

Personnel Costs and Issues

February 11, 2015
Staff Presentation to the House Finance
Committee

Introduction

Briefings

- January 28 – *Budget Update*
- February 4 – Medicaid and Human Services programs and issues
- **Today – Personnel Costs and Issues**
- *February 25* – Local Aid and other issues of interest

Process

- HFC consideration of Gov.'s budget on *personnel related* issues two-fold
 - Proposed law changes addressed by the full committee in article hearings
 - Subcommittees will hold individual agency hearings in March and April
- All include staff presentations of proposals followed by agency and public testimony

Personnel

- Overview
- Who is included?
- What are the costs?
- Who decides what?
- How we compare

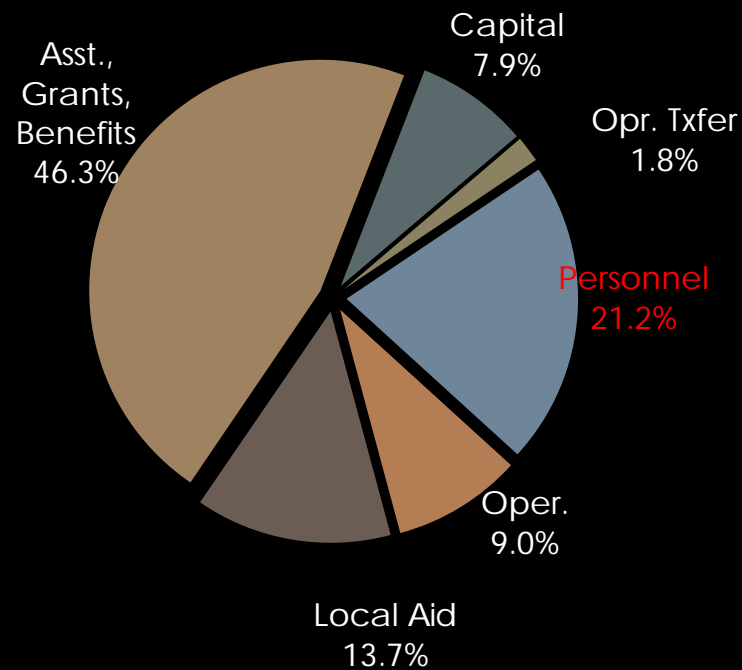
Overview

Overview

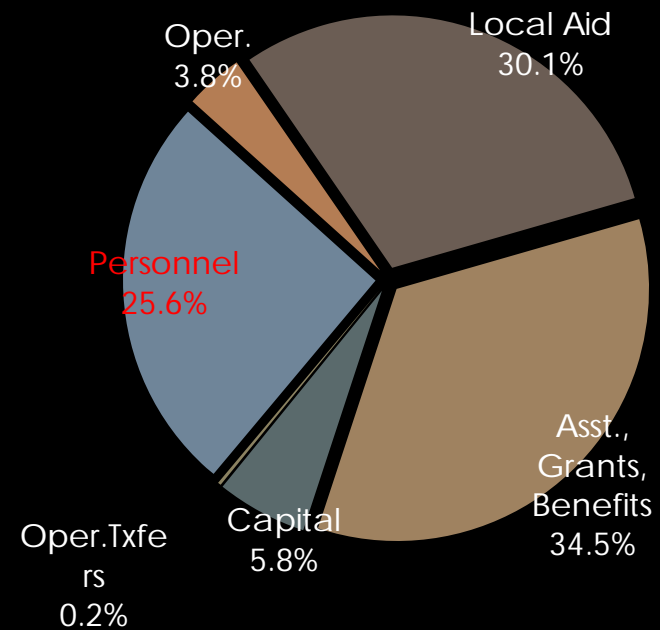
- Major part of state budget
 - 3% growth est. from FY 2016 - FY 2019
 - Majority of costs are subject to collective bargaining
 - Most covered employees have new contracts
- Recent significant changes to curtail long term liabilities
 - Some still being challenged in court

FY 2015 - by Category

ALL FUNDS



GENERAL REVENUES



FY 2016 Budget Gap

FY 2015 Enacted Budget (millions)	Total	S/B in total
Education Aid	\$961.0	-
Local Aid	77.3	-
Medicaid Programs	1,083.8	72.2
Other Human Service Programs	258.2	112.5
Public Safety	413.2	336.0
Environment	37.7	29.8
Higher Education (incl. debt)	191.0	105.1
Other Education	47.3	31.6
Debt Service (excl. higher ed.)	168.1	-
Other State Government	207.6	141.3
Total FY 2015 General Revenues	\$3,445.2	\$828.6

FY 2016 Budget Gap

FY 2016 Budget Gap Calculation	Total	S/B in Total
FY 2015 General Revenues	\$3,445.2	\$828.6
Statewide Benefit Adj.(no COLA)	5.4	5.4
COLA	37.4	37.4
Caseload & Medicaid Match Adj.	45.6	-
Debt Service	3.9	-
Local Aid	(3.5)	-
Education Aid	46.0	-
Nonrecurring and Other Items	15.5	-
Subtotal: Current Service Adjust.	\$150.3	\$42.8
FY 2015 Current Services	\$3,595.5	\$871.4
FY 2016 Revenues (BO Estimate)	\$3,428.9	
Budget Gap	(\$166.6)	

Who is included?

Personnel Costs: Who is included?

- Direct Employees
 - Salaries and benefits
 - Governed by statutes in Title 36
- Consultants
 - Compensation paid for the services of non-state employee individuals or firms
 - Professional practitioners, independent contractors
 - Increasing accountability measures enacted in past decade

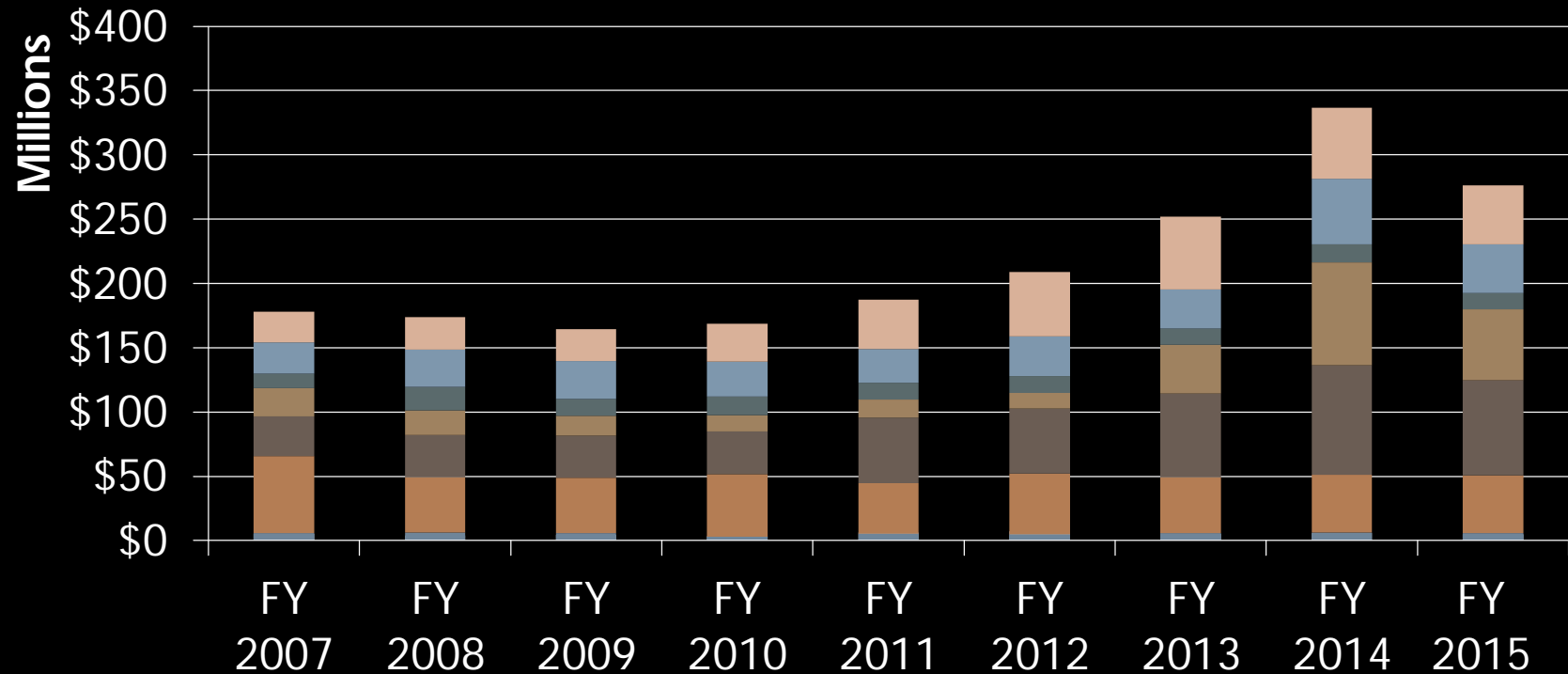
Consultants

- Oversight requirements:
 - Quarterly reports of non-state employee expenses for specified services – 1985 & 2014
 - Copies of contract/agreements over \$150K when services obtained are substantially similar to state employees – 2006 & 2014
 - List all privatization contracts as part of budget request – 2006
 - 5.5% assessment to be paid to the retirement system - Pension Reform 2011

Consultants

- 2014 Assembly consolidated and streamlined some reporting requirements
 - Agencies provide actual information for the prior fiscal year & projected costs in their budget requests
 - Budget Office will post all contracts and reports
 - State's transparency portal or equivalent website
 - No later than Dec. 1 of each year

Consultants



- Legal
- Design & Engineering
- IT
- Other
- Buildings & Groundskeeping
- Financial Services
- Medical
- Training & Education

