

State of Rhode Island and Providence Plantations

Budget



Fiscal Year 2016

Executive Summary

Gina M. Raimondo, Governor



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
OFFICE OF GOVERNOR GINA M. RAIMONDO

GINA M. RAIMONDO, GOVERNOR

March 12, 2015

To the Honorable General Assembly:

The budget I am presenting to you is rooted in the belief that every hardworking family deserves the chance to make it in Rhode Island.

Despite beginning with a nearly \$200 million deficit, this is a balanced budget. It sets us on a path to eliminate our structural deficit, contains no broad based tax increases, and calls for significant investments in economic growth and education.

From my first conversations with House Speaker Nicholas Mattiello and Senate President Teresa Paiva Weed after the November election, we agreed that our first priority was jumpstarting our economy and creating jobs. I could not ask for better partners in this effort.

The lagging economy not only hurts Rhode Island families, but also harms our state budget. Without enough people working, we can't generate sufficient revenue to invest in the things we care about, like quality schools, better roads and bridges, and public safety.

Every year, our struggling economy forces us into our all-too-familiar budget crunch, where budget writers scramble to find enough cuts to cobble together a final proposal. We can't continue on this path. We need a new direction.

As we chart a new course together, let's expand opportunity so that we can grow the pie -- so everyone gets a bigger piece.

Build-Attract-Innovate

This budget is designed to spark Rhode Island's comeback. It focuses on three things:

- 1) Helping Rhode Islanders **build the skills** they need to compete in the 21st century by investing in K-12 education, making college more affordable, and better coordinating our workforce development programs.

To The Honorable General Assembly
March 12, 2015
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2) **Attracting entrepreneurs** and investment by making Rhode Island more competitive. We are putting Rhode Island back in the economic development game by offering a robust set of programs to spur job growth. We will implement these initiatives with rigorous accountability provisions, but we need to be aggressive about growing and attracting jobs.

3) Fostering **innovation**, including in our state government, to enhance accountability and deliver value to taxpayers. If we do not take action now, our structural deficit will continue to grow to unacceptable levels.

These principles -- and an unwavering focus on creating jobs and expanding opportunity -- guided every decision we made in assembling this budget.

The people of Rhode Island are counting on us to deliver. Our friends and neighbors are struggling. People are losing faith in government. They expect us to put our personal politics aside and make the right decisions to put Rhode Island on a path to jobs and opportunity.

I know you are aware of these challenges.

This a tough hill to climb, but together we will climb it. We can again make Rhode Island a place of opportunity, where everyone who works hard has a chance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gina Raimondo".

Gina M. Raimondo
Governor

FY 2016 Budget Documents

Governor Raimondo's *FY 2016 Executive Summary* is the first of eight documents that contain the summaries of revenue and expenditures on a statewide, functional, and departmental basis and also presents statewide expenditure data by *category* or object of expenditure. This same data is presented in the *Budget* in more detail by program.

The *Executive Summary* contains special reports on Education Aid and State Aid to provide a historical perspective on these state expenditures and also contains a "Budget Primer" which is intended to assist the reader of the budget documents in understanding the budget process in Rhode Island. Specific recommendations for FY 2016 for the departments are presented in this document, as well as the five-year financial projection as provided by law. Further detail is provided in the *Technical Appendix*.

The Budget consists of four volumes that provide an overview of state expenditures, as well as an in-depth presentation of the State Budget by program. The financial data presented for state agencies in *The Budget* for the past two fiscal years (FY 2013 and FY 2014) is generally derived from the appropriation accounting and receipt accounting files of the State Controller, as of the time of year-end closing. In the case of the accounts under the jurisdiction of The Office of Postsecondary Education, these columns reflect independently audited records.

The financial data for state agencies for the current fiscal year is from the enacted budget, modified in some cases to reflect recommended supplemental appropriations or withdrawals, revised expenditure estimates by category of expenditure or program, and revised estimates of federal grant awards or restricted receipts. In this document, the general revenue balance forward is included at the account level. The proposed changes to the enacted FY 2015 budget are included in the financial data by program for FY 2015. Totals and subtotals often appear to be inaccurate by small amounts or may disagree by small amounts with other budget and financial documents; this is due to differences in rounding procedures. The annual Appropriations Act is the absolute reference for state appropriation amounts.

The Budget also contains both narrative descriptions of Rhode Island's quasi-public agencies, authorities and entities, which are component units of state government for financial reporting purposes, and presents financial data provided by these entities. The Budget Office requests that quasi-public agencies and authorities submit information in the format used by the agency; no attempt is made to conform the financial presentation of the agencies data. In most cases, the FY 2015 and FY 2016 information has not been officially approved by the entities' governing bodies.

The *FY 2016 Budget* reports performance measurements for most programs, as required by legislative mandate to develop performance measurements for use in the budget process. Measurements are provided after each programs financing and personnel supplement pages. The *Budget* now contains information that was previously presented in the *Personnel Supplement*. The two documents have been merged. The *Budget* document provides information relating to personnel costs by program. It also reflects capital project summary narratives of all capital projects approved by the Governor as recommended by the Capital Development, Planning and Oversight Commission.

The *Capital Budget* contains information on the Governor's recommended capital improvement plan and contains individual project expenditures as well as contains the debt service component relating to capital improvements and any "pay-as-you-go" capital, which is financed from current revenues.

The *Budget as Enacted* will be prepared after final enactment by the 2015 General Assembly.

Executive Summary

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Introduction

As Fiscal Year 2016 approaches, Rhode Island needs bold change. At the time of this budget's introduction, Rhode Island remains among the last states in the nation in unemployment and in job growth.

Families in Rhode Island are struggling, and the economy is not doing enough to create middle class jobs. To make matters worse, Rhode Island has suffered for years with a structural deficit. As a result, each year budget writers scramble to find enough cuts or revenues to fill that year's hole, and without sufficient attention devoted to investing in long-term economic growth.

Governor Raimondo's Fiscal Year 2016 budget is designed to stop the decline and spark a comeback.

To succeed, the state must focus its collective efforts on three main areas:

- Build the skills for our students and workers need to compete in the 21st century;
- Attract entrepreneurs and investment in industries that play to Rhode Island's strengths, to stimulate our economy and create jobs; and
- Innovate, including in our state government, to enhance accountability and deliver value to taxpayers.

The Governor developed the budget around those three guiding principles to ensure that all components of state government are united and moving Rhode Island forward.

The state budget cannot ignore the difficult economic challenges facing state residents. Rhode Islanders should be rewarded for hard work, and the state must support efforts to create economic development opportunities for all. To support Rhode Island working families, the Governor is advocating for an increase in the minimum wage. In addition, her budget invests aggressively in education and workforce development, expands the Earned Income Tax Credit, reduces the tax burden for low-income seniors, maintains the state's commitment to affordable health care, and promotes economic empowerment.

Finally, the Governor's budget request makes important progress toward closing the state's structural deficit. Without swift action, the state's budget deficit is projected to reach \$255.5 million in FY 2017 and \$496.3 million by FY 2019. Structural deficits create an unstable business climate and discourage investment. If residents and business are concerned about future tax increases, they will be reluctant to invest in the economy by hiring new workers, renovating property, or making large purchases. To close the structural deficit, the state must constrain costs to match expected revenue growth levels, as well as create the conditions to foster economic growth and improve revenues. The Governor's budget focuses on both.

Building Skills for the 21st Century

Commitment to K-12 Education

Rhode Island must provide a world-class education so that its students are prepared to compete for good-paying jobs in the industries the state hopes to attract and expand. The Governor's budget continues the state's commitment to providing necessary resources for our K-12 public education system, investing an additional \$35.5 million to provide full funding for the fifth year of the state's education funding formula. It includes an increase of \$1.0 million to support special education services for high-need students, as well as \$1.0 million for early childhood programs, which will leverage additional federal funds to expand the number of high-quality state sponsored pre-kindergarten classrooms from 17 to 60 by 2019.

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At the same time the State expands access to pre-K classes, some communities still do not offer full-day kindergarten. The Governor has noted the importance of providing quality full-day kindergarten in all of our communities. Her budget includes an additional \$1.4 million to expand full-day kindergarten to children in every city and town by August 2016. Finally, to ensure that our teachers reflect the growing diversity of Rhode Island's children, the budget includes \$250,000 in grant funding to recruit and train more diverse teachers.

School Building Modernization

Several years ago, the Rhode Island General Assembly enacted a moratorium on the state's school construction financing program in an effort to constrain costs and guarantee that state funds were invested wisely. Scheduled to expire in 2015, the moratorium has limited state financing for school construction projects to those previously authorized and to improvements addressing immediate health and safety needs.

The Governor's budget includes an additional \$20.0 million from state debt refinancing proceeds to create a capital fund to help address school facility needs. To promote the prudent use of state dollars and address overcapacity issues, the budget establishes a School Building Authority within RIDE to oversee distribution of school modernization funds. The School Building Authority will take a performance-based approach to distributing state school modernization funds, targeting facilities in greatest need and promoting operational efficiencies whenever possible.

Lifting the moratorium and setting the annual construction aid appropriation at \$80.0 million starting in FY 2017 will create fiscal stability with predictable funding and allows for projects to be prioritized. Creating a dedicated capital fund will reduce reliance on interest and remove administrative hurdles for districts to execute urgent improvements. These steps will provide every public school district the equitable opportunity to address their immediate needs.

Improved Access to Higher Education

Strengthening the state's education system also requires improving the accessibility and affordability of higher education. Employers frequently require that job applicants have technical certification or higher education degrees, and Rhode Island must prepare its workforce with the skills needed to succeed. To promote access to higher education, the Governor's budget includes \$1.3 million for Prepare RI, a dual and concurrent enrollment initiative. This early college program will allow qualified and eligible high school students to earn credit at their high school and at our state's public colleges and universities at no cost to the student. Whether a student wants to go to college or start a career right after high school, Prepare RI will make their path to a degree or industry certification more affordable and more attainable.

To build partnerships between students, educators and employers in key sectors, the Governor's budget includes \$900,000 to lay the groundwork for a program to connect high schools, community colleges, and businesses. Modeled on the Pathways in Technology (P-TECH) initiatives in other states, the program will allow qualifying high school students to pursue a five- or six-year path to a high school diploma, an associate's degree, and ultimately a job. Conducted with industry partners, the program will promote skills development and provide access to mentors, internship opportunities and employment. These partnerships will also provide reliable pipelines of talented, trained workers.

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In addition to improving access to college, the Governor has emphasized the importance of keeping higher education affordable to Rhode Islanders. Higher education affordability is particularly important to lower-income students and families, for whom a college education can develop necessary job skills and provide a path to upward economic mobility. The Governor’s budget restructures existing higher education grant programs and creates a last-dollar scholarship program for Rhode Island students. In its first year, the program will invest \$10.1 million of state funds in students with proven academic performance but for whom higher education might be otherwise unattainable.

The budget also creates a college loan forgiveness program for young workers starting as entrepreneurs and innovators in Rhode Island. The Wave Maker Fellowship program will offer up to four years of loan forgiveness for approximately 100 recent graduates pursuing careers and starting businesses in technology, engineering, design, and other key sectors. With two-thirds of the awards intended for Rhode Island students, the Wave Maker program will encourage graduates to remain in the state, attract young innovators, and promote new businesses and economic activity.

Focused, Demand-Driven Workforce Development Programs

The Governor is also reorienting Rhode Island’s workforce training system to be more demand-driven and performance-based. This effort will align workforce training efforts with the needs of key employers and sectors. Under the leadership of the Department of Labor and Training, the state will align training efforts with the needs of employers who are looking to hire, yielding a more responsive workforce development system. As a result, our workforce development efforts will be focused on training for jobs that currently exist. This program will require no new funding, but will redirect existing funds to the most effective programs, using performance measurement to optimize the investment of workforce development dollars.

Making Rhode Island Attractive to Business

On March 1, 2015, the Boston Globe wrote, “Boston is in the midst of a building spree whose enormity, pace, and geographic sweep are redefining the skyline faster than any period since the early Industrial Age.” Yet Rhode Island’s economy continues to underperform, a number of our municipal entities are suffering financial distress, and the I-195 land remains potential that is yet to be realized.

The Governor’s budget reflects the urgent need to spur economic growth and create jobs in Rhode Island. The budget seeks to improve Rhode Island’s business climate: it maintains stability in the tax climate, reduces the cost of doing business, eliminates unnecessary professional licenses, creates new economic development tools, and maximizes state dollars to create jobs.

Better Business Climate

In recent years, Rhode Island has made important progress in improving the state’s tax structure to enhance competitiveness. Income tax reform in 2010 simplified the state income tax system by eliminating numerous deductions and credits and lowering the top income tax bracket rate from 9.9 percent – then one of the highest in the country – to 5.99 percent. In 2014, the state lowered its corporate tax rate from 9.0 percent to 7.0 percent – from the highest top rate in New England to the lowest – while adopting a combined reporting requirement to ensure that multistate corporations pay appropriate taxes. To maintain stability in the state’s tax climate and encourage investment, the Governor’s budget includes no broad-based tax changes.

Introduction

Despite these recent improvements, Rhode Island's taxes remain uncompetitive in several areas and raise the cost of doing business. In addition to a levying a gross earnings tax on public utility companies, Rhode Island charges sales tax on energy to commercial users while exempting residential and manufacturing users. This double layer of taxation contributes to high commercial energy costs and places Rhode Island businesses at a disadvantage with their peers in other states. The Governor proposes phasing out this commercial energy sales tax over five years, providing \$4.9 million in tax relief to businesses in FY 2016.

The Governor also proposes to eliminate certain "nuisance" taxes that make Rhode Island an outlier. Rhode Island is the only state in the Northeast that places a surcharge on net patient revenues from imaging services, such as X-rays, ultrasounds, and magnetic resonance imaging (MRI). It is also one of two states in the Northeast that place a net patient revenue surcharge on outpatient services. The state should encourage the use of imaging and outpatient services as an alternative to more costly hospital services. To help contain health care costs and promote job creation in the health care industry, the Governor recommends phasing out both of these 2.0 percent surcharges over four years.

As the state improves its business climate, it must continue to focus on improving the regulatory landscape. Current regulations and underlying laws have erected barriers preventing innovation and investment in our state. The Governor issued an executive order earlier this year to improve our regulatory process and make it easier to conduct business in Rhode Island. One notable area identified by the Office of Regulatory Reform for improvement is professional licensing. The state requires licenses for more than 300 professions. While many of these licenses protect the public by requiring minimum standards for education or professional experience, others may be burdensome and prevent people from pursuing professional paths. As a result, the Governor's budget proposes repealing more than 30 professional licenses identified by the Office of Regulatory Reform as burdensome, duplicative, or unnecessary.

Enhanced Government Partnership with Businesses

The Governor's budget increases Rhode Island's investment in economic development functions within government. The budget includes approximately \$950,000 to support the new Executive Office of Commerce, which will coordinate Rhode Island's efforts in economic development, business regulation, to and housing. The Governor also proposes \$3.85 million in new personnel and operational support for the Commerce Corporation, which has experienced funding reductions over the past several years. The new investment will restore funding in our principal economic development organization to the highest level since 2001, allowing the Commerce Corporation develop stronger relationships with Rhode Island companies and those looking to locate to the state. The Commerce Corporation funding would establish a one-stop service to help businesses navigate red tape and approval processes at the state and local levels, as well as connect businesses with state programs and services to help them grow. Additional resources will also support the Governor's initiative to develop a statewide tourism campaign, described below.

Targeted investment toward innovation, research and development can yield significant dividends by developing new technologies and creating jobs in Rhode Island. The Governor's budget would appropriate \$500,000 for an innovation voucher program. This competitive program would allow small and midsize businesses to earn vouchers for research and development assistance from colleges, universities, and other institutions throughout the region. This R&D initiative would enable businesses to innovate, while connecting them with world-class

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research institutions. The budget also recommends adding \$500,000 to double the available state match under the federal Small Business Innovation Research program.

Effective Tax Tools

The Governor has emphasized the importance of using taxpayer dollars effectively, particularly in the area of economic development. Rhode Island must be proactive to get companies to invest here. Many states already have a strong toolkit to support business growth. Without competitive programs, Rhode Island is at a disadvantage. Competitive tax packages must clearly result in job growth and promote economic development, with strong provisions to monitor outcomes and demonstrate that targets are achieved. The Governor's budget proposes several new tax programs to spur economic growth.

- Job Creation Tax Initiative – There is strong support in the General Assembly for a competitive tax initiative to incentivize employers to create new jobs. The Governor will work with leaders in the General Assembly to enact a package to promote job creation in Rhode Island. Any such initiative must include rigorous accountability provisions and a requirement that the investments' benefits outweigh their costs.
- Anchor Tax Credit – This tax credit incentivizes our largest employers —the anchors of our economy — to attract their suppliers and affiliates to Rhode Island. These employers will benefit from proximity to their suppliers, while the state gains new jobs and develops industry clusters.
- Real Estate Tools – A package of real estate tax incentives will encourage construction of job-producing projects, with a focus on development near transit hubs and historic structures. The package includes Rebuild Rhode Island tax credits, tax increment financing, and partial assistance for local tax stabilization agreements that will make investing in construction and development in Rhode Island a compelling proposition.

The Governor's budget also recommends rescinding the Enterprise Zone Wage Tax Credit. Enterprise zones were originally intended to encourage investment in lower-income areas, but have since been expanded so broadly to other areas that the incentive is no longer targeted.

Targeted Short-Term Investments

In addition to the ongoing economic development programs and tax credits noted above, the Governor's budget proposes limited-duration initiatives supported by the proceeds of a proposed restructuring of the state's debt. The restructuring plan takes advantage of low interest rates and provides resources to invest in needed priorities.

- I - 195 Development Fund – The I-195 Fund would provide the state with additional tools to attract new world-class institutions, employers and other assets to the I-195 land. The budget includes \$25.0 million to support infrastructure improvements and other incentives to promote this important economic development resource. Funds will not be used for a stadium or sport-related complex.
- Small Business Assistance Initiative – Unlike its neighboring states, Rhode Island lacks a state-backed small business loan fund. The Governor proposes \$5.2 million to capitalize loan programs and other forms of assistance for small businesses. This fund will leverage private sources of funding to create a sustainable source of capital for Rhode Island small businesses.
- Innovation Initiative – The budget recommends \$1.0 million over two years to support promising companies in areas as advanced industries, technology, and other strategically important sectors. The Innovation Initiative will support the creation of incubator space and other forms of assistance for innovative young companies.

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- First Wave Fund – The budget includes \$5.0 million to provide state economic development officials with flexibility when working with businesses interested in locating to or expanding in Rhode Island. The First Wave Fund will allow officials to make critical investments, resolve complex negotiating issues and obtain technical and legal support when closing transactions.
- Affordable Housing – The budget proposes \$3.0 million to finance the production and preservation of affordable housing for young workers, seniors and other residents. Projects will be prioritized if they can move to construction quickly and leverage federal affordable housing tax credit dollars.

Statewide Tourism & Marketing

Unlike other New England states, Rhode Island does not have a robust statewide tourism program. In FY 2014, the state collected \$15.7 million in revenue from the state hotel tax. More than half of those funds were distributed to regional tourism and economic development entities, with little coordination of their efforts. With tourism as a major contributor to the state's economy, Rhode Island must maximize use of existing tourism dollars and invest new funds to promote the Ocean State as a destination. This rising tide of tourism investment will lift all boats, with each region of the state benefiting from greater awareness and statewide branding.

The Governor's budget modifies the distribution of lodging tax dollars to provide a greater share to statewide tourism efforts. These resources will support a major state tourism marketing campaign, promoting Rhode Island as a vacation and leisure destination across the region and country. The Commerce Corporation will work with top-notch advertising talent to devise a compelling brand for the state and use new and traditional media to boost awareness about the beauty and attractions of Rhode Island. Part of this campaign will involve a business attraction effort – ensuring coordinated images and messaging.

To provide sufficient resources for this initiative, the Governor's budget establishes new revenue sources dedicated to tourism promotion. The budget proposes expanding sales and lodging taxes to online resellers of lodging accommodations, who currently pay no taxes on their markup over the wholesale prices. The budget also closes an existing loophole that exempts vacation houses and small bed and breakfasts from paying the sales and lodging taxes. Finally, the budget would apply sales and local lodging taxes to unlicensed rentals, which have increasingly become an alternative to hotels, bed and breakfasts and other licensed lodging. Further, the Governor proposes redirecting a greater portion of the state hotel tax to dedicate more funds to statewide tourism, marketing, and economic development at the Commerce Corporation. The net effect of changes to the tourism funding formula and new revenue sources is an additional \$6.4 million annually.

Promote Infrastructure Improvements & Maximize State Capital Investments

The state can encourage economic growth by investing in the infrastructure required to transport goods and services. In recent years, Rhode Island has made additional investments in transportation funding at both the state and municipal levels. These improvements have allowed the state to reduce its reliance on debt financing as the state match to the Federal Highway Trust Fund. Despite these improvements, Rhode Island's roads and bridges need additional investment to bring them into a state of good repair. The Governor's budget includes a net increase of \$6.8 million in capital funds for transportation projects that can be started early in FY 2016.

