

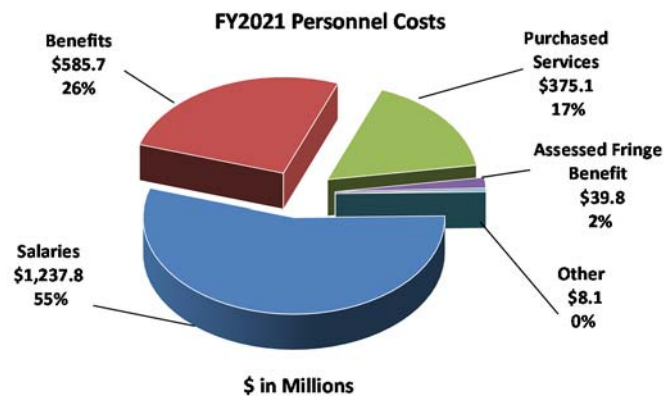
Personnel

The Governor's FY2021 Budget includes a total of \$2,246.5 million for personnel expenditures, an increase of \$63.2 million compared to the FY2020 Budget as Enacted, and \$30.3 million more than the Governor's FY2020 Revised Budget recommendation. Salaries and benefits total \$1,823.5 million and comprise 81.2 percent of FY2021 personnel expenditures (42.5 percent of the salaries and benefits costs are supported by general revenue).

The Governor's FY2020 Supplemental Budget includes \$2,216.2 million for personnel expenditures, an increase of \$32.9 million compared to the FY2020 Budget as Enacted. Salaries and benefits total \$1,785.9 million and comprise 80.6 percent of FY2020 revised personnel expenditures (42.4 percent of the salaries and benefits costs are supported by general revenue). Purchased services increase by \$38.3 million (\$6.3 million in general revenue), largely due to increasing restricted receipt and federal funding for financial services and information technology services within the Executive Office of Health and Human Services.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2021 total \$1,237.8 million, comprising 55.1 percent of total personnel costs, an increase of \$30.8 million (2.6 percent) from the FY2020 Budget as Enacted, reflecting an increase in the number of authorized FTE positions, overtime, and salary inflation. Total benefit costs, excluding assessed fringe benefits and other costs, amount to \$585.7 million and comprise 26.1 percent of total personnel costs. Benefits increase \$4.7 million, 0.8 percent, from the FY2020 Budget as Enacted, primarily due to increased retirement costs. Purchased services costs are \$375.1 million, 16.7 percent, of the total personnel costs. Purchased services increase \$27.2 million, 7.8 percent, from the FY2020 Budget as Enacted.



| Expenses by Description | FY2018 Actual | % of Total | FY2019 Actual | % of Total | FY2020 Enacted | % of Total | FY2020 Governor | % of Total | FY2021 Governor | % of Total |
|--------------------------|------------------|---------------|------------------|---------------|-------------------|---------------|--------------------|---------------|--------------------|---------------|
| Salaries | \$1,100.3 | 55.6% | \$1,135.7 | 55.6% | \$1,207.0 | 55.3% | \$1,221.7 | 55.1% | \$1,237.8 | 55.1% |
| Benefits | 515.3 | 26.0% | 530.2 | 25.9% | 581.0 | 26.6% | 564.2 | 25.5% | 585.7 | 26.1% |
| Purchased Services | 319.4 | 16.1% | 330.1 | 16.2% | 347.9 | 15.9% | 386.2 | 17.4% | 375.1 | 16.7% |
| Assessed Fringe Benefits | 40.3 | 2.0% | 40.4 | 2.0% | 40.4 | 1.9% | 38.9 | 1.8% | 39.8 | 1.8% |
| Other | 5.1 | 0.3% | 7.4 | 0.4% | 7.0 | 0.3% | 5.1 | 0.2% | 8.1 | 0.4% |
| Total | \$1,980.4 | 100.0% | \$2,043.8 | 100.0% | \$2,183.3 | 100.0% | \$2,216.2 | 100.0% | \$2,246.5 | 100.0% |

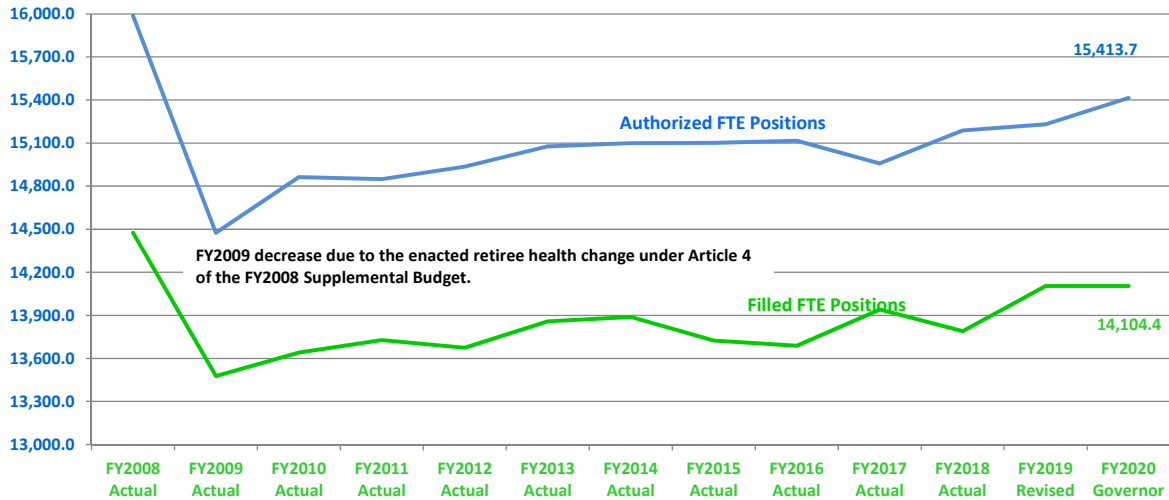
\$ in millions. Totals may vary due to rounding.

| Expenses by Function | FY2018 | FY2019 | FY2020 Enacted | FY2020 Governor | FY2021 Governor | % of Pers. Budget | FY2021 General Revenue | FY2021 General Revenue % |
|----------------------|------------------|------------------|-------------------|--------------------|--------------------|----------------------|------------------------------|--------------------------------|
| General Government | \$234.3 | \$237.4 | \$259.4 | \$265.1 | \$276.3 | 12.3% | \$158.8 | 57.5% |
| Human Services | 499.0 | 521.8 | 567.9 | 586.9 | 573.8 | 25.5% | 252.9 | 44.1% |
| Education | 635.5 | 649.6 | 684.9 | 684.4 | 709.7 | 31.6% | 187.0 | 26.3% |
| Natural Resource | 56.5 | 59.6 | 64.5 | 64.1 | 65.9 | 2.9% | 37.7 | 57.2% |
| Public Safety | 432.9 | 442.6 | 472.8 | 471.8 | 476.1 | 21.2% | 431.7 | 90.7% |
| Transportation | 122.2 | 132.8 | 133.8 | 143.9 | 144.7 | 6.4% | - | - |
| Total | \$1,980.4 | \$2,043.8 | \$2,183.3 | \$2,216.2 | \$2,246.5 | 100.0% | \$1,068.1 | 47.5% |

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

FTE POSITIONS

The FY2020 Budget as Enacted authorizes 15,074.7 FTE positions. At the start of the fiscal year, 14,146.5 FTE positions (93.8 percent of the original enacted authorized amount) were filled, leaving 928.2 FTE positions vacant, a rate of 6.2 percent. Since the start of the fiscal year, the State has a net increase of 106.7 filled FTE positions. Over the past decade, the state vacancy rate has averaged 7.9 percent, or 1,196.7 FTE positions.



