



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

SUBJECT: **FY 2009 PAY REDUCTION**

Original Effective Date: Pay Date of June 12, 2009  
(Pay Period #25: May 24 – June 6, 2009)  
Revision Date: N/A

## OBJECTIVE

The purpose of this policy is to provide information and guidance for the implementation of the one (1) day pay reduction as negotiated with the state employees' unions effective for June 2009.

### I. GENERAL POLICY

The State of Rhode Island and numerous state employee unions entered into Memoranda of Settlement as a result of collective bargaining. The Memoranda of Settlement provided for a one (1) day pay reduction in June of 2009 and reads as follows:

#### Pay Reduction

All employees shall receive a one day pay reduction (equivalent to ten percent (10%) of the bi-weekly total salary rate, excluding overtime) which will be effective for one (1) payroll period during June 2009 as designated by the State.

Employees so affected will be entitled to accrue one (1) additional day of paid leave during that payroll period. This leave will accrue to part-time employees on a pro rated basis.

Employees may request to discharge this additional paid leave during any payroll period following the payroll period in which it was earned and/or elect cash payment for that one day in the fiscal year beginning July 2010 and until June 30, 2012. Any hours not discharged or paid as of June 30, 2012 will be lost.

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

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

## II. APPLICABILITY

The Pay Reduction (equivalent to ten percent (10%)) of the bi-weekly total salary rate, excluding overtime, for Pay Period #25, May 24 – June 6, 2009, applies 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 Reduction shall occur in the first pay period in June 2009 (Pay Period #25, May 24 – June 6, 2009) and shall be reflected in the June 12, 2009 paycheck.

### 2. Accrual of Paid Leave Day:

Employees subject to the Pay Reduction shall accrue one (1) additional day of paid leave (designated as "Pay Reduction" (PR) Leave accrual) in that payroll period. This leave shall accrue to part-time employees on a pro rated basis.

### 3. Process for Implementing Reduction:

An employee's bi-weekly paycheck for that pay period will reflect a ten percent (10%) pay reduction as a negative payroll adjustment.

### 4. Employee Election for Discharge of Pay Reduction Leave Day:

- Employees may request to discharge this leave during any payroll period on or after June 7, 2009 through June 30, 2012;
- The exception code for the discharge of this leave on the timesheets and Payroll shall be reported as "RT";
- 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;
- Once selected, the option may not be changed;
- This leave may only be discharged as a full day (or as a pro rated full day for part time employees) and may not be discharged in increments.

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

- Employees may elect cash payment for this leave in the fiscal year beginning July 2010 and until June 15, 2012 (to be paid by June 30, 2012);
- No request will be honored after June 15, 2012;
- Payment for leave will be at the straight time hourly rate in effect at the time of payment;
- Forms for election of the payment option will be available at the employee's human resources office/service center;
- Completed forms for election of the payment option are to be submitted to the employee's human resources office/service center for processing;
- Upon receipt, the human resources office/service center will process payment for the next available paycheck;
- The exception code for the payment of this leave on the payroll shall be reported as "RP";
- Once selected, the option may not be changed;

- Payment shall be made for a full day (or as a pro rated full day for part time employees) and may not be paid in increments;
- All applicable taxes will be deducted accordingly;
- No payroll deduction shall be made for retirement or group life insurance.

**Any such leave not discharged (in accordance with the provisions of number 4 above) or elected for payment (in accordance with the provisions of number 5 above) will be lost.**

#### **6. Leave Time Payments Upon Separation from State Service:**

Balances of accrued vacation, sick and "deferred vacation" leave shall be paid at the pre-reduction rate of pay to employees who terminate or retire from State service during Pay Period #25, May 24 – June 6, 2009.

#### **7. In-Service Training Incentive Credits:**

Employees completing their in-service training incentive credits during Pay Period #25, May 24 – June 6, 2009, 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 (ie: 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.

### **IV. FURTHER INFORMATION**

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

### **V. Addendums**

- Appendix A – List of Groups Subject to Pay Reduction
- Appendix B – Request for Payment of Pay Reduction Leave
- Appendix C – Employee Letter