Divisions of State Service

- Classified
- Unclassified
 - Positions specifically established by RIGL 36-4-2 or other statute
 - Employees of elected officials, courts, dept. directors, independent agencies, or public authorities
 - Employees involved in policy making
- Non-classified
 - Positions covered under Board of Education
 - Incl. senior administrative staff and faculty

Divisions of State Service

- Classified Service
 - Competitive - civil service examinations
 - Non-Competitive
 - Positions include routine, laboring, custodial, or domestic tasks; subject to continuing supervision
 - Require licenses, certificates, or registrations
 - Few changes have been made since design and implementation over 50 years ago
 - Has over 1,000 position classifications

Personnel System

- Study & review of personnel system completed in January 2013 found:
 - Current structure, organization and staff of HR division is not sufficient
 - Recruiting process is highly paper-based
 - Filling a position can take up to 6 months
 - Job classification structures do not reflect qualifications to deliver services
 - Career earnings potential for RI state employees is lower than neighboring states

Personnel System

- Recommendations
 - Structure – changes including new chief and overall strategic approach
 - Recruitment & hiring - online application
 - Classifications – update, streamline structure, process and placement of current employees
 - Compensation Structure and Policies
 - Paid leave and benefits revision

Personnel System

- Personnel Redesign Study Goals
 - Increase state's ability to attract and maintain a high quality workforce
 - Increase flexibility within the classification and compensation systems
 - Increase HR system efficiency and effectiveness; and
 - Provide a system that is easy to understand

Personnel System

- Personnel Redesign Study
 - In May 2014, the Administration hired Gallagher Benefit Services Inc. to conduct a personnel redesign study
 - Estimated cost is \$0.8 million
 - \$0.3 million is currently budgeted
 - Completion possibly end of Dec. 2015

Employee Status

- Relates to an employee's protection during reorganizations or layoffs
- Referenced in collective bargaining contracts
- Least protection: "temporary" & "probationary"

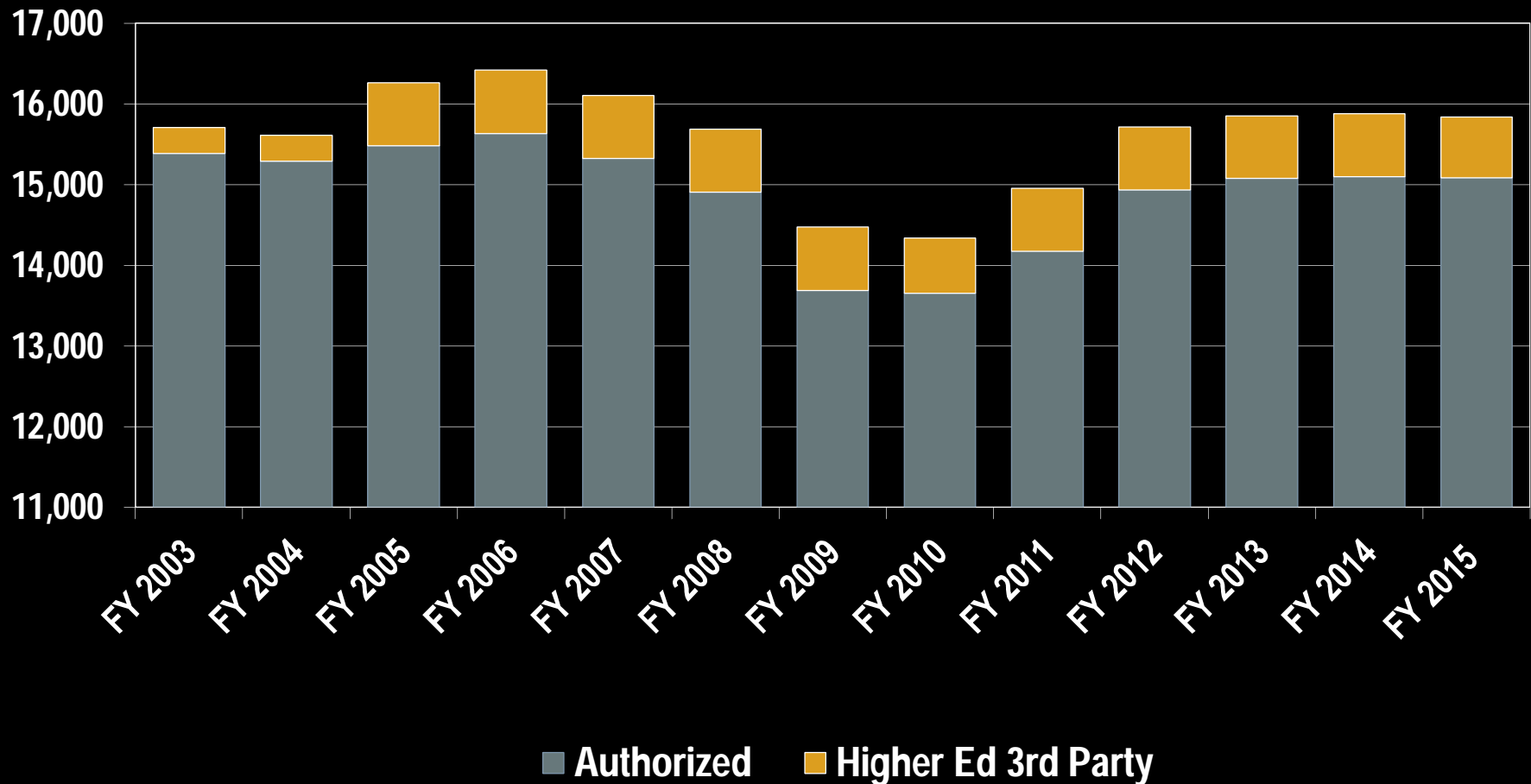
Employee Status – “Statutory”

- Acquired by an employee who has 20 years of service
 - Veterans acquire status after 15 years
- State must find suitable work for employee in case of reorganization or layoff
- Does not apply to employees with entry date after August 7, 1996
- As of February 2015: 3,314 employees
 - 170 of total through veterans provision

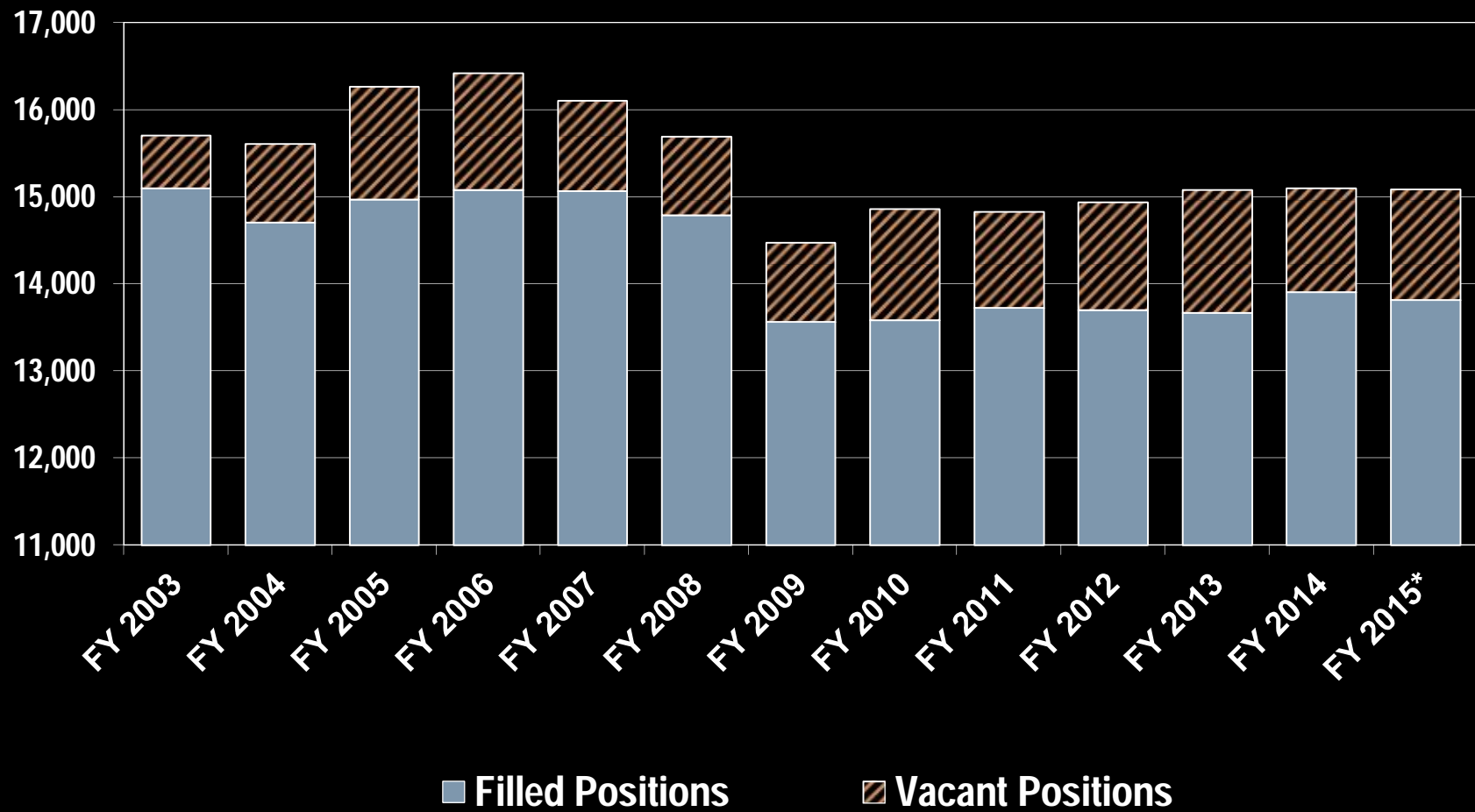
Full-Time Equivalent Positions

- Authorized FTE Levels
 - Budget limits each agency to a maximum allowable number of full-time equivalent positions filled during any pay period
 - Excludes temporary or seasonal workers, individuals in training requisite to employment, such as lifeguards or state trooper classes
 - Excludes consultants
- FTEs not necessarily “funded”