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

| Government Function | FY2020 Enacted | FY2020 Governor | Change to Enacted | FY2021 Governor | % of Total | FY21/FY20 | FY21/FY20 |
|----------------------------|-------------------|--------------------|----------------------|--------------------|---------------|--------------------|-------------------|
| | | | | | | Governor Change | Enacted Change |
| General Government | 2,406.9 | 2,406.9 | - | 2,438.9 | 16.2% | 32.0 | 32.0 |
| Human Services | 3,556.6 | 3,577.6 | 21.0 | 3,426.6 | 22.7% | (151.0) | (130.0) |
| Education | 3,953.4 | 4,218.4 | 265.0 | 4,228.4 | 28.0% | 10.0 | 275.0 |
| Public Safety | 3,190.0 | 3,190.0 | - | 3,222.0 | 21.4% | 32.0 | 32.0 |
| Natural Resources | 424.0 | 424.0 | - | 435.0 | 2.9% | 11.0 | 11.0 |
| Transportation | 755.0 | 755.0 | - | 800.0 | 5.3% | 45.0 | 45.0 |
| Subtotal | 14,285.9 | 14,571.9 | 286.0 | 14,550.9 | 96.5% | (21.0) | 265.0 |
| Sponsored Research | 788.8 | 523.8 | (265.0) | 523.8 | 3.5% | - | (265.0) |
| Total FTE Positions | 15,074.7 | 15,095.7 | 21.0 | 15,074.7 | 100.0% | (21.0) | - |

FY2020: The Governor's FY2020 Revised Budget proposes 15,095.7 FTE positions, a net increase of 21.0 FTE positions from the FY2020 Budget as Enacted. The FTE changes include:

- **An increase of 265.0 FTE positions in Public Higher Education:** At the request of the University of Rhode Island, the Budget redistributes 265.0 FTE positions that were previously third-party paid sponsored research positions at the University of Rhode Island to regular FTE positions at the University.
- **A decrease of 265.0 FTE positions in Higher Education Sponsored Research positions:** At the request of the University of Rhode Island, the Budget redistributes 265.0 FTE positions that were previously third-party paid sponsored research positions at the University of Rhode Island to regular FTE positions at the University.

- **An increase of 21.0 FTE positions in the Department of Children, Youth, and Families:** The Budget includes an increase of 21.0 FTE positions within the Department of Children, Youth, and Families (DCYF) related to several recommended budget initiatives. The Budget assumes that all new positions will be filled in the fourth quarter of FY2020 and will carry forward into FY2021. This includes: 1.0 Chief of Program Development to manage the Department's private agency foster care contracts; 14.0 new case work positions to enhance foster family recruitment and retention; 4.0 Child Protective Investigator positions to bolster frontline staff in order to reduce average caseloads; and 2.0 Paralegals to support the Department's advocacy initiative. The advocacy initiative also includes 2.0 Senior Legal Counsel positions which are included in the Executive Office of Health and Human Services (EOHHS), although the Governor's Budget does not increase EOHHS' authorization in FY2020.

FY2021: The Governor's FY2021 Budget proposes 15,074.7 FTE positions, no net change in FTE positions from the FY2020 Budget as Enacted, and a net decrease of 21.0 FTE positions from the Governor's recommendation for the FY2020 Revised Budget. Following are changes in the Governor's proposal:

- **An increase of 265.0 FTE positions in Public Higher Education:** As per the request of the University of Rhode Island, the Budget redistributes 265.0 FTE positions that were previously third-party paid sponsored research positions at the University of Rhode Island to regular FTE positions at the University.
- **A decrease of 265.0 FTE positions in Higher Education Sponsored Research positions:** As per the request of the University of Rhode Island, the Budget redistributes 265.0 FTE positions that were previously third-party paid sponsored research positions at the University of Rhode Island to regular FTE positions at the University.
- **A decrease of 204.0 FTE positions in the Department of Behavioral Health, Developmental Disabilities, and Hospitals:** The Budget includes a net decrease of 204.0 FTE positions within BHDDH reflecting the privatization of the Rhode Island Community Living and Supports (RICLAS) program.
- **An increase of 45.0 FTE positions in the Department of Transportation:** The Governor includes an additional 45.0 FTE positions in the FY2021 Budget. The new positions include 23.0 FTE positions within the Infrastructure Engineering program, mainly engineers to oversee bridge and highway projects. An additional 20.0 FTE positions within the Infrastructure Maintenance program including 13.0 Highway Maintenance Operators, 3.0 Engineers, 1.0 Bridget Maintenance Worker, 1.0 Electrical Inspector, and 1.0 Landscape Technician. The Budget also includes an additional 2.0 FTE positions within the Central Management program, 1.0 FTE Public Relations Specialist and 1.0 Administrator for Real Estate.
- **An increase of 41.0 FTE positions in the Department of Health:** The Budget adds 41.0 FTEs compared to the FY2020 Budget as Enacted. This includes 42.0 new positions, offset by the transfer of 1.0 legal position to the Executive Office of Health and Human Services (EOHHS). The new positions include 27.0 federally funded positions that are required to continue to receive certain federal grants, 3.0 FTEs federally funded in EOHHS for the adult immunization registry, and 9.0 FTEs funded by restricted receipts for the adult-use marijuana market, lead prevention, opioid overdose prevention, and HIV prevention. The Budget includes 3.0 FTE positions funded by general revenues for the proposed Shellfish Dockside Program.
- **An increase of 19.0 FTE positions in the Department of Children, Youth, and Families (DCYF):** The Budget includes a net increase of 19.0 FTE positions within the Department of Children, Youth, and Families (DCYF) related to several recommended budget initiatives. The Budget assumes that all new

positions will be filled in the fourth quarter of FY2020 and will carry forward into FY2021. This includes: 1.0 Chief of Program Development to manage the Department's private agency foster care contracts; 14.0 new case work positions to enhance foster family recruitment and retention; 4.0 Child Protective Investigator positions to bolster frontline staff in order to reduce average caseloads; and 2.0 Paralegals to support the Department's advocacy initiative. The advocacy initiative also includes 2.0 Senior Legal Counsel positions which are added within the Executive Office of Health and Human Services, The Budget also transfers 2.0 Senior Legal Counsel positions, which are currently filled within DCYF's authorization, to the Executive Office of Health and Human Services, where human services legal staff are centralized.

- **An increase of 15.0 FTE positions in the Executive Office of Health and Human Services (EOHHS):** The Budget includes an increase of 15.0 positions relative to the FY2020 Enacted Budget. The Budget transfers 4.0 existing legal positions from other departments within the Secretariat, consistent with the State's consolidation of health and human services legal staff within the Executive Office. These positions are currently filled within the respective agency authorizations but are funded in EOHHS through inter-agency transfers. The Budget authorizes and adds funding for 5.0 new FTE positions, including 2.0 FTEs for an advocacy initiative within the Department of Children, Youth, and Families; a new 1.0 legal position for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; and 2.0 FTE positions for the implementation of Medicaid budget initiatives. The Budget authorizes, but does not fund, 6.0 other new FTE positions, including 2.0 FTE positions for the United Health Infrastructure Project (UHIP) and 4.0 FTE positions for data analytics and financial management.
- **An increase of 12.0 FTE positions in the Department of Corrections:** The Budget adds 12.0 positions including, 6.0 Community Correction Assessment Analysts and 1.0 Community Corrections Assessment Coordinator to bring discharge planning services in house. 1.0 Health Program Administrator, 1.0 Co-Hospital Case Manager, and 1.0 Data Analyst within the Department's Healthcare Services Program. As well as 1.0 Apprenticeship Coordinator position to coordinate the apprenticeship program between the Department of Labor and Training and the Department of Corrections.
- **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 Business Regulation:** The Budget includes a net increase of 10.0 FTE positions, reflecting the addition of 13.0 new FTE positions for the state-controlled adult-use marijuana program, 1.0 new bomb technician position, and 2.0 FTE positions within the Office of the Health Insurance Commissioner (OHIC). Offsetting the increase is the elimination of 5.0 FTE positions from the Division of Building, Design and Fire Professionals, and the elimination of 1.0 FTE position from Securities Regulation.
- **An increase of 9.0 FTE positions in the Department of Revenue:** The Budget adds 9.0 FTE positions, including 5.0 FTE positions within the Division of Motor Vehicles (DMV). These include 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III, as part of the proposed shifting of Commercial Driver's License testing to the DMV. To support proposed changes to vehicle inspection enforcement, the Budget includes 1.0 Hearing Officer and 1.0 Adjudication Representative. To support new revenue initiatives proposed in the Budget, staff at the Division of Taxation is increased by 3.0 new positions, including 1.0 Tax Investigator and 2.0 Data Analyst I's. The Budget also authorizes 1.0 Deputy Chief of Legal Services within the Director of Revenue's Office.

