHERS ACTUARIAL VALUATION

Gabriel Roeder Smith and Company (GRS), actuary to the State Retirement Board, performed the June 30, 2018, actuarial valuation reports covering state employees, teachers, municipal employees, state police, and judges.

The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2021. There is no impact to the FY2020 certified employer contribution rates. The GRS analysis reflects no changes in the assumptions for investment rate assumptions, inflation, and payroll growth. The assumed investment return remains 7.0 percent; assumed inflation is 2.5 percent, and payroll growth is 3.0 percent for state employees and 2.5 percent for teachers.

Employer Contribution Rates	FY2019 Certified	FY2020 Certified	FY2021 Certified	Change
State Employees	25.75%	26.39%	27.54%	1.15%
Teachers - State Share	10.06%	9.84%	10.75%	0.91%
Teachers - Local Share	13.45%	14.77%	14.50%	-0.27%
Total Teachers	23.51%	24.61%	25.25%	0.64%

Source: GRS June 30, 2018, Actuarial Valuation

Projected Employer Contribution	FY2019	FY2020	FY2021	Change
State Employees	\$190.3	\$197.1	\$207.9	\$10.8
Teachers - State	107.8	114.1	119.4	5.3
Total State Cost	\$298.1	\$311.2	\$327.3	\$16.1
Teachers - Local	\$144.1	\$153.7	\$161.1	\$7.4
Total State and Local Cost	\$442.2	\$464.9	\$488.4	\$23.5

Source: GRS June 30, 2018, Actuarial Valuation

\$ in millions

Active Employee to Retiree Ratio

According to GRS, the ratio of active employees to retirees continues to negatively impact the State Retirement Fund. Beginning in 1999, the active employee ratios have decreased for state employees and teachers. The 2018 valuation illustrates the flat ratio of active state employee per state retiree and active teachers per teacher retiree. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates.

Membership		1999	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Change
State Employees																
Active	13,369	12,817	12,572	11,970	11,142	11,122	11,233	11,166	11,280	11,301	11,194	11,083	11,152	10,978	-174	
Retired	9,067	10,041	10,163	10,396	11,023	11,421	11,271	11,200	11,139	11,103	11,041	11,058	11,078	11,260	182	
Active to Retiree Ratio	1.5	1.3	1.2	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0		
Teachers																
Active	13,282	14,343	14,146	13,999	13,689	13,530	13,381	13,212	13,193	13,266	13,272	13,206	13,310	13,297	-13	
Retired	6,043	8,873	9,118	9,337	9,749	10,213	10,347	10,622	10,776	10,838	10,902	11,087	11,211	11,320	109	
Active to Retiree Ratio	2.2	1.6	1.6	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2		

Source: GRS June 30, 2018, Actuarial Valuation

Fund Value

In 1999, the funded ratio of the system was over 80.0 percent. By 2010, the pre-RIRSA funded ratio was 48.4 percent for state employees and teachers. After passage of the pension reforms in 2011, the post-RIRSA funded ratio became 59.8 percent for state employees and 61.8 percent for teachers. It was projected that there would be a continued decrease in the funded rate after passage of RIRSA and then begin to increase. Passage of the pension settlement act in 2015 precipitated an increased in the Unfunded Actuarial Accrued Liability (UAAL).

According to GRS, the June 30, 2018, funded ratio is 52.9 percent for state employees and 54.9 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) increased from \$2,212.7 million to \$2,239.3 million and for teachers the UAAL increased from \$3,115.9 million to \$3,135.8 million. The increase in the UAAL is attributable to the fund not reaching the 7.0 percent assumed rate of return (actual ROR was 6.3 percent) and a continued decrease in the projected payroll.

SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) payment for state employees is \$2,239.3 million reflecting an increase of \$26.6 million over last year. The amortization payment for FY2019 remains \$154.1 million in FY2019, an increase of \$7.8 million over FY2018; \$162.4 million in FY2020; and \$174.8 million in FY2021. The figures for FY2019 and FY2020 are consistent with the 2017 valuation report. The following table illustrates the components of the UAAL payment over the next three fiscal years.