Full-Time Equivalent Positions



Full-Time Equivalent Positions



Recent Notable Changes

- FY 2004 - hiring freeze
- FY 2005 - 462 new 3rd party supported higher education positions authorized
- FY 2006 - 152 FTEs added for colleges and DOC, vacancies increased
- FY 2007 - 420 positions eliminated = 5.0% general revenue funded vacancies
- FY 2008 - 523 vacancies eliminated

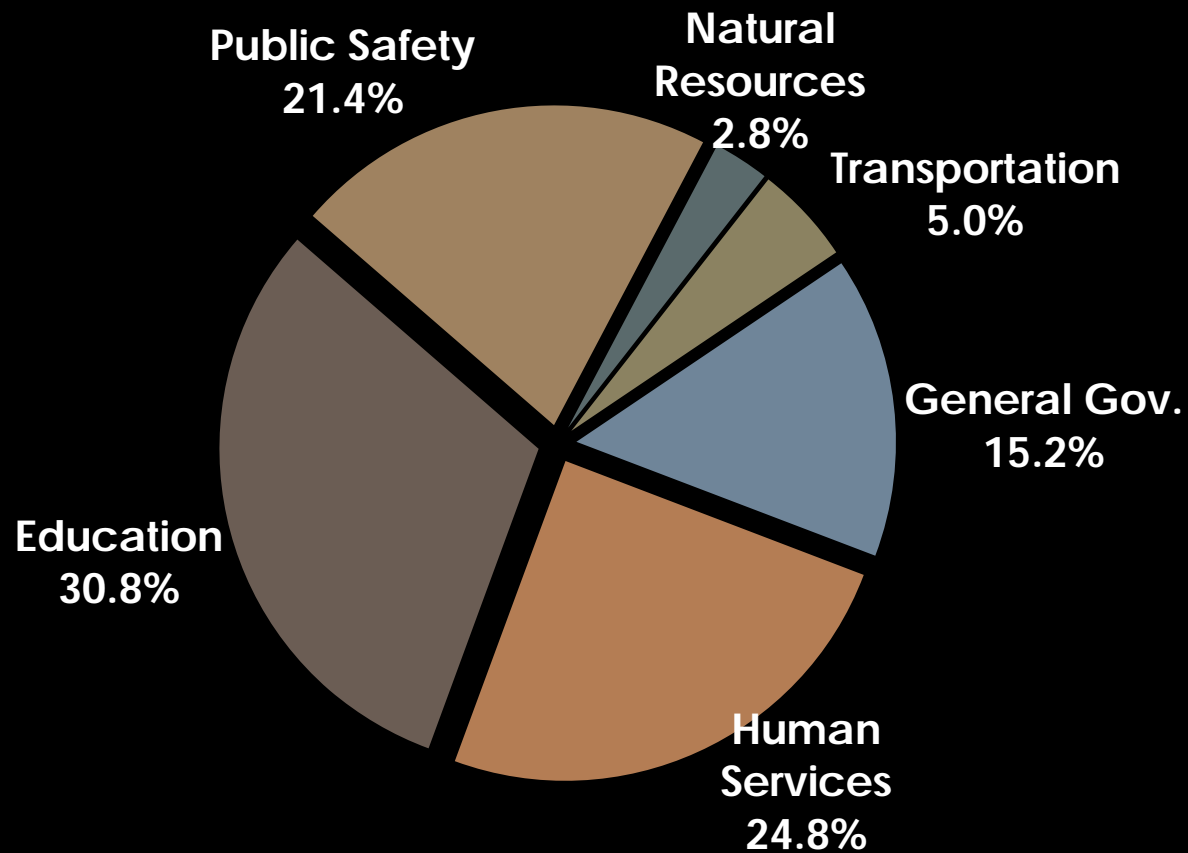
Recent Notable Changes

- FY 2009
 - Retirement surge - retiree health changes
 - Lowest level of filled positions in over 20 years of staff tracking: 13,298
- FY 2010 & FY 2011
 - 161.0 FTEs for ARRA
- FY 2013 – FY 2015
 - Race to the Top - 36.5 FTE ; UHIP – 57 FTE
- FY 2015
 - 107.8 vacancies eliminated

Full-Time Equivalent Positions

- Generally all authorized positions are not filled
 - Hiring freezes
 - Budgeted turnover savings
- Turnover
 - Budgeting less money than needed for full staffing
 - Time from when an employee leaves and a new employee is hired
 - At a lower cost
 - Leaves a position vacant

FTEs – FY 2015 Enacted



FY 2015

	Authorized	Filled*	Vacancies
General Gov.	2,298.7	2,056.8	241.9
Human Services	3,744.0	3,366.0	378.0
Education	4,641.1	4,257.9	383.2
Public Safety	3,221.6	3,059.2	162.4
Natural Res.	428.0	408.0	20.0
Transportation	752.6	660.0	92.6
Total	15,086.0	13,807.9	1,278.1

**as of 1/24/15*

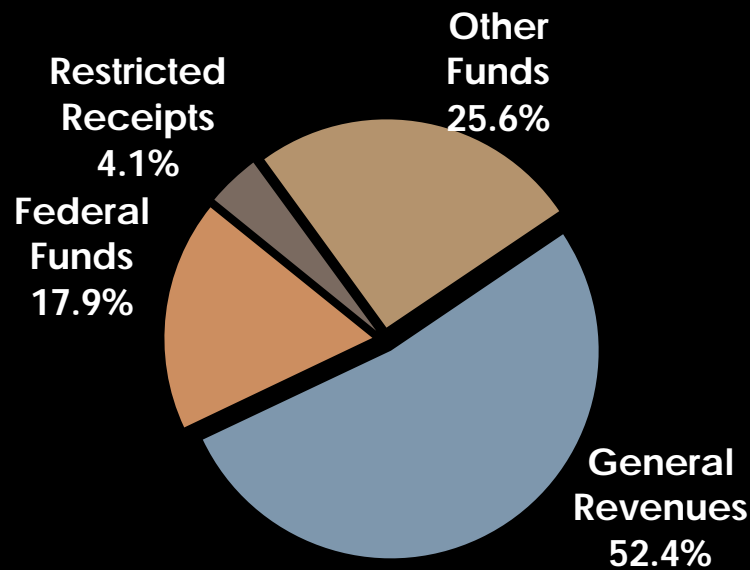
What are the costs?

Personnel Costs: What are they?

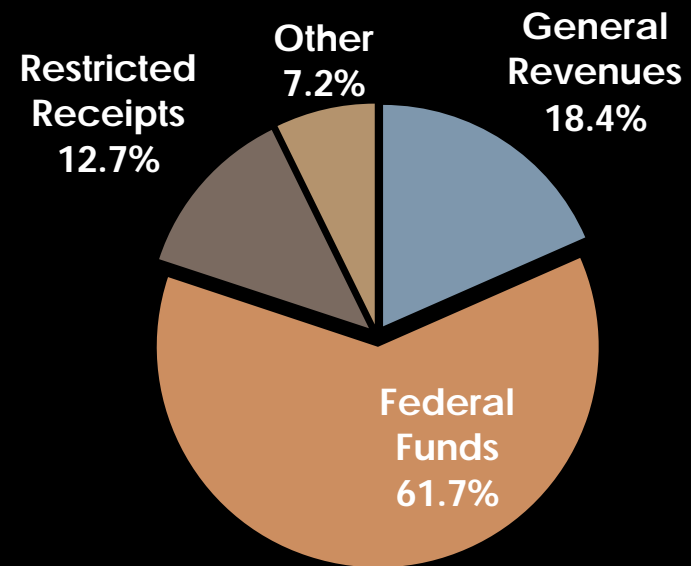
FY 2015 Enacted	Gen. Rev.	All Funds
Salaries & Benefits	\$828.6	\$1,581.2
Contracted Services	51.7	280.9
Total <i>(in millions)</i>	\$880.3	\$1,862.1
Share of total budget	25.6%	21.2%

