

2010 -- S 2818

=====
LC02517
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO STATE RETIREMENT SYSTEM

Introduced By: Senator Daniel DaPonte

Date Introduced: April 28, 2010

Referred To: Recommended for Immediate Consideration

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

16 (2) Amortize the unfunded liability of the system as of June 30, 1999 utilizing a time

17 period not to exceed thirty (30) years.

18 (3) Provided, that the employer contribution shall be deferred from the effective date of
19 this act until June 15, 2010. The amounts that would have been contributed shall be deposited in a

1 [special fund and not used for any purpose.](#)

2 (c) The State of Rhode Island shall remit to the general treasurer the employer's share of
3 the contribution for state employees, state police, and judges on a payroll frequency basis, and for
4 teachers in a manner pursuant to section 16-16-22.

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

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

13 (ii) By December 31, 1994, twenty million seven hundred eighty eight thousand eight
14 hundred twelve dollars and nineteen cents (\$20,788,812.19) plus accrued interest on that amount
15 at eight percent (8%) compounded monthly beginning March 1, 1991, and ending on the date this
16 payment is completed (reduced by amortized amounts already repaid to the retirement system
17 with respect to the amounts withdrawn by the state during the fiscal year July 1, 1990 -- June 30,
18 1991); and

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

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

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

31 (1) For each fiscal year in which the actuarially determined state contribution rate for
32 state employees is lower than that for the prior fiscal year, the governor shall include an
33 appropriation to that system equivalent to twenty percent (20%) of the rate reduction for the
34 state's contribution rate for state employees to be applied to the actuarial accrued liability of the

1 state employees' retirement system for state employees for each fiscal year;

2 (2) For each fiscal year in which the actuarially determined state contribution rate for
3 teachers is lower than that for the prior fiscal year, the governor shall include an appropriation to
4 that system equivalent to twenty percent (20%) of the rate reduction for the state's share of the
5 contribution rate for teachers to be applied to the actuarial accrued liability of the state employees'
6 retirement system for teachers for each fiscal year;

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

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

13 SECTION 2. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers'
14 Retirement" is hereby amended to read as follows:

15 **16-16-22. Contributions to state system.** -- (a) Each member shall contribute into the
16 system nine and one-half percent (9.5%) of compensation as his or her share of the cost of
17 annuities, benefits, and allowances. The employer contribution on behalf of teacher members of
18 the system shall be in an amount that will pay a rate percent of the compensation paid to the
19 members, according to the method of financing prescribed in the State Retirement Act in chapters
20 8 -- 10 of title 36. This amount shall be paid by the state, and sixty percent (60%) by the city,
21 town, local educational agency, or any formalized commissioner approved cooperative service
22 arrangement by whom the teacher members are employed, with the exception of teachers who
23 work in federally funded projects. Provided, however, that the rate percent paid shall be rounded
24 to the nearest hundredth of one percent (.01%).

25 (b) The employer contribution on behalf of teacher members of the system who work in
26 fully or partially federally funded programs shall be prorated in accordance with the share of the
27 contribution paid from the funds of the federal, city, town, or local educational agency, or any
28 formalized commissioner approved cooperative service arrangement by whom the teacher
29 members are approved.

30 (c) In case of the failure of any city, town, or local educational agency, or any formalized
31 commissioner approved cooperative service arrangement to pay to the state retirement system the
32 amounts due from it under this section within the time prescribed, the general treasurer is
33 authorized to deduct the amount from any money due the city, town, or local educational agency
34 from the state.

1 (d) The employer's contribution shared by the state shall be paid in the amounts
2 prescribed in this section for the city, town, or local educational agency and under the same
3 payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local
4 educational agency or any formalized commissioner approved cooperative service arrangement
5 shall remit to the general treasurer of the state the local employer's share of the teacher's
6 retirement payments on a monthly basis, payable by the fifteenth (15th) of the following month,
7 provided that the employer contribution shall be deferred from the effective date of this act until
8 June 15, 2010. The amounts that would have been contributed shall be deposited by the state in a
9 special fund and not used for any purpose. The general treasurer, upon receipt of the local
10 employer's share, shall effect transfer of a matching amount of money from the state funds
11 appropriated for this purpose by the general assembly into the retirement fund, provided that for
12 the period from the effective date of this act until June 15, 2010, the general treasurer shall not
13 make such transfer.

14 Upon reconciliation of the final amount owed to the retirement fund for the employer
15 share, the state shall ensure that any local education aid reduction assumed for the FY 2010
16 revised budget in excess of the actual savings is restored to the respective local entities.

17 (e) This section is not subject to sections 45-13-7 through 45-13-10.

18 SECTION 3. Section 8-3-17 of the General Laws in Chapter 8-3 entitled "Justices of
19 Supreme, Superior, and Family Courts" is hereby amended to read as follows:

20 **8-3-17. State contributions.** -- The state of Rhode Island shall make its contribution for
21 the maintaining of the system established by section 8-3-16 and providing the annuities, benefits,
22 and retirement allowances in accordance with the provisions of this chapter by annually
23 appropriating an amount which will pay a rate percent of the compensation paid after December
24 31, 1989 to judges engaged after December 31, 1989. Such rate percent shall be computed and
25 certified in accordance with the procedures set forth in sections 36-8-13 and 36-10-2 under rules
26 and regulations promulgated by the retirement board pursuant to section 36-8-3. Provided, that
27 the employer contribution shall be deferred from the effective date of this act until June 15, 2010.
28 The amounts that would have been contributed shall be deposited in a special fund and not used
29 for any purpose.