State Employees

Purpose	Remaining Balance as of June 30, 2018	FY2019 Amortization Payment	FY2020 Amortization Payment	FY2021 Amortization Payment	FY2021 Amortization Years Remaining
FY1991 and FY1992 Deferrals	\$28.4	\$2.3	\$2.4	\$2.4	15
Original 2011 RIRSA Base	1,795.8	145.7	150.0	154.5	15
2014 Experience Study	(48.9)	(3.8)	(3.9)	(4.0)	16
2014 Mediation Settlement	117.2	9.1	9.4	9.7	16
2015 Experience Base	(34.7)	(2.6)	(2.7)	(2.8)	17
2016 Experience Base	47.2	3.4	3.5	3.6	18
2016 Assumption Change - FY20 Stagger	30.8	-	2.4	2.5	19
2016 Assumption Change - FY21 Stagger	66.0	-	-	5.7	19
2016 Assumption Change - FY22 Stagger	66.0	-	-	-	19
2016 Assumption Change - FY23 Stagger	66.0	-	-	-	19
2016 Assumption Change - FY24 Stagger	66.0	-	-	-	19
2017 Experience Base	16.4	-	1.3	1.3	19
New Experience Base FY2018	23.1	-	-	1.9	20
UAAL	\$2,239.3	\$154.1	\$162.4	\$174.8	

Source: GRS 2018 Actuarial Valuation

\$'s in millions

Totals may vary due to rounding.

ERSRI Value History	Funded State Employees	Teachers
1999	84.5%	82.1%
2000	81.6%	80.6%
2001	77.9%	77.4%
2002	71.7%	73.2%
2003	64.5%	64.2%
2004	59.6%	59.3%
2005	56.3%	55.4%
2006	54.6%	52.7%
2007	57.5%	55.4%
2008	61.8%	60.3%
2009	59.0%	58.1%
2010	48.4%	48.4%
2010*	59.8%	61.8%
2011	57.4%	59.7%
2012	56.3%	58.8%
2013	56.5%	59.0%
2014	56.1%	58.2%
2015	56.6%	58.8%
2016	56.0%	58.3%
2017	52.9%	54.8%
2018	52.9%	54.9%
2019	53.4%	55.2%
2020	54.1%	55.8%
2021	55.0%	56.6%
2022	56.2%	57.6%
2023	57.6%	58.9%
2024	59.4%	60.4%
2025	61.4%	62.1%
2026	63.6%	64.0%
2027	66.0%	66.0%
2028	68.6%	68.1%

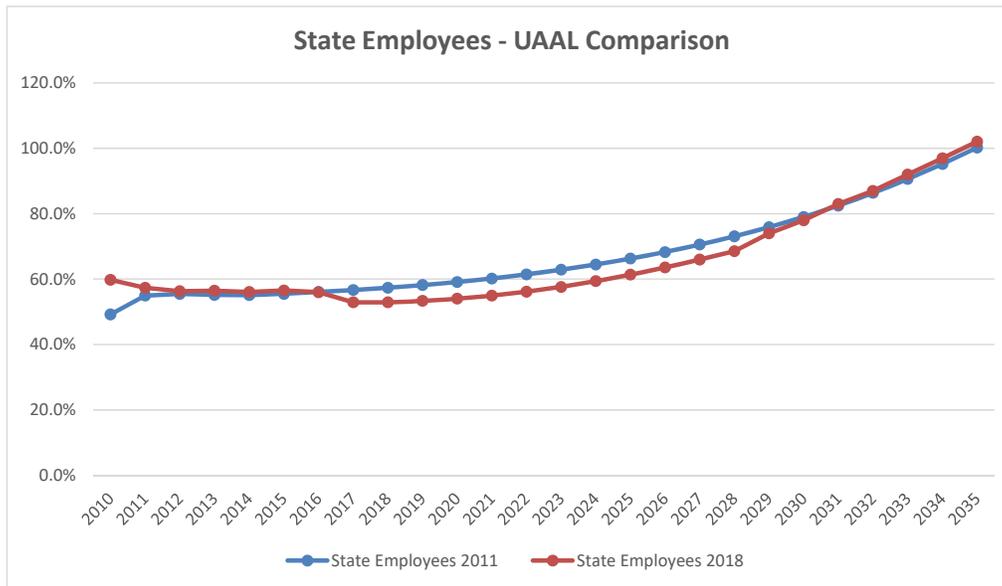
Source: GRS

* Reflects post-RIRSA values

Projected June 30, 2018
Valuation

The following charts compare the current June 30, 2018, actuarial valuation report for state employee and teachers produced by GRS to the valuation report issued by GRS on November 14, 2011, for the Rhode Island Retirement System Act (RIRSA of 2011). The chart illustrates the slight decrease in the funding

ratio as compared to the 2011 forecast as the current valuation includes actual return on investments data and includes the 5-year smoothing decrease of the assumed rate of return from 7.5 percent to 7.0 percent.