FY 2015 Personnel by Sources of Funds

SALARIES AND BENEFITS



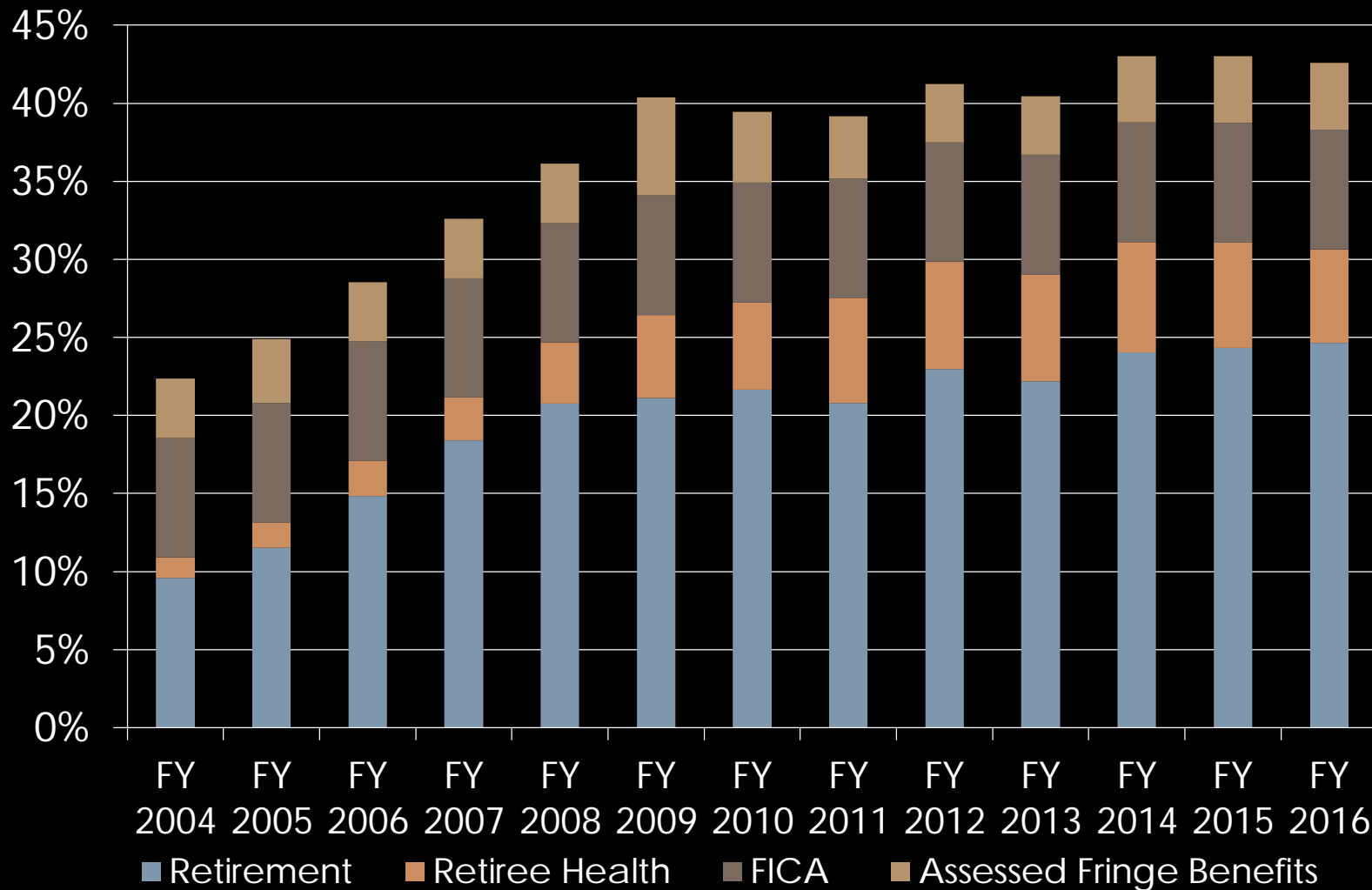
CONTRACTED SERVICES



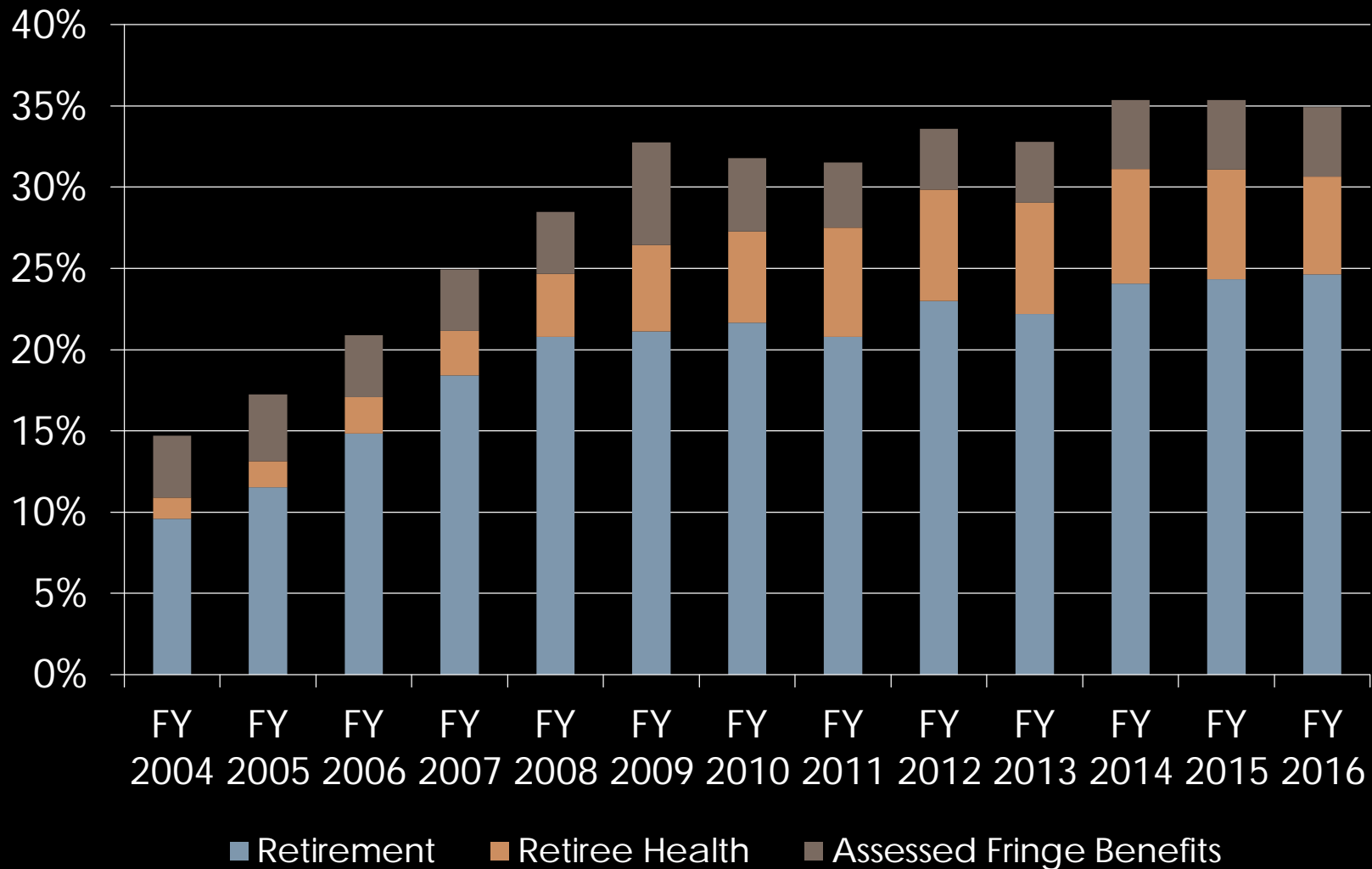
Personnel Costs: What are they?

- What does a position cost?
- Salary - 66.1%
- Benefits – 33.9%
 - Direct benefits to employees
 - Health
 - Workers' Comp, unemployment
 - Unfunded liabilities
 - Pension, OPEB

Non-Health Benefits: As a Percent of Salaries



Non-Health Benefits: As a Percent of Salaries excl. FICA



Health Benefits

- Health Benefits
 - Medical, dental and vision
 - FY 2015 cost - \$186.8 million; has increased by approximately 18% since 2005
 - Employees began sharing in cost of benefits in FY 2005
 - now pay an average of 20%
- Not expressed as % of salaries
 - Equates to 26.4% for family plan on average salary of \$64,275

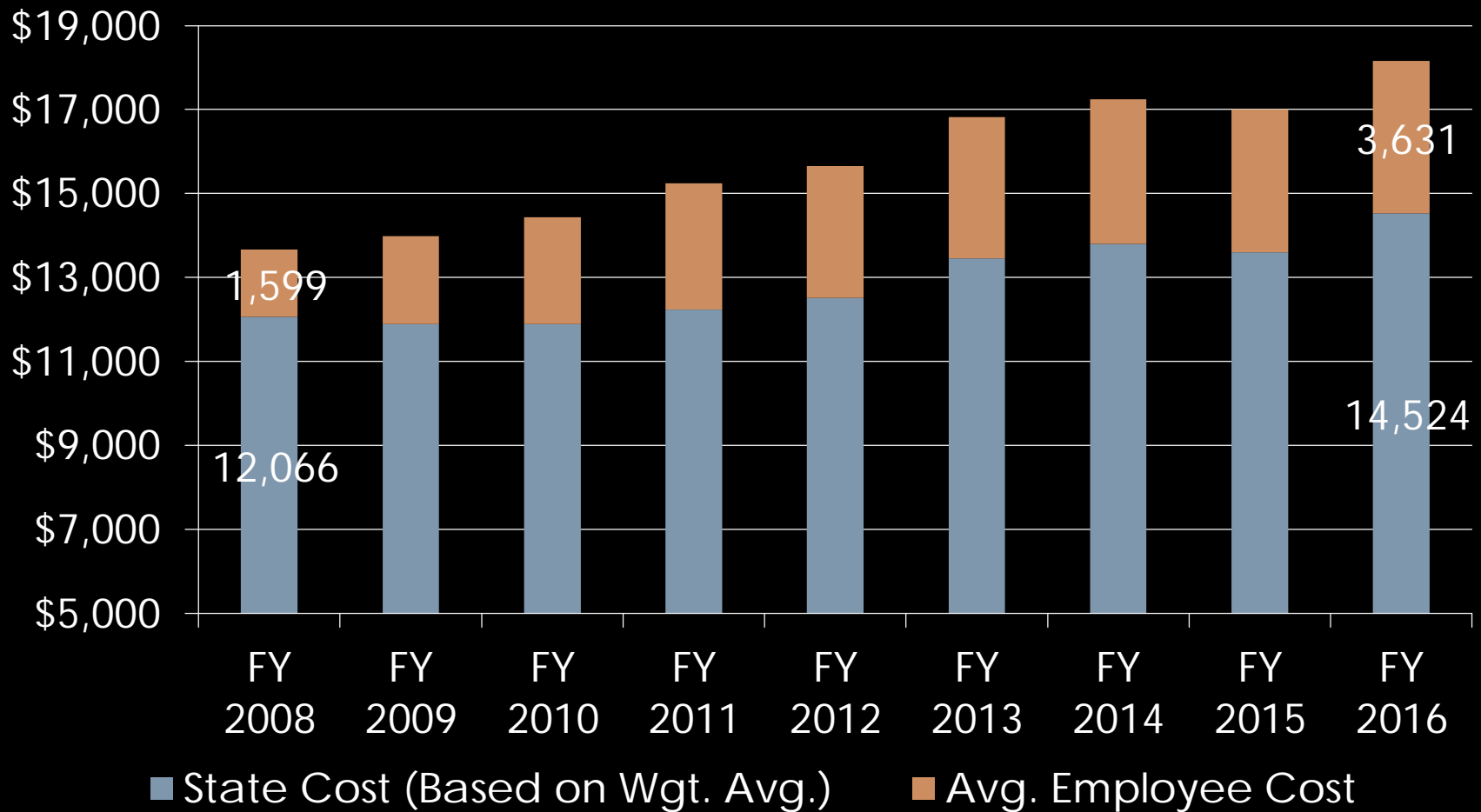
Medical Benefit Waiver

- Started in June 1997 as incentive to opt out of medical benefits
 - Does not include vision or dental
 - Began before employees had to contribute
 - Waiver: \$2,002 through FY 2011
- Waiver reduced to \$1,001 in FY 2012
- New contracts eliminate this for new employees (on/or after 6/29/14) w/state employee spouse

