

The SMITH HILL REPORT



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Chafee Budget Articles

The State Budget proposed by Governor Chafee contains a number of changes in state law attached to the budget. Some of the most important changes in state law happen when changes are appended to the State Budget as budget articles.

The following budget articles as proposed by Governor Chafee are of interest to the RIFTHP:

Article 2 – Municipal Aid Incentive Program:

Last year, the Assembly created a \$5 million pool of money to help municipalities that work toward paying for significantly underfunded municipal worker pensions. Article 2 renews the \$5 million municipal aid funding for the FY 2015 (the state fiscal year ending June 30, 2015) and FY 2016.

Article 4 – State Government Capital Improvement:

The Governor proposes the Assembly fund \$60 million in bonds to fund capital improvements such as information technology for state offices and the building of a parking garage adjacent to the Garrahy Court building

Article 5 – State Bonds:

The Governor proposes that the 2014 General Election ballot include \$275 million in bonds, including \$125 million to construct a new College of Engineering at URI, \$75 million for clean water and open spaces, \$35 million to support the Arts through grants administered by the Rhode Island Commerce Corporation (formerly the EDC), and \$40 million to construct a new downtown mass transportation hub.

Article 9 – FICA Alternative Retirement Plan:

Last year the Assembly removed part-time and seasonal workers not eligible to participate in the state retirement plan from Social Security and gave them an alternative, reduced benefit. Article 9 makes a technical correction to prevent those working 20 hours per week to be in the FICA Alternative Retirement Plan (FARP). Those working less than 20 hours per week would remain in the FARP.

Article 12 – Revenue:

The Governor has proposed to garnish (withhold a portion of) the wages of state workers who have not paid state income taxes.

Article 17 – Pension Funding:

The Governor has again proposed to delete a provision of state law that guarantees that when a state fiscal year ends with a surplus of revenue, the revenue is deposited into the pension fund to make it healthier. Last

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year, \$13 million was put into the pension fund because of this provision. In a very close vote (39-36), the Assembly rejected a similar proposal last year to eliminate the funding and this provision of law. To view last year's vote to reject this idea and protect pension funding, [click here](#).

Article 17 also eliminates a provision of state law initiated by the RIFT and other unions in 2011 to require that the State deposit 5.5% of state contracts related to subcontracting of state work into the pension fund.

[Article 17](#) – State Paychecks:

Article 17 also provides that newly hired state employee must be paid by direct deposit, and current state employees must use direct deposit by June 30, 2016.

[Article 20](#) – Board of Education:

This provision reorganizes the Board of Education into a Pre-K to grade 12 Council and a Postsecondary Education Council. Each council would consist of seven members and all would also serve on the Board of Education. The Board of Education would grow from 11 members to 15 members (7 from each Council plus the Chair). The proposal did not include an Executive Committee that consisted primarily of the commissioners after the RIFTHP objected to the structure.

[Article 28](#) – Education:

The Governor proposes to eliminate state funding of the state school breakfast program and the textbook loan program for ELA and History/Social Studies, although the programs would continue without state funding.

State of Education Address

Commissioner Deborah Gist will present a speech to a joint session of the House and Senate on Thursday, January 30, 2014 at the Rise (approximately 4:30PM). The speech will be broadcast on the Capitol TV.

Bill Introductions

If you would like to read the full text of a bill, just click on the bill number.

Pension Fund - Litigation Costs

([H7142](#) Hull, House Finance)

([S2009](#) Ruggiero, Senate Finance)

The RIFTHP supports these bills which would provide that any litigation costs paid from the restricted receipt account for the Retirement Board be limited to defending actions that arise as a result of decisions made by the Board.

Traffic Tribunal Fines - Student Assistance Program Funding

([H7145](#) McNamara, House Health, Education and Welfare)

The RIFTHP supports this bill which would redirect substance abuse prevention funds to "Student Assistance Programs".

Standardized Tests - Graduation Requirements - Teacher Evaluations

([H7146](#) Dickinson, House Health, Education and Welfare)

The RIFTHP supports this bill which would direct the Rhode Island Department of Education to study and implement a state standardized test assessment program over a ten year period commencing on July 1,

2014. This act would also provide that State assessments would not be used to determine a student's eligibility to be promoted to the next grade and/or to graduate from high school.

Mandatory Music Education

[\(S2012 Picard, Senate Education\)](#)

The RIFTHP supports this bill which would mandate that all secondary schools managed or controlled by the State provide instruction in musical performance education.

Constitutional Amendment - Line Item Veto

[\(S2033 O'Neill, Senate Judiciary\)](#)

The RIFTHP opposes this resolution which would propose an amendment to the State Constitution to allow the Governor to reduce or veto any item of appropriation in a bill presented to him or her. Portions of the bill not reduced or vetoed shall become law. An item vetoed or reduced shall be returned to the house in which it originated and may be restored to its original amount and become law in the same manner as a veto override. If a reduced item is not so restored, it shall become law in the reduced amount.

Constitutional Amendment - Voter Initiative

[\(S2039 Cote, Senate Special Legislation\)](#)

The RIFTHP opposes this joint resolution which would propose an amendment to the State Constitution, by establishing a voter initiative process to allow voters to initiate proposed legislation which would, upon a majority vote of the electorate, become law.

Voter Initiative

[\(S2042 Cote, Senate Special Legislation\)](#)

The RIFTHP opposes this bill which would provide a detailed process by which a proponent of a voter initiative and referendum proposal would present the proposal to the Secretary of State, the General Assembly and the Governor.

Standardized Test - Graduation Requirement - 5 year

[\(S2059 Satchell, Senate Education\)](#)

The RIFTHP supports this bill which would amend the method by which the State Assessment Program would be implemented in public schools. The bill would provide that no state assessment conducted pursuant to chapter 16-97 and prior to July 1, 2019, would be used to determine a student's eligibility to graduate from high school.

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