

State of Rhode Island and Providence Plantations

Budget



Fiscal Year 2017

Technical Appendix

Gina M. Raimondo, Governor

Personnel Supplement Glossary

Benefits

Benefits paid to state employees include **Retirement**, the state's contribution to the Employee Retirement System (including payments to retirees for health insurance, and, for members of the Laborer's International Union, the portion of salary increases contributed to the union's national pension plan); **Defined Contribution Plan**, the state's contribution to employee managed retirement funds; **FICA**, the state's cost for social security and Medicare tax contributions; **Medical**, the annual cost of all medical (including dental and vision) plans; (which includes Medical Benefits Salary Disbursements, the bonus amount paid to employees who waive medical insurance); and **Retiree Health**, the portion of employee post-retirement medical costs paid by the state. Under **Other Benefits** are included certain special contract stipends, employer cost group TDI payments, and group life insurance.

Planning values in effect in FY 2016/FY 2017 are as follows: Retirement: 23.64%/25.34%; Retiree Health: 5.97% in both years for state employees, (0.0% for judges, 1.53% for legislators, and 33.39% for State Police); FICA: 6.2% social security rate and 1.45% Medicare tax in both years; and Medical, Dental & Vision: total weighted average \$17,520/\$18,095. The planning values in effect for the Defined Contribution Plan are tiered based on an employee's longevity as a state employee and are as follows for both FY 2016 and FY 2017: Fewer than 10 years/1.00%; 10 to 15 years/1.25%; 15 to 20 years/1.50%; and more than 20 years/0.0%.

Classifications

The classification of state service is divided initially into four classes of employment: (1) statutory, (2) unclassified, (3) classified, and (4) non-classified. *Statutory* positions are those established by law with the salary determined by the legislature (or in the case of legislators, by the Constitution itself). *Unclassified* positions are those established by law and governed by the unclassified pay plan, and include generally the employees of elected officials, courts, boards and commissions, and various positions of a policy-making character. *Classified* positions are those covered by the merit system with salaries governed by the classified pay plan. *Non-classified* positions are those administrative staff and faculty positions working under contract terms for the Board of Education. Within the above classes of employment there are also limited period positions which are established to meet emergencies, seasonal requirements or unusually heavy work loads during the year or which are limited to the time period established in specific federal grants.

Cost Allocation Adjustments /Interdepartmental Transfers

Funding for positions and/or personnel costs are appropriated and displayed in the expending agency/program to record the true costs with its associated expenditures program.

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Distribution by Source of Funds

The Personnel Supplement section of the Budget document depicts the distribution of each agency and program's personnel costs and FTE positions by source of funds. These funds are: General Revenue (state tax and departmental receipts credited for discretionary appropriation), Federal Funds (categorical and block grants from the federal government), Restricted Receipts (receipts to be collected and expended for purposes confined to those specified in the R.I. General Laws), Other Funds (funds not included in the previous three categories, including university and college tuition fees, the dedicated gas tax, and R.I. Capital Plan Fund), and Internal Service Funds (programs providing certain state services centrally, which are shown for display purposes in the supplement since the costs are reflected in the budgets of the user agencies). A separate subcategory, GARVEE/Motor Fuel Bond Funds, is also presented. These are positions involved in the accelerated highway construction program that are financed by funds borrowed against future pledges of Federal highway funds and two cents of the gasoline tax. The Personnel Supplement section of the Budget document depicts personnel expenditures in all these fund sources, with the exception of the State Assessed Fringe Benefit Fund (see statewide benefit assessment entry below).

Educational Incentives

Upon successful completion of a four-course curriculum incentive in-service training program approved by the personnel administrator, a state employee shall be granted a one-step pay increment next above the current base step (or if the employee is at the maximum of the grade the employee shall receive a pay increment equal in amount to the last step in the pay grade), the increment to be retained, separate and apart from any salary or longevity increase that the employee may at that time or thereafter receive (RIGL 36-4-14). The incentive program was amended in FY 2001. The above applies only to employees hired before July 1, 2001. Employees are limited to a single four-course incentive. Employees hired after July 1, 2001 are eligible for plan or plans provided for in the Personnel Rules.

Full-Time Equivalent (FTE) Positions

This presentation is made on the basis of full-time equivalent positions (FTE). As specified in the Appropriations Act, positions whose employment does not exceed twenty-six consecutive weeks, or whose scheduled hours do not exceed nine hundred twenty-five hours in a one-year period, are not included as FTE positions. For all included positions with assigned hours, the FTE count of a position or positions is based upon the ratio of part-time to full-time hours for that class of position (35 or 40 hours); for limited period positions, it is the fraction equaling the number of planned pay periods divided by 26. The Appropriations Act for the current year establishes an FTE position cap for each department and agency. The cap is not defined by program or funding source, but on a department-wide basis. Adjustments to the FTE position cap can be made at the recommendation of the State Budget Officer by agreement of the Governor,

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the Speaker of the House, and the Senate President. The Personnel Supplement section of the Budget document depicts the current year and budget year FTE position cap request, including any requested increases or decreases. Certain positions that perform federally funded sponsored research in Public Higher Education are shown separately.

Internal Service Funds

This fund category represents services provided by a designated agency to other departments and agencies under a vendor-buyer relationship. The cost of the service is a general fund appropriation to the buying agency in specific non-personnel codes, with the vendor agency itemizing the operational costs within the internal service fund. Agencies with internal service funds include Administration, Secretary of State, Corrections, and Public Safety.