The state government contributes to the Rhode Island economy through its capital budget of approximately \$150.0 million. In recent years, as much as \$30.0 million in capital funding has gone unspent because of project planning and management challenges. Earlier this year, representatives of the Office of Management and Budget,

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Executive Office of Commerce, and executive branch agencies reviewed all of the projects in the five-year capital plan and endeavored to prioritize projects that may be completed quickly, thereby maximizing economic development potential.

To prevent future delays in capital project management, the Governor's budget proposes consolidating construction, property and asset management functions in numerous departments within the Department of Administration. The consolidation supports the Governor's efforts to provide greater oversight of capital assets and projects, as well as to develop a more strategic approach to project planning and management, as well as overall asset management.

As previously noted, refinancing the state's debt provides an opportunity to invest in important, high-impact initiatives. The Governor's budget recommends \$2.0 million in debt refinancing proceeds to support a Rhode Island Infrastructure Bank to fund energy efficiency and renewable energy projects. An idea developed with the Office of the General Treasurer, the Infrastructure Bank would expand the Clean Water Finance Agency's existing authority to support municipalities with clean water and transportation infrastructure projects. The Infrastructure Bank would provide a sustainable funding source for energy improvements undertaken by municipalities, school districts and commercial users. It will spur investment in projects such as building retrofits and renewable energy installation, encouraging employment in those fields. By leveraging federal, state and private-sector funds to maximize impact, the Infrastructure Bank will help create jobs, conserve energy, and reduce costs in Rhode Island.

Additionally, the Governor's budget includes \$2.0 million over two years to support streetscape improvements in our cities and towns. The Main Street RI Fund will provide funds on a matching basis to municipalities seeking to upgrade streetscapes in their business districts including such elements as lighting, street furniture, and medians. These improvements will create environments more hospitable to business and will attract customers to the commercial corridors in our cities and towns.

Summary of Projects Supported by State Debt Refinancing

Restructuring the state's debt is estimated to yield \$64.5 million in FY 2016 and \$19.4 million in FY 2017. These funds will be used exclusively to advance economic development priorities.

Project	FY 2016	FY 2017	Purpose
School Construction Capital Fund	\$20,000,000	\$0	Create a capital fund to address school facility needs. Funds will be overseen by a new School Building Authority, which will take a performance-based approach to distributing state school modernization funds, targeting facilities in greatest need and promoting operational efficiencies.
First Wave: Tax Credits	\$0	\$12,700,056	Encourage construction of job-producing projects, especially strengthening development near transit hubs and involving historic structures throughout our state. Package includes refundable tax credits, tax increment financing, and assistance for local tax stabilization agreements.

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Summary of Projects Supported by State Debt Refinancing (cont.)

Project	FY 2016	FY 2017	Purpose
First Wave: Closing Fund	\$5,000,000	\$0	Provide state economic development officials with flexibility when working with businesses interested in locating to or expanding in Rhode Island. The First Wave Fund will allow officials to make critical investments, resolve complex negotiating issues and obtain technical and legal support when closing transactions.
First Wave: 195 Development Fund	\$25,000,000	\$0	Provide the state with additional tools to attract new world-class institutions, employers and other assets to the I-195 land. Funding will support infrastructure improvements and other incentives to promote this economic development resource.
Innovation: Innovation Initiative	\$500,000	\$500,000	Support promising companies in areas as advanced industries, technology, and other strategically important sectors. The Innovation Initiative will support incubator space and other forms of assistance for innovative young companies.
Innovation: Competitive Cluster Grants Pilot	\$750,000	\$1,250,000	Catalyze stronger partnerships among companies in key industry clusters. This program would foster new clusters where they do not yet exist and strengthen clusters where they do, using Rhode Island's size to maximum advantage and equipping key sectors to grow.
Infrastructure: Affordable Housing Fund	\$3,000,000	\$0	Through Rhode Island Housing, finance the production and preservation of affordable housing for young workers, seniors, and other residents. Projects will be prioritized if they can move to construction quickly and leverage federal affordable housing tax credit dollars.
Infrastructure: Main Street RI Streetscape Improvements	\$1,000,000	\$1,000,000	Provide funds to upgrade streetscapes in local business districts, including such elements as lighting, street furniture, and medians. These improvements will help create an environment more hospitable to business and attract customers to the commercial corridors of cities and towns.
Infrastructure: Rhode Island Infrastructure Bank	\$2,000,000	\$0	Provide a sustainable funding source for energy efficiency and renewable energy improvements. By leveraging federal, state and private-sector funds to maximize impact, the Infrastructure Bank will help create jobs, conserve energy, and reduce costs in Rhode Island.
Small Business Assistance Program	\$5,220,699	\$0	Expand access to capital for small and growing businesses to thrive and expand. Unlike its neighboring states, Rhode Island lacks a state-backed small business loan fund.
Anchor Institution/ Consortium Tax Credits	\$1,750,000	\$3,943,222	Incentivizes our largest employers – the anchors of our economy – to attract suppliers and affiliates to Rhode Island. These employers will benefit from proximity to their suppliers, while the state gains new jobs and develops industry clusters.
Total Refinancing Proceeds	\$64,220,699	\$19,393,278	

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Promoting Innovation in Government

With the state facing structural deficits, Rhode Island must transform state and municipal government to be more innovative, nimble, and responsive to the needs of taxpayers. The state needs to streamline the way it delivers services to our customers, maximizing the use of technology, shared services and intergovernmental collaboration whenever possible. State government must also develop a culture of innovation and continuous improvement, always striving to improve the way it operates.

Information Technology Investments

Investments in information technology will improve state operations, promote data-driven decision-making and enhance the transparency and accountability of government. The Governor's budget recommends several IT-related improvements to departmental operations, including the following:

- The Executive Office of Health and Human Services (EOHHS) is developing a system to prevent and control waste, fraud, and abuse. The predictive modeling system will be integrated into the existing Medicaid payment system to analyze claims data, provide real-time risk scoring, determine patterns, and avoid unnecessary payments. EOHHS expects its predictive modeling system to save \$1.0 million in FY 2016.
- The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) proposes an Electronic Visit Verification (EVV) system to confirm third-party reports of home- and community-based services provided to individuals with developmental disabilities. EOHHS will also implement an EVV system to verify services by personal care attendants for Medicaid recipients. These two improvements are expected to reduce total service costs at BHDDH and EOHHS by \$2.9 million.
- The Division of Information Technology will work with the Department of Children, Youth and Families to facilitate use of laptops or tablets to permit offsite data access and entry by social caseworkers, group home inspectors, and other staff. These efficiencies will reduce staff transportation and overtime costs by an estimated \$150,000.

Efficient Government Operations

Responding to the Governor's charge to make government more efficient and cut costs, departments and agencies have proposed the following improvements to business practices, purchasing, and operations:

- The Executive Office of Health and Human Services (EOHHS) will aggressively pursue recoupment of funds to payment opportunities for expenses that may be covered by Medicare but erroneously billed to Medicaid. EOHHS estimates this effort will save \$1.0 million.
- The Department of Corrections currently operates a food purchasing and warehousing operation that supplies food to the state prison system and other government users. By participating in Corrections' food purchasing and waste reduction efforts, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals expects to reduce its food costs by 20.0 percent for general revenue savings of \$150,000.
- The Office of Energy Resources (OER) will establish a competitive procurement program for the state's electricity supply. OER expects that additional savings may be attained through energy efficiency initiatives, for a combined reduction of \$1.0 million in state energy costs.
- The Division of Purchases will conduct a review of recent and current commodity and deliverable-based contracts to determine whether the state has achieved all attainable savings. The Division projects savings of \$2.0 million.

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- The budget includes \$100,000 for the Office of Management and Budget to support Lean process improvement projects in government. The Department of Environmental Management, Division of Human Resources, and the Division of Purchases have used Lean techniques to streamline application and permit processes, reduce backlogs and improve customer service. Additional funds will encourage other departments to use Lean to improve operational efficiency.

The need to improve government efficiency extends beyond state government to cities and towns as well. In February 2015, the Governor signed Executive Order 15-06, directing the Office of the Lieutenant Governor to work with municipalities to regionalize and/or consolidate their services. To encourage innovation and support implementation of initiatives stemming from this effort, the Governor's budget includes \$100,000 in competitive grant funding to municipalities.

Agency Reorganization

The Governor's budget also recommends the reorganization of several government functions to improve efficiency and encourage collaboration among programs with similar goals. The budget includes the following changes:

- Merge functions of the Rhode Island Higher Education Assistance Authority (RIHEAA) with the Office of Post-Secondary Education – RIHEAA currently serves as the state's loan guaranty agency, though changes in federal law have gradually reduced RIHEAA's role in loan management. With RIHEAA's revenues and staffing projected to decline with the phase-out of loan guaranty functions, the Governor recommends transferring its remaining staff and functions to the Office of Post-Secondary Education and the Office of the Treasurer.
- Establish an Office of Advocacy – State government has several agencies charged with advocating for and protecting the rights of individuals – the Governor's Commission on Disabilities, the Commission on Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate. In many cases, low staffing levels limit the ability of these agencies to provide legal support, coordinate services, and conduct public and legislative advocacy. Consolidating these agencies under the Executive Office of Health and Human Services will facilitate shared services and permit the transfer of best practices.
- Consolidate boards for non-prescribing health professionals in the Department of Health – Conduct and licensing requirements for numerous medical and health care professions are established by appointed professional boards, which are supported by Department of Health staff. The budget includes language to consolidate 25 boards overseeing non-prescribing professionals, leading to more than \$200,000 in personnel savings.

Improved Transparency & Accountability

An effective government must be responsive to the needs of citizens and taxpayers. Rhode Islanders deserve an outcome-oriented government that is transparent and accountable to the people. The Governor's budget reflects the need to tie new investments to improvements in outcomes. As noted earlier, economic development tax credits and workforce development programs will undergo more rigorous review to guarantee that public funds are used to maximum effect. Additionally, to improve the customer experience at the Division of Motor vehicles, the budget recommends \$248,000 to hire part-time employees to enhance staffing at peak volume times. DMV expects that the additional staff will significantly reduce average wait times.

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The state must also promote public access to information. State law currently mandates that state and municipalities post legal and public notices in print media, but does not allow for electronic publication to fulfill the public notification requirement. With an increasing number of Rhode Islanders obtaining information and conducting transactions online, the state needs to make information available where people are likely to encounter it. To promote transparency, the budget includes a provision allowing required public and legal notices to be posted on the state's transparency portal as an option to fulfill public notification requirements.

As part of the FY 2016 budget submission, the state will implement a new budget data research and visualization tool. This enhanced functionality will allow users to review budget information in a variety of formats, showing detail about funding sources, categories, and recipients, as well as expenditure trends over time. Users may access the site at <http://openbudget.ri.gov>.

Making Work Pay

Rhode Islanders have been hit disproportionately hard during the recent recession, with the state still experiencing one of the highest unemployment rates in the nation. Governor Raimondo's budget recognizes the challenges facing working families and senior citizens and invests in programs to provide financial support.

The budget includes a provision increasing the allowable percentage of the federal Earned Income Tax Credit amount that may be used as a credit against RI personal income tax liability. The proposal would increase Rhode Island's deduction from the current rate of 10.0 percent to 12.5 percent, with the ultimate goal of attaining 15 percent.

For lower-income senior citizens, Social Security benefits often represent the majority of a fixed income. To protect the state's most vulnerable senior citizens, the Governor's budget proposes exempting Social Security benefits from state personal income tax for single filers with Federal Adjusted Gross Income less than \$50,000 and for married filers with Federal AGI less than \$60,000. This proposal would place Rhode Island on an equal footing with Connecticut.

The Governor's budget also maintains Rhode Island's commitment to affordable health insurance coverage. In the last year, the state's health insurance exchange, HealthSource RI, has helped more than 22,000 Rhode Islanders receive a federal health coverage tax credit. The Governor's budget maintains state control of the health exchange and reduces operating costs to a level no greater than if the state were to switch to the federal health exchange.

Finally, the Governor's budget proposes \$300,000 to create an Office of Economic Empowerment. This office would link workers with state and federal supports for education, job training, financial stability, and employment opportunities. With many Rhode Islanders not taking full advantage of programs available to them, the Office of Economic Empowerment will establish one-stop shops for accessing federal and state benefits, ranging from the earned income tax credit (EITC) to job training. The goal is to help unemployed, underemployed, and low-income families build household wealth.

Reducing the Structural Deficit

In developing the budget, Governor Raimondo has emphasized the importance of addressing the state's structural deficit. In most instances, states seek to close a structural deficit by either constraining costs to match expected revenue growth levels, or expanding revenue to match expected costs. Those approaches, while straightforward,

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are difficult to implement in Rhode Island because of the confluence of the following factors: (1) the state's weak economy; (2) the size of the structural deficit; (3) the fact that numerous expenditure cuts have already been implemented in recent years; and (4) the challenge of expanding revenue in any significant way without adversely affecting the state's economic competitiveness. It is impractical to claim that spending cuts are not needed or that new revenues should not be explored – both options will be required in the short term to address projected deficits. However, in order to combat the structural deficit effectively, the state must create the conditions to foster economic growth and improve revenues. To accomplish that goal, the state must attract companies to invest in Rhode Island, and encourage the state's existing businesses to expand and grow. For those reasons, the budget includes numerous initiatives and investments to promote economic development, described earlier, all of which are essential for Rhode Island to grow out of its structural deficit situation.

As previously noted, structural deficits harm the business climate by creating uncertainty and discouraging investment. Governor Raimondo's budget demonstrates a commitment to addressing the key cost drivers in government in order to reduce expenditure growth over time. One such driver is Medicaid, which represents approximately one-third of general revenue spending. Rhode Island has the second-highest cost per enrollee in the United States — approximately 60.0 percent higher than the national average. The Governor's executive order to reinvent Medicaid (15-08) is intended to improve service delivery and constrain Medicaid cost growth. In February 2015, the Governor appointed a diverse group of health care professionals, patient advocates, business people and other policy leaders to a Medicaid Working Group to address the structural challenges facing Rhode Island's Medicaid system.

The Governor's budget includes \$45.1 million in identified Medicaid savings for FY 2016. Additionally, the Executive Office of Health and Human Services and the Medicaid Working Group have begun reviewing programs, services and financing mechanisms to find additional areas for improvement. They have identified potential areas for recommended reforms, including managed care contracts; program oversight; value-based purchasing; high-cost users; and inpatient behavioral health. Based on this initial review, the budget projects an additional \$46.0 million in additional savings from the working group's recommendations in April 2015.

Similarly, the Governor's budget addresses structural costs associated with state employees and benefits. The personnel system, in many instances, is governed by archaic laws, which in some cases hinder the efficient operations of the state and limit opportunities for state employees. Further, personnel costs have been rising faster than inflation – even as the number of state employees has declined. This cost growth contributes to the state's structural deficit. The state needs to modernize the personnel system so that it can secure cost savings without pursuing significant layoffs. The state needs thoughtful and targeted personnel reform to attract top talent; control rising costs; provide more opportunities and options for employees; and create a government that is flexible, innovative, and responsive to Rhode Islanders.

While the personnel system needs long-term transformation, the current situation is urgent and challenging. The prior Administration negotiated collective bargaining agreements with most state employee unions that run through June of 2017, setting terms and conditions for employee benefits and job protections. Moreover, the cost of living salary raises included in those labor agreements were not budgeted, resulting in deficits of approximately \$25.0 million in the current fiscal year and \$37.0 million in Fiscal Year 2016. The Governor's budget proposes achieving savings of \$22.0 million related to personnel and employee benefits -- Administration officials will work with state employees and their representatives to find the savings while avoiding significant layoffs. The

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budget also includes legislative proposals to provide state government with greater flexibility in hiring and managing personnel.

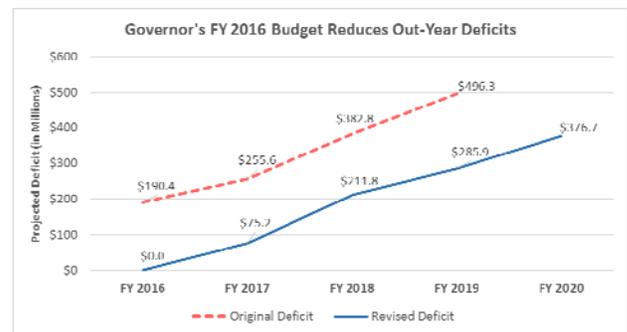
Expenditure reductions in Medicaid and personnel will begin to put the state budget on a more sustainable path. However, until some of the reforms are fully implemented – and, given the size of the structural deficit – additional revenues may be necessary. As previously noted, the Governor’s budget does not include broad-based tax changes. Revenue options were specifically chosen to minimize impact on working Rhode Islanders. The Governor proposes establishing a statewide property tax for non-owner occupied residences (for example, vacation homes, second residences) and vacant residential land valued at greater than \$1.0 million. This effort will provide \$11.8 million to fund important priorities while limiting the impact to a relatively small number of wealthy taxpayers.

Additionally, the Governor’s budget proposes the following additional revenues:

- Increasing the state’s cigarette excise tax by \$0.25 per pack, from \$3.50 to \$3.75 per pack – This increase will raise \$7.1 million in FY 2016 while discouraging smoking and improving health outcomes.
- Conducting pay-for-performance audits –The Division of Taxation’s Integrated Tax System allows for greater data analysis, but the Division needs additional analytical support to improve compliance rates. This proposal will allow the Division of Taxation to raise \$1.8 million through benefit-based funding or contingent fee contracts to implement new compliance programs.
- Authorizing self-audits – This proposal would allow the Division of Taxation to enter into agreement with businesses to perform self-audits. The businesses would receive reduced interest and penalties on any underpaid sales and use tax, and the Division expects to recover \$500,000 in unpaid taxes through this program.
- Closing a real estate loophole – The budget closes an existing loophole that allows the buyer and seller in a real estate transaction to avoid real estate transfer fees by selling the real estate holding company that owns the property. Addressing this issue will increase revenues by nearly \$700,000.

The Governor’s budget successfully closes the projected FY 2016 deficit of \$190.4 million through a combination of expenditure reductions, new revenues, and transfers and other operating changes. In an effort to keep Rhode Island’s business climate competitive, the Governor’s budget recommends only \$14.3 million in net new taxes and fees – 7.5 percent of the amount required to close the deficit. Reflecting the need to contain costs to reduce the structural deficit, the Governor’s budget includes net spending reductions of \$118.1 million, or 61.8 percent of the total deficit amount. Finally, fund transfers and other operating changes represent \$58.5 million, or 30.7 percent of the deficit.

Finally, the Governor’s budget reduces projected out-year deficits. Structural changes decrease the projected FY 2017 deficit by 70.6 percent from \$255.6 million to \$75.2 million, with the FY 2019 deficit declining 42.4 percent to \$285.9 million. Additional revenues from a better business climate may improve the outlook further. While more work remains to be done, the Governor’s budget makes substantial progress in closing Rhode Island’s structural deficit.



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The FY 2016 Recommended Budget addresses a projected operating deficit of nearly \$190.4 million while investing in key areas to improve the State's overall financial outlook. The FY 2016 Budget reflects ongoing improvements in the State's overall financial condition over the past several years. FY 2014 closed with a surplus of \$67.8 million, representing the fifth year in a row the State has closed with a strong surplus. An additional indicator of cost control is that the FY 2014 surplus was primarily achieved through controlling spending – spending was \$16.0 million less than the enacted appropriation. The FY 2015 Recommended Budget assumes a \$67.8 million opening surplus from FY 2014. The following outlines the FY 2015 Revised and the FY 2016 Recommended Budgets as proposed by Governor Raimondo on March 12, 2015.

FY 2016 Recommended Budget: Governor Raimondo recommends an all funds budget totaling \$8,627.6 million for FY 2016, a decrease of \$211.9 million, or 2.4 percent, from the FY 2015 Revised Budget of \$8,839.4 million. Of the \$211.9 million decrease, there is an increase of \$3.2 million in general revenue, with reductions in federal funds of \$137.4 million, in restricted receipts of \$38.8 million, and in other funds of \$38.9 million. Of the \$8,627.6 million budget, \$ 3,491.6 million, or 40.5 percent, is from general revenue, \$3,003.1 million or 34.8 percent is from federal funds, \$1,893.5 million, or 22.0 percent, is from other sources, and \$239.4 million, or 2.8 percent, is from restricted or dedicated fee funds. The Governor's FY 2016 Recommended Budget includes 15,119.4 authorized FTE positions, which is 18.7 FTE positions greater than what is included in the Governor's FY 2015 Revised Budget Plan and 33.4 FTE positions more than what was included in the FY 2015 Enacted Budget.

