



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
Department of Administration
Division of Human Resources

SUBJECT: **FY 2010 and FY 2011 PAY REDUCTIONS**

Original Effective Date: September 27, 2009
Revision Date: N/A

OBJECTIVE

The purpose of this policy is to provide information and guidance for the implementation of the eight (8) one-day pay reductions in Fiscal Year 2010 and the four (4) one-day pay reductions in Fiscal Year 2011 as negotiated with the state employees' unions and as implemented for non-union employees.

I. GENERAL POLICY

The State of Rhode Island and numerous state employee unions entered into Memoranda of Agreement to address the State's fiscal crisis. The Memoranda of Agreement provided for a eight (8) one-day pay reductions in Fiscal Year 2010 and the four (4) one-day pay reductions in Fiscal Year 2011 and reads, in part, as follows:

Fiscal Year 2010 Pay Reductions: Employees shall receive eight (8) one day pay reductions (each one equivalent to ten percent (10%) of the bi-weekly total salary rate, excluding overtime) to be effective in each of the payroll periods during fiscal year 2010 as designated below:

| | Pay Period | Paycheck |
|---|-------------------|-----------------|
| 1 | 9/27/09-10/10/09 | 10/16/09 |
| 2 | 10/25/09-11/7/09 | 11/13/09 |
| 3 | 11/22/09-12/5/09 | 12/11/09 |
| 4 | 12/20/09-1/2/10 | 1/8/10 |
| 5 | 1/17/10-1/30/10 | 2/5/10 |
| 6 | 2/28/10-3/13/10 | 3/19/10 |
| 7 | 3/28/10-4/10/10 | 4/16/10 |
| 8 | 4/25/10-5/8/10 | 5/14/10 |

Fiscal Year 2011 Pay Reductions: Employees shall receive four (4) one day pay reductions (each one equivalent to ten percent (10%) of the bi-weekly total salary rate, excluding overtime) to be effective in each of the payroll periods during fiscal year 2011 as designated below:

| | Pay Period | Paycheck |
|---|---------------------|-----------------|
| 1 | 1/2/2011-1/15/2011 | 1/21/2011 |
| 2 | 1/30/2011-2/12/2011 | 2/18/2011 |
| 3 | 2/27/2011-3/12/2011 | 3/18/2011 |
| 4 | 3/27/2011-4/9/2011 | 4/15/2011 |

II. APPLICABILITY

The Pay Reductions specified above apply to non-unionized and unionized state employees as reflected on Appendix A.

This Pay Reduction does not apply to seasonal employees.

III. PROCEDURES

1. Pay Period Designation:

The Pay Reductions shall commence with the October 16, 2009 paycheck and shall occur in the pay periods specified above.

2. Accrual of Paid Leave Day:

For Fiscal Year 2010: Employees subject to the Pay Reduction will be entitled to accrue one and one quarter (1.25) additional days of paid leave (designated as Pay Reduction Leave accrual "FY10 PR") in each of the payroll periods identified above for Fiscal Year 2010 (for a maximum of ten (10) days). This leave will accrue to part-time employees on a pro rated basis.

For Fiscal Year 2011: Employees subject to the Pay Reduction will be entitled to accrue one and one quarter (1.25) additional days of paid leave (designated as Pay Reduction Leave accrual "FY11 PR") in each of the payroll periods identified above for Fiscal Year 2011 (for a maximum of five (5) days). This leave will accrue to part-time employees on a pro rated basis.

Balances of Pay Reduction Leave will be noted on the paycheck stubs and direct deposit forms.

3. Process for Implementing Reduction:

An employee's bi-weekly paycheck will reflect a ten percent (10%) pay reduction as a negative payroll adjustment in each of the pay periods specified above.

4. Discharge of Pay Reduction Leave:

- Employees may request to discharge this "PR" leave during any payroll period after the pay period in which it was earned;
- The exception code for the discharge of this leave accrued in Fiscal Year 2010 on the timesheets and Payroll shall be reported as "R0" (R and zero);
- The exception code for the discharge of this leave accrued in Fiscal Year 2011 on the timesheets and Payroll shall be reported as "R1" (R and one);
- Employees may request to discharge this leave in lieu of personal leave, vacation leave or sick leave pursuant to appropriate union contract and/or Personnel Rules;
- This leave may be discharged in any increment of time;
- These requests shall not be unreasonably denied;
- At the time of separation from State service, balances of "FY10 PR" leave in excess of four days shall be lost.