The Unfunded Actuarial Accrued Liability (UAAL) payment for teachers is \$205.9 million in FY2019, reflecting an increase of \$7.5 million from last year; \$221.2 million in FY2020 and \$235.0 million in FY2022. The following table illustrates the components of the UAAL payment over the next three fiscal years.

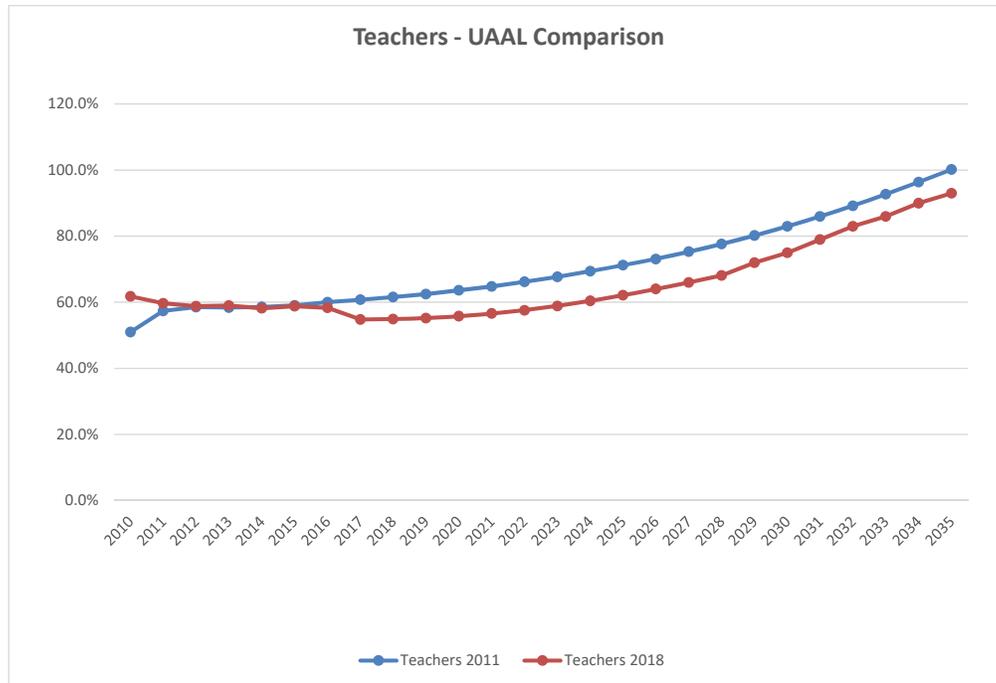
Teachers

Purpose	Remaining Balance as of June 30, 2018	FY2019 Amortization Payment	FY2020 Amortization Payment	FY2021 Amortization Payment	Amortization Years Remaining
FY1991 and FY1992 Deferrals - State	\$37.1	\$3.1	\$3.2	\$3.3	15
Original 2011 RIRSA Base - State	984.4	82.6	84.7	86.8	15
Original 2011 RIRSA Base - Local	1,528.6	111.9	114.7	117.5	19
2014 Experience Study - State	(16.4)	(1.3)	(1.4)	(1.4)	16
2014 Experience Study - Local	(24.9)	(1.8)	(1.9)	(1.9)	19
2014 Mediation Settlement - State	67.2	5.4	5.6	5.7	16
2014 Mediation Settlement - Local	102.1	7.4	7.7	7.9	19
2015 Experience Base	(50.8)	(3.9)	(4.1)	(4.2)	17
2016 Experience Base	33.6	2.5	2.6	2.7	18
2016 Assumption Change - FY20 Stagger	60.7	-	4.9	5.0	19
2016 Assumption Change - FY21 Stagger	85.8	-	-	7.7	19
2016 Assumption Change - FY22 Stagger	85.8	-	-	-	19
2016 Assumption Change - FY23 Stagger	85.8	-	-	-	19
2016 Assumption Change - FY24 Stagger	85.8	-	-	-	19
2017 Experience Base	64.0	-	5.2	5.3	19
New Experience Base FY2018	7.0	-	-	0.6	20
UAAL	\$3,135.8	\$205.9	\$221.2	\$235.0	

Source: GRS 2018 Actuarial Valuation

\$'s in millions

Totals may vary due to rounding



Analyst Note: The impact on contribution rates resulting from the approved changes to the assumed investment return rates, inflation rates, and payroll inflation rates in 2018 are uniformly reflected over a five-year “smoothing” period.