Health Benefits Cost Sharing

FY 2015	Individual	Family	Co-Share
Total Cost	\$7,579	\$21,240	
< \$49,670	\$1,516	\$3,186	20% -15.0%
\$49,671 - \$99,338	\$1,516	\$4,248	20.0%
> \$99,338	\$1,895	\$5,310	25.0%

Medical Benefit Costs



Assessed Fringe Benefit

- Workers' comp, unemployment, unused leave payments upon termination or retirement
- Caused fluctuations in agency budgets
 - Hard to plan for
 - Often not covered by grants
- State created internal service fund to account for expense

Assessed Fringe Benefit

- Allows cost to be spread over all fund sources
- Biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds, effective August 1999
 - FY 2000 rate: 0.17%
 - Since FY 2004 ranged between 3.52% and 4.3%
- Significant increases in FY 2009 and FY 2010 to cover payouts from retirement surge

Assessed Fringe Benefit

- Basic rate is 4.30% for FY 2016/15Rev
 - Revised from enacted of 4.25%
- Exception Rates
 - Public Safety
 - FY 2015 rev: 1.86% FY 2016: 1.80%
 - Eligible for injured on duty; no workers' comp
 - Higher Education faculty
 - FY 2015 and FY 2016: 3.77%
 - No severance payments

Federal Insurance Contributions Act Tax (FICA)

- Federal payroll tax imposed on employees and employers to fund Social Security and Medicare
- Rate is calculated on salaries and overtime
 - Social Security: 6.20%
 - Income limit of \$118,500 (CY 2015)
 - Medicare: 1.45%
 - No income limit

Federal Insurance Contributions Act Tax (FICA)

- 2013 Assembly authorized an alternative retirement plan for:
 - Part-time employees – works less than 20 hours/week
 - Those not eligible for state retirement system
 - Current employees may opt out
 - New employees automatically enroll

Retiree Health and Pension

- Several rounds of recent changes to pension and retiree health benefits
- Largely driven by budget pressures
- Pension changes initially targeted to new and non-vested employees
 - Extended to those who had not yet earned the right to retire and eventually impacted those eligible to retire and current retirees

Retiree Health and Pension: Timeline

- **2005** - Initial round of pension benefit reductions, creation of a Plan B
- **2008** - Reductions to retiree health benefits to cut costs and move to actuarial system
- **2009** – Further pension benefit reductions affecting even those vested
- **2010** – Additional cut to pension COLA
- **2011** – Retirement Security Act

Pensions - History

- Increases in benefits in 1970s & 1980s
- No major changes in benefits between 1992 & 2004 but costs rose and funded status declined
- Rhode Island among the lower funded
- Funded status result of:
 - Contribution levels
 - Benefit policy / benefit growth
 - Asset returns
 - Updated experience studies

Pensions – History

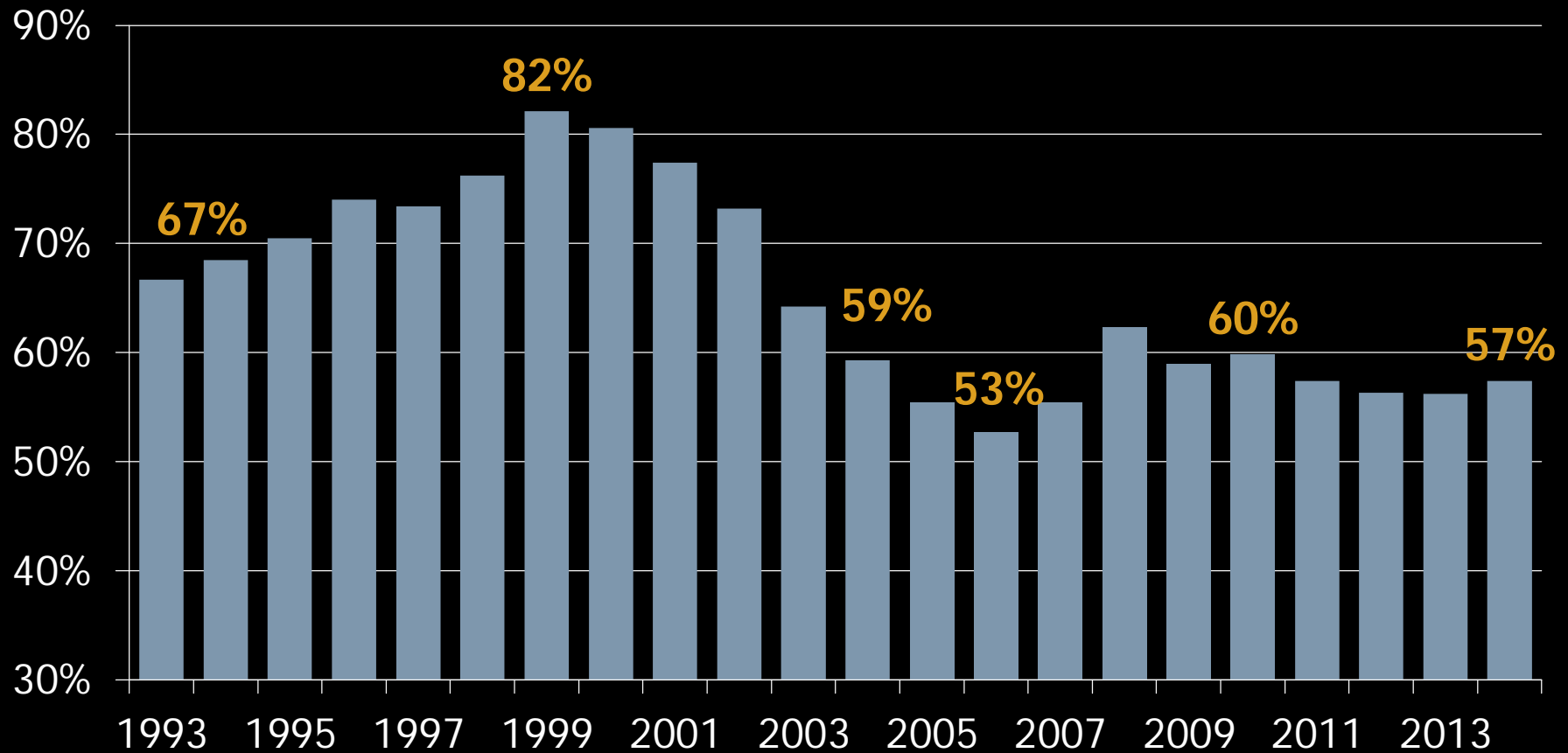
- Asset losses = single largest reason for declining funding ratios
- Investment earnings not meeting actuarial expectations
 - Was 8.0% through 1997 & 8.25% until FY 2013
 - Currently assumes 7.5% investment return
- Board voted twice in the mid 1990's to mark to market to keep contribution rates low

Pensions – History

- Other major impact = demographic assumptions
- System incurred higher costs than actuaries assumed because employees were retiring earlier, living longer and receiving larger salary increases than anticipated in assumptions used

Pensions – Funded Ratio

1993-2014 Valuations *(State Employees)*



Retirement – Current Plan

- Rhode Island has a hybrid defined benefit/defined contribution plan
- Defined benefit for public safety
- Higher ed. employees only exception
 - Defined contribution plan
 - State makes 9% payment into a 401K type plan

Retirement – Current Plan

- Individualized retirement age based on years of service for employees not eligible to retire as of 2011
 - Minimum age of 59
 - New employees must work until lower of social security retirement age or 67
- Defined benefit based on five highest consecutive years (up from 3)

Retirement – Current Plan

- COLAs granted when pension systems combined funded ratio > 80%
- Linked to investment returns, no minimum and capped at 4%
- Applied to first \$25,000 of a pension, indexed to grow at same rate as COLA – \$0 to \$1,000

Benefit Design: State Employees & Teachers Hybrid

Provision	Prior Plan	RSA
Member Contribution Rate	8.75% (S) 9.5% (T)	3.75%
Benefit Accrual at 40 Yrs.	75% capped at 38 yrs.	40% + DC balance
Benefit Accrual at 26 Yrs.	46%	26% +DC balance
Unreduced Retirement Eligibility	Age 65 w/10 yrs. or Age 62 w/29 yrs.	SS NRA = 67 for those born after 1960 -67 Max
Reduced Eligibility	Age 62 w/20 yrs.	SS NRA -5 w/20 yrs.
COLA – all members, including current retirees	CPI capped at 3% on first \$35,000	Risk adjusted: 2% w/ 7.5% return on first \$25K
Average Salary Period	5 years	5 years
Vesting	10 years	5 years
DC Member Contribution	n/a	5.00%