- At the time of separation from State service, balances of "FY11 PR" leave in excess of four days shall be lost.

5. Employee Election for Payment of Pay Reduction Leave Day:

Payment of PR leave accrual only upon termination from State service due to retirement, voluntary termination or death shall be made in the same manner as payment of other qualified leave accruals in accordance with the following:

Fiscal Year 2010 PR Leave Accruals:

- Employees may elect to carry no more than four (4) PR days from the accrued "FY10 PR" balance for cash payment.
- Cash payment for those days shall be at the employee's total pre-reduction hourly rate in effect for the pay period of 9/27/09-10/10/09 (paycheck of 10/16/09), regardless of when the cash payment is made.
- All other "FY10 PR" leave accruals provided for in this agreement shall have no cash value whatsoever.

Fiscal Year 2011 PR Leave Accruals:

- Employees may elect to carry no more than four (4) PR days from the accrued "FY11 PR" balance for cash payment.
- Cash payment for those days shall be at the employee's total pre-reduction hourly rate in effect for the pay period of 1/2/2011-1/15/2011 (paycheck of 1/21/2011), regardless of when the cash payment is made.
- All other "FY11 PR" leave accruals provided for in this agreement shall have no cash value whatsoever.

6. Leave Time Payments Upon Separation from State Service:

Balances of accrued vacation, sick and "deferred vacation" (a.k.a. Sundlun Days) leave shall be paid at the pre-reduction rate of pay to employees who terminate or retire from State service during a salary reduction period.

7. In-Service Training Incentive Credits:

Employees completing their in-service training incentive credits during a salary reduction period will be awarded the appropriate salary adjustment based on the pre-reduction rate of pay.

8. Effect on Payroll Deductions:

This Pay Reduction may prevent some elected payroll deductions from the bi-weekly gross earnings for some employees. There is a pre-programmed hierarchy of payroll deductions. If the employee's net pay is insufficient to cover the full amount of elected deductions, this would prevent some of those deductions from gross earnings. Payroll cannot make a deduction for a portion of a particular elected payroll deduction.

If there are insufficient gross earnings to have all voluntary payroll deductions subtracted from an employee's bi-weekly gross earnings, the employee is responsible for making direct payment for such payroll deductions (i.e. life insurance, credit union loan payments, deferred compensation, etc.)

9. Effect on Retirement Contributions:

An employee's contribution to retirement will be impacted and will reflect the reduction in earnings in that pay period. The Pay Reduction will not affect an employee's service credits for retirement purposes. The effect of these reductions on retirement contributions is governed by RIGL 36-10-10.4. Specific questions regarding the effect on retirement should be directed to the Employees' Retirement System of Rhode Island (ERSRI) (<http://www.ersri.org/home.jsp>) at (401) 457-3900.

IV. FURTHER INFORMATION

- o **Contact your Human Resources office**

- o **Human Resources Service Centers:**
 - OHHS** (401) 462-2481
 - Public Safety** (401) 462-3250
 - General Government** (401) 222-2291
 - DEM/DOT** (401) 222-2572 (DOT)
 - (401) 222-2774 (DEM)

- o **Department of Administration:**
 - Division of Human Resources** (401) 222-2160

V. Addendums

Appendix A – List of Groups Subject to Pay Reduction

| ORGANIZATION | CODE |
|---|------------------------------|
| Governors Office - Non-Union | 106 |
| Executive - Non-Union | 99 |
| Executive - Non-Union Physicians | 98 |
| Lieutenant Governor - Non-Union | 107 |
| Attorney General - Non-Union* | 110 |
| Secretary of State - Non-Union | 109 |
| General Treasurer - Non-Union | 108 |
| Judiciary - Non-Union | 111 |
| Joint Committee on Legislative Services - Non-Union | 105 |
| Budget Personnel | 63 |
| Council 94 | 1-42 (Except 11 & 15) |
| IBEW - Channel 36 | 55 |
| IFPTE-AFLCIO-CLC - Local 400 - DEM | 120 |
| IFPTE-AFLCIO-CLC - Local 400 - DOT | 65 |
| LIUNA | 43-45, 51, 64, 66, 73-76, 97 |
| PSA /NEARI - Health | 92 |
| RIASSE - Local 580 | 77-79 |
| RIBCO - Professionals | 47 |
| RIESA - 401 | 50 |
| RIPPA - Clerical | 88 |
| Supervisors | 62 |

*Refer to AG Policy Communication