10-YEAR PROJECTIONS

The following tables illustrate the 10-year projection of State Employee and Teacher fund value and contribution rates providing all factors remain steady as projected in the June 30, 2018, valuation. Amounts and ratios will change when alterations occur regarding actual investment returns and actual payroll costs are re-examined in the actuarial valuation each year.

State Employees

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Market		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Value of Fund	Payroll				
2019	\$2,239.3	52.9%	25.8%	\$2,490.6	\$711.7	\$183.3	\$39.0	\$345.9	(\$123.6)
2020	2,238.7	53.4%	26.4%	2,565.0	733.1	193.5	39.0	350.1	(117.6)
2021	2,228.5	54.1%	27.5%	2,622.9	755.1	207.9	39.1	354.6	(107.6)
2022	2,203.6	55.0%	28.2%	2,695.2	777.7	219.3	39.2	362.1	(103.6)
2023	2,164.9	56.2%	28.9%	2,776.7	801.1	231.9	39.4	366.5	(95.2)
2024	2,110.3	57.6%	29.8%	2,872.5	825.1	245.6	39.6	370.0	(84.7)
2025	2,037.6	59.4%	29.7%	2,985.9	849.9	252.0	39.9	373.8	(81.9)
2026	1,953.2	61.4%	29.6%	3,110.2	875.3	258.6	40.3	380.8	(81.8)
2027	1,856.1	63.6%	29.5%	3,243.3	901.6	265.5	40.8	385.2	(78.8)
2028	1,745.2	66.0%	29.4%	3,388.8	928.7	272.7	41.4	391.8	(77.6)
2029	1,619.2	68.6%	29.3%	3,545.7	956.5	280.2	42.2	398.1	(75.7)

Teachers

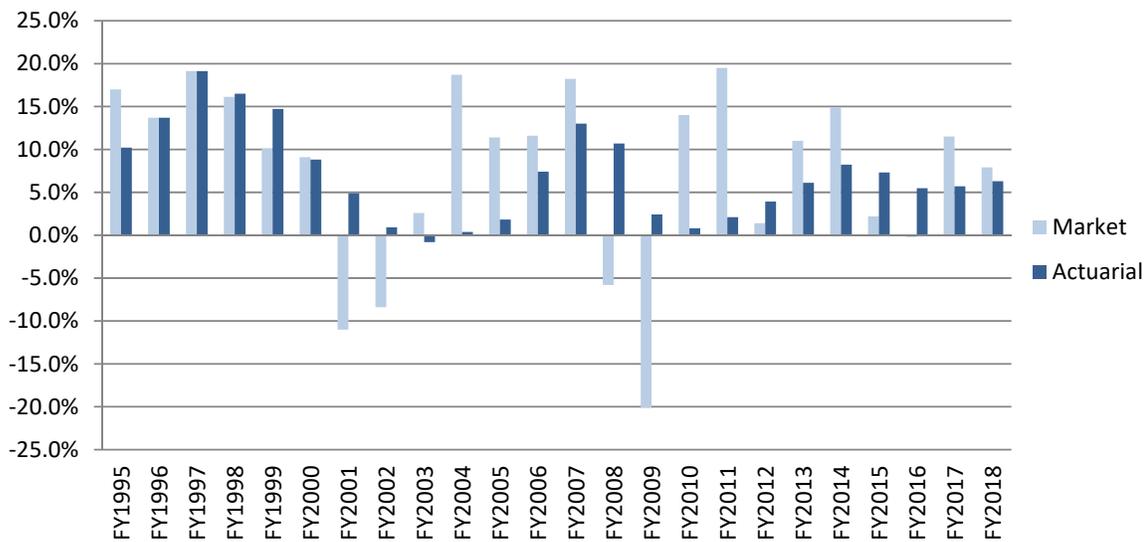
Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Market Value of		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Fund	Payroll				
2019	\$3,135.8	54.9%	23.5%	\$3,781.6	\$1,057.2	\$248.5	\$49.3	\$496.3	(\$198.5)
2020	3,143.1	55.2%	24.6%	3,877.5	1,093.6	266.7	49.5	498.1	(181.9)
2021	3,133.2	55.8%	25.3%	3,960.7	1,110.7	280.5	49.7	500.4	(170.2)
2022	3,109.5	56.6%	25.9%	4,061.9	1,138.5	294.4	49.9	508.7	(164.3)
2023	3,069.2	57.6%	26.5%	4,176.2	1,166.9	309.5	50.2	511.0	(151.3)
2024	3,010.0	58.9%	27.3%	4,312.0	1,196.1	326.3	50.4	512.7	(136.0)
2025	2,928.8	60.4%	27.2%	4,473.2	1,226.0	332.9	50.7	515.1	(131.6)
2026	2,834.7	62.1%	27.1%	4,650.2	1,256.7	339.9	50.9	523.3	(132.5)
2027	2,726.5	64.0%	26.9%	4,838.7	1,288.1	347.0	51.3	526.4	(128.0)
2028	2,603.1	66.0%	26.8%	5,044.9	1,320.3	354.4	51.8	534.4	(128.2)
2029	2,463.2	68.1%	26.8%	5,265.5	1,353.3	362.0	52.5	542.0	(127.5)