30 SECTION 4. Section 42-28-22.2 of the General Laws in Chapter 42-28 entitled "State
31 Police" is hereby amended to read as follows:

32 **42-28-22.2. State contributions.** -- The state of Rhode Island shall make its contribution
33 for the maintaining of the system established by section 42-28-22.1 and providing the annuities,
34 benefits, and retirement allowances in accordance with the provisions of this chapter by annually

1 appropriating an amount which will pay a rate percent of the compensation paid after July 1, 1989
2 to members of the state police hired after July 1, 1987. This rate percent shall be computed and
3 certified in accordance with the procedures set forth in sections 36-8-13 and 36-10-2 under rules
4 and regulations promulgated by the retirement board pursuant to section 36-8-3. Provided, that
5 the employer contribution shall be deferred from the effective date of this act until June 15, 2010.
6 The amounts that would have been contributed shall be deposited in a special fund and not used
7 for any purpose.

8 SECTION 5. Section 35-6-1 of the General Laws in Chapter 35-6 entitled "Accounts and
9 Control" is hereby amended to read as follows:

10 **35-6-1. Controller -- Duties in general.** – (a) Within the department of administration
11 there shall be a controller who shall be appointed by the director of administration pursuant to
12 chapter 4 of title 36. The controller shall be responsible for accounting and expenditure control
13 and shall be required to:

14 (1) Administer a comprehensive accounting and recording system which will classify the
15 transactions of the state departments and agencies in accordance with the budget plan;

16 (2) Maintain control accounts for all supplies, materials, and equipment for all
17 departments and agencies except as otherwise provided by law;

18 (3) Prescribe a financial, accounting, and cost accounting system for state departments
19 and agencies;

20 (4) Preaudit all state receipts and expenditures;

21 (5) Prepare financial statements required by the several departments and agencies, by the
22 governor, or by the general assembly;

23 (6) Approve the orders drawn on the general treasurer; provided, that the preaudit of all
24 expenditures under authority of the legislative department and the judicial department by the state
25 controller shall be purely ministerial, concerned only with the legality of the expenditure and
26 availability of the funds, and in no event shall the state controller interpose his or her judgment
27 regarding the wisdom or expediency of any item or items of expenditure;

28 (7) Prepare and timely file, on behalf of the state, any and all reports required by the
29 United States, including, but not limited to, the internal revenue service, or required by any
30 department or agency of the state, with respect to the state payroll; and

31 (8) Prepare a preliminary closing statement for each fiscal year. The controller shall
32 forward the statement to the chairpersons of the house finance committee and the senate finance
33 committee, with copies to the house fiscal advisor and the senate fiscal and policy advisor, by
34 September 1 following the fiscal year ending the prior June 30 or thirty (30) days after enactment

1 of the appropriations act, whichever is later. The report shall include but is not limited to:

2 (i) A report of all revenues received by the state in the completed fiscal year, together
3 with the estimates adopted for that year as contained in the final enacted budget, and together
4 with all deviations between estimated revenues and actual collections. The report shall also
5 include cash collections and accrual adjustments;

6 (ii) A comparison of actual expenditures with each of the actual appropriations,
7 including supplemental appropriations and other adjustments provided for in the Rhode Island
8 General Laws;

9 (iii) A statement of the opening and closing surplus in the general revenue account; and

10 (iv) A statement of the opening surplus, activity, and closing surplus in the state budget
11 reserve and cash stabilization account and the state bond capital fund.

12 (b) The controller shall provide supporting information on revenues, expenditures,
13 capital projects, and debt service upon request of the house finance committee chairperson, senate
14 finance committee chairperson, house fiscal advisor, or senate fiscal and policy advisor.

15 (c) Upon issuance of the audited annual financial statement, the controller shall provide a
16 report of the differences between the preliminary financial report and the final report as contained
17 in the audited annual financial statement.

18 (d) Upon issuance of the audited financial statement, the controller shall transfer all
19 general revenues received in the completed fiscal year net of transfer to the state budget reserve
20 and cash stabilization account as required by section 35-3-20 in excess of those estimates adopted
21 for that year as contained in the final enacted budget to the employees' retirement system of the
22 state of Rhode Island as defined in section 36-8-2.

23 ~~(e) The controller shall create a special fund not part of the general fund and shall deposit~~
24 ~~amounts equivalent to all deferred contributions under this act into that fund. From the special~~
25 ~~funds for deferred contributions to the retirement system, the controller shall transfer the amounts~~
26 ~~due to the retirement system to the general treasurer who shall transfer such amounts into the~~
27 ~~retirement fund as appropriate.~~

28 (e) The controller shall create a special fund not part of the general fund and shall deposit
29 amounts equivalent to all deferred contributions under this act into that fund. Any amounts
30 remaining in the fund on June 15, 2010, shall be transferred to the general treasurer who shall
31 transfer such amounts into the retirement system as appropriate.

32 SECTION 6. This act shall take effect upon passage.

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE RETIREMENT SYSTEM

1 This act would defer the employer's contribution to the state retirement system from the
2 effective date of this act to June 15, 2010.

3 This act would take effect upon passage.

=====
LC02517
=====