Longevities

Prior to FY 2012, most classified and unclassified employees were granted longevity increases according to the following formula:

<u>Years of Service</u>	<u>Percentage Increase on Base Rate</u>
5	5%
11	10%
15	15%
20	17.5%
25	20%

Nonclassified employees of the Board of Education are entitled to a longevity payments (RIGL 16-59-7.2, 16-60-7.2, 16-61-8.1, respectively) in the amount of five percent (5%) of base salary after ten (10) years of service and increasing to a total of ten percent (10%) of base salary after twenty (20) years of service. The longevity payments apply only to employees under the grade of nineteen (19).

Employees of the National Association of Government Employees (N.A.G.E) are entitled to a longevity payment in the amount of five percent (5%) of base salary after fifteen (15) years of service, seven and one-half percent (7.5%) of base salary after twenty (20) years of service and ten percent (10%) of base salary after twenty-five (25) years of service.

Legislation enacted by the 2011 General Assembly eliminated new longevity increases for non-union employees as of July 1, 2011 and for union employees upon the termination of contracts that provide longevity pay.

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Pay Schedules

Listed with each classified and unclassified position in the supplement is a pay grade. The specific current base pay range for the grade can be found at the Human Resources website, www.HR.RI.Gov/classification, under the classified or unclassified section. Letter designation to the right of the grade indicates the following:

- A, B, C - (or no letter code) – a graduated annual salary
- D - a per diem or per meeting pay
- E - a per diem or per meeting pay
- F - a flat annual pay
- G - a graduated hourly wage
- H - a flat hourly wage
- J - Lottery Commission pay schedules
- K - a flat annual pay
- W - a per week pay
- - no amounts scheduled currently

Payroll Accrual

Annually, at the end of the fiscal year, the State Controller's Office charges accrued payroll costs to all accounts that normally have payroll charges. The purpose of this accrual is to comply with basic principles of accounting by recognizing expenditures in the period incurred. Since the first pay period of each fiscal year does not always begin on July 1, some days of this pay period are worked in the old fiscal year, and some in the new fiscal year. In most years, in order to account for the additional cost associated with one net additional day each fiscal year, the state budgets a payroll accrual amount. The agencies budget 0.4 percent of certain payroll codes (direct salaries, overtime, retirement, FICA, retiree health) for payroll accrual, the equivalent of one-tenth of one pay period.

Personnel Supplement

Section 35-3-7(a) of the Rhode Island General Laws require the Governor to submit "a personnel supplement" detailing the number and titles of positions of each agency and the estimates of personnel costs for the next fiscal year." The supplement lists by Department/Agency and by program the FTE positions by job title, the number of FTE positions for each title, and the total salary cost for each title. Sums are provided for Salaries, Salaries and Benefits, Payroll Costs (which includes the Statewide Benefit Assessment, Worker's Compensation, and Temporary and Seasonal employment), Total Personnel (which includes Purchased Services) and Distribution by Source of Funds.

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Purchased Services

In addition to payroll items, purchased services are also listed in the personnel supplement section. Purchased services are defined as contracts with private firms or individuals for personal services that would otherwise be performed by state employees.

Salaries and Wages

The current year (FY 2016) and budget year (FY 2017) salary costs includes current educational incentives and prospective step and longevity increases, as well as negotiated and estimated salary adjustments. Shown separately in most cases are contract stipends under the various union contracts. Other salary categories depicted separately are overtime payments, holiday pay (included in salaries and benefits), uncompensated leave says (salary only), COLA deferral days (salary only), and temporary and seasonal wages (included in payroll costs).

Statewide Benefit Assessment

A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds, effective August 1999 (in accordance with federal Office of Management and Budget Circular A-87). This assessment is to pay for the following employee fringe benefits: services provided by the Donley Center; services of the Workers' Compensation Court; and the Division of Workers' Compensation administrative costs related to workers' compensation activities. The assessment was applied to: the above employee benefits; payments to Workers' Compensation providers; Workers' Compensation benefit payments to employees; the cost of operating the internal service fund; Unemployment Compensation payments; the Employee Assistance program; and payments to employees for unused leave upon their termination from state service.

The biweekly assessment is deposited into a separate fund, entitled the Assessed Fringe Benefits Administrative Fund. It is estimated that the biweekly assessment will be 4.60% of salaries and wages in FY 2016 and 4.75% in FY 2017, except for Military Staff (firefighters), State Police troopers, Marshalls, Sheriffs, Capitol Police, and Lottery employees, whose assessment is 2.35% in FY 2016 and 2.39% in FY 2017, and university academic faculty, whose assessment is 3.78% in FY 2016 and 3.93% in FY 2017.

Turnover

This is the value of expected vacancies (salary only) budgeted for the current and budget years. There are two kinds of turnover expectancy. The first is normal savings which occur from employees leaving state service and new employees being hired, usually after a modest delay and at a lower cost than the departing employee. The second is managed turnover where the department or agency, by design, leaves positions vacant in order to achieve a certain level of savings.

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Severance/Unemployment Compensation

Severance costs (including both unemployment compensation and medical benefits) are depicted separately as a personnel cost in the individual agency programs only when they reflect estimated severance costs due to particular program reductions. The cost of other position layoffs is reflected in the statewide benefit assessment.

Workers' Compensation Costs

With the exception of the some costs in the Departments of Correction and Children, Youth, and Families (for assault cases), Workers' Compensation benefit costs are not depicted separately as a personnel cost in the individual agency programs. They are now reflected in the statewide benefit assessment.