The projected UAAL begins to decrease in 2022. In addition, as the fund amount increases each year, the net cash flow, i.e. funds removed from investments, decrease.

RETURN ON INVESTMENTS

The market rate on the return on investments was 7.9 percent in FY2018, slightly above the 7.0 percent projected rate of return that is adopted by the State Retirement Board. The actuarial rate of return was 6.3 percent based on a 5-year average smoothing rate. Last year the market rate on the return on investments was 11.5 percent in FY2017, above the 7.0 percent projected rate of return that is adopted by the State Retirement Board. The actuarial rate of return was 5.7 percent based on a 5-year average smoothing rate.

24-year Return on Investments



- The FY2021 employer contribution rates increase but are lower than originally anticipated in the experience study.
- The 2018 actuarial investment performance was below the 7.0 percent expectation with the shortfall (deferred loss) amortized over future contribution payments.

- The cost of living adjustments (COLA) limit still increases. For 2019, it is \$26,687 and increase by 1.86 percent to \$27,183 in 2020.
- Plans are projected to be 80.0 percent funded as of June 30, 2031. Interim COLAs are scheduled to occur in 2020, 2024, and 2028. Interim COLAs will be granted to all units and plans every fourth year following the fourth consecutive year of the UAAL average being below 80.0 percent.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION

The June 30, 2018, actuarial valuation analysis of the retirement system covering municipal employees impacts the employer contribution rates approved by the Board (certified) for FY2021. The GRS analysis indicates that over the past year, there was one new unit created, there were no closed or merged unit changes, and there were no new COLA elections in the units participating under the Municipal Employees' Retirement System (MERS). For MERS, the 2018 UAAL for all units combined is \$407.0 million compared to last year's figure of \$409.0 million, a decrease of \$2.0 million, because COLAs were suspended on units that less than 80.0 percent funded, The funded ratio for all MERS increased from 78.6 percent to 79.4 percent in 2018. GRS provided a list detailing the employer contribution rates for each component unit in each community.

The average employer contribution rate for general employees increased from 12.43 percent for 2020 to 12.58 percent for FY2021, and for police and fire personnel the average employer contribution rate increased from 19.31 percent in 2020 to 19.59 percent for FY2021.

- According to the actuary, 66 units possess a funding ratio exceeding 80.0 percent, there were 64 last year and 26 units have a funding ratio over 100.0 percent, no change from last year.

JUDICIAL RETIREMENT BENEFITS TRUST ACTUARIAL VALUATION

The June 30, 2018, actuarial valuation analysis of the retirement system covering judges impacts the employer contribution rates approved by the Board (certified) for FY2021.