- **An increase of 9.0 FTE positions in Elementary and Secondary Education:** The Budget adds 9.0 new FTE positions in FY2021, including 1.0 Deputy Commissioner for School Transformation position needed to address the large number of failing schools in Rhode Island; 1.0 Director of School Improvement position to address student achievement gaps in Rhode Island and work to improve failing schools; 1.0 Education Specialist for School Improvement position to support the effort to improve struggling schools and to close student achievement gaps; 1.0 Educator Excellence Specialist, Educator Quality position who will be responsible for developing high-quality leadership curriculum for teaching staff throughout the State; 1.0 Educator Specialist, Social Studies position to start the process of creating a social studies curriculum and professional development for social studies; 1.0 Education Specialist, Early Childhood position to help ensure the continuation of high-quality pre-k programming as enrollment expands, as well as provide technical assistance, programming assistance, and conduct on-site visits; 1.0 PrepareRI Specialist position to handle cross-agency coordination and project management for the Department, the Department of Labor and Training, Commerce, the Office of the Postsecondary Commissioner, and the Governor's office; 1.0 School Construction Finance Specialist position. A restricted receipt funded position that is needed due to the increase in the volume of work related to the increase incentives and will help support the work needed to upgrade school facilities across the State; and, 1.0 Clerk Secretary position. Another restricted receipt funded position that is needed due to the increase in the volume of work related to the increase incentives and will help support the work needed to upgrade school facilities across the State.
- **An increase of 8.0 FTE positions in the Office of the Attorney General:** The Budget includes an additional 8.0 FTE positions, 2.0 Special Victims Attorneys and 1.0 Paralegal within the Criminal Division. An additional 2.0 Attorneys and 2.0 Paralegals within the Civil Division to support prosecuting civil and criminal actions and an additional 1.0 Staff Attorney within the Intake Unit and Diversion Court.
- **An increase of 5.0 FTE positions in the Department of Administration:** The Budget increases the Department's number of full-time employees by 5.0 FTE positions. The Budget adds 2.0 FTE positions for the development of a request for proposal for a single data system to administer the State's financial and human resources functions. The new ERP system will replace the State's old legacy system, unify and standardize the processes and data. The Budget includes two new Information Technology positions: a 1.0 new Systems Support Technician III position and for a 1.0 new Administrator Management Information Systems position. The Budget also adds a 1.0 Real Estate Portfolio Manager FTE position to oversee the real estate planning and management of state properties.
- **An increase of 5.0 FTE positions in the Department of Labor and Training:** The Budget includes 5.0 FTE positions in the FY2021 Budget. This includes an additional 4.0 FTE investigatory positions within the Workplace Fraud Unit which enforces laws pertaining to the misclassification of employees, wage and hour issues, and the State's prevailing wage requirements for public works construction projects. The Budget also includes an additional 1.0 FTE Principle Interviewer position to assist post-release employment at the Department of Corrections to help improve employment outcomes.
- **An increase of 5.0 FTE positions in the Department of Public Safety:** The Budget authorizes a net increase of 5.0 FTE positions within the Department, for a total of 598.6 positions. DPS assumed a graduating class of 30 new troopers from its training academy in June, 2019; however 37 recruits successfully completed the program. The net increase includes these 7.0 additional Trooper FTE positions. This is offset by the elimination a 1.0 Staff Attorney VII and a 1.0 Public Information Officer.

- **An increase of 4.0 FTE positions in Military Staff:** The Budget includes 3.0 new federally funded firefighter positions at the Quonset Air Base and includes a new general revenue funded Deputy Director FTE position. The Deputy Director will act as a Chief of Staff and will assist the Adjutant General with the Homeland Security Advisor duties that were previously held in the Governor's Office, but have since been delegated to the Military Staff.
- **An increase of 3.0 FTE positions in the Office of the Public Defender:** The Budget adds 3.0 Public Defender IV FTE positions to handle the excessive caseloads handled by the Office of the Public Defender.
- **An increase of 2.0 FTE positions in Public Utilities Commission:** The Budget adds 2.0 new FTE positions in FY2021 including a 1.0 Public Utilities Engineering Specialist II position and a 1.0 Public Utilities Analyst III position. The Governor adds the positions to handle an increase in workload to expand the DPUC's capacity to inspect utility infrastructure and to handle increased regulatory proceedings regarding renewable energy and energy-efficiency.
- **An increase of 1.0 FTE position in the Executive Office of Commerce:** The Budget adds 1.0 Deputy Secretary position within the Executive Office of Commerce (EOC) to function as the housing and community development lead within the EOC.
- **A decrease of 1.0 FTE position in the Department of Human Services:** The Budget includes the transfer of the Assistance Director for Legal Services to the Executive Office of Health and Human Services from the Department of Human Services.

STATE EMPLOYEE CONTRACT AGREEMENT

The current state employee contract agreements between the State and the state employee bargaining units includes a 4-year contract ending June 30, 2020 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 agreement increased general revenue expenditures by \$6.4 million in FY2018, \$19.8 million in FY2019, and \$23.9 million in FY2020.

| 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

The projected average cost per FTE position is \$120,968 in FY2021, reflecting an increase of 2.3 percent over the FY2020 Governor's Revised Budget. Statewide, total salary costs annually increased on average by 2.7 percent and benefit costs increased 3.4 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.

Average Cost per FTE



TURNOVER

The FY2021 Budget lists turnover as a natural account under the personnel category. This practice started with Governor’s recommendation for the FY2020 Budget. As illustrated in the table, the FY2020 Budget as Enacted contained \$52.9 million in turnover savings, of which \$28.2 million or 53.3 percent consisted of general revenue funds. The Governor’s revised FY2020 Budget reduces the total turnover to \$31.5 million (reflecting unachieved personnel savings), thus requiring \$21.4 million to be included in the supplemental budget. At present, it is unknown whether the amount recommended in the revised budget is accurate. For FY2021, the Governor again recommends turnover savings of \$34.2 million, of which \$24.7 million or 72.2 percent reflects general revenue.

Turnover by Funding Source

| Funding Source | FY2020 Gov Rec | FY2020 Enacted | FY2020 Governor | Change | FY2021 Governor | Change |
|---------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|
| General Revenue | (\$27,402,210) | (\$28,204,506) | (\$22,511,134) | \$5,693,372 | (\$24,676,933) | \$3,527,573 |
| Federal Funds | (11,259,100) | (11,211,025) | (5,967,387) | 5,243,638 | (5,391,037) | 5,819,988 |
| Restricted Receipts | (1,055,275) | (960,261) | (1,056,938) | (96,677) | (1,796,701) | (836,440) |
| Other Funds | (12,706,626) | (12,530,178) | (1,934,263) | 10,595,915 | (2,295,455) | 10,234,723 |
| Total | (\$52,423,211) | (\$52,905,970) | (\$31,469,722) | \$21,436,248 | (\$34,160,126) | \$18,745,844 |

In FY2021, turnover is stated in 29 agency budgets. The following table illustrates the top 10 agencies with all fund turnover savings exceeding a million dollars.