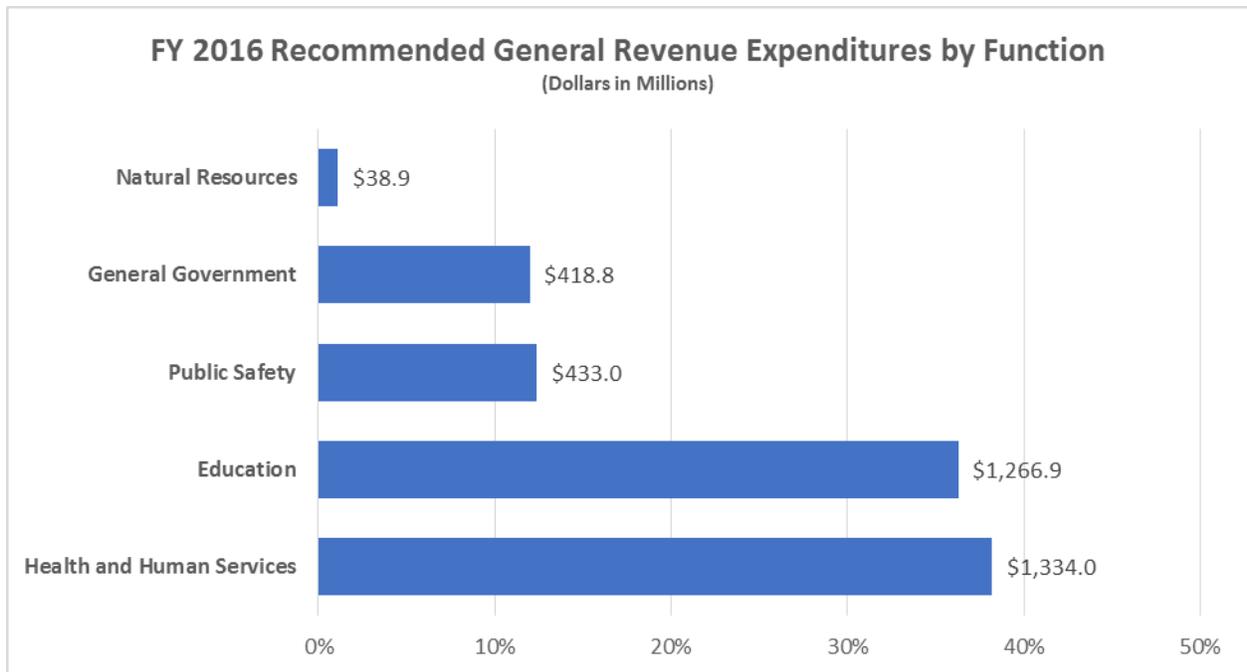
Recommended FY 2016 general revenue funding of \$3,491.6 million represents an increase of \$46.5 million, or 1.4 percent, over the FY 2015 enacted budget of \$3,445.2 million, and is less than one percent higher than the FY 2015 Revised Budget proposed by the Governor (\$3,488.4 million). Federal funds decrease from \$3,086.5 million in the FY 2015 enacted budget to \$3,003.1 million in the recommended FY 2016 Budget. The FY 2016 Recommended Budget included reviews of department and agency federal spending patterns and has more closely aligned requested spending levels with actual experience. Other funds decrease from \$1,965.4 million in the FY 2015 enacted budget to \$1,893.5 million in the FY 2016 Budget.

FY 2015 Revised Budget: Governor Raimondo recommends a revised all funds budget totaling \$8,839.5 million for FY 2015, an increase of \$59.3 million, or 1.0 percent, from the FY 2015 Enacted Budget of \$8,780.2 million. Of this total, \$3488.4 million, or 39.5 percent, is from general revenue, \$3,140.5 million, or 35.5 percent, is from federal funds, \$1,932.4 million, or 21.9 percent, is from other sources, and \$278.2 million, or 3.2 percent, is from restricted or dedicated fee funds. The Governor's FY 2015 Revised Budget includes 15,100.7 authorized FTE positions, which is 14.7 FTE positions higher than what is included in the FY 2015 Enacted Budget.

Recommended FY 2015 general revenue funding of \$3,488.4 million represents a net increase of \$43.2 million, or 1.3 percent, from the FY 2015 enacted budget of \$3,445.2 million, and is 4.6 percent higher than the FY 2014 actual expenditure. Federal funds increase from \$3,086.5 million in the FY 2015 enacted budget to \$3,140.5 million in the revised FY 2015 budget, primarily due to additional funding for the Health Benefits Exchange and for federal highway projects. Other funds decrease from \$1,965.4 million in the FY 2015 Enacted Budget to \$1,932.4 million compared to the enacted plan.

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Expenditure Plan by Function: The challenge of balancing the State Budget is more difficult based upon a review of where overall general revenue actually goes. Expenditures from general revenue are projected to total \$3,491.6 million for FY 2016, increasing by \$3.2 million over FY 2015 revised spending levels.



Expenditures totaling \$1,334.0 million for Health and Human Services agencies represent nearly 38.2 percent of the total general revenue budget to support various health care and prescription drug coverage programs for low-income children, their parents, seniors and the poor, and community residential and treatment programs for the disabled.

Education is the second largest component of State spending, totaling \$1,266.9 million, or 36.2 percent of general revenue spending. This includes the State support for local education aid, support for the state university and colleges, and scholarships. The General Assembly enacted significant changes to the governance of Rhode Island’s elementary and secondary education and its higher education systems through creating a singular board of education. Governor Raimondo’s FY 2016 Recommended Budget includes legislation to implement additional restructuring by eliminating the Rhode Island Higher Education Assistance Authority and moving its functions under the Commissioner of Postsecondary Education.

Governor Raimondo’s FY 2016 Recommended Budget continues to invest in education in Rhode Island. The Governor fully funds the fifth year of the school funding formula, requiring an additional \$35.5 million in state funding.

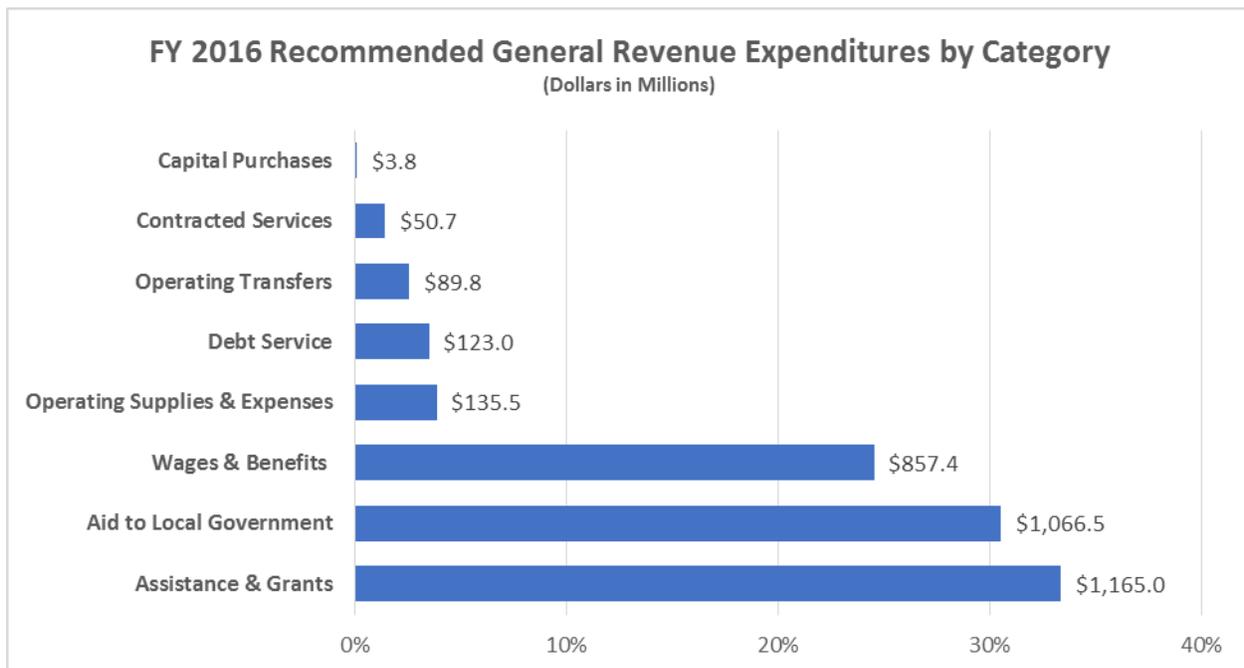
General revenue expenditures for General Government and Public Safety comprise \$418.8 million (12.0 percent) and \$433.0 million (12.4 percent), respectively. General Government includes, along with state operations, state aid to municipalities and direct property tax relief. Public Safety includes the state prisons, Military Staff, RI Emergency Management Agency, State Police, Attorney General and Judicial departments.

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Finally, general revenue expenditures for Natural Resources comprise \$38.9 million, or 1.1 percent of total general revenue funding. The Natural Resources function is comprised of the Department of Environmental Management and the Coastal Resources Management Council.

Transportation expenditures are financed by dedicated gasoline taxes and are not a component of general revenue spending.

Expenditures by Category: General revenue expenditures by category are primarily devoted to financing grants, local aid and personnel. The largest component is grants and assistance expenditures of \$1,165.0 million, comprising 33.4 percent of total general revenue spending. Local aid expenditures of \$1,066.4 million represent 30.5 percent of total spending, which includes fully funding the fifth year of the school aid formula; personnel expenditures of \$908.0 million comprise 26.0 percent of the budget; operating expenditures total \$135.5 million, or 3.9 percent of the budget; and capital expenditures, including debt service, and operating transfers total \$216.7 million, or 6.2 percent of the total general revenue budget.



Local aid comprises over \$1.066 billion of general revenue spending. The largest component of local aid is education aid. General revenue funding for local education aid increases by a net of \$35.5 million in FY 2016, as compared to the FY 2015 enacted funding level. The Governor’s budget provides \$33.2 million for year five of the new funding formula. Education aid provided to local communities, charter schools, and state schools in FY 2016 total \$862.4 million or \$42.2 million more than provided in the FY 2015 Enacted Budget.

Beginning July 1, 2011, the new education aid formula began to distribute education aid to all local educational agencies (LEA), including districts, charter schools and state schools (with the exception of the School for the Deaf, which will be separately funded). The formula allows for the funding to follow the student and was developed with the following guiding principles: build a strong foundation for all children; improve equity among

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districts and schools; be transparent; and be financially responsible. The new education aid formula determines the amount of funding each LEA shall receive per year. The Governor's Budget includes the best data available at the time of the budget submission; however these calculations will be updated using March 2015 student data, including final charter school lottery data, which is expected by April 1, 2015.

The State's FY 2016 share of teacher retirement costs decreases to \$89.0 million from the FY 2015 enacted levels to \$89.5 million. In addition to anticipated payroll growth, the required rate of contribution for the State share increases from 8.42 percent in FY 2015 to 9.19 percent in FY 2016.

Health and Human Services: While the Executive Office of Health and Human Services and the Departments under its auspices have implemented a number of initiatives authorized in the FY 2015 Enacted Budget with the goal of addressing the unsustainable growth in this functional area, these efforts will be significantly amplified in FY 2016.

In the Medical Assistance program, the Governor recommends an \$88.1 million reduction to the Caseload Estimating Conference's (CEC) adopted funding level. This is achieved through various policy actions designed to contain the Medicaid program's expenditure growth in both FY 2016 and subsequent years. First, the Governor recommends reductions to all Medicaid managed care capitation (i.e. monthly cost per member) rates, effective July 1, 2015, for savings totaling \$2.7 million in general revenue. Rates will be negotiated so as to reduce average annual growth in these rates by 0.9 percent relative to the increases assumed at the November 2014 CEC. The Governor further recommends general revenue savings of \$15.7 million for eliminating scheduled FY 2016 hospital payment rate increase(s) and imposing a 5 percent reduction to payment rates; savings of \$8.9 million for the elimination of the FY 2016 nursing facility rate increase and a 3 percent reduction to payment rates; savings of \$11.2 million for the elimination of all FY 2016 Upper Payment Limit (UPL) payments to community hospitals; and various other initiatives that strengthen program integrity, maximize leveraging of federal funds, and rationalize the delivery of out-of-plan services for children with special healthcare needs.

Governor Raimondo established the Working Group to Reinvent Medicaid on February 26, 2015, via executive order 15-08. The working group will work to foster innovation and improve Medicaid so those who need it most receive the best care at lower costs. The group includes a diverse set of community leaders with unique expertise in health care, business, and public health policy. Through a series of public meetings across the state, they will hear from patients, caregivers, doctors, nurses, hospitals, nursing homes, community health centers, behavioral health providers, and other health policy leaders to fully understand the challenges facing Rhode Island's Medicaid system. The group will develop a plan to improve the quality of care Rhode Islanders receive and reduce the costs for Rhode Island taxpayers. In accordance with this plan, the FY 2016 Recommended Budget contains general revenue savings totaling \$46.0 million divided among the budgets of the Executive Office, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; the Department of Children, Youth and Families, and the Division of Elderly Affairs. Further details regarding the strategic vision of the Working Group, as well as some examples of the potential reforms to be undertaken under its guidance, are provided in the *Executive Office of Health and Human Services* section of this Executive Summary.

Personnel: Total state personnel costs comprise 22.1 percent of total recommended spending in FY 2016. General revenue spending for personnel costs total \$908.0 million, nearly half of the total personnel costs. Actual

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filled positions totaled 13,820.2 FTE positions as of December 27, 2014, a 163.3 position increase from the 13,656.9 filled position level as of December 29, 2012, and 1,262.6 FTE positions below the 15,082.8 FTE positions level in July 2007. The filled FTE position level of 13,820.2 is 1,265.8 FTE positions less than the FY 2015 enacted cap of 15,086.0 FTE positions.

In the FY 2015 revised budget, the Governor recommends a FTE position level of 15,100.1, an increase of 14.7 FTE positions from the FY 2015 enacted budget. In the FY 2016 budget, the Governor recommends a net increase of 18.7 FTE positions from the FY 2015 revised budget, or 15,119.4 FTE positions. While maintaining an acceptable level of critical services, reducing FTE position authorization in response to completed programs, and addressing new program concerns, the Governor recommends offsetting FTE position reconciliations and vacancy reductions to maintain the overall position authorization as close as possible to the FY 2015 enacted level.

Total personnel costs decrease \$33.9 million, or 1.6 percent, in FY 2016, as compared to the FY 2015 Revised Budget, reflecting decreases in purchased services, but increases by \$47.1 million (2.6 percent) from the enacted Budget. The State recently entered into contracts with most state employee unions that provide for cost of living adjustments (COLA) of 2.0% on April 6, 2014; 2% on October 5, 2014 and 2% on October 4, 2015. This assumes all union and non-union staff receive the same COLA under the same schedule. As of this writing, the State Police Trooper and RIBCO unions have not settled their contracts, and nor have URI, RIC, and CCRI faculty unions.

Transportation Finance: In recent years, Rhode Island has modified its transportation financing system to reduce reliance on the costly habit of borrowing to meet federal highway matching requirements to finance the State's highway improvement program. To address this issue, the General Assembly enacted into law a three-year, phased increase in registration and license fees, which began in FY 2014. Two-year registrations and drivers licenses would each be increased by \$30.00 (\$10.00 per year for three-years), while one-year registrations would be increased by \$15.00 (\$5.00 per year for three-years). The proceeds from these fee increases finance the newly created Rhode Island Highway Maintenance Account, and combined with a \$20.0 million appropriation from the Rhode Island Capital Plan Fund, was thought to be sufficient to provide the necessary match to federal funds, resulting in not having to go back to voters to borrow to meet our match requirements, and over time, will reduce the amounts necessary for debt service, thereby freeing up funding for other purposes in the future.

The Department of Transportation was also facing the same type of ongoing operating deficits that plague the State as a whole given that gas tax revenues fail to keep pace with the growth in transportation expenditures. The 2014 General Assembly, as part of the FY 2015 enacted budget, augmented on these initial funding changes with the passage of Article 21 – Relating to Transportation. Article 21 furthered how the Rhode Island Highway Maintenance Account is funded by (1) raising the state vehicle inspection fee by \$16.00, from \$39.00 to \$55.00. Previously \$16.00 of this fee had been deposited into the general fund; now, a total of \$32.00 (\$16.00 previous funds and the \$16.00 increase) will be deposited into the Highway Maintenance Account; (2) added a \$25.00 surcharge on all dismissals based on a good driving record; and (3) transfers existing motor vehicle fees, surcharges and tax revenues from the general fund to the Highway Maintenance Account, including (a) \$50.00 fee to receive a certificate of title for a purchased vehicle; (b) existing rental vehicle surcharges; and (c) a multi-year phase-in of all remaining motor vehicle fees.

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The General Assembly also increased the appropriation from the Rhode Island Capital Plan Fund to \$27.7 million in FY 2015, in lieu of tolls – shifted 3.5-cents of gasoline tax allocations to the Rhode Island Turnpike and Bridge Authority (beginning FY 2015) with a corresponding decrease to the Department of Transportation, and provided for a statutory increase of the gasoline tax beginning in FY 2016 by 1.0-cent bi-annually based on the Consumer Price Index for all Urban Consumers (CPI-U).

The Governor recognizes the need for a robust transportation system which can encourage economic growth by investing in our infrastructure. With the Article 21 changes in mind and the looming shortfalls at the federal level from decrease in proceeds being deposited into the Federal Highway Trust Fund, the Governor has proposed an additional \$20.0 million from the Rhode Island Capital Plan Fund for transportation projects that can be started in FY 2016. The increase provides a total of \$47.7 million in Rhode Island Capital Plan Fund financing directed to the highway improvement program. To tackle the structural deficit consuming the State's general fund, the Governor proposes suspending, per Article 21, year-one of the three-year phase-in of remaining motor vehicle fees, scheduled at 25% in FY 2016, and replacing the loss to the Highway Maintenance Account with the additional financing from the Rhode Island Capital Plan Fund. The Governor's transportation infrastructure financing plan will provide the Department of Transportation with \$6.8 million in new funds in FY 2016, while continuing the phase-in approach of depositing all remaining motor vehicle related fees as directed by Article 21 in the out-years (75.0% in FY 2017 and 100% in FY 2018).

The Governor also recognizes the need to assist the Rhode Island Public Transit Authority in order to improve its overall financial condition. The Governor continues the plan under Article 21 to transfer five-percent of all available proceeds deposited into the Rhode Island Highway Maintenance Account. Additionally, the Governor proposes to continue financing debt service on outstanding general obligation bonds issued on behalf of RIPTA from the Authority's budget to the state general revenue in FY 2016, freeing up close to \$1.7 million in gasoline tax revenues.

The Economy

Introduction

The Consensus Revenue Estimating Conference (REC) convenes at least twice each year, typically within the first ten days of May and November. Historically, the purpose of the conference was confined to forecasting current and budget year revenue estimates. During the 1998 legislative session, the Revenue Estimating Conference statutes were modified to also require the adoption of a consensus economic forecast. Prior to the November 2001 conference, the conferees adopted a forecast for Rhode Island total employment, Rhode Island personal income, and the U.S. consumer price index for all urban consumers (CPI-U) covering the state's prior fiscal year, its current fiscal year, and the budget year.

Beginning with the November 2001 conference, in addition to Rhode Island total employment, Rhode Island personal income and the U.S. CPI-U, forecasts for Rhode Island wage and salary income, Rhode Island dividends, interest and rent, the Rhode Island unemployment rate, the interest rate for ten year U.S. Treasury notes, and the interest rate for three month U.S. Treasury bills are also agreed upon at the Revenue Estimating Conference. Finally, the consensus forecast of these economic variables now includes the prior calendar and fiscal years, the current calendar and fiscal years, the budget calendar and fiscal years, and the next five calendar and four fiscal years.

Economic Forecast

This section describes the economic forecast used as an input for the Revenue Estimating Conference's consensus revenue estimates.

During its November 2014 meeting, a forecast of the U.S. and Rhode Island economies was presented by Moody's Analytics. The Rhode Island Department of Labor and Training (DLT) also presented current employment and labor force trends in Rhode Island. The conferees heard the testimony from a Senior Economist for Moody's Analytics, and the Assistant Director for DLT's Labor Market Information unit.

The Revenue Estimating Conference adopted the economic forecast, shown at the end of this section, on November 3, 2014 through a consensus process informed by the testimony provided to the conferees. The updated economic forecast made slight changes to the consensus outlook adopted at the May 2014 Revenue Estimating Conference. These changes can also be seen at the end of this section.

In testimony to the principals of the November 2014 Revenue Estimating Conference, Moody's Analytics noted that the state took the first step in overcoming its reputation as a state with high business costs and taxes by cutting the state corporate tax rate from 9.0 percent to 7.0 percent for all C-corporations. In addition, Moody's Analytics' state economic analyst mentioned that well-directed business investment in Rhode Island's comparative advantage areas of higher education, healthcare and biotechnology will be essential to the achievement of sustained economic growth in the state. Moody's Analytics' economic analyst for Rhode Island noted that spillover growth in the financial services sector fueled by increased commercial rent costs in the Boston metro area have resulted in payrolls increasing by 4.4 percent in Rhode Island's financial services sector since the start of the year, or 3.0 percentage points higher than total payroll growth for the same time period. Furthermore, Moody's Analytics expects education-related construction to spur economic growth in the near term. Moody's Analytics optimism is tempered by the fact that the Rhode Island's lack of dynamic, high-skill industries will detract from the overall rate of economic expansion in the next few years.

