

Governor's FY 2015 Budget: Articles 2, 6, 22, 28

Staff Presentation to the House Finance
Committee
February 4, 2014

Introduction

- Article 2 – Municipal Incentive Aid
- Article 6 – Resource Recovery
- Article 22 – Legal Notices
- Article 28 – Education Aid

Article 2 – Municipal Incentive Aid

- Amends current law to include the enacted amount of \$5.0 million for the Municipal Incentive Aid program for FY 2015 and FY 2016
 - Current law requires \$10.0 million

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Article 2 – Municipal Incentive Aid

- 2011 pension reform legislation required municipalities to submit Funding Improvement Plans if local plan is in "critical status"
- If a plan is <60% funded, it is in critical status
- Municipality has 180 days to submit an alternative Funding Improvement Plan (FIP) to emerge from critical status

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Article 2 – Municipal Incentive Aid

- 3-year program to encourage:
 - Sustainable funding of retirement plans
 - Reduce unfunded liabilities
- 2013 Assembly enacted \$5.0 million for the first year – FY 2014
- Distributed to eligible municipalities on population basis if certain conditions are met

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Article 2 – Municipal Incentive Aid

- For FY 2014, a municipality may receive funds if:
 - 1) If it has no locally administered pension plan, or
 - 2) It has submitted an approved FIP, if required, by May 1, 2013, or
 - 3) If its local plan is not required to submit a FIP

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Article 2 – Municipal Incentive Aid

- For FY 2015 and FY 2016, a municipality may receive funds if:
 - 1) All local plans are in MERS or have transitioned to MERS by June 30, 2014, or
 - 2) Has submitted or implemented FIP that has been approved by plan sponsor and local governing body, or
 - 3) No FIP is required and municipality is meeting 100% of ARC

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Article 2 – Municipal Incentive Aid

- Municipalities with only MERS plans automatically qualify for aid

As of June 2013:

- 15 plans in 10 communities funded at least 100% for 2014
- 20 plans in 17 communities are in critical status for 2014

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Article 2 – Municipal Incentive Aid

Municipalities with Plans in Critical Status

Coventry (3)	North Providence	Tiverton
Cranston	Pawtucket	Warwick
Cumberland	Portsmouth	West Warwick
East Providence	Providence	Woonsocket
Johnston	Scituate	
Newport (2)	Smithfield	

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Article 2 – Municipal Incentive Aid

- If a municipality does not qualify, the unused amount will be distributed among other eligible municipalities
- Revised FY 2014 and FY 2015 distributions are in Staff Budget Analysis FY 2015 publication

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Article 6 – Resource Recovery

- Current law sets municipal tipping fees charged by Resource Recovery Corporation
- Fees currently range from \$29 to \$32
 - Based on proportion of solid waste recycled by each municipality
- 2009 Assembly established interim rates
 - Rates last extended by 2011 Assembly

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Article 6 – Resource Recovery

- Article 6 extends current rates by one year through FY 2015
- Current law: RRC would be responsible for determining the fees
- Intent is to provide RRC time to develop a plan for future rates

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Article 22 – Legal Notices

- Current law requires that legal notices or advertisements are published in newspapers
- Article 22 allows legal notices and advertisements to be posted electronically on approved websites in lieu of in a newspaper
- No savings assumed in budget

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Article 22 – Legal Notices

- Intent to do so must be advertised where notice or advertisement is currently required to be published
 - for three consecutive weeks
 - Secretary of State, transparency portal
- Administration will promulgate rules and regulations to implement the provisions

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Article 28 – Education Aid

School Breakfast

- State law mandates all public schools provide a breakfast program
- Eliminates requirement for admin cost reimbursement to districts
- Admin costs shift to districts, food paid from federal sources
- Enacted budget includes \$270,000
- Proposed by the Governor in FY 2013

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Article 28 – Education Aid

Textbooks

- Eliminates requirement that the state reimburse certain costs
- State has been funding since FY 2001
- Districts will still have to provide textbooks
- Budget assumes savings of \$240,000
- Proposed by the Governor in FY 2012 and FY 2013

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