Benefit Design: State Police

	Prior Plan	RSA
Member Contribution	8.75% into DB plan, no DC component	
Eligibility	Hired before 7/07: 20 yrs. & must retire at 62; hired after, 25 yrs. & must retire at 30 yrs.	May retire after 50% accrual; must retire at 65%
Benefit Accrual	50% of final salary + 3% per year over 25 not to exceed 65% pre-7/1/07 hires get 3% per year over 20	2% per service year not to exceed 65%
COLA	\$1,500 annually	Risk adjusted: 2% w/ 7.5% return on first \$25K
Vesting	10 years	5 years

Benefit Design: Judges

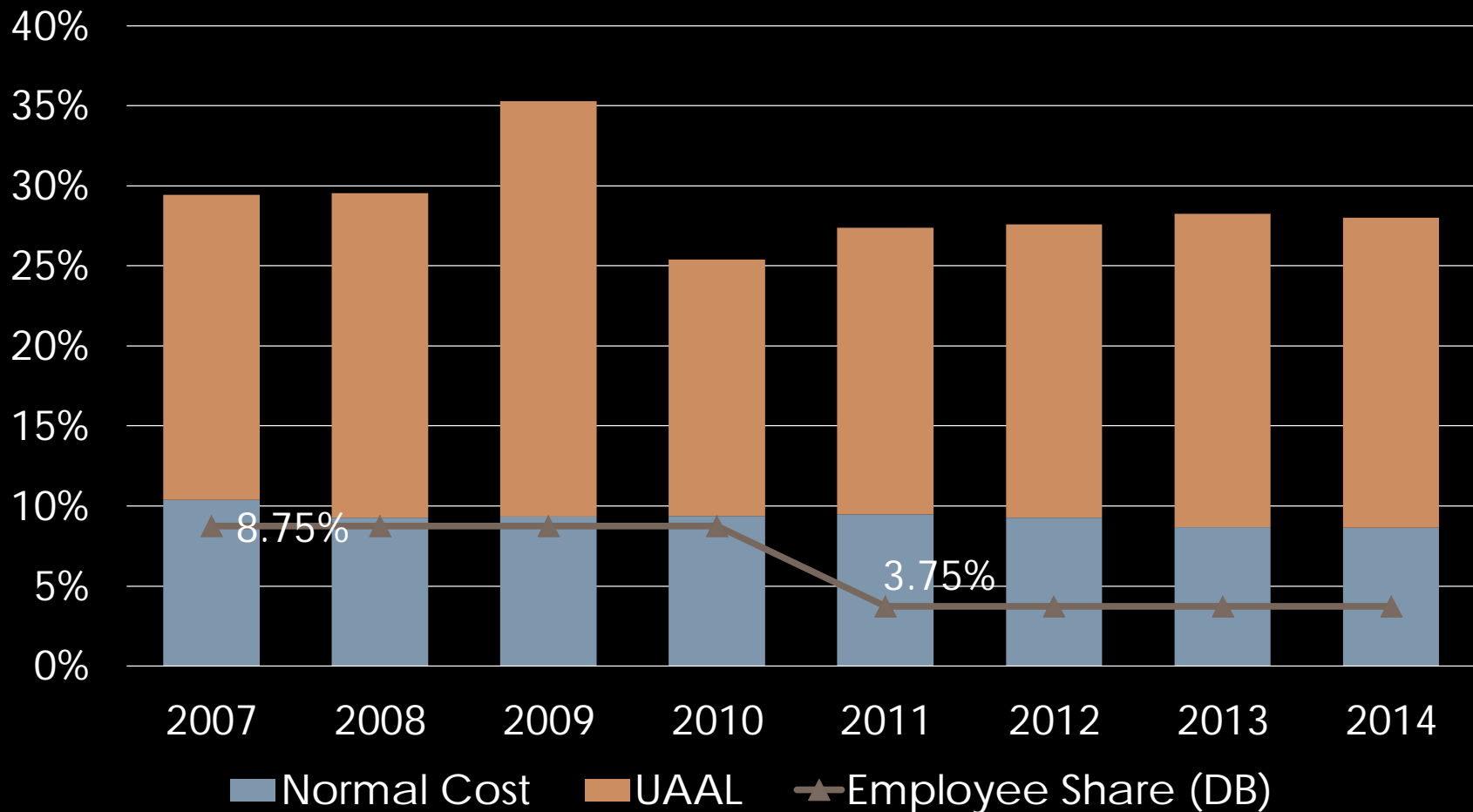
	Prior Plan	RSA
Eligibility	Age 65 & 20 yrs.; 70 & 15 yrs.	
Member Contribution	0% - Hired before 7/97 8.75% all others	12.00%
Benefit Accrual	Hired after July 1, 2009 80% full; 65% reduced – 5 highest year Earlier hires have benefit as high as 100% of final salary	
COLA	3% simple on first \$35,000 on 3 rd anniversary or age 65 Traffic and WC get compounded	Risk adjusted: 2% w/ 7.5% return on first \$25K
Vesting	10 years	5 years

Benefit Design: Correctional Officers

- Preserves 2.0% accrual rate, state employees have 1.0%
- Reduces the maximum benefit from 80% to 75%
- Preserves age 55 with 25 years of service; SSRA for less than 25 years
- No defined contribution plan
- Included within State Employees' System

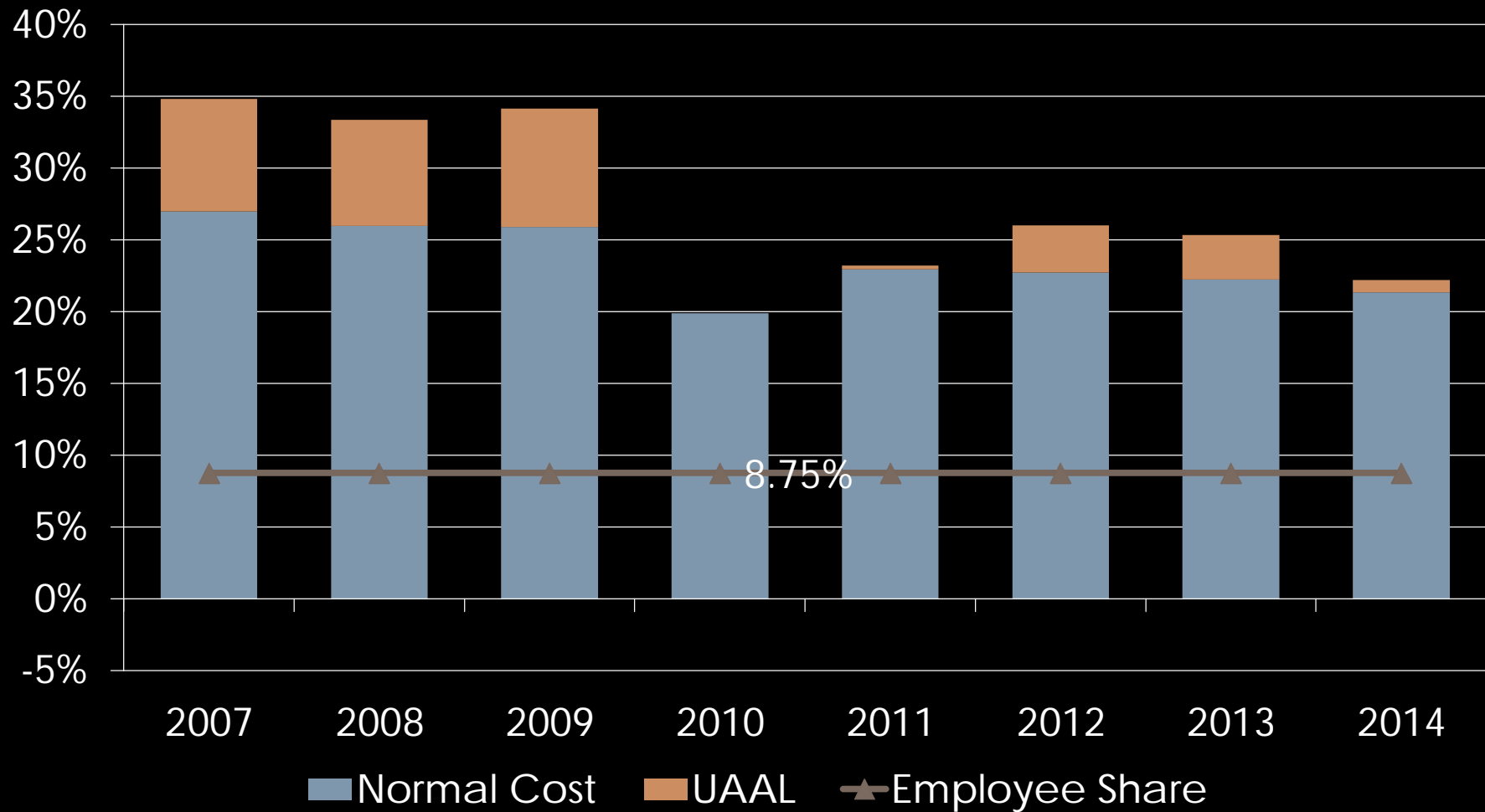
Pensions – Costs

2007-2014 Valuations (State Employees)