The November 2014 Consensus Economic Forecast indicates that the state will need to direct resources into retraining displaced workers as the economy continues to move from a low value added manufacturing based economy to a services oriented economy. Investment in retraining displaced

The Economy

workers will mitigate the economic impacts associated with shrinkage of the labor force as a result of the state's demographic trends, the paucity of employment opportunities and persistent structural unemployment. According to Moody's Analytics, the void felt in the economy from this transition to a service based economy may be filled in the long term by growth in the biotechnology, medical device manufacturing and pharmaceuticals industries which currently employ a small percentage of the total workforce. Also stated in their quarterly narrative, Moody's Analytics indicated that the housing market in Rhode Island has begun to take a step back as the pace of homebuilding and construction activity has declined since accelerating in the first half of 2014. Home price appreciation in Rhode Island is still trending upward albeit at a slower pace than the national average.

Moody's Analytics noted that some of the conditions weighing down the housing market include increased foreclosures and the weak labor market, translating into a delayed release of pent-up household formation. A key risk to the November 2014 Consensus Economic Forecast is the growth in the housing market. Growth in the housing market is dependent on projected wage growth triggering the release of pent-up demand for household formation which, if unachieved, will make the forecast overly optimistic. On a positive note, Moody's Analytics stated that mortgage delinquency rates are almost back to prerecession levels. Stringent credit conditions have resulted in improved mortgage delinquency rates and the recent spike in foreclosure inventory should not be a cause for concern as Rhode Island consumers are in a stronger financial position to borrow. Additionally, Moody's Analytics reports that factory job gains earlier in the year as well as the previously noted recent hiring in the financial services sector have kept the state's wage growth on par with the national average, an encouraging development given the uncertainty of the potential abatement in federal spending levels for defense and other grants.

While testimony from Moody's Analytics gave a broad picture of Rhode Island's economic conditions as of November 2014, the Rhode Island Department of Labor and Training (DLT) presented a detailed analysis of Rhode Island's labor market. DLT reported that the Rhode Island unemployment rate was 7.6 percent in September 2014, the latest data available at the time of the Revenue Estimating Conference. This is down from 9.5 percent in September 2013 but was the first month in ten months that Rhode Island's unemployment rate did not decline from the previous month. For December 2014, Rhode Island's unemployment rate was 6.8 percent, a decrease from the December 2013 unemployment rate of 9.3 percent and a decrease of 0.3 percentage points from November 2014's unemployment rate.

Rhode Island's resident employment peaked at 547,300 in January 2007. Rhode Island resident employment in September 2014 totaled 512,300, or 35,000 off the peak. According to DLT, for December 2014, Rhode Island resident employment totaled 511,600, or 35,700 below the January 2007 peak. DLT's data has December 2014 resident employment at 4,600 jobs above the reported amount of resident employment in December 2013. The DLT's data shows that resident employment has decreased by 660 between September 2014 and December 2014.

According to testimony provided by DLT at the November 2014 Revenue Estimating Conference, Rhode Island establishment employment increased over the period September 2013 to September 2014 resulting in 5,900 jobs gained.

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Sector	Jobs Change	Sector	Jobs Change
Professional & Business Services	1,900	Trade, Transportation & Utilities	500
Leisure & Hospitality	1,100	Natural Resource & Mining	-
Financial Activities	1,000	Other Services	(100)
Manufacturing	800	Information	(200)
Education and Health Services	700	Government	(400)
Construction	600	Total Non-Farm	5,900

DLT staff testified further that they expect to see revisions to the June 2014 job numbers reported by the Bureau of Labor Statistics (BLS). Using a methodology developed by the University of Massachusetts, DLT staff project that total non-farm employment for the quarter ending June 2014 will be revised upward by 1,200 jobs. It should be noted that Moody's Analytics economic forecast incorporates upward revisions to BLS data for forecast numbers, but uses current BLS total employment numbers for historical figures. As a result, it may be the case that the growth rates contained in the forecast below will be revised downward as historical figures are revised upward. The anticipated changes to employment by sector for the quarter ending June 30, 2014 as calculated by DLT are shown in the table below.

Sector	Jobs Change	Sector	Jobs Change
Other Services	1,000	Trade, Transportation & Utilities	(200)
Education and Health Services	800	Financial Activities	(200)
Government	400	Construction	(200)
Leisure & Hospitality	100	Manufacturing	(300)
Information	100	Professional & Business Services	(300)
Natural Resource & Mining	-	Total Non-Farm	1,200

Source: RI Department of Labor and Training, Labor Market Information Unit, Quarterly Census of Employment and Current Employment Statistics (CES) data, Using methodology developed by the University of Massachusetts.

*Difference is a result of rounding

The November 2014 Consensus Economic Forecast

While there is no official measurement and dating of recessions at the state level, employment is usually used to gauge the cyclical status of the state economy. In FY 2014, total non-farm employment increased by 1.3 percent. In FY 2015, non-farm employment is expected to increase by 1.4 percent from 474,350 in FY 2014 to 480,910 in FY 2015. Over the FY 2015 through FY 2020 period, Rhode Island's economy is expected to add 23,120 jobs. It should be noted that growth rates in nonfarm employment indicate a positive trend from FY 2013's 1.1 percent growth to FY 2016's growth of 2.4 percent before rates of growth in nonfarm employment slow to 1.7 percent in FY 2017 and 0.6 percent in FY 2018. The consensus economic forecast indicates a continued decline in non-farm employment growth in FY 2019 and FY 2020 of 0.1 percent and -0.1 percent respectively.

The unemployment rate is projected to decline sharply from 9.0 percent in FY 2014 to 7.3 percent in FY 2015. As recovery takes hold, Rhode Island's unemployment rate is expected to continue its rapid decline falling to 5.2 percent by FY 2020. Even at this lower rate in FY 2020, Rhode Island's unemployment rate will be 0.3 percentage points higher than the State's unemployment rate of 4.9 percent achieved when the economy peaked in FY 2007.

Personal income growth is expected to be 4.0 percent in FY 2015 up from the 3.0 percent growth in FY 2014. The November 2014 Revenue Estimating Conference's estimates for personal income growth show a positive upward trend from FY 2013 through FY 2016 peaking at 5.9 percent growth in FY 2016. It

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should be noted that for FY 2015 through FY 2017, the adopted estimates for personal income growth are below the adopted estimates from the May 2014 Revenue Estimating Conference for the same period. This projection indicates that personal income growth will be weaker than what was anticipated for the FY 2015 through FY 2017 period at the May 2014 Revenue Estimating Conference. The consensus economic forecast for FY 2018 and FY 2019 personal income growth, as testified to by Moody's Analytics at the November 2014 Revenue Estimating Conference, is higher than the consensus economic forecast adopted at the May 2014 Revenue Estimating Conference by 0.6 percentage points and 0.2 percentage points respectively. The FY 2015 projected growth rate for personal income is down 1.7 percentage points from what was adopted at the May 2014 Revenue Estimating Conference of 5.8 percent. For FY 2016 the adopted November 2014 Revenue Estimating Conference personal income growth estimate is 0.7 percentage points below the 6.6 percent growth rate that was adopted in May 2014. Based on the November 2014 Revenue Estimating Conference, the personal income growth rate is expected to fall to 5.3 percent in FY 2017 and remain at or above 2.9 percent throughout the remainder of the forecast period.

Similarly, the November 2014 Revenue Estimating Conference estimates for FY 2015 growth in dividends, interest and rents indicate a slight increase from FY 2014 growth of 2.3 percent with robust growth of 9.0 percent projected to occur in FY 2016, 8.8 percent in FY 2017 and an average growth rate of 3.8 percent for the FY 2018 through FY 2020 period. November 2014 Revenue Estimating Conference adopted wage and salary income growth was higher in FY 2014 relative to the projected growth adopted in May 2014 by 0.7 percentage points. For the FY 2015 to FY 2020 period, the November 2014 Revenue Estimating Conference growth rates for wages and salaries were revised downward in every year except FY 2017 when compared to the forecast adopted in May 2014. Wage and salary income growth is expected to see continued improvement in FY 2015 with projected growth of 4.8 percent, an increase of 0.8 percentage points from FY 2014. The rate of growth accelerates in FY 2016 to 6.9 percent before decelerating in FY 2017, FY 2018 and FY 2019 to 6.0 percent, 4.2 percent and 3.4 percent respectively. The downward trend in wages and salaries income growth continues into FY 2020 with a projected growth rate of 2.8 percent.

The U.S. rate of inflation as measured by the Consumer Price Index for all urban consumers (CPI-U) is anticipated to increase to 1.9 percent in FY 2015 from 1.6 percent in FY 2014. The forecast of CPI-U as presented displays a consistent trend upward from 1.9 percent in FY 2015 to 2.9 percent in FY 2018 with decelerated growth expected to take place in FY 2019 and FY 2020. The rate of growth in CPI-U is forecasted to increase further to 2.2 percent in FY 2016, 2.6 percent in FY 2017 and 2.9 percent in FY 2018. In FY 2019 through FY 2020, inflation is expected to decelerate and settle at 2.5 percent.

For FY 2015, the interest rate on three month Treasury bills is expected to remain stable relative to FY 2014 at 0.04 percent. In FY 2016, the interest rate on three month Treasury bills is expected to rise to 0.8 percent and increase again by 1.7 percentage points to approximately 2.5 percent in FY 2017. For FY 2018 and FY 2019, the interest rate on three month Treasury bills climbs to 3.2 percent and 3.4 percent respectively before stabilizing at 3.5 percent in FY 2020. The interest rate on ten year Treasury notes is expected to increase from 2.7 percent in FY 2014 to 2.9 percent in FY 2015 and continue to rise to 4.0 percent and 4.8 percent in FY 2016 and FY 2017. The interest rate on ten year Treasury notes is anticipated to decrease to 4.6 percent in FY 2018 and then decrease to 4.5 percent in FY 2019 and remain flat for FY 2020.

The Consensus economic forecast for the fiscal years 2015 through 2020 agreed upon by the conferees at the November 2014 Revenue Estimating Conference is shown in the following table.

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The November 2014 Consensus Economic Forecast						
Rates of Growth (%)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Non-Farm Employment	1.4	2.4	1.7	0.6	0.1	-0.1
Personal Income	4.0	5.9	5.3	3.9	3.1	2.9
Wage and Salary Income	4.8	6.9	6.0	4.2	3.4	2.8
Dividends, Interest and Rent	2.8	9.0	8.8	5.5	3.2	2.6
Nominal Rates (%)						
U.S. CPI-U	1.9	2.2	2.6	2.9	2.8	2.5
Unemployment Rate	7.3	6.2	5.5	5.3	5.3	5.2
Ten Year Treasury Notes	2.9	4.0	4.8	4.6	4.5	4.5
Three Month Treasury Bills	0.0	0.8	2.5	3.2	3.4	3.5

Percentage Point Changes from November 2014 To May 2014 Consensus Economic Forecasts					
Rates of Growth (%)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Non-Farm Employment	-0.5	0.2	0.2	0.1	0.2
Personal Income	-1.7	-0.7	-0.1	0.6	0.2
Wage and Salary Income	-1.5	-0.1	0.0	-0.2	-0.1
Dividends, Interest and Rent	-4.4	-0.3	1.5	3.3	1.3
Nominal Rates (%)					
U.S. CPI-U	0.0	0.1	0.1	0.2	0.3
Unemployment Rate	-0.9	-0.7	-0.4	-0.3	-0.2
Ten Year Treasury Notes	-0.7	-0.6	-0.3	-0.2	-0.2
Three Month Treasury Bills	0.0	-0.1	-0.2	-0.1	-0.1

February 2015 Update to the November 2014 Consensus Economic Forecast

Due to the significant drop in oil prices in the fourth quarter of 2014 (the second quarter of FY 2015), the Office of Management and Budget requested Moody's Analytics to update the Rhode Island economic forecast based on Moody's Analytics' revised forecast for oil prices. This forecast was provided by Moody's Analytics in February 2015. Moody's Analytics forecast for oil prices at the November 2014 Revenue Estimating Conference showed the per barrel price for West Texas Intermediate crude oil rising from \$97.40 in the fourth quarter of 2014 to \$101.30 in the first quarter of 2015 (the third quarter of FY 2015) with continued increases to \$105.50 in the second quarter of 2016 (the fourth quarter of FY 2016) and to \$121.60 in the second quarter of 2020. Not surprisingly, Moody's Analytics' February 2015 forecast for oil prices showed a significant revision from its November 2014 oil price forecast. Specifically, Moody's oil price for the fourth quarter of 2014 was \$72.90 per barrel falling to \$50.00 per barrel in the first quarter of 2015 before steadily increasing to \$81.30 per barrel in the second quarter of 2016 and to \$90.80 per barrel in the second quarter of 2020.

With respect to the rest of the forecast, Moody's Analytics February 2015 update gave more of a mixed signal than anything in regards to Rhode Island's overall economic performance relative to

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what was expected in the forecast prepared for the November 2014 Revenue Estimating Conference. The February 2015 forecast showed a slight improvement in Rhode Island nonfarm employment growth for FY 2015. For FY 2016, nonfarm employment growth dropped 0.3 percentage points below the November 2014 forecast. For FY 2017 and FY 2018, nonfarm employment growth is expected to be 0.1 percentage points higher and 0.2 percentage points higher respectively than in the November 2014 forecast. For Rhode Island personal income, FY 2015 growth is 0.1 percentage points below the November 2014 forecast while FY 2016 personal income growth is 0.8 percentage points below the November 2014 forecast. For the FY 2017 through FY 2020 period personal income growth was revised upward for each year with upward revision of 0.3 percentage points for FY 2017 and 0.8 percentage points for FY 2018. Rhode Island wage and salary growth showed a much sharper downward revision for FY 2015 of 1.2 percentage points followed by a less significant decline of 0.6 percentage points for FY 2016. Rhode Island wage and salary growth, as was the case with personal income growth, was revised upward for each year in the FY 2017 through FY 2020 forecast horizon. Finally, the Rhode Island unemployment rate was revised downward by 0.3 percentage points for each year for the period FY 2015 through FY 2020.

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Introduction

The Governor's recommended budget is based on estimated general revenues of \$3.510 billion in FY 2015 and \$3.597 billion in FY 2016. Annual estimated growth during FY 2015 and FY 2016 is 2.3 percent and 2.5 percent, respectively. Estimated deposits of \$107.8 million and \$108.0 million will be made to the Budget Reserve and Cash Stabilization Fund during these fiscal years. The contributions to the Budget Reserve and Cash Stabilization Fund are financed by limiting annual appropriations to 97.0 percent of estimated revenues in FY 2015 and FY 2016. The revenue estimates contained in the Governor's FY 2015 supplemental and FY 2016 recommended budgets are predicated upon the revenue estimates adopted at the November 2014 Consensus Revenue Estimating Conference (REC) and the Governor's recommended changes to the adopted general revenues.

The Consensus Revenue Estimating Conference is required by statute to convene at least twice annually to forecast general revenues for the current year and the budget year, based upon current law and collection trends, and the consensus economic forecast. The Conference members are the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor. Typically, the two required meetings of the Consensus Revenue Estimating Conference occur in November and May of each fiscal year.

FY 2015 Revised Revenues

The principals of the November 2014 Revenue Estimating Conference adopted revenue estimates that were \$15.8 million greater than the enacted FY 2015 revenue estimates, an increase of 0.5 percent. As shown in the *Changes to FY 2015 Enacted Revenue Estimates* table in Appendix A of this document, the Governor's revised FY 2015 Budget recommends an increase of \$901,649 in revenues.

The recommended change to the FY 2015 adopted estimates is attributable to a transfer of the Urban Institute Work Support Strategies grant of \$364,341 from general revenues to restricted receipts. This transfer is offset in part by the Governor's proposal to deposit \$1.3 million in energy rebates from National Grid as general revenues.

FY 2015 Revised Revenues vs. FY 2014 Final Audited

Recommended revenues for FY 2015 are based upon a \$79.5 million increase in total general revenues over FY 2014 final audited revenues, or growth of 2.3 percent. Much of this increase can be found in personal income taxes, sales and use taxes, the lottery transfer, insurance companies gross premiums taxes, the health care provider assessment, public utilities gross earnings taxes and other miscellaneous revenues. The increases are partially offset by a projected decrease in estate and transfer taxes, departmental receipts, motor vehicle operator license and registration fees, business corporations taxes, cigarette excise taxes, the unclaimed property transfer and financial institutions taxes.

Personal income tax revenues continue to be the single largest source of state general revenues in FY 2015 at 33.3 percent. FY 2015 personal income tax revenues are estimated to grow at an

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annual rate of 4.7 percent or \$52.2 million over FY 2014 final audited personal income tax revenues. Much of this increase, 80.8 percent to be exact, is due to projected increased withholding income tax payments of \$42.2 million and increased estimated tax payments of \$7.7 million. Additionally, final tax payments are expected to increase by \$4.9 million while refunds and adjustments are estimated to be \$3.7 million more than in FY 2014.

FY 2015 revised general business tax revenues are projected to increase by \$12.5 million or 3.3 percent. The change is made up of a combined \$13.5 million increase in insurance companies gross premiums taxes and public utilities gross earnings taxes with an offsetting \$2.0 million total decrease in business corporations taxes and financial institutions taxes. The remaining difference is due primarily to an increase in the health care provider assessment of \$1.1 million while bank deposits taxes are left virtually unchanged from FY 2014 final audited revenues. The largest single changes in FY 2015 general business taxes occur in insurance companies gross premiums taxes with an \$11.2 million increase from FY 2014 final audited revenues and public utilities gross earnings taxes with a \$2.2 million increase from FY 2014 final audited revenues.

FY 2015 revised sales and use tax revenues are projected to increase by \$39.0 million or 4.3 percent, over final FY 2014 audited revenues. Sales and use taxes represent 27.2 percent of total general revenues in FY 2015 and are projected to be \$955.0 million.

Excise taxes other than the sales and use tax are expected to decrease by \$4.5 million or -2.1 percent in FY 2015 over final audited FY 2014 revenues due to a projected decrease in motor vehicle operator license and registration fees of \$2.5 million and a decrease in cigarette and other tobacco product taxes of \$2.7 million. Partially offsetting this decrease are alcohol excise taxes which are projected to increase by \$747,550 in FY 2015 over final audited FY 2014 revenues. Motor carrier fuel use tax revenues are estimated to decrease by \$23,920 in FY 2015 when compared to FY 2014 final audited revenues.

Other taxes are projected to decrease by \$15.8 million, or -30.0 percent in FY 2015 relative to final FY 2014 audited revenues. Of the total decrease in other taxes, estate and transfer taxes are expected to decrease by \$16.6 million or -38.1 percent. The significant decline in the projected amount in FY 2015 for estate and transfer taxes is the result of a change in the estate and transfer tax effective January 1, 2015 from a threshold system to a credit system while also eliminating the estate and transfer tax cliff. FY 2015 realty transfer taxes are anticipated to increase by \$838,184 while FY 2015 racing and athletics tax revenues are projected to decrease slightly. Racing and athletics taxes are expected to total \$1.1 million in FY 2015 a decrease of 6.5 percent from FY 2014 final audited revenues. Realty transfer taxes are expected to total \$8.8 million in FY 2015, an increase of 10.5 percent from final FY 2014 audited revenues.

In the Governor's FY 2015 revised budget, departmental receipts are projected at \$348.9 million, a decrease of \$11.7 million from final audited FY 2014 revenues, a 3.3 percent decrease. The revised FY 2015 departmental receipt revenues is \$364,341 below the FY 2015 revenue estimate adopted at the November 2014 Revenue Estimating Conference. The decrease is reflective of the Governor's proposal to transfer the Urban Institute Work Support Strategies grant from general revenues to restricted receipts in the FY 2015 revised budget.

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For FY 2015, total other sources general revenues are projected to increase by \$6.7 million, or 1.7 percent from final FY 2014 audited other sources general revenues. Total other sources general revenues is comprised of other miscellaneous revenues, the lottery transfer and the transfer of proceeds from the unclaimed property program administered by the Office of the General Treasurer.

Other miscellaneous revenues are projected to increase by \$2.7 million, or 41.8 percent from final audited FY 2014 other miscellaneous revenues. The revised FY 2015 other miscellaneous revenues estimate is \$1.3 million above the adopted FY 2015 estimate as a result of the Governor's proposal to deposit energy rebates received from National Grid as general revenues in the FY 2015 revised budget.

In addition to the above general revenue components, an increase is expected in FY 2015 for the lottery transfer of \$7.0 million, or 1.9 percent from the final audited FY 2014 lottery transfer. The projected increase in the lottery transfer in FY 2015 is due to the results of the November 2014 Revenue Estimating Conference which increased the estimated transfer amount from video lottery terminals (VLTs) by \$8.4 million and from table games by \$192,113 from final FY 2014 final audited revenues. Traditional lottery and monitor games are projected to decrease by \$1.6 million from final FY 2014 audited revenues.

The unclaimed property transfer to the general fund is forecasted to decrease by \$1.7 million in FY 2015 or -13.6 percent from final FY 2014 audited revenues.

