

Governor's FY 2012 Budget: Articles



Staff Presentation to the House
Finance Committee

March 29, 2011

Introduction

- Five Articles today
 - ◆ Article 8 – Longevity Payments
 - ◆ Article 9 – Government Restructuring
 - ◆ Article 13 – Pensions
 - ◆ Article 23 – Sheriffs
 - ◆ Article 37 – Unclassified Positions

Article 8 – Longevity Payments

- Article 8 eliminates longevity payments for non-union, non-classified employees of Board of Regents
- % increase on base salary once a certain number of years is reached
- Any longevity earned as of June 30, 2010 would be frozen in the base salary

Article 8 – Longevity Payments

- Current law: non-classified employees of the Board of Regents get additional 5.0% of salary after 10 years service and 10.0% after 20 years
- Commissioner would use money for performance bonuses
- Affects around 30 employees

Article 8 – Longevity Payments

- Collective bargaining agreements for union employees
 - ◆ Different increases for Higher Education/ EISec and Public Telecommunications
 - ◆ Governed by General Laws, Title 16
- Personnel policy for non-union employees

Longevity Increases - % of Salary

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

Article 9 – Public Safety Dispatch

- 2010 Assembly passed legislation that transferred the dispatch & port security functions from Environmental Management to Public Safety by January 1, 2011
- The transfer of 6.0 positions and funding was to be included in Governor's FY 2011 supplemental budget

Article 9 – Public Safety Dispatch

- Article 9 reverses this language
 - ◆ Maintains functions in the Department of Environmental Management
- Department of Public Safety purchased additional equipment in anticipation of move

Article 9 Sections 2 & 3 - WIC

- 2010 Assembly transferred Women, Infants, and Children supplemental nutrition program from DOH to DHS
- State told by USDA that DHS does not meet federal standard for oversight
- Reverses the transfer including funds and resources

Article 9, Section 4 – RI Crime Lab

- Funding shifted from Attorney General to DOH in FY 2010 budget
- Staff remained at URI
- Governor includes FY 2011 enacted level of \$775,000 for FY 2012
- Shifts funding from DOH to new, separate Forensics Program at URI

Article 13 – Pensions

- Effective July 1, 2011, all state employees and teachers contribute 11.75% towards pension benefits
- State employees currently contribute 8.75%
- Teachers contribute 9.5%
- Those rates are set in statute

Article 13 – Pensions

- Budget assumes there would be no reduction in the employer share
 - ◆ Additional contributions would go to the Fund to pay down unfunded liability
- As drafted, article does not require the use of funds that way

Article 13 – Pensions

- Normal Cost
 - ◆ Actuarial value of current benefit structure
 - ◆ Current assumptions on investment returns
- UAAL
 - ◆ Unfunded Actuarial Accrued Liability
 - ◆ Degree to which liabilities (promised benefits) exceed assets (funds available to fulfill those promises)

Article 13 – Pensions

| FY 2012 | Normal Cost | Employee Rate | Difference |
|-----------------|--------------------|----------------------|-------------------|
| State Employees | 9.34% | 8.75% | 0.59% |
| Teachers | 10.02% | 9.50% | 0.52% |
| Judges | 22.21% | 8.75% | 13.46% |
| State Police | 25.89% | 8.75% | 17.14% |

Article 13 – Pensions

| Employer Rate FY 2012 | Balance of Normal Cost | UAAL | Total Rate |
|----------------------------------|---------------------------------------|-------------|-----------------------|
| State Employees | 0.59% | 22.39% | 22.98% |
| Teachers | 0.52% | 21.80% | 22.32% |
| Judges | 13.46% | 5.23% | 18.69% |
| State Police | 17.14% | 8.25% | 25.39% |

Article 13 – Pensions

- Budget assumes no savings

| <i>In millions</i> | Additional Contribution | Value |
|--------------------|-------------------------|--------|
| State Employees | 3.00% | \$19.6 |
| Teachers | 2.25% | 20.5 |
| Judges | 3.00% | 0.3 |
| State Police | 3.00% | 0.5 |
| Total | | \$40.8 |

Article 23 – Sheriffs

- Transfers the Sheriffs from Administration to Public Safety
- Maintains the 10 year appointment of the Executive High Sheriff
- Sheriffs were standalone agency until moved into DOA in FY 2002

Article 23 – Sheriffs

- Initially proposed as part of the 2007 Assembly's legislation creating the Department of Public Safety
 - ◆ 2008 Assembly did not concur
- Also proposed in Governor Carcieri's FY 2011 Budget
 - ◆ 2010 Assembly did not concur

Article 23 – Sheriffs

- Transfer includes 180.0 full-time equivalent positions and \$17.1 million from general revenues
- Includes no savings in FY 2012
- Effective July 1, 2011 with a provision for the Colonel to delay the transfer to a date he deems appropriate

Article 37 – Unclassified Positions

- New unclassified deputy director for each department
- Position will be appointed by:
 - ◆ Person or group of persons having power by virtue of the constitution, a statute, lawfully delegated authority or the Governor

Article 37 – Unclassified Positions

- Unclassified positions generally include:
 - ◆ Employees of elected officials
 - ◆ Courts
 - ◆ Independent agencies
 - ◆ Public authorities
 - ◆ Various policy making positions
- Subsequent to budget submission, Governor requests an amendment
 - ◆ Director of Veterans' Affairs

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