Turnover by Agency

| Turnover by Agency | FY2020 | FY2020 | Change | FY2021 | Change |
|------------------------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|
| | Enacted | Governor | | Governor | |
| Corrections | (\$2,248,675) | (\$5,608,824) | (\$3,360,149) | (\$6,062,265) | (\$3,813,590) |
| BHDDH | (13,922,083) | (5,685,908) | 8,236,175 | (4,627,908) | 9,294,175 |
| Judiciary | (2,347,193) | (2,479,138) | (131,945) | (3,515,649) | (1,168,456) |
| Human Services | (4,989,606) | (2,933,407) | 2,056,199 | (3,431,358) | 1,558,248 |
| Transportation | (13,021,627) | (1,787,555) | 11,234,072 | (3,077,828) | 9,943,799 |
| DCYF | (5,478,775) | (2,538,661) | 2,940,114 | (2,327,411) | 3,151,364 |
| Revenue | (2,557,480) | (1,367,615) | 1,189,865 | (2,058,009) | 499,471 |
| Administration | (474,269) | (1,378,764) | (904,495) | (1,306,453) | (832,184) |
| EOHHS | (214,967) | (669,674) | (454,707) | (1,057,807) | (842,840) |
| Elementary and Secondary Education | (921,278) | (846,288) | 74,990 | (1,047,875) | (126,597) |
| All Other Agencies | (6,730,017) | (6,173,888) | 556,129 | (5,647,563) | 1,082,454 |
| Total | (\$52,905,970) | (\$31,469,722) | \$21,436,248 | (\$34,160,126) | \$18,745,844 |

Analyst Note: Although it is inconclusive, in some instances the turnover figures are added to mask added FTE positions or proposed increases in salary and benefit costs.

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: four of the 10 categories, Management and Consultant Services, Training and Educational Services, Design and Engineering, and Information Technology, comprise 75.2 percent of the total FY2021 purchased service expenditure recommendation in the Governor's FY2021 budget.

| Purchased Services | FY2017 | FY2018 | FY2019 | FY2020 | FY2020 | FY2021 | FY21 to |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| | Actual | Actual | Actual | Enacted | Governor | Governor | FY20 Change |
| Design & Engineering | \$44.9 | \$56.0 | \$61.5 | \$47.9 | \$51.9 | \$51.7 | \$3.8 |
| Management & Consultant Services | 79.1 | 80.8 | 72.7 | 69.1 | 104.6 | 78.9 | 9.8 |
| Training & Educational Services | 45.9 | 52.6 | 56.3 | 56.4 | 61.7 | 61.5 | 5.1 |
| Information Technology | 29.6 | 54.3 | 58.0 | 94.8 | 73.7 | 89.8 | (5.0) |
| Medical Services | 15.7 | 19.0 | 19.8 | 19.7 | 20.8 | 20.2 | 0.5 |
| Other Contracts | 15.6 | 15.8 | 17.4 | 19.5 | 26.5 | 26.6 | 7.1 |
| Clerical & Temporary Services | 4.3 | 5.5 | 5.5 | 5.4 | 6.0 | 6.1 | 0.7 |
| Buildings & Grounds Maintenance | 6.0 | 7.3 | 7.5 | 7.2 | 8.7 | 8.2 | 1.0 |
| Legal Services | 7.1 | 5.9 | 5.9 | 6.1 | 7.6 | 8.1 | 2.0 |
| University & College Services | 16.8 | 22.1 | 25.4 | 21.8 | 24.7 | 24.0 | 2.2 |
| Total | \$265.2 | \$319.3 | \$330.0 | \$347.9 | \$386.2 | \$375.1 | \$27.2 |

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

Does not include Internal Service Funds

For the FY2021 Budget, the Governor recommends \$375.1 million for purchased service expenses, of which \$90.9 million (24.2 percent) is general revenue. The FY2021 Budget recommendation reflects an increase of \$27.2 million from the FY2020 Budget as Enacted and a decrease of \$11.1 million from the Governor's FY2020 Budget as Revised. Approximately \$307.5 million (82.0 percent) of the appropriation funds services in seven state departments, of which three agencies saw the largest increase; Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals \$5.6 million, 84.4 percent; Department of Revenue \$4.5 million, 89.7 percent; and, Department of Administration \$2.7 million, 32.1 percent.

Purchased Services

| Department | FY2020 Enacted | FY2020 Governor | FY2021 Governor | FY2021 General Revenue |
|------------------------------------|-------------------|--------------------|--------------------|------------------------------|
| Office Health and Human Services | \$118.2 | \$127.0 | \$107.6 | \$22.7 |
| Elementary and Secondary Education | 46.0 | 50.4 | 51.7 | 8.4 |
| Transportation | 42.2 | 51.9 | 51.4 | - |
| Administration | 8.4 | 10.0 | 11.1 | 2.9 |
| Human Services | 27.1 | 24.9 | 33.3 | 15.2 |
| BHDDH | 6.7 | 12.7 | 12.3 | 4.9 |
| Corrections | 15.2 | 16.7 | 15.3 | 13.4 |
| Health | 11.1 | 13.0 | 10.0 | 1.8 |
| Environmental Management | 7.1 | 7.6 | 7.5 | 0.3 |
| Children, Youth, and Families | 6.1 | 7.3 | 6.5 | 3.7 |
| Labor and Training | 4.5 | 4.9 | 5.2 | 0.3 |
| University of Rhode Island | 22.6 | 24.8 | 25.3 | 2.9 |
| Revenue | 5.0 | 5.5 | 9.5 | 6.1 |
| General Treasurer | 4.9 | 4.9 | 5.5 | 0.2 |
| All Other Agencies | 22.8 | 24.6 | 22.9 | 8.3 |
| Total | \$347.9 | \$386.2 | \$375.1 | \$90.9 |

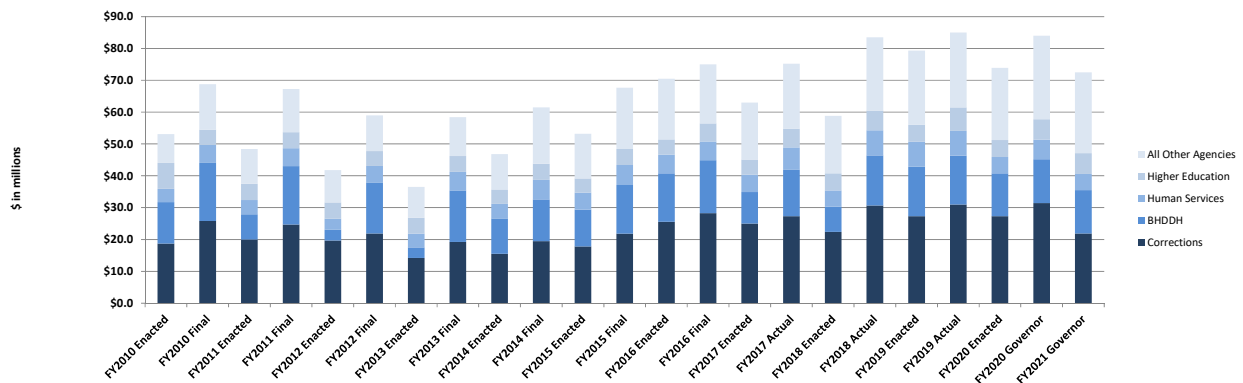
\$ in Millions

Does not include ISFs

OVERTIME

Overtime costs in FY2021 are projected to total \$72.6 million, \$1.4 million less than the FY2020 Budget as Enacted and \$11.5 million less than proposed in the Governor’s FY2020 Revised Budget. General revenue supports 62.4 percent of overtime expenses. 30.2 percent of the total FY2020 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease 19.7 percent in FY2021. The Department of Children, Youth, and Families accounts for 8.6 percent of the projected overtime expenses, which is increasing 53.2 percent over the FY2020 Budget as Enacted.