FY 2016 Proposed Revenues

Total General Revenue

The Governor's recommended FY 2016 budget estimates general revenues of \$3.597 billion, an increase of 2.5 percent from the revised FY 2015 level. The Governor's recommendation is comprised of \$3.380 billion of revenue estimated at the November 2014 Revenue Estimating Conference (REC) and \$216.9 million of recommended changes to the adopted estimates. These changes are shown in the schedule *Changes to FY 2015 Adopted Revenue Estimates* located in Appendix A of this document.

Personal Income Tax

The largest source of FY 2016 general revenues is the personal income tax. The Governor recommends personal income tax revenues of \$1.211 billion in FY 2016, \$5.9 million less than the estimate adopted at the November 2014 REC and growth of 3.7 percent from the revised FY 2015 budgeted amount. The Governor recommends the following changes to the November 2014 REC adopted estimate for FY 2016 personal income tax revenues:

- Exempt taxable Social Security benefits for federal Adjusted Gross Income (AGI) of \$50,000 or less for single, head of household and married separate filers and \$60,000 or less for married joint and qualifying widow(er) filers. This proposal is estimated to reduce the final payments component of personal income tax by \$3.9 million in FY 2016.
- Increase the allowable percentage of the federal earned income tax credit from 10.0 percent to 12.5 percent for TY 2016 with a further increase to 15.0 percent for TY 2017

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and thereafter. This proposal is estimated to increase the refunds and adjustments component of personal income tax by \$3.0 million in FY 2016.

- The Governor recommends adding additional analytical support to the Department of Revenue's Division of Taxation in order to enhance taxpayer compliance rates. The proposal will allow the Division of Taxation to use contingent fee contracts to implement new compliance programs. It is expected that this initiative will increase the final payments component of personal income tax by \$962,500 in FY 2016.

General Business Taxes

General Business taxes are recommended to comprise 11.2 percent of total general revenue collections in the FY 2016 Budget. Business corporations tax revenues are expected to yield \$119.5 million, an increase of \$356,347 from the FY 2016 estimate adopted at the November 2014 REC. This increase is attributable to the following initiative:

- The Governor recommends eliminating the enterprise zone wage tax credit in favor of using other targeted economic development initiatives that will be more effective. The proposal is estimated to augment business corporations tax revenues by \$356,347 in FY 2016.

Insurance companies gross premiums taxes are projected to reach \$115.1 million in FY 2016, a decrease of \$871,584 from the FY 2016 estimate adopted at the November 2014 REC. This decrease is due to the Governor recommending the following initiative:

- The Governor recommends an initiative that will reduce insurance companies gross premiums tax revenue by \$871,584 in FY 2016 as a result of decreased Medicaid expenditures.

The recommended FY 2016 health care provider assessment on nursing homes is forecasted to yield \$43.3 million, a decrease of \$1.0 million from the FY 2016 estimate adopted at the November 2014 REC. The decrease reflects the Governor's initiative to do the following:

- The Governor recommends reducing Medicaid expenditures which translates into lower revenues for the health care provider assessment on nursing homes by \$1.0 million.

The Governor's FY 2016 recommended revenues for the public utilities gross earnings tax, the financial institutions tax, and the bank deposits tax remain at the same level as adopted at the November 2014 REC.

Sales and Use Tax

Sales and use tax revenues are expected to yield \$1.003 billion in the Governor's recommended FY 2016 budget, \$3.4 million more than was adopted at the November 2014 REC for FY 2016. The increase is reflective of the Governor recommending the following initiatives:

- The Governor recommends phasing out the sales tax on electricity, natural gas and heating fuels that is imposed upon commercial users unless such energy is used in the manufacturing process. The phase out of the sales tax on electricity, natural gas and heating fuels is over a five year period with 20.0 percent of the sale of these items being exempt from the sales and use tax in FY 2016. This initiative is estimated to lower sales and use tax revenues by \$4.9 million in FY 2016.

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- The Governor recommends expanding the sales and use tax and the local 1.0 percent hotel tax to the private rental of vacation homes and to bed and breakfast inns with less than three rooms to rent. It is anticipated that this initiative will augment sales and use tax revenues by \$5.4 million in FY 2016.
- The Governor recommends requiring on-line resellers of lodging accommodations to pay all state lodging taxes on the final retail price paid by the purchaser of the lodging accommodations. It is estimated that this proposal will generate \$820,662 in sales and use tax revenue in FY 2016.
- The Governor recommends requiring providers of unlicensed rentals of lodging accommodations, such as Airbnb, to be subject to all state lodging taxes. This proposal is anticipated to enhance sales and use tax revenues by \$851,512 in FY 2016.
- The Governor recommends increasing the cigarette excise tax from \$3.50 per pack to \$3.75 per pack. As a result of this tax increase, the final retail price of cigarettes will increase and result in an estimated increase in sales and use tax revenues of \$656,737 in FY 2016.
- The Governor recommends allowing the Department of Revenue's Division of Taxation to enter into an agreement with businesses to perform self-audits of sales and use tax liability. It is expected that this proposal will increase sales and use tax revenues by \$500,000 in FY 2016.

Excise Taxes Other than Sales and Use Taxes

The Governor recommends FY 2016 excise taxes other than sales and use taxes totaling \$204.4 million or \$17.1 million more than was adopted at the November 2014 REC for FY 2016. The Governor recommends motor vehicle operator license and vehicle registration fees totaling \$50.2 million in FY 2016, or \$10.6 million more than was adopted at the November 2014 REC for FY 2016. The increase is comprised of two separate initiatives detailed below:

- The Governor recommends a one year delay of the plate reissuance program conducted through the Department of Revenue's Division of Motor Vehicles to September 2016. It is estimated that this proposal will reduce motor vehicle operator license and vehicle registration fees by \$2.6 million in FY 2016.
- The Governor recommends that the transfer of 25.0 percent of total motor vehicle operator license and vehicle registration fees in FY 2016 to the Rhode Island Highway Maintenance Account be postponed. It is estimated that retaining the 25.0 percent of motor vehicle operator license and vehicle registration fees as general revenue will increase motor vehicle operator license and vehicle registration fees by \$13.2 million in FY 2016.

The Governor recommends cigarettes excise taxes in FY 2016 in the amount of \$140.7 million or \$6.5 million more than the adopted estimate of \$134.2 million at the November 2014 REC for FY 2016. The Governor recommends one initiative that will increase cigarette excise tax revenues as described below:

- The Governor recommends raising the cigarette excise tax to \$3.75 per pack starting in FY 2016. It is estimated that this initiative will enhance cigarette excise tax revenues by \$6.5 million. The \$6.5 million increase is comprised of \$5.9 million in increased

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cigarette excise tax revenues and \$621,555 from the cigarette floor stock which is triggered when there is an increase in the cigarette excise tax rate.

The Governor's FY 2016 recommended revenues for the motor carrier fuel use tax and alcohol excise tax remain at the same level as adopted at the November 2014 REC.

Other Taxes

The Governor recommends FY 2016 other taxes revenues totaling \$42.1 million or \$12.5 million more than was adopted at the November 2014 REC for FY 2016. Other taxes consist of the estate and transfer tax, racing and athletics tax, realty transfer tax and the proposed state property tax. It should be noted that the estimates for other taxes adopted at the November 2014 REC do not include any revenue from the proposed statewide property tax detailed below. The Governor puts forth the following initiatives that will have a revenue impact for other taxes:

- The Governor recommends closing the loophole under current law that enables the seller in a real estate transaction to avoid the real estate conveyance tax by selling a controlling interest in a business entity that holds real property without actually transferring the real property to the new owner. It is estimated that closing this loophole will increase realty transfer tax revenues by \$695,970 in FY 2016.
- The Governor recommends the establishment of a statewide property tax on non-owner occupied residences and vacant residential land valued at greater than \$1.0 million. The proposed tax rate is \$2.50 per \$1,000 of total assessed value. This proposal is estimated to increase other taxes revenues by \$11.8 million in FY 2016.

The Governor's FY 2016 recommended revenues for estate and transfer tax revenues remain at the same level as adopted at the November 2014 REC.

Departmental Receipts

The Governor's FY 2016 recommended departmental receipts revenues are expected to generate \$2.1 million more than the revised FY 2015 estimate. The proposed FY 2016 departmental receipts revenue estimate is \$151.7 million above the FY 2016 departmental receipt estimate adopted at the November 2014 REC. Inclusive of the Governor's proposed changes to departmental receipts revenues, total departmental receipts revenues are expected to total \$351.0 million in FY 2016, or 9.8 percent of recommended FY 2016 total general revenues. The Governor's FY 2016 recommended total for departmental receipts revenues is made up of the following proposals:

Licenses and Fees

- The Governor recommends reinstating the hospital licensing fee at 5.703 percent on FY 2013 net patient revenues to increase FY 2016 licenses and fees revenues by \$156.1 million.
- The Governor recommends phasing out the 2.0 percent imaging services and outpatient health care facility surcharges over the next four fiscal years. For FY 2016 these surcharges would equal 1.5 percent of net patient revenues. It is anticipated that the licenses and fees component of departmental receipts revenues will decline by \$574,399 in FY 2016 as a result.

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- The Governor recommends eliminating select occupational licensing fees. This proposal is expected to reduce the licenses and fees component of departmental receipts revenues by \$365,906 in FY 2016. The table below displays the occupational licensing fees that are being proposed for elimination in the Governor's FY 2016 recommended budget.

<u>Agency</u>	<u>Occupation</u>	<u>FY 2016 Revenue Impact</u>
Business Regulation	Auctioneer	\$(70,000)
Business Regulation	Line Cleaner	\$(1,000)
Education	Athletic Coach	\$(35,000)
Education	General Subject Matter Substitute	\$(65,000)
Education	Nurse Teacher Substitute	\$(3,000)
Environmental Management	Fur Buyer	\$(300)
Environmental Management	Life Guard	\$(9,000)
Health	Athletic Trainer	-
Health	Audiologist Support Person	\$(50)
Health	Barber Apprentice	\$(1,700)
Health	Barber Instructor	\$(188)
Health	Electrologist Apprentice	\$(800)
Health	Electrologist Instructor	\$(25)
Health	Esthetician Instructor	\$(288)
Health	Hairdresser/Cosmetologist Instructor	\$(4,125)
Health	Manicurist Instructor	\$(150)
Health	Clinical Histologic Technician	\$(5,160)
Health	Clinical Laboratory Scientist	\$(64,200)
Health	Clinical Lab Tech	\$(13,080)
Health	Cytotech	\$(4,275)
Health	Music Therapist	-
Health	Occupational Therapy Assistant	\$(67,620)
Health	Orthotics	\$(2,640)
Health	PT Assistant	\$(15,950)
Health	Prosthetics	\$(2,280)

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<u>Agency</u>	<u>Occupation</u>	<u>FY 2016 Revenue Impact</u>
Health	Radiologist Assistant	-
Health	Sanitarian	\$(75)
Total Revenue Impact		\$(365,906)

Fines and Penalties

- The Governor recommends adding additional analytical support to the Department of Revenue's Division of Taxation in order to enhance taxpayer compliance rates. The proposal will enable the Division of Taxation to use contingent fee contracts to implement new compliance programs. It is expected that this initiative will generate \$787,500 in additional fines and penalties revenue within departmental receipts for FY 2016.

Miscellaneous Departmental Receipts

- The Governor recommends transferring the state's share of the 5.0 percent state hotel tax and the state's receipt of the Statewide tourism district's share of the 5.0 percent state hotel tax to the Rhode Island Commerce Corporation to be used specifically for state level tourism promotion and marketing. It is anticipated that this initiative will reduce the miscellaneous departmental receipts component of departmental receipts by \$3.8 million in FY 2016.
- The Governor recommends the transfer of the Urban Institute Work Support Strategies grant from general revenues to restricted receipts. This transfer will lower the miscellaneous departmental receipts component of departmental receipts by \$408,000 in FY 2016.

Other Sources

The FY 2016 recommended revenues for the other sources component of total general revenues totals \$383.7 million, a decrease of \$19.7 million, or -4.9 percent, compared to the revised revenue estimate for FY 2015. The FY 2016 recommended revenues for other general revenue sources are \$39.7 million above the estimate of \$344.0 million adopted at the November 2014 REC for FY 2016. Other sources of general revenue are comprised of the lottery transfer, other miscellaneous revenues and the unclaimed property transfer. The Governor's proposed changes contained in the FY 2016 recommended budget impacting the other miscellaneous revenues component within other sources of revenue are listed below:

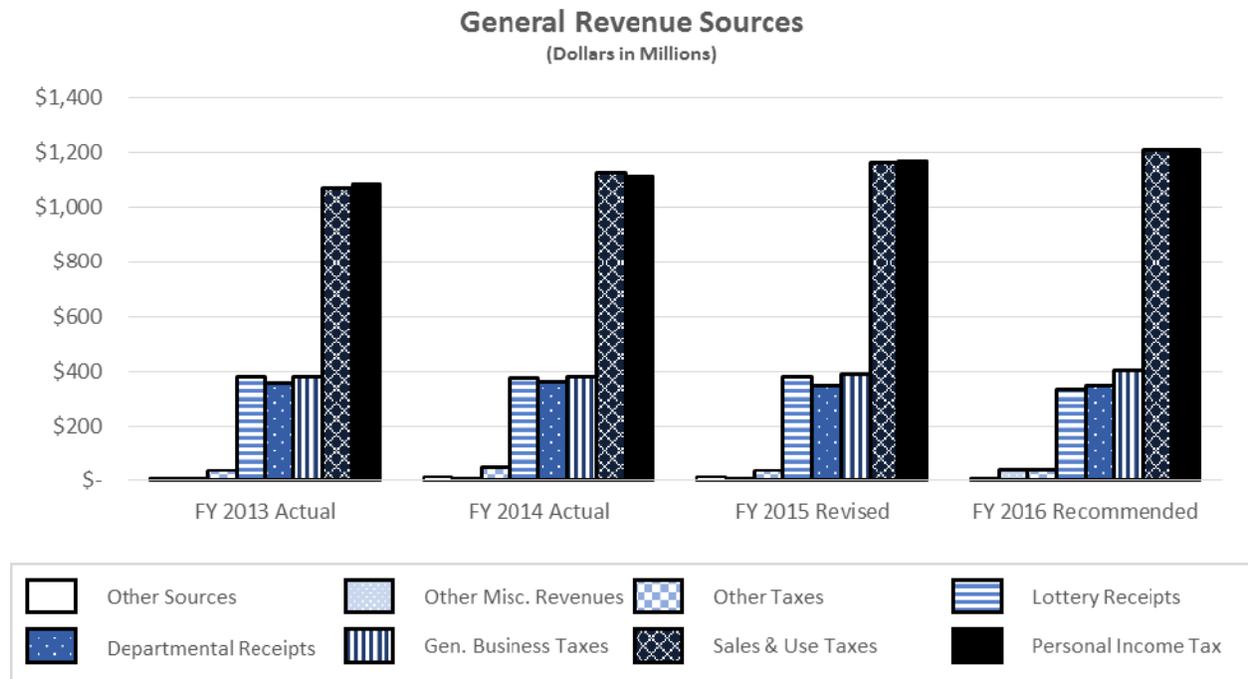
- The Governor recommends transferring \$19.0 million in proceeds from the restructuring of the state's tobacco bond debt by the Tobacco Settlement Financing Corporation.
- The Governor recommends transferring \$11.0 million in reserves from the Rhode Island Clean Water Finance Agency to offset debt service on general obligation bonds issued by the state on the agency's behalf.
- The Governor recommends transferring \$5.0 million in excess reserves from the Rhode Island Health and Educational Building Corporation.

General Revenues

- The Governor recommends transferring \$2.8 million in reserves from the Narragansett Bay Commission to offset debt service on general obligation bonds issued by the state on the commission’s behalf.
- The Governor recommends transferring \$1.5 million in reserves from the Rhode Island Resource Recovery Corporation while simultaneously providing the Corporation authorization to increase tipping fees.
- The Governor recommends accelerating the transfer of \$430,000 of debt service scheduled to be paid by the Rhode Island Airport Corporation over the FY 2016 to FY 2023 period into the FY 2016 budget.

The Governor’s FY 2016 recommended revenues for the lottery transfer and the unclaimed property transfer remain at the same level as adopted at the November 2014 REC.

The chart below shows the sources of general revenues for the period FY 2013 – FY 2016. The values of the two major sources of general revenues, personal income taxes and sales and use taxes, are highlighted.



Restricted Receipts and Pass Through Revenues

Introduction

The Governor's recommended budget proposes changes to revenue sources other than general revenues for FY 2015 and FY 2016. The revenue estimates in the Governor's FY 2015 revised budget contains an increase of \$364,341 in non-general revenue adjustments. The revenue estimates in the Governor's FY 2016 recommended budget contain an increase of \$5.4 million in non-general revenue adjustments.

FY 2015 Revised Non-General Revenues

The Governor's revised FY 2015 budget proposes to transfer the Urban Institute Work Support Strategies grant of \$364,341 from general revenues to restricted receipts.

FY 2016 Recommended Non-General Revenues

The Governor's FY 2016 recommended budget includes the transfer of the Urban Institute Work Support Strategies grant, of \$408,000 from general revenue to restricted receipts. In addition, the Governor recommends reallocating the state 5.0 percent hotel tax from various tourism districts across Rhode Island to the Rhode Island Commerce Corporation. It is expected that the reallocation of the state hotel tax revenue will provide the Rhode Island Commerce Corporation with \$2.2 million in additional funding to fuel various initiatives. In addition, the Governor recommends the transfer of the state's share of state hotel tax revenues and the Statewide tourism districts share of state hotel tax revenues from general revenues to the Rhode Island Commerce Corporation. The transfer of these state hotel tax revenues are projected to increase funding for the Rhode Island Commerce Corporation by \$3.8 million in FY 2016.

The Governor recommends the imposition of the state hotel tax on the final retail price charged by on-line room resellers. Under current law, room re-sellers only pay the state hotel tax on the wholesale price of rooms made available for resale. This initiative will offset the overall reduction in pass through state hotel tax revenues for those tourism districts that have their shares of the state hotel tax reallocated to the Rhode Island Commerce Corporation. For other recipients of state hotel tax revenues, including the Rhode Island Commerce Corporation, this recommendation will increase state hotel tax revenues received. The total impact of the recommendation is projected to be \$586,186 in FY 2016.

The Governor recommends the imposition of the state hotel tax on unlicensed rentals for lodging accommodations, such as those facilitated by Airbnb, to level the playing field between licensed providers of lodging accommodations and unlicensed providers of the same. This initiative will offset the overall reduction in pass through state hotel tax revenues for those tourism districts that have their shares of the state hotel tax reallocated to the Rhode Island Commerce Corporation. For other recipients of state hotel tax revenues, including the Rhode Island Commerce Corporation, this recommendation will increase state hotel tax revenues received. The total impact of the recommendation is projected to be \$608,222 in FY 2016.

All Sources

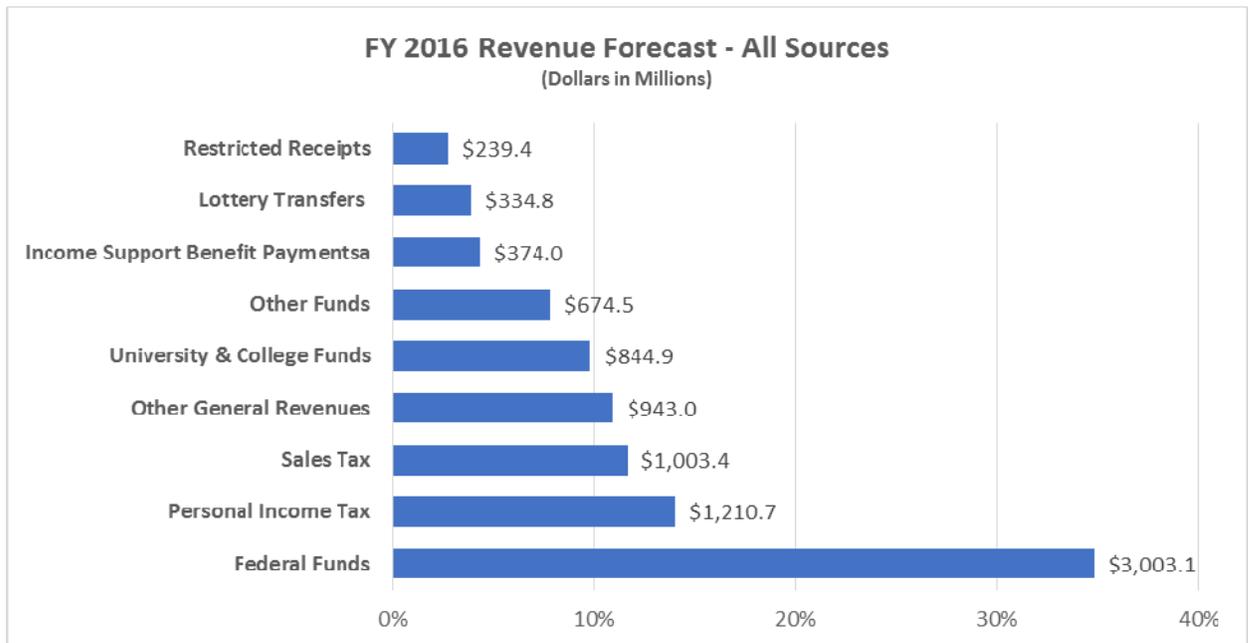
The total budget of \$8,627.6 million includes all sources of funds from which state agencies make expenditures.

