

**State of Rhode Island
Department of Revenue**

Municipal Fiscal Stress Task Force

Task Force Meeting Minutes –November 19, 2009

1. Task Force Members – The following were present:

Committee – Mike Embury, Gary Sasse, Peter Chatellier, Douglas Fiore, Susanne Greschner, Peder Schaefer, Maureen Gurghigian, Frank Champi, Diane Brennan (representing Mayor Avedisian)

Others –Chantale Sarrasin, Laurie Brayton

Staff (DOR) –Jill Barrette, Evelyn Moreira, Rudy Falcone

2. Discussion

Peder Schaefer distributed a summary of all the indicators and resulting stress rankings as follows:

1. General Fund Balance as a % of Revenues.
2. Undesignated fund balance as a % of revenues.
3. All Activities – Quick ratio
4. General Fund – Quick ratio
5. Debt Service as a % of budget.
6. Public Safety unfunded pension liability as a % of budget (proxy for all pension liabilities).
7. Percent of annual required contribution paid.
8. Current post employment benefits as a % of budget.
9. Total state aid as a % of budget.
10. & 11. Municipal state aid as a % of municipal budget (numbers removing motor vehicle aid from the total were presented at the request of Mayor Avedisian).
- 12 Education state aid as a % of education budget.
- 13 Property tax as a % of budget.
- 14 Growth in Muni Budget 2004 to 2010.
- 15 Growth in Education Budget 2004 to 2010.
- 16 Personal exemptions as a % of tax levy.
- 17 Statutory exemptions as a % of total assessed value.
- 18 Effective Tax Rate
- 19 Per capita tax levied.
- 20 Owner occupied tax rate.
- 21 Commercial tax rate.
- 22 Median Family Income.

Indicators 1 through 8 were classified as “Financial Position” indicators. Items 9 through 15 were classified as “Financial performance” indicators, and indicators 16 through 20 were classified as tax capacity indicators. Items 9 and 10 were not included in the total rankings because they duplicated 11 and 12.

After discussion it was decided to:

- Redefine the “Financial Performance” category as “Financial flexibility.”
- Remove the “Current OPEB” indicator and replace it with an indicator representing total employee benefits (for active employees and retirees) as a percentage of budget.
- Move this new indicator and the “debt service” indicator to the “Financial Flexibility” category.
- Weight the rankings into 5 quintiles (5 being high stress) for each indicator and use the resulting cumulative score to indicate relative municipal fiscal stress.

A draft of these revisions as well as an Executive summary will be distributed by December 3. A full municipal stress test task force meeting will be held on Wednesday, December 9 in Conference room C.