Overtime Costs



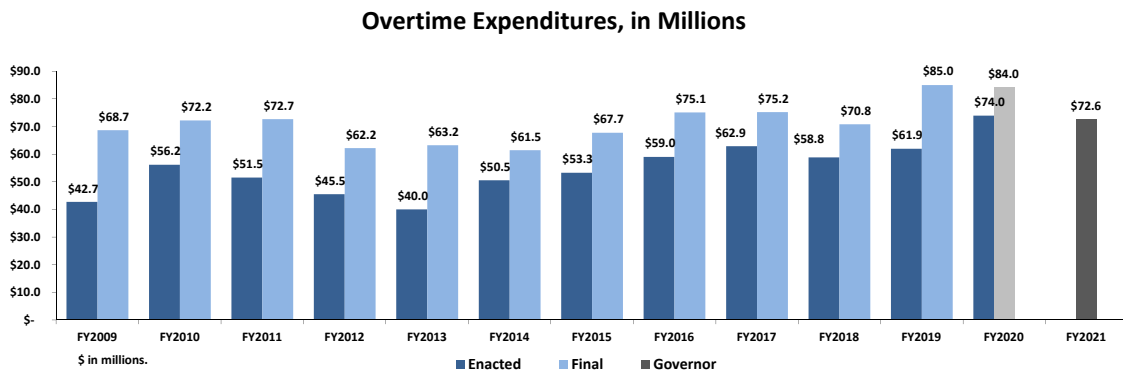
State agencies regularly over spend their overtime appropriation. Over the last nine fiscal years, overtime expenditures have exceeded enacted amounts by an average of \$16.0 million (30.2 percent).

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 FY2021 Budget includes a decrease of \$5.4 million in overtime costs within the Department of Corrections. The Governor's FY2021 Budget includes a general revenue savings of \$5.4 million within the Department of Corrections. These savings will be achieved by more strictly enforcing sick leave policies to reduce fraudulent discharging of sick time, the closure of multiple modules within the Intake Service Center, Medium Security, and High Security, an anticipated reduction in emergency room and hospital trips, and stricter enforcement of overtime policies throughout the Department. The Budget also accelerates the next Correctional Officer class, anticipating a December 2020 graduation. The additional officers will reduce workloads for current Correctional Officers and reduce the need for overtime.

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



STATE EMPLOYEE HEALTH INSURANCE RATES

The State 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.

Health Insurance Rates Annual Employer Cost per Employee

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2020 | FY2021 | % Change |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Individual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Enacted | Enacted | Governor | Governor* | FY21/FY20 |
| Medical | \$6,558 | \$6,559 | \$7,062 | \$6,967 | \$7,525 | \$7,358 | \$7,601 | \$8,363 | \$8,432 | \$7,941 | \$7,503 | \$7,879 | -0.8% |
| Dental | 349 | 350 | 376 | 382 | 405 | 393 | 405 | 373 | 369 | 389 | 384 | 390 | 0.3% |
| Vision | 83 | 84 | 63 | 59 | 60 | 57 | 79 | 57 | 57 | 59 | 57 | 58 | -1.7% |
| Total | \$6,991 | \$6,993 | \$7,501 | \$7,408 | \$7,990 | \$7,808 | \$8,085 | \$8,793 | \$8,858 | \$8,389 | \$7,944 | \$8,327 | -0.7% |
| Family | | | | | | | | | | | | | |
| Medical | \$18,386 | \$18,386 | \$19,799 | \$19,531 | \$21,093 | \$20,626 | \$21,307 | \$23,445 | \$23,637 | \$22,261 | \$21,035 | \$22,086 | -0.8% |
| Dental | 978 | 978 | 1,052 | 1,068 | 1,132 | 1,100 | 1,133 | 963 | 955 | 1,007 | 994 | 1,007 | 0.0% |
| Vision | 177 | 177 | 173 | 161 | 165 | 157 | 162 | 157 | 157 | 162 | 158 | 161 | -0.6% |
| Total | \$19,540 | \$19,541 | \$21,024 | \$20,760 | \$22,390 | \$21,883 | \$22,602 | \$24,565 | \$24,749 | \$23,430 | \$22,187 | \$23,254 | -0.8% |

Source: State Budget Office

*Average of the 3 Anchor Plans

State Employee Health Plan Costs

The FY2021 proposed total employer expenditure for state employee health plan costs is \$189.5 million, of which \$96.8 million is general revenue. This is \$4.7 million lower than the FY2020 Budget as Enacted, but \$10.9 million more than the Governor's proposed FY2020 Revised Budget.

State Employee Health Plan Total Costs

| Health Plan | FY2011 Actual | FY2012 Actual | FY2013 Actual | FY2014 Actual | FY2015 Actual | FY2016 Actual | FY2017 Actual | FY2018 Actual | FY2019 Actual | FY2020 Enacted | FY2020 Governor | FY2021 Governor | FY21 to FY20 Change | % Change FY21/FY20 |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------|--------------------|------------------------|-----------------------|
| Medical | \$148.6 | \$145.9 | \$155.2 | \$162.1 | \$157.5 | \$162.3 | \$174.7 | \$170.1 | \$164.9 | \$184.1 | \$168.6 | \$179.0 | (\$5.1) | -2.8% |
| Dental | 9.2 | 9.2 | 9.3 | 9.8 | 9.7 | 9.6 | 8.4 | 7.9 | 8.0 | 8.8 | 8.6 | 9.1 | 0.3 | 3.4% |
| Vision | 1.6 | 1.5 | 1.4 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 0.1 | 5.3% |
| Total | \$159.4 | \$156.6 | \$165.9 | \$173.3 | \$168.6 | \$173.3 | \$184.4 | \$179.3 | \$174.1 | \$194.2 | \$178.6 | \$189.5 | (\$4.7) | -2.4% |

\$ 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 per Pay Period - Salary Ranges

| Post - January 1, 2019 | Anchor | | | Anchor Dental | | Anchor Plus | Anchor Dental Platinum | Anchor Vision | Anchor Vision Plus |
|------------------------|----------|-------------|----------|---------------|--------|-------------|------------------------|---------------|--------------------|
| | Anchor | Anchor Plus | Choice | Anchor | Dental | Plus | Platinum | Vision | Plus |
| Below \$53,498 | \$116.21 | \$124.34 | \$115.37 | | \$6.12 | \$11.09 | \$18.11 | \$0.96 | \$3.72 |
| \$53,498 - \$102,840 | 154.95 | 165.78 | 153.83 | | 8.16 | 13.13 | 20.15 | 1.28 | 4.04 |
| Over \$102,840 | 193.68 | 207.23 | 192.29 | | 10.20 | 15.17 | 22.19 | 1.60 | 4.36 |

Individual Plan Co-share per Pay Period- Salary Ranges

| FY2019 | Anchor | | | Anchor Dental | | Anchor Plus | Anchor Dental Platinum | Anchor Vision | Anchor Vision Plus |
|---------------------|---------|-------------|---------|---------------|--------|-------------|------------------------|---------------|--------------------|
| | Anchor | Anchor Plus | Choice | Anchor | Dental | Plus | Platinum | Vision | Plus |
| Less than \$102,840 | \$55.27 | \$59.14 | \$54.87 | | \$3.15 | \$5.07 | \$7.78 | \$0.46 | \$1.47 |
| Over \$102,840 | 69.09 | 73.92 | 68.59 | | 3.94 | 5.86 | 8.57 | 0.58 | 1.58 |

Deductibles

The medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,500/\$3,000 for an in-network individual/ family plan. The out-of-network deductibles are: Anchor \$2,000/\$4,000, Anchor Plus \$1,000/\$2,000, and Anchor Choice \$2,250/\$4,500 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 1/1/2019 | Anchor Plus 1/1/2019 | Anchor Choice 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, 2019, 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 FY2022. There is no impact to the FY2021 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 3.0 percent, and payroll growth is 3.0 percent for state employees and 2.5 percent for teachers.

