



SMITH HILL REPORT

House Finance Committee Approved Budget Bill, Cuts Pension COLA

The House Finance Committee met on Thursday, May 27, and voted on a State Budget bill for the next fiscal year. The bill will be considered by the House next Thursday June 3. It is anticipated that the Senate, whose leadership supports the House Finance Committee proposal, will act shortly after the House vote.

A separate vote was taken on the COLA cut contained in the State Budget. The pension COLA for State workers and teachers not eligible to retire upon passage of the bill will only be applied to the first \$35,000 of the pension amount. This COLA cap is indexed, and will increase by the consumer price index or 3%, whichever is lower. The COLA cut passed on a 9-5 vote. The five representatives **objecting** to a cut in our pension COLA were Representatives: **Joseph Almeida, Joanne Giannini, Jack Savage, Bill San Bento and Chris Fierro.**

The pension COLA was reduced for teachers, State workers and judges. The proposal is worded to grandfather those eligible to retire as of the bill's passage. In addition to the COLA cap, the Budget proposal would prevent the COLA from being applied before a retiree turns age 65.

To view the budget proposal, go to:

www.rilin.state.ri.us/BillText/BillText10/HouseText10/Article-016-SUB-A.htm

Other issues important to members of the RIFTHP are the following provisions contained in the proposed Budget:

- State aid to education was reduced from the current State aid amount by 3.8%. Statewide education aid has been reduced by approximately \$25 million.
- Cities and towns are currently required to provide as much education aid to schools as the prior year. This provision, known as Maintenance of Effort, was amended so municipal aid to schools can be reduced 5% from the current budgeted amount.
- State aid to cities and towns was dramatically reduced from \$173 million to \$48 million.
- The Committee rejected the expansion of the corporate tax credits for private schools by \$1 million as proposed by Governor Carcieri.
- Funding for charter schools was reduced based on the general reduction, but money has been set aside to open two new charter schools.
- School districts will be required to pay tuition for students sent to the RI School for the Deaf.

RIFTHP Objects to Caruolo Act Elimination, Council Ratification of Contracts

On Wednesday, May 26, the RIFTHP testified against three measures (**S2033 Raptakis**, **S2182 Walaska**, **S2436 O'Neill**) that would have put a moratorium or would have eliminated Caruolo actions. The bills were introduced to prevent school districts from appealing underfunding from a local community. The RIFTHP noted that the bills eliminated the process without creating an alternative process to resolve disputes between the schools and municipal government. The NEA/RI, AFSCME Council 94 and the RI Association of School Committees also objected to the bill.

Bill supporters included the League of Cities and Towns, the Town of West Warwick, the Mayor of Pawtucket, and the Rhode Island Tea Party, which is now an organization formally registered to lobby at the State House.

The RIFTHP also testified against legislation by **Senator Pinga (S2404)** that would allow city/town councils to ratify all employment contracts, including collective bargaining agreements. The other unions and the school committees opposed the measure, while the municipal leaders and the RI Tea Party supported the bill. No action was taken on the legislation.

RIFTHP Opposes Charter School Legislation

A 38-page bill (**S2734**) to re-write the entire charter school law was introduced in the Senate by **Senator Doyle**. While most of the bill preserved the status quo, the RIFTHP noted two significant changes that caused concern. On Tuesday, May 25, the RIFTHP voiced objections to these two proposed provisions.

The Union objected to the elimination of the charter school cap contained in the bill, since the cap was recently raised from 20 to 35 as part of a bill that also enhanced charter school accountability and required Assembly approval of charter schools. The other objection was to the bill's provision that would allow school administrators in independent (non-district affiliated) charter schools to remove the school's teachers from the State Pension System. The RIFTHP objected to lowering participation in the plan because it would shift the cost of paying the unfunded pension obligation from charters to regular school districts while leaving charter school teachers without any input on their retirement benefits.

The Finance Committee approved the bill which was then sent back to committee by the full Senate for necessary amendments.

RI Labor Working for RI Health Care Reform

In her capacity as the RI AFL-CIO Secretary Treasurer, Maureen Martin, who is also Director of Political Activities for the RIFTHP, testified in support of twin bills. **H7560 (Ferri)** which was heard on Tuesday, May 25, before the House Health, Education and Welfare Committee and **S2552 (Miller)** which was heard on Wednesday, May 26, before the Senate Health and Human Services Committee. The bills would establish a State-sponsored system of universal health care.

The bills were initiated by HealthRight, an organization of representatives from organized labor, the business community, healthcare consumers and professionals including doctors, nurses and hospitals. Recognizing that the dual problems of controlling health care costs and

maintaining and expanding access to care can only be addressed by having everyone at the table, the RI AFL-CIO and Working RI have participated in this effort.

"As solutions have continued to evade us over time," Martin testified "working people have seen their health benefits progressively eroded, our options decreased, and each successive contract negotiation to maintain coverage made more difficult than the last."

The labor community looks forward to continuing to work with the HealthRight group and to herald in a new day in health care where no one goes without coverage and no one is financially burdened by the high costs of health care.