

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM -  
CONTRIBUTIONS AND BENEFITS

Introduced By: Senators Ciccone, DiPalma, Lombardo, F. Lombardi, and Lawson

Date Introduced: May 15, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 36-10-2 of the General Laws in Chapter 36-10 entitled "Retirement  
2 System — Contributions and Benefits" is hereby amended to read as follows:

3 **36-10-2. State contributions.**

4 (a) The State of Rhode Island shall make its contribution for the maintenance of the system,  
5 including the proper and timely payment of benefits in accordance with the provisions of this  
6 chapter and chapters 8, 16, 28, 31 and 42 of this title, by annually appropriating an amount equal  
7 to a percentage of the total compensation paid to the active membership. The percentage shall be  
8 computed by the actuary employed by the retirement system and shall be certified by the retirement  
9 board to the director of administration on or before the fifteenth day of October in each year. In  
10 arriving at the yearly employer contribution the actuary shall determine the value of:

11 (1) The contributions made by the members;

12 (2) Income on investments; and

13 (3) Other income of the system.

14 (b) The actuary shall thereupon compute the yearly employer contribution that will:

15 (1) Pay the actuarial estimate of the normal cost for the next succeeding fiscal year; and

16 (2) Amortize the unfunded liability of the system in accordance with § 36-10-2.1(b).

17 (c) The State of Rhode Island shall remit to the general treasurer the employer's share of  
18 the contribution for state employees, state police, and judges on a payroll frequency basis on the

1 date contributions are withheld but no later than three (3) business days following the pay period  
2 ending in which contributions were withheld, and for teachers in a manner pursuant to § 16-16-22.

3 (d)(1) In accordance with the intent of § 36-8-20 that the retirement system satisfy the  
4 requirements of § 401(a) of the Internal Revenue Code of 1986, the state shall pay to the retirement  
5 system:

6 (i) By June 30, 1995, an amount equal to the sum of the benefits paid to state legislators  
7 pursuant to § 36-10-10.1 in excess of ten thousand dollars (\$10,000) per member (plus accrued  
8 interest on such amount at eight percent (8%)) for all fiscal years beginning July 1, 1991, and ending  
9 June 30, 1995, but this amount shall be paid only if § 36-10-10.1(e) becomes effective January 1,  
10 1995; and

11 (ii) By December 31, 1994, twenty million seven hundred eighty eight thousand eight  
12 hundred twelve dollars and nineteen cents (\$20,788,812.19) plus accrued interest on that amount  
13 at eight percent (8%) compounded monthly beginning March 1, 1991, and ending on the date this  
14 payment is completed (reduced by amortized amounts already repaid to the retirement system with  
15 respect to the amounts withdrawn by the state during the fiscal year July 1, 1990 — June 30, 1991);  
16 and

17 (iii) By June 30, 1995, the sum of the amounts paid by the retirement system for retiree  
18 health benefits described in § 36-12-4 for all fiscal years beginning July 1, 1989, and ending June  
19 30, 1994, to the extent that the amounts were not paid from the restricted fund described in  
20 subsection (c).

21 (2) Any and all amounts paid to the retirement system under this subsection shall not  
22 increase the amount otherwise payable to the system by the state of Rhode Island under subsection  
23 (a) for the applicable fiscal year. The actuary shall make such adjustments in the amortization bases  
24 and other accounts of the retirement system as he or she deems appropriate to carry out the  
25 provisions and intent of this subsection.

26 (e) In addition to the contributions provided for in subsections (a) through (c) and in order  
27 to provide supplemental employer contributions to the retirement system, commencing in fiscal  
28 year 2006, and each year thereafter:

29 (1) Except for fiscal year 2009, fiscal year 2010, and fiscal year 2011, for each fiscal year  
30 in which the actuarially determined state contribution rate for state employees, including state  
31 contributions under chapter 10.3 of this title, is lower than that for the prior fiscal year, the governor  
32 shall include an appropriation to that system equivalent to twenty percent (20%) of the rate  
33 reduction for the state's contribution rate for state employees to be applied to the actuarial accrued  
34 liability of the state employees' retirement system for state employees for each fiscal year;

1           (2) Except for fiscal year 2009, fiscal year 2010, and fiscal year 2011, for each fiscal year  
2 in which the actuarially determined state contribution rate for teachers, including state contributions  
3 under chapter 10.3 of this title, is lower than that for the prior fiscal year, the governor shall include  
4 an appropriation to that system equivalent to twenty percent (20%) of the rate reduction for the  
5 state's share of the contribution rate for teachers to be applied to the actuarial accrued liability of  
6 the state employees' retirement system for teachers for each fiscal year;

7           (3) For each fiscal year in which the vacancies for authorized and appropriated full-time  
8 equivalent positions for state employees exceeds three (3%) percent, and those positions are  
9 substituted with contract employees, the governor shall include an appropriation to that system  
10 equivalent to the average annual employer contribution for each vacant position.

11           ~~(3)~~(4) The amounts to be appropriated shall be included in the annual appropriation bill  
12 and shall be paid by the general treasurer into the retirement system.

13           ~~(4)~~(5) Assessments pursuant to § 42-149-3.1 shall be included in the annual appropriation  
14 bill and shall be paid by the general treasurer into the retirement system beginning FY2013.

15           (f) While the retirement system's actuary shall not adjust the computation of the annual  
16 required contribution for the year in which supplemental contributions are received, the  
17 contributions once made may be treated as reducing the actuarial liability remaining for  
18 amortization in the next following actuarial valuation to be performed.

19           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would provide that vacancies in excess of three percent (3%) for full-time  
2 equivalent state employees which are substituted with contract employees shall require an  
3 appropriation to the pension fund equal to the average annual employer contribution for each vacant  
4 position.

5           This act would take effect upon passage.

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