| Employer Contribution Rates | FY2020 Certified | FY2021 Certified | FY2022 Certified | Change |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| State Employees | 26.39% | 27.54% | 28.01% | 0.47% |
| Teachers - State Share | 9.84% | 10.75% | 10.94% | 0.19% |
| Teachers - Local Share | 14.77% | 14.50% | 14.78% | 0.28% |
| Total Teachers | 24.61% | 25.25% | 25.72% | 0.47% |

Source: GRS June 30, 2019, Actuarial Valuation

| Projected Employer Contribution | FY2020 | FY2021 | FY2022 | Change |
|--|----------------|----------------|----------------|---------------|
| State Employees | \$195.4 | \$210.0 | \$220.0 | \$10.0 |
| Teachers - State | 107.0 | 112.5 | 117.6 | 5.1 |
| Total State Cost | \$302.4 | \$322.5 | \$337.6 | \$15.1 |
| Teachers - Local | \$160.5 | \$168.8 | \$176.2 | \$7.4 |
| Total State and Local Cost | \$462.9 | \$491.3 | \$513.8 | \$22.5 |

Source: GRS June 30, 2019, Actuarial Valuation

\$ in millions

Active Employee to Retiree Ratio

According to GRS, the ratio of active employees to retirees continues to be flat but the number of active employee ratios exceeded retirees for both state employees and teachers in 2019. Beginning in 1999, the active employee ratios have decreased for state employees and teachers. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates.

Membership

| | | 1999 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Change |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------|--------|
| State Employees | | | | | | | | | | | | | | | | |
| Active | 13,369 | 12,572 | 11,970 | 11,023 | 11,122 | 11,233 | 11,166 | 11,280 | 11,301 | 11,194 | 11,083 | 11,152 | 10,988 | 11,318 | 330 | |
| Retired | 9,067 | 10,163 | 10,396 | 11,142 | 11,421 | 11,271 | 11,200 | 11,139 | 11,103 | 11,041 | 11,058 | 11,078 | 11,250 | 11,224 | -26 | |
| Active to Retiree Ratio | 1.5 | 1.2 | 1.2 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | |
| Teachers | | | | | | | | | | | | | | | | |
| Active | 13,282 | 14,146 | 13,999 | 13,689 | 13,530 | 13,381 | 13,212 | 13,193 | 13,266 | 13,272 | 13,206 | 13,310 | 13,473 | 13,511 | 38 | |
| Retired | 6,043 | 9,118 | 9,337 | 9,749 | 10,213 | 10,347 | 10,622 | 10,776 | 10,838 | 10,902 | 11,087 | 11,211 | 11,144 | 11,196 | 52 | |
| Active to Retiree Ratio | 2.2 | 1.6 | 1.5 | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | | |

Source: GRS June 30, 2019, 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, 2019, funded ratio is 53.3 percent for state employees and 55.3 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) increased from \$2,239.3 million to \$2,243.5 million and for teachers the UAAL increased from \$3,135.8 million to \$3,127.8 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) offset slightly by an increase in asset value.

| Value History | ERSRI 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 | 53.3% | 55.3% |
| 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% |

Projected June 30, 2019 Valuation

Source: GRS
* Reflects post-RIRSA values

SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) payment for state employees is \$2,243.5 million reflecting an increase of \$30.8 million over last year. The amortization payment for FY2020 is \$162.4 million, an increase of \$8.3 million over FY2019. The following table illustrates the components of the UAAL payment over the next three fiscal years.

State Employees

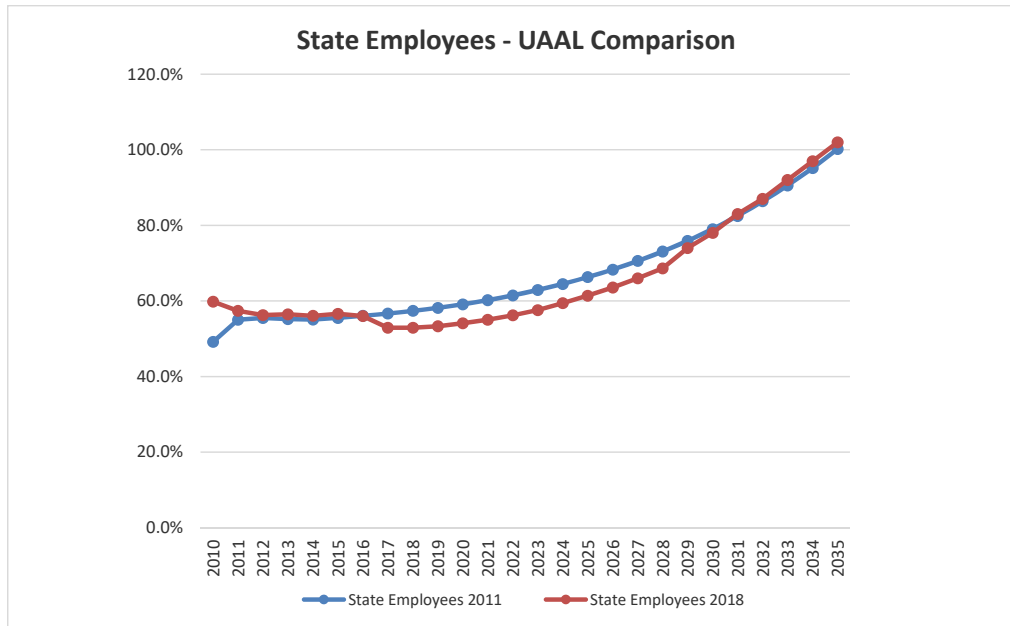
| Purpose | Remaining | FY2020 | FY2021 | FY2022 | Amortization |
|---------------------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|--------------------|
| | Balance as of June 30, 2019 | Amortization Payment | Amortization Payment | Amortization Payment | Years Remaining |
| FY1991 and FY1992 Deferrals | \$28.0 | \$2.4 | \$2.4 | \$2.5 | 15 |
| Original 2011 RIRSA Base | 1,770.9 | 150.0 | 154.5 | 159.2 | 15 |
| 2014 Experience Study | (48.4) | (3.9) | (4.0) | (4.2) | 16 |
| 2014 Mediation Settlement | 115.9 | 9.4 | 9.7 | 10.0 | 16 |
| 2015 Experience Base | (34.4) | (2.7) | (2.8) | (2.8) | 17 |
| 2016 Experience Base | 47.0 | 3.5 | 3.6 | 3.7 | 18 |
| 2017 Experience Base | 17.6 | 1.3 | 1.3 | 1.4 | 19 |
| 2018 Experience Base | 24.7 | - | 1.9 | 1.9 | 20 |
| 2019 Experience Base | 6.9 | - | - | 0.6 | 21 |
| 2016 Assumption Change - FY20 Stagger | 32.9 | 2.4 | 2.5 | 2.5 | 19 |
| 2016 Assumption Change - FY21 Stagger | 70.6 | - | 5.7 | 5.8 | 19 |
| 2016 Assumption Change - FY22 Stagger | 70.6 | - | - | 6.3 | 19 |
| 2016 Assumption Change - FY23 Stagger | 70.6 | - | - | - | 19 |
| 2016 Assumption Change - FY24 Stagger | 70.6 | - | - | - | 19 |
| UAAL | \$2,243.5 | \$162.4 | \$174.8 | \$186.9 | |

Source: GRS 2019 Actuarial Valuation

\$'s in millions

Totals may vary due to rounding.

The following charts compare the current June 30, 2019, 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 \$3,127.5 million, reflecting a decrease of \$8.3 million from last year. The amortization payment \$221.2 million in FY2020 and \$235.0 million in FY2021. The figures for FY2020 and FY2021 are consistent with the 2018 valuation report. The amortization payment for FY2022 is \$248.0 million, an increase of \$13.0 million over the payment for FY2021. The following table illustrates the components of the UAAL payment over the next three fiscal years.