Federal funds represent 34.8 percent of all funds. Almost 78.1 percent of federal funds are expended for human services, primarily for Medicaid.

Income and Sales Taxes combined represent 25.7 percent of all revenue sources.

University and College Funds, and Income Support Benefit payments represent 9.8 percent, and 4.3 percent of the total, respectively.

Remaining sources include: Other General Revenues, 10.9 percent; the Lottery Transfer, 3.9 percent; Restricted Receipts, 2.8 percent; and Other Funds 7.8 percent.



All Expenditures

The Governor's FY 2016 Budget recommendation is \$8.628 billion in all funds comprised of six functional units of state government: Health and Human Services, Education, General Government, Public Safety, Transportation, and Natural Resources.

Approximately 43.5 percent of all expenditures are for Health and Human Services, comprised of agencies that engage in a broad spectrum of activities including income support, client subsidies, client advocacy, case management and residential support, and medical regulation, prevention, treatment, and rehabilitation services. The FY 2016 recommended budget for all health and human service agencies is \$3.751 billion.

Approximately 27.8 percent of all expenditures are for Education, which includes the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, and the Historical Preservation and Heritage Commission. The FY 2016 recommended budget for education is \$2.399 billion.

Approximately 16.1 percent of all expenditures are for General Government, which includes agencies that provide general administrative services to other state agencies, assist in developing the state's workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions. New in FY 2016 is an Executive Office of Commerce that will coordinate and focus the State's strategy for economic recovery. The FY 2016 recommended budget for all General Government agencies is \$1.394 billion.

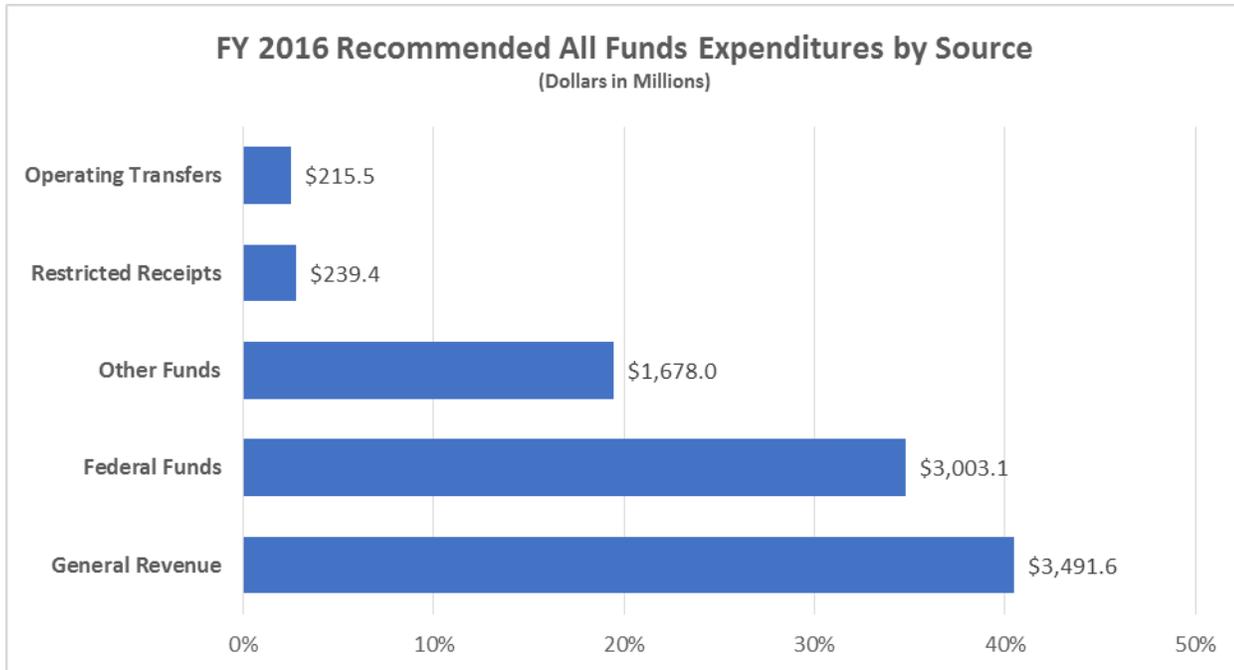
Approximately 6.1 percent of all expenditures are for Public Safety, which is the system that provides law enforcement, adjudicates justice, performs correction and rehabilitative services, and handles emergencies impacting Rhode Island's citizens. The FY 2016 recommended budget for the public safety system is \$525.1 million.

Approximately 5.3 percent of all expenditures are for Transportation, which provides for the state's maintenance and construction of a quality transportation infrastructure. The FY 2016 recommended budget for transportation is \$458.9 million.

Approximately 1.1 percent of all expenditures are for Natural Resources, which includes the Department of Environmental Management and the Coastal Resources Management Council. The FY 2016 recommended budget for natural resources is \$98.8 million.

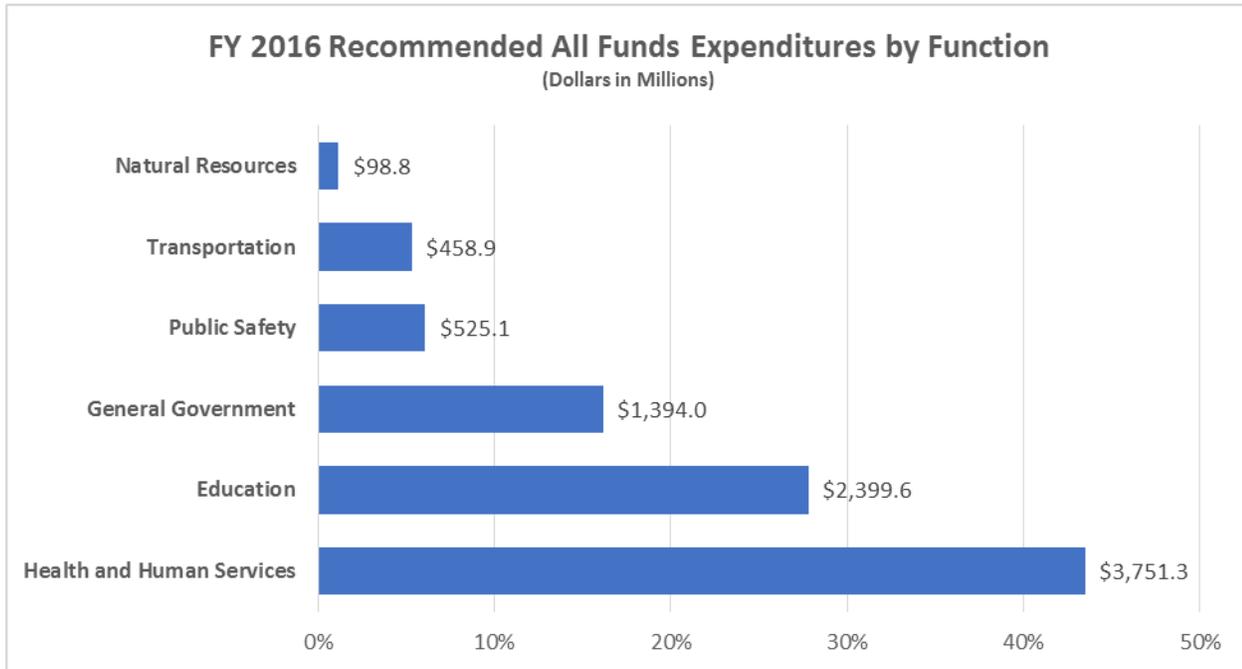
Expenditure Summary

All funds expenditures for FY 2016 are \$8.628 billion. Of this total, \$3.492 billion, or 40.5 percent, is from general revenue, \$3.003 billion, or 34.8 percent, from federal funds, \$1.893 billion, or 21.9 percent, from other sources, and \$239.4 million, or 2.8 percent, is from restricted or dedicated fee funds.



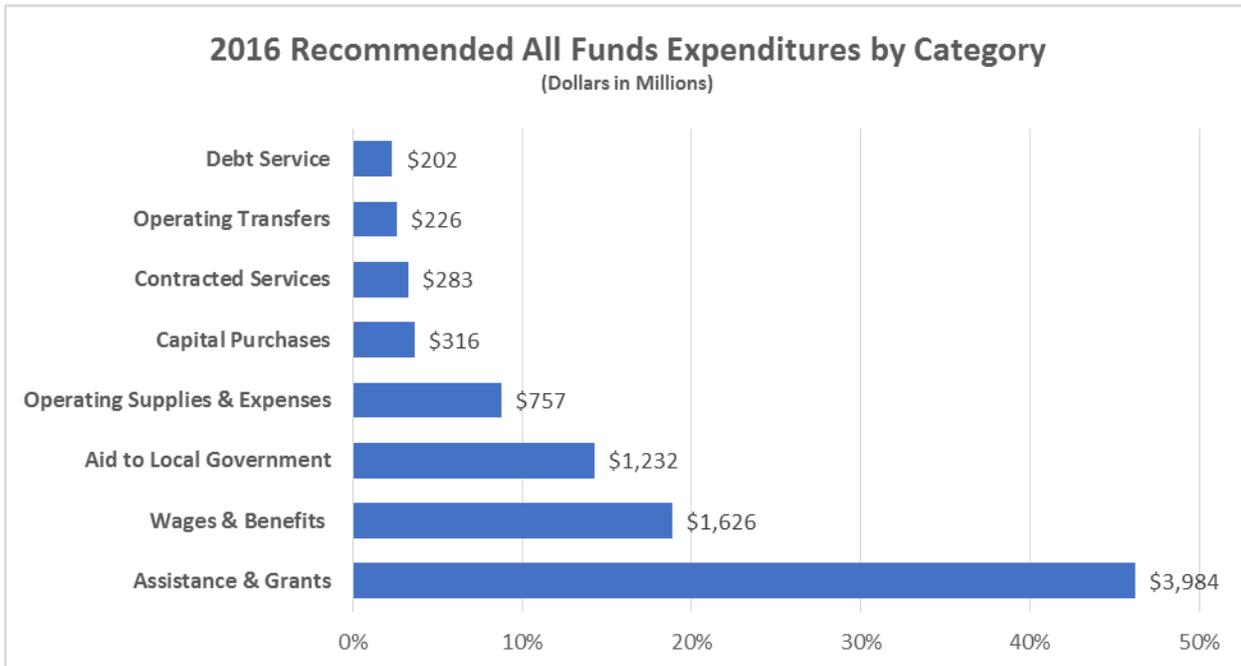
Expenditure Summary

On a functional basis, the largest percentage of expenditures is in the Health and Human Services area, which comprises \$3.571 billion, or 43.5 percent of the total budget. This is followed by spending for Education of \$2.399 billion, which comprises 27.8 percent of all spending, and expenditures for General Government of \$1.394 billion, equaling 16.1 percent. Public Safety, Natural Resources and Transportation expenditures make up the balance, totaling \$1.083 billion, or 12.6 percent of the total budget.



Expenditure Summary

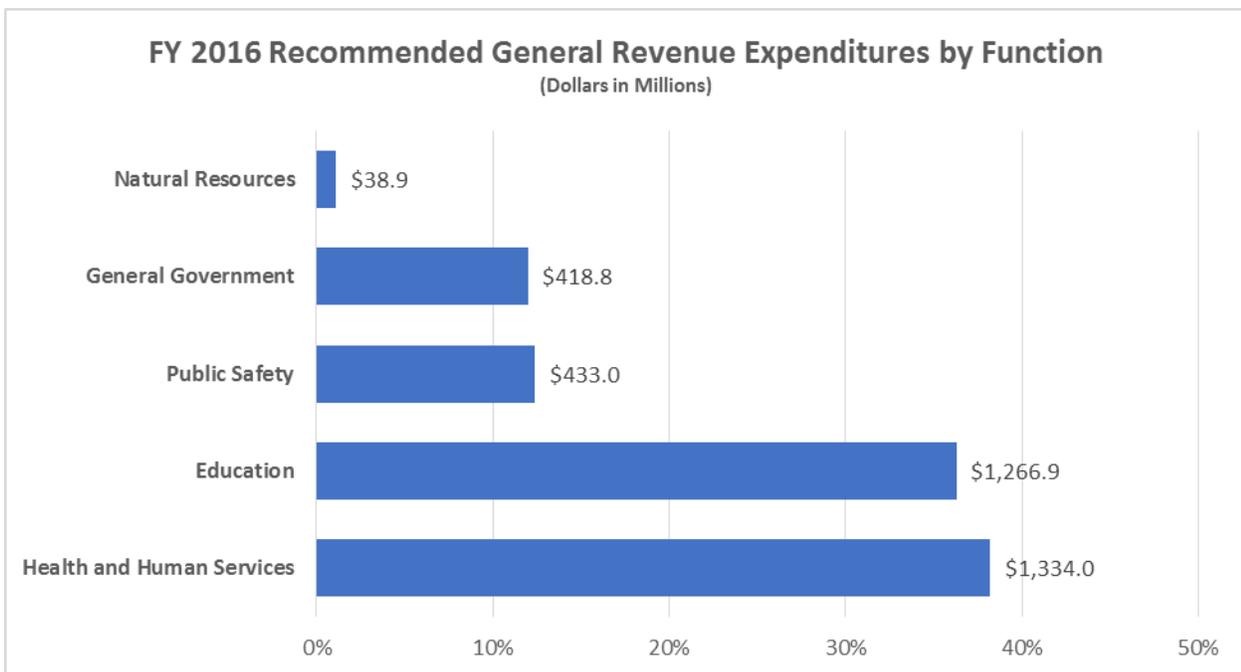
The second way to view expenditures is by major category. On this basis, the largest share of the FY 2016 budget is for assistance, grants and benefits equaling \$3.984 billion or 46.2 percent of the total. This is followed by personnel expenditures, which comprise 22.1 percent, or \$1.909 billion, and local aid expenditures, which make up 14.3 percent, or \$1.232 billion of the total budget. Expenditures for capital purchases and debt service total \$518.3 million or 6.0 percent, with the balance of spending used to finance operating expenditures and operating transfers of \$983.4 million, or 11.4 percent of the total.



Expenditure Summary

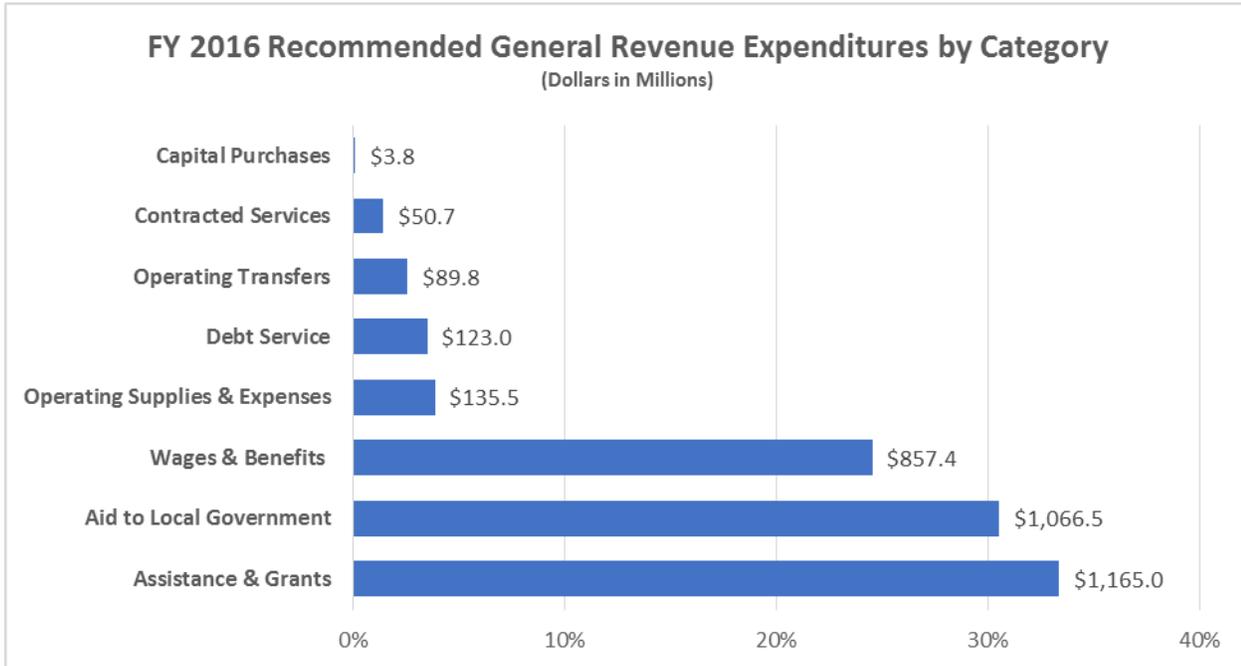
Expenditures from general revenue total \$3.492 billion for FY 2016. By function, spending by Health and Human Service agencies represents the largest share with expenditures, totaling \$1.334 billion, or 38.2 percent of the general revenue budget. This is followed by spending for Education, which totals \$1.267 billion, or 36.3 percent. General revenue expenditures for General Government and Public Safety comprise \$418.8 million (12.0 percent) and \$433.0 million (12.4 percent), respectively. Expenditures for Natural Resources comprise \$38.9 million, or 1.1 percent of total general revenue spending. Transportation expenditures are financed mostly by dedicated gasoline taxes and are not a component of general revenue spending.

General revenue expenditures by category are primarily devoted to financing grants, local aid and personnel.



Expenditure Summary

The largest components of general revenue expenditures are assistance, grants, and benefit expenditures of \$1.165 billion, comprising 33.4 percent of total general revenue spending. Local Aid expenditures of \$1.066 billion represent 30.5 percent of total spending; personnel expenditures (including contracted services) of \$908.0 million comprise 26.0 percent of the budget; capital expenditures and debt service total \$126.8 million, or 6.3 percent of the total general revenue budget; and, operating expenditures and operating transfers total \$225.4 million, or 6.5 percent of the budget.



Enacted and proposed expenditures for general revenue funds, by category of expenditure are shown in the following table:

General Revenue Funds	FY 2015	2015	Change	FY 2016	Change
Category of Expenditure	Enacted	Revised	from Enacted	Recommended	from Enacted
Personnel (Including Consultants)	\$880.3	\$901.4	\$21.1	\$908.0	\$27.7
Operating Supplies and Expenses	\$129.2	\$136.3	\$7.1	\$135.5	\$6.3
Assistance and Grants	\$1,189.2	\$1,229.5	\$40.3	\$1,165.0	-\$24.2
Capital Purchases and Equipment	\$4.4	\$6.4	\$2.0	\$3.8	-\$0.6
Aid to Local Units of Government	\$1,038.3	\$1,027.7	-\$10.6	\$1,066.4	\$28.1
Debt Service	\$195.3	\$167.7	-\$27.6	\$123.0	-\$72.3
Operating Transfers	\$8.5	\$19.3	\$10.8	\$89.9	\$81.4
Total	\$3,445.2	\$3,488.4	\$43.2	\$3,491.6	\$46.5
<i>(in millions)</i>					

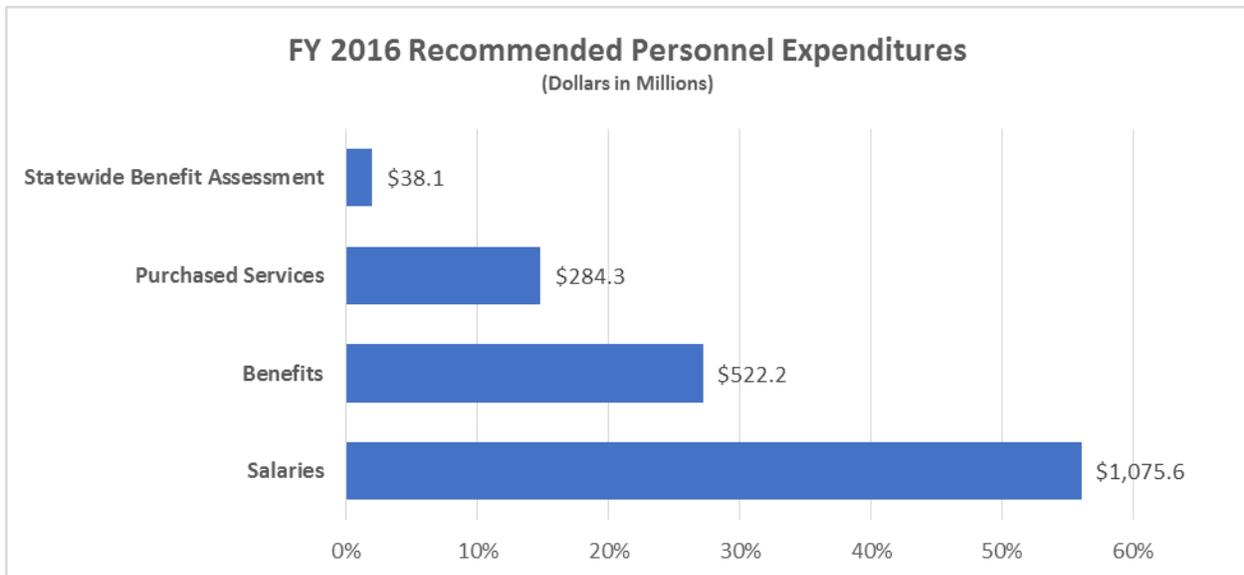
Expenditure Summary

Enacted and proposed expenditures by source of funds are shown in the following table:

	FY 2015	FY 2015	Change	FY 2016	Change
Source of Funds	Enacted	Revised	from Enacted	Recommended	from Enacted
General Revenue	\$3,445.2	\$3,488.4	\$43.2	\$3,491.6	\$46.5
Federal Funds	\$3,086.5	\$3,140.5	\$54.0	\$3,003.1	-\$83.5
Restricted Receipts	\$283.1	\$278.2	-\$4.8	\$239.4	-\$43.7
Operating Transfers	\$174.6	\$174.6	\$0.0	\$226.0	\$51.5
Other Funds	\$1,791.0	\$1,757.8	-\$33.1	\$1,667.5	-\$123.5
Total	\$8,780.3	\$8,839.5	\$59.2	\$8,627.6	-\$152.7
<i>(in millions)</i>					

Personnel Summary

The Governor’s FY 2016 recommended Budget finances personnel at \$1.9 billion. This includes \$1.6 billion for salary and benefits (85.2 percent) and \$284.3 million for purchased services (14.8 percent). This total includes expenditures financed from general revenue, federal grants, restricted receipts, other funds, and internal service funds. General revenue finances 47.3 percent of FY 2016 personnel expenditures. Federal funds finance 23.9 percent, Other Funds (primarily college tuition funds) and Internal Service Funds finance 23.2 percent, and restricted receipts finance the remaining 5.6 percent. The personnel supplements provided in the budget volumes contain all expenditures for personnel, including those of the internal service funds, as noted above. Since internal service fund positions are financed through charges to state agencies categorized as operating expenses, totals shown will differ in some cases from personnel costs shown in complementary documents of the FY 2016 Budget. After adjusting to reflect internal service fund personnel expenditures in the personnel category rather than as an operating expense, personnel expenditures constitute approximately 22.1 percent of the state budget, the second largest category of spending (after assistance, grants and benefits).