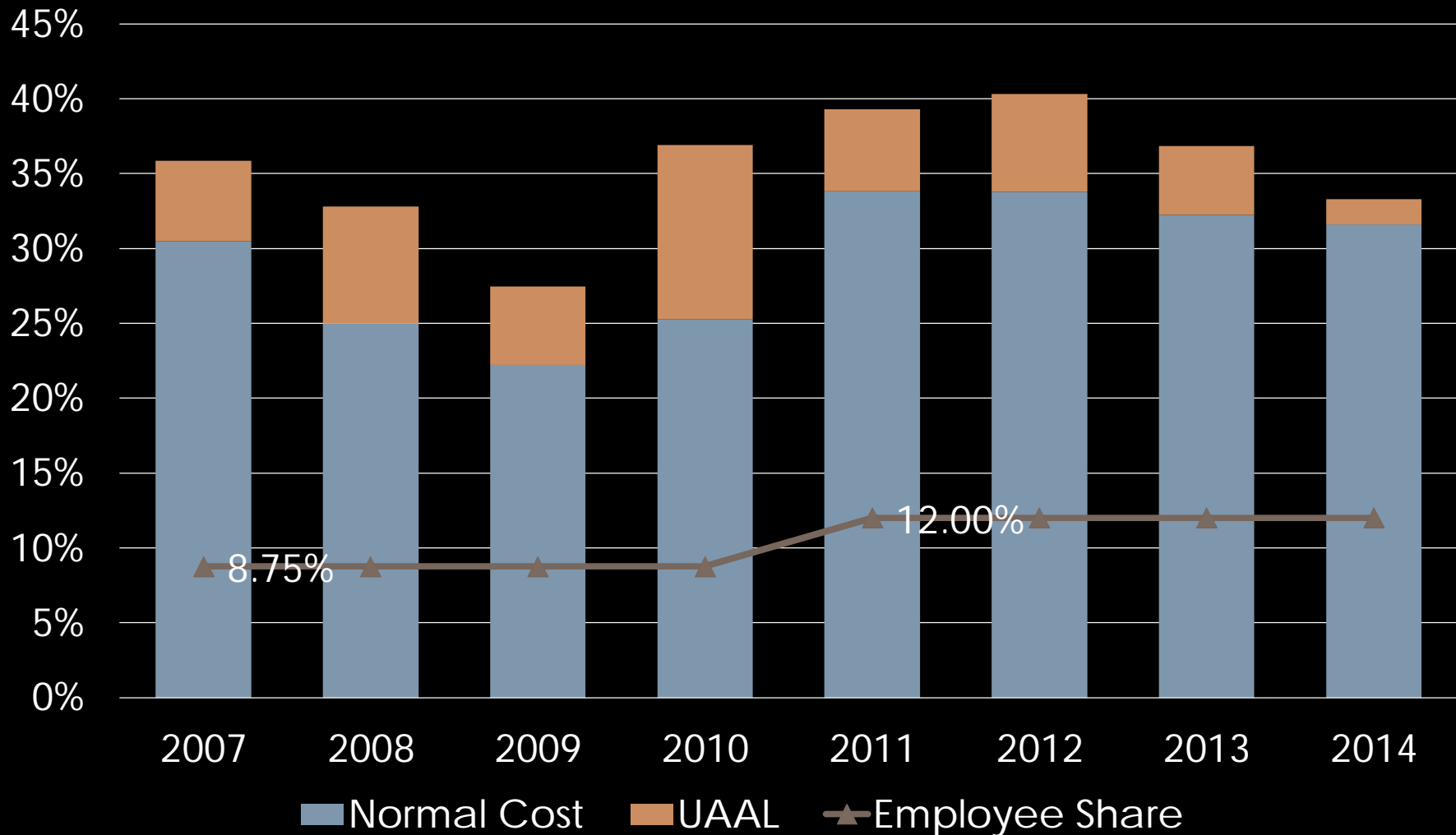
Pensions – Costs

2007-2014 Valuations (State Police)



Pensions – % of Salary FY 2010-17

2007-2014 Valuations (Judges)



Pensions

- Public labor unions challenged constitutionality of law
- Proposed settlement in February 2014
 - Maintained most changes
 - Reduced retirement age from 67 to 65
 - Allowed those with 20 years to keep defined benefit pensions
 - Retirees receive one-time 2% COLA
 - Intermittent COLA every 4 years instead of every 5

Pensions

- Proposed settlement needed approval of retirees, state employees and General Assembly
- If more than ½ of any one group voted against settlement, litigation would continue
- Majority of police officers voted against it in April 2014
- Trial to start in April 2015

Retiree Health GASB

- GASB mandated that governments include unfunded liability of post employment benefits as part of financial statements
- At the time (2005 Val), unfunded liability was calculated to be \$696.2 million (assuming 5% rate of return & incl. all employee groups)
- Pay-go costs estimated at 3.67% of payroll with growing unfunded liability
- Actuarial funding would cost 6.74% with no benefit reduction

Retiree Health

- At age 65, retirees must purchase Medicare Part B and transition to a Medicare supplemental plan
- Part B includes out patient and doctor's services
- Paid through deduction in Social Security checks
 - Varies by income but roughly \$100 per month

Retiree Health

- State offered self-insured health plan to early retirees (< age 65) and their spouses w/medical & drug benefits
 - State employees and teachers
 - Higher education has separate plan
- State subsidized early retiree plans by offering them at the active rate instead of actuarial cost
 - Older retirees cost more

Retiree Health

Pre-2008 Benefits: Non Medicare Eligible	
Plan cost for Retiree	\$8,461
Plan cost for Active Employee	5,427
State Cost to subsidize difference	\$3,034

- State also shared in cost of active rate for its employees
 - 50% - 100% based on age & years of service
 - No additional cost sharing offered to teachers - Local district plans vary

Retiree Health – Post FY 2008

- 2008 legislation included significant reductions in benefits to those retiring after October 1, 2008
- Intended to reduce unfunded liability & allow state to move to actuarial funding
- Set up framework for actuarial funding effective July 1, 2008 (2-year delay because of budget pressures)

Retiree Health – Post FY 2008

- Employees retiring after Oct 1, 2008 subject to new rules
- New retirees must have at least 20 years of service and be age 59 to get state subsidy
 - Subsidy is 80% with retiree cost share of 20% of the actual cost of plan
- State employees & teachers allowed to buy plan at 100% of cost

Retiree Health – Post FY 2008

- Pre reform, retiree health was 3.67% of payroll (pay go)
- For FY 2016, it is 6.0% based on 2013 valuation
- Surge of retirees because of this change impacting both retiree health and the retirement systems

Retiree Health - Medicare Exchange

- 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees
 - Offer a wider array of health benefit choices
 - Lower cost through competition
- Savings estimated at \$1.8 million annually all funds, \$1.0 million gen. rev.

Retiree Health – Medicare Exchange

- There were 2 plans for those over 65 with Medicare Parts A&B
 - Supplemental 65: no pharmacy, dental, or vision and no deductibles or copays
 - Annual cost of \$2,705
 - Medicare Advantage HMO: includes limited vision and dental and includes copays
 - Annual cost of \$2,304

Retiree Health – Medicare Exchange

- State set up a Health Reimbursement Arrangement (HRA) for each retiree and deposits state subsidy into account each month
 - Same % of subsidy that retiree is currently getting
 - Maximum state contribution equal to lowest cost plan, adjusted for age, comparable to highest former plan (Supplemental 65)

Retiree Health – Medicare Exchange

- Retiree can choose a lower cost plan and use the balance of funds in the HRA for any IRS approved expense, including:
 - Purchasing a plan for a spouse
 - Dental or vision coverage, and
 - Payment of Medicare Part B premiums
 - Part D coverage

Retiree Health Funding

- From June 30, 2013 valuation
 - Assumed rate of return is 5%

	State Emp.	State Police
Unfunded Liability (millions)	\$597.5	\$60.8
ARC as a % of payroll*	6.07%	33.39%
<i>Normal Cost</i>	2.07%	17.88%
<i>UAAL</i>	4.00%	15.51%
Funded Ratio	6%	14%
<i>*ACA Cadillac tax" impact incl.</i>	0.29%	2.93%

Retiree Health Funding

- Federal Cadillac tax goes into effect in 2018 for “high cost” plans
 - Final regulations have not been issued
- Tax is 40% of cost above thresholds
 - \$10,200 for individual; \$27,500 for family

Example	Annual Cost
Plan	\$12,000
Taxable amount	\$1,800
Tax	\$720

Salaries

- Pay scales are by grade and classification
- Most base salaries are 5 step range w/movement yearly after first 6 months
- COLAs apply to whole base pay grade

Salaries – Cost of Living Adjustments

Fiscal Yr.	Increase	Notes
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	0.0%	
2010	2.5%	8 furlough days
2011	3.0%	6 mo. delay, 4 furlough days
2012	3.0%	

Salaries – Cost of Living Adjustments

Fiscal Yr.	Increase	Notes
2013	0.0%	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015

Salaries

- Governor's FY 2015 budget did not include funding for COLAs
 - Most employee contracts expired at the end of FY 2013
- April 2014, Council 94 agreed to a new 4-year contract
 - July 1, 2013 – June 30, 2017
- FY 2015 cost estimated at the time to be \$24 million from general revenues

Salaries

- Main provisions of new contract:
 - Medical Benefits
 - Increase in co-pays for office visits & prescriptions
 - Health insurance deductibles of \$250/\$500 for individuals/families
 - Savings to state of \$1.5 million from gen. rev.
 - COLAs
 - April 6, 2014 – 2%
 - October 5, 2014 – 2%
 - October 4, 2015 – 2%

Longevity

- % increase on base salary once a certain number of years is reached
- Collective bargaining agreements for union employees
 - Different increases for non-classified education employees
 - Governed by General Laws, Title 16
- Personnel policy for non-union employees

Longevity Increases - % of Salary

Years of Service	Education Board	All Others
5	-	5.0%
11	5.0%	10.0%
15	-	15.0%
20	10.0%	17.5%
25	-	20.0%

- 2011 Assembly froze longevity increases for all employees, effective July 1, 2011 or upon expiration of contracts

Cost of a position – State Emp.