There is no impact to the previously certified FY2020 employer contribution rate. The analysis does not include benefits for state judges hired before January 1, 1990, as they are funded on a pay-as-you-go basis from the State's general assets. A separate valuation is performed for these active and retired judges. Approximately 69.0 percent of the plan

participants are active judges, who are contributing 12.0 percent of their salary to the Trust. The actuarial analysis increased the employer contribution rates reflecting the previously approved decreases of payroll and investment rate assumptions.

	FY2020	FY2021
Certified Employer Contribution Rates	Certified	Certified
Judges	21.30%	21.61%

Source: GRS June 30, 2018, Actuarial Valuation

Membership	30-Jun-17	30-Jun-18	Change
Active	55	53	(2)
Retiree and Beneficiaries	20	23	3
Inactive	0	1	1
Total	75	77	2
Projected Payroll for Contributions	\$9.6	\$9.2	(\$0.4)
Unfunded Liability	\$4.9	\$2.5	(\$2.4)
GASB Funded Ratio	93.3%	96.7%	3.4%

RHODE ISLAND JUDICIAL RETIREMENT FUND TRUST VALUATION REPORT

Although not required by state law, GRS provided an actuarial valuation for a Rhode Island Judicial Retirement Fund Trust (RIJFT), a pension trust fund for judges hired prior to 1990 and who are currently receiving benefits through a pay-as-you-go (pay-go) system. There has been minimal advance funding for this closed group of seven judges. The accrued liability is \$19.0 million. The total market value of assets is \$806,246 leaving an unfunded accrued liability of \$18.2 million.

STATE POLICE RETIREMENT BENEFITS TRUST ACTUARIAL VALUATION

The June 30, 2018, actuarial valuation summary regarding the retirement systems covering the State Police impacts the employer contribution rates to be certified for FY2021. The Board approved the certified employer contribution rates for FY2021. The analysis reflects all recent pension changes enacted since 2008, but does not include benefits for State Police hired before July 1, 1987, as they are funded on a pay-as-you-go basis from annual general revenue appropriations.

The GRS analysis increased the employer contribution rates reflecting the previously approved decreases of the investment rate assumptions.

	FY2020	FY2021
<u>Certified Employer Contribution Rates</u>	<u>Certified</u>	<u>Certified</u>
State Police	18.48%	19.82%

Source: GRS June 30, 2018, Actuarial Valuation

<u>Membership</u>	<u>30-Jun-17</u>	<u>30-Jun-18</u>	<u>Change</u>
Active	232	226	(6)
Retiree and Beneficiaries	71	73	2
Inactive	47	46	(1)
Total	350	345	(5)
Projected Payroll for Contributions	\$22.6	\$23.5	\$0.9
Unfunded Liability	\$24.7	\$27.5	\$2.8
GASB Funded Ratio	84.1%	83.5%	-0.6%

STATE POLICE RETIREMENT FUND TRUST VALUATION REPORT

Public Law 2016, Chapter 142 authorized the creation of the State Police Retirement Fund Trust (SPRFT), a pension trust fund for State Police troopers hired prior to 1987 and who are currently receiving benefits through a pay-as-you-go (pay-go) system. Members' benefits will remain unchanged; but the proposal transitions the current system to a more traditional retirement fund whereby contributions are amortized, in this case, over 18 years.

The FY2016 Budget as Enacted included an initial deposit of \$15.0 million came from Google forfeiture funds. The accrued liability is \$182.6 million. The total market value of assets totals \$16.3 million leaving an unfunded accrued liability of \$166.3 million. The schedule continues with an appropriation of \$16.4 million in general revenue per year from FY2016 through FY2036, at which point the trust will be fully-funded.

TEACHER SURVIVOR BENEFIT PLAN VALUATION REPORT

The Teacher Survivor Benefit Plan (TSBP) provides survivor benefits for teachers who do not participate in Social Security. Participation is mandatory for all eligible teachers within the 24 school districts that are not covered by Social Security. The annual contribution is 2.0 percent of salary, up to \$230 per year. The contribution is split equally between the member and the employer, i.e. each contributing \$115 per year.

The June 30, 2018, actuarial valuation provided by GRS states the plan as an asset value of \$327.8 million and an actuarial accrued liability of \$219.9 million, resulting in a plan surplus of \$107.9 million. Because the asset value for the TSBP is at 149.1 percent, exceeding the Plan's value of benefits, current member and employer contribution are sufficient; the Plan does not have an Annual Required Contribution (ARC) incurred by the employer.