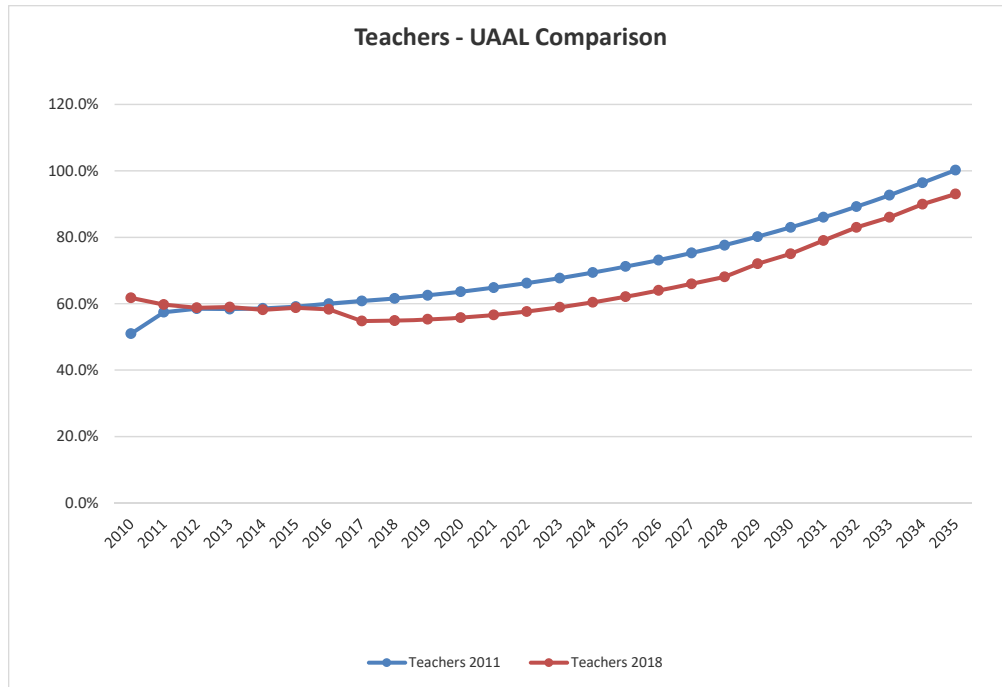
Teachers

| Purpose | Remaining Balance as of June 30, 2019 | FY2020 Amortization Payment | FY2021 Amortization Payment | FY2022 Amortization Payment | Amortization Years Remaining |
|---------------------------------------|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| FY1991 and FY1992 Deferrals - State | \$36.5 | \$3.2 | \$3.3 | \$3.4 | 14 |
| Original 2011 RIRSA Base - State | 967.8 | 84.7 | 86.8 | 89.0 | 14 |
| Original 2011 RIRSA Base - Local | 1,519.9 | 114.7 | 117.5 | 120.5 | 18 |
| 2014 Experience Study - State | (16.2) | (1.4) | (1.4) | (1.4) | 15 |
| 2014 Experience Study - Local | (24.8) | (1.9) | (1.9) | (2.0) | 18 |
| 2014 Mediation Settlement - State | 66.2 | 5.6 | 5.7 | 5.8 | 15 |
| 2014 Mediation Settlement - Local | 101.5 | 7.7 | 7.9 | 8.0 | 18 |
| 2015 Experience Base | (50.3) | (4.1) | (4.2) | (4.3) | 16 |
| 2016 Experience Base | 33.3 | 2.6 | 2.7 | 2.7 | 17 |
| 2016 Assumption Change - FY20 Stagger | 64.9 | 4.9 | 5.0 | 5.1 | 18 |
| 2016 Assumption Change - FY21 Stagger | 91.8 | - | 7.7 | 7.9 | 18 |
| 2016 Assumption Change - FY22 Stagger | 91.8 | - | - | 8.5 | 18 |
| 2016 Assumption Change - FY23 Stagger | 91.8 | - | - | - | 18 |
| 2016 Assumption Change - FY24 Stagger | 91.8 | - | - | - | 18 |
| 2017 Experience Base | 68.5 | 5.2 | 5.3 | 5.4 | 18 |
| 2018 Experience Base | 7.5 | - | 0.6 | 0.6 | 19 |
| New Experience Base FY2019 | (14.5) | - | - | (1.2) | 20 |
| UAAL | \$3,127.5 | \$221.2 | \$235.0 | \$248.0 | |

Source: GRS 2019 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, 2019, 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 | Actuarial Value of | | Employer Contribution | Employee Contribution | Benefit Payments | Net Cash Flow |
|-------------|-----------|--------------|-------------------|--------------------|---------|-----------------------|-----------------------|------------------|---------------|
| | | | | Fund | Payroll | | | | |
| 2020 | \$2,243.5 | 53.3% | 26.4% | \$2,557.6 | \$740.3 | \$195.4 | \$39.8 | \$345.4 | (\$110.3) |
| 2021 | 2,230.0 | 54.0% | 27.5% | 2,622.0 | 762.5 | 210.0 | 39.7 | 351.7 | (101.9) |
| 2022 | 2,201.0 | 55.1% | 28.0% | 2,701.0 | 785.4 | 220.0 | 39.8 | 360.1 | (100.4) |
| 2023 | 2,162.0 | 56.3% | 28.7% | 2,786.0 | 808.9 | 232.0 | 39.9 | 365.2 | (93.3) |
| 2024 | 2,108.0 | 57.8% | 29.5% | 2,884.0 | 833.2 | 245.5 | 40.1 | 369.4 | (83.8) |
| 2025 | 2,034.0 | 59.6% | 29.3% | 3,000.0 | 858.2 | 251.8 | 40.4 | 373.7 | (81.5) |
| 2026 | 1,951.0 | 61.6% | 29.2% | 3,125.0 | 883.9 | 258.5 | 40.7 | 381.2 | (81.9) |
| 2027 | 1,854.0 | 63.7% | 29.2% | 3,259.0 | 910.5 | 265.4 | 41.2 | 385.9 | (79.2) |
| 2028 | 1,743.0 | 66.1% | 29.1% | 3,405.0 | 937.8 | 272.5 | 41.8 | 392.6 | (78.3) |
| 2029 | 1,616.0 | 68.8% | 29.0% | 3,563.0 | 965.9 | 280.0 | 42.6 | 399.2 | (76.7) |
| 2030 | 1,474.0 | 71.7% | 28.9% | 3,733.0 | 994.9 | 287.7 | 43.4 | 405.1 | (73.9) |

Source: GRS 2019 Actuarial Valuation

\$'s in millions

Totals may vary due to rounding.

Teachers

| Fiscal Year | UAAL | Funded Ratio | Contribution Rate | Actuarial Value of | | Employer Contribution | Employee Contribution | Benefit Payments | Net Cash Flow |
|-------------|-----------|--------------|-------------------|--------------------|-----------|-----------------------|-----------------------|------------------|---------------|
| | | | | Fund | Payroll | | | | |
| 2020 | \$3,127.8 | 55.3% | 24.6% | \$3,866.5 | \$1,087.0 | \$267.5 | \$50.1 | \$491.2 | (\$173.6) |
| 2021 | 3,115.0 | 56.0% | 25.3% | 3,957.5 | 1,114.2 | 281.3 | 50.2 | 495.2 | (163.7) |
| 2022 | 3,088.1 | 56.8% | 25.7% | 4,065.2 | 1,142.0 | 293.8 | 50.3 | 504.7 | (160.6) |
| 2023 | 3,047.6 | 57.9% | 26.4% | 4,183.6 | 1,170.6 | 308.4 | 50.5 | 508.1 | (149.2) |
| 2024 | 2,988.4 | 59.1% | 27.1% | 4,322.1 | 1,199.8 | 324.8 | 50.7 | 510.7 | (135.2) |
| 2025 | 2,907.5 | 60.7% | 26.9% | 4,484.7 | 1,229.8 | 331.3 | 50.9 | 513.7 | (131.5) |
| 2026 | 2,813.7 | 62.4% | 26.8% | 4,662.7 | 1,260.6 | 338.2 | 51.1 | 522.4 | (133.1) |
| 2027 | 2,706.0 | 64.2% | 26.7% | 4,851.4 | 1,292.1 | 345.2 | 51.5 | 525.6 | (128.9) |
| 2028 | 2,583.0 | 66.2% | 26.6% | 5,057.7 | 1,324.4 | 352.5 | 52.0 | 533.8 | (129.3) |
| 2029 | 2,443.7 | 68.4% | 26.5% | 5,278.1 | 1,357.5 | 360.1 | 52.6 | 541.6 | (128.8) |
| 2030 | 2,286.5 | 70.7% | 26.4% | 5,514.2 | 1,391.4 | 367.9 | 53.5 | 549.3 | (128.0) |