FY 2015	Expense	% of Salary
Direct Salaries	\$64,275	
Assessed Fringe	\$2,764	4.30%
FICA	4,917	7.65%
Retiree Health	4,339	6.75%
Retirement	15,638	24.33%
Subtotal	\$27,658	43.03%
Health Benefits	\$21,240	Family Plan
Minus 20% co share	(4,248)	
Subtotal Benefits	\$44,650	69.5%
Total Cost	\$108,925	

Cost of a position – State Emp.

FY 2015	Expense	% of Salary
Direct Salaries	\$100,000	
Assessed Fringe	\$4,300	4.30%
FICA	7,650	7.65%
Retiree Health	6,750	6.75%
Retirement	24,330	24.33%
Subtotal	\$43,030	43.03%
Health Benefits	\$21,240	Family Plan
Minus 25% co share	(5,310)	
Subtotal Benefits	\$58,960	59.0%
Total Cost	\$158,960	

Cost of a position – State Trooper

FY 2015	Expense	% of Salary
Direct Salaries	\$58,911	
Assessed Fringe	\$1,096	1.86%
FICA	854	1.45%
Retiree Health	22,975	39.00%
Retirement	10,156	17.24%
Subtotal	\$35,081	59.55%
Health Benefits	\$21,240	Family Plan
Minus 20% co share	(4,248)	
Subtotal Benefits	\$52,073	88.4%
Total Cost	\$110,984	

Cost of a position – Judge

FY 2015	Expense	% of Salary
Direct Salaries	\$150,000	
Assessed Fringe	\$6,450	4.30%
FICA	9,522	7.65%
Retiree Health	180	0.12%
Retirement	40,480	28.32%
Subtotal	\$56,632	40.39%
Health Benefits	\$21,240	Family Plan
Minus 25% co share	(5,310)	
Subtotal Benefits	\$72,562	48.4%
Total Cost	\$222,562	

Who Decides What?

Who decides what?

- General Laws – Title 36
 - Classifications
 - Retirement Benefits, Employee Contribution, Retiree Health Benefit
 - Collective bargaining rights and scope
- General Laws – Title 16
 - Board of Education Authority
 - Longevity for education employees
- Privatization parameters – Title 42

Who decides what?

- Collective Bargaining
 - Cost of living adjustments
 - Schedules
 - Medical benefits; Employee co-shares
 - Layoffs and leave time
 - Other benefits: incentive pay, education, clothing allowances

Collective Bargaining Units

- FTEs as of Jan 24, 2015
 - 11,300 union members
 - 3,067 non-union members
- If a contract is renegotiated it is typically done as an amendment to master contract
 - Would not change the expiration of the contract
 - Example: Governor Carcieri negotiated with Council 94 for furlough days, added as memorandum of agreement to contract

Collective Bargaining Units

- 50 union contracts
 - 38 unions Executive Branch control
 - Council 94, Local 580, RIBCO, State Troopers
 - Most expired June 30, 2012
 - Troopers expired 4/30/2013, subject to a wage re-opener for last year of contract
 - In arbitration
 - Higher Education
 - 1 contract expired in 2010;1 in 2012
 - 8 contracts expired in 2013
 - 2 expired in 2014

How We Compare

State Comparisons – Collective Bargaining, Health Insurance

- Massachusetts
 - Only state specifically excluding all medical benefits from collective bargaining
- Rhode Island
 - RIGL 28-7-49 prohibits agreements from specifying a specific health insurer
 - Does not otherwise prohibit bargaining over health insurance benefits

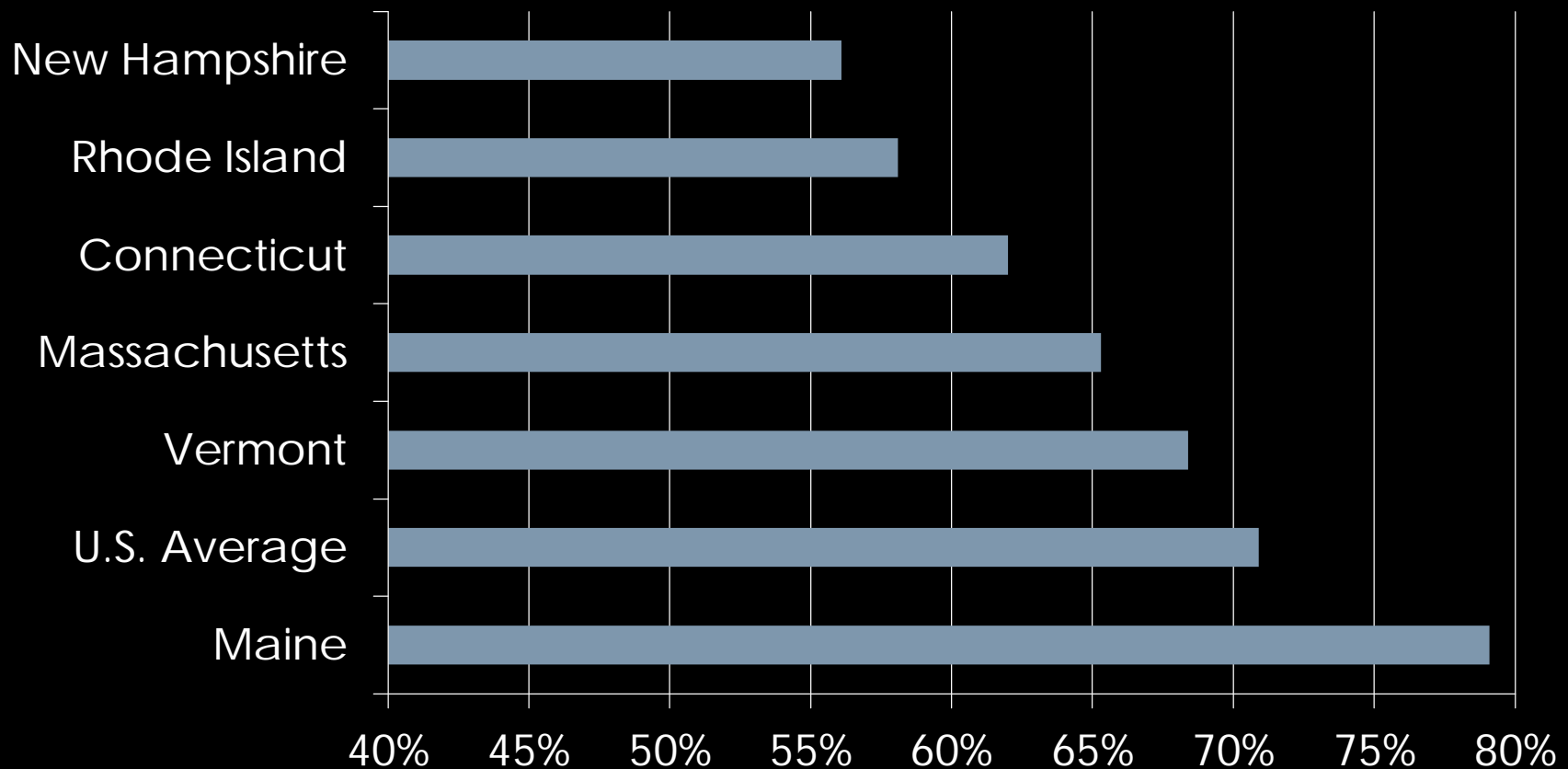
State Comparisons – State Employee Collective Bargaining

State	Wages	Hours	Retirement
Rhode Island	Yes	Yes	No
Connecticut	Yes	Yes	Yes
Massachusetts	Yes	Yes	No
New York	Yes	Yes	No

Table excludes municipalities

State Retirement Systems

Funded Ratio 2012



Source: Standard and Poor's

States' OPEB Liabilities

	Unfunded Liability Per Capita	Rank	% of ARC Paid	Rank
Connecticut	\$6,108	46	38.1%	36
Maine	\$1,370	31	76.1%	9
Massachusetts	\$2,298	39	45.5%	26
New Hampshire	\$1,923	36	37.2%	38
Rhode Island	\$641	21	99.8%	2
Vermont	\$2,937	43	21.5%	46
U.S. Av.	\$1,652		52.0%	
New Eng. Av.	\$2,546		53.0%	

Standard & Poor's Ratings Services, 2013; staff calculations

State Employee Payrolls

	FTE	Avg. Salaries	State Employee as a % Pop	# of Emp/ 1,000 Residents	Rank
Connecticut	62,775	\$71,912	1.75%	17	3
Maine	21,151	\$48,827	1.59%	16	4
Massachusetts	98,761	\$63,999	1.48%	15	6
New Hampshire	18,672	\$54,299	1.52%	15	5
Rhode Island	18,870	\$65,731	1.79%	18	2
Vermont	14,313	\$58,947	2.29%	23	1

U.S. Census data from March 2013 and staff calculation

How Rhode Island Compares: 2013 Personnel Study

- Paid Leave
 - RI's vacation accruals are generally consistent with both public & private employers up to 15 yrs. of service, but very generous after 20 yrs. of service
- Health Benefits
 - RI's premium cost sharing is below the market average for single coverage, but generally comparable for family coverage

State Employees – Health Ben.

	Individual Plan		Family Plan	
	Average Prem. Cost	Employee Cont.	Average Prem. Cost	Employee Cont.
Connecticut	\$7,250	9.2%	\$19,575	13.7%
Maine	\$8,730	-	\$21,728	23.2%
Massachusetts	n/a	n/a	\$19,108	25.0%
New Hampshire	\$7,757	6.2%	\$25,207	5.7%
Rhode Island	\$6,558	17.9%	\$18,386	18.5%
Vermont	\$3,951	20.0%	\$10,867	20.0%
U.S. Av.	\$6,752	12.5%	\$16,632	23.6%
New Eng. Av.	\$6,849	10.7%	\$19,145	17.7%

Personnel Costs and Issues

February 11, 2015
Staff Presentation to the House Finance
Committee