Personnel expenditures recommended for FY 2016 decrease by \$33.9 million from the FY 2015 revised Budget, but increase by \$47.1 million (2.6 percent) from the FY 2015 enacted Budget. From the enacted Budget, direct salaries increase by 2.5 percent, overtime increases by 9.7 percent, fringe benefits increase by 2.9 percent overall, with retiree health decreasing by 6.1 percent and retirement increasing by 4.3 percent. Medical benefits (including the medical waiver bonus) increase by 3.3 percent.

Rhode Island state government experienced significant attrition from retirements in FY 2009. Between May 1, 2008 and October 1, 2008, 1,396 state employees, who were members of the Employees’ Retirement System of Rhode Island, retired. Overall, authorized state employee full time equivalent positions declined from the FY 2008 final enacted level of 15,688.7 to 14,935.0 in the FY 2012 budget, a reduction of 753.7 positions. The FY 2013 final enacted budget reversed this trend, with the addition of 141.4 FTE positions (for an FTE position level of 15,076.4) primarily in Health and Human Service agencies to meet program needs in Health, Children Youth and Families, Behavioral Healthcare, and the Office of Health and Human Services. In the FY 2014 final enacted budget, the FTE level of 15,100.3 reflected further increases in Human Service and Public Safety agencies. In the FY 2015 revised Budget, however, the Governor recommends a FTE position authorization of 15,101.7, an increase of 15 7TE

Personnel Summary

positions from the FY 2015 enacted Budget. In the FY 2016 Budget, the Governor recommends a further increase of 18.7 FTE positions from the FY 2015 revised Budget, to a total of 15,120.4 FTE positions.

Current Retiree Health Benefit Structure

In order to address the unfunded liability associated with retiree health benefits and reduce the ongoing cost to the taxpayer, eligibility requirements and co-share percentages for retiree health were modified in the 2008 session of the General Assembly. The new plan provided that employees retiring after October 1, 2008 would be eligible for retiree health coverage through the State if they are age 59 or over with a minimum of 20 years of service. For employees retiring before October 1, 2008, an employee with over 10 years of service as of July 1, 2005 was eligible for retirement with at least 28 years of service at any age, or at least 10 years of service and at least age 60, and was therefore eligible for retiree health. For those employees with less than 10 years of service prior to July 1, 2005, the employee had to be age 59 with at least 29 years of service, age 65 with ten years of service, or age 55 with 20 years of service in order to be eligible for retirement and therefore also eligible for retiree health. The enacted reform modified the co-share percentage to require a 20 percent co-share on the full cost of the early retiree or post-65 plan in which the retiree is enrolled. For those retiring prior to October 1, 2008, the early retirees pay a co-share based on years of service on the active employee rate. For these employees retiring prior to October 1, 2008, who are over age 60 with at least 28 years of service, the state pays 100 percent of the cost of the plan.

Funding of Retiree Health Unfunded Liability

The Governor's recommended budget includes previously added provisions requiring that the State finance retiree health benefits on an actuarial basis and amortize the unfunded liability over a thirty year period. This financing mechanism will provide transparency with respect to the true cost of the benefit offered to state employees after employment. In compliance with GASB Statements 43 and 45, "Other Post-Employment Benefits (OPEB)," in July 2007, the State obtained an actuarial estimate of the unfunded liability relating to retiree medical benefits. Pursuant to GASB Statement 45, "Other Post Employment Benefits" the State obtained an updated actuarial valuation of the unfunded liability relating to retiree medical benefits for the period ending June 30, 2009. The unfunded liability as of June 30, 2009 was determined to be approximately \$774.7 million, including \$673.6 million for State employees, \$67.1 million for State Police, \$11.8 million for Legislators, and \$8.7 million for Judges, and \$13.5 million for the State's share for teachers. This was calculated using an investment rate of return of 5.0 percent and assumes that future financing will be on an actuarial basis. The annual required contribution as a percentage of payroll in FY 2014 is budgeted at 7.07 percent, 39.0 percent, 0.0 percent and 0.12 percent (no rate for teachers), respectively. Prior to FY 2011, the State had not set aside any funds on an actuarial basis to address the unfunded retiree medical benefit liabilities. During the 2008 session of the General Assembly, in order to begin funding this unfunded liability, legislation was enacted that would require the State to finance on an actuarial basis and authorized creation of a trust fund for retiree medical benefit liabilities. During the 2009 Session of the General Assembly, this actuarial financing requirement was delayed until FY 2011.

Beginning with the first pay period of FY 2011, the state began providing the resources necessary to the OPEB trust fund to finance retiree health benefit costs on an actuarial basis, which will be used to pay current benefits and hold assets for investment.

Actuarial valuations for the Retiree Health Fund are performed every two years and the rates determined by the valuation are used for the two fiscal years following their adoption. A valuation was completed in May 2012 for the fiscal year ending June 30, 2011 and the rates from this valuation would be used for fiscal years 2014 and 2015. Retiree health is calculated on salaries of different categories of employees, including state

Personnel Summary

employees, State Police, and judges. Due to full funding of their respective fund, no assessment is required for Legislators. The enacted FY 2014 rates reflect enactment of a proposal recommended in the Governor's FY 2014 Budget to implement a Medicare Exchange for post-65 retirees, where retirees choose between multiple Medicare supplemental plans from different insurers. Under this program, the State set up Health Reimbursement Accounts (HRAs) for retirees in the state-sponsored health plans and deposit money each month into the account. The amount would be determined by the current level of subsidy the State provides, i.e. a 100 percent subsidized retiree would receive 100 percent of the maximum HRA amount, and an 80 percent subsidized retiree would receive 80 percent of the maximum HRA amount. Approximately 5,300 post-65 retirees currently receive subsidies and an additional 2,700 non-subsidized members are on the plan (spouses and public school teachers). As a result of this proposal, an updated actuarial analysis was performed by the fund's actuary, which resulted in a revised retiree health rate in FY 2014 of 7.07 percent for state employees (from the previous level of 7.38 percent), dropping further to 6.75 percent for FY 2015.

For FY 2016, the governor's budget recommendation recognizes a decrease in the rates for retiree health insurance for state employees from the FY 2015 enacted rate of 6.75% to 6.00% in FY 2016 per the actuarial report issued by Gabriel, Roeder and Smith (a decrease of 11.11%). There are also changes for Judges (decrease from 0.12% to 0.00%), for legislators (increase from 0.00% to 1.53%) and for State Police (decrease from 39.00% to 33.40%). The statewide general revenue savings resulting from these changes totals \$4,039,403. The actuarial valuation dated July 1, 2014, reported the results of a June 30, 2013 actuarial study which measured the retirement health system's funding progress, in order to determine the employer contribution rate for the fiscal years ending June 30, 2016 and June 30, 2017. The study showed improving plan experience resulting in actuarial gains, thus lowering the state's contribution rates overall. For FY 2016, the actuarial analysis made certain assumptions for investment return, wage inflation, long term health care trends, and the impact of the Medicare Exchange implementation for post-65 retirees effective in FY 2015. The study showed that for State Employees, Judges and the State Police, improving amortization of the unfunded actuarial accrued liability existed for each group, while Legislatures saw a slight extension of amortization period, thus resulting in a small increase for this group, even when considering an accumulated surplus in this fund.

Statewide Cost of Living Adjustment

The State recently entered into contracts with most state employee unions that provide for cost of living adjustments (COLA) of 2.0% on April 6, 2014; 2% on October 5, 2014 and 2% on October 4, 2015. This translates into an effective increase in salary and associated benefit costs in FY 2016 of 5.587% compared to the enacted FY 2015 budget, which did not include funding for either the April 2014 or October 2014 COLA. This assumes all union and non-union staff receive the same COLA under the same schedule. As of this writing, the State Police Trooper and RIBCO unions have not settled their contracts, and nor have URI, RIC, and CCRI faculty unions.

Employee Medical Benefits

The FY 2015 enacted budget recognized statewide savings totaling \$8.3 million (all-funds) due to improved trends in medical benefit and vision plan growth rates. These savings, consisting of \$3.4 million in general revenue, were reflected as a negative appropriation in the Department of Administration's (DOA) budget. The Governor's recommended budget re-allocates (within all fund sources) those savings to each agency's respective budget.

The FY 2015 enacted budget for health benefit costs was predicated upon a planning value of \$17,926 based on a weighted average of the three cost components consisting of medical, dental, and vision rates for both

Personnel Summary

individual and family plans. As a result of the above mentioned reallocation, the weighted average of the health benefit costs in the working budget is reduced to \$17,005. This amount is \$921, or approximately 5.2%, less than the rates used in the enacted budget.

For FY 2016, the budget instructions contained an estimated planning value equal to \$18,155, an increase of 6.7 percent from the FY 2015 working budget amount of \$17,005. This is the increase upon which the statewide target adjustment was based. Based on current and projected balances in the state's Health Insurance Fund, the Governor recommends an additional medical holiday in FY 2015. The state is self-insured for medical benefits and develops annual working rates based upon prior claims experience, adjusted for medical inflation. This fund is used to pay insurers for medical benefits for state employees. Revenue is generated by assessing state agencies on a bi-weekly basis, by co-shares from employees and from pharmaceutical rebates. In the event that there is a surplus, the balance may be used to reduce the working rates by not charging the state agencies for medical coverage for a particular pay period, known as a medical holiday. Employees paying a co-share based on a percentage of the premium cost are also not charged for the respective pay period. Employees paying a co-share based on a percentage of their pay are still charged.

Full-Time Equivalent Positions (FTE)

The FY 2015 enacted budget contained 15,086.0 full-time equivalent (FTE) positions, including 750.8 FTE positions that are third party funded positions in Higher Education. In order to maintain an acceptable level of critical services and addressing new program concerns, the Governor also recommends an increase of 14.7 FTE positions to 15,100.7 FTE positions in the revised FY 2015 Budget. In FY 2016, the Governor recommends a total FTE position level of 15,119.4, including 745.8 Higher Education third party funded positions, an increase of 18.7 FTE positions from the revised FY 2015 level and 33.4 FTE positions from the FY 2015 enacted level.

In **General Government**, the Governor recommends 2,331.8 FTE positions, a net increase of 33.1 FTE positions in FY 2016 from the FY 2015 enacted budget. The largest increase (18.6) reflects the creation of a new agency, the Executive Office of Commerce (EOC), including 5.0 FTE positions for central management functions, as well as transfers from the Department of Administration of 11.0 FTE positions in the Housing and Community Development program, and 2.0 FTE positions in the Rhode Island Television and Film Office. The Governor recommends no increase in the Department of Administration; 10.0 new positions, 14.6 transfers out (to Business Regulation and the EOC), and 6.0 transfers in (from the Governor's Office for the Health Benefit Exchange) are adjusted by reductions in vacant positions (8.0 in FY 2015, 9.4 in FY 2016). The Governor also recommends the addition of 9.5 FTE positions in the Department of Revenue, 6.5 FTE's for 20 part-time customer service representatives and 3.0 FTE positions in Taxation. The Governor also recommends an additional 5.0 FTE positions in Business Regulation, 4.0 in support of new federal grants and 1.0 reflecting a transfer of an ombudsman position from Administration/Office of Management and Budget (OMB).

In **Health and Human Services**, the Governor recommends 3,743.6 FTE positions; a net decrease of 0.4 FTE positions in FY 2016 from the FY 2015 enacted FTE authorization. This is comprised of reductions of 2.7 FTE positions in Health (one clerical position and 2.0 FTE positions due to program reductions due to professional board consolidations) and 1.0 FTE position in Behavioral Health (1.0 vacancy reduction, 1.0 transfer to Human Services, and 1.0 additional FTE federal grant position). The Governor also recommends an increase of 2.0 FTE positions in Children, Youth and Families to accommodate new Foster Care and Trauma Focused Care federal grants. Finally, the Governor recommends the creation of a Division of Advocacy in the Office of Health and Human Services, consolidating the Child Advocate, the Mental

Personnel Summary

Health Advocate, the Commission on the Deaf and Hard of Hearing, and the Governor's Commission on Disabilities. The recommendation adds 17.0 FTE positions in OHHS and a reduction in those agencies totaling the same amount.

In **Education**, the Governor recommends a total authorization (standard and third party) of 4,646.8 in FY 2015, an increase of 7.9 FTE positions, including a 3.5 FTE position increase in Elementary and Secondary Education for the Race to the Top initiative and 2.2 increase in Public Higher Education. In FY 2016, the Governor recommends 4,634.8 FTE positions, a net decrease of 6.3 FTE positions in FY 2016 from the FY 2015 enacted budget of 4,641.1. This includes a net program reduction of 1.5 FTE positions in Elementary and Secondary Education in the Administration for Comprehensive Education Strategy (ACES) program, comprising the end of 4.0 FTE position in the Race to the Top program and an additional school construction supervisor position. The Governor also recommends the transfer of the Rhode Island Higher Education Assistance Authority to the Office of the Postsecondary Commissioner (OPC). Including this transfer, the Office decreases its FTE by a net of 5.8 FTE positions. Public Higher Education university positions have been restructured, resulting in a net increase of 1.0 FTE position. A net total of 6.0 standard FTE positions are added at the University of Rhode Island and the Community College of Rhode Island, offset by reductions of 5.0 in third party positions.

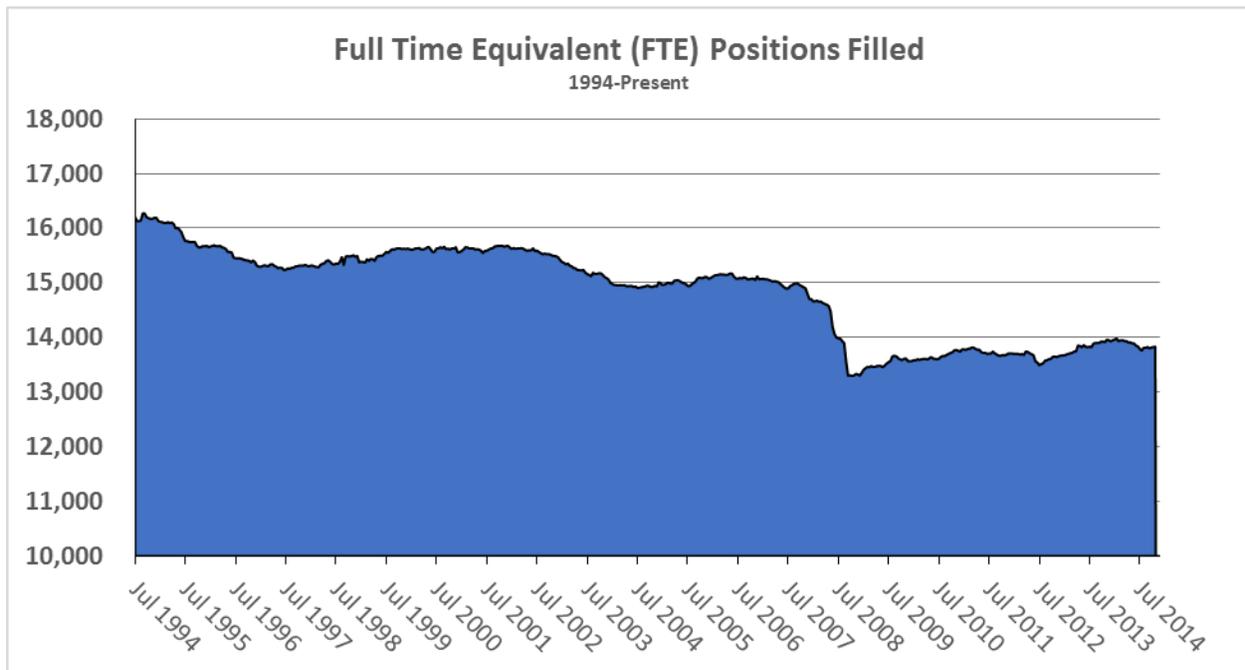
In **Public Safety**, there is an increase of 7.0 FTE positions to 3,228.6 in FY 2016 from the FY 2015 enacted budget in Public Safety. The Governor recommends 7.0 additional federally funded maintenance positions in the Military Staff.

In **Natural Resources**, there is no net change in the FTE level of 428.0 from FY 2015 enacted to FY 2016. The Governor recommends offsetting FTE reconciliations of 4.0 in FY 2015 revised and 2.0 in FY 2016 to match additional FTE positions.

In **Transportation**, the Governor recommends 752.6, no change from the FY 2015 enacted budget in both FY 2015 and FY 2016.

As directed by the Governor, the overall filled FTE position level must be constrained through careful management by cabinet directors and other agency heads of existing and upcoming vacancies. Actual filled positions totaled 13,820.2 as of December 27, 2014, a 127.3 position decrease from the 13,947.5 level in December 28, 2013, and 1,262.6 below the 15,082.8 in July 2007. The filled level is 1,265.8 FTE positions less than the enacted cap of 15,086.0 FTE positions. Because of resource constraints, as reflected in the Governor's recommended turnover across most agencies (a total of 6.5 percent statewide), as well as the program reductions and reconciliations (94.7 in FY 2015 revised and 69.3 in FY 2016), there are FTE positions in the roster that will not be filled in FY 2015 or FY 2016.