Source: GRS 2019 Actuarial Valuation

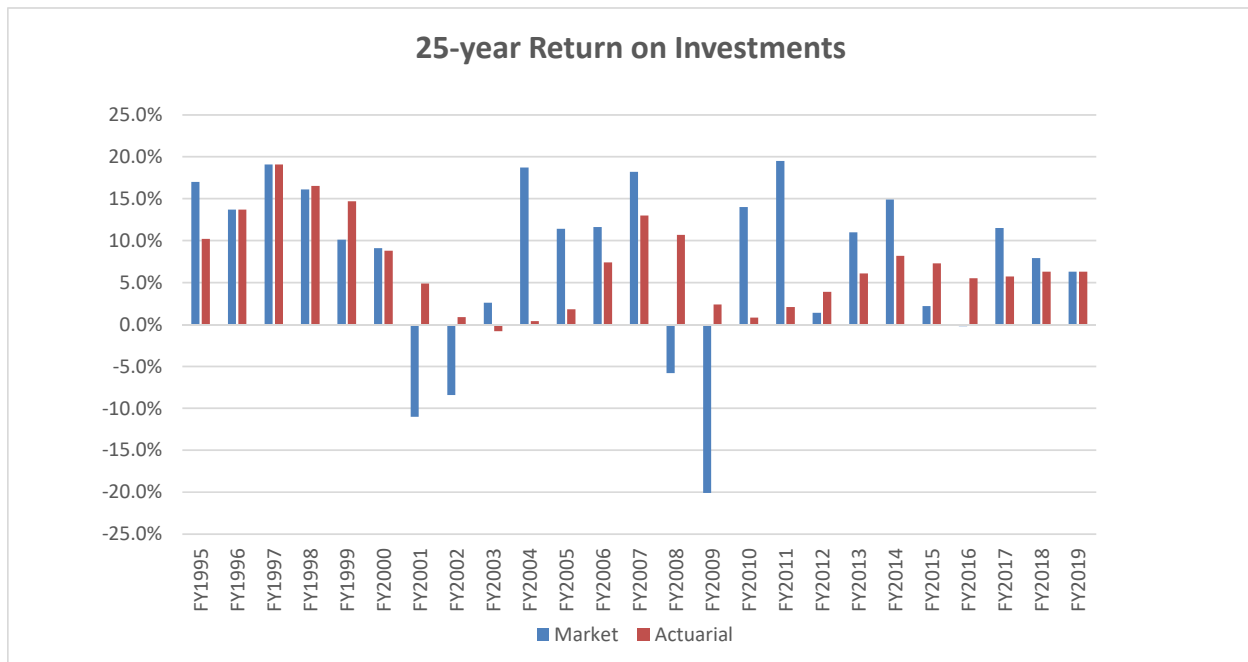
\$'s in millions

Totals may vary due to rounding.

The projected UAAL begins to decrease in 2021. 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 6.3 percent in FY2019, below 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. 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 7.9 percent in FY2018, above the 7.0 percent projected rate of return that is adopted by the State Retirement Board.



- The FY2022 employer contribution rates increase but are lower than originally anticipated in the experience study.

- The 2019 actuarial investment performance was 6.3 percent, 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 2020, it is \$27,184 and increase by 1.56 percent to \$27,608 in 2021. In 2019, the limit was \$26,687.
- Plans are projected to be 80.6 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.
- The Plans are expected to be 100.0 percent funded FY2040.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION

GRS presented the June 30, 2019, actuarial valuation analysis of the retirement system covering municipal employees. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2022. The GRS analysis indicates that over the past year, there were no new units 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 2019 UAAL for all units combined is \$397.0 million compared to last year's figure of \$406.0 million, an increase of \$9.0 million. The funded ratio for all MERS increased from 79.4 percent to 80.5 percent in 2019, because COLAs were suspended on units that less than 80.0 percent funded. The Board approved the employer contribution rates for MERS as presented by GRS.

The average employer contribution rate for general employees remained 12.57 percent for 2021 and for FY2022, and for police and fire personnel the average employer contribution rate increased from 19.57 percent in 2021 to 19.70 percent for FY2022.

- According to the actuary, 69 units possess a funding ratio exceeding 80.0 percent, there were 66 last year and 27 units have a funding ratio over 100.0 percent, no change from last year.

JUDICIAL RETIREMENT BENEFITS TRUST ACTUARIAL VALUATION

The June 30, 2019, actuarial valuation analysis of the retirement system covering judges impacts the employer contribution rates approved by the Board (certified) for FY2022. There is no impact to the previously certified FY2021 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 67.0 percent of the plan participants are active judges, who are contributing 12.0 percent of their salary to the Trust. The GRS analysis increased the employer contribution rate from 21.61 percent to 21.82 percent reflecting the phased recognition of the 2017 analysis assumption changes in the contribution rate and salary losses.

| | FY2021 | FY2022 | |
|--|------------------|------------------|---------------|
| Certified Employer Contribution Rates | Certified | Certified | |
| Judges | 21.61% | 21.82% | |
| Membership | 30-Jun-18 | 30-Jun-19 | Change |
| Active | 53 | 55 | 2 |
| Retiree and Beneficiaries | 23 | 26 | 3 |
| Inactive | 1 | 1 | 0 |
| Total | 77 | 82 | 5 |
| Projected Payroll for Contributions | \$9.2 | \$9.9 | \$0.7 |
| Unfunded Liability | \$2.5 | \$3.2 | \$0.7 |
| GASB Funded Ratio | 96.7% | 96.0% | -0.7% |

Source: GRS June 30, 2019, Actuarial Valuation

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 \$19.8 million. The total market value of assets is \$966,393 leaving an unfunded accrued liability of \$18.9 million.

STATE POLICE RETIREMENT BENEFITS TRUST ACTUARIAL VALUATION

The June 30, 2019, actuarial valuation summary regarding the retirement systems covering the State Police impacts the employer contribution rates to be certified for FY2022. 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.

| | | FY2021 | FY2022 |
|--|------------------|------------------|------------------|
| Certified Employer Contribution Rates | | Certified | Certified |
| State Police | | 19.82% | 19.24% |
| Membership | 30-Jun-18 | 30-Jun-19 | Change |
| Active | 226 | 260 | 34 |
| Retiree and Beneficiaries | 73 | 73 | 0 |
| Inactive | 46 | 56 | 10 |
| Total | 345 | 389 | 44 |
| Projected Payroll for Contributions | \$23.5 | \$26.5 | \$3.0 |
| Unfunded Liability | \$27.5 | \$26.4 | (\$1.1) |
| GASB Funded Ratio | 83.5% | 84.9% | 1.4% |

Source: GRS June 30, 2019, Actuarial Valuation

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 of this group is \$161.2 million as of June 30, 2019. The schedule continues with an appropriation of \$16.4 million in general revenue per year from FY2020 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, 2019, actuarial valuation provided by GRS states the plan as an asset value of \$339.4 million (an increase of \$11.6 million from the prior year) and an actuarial accrued liability of \$226.7 million, resulting in a plan surplus of \$112.7 million, an increase of \$4.8 million from the previous year. Because the asset value for the TSBP is at 150.0 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.