Personnel Summary



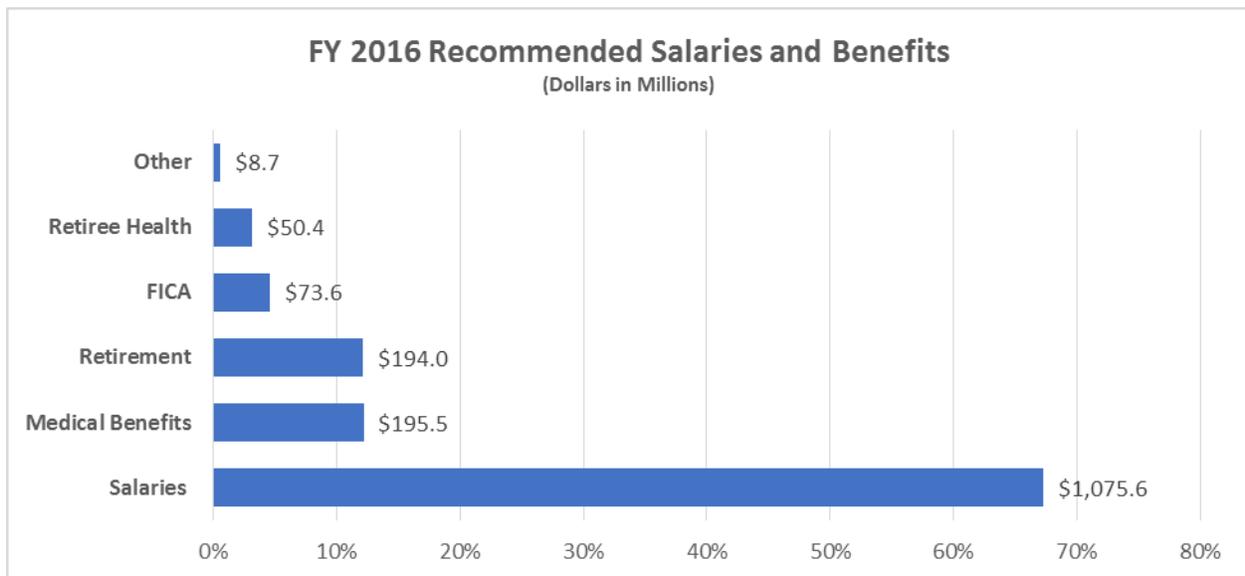
Salaries and Benefits

The largest category of personnel expenditures is for salaries and benefits. Salaries and benefits (including temporary and seasonal) represent \$1.597 billion or 83.2 percent of total personnel costs. Salaries, including payroll accrual, overtime, holiday, and other salary-related items, equal \$1.077 billion and fringe benefits equal \$522.2 million. Fringe benefit payments include \$194.0 million for retirement costs, \$195.5 million for medical benefits (including \$193.6 million for benefit plans and \$1.9 million for medical benefits-salary disbursements), \$50.4 million for retiree health benefits, \$73.6 million for FICA, and \$8.7 million for other benefits, including group life insurance and other contract stipends. In addition, the statewide benefit assessment is included to finance severance, unemployment, employee assistance, workers' compensation payments and administrative costs, and DLT employer assessments, and totals \$37.9 million, 2.0 percent of total personnel costs.

Direct Salaries increase by 3.5 percent in the FY 2015 Revised Budget over FY 2014 actual expenditures, and increase by 2.5 percent in the FY 2016 recommended Budget over the FY 2015 enacted Budget. The FY 2016 Budget includes no longevity increases for non-union personnel and for union personnel whose contracts end June 30, 2012, as these were abolished in the FY 2012 enacted Budget.

Fringe benefit adjustments increase by 4.5 percent in the FY 2015 revised Budget over FY 2014 actual expenditure and increase by a further 1.9 percent in FY 2016 over the FY 2015 enacted Budget. **Retirement** increases by 8.3 percent in FY 2015 revised from FY 2014 actual and by 2.6 percent in FY 2016 from the FY 2015 revised Budget. This includes a one percent defined contribution addition of \$6.6 million. Within state agency budgets, state employer retirement contributions are budgeted at 24.33 percent of payroll for FY 2015 enacted and revised Budgets, but at 24.64 percent in FY 2015. **FICA** increases by 3.3 percent in FY 2015 from the enacted Budget but increases by only 1.3 percent from the revised Budget. **Retiree Health** decreases by 1.5 percent in FY 2015 revised from FY 2014 actual expenditure, and decreases by 9.8 percent in FY 2016. The rate remains at 6.75 percent in FY 2015 enacted and revised, but decreases to 6.0 percent in FY 2016 for state employees.

Personnel Summary

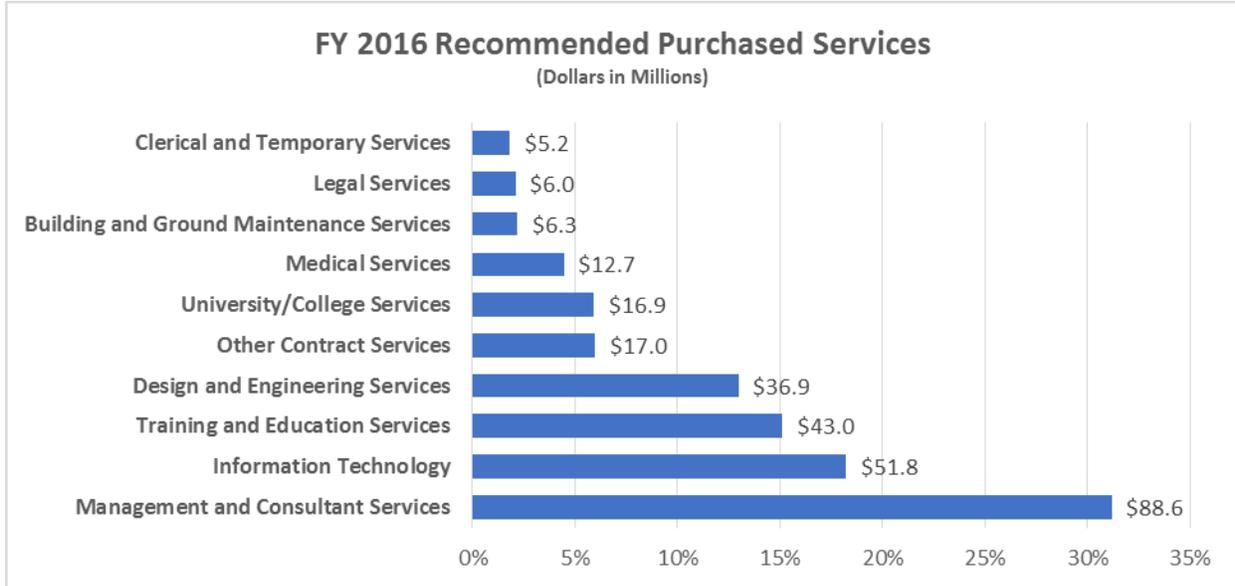


The largest fringe benefit increase is in **medical benefits**. The FY 2015 revised Budget of \$186.2 million includes an overall increase of 6.0 percent over FY 2014 actual expenditure levels. For FY 2016, the recommendation of \$195.5 million in medical benefits is an increase of 4.7 percent from the recommended revised budget amount for FY 2015. The two year total is 10.7 percent. The increases include estimated reductions in FY 2015 due to two medical benefit holidays.

Workers' compensation costs budgeted directly in the agencies in FY 2015 and FY 2016 are \$211,273 and \$196,024 respectively and are financed primarily in the Department of Corrections and Behavioral Health, Developmental Disabilities and Hospitals. These amounts reflect the continuation of wages in excess of those amounts received as a result of the Workers' Compensation statute (primarily as a result of assault cases). Since FY 2001, all workers' compensation costs, as well as unemployment insurance and unused leave severance payments, have been paid from a separate Assessed Fringe Benefits Administrative Fund. The fund is financed by a statewide benefit assessment of a fixed percentage of direct salaries that is charged to every department and agency in this document. The FY 2015 revised Budget and the FY 2016 recommended Budget values are 4.3 percent for regular state employees, an increase of 0.5 percentage points from the enacted level. However, certain agencies and/or certain employee classifications are not assessed the full rate because they do not receive worker's compensation benefits. Also, certain higher education employees do not receive severance payments. The assessed fringe benefit rate is applied to all direct salaries, except overtime. Expenditures from the fund have grown from \$31.1 million in FY 2008 to \$43.1 million FY 2009, but decreased in FY 2010 to \$28.8 million. The surge in severance payments was due to the large number of employees that retired prior to changes in retiree health benefit provisions, which became effective October 1, 2008. The FY 2015 revised Budget is \$37.3 million, an increase of 3.3 percent from FY 2014 actual expenditure. The recommendation for FY 2016 is \$37.9 million, an increase of 1.8 percent from the revised recommendation. The Assessed Fringe Benefit Fund is used to fund the following: services provided by the Donley Center; services of the Workers' Compensation Court; the Division of Workers' Compensation administrative costs related to workers' compensation activities; workers' compensation benefit payments to employees; payments to workers' compensation providers; unemployment compensation payments; severance

Personnel Summary

payments to employees for unused leave upon termination from state service; and Cornerstone Program administrative costs for the Flexible Health savings account.



Purchased Services

Purchased Services costs in the FY 2016 Budget total \$284.3 million, and represent 14.8 percent of total personnel costs. Expenditures in this category are for services provided by outside contractors in cases where special expertise is needed or where it would be less effective to hire full-time employees. Major categories of expenditure are management and consulting services (comprising 31.2 percent of the total), information technology services (18.2 percent), training and education services (comprising 15.1 percent), and design and engineering services (comprising 13.0 percent).

Recommended expenditures in the FY 2015 revised Budget of \$341.3 million are \$59.8 million more than FY 2015 enacted expenditures, a 21.3 percent increase in spending for services, including increases in other contract services (\$6.5 million), management and consultant services (\$21.0 million) and information technology services (\$29.4 million). A major portion of this increase is in the Health Benefits Exchange (HealthSource RI) for the development of the web-based exchange that will be available to Rhode Islanders and Rhode Island businesses. Recommended expenditures in FY 2016 are \$57.1million less than FY 2015 revised. The greatest decreases are in information technology services (\$32.7 million), management and consultant services (\$6.3 million), other contract services (\$5.0 million), and training and education services (\$6.7 million).

For each department or agency of state government, the Budget volumes contain an agency summary of personnel costs. For each program, the Budget volumes display all positions and their respective costs. Footnotes will assist readers in understanding variances between the years. Additionally, there are a number of terms used that are not part of every day usage. A Glossary with extended explanations is included in the back of the Technical Appendix. For more information on the codes used to identify the pay scales, refer to the Glossary. Pay scales are provided on the State’s Human Resources web site under the Compensation and Classification section.

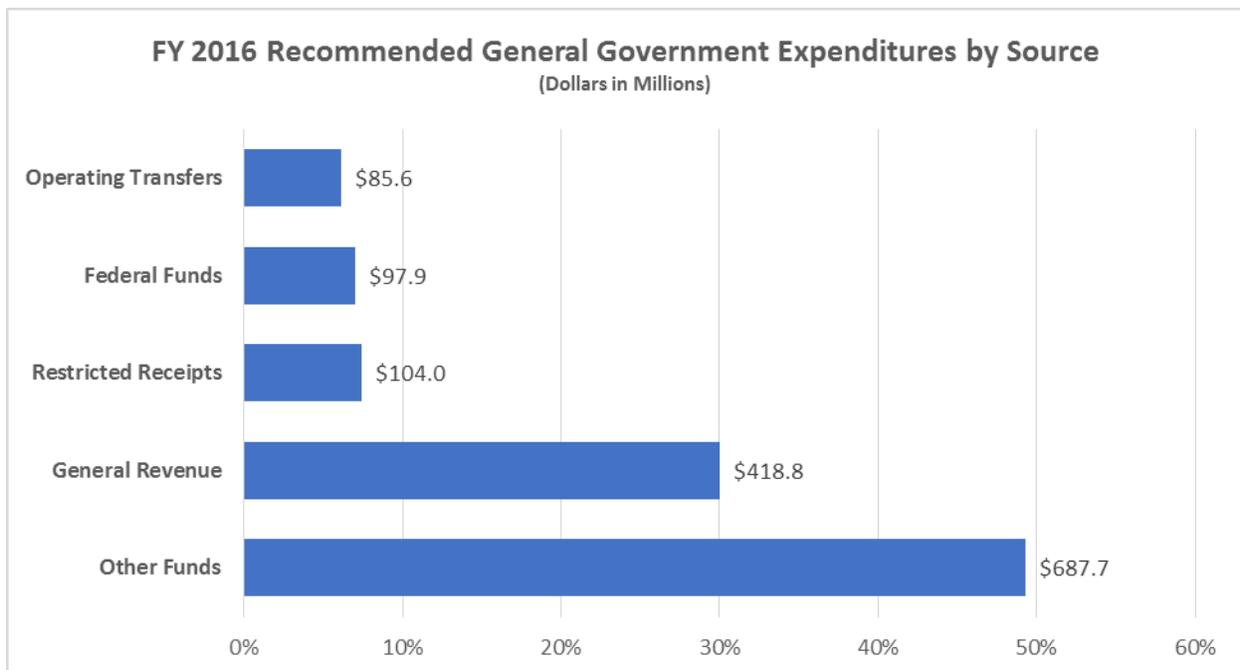
General Government

General Government

Summary

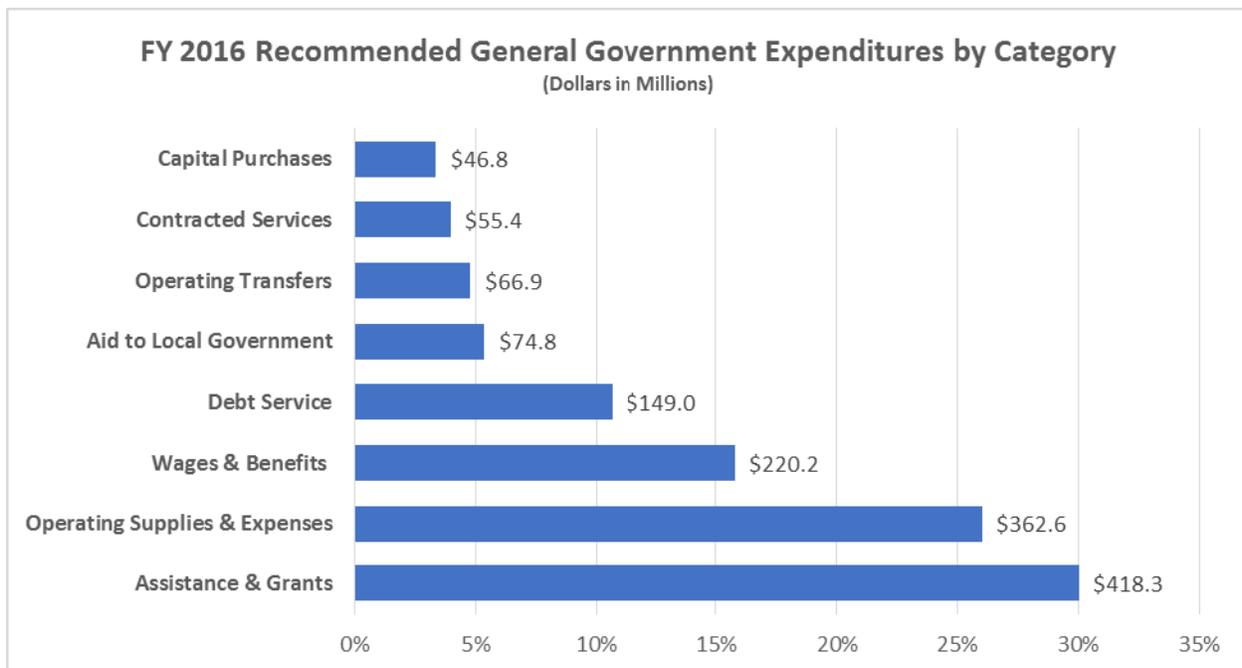
General Government includes agencies that provide general administrative services to all other state agencies, and those that perform state licensure and regulatory functions. It includes: most *elected officials*, including the Governor, Lieutenant Governor, General Treasurer, the Secretary of State and the Legislature; *administrative agencies*, including the Department of Administration, the Department of Revenue, the Department of Labor and Training, the Board of Elections and the Commission for Human Rights; and *regulatory agencies*, including the Department of Business Regulation and the Public Utilities Commission. New in FY 2015 as of February 1, 2015 is the Executive Office of Commerce, overseen by the Secretary of Commerce, to coordinate and administer an integrated system of economic development activities for the State.

For FY 2016, the Governor recommends expenditures of \$1.394 billion for General Government programs. The programs are financed with \$418.8 million of general revenue, \$97.9 million of federal funds, \$104.0 million of restricted receipts, and \$773.30 million of other funds. The FY 2016 recommendation for General Government agencies is \$119.5 million, or 7.9 percent, less than the FY 2015 enacted level across all fund sources. General revenue decreases by \$34.2 million, federal funds decline by \$4.2 million, restricted receipts are \$22.1 million less, other funds are \$79.0 million less, offset by increase of \$20.0 million in operating transfers.



Of the \$1.393 billion recommended for FY 2016, \$418.3 million is for assistance, grants and benefits, \$362.6 million is for operating, \$220.2 million is for personnel, \$74.8 million is for local aid, \$149.0 million is for debt service, \$46.8 million is for capital, and \$66.9 million is for operating transfers. In the Governor's FY 2016 Budget, the General Government function represents 16.2 percent of the total budget for Rhode Island.

General Government



General revenue financing for General Government agencies in FY 2016 decreases by \$34.2 million, or 7.5 percent, from the FY 2015 enacted appropriations, in part attributable to debt restructuring in the Department of Administration based on favorable market opportunities and timing of interest and principal payments. Of the \$64.5 million in debt restructuring savings, \$44.0 million will be transferred to the new Executive Office of Commerce, also within the general government function, for a new Economic Development Initiatives Fund for various endeavors, further described herein, to revitalize Rhode Island's economy. Also from the debt restructuring is \$22.0 million for a new School Building Authority Capital Fund to provide resources to local education agencies as the moratorium on school construction reimbursements ends in time for FY 2016. Personnel and operating reforms proposed in the Governor's budget provide a combined general revenue savings of \$25.3 million in FY 2016. These declines are offset by addition of new positions in the Division of Taxation to implement new revenue enhancement initiatives of the Governor, including performance contracts for tax compliance and a taxation self-audit program. Personnel financing at the Division of Motor Vehicles is also increased to enable flexible scheduling of its workers and create career opportunities, with the ultimate goal of better service to registry users, including shortened wait times.

In FY 2016, federal funds recommended in General Government agencies decrease by \$4.2 million, or 4.1 percent from the FY 2015 enacted level. A shift of \$10.9 million from the Department of Administration to the Executive Office of Commerce redirects the efforts of the Housing and Community Development program towards economic revitalization. In the Department of Labor and Training, a reduction \$4.1 million in federal financing is attributable to adjustments to federal awards which had provided either one-time or initiative financing for disability employment and workforce innovation. Federal financing for this office is \$34.2 million in the Governor's recommendation.

Recommended FY 2016 restricted receipt expenditure decreases by \$22.1 million, or by 17.5 percent from the FY 2015 enacted level, including decreases of \$18.4 million for the Department of Labor and Training, \$6.6 million less for Administration, and \$819,087 less for Treasury, offset by increase of \$2.8 million for the Executive Office of Commerce. The decline for Labor and Training reflects pay-off of a federal loan in FY 2015, which the Department had utilized to finance the Job Development fund in that

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year. The decrease in restricted receipts in Administration reflects projected financing levels in the IT Investment Fund, based on expected collections from sale of state land and other resources available to the fund. In Treasury, the decrease in restricted receipts corresponds to changes in claim payouts and liability holdbacks, which is adjusted each year as part of the annual calculation for the transfer of revenues to the general fund surplus.

Other funds recommended in FY 2016 decline by a total of \$59.0 million or 7.1 percent, to a total of \$773.3 million, from the FY 2015 enacted level of \$832.2 million. This change includes a decrease of \$43.7 million for the Department of Labor and Training due to expected levels of financing from the federal government for the Unemployment Insurance program due to the end of federal stimulus funds for extended benefits. In the Department of Revenue, a decrease of \$38.5 million reflects expected terminal and table game revenue, as determined by the November, 2014 Revenue Estimating Conference results. In the Department of Administration, other funds increase by \$23.0 million, due to adjustments to Rhode Island Capital Plan Fund financing for various projects under its purview.

General Government

Department of Administration

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations of \$457.7 million for the Department of Administration. This includes \$250.4 million in general revenue, \$89.3 million in federal funds, \$32.0 million in restricted receipts, \$77.9 million in operating transfers from other funds (including \$27.7 million from the Rhode Island Capital Plan Fund), and \$8.2 million in other funds. Relative to the enacted FY 2015 Budget, the general revenue recommendation is \$18.5 million less, or 6.9 percent. The revised FY 2015 recommendation includes a redistribution of the \$8.3 million statewide medical benefit savings (\$3.4 million in general revenue) to departments, which was consolidated in the Department's enacted budget. The revised recommendation includes \$197,714 in additional statewide medical savings.

The \$18.5 million decrease in general revenue for FY 2015 is mainly attributable to debt service savings of \$25.0 million. These savings are a result of the change in timing the enacted FY 2015 Budget had assumed for issuance of general obligation bonds and certificates of participation (COPS). The resulting scheduled interest and principal payments for new issuances will not occur until FY 2016. The debt service savings are offset mostly by three (3) items. First, Governor Chafee re-appropriated \$1.6 million in August 2014 for unspent general revenue balances in the Department's budget from FY 2014 to FY 2015. This included \$615,901 for I-195 Redevelopment District Commission operations, \$527,000 for the Office of Regulatory Reform's e-permitting project, \$223,218 in housing rental subsidies, and \$280,000 to complete a statewide classification and compensation personnel study. The recommendation includes an additional \$220,000 coupled with the \$280,000 re-appropriation for total resources of \$500,000 to complete the personnel study. Second, utility costs increased by \$2.0 million (\$1.6 million in general revenue) mainly as a result of the Public Utilities Commission approving an electric rate increase for National Grid beginning in January 2015. Finally, the redistribution of the \$8.3 million statewide medical benefit savings (\$3.4 million in general revenue) to other departments' budgets increased the Department's revised budget.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends appropriations of \$339.1 million, which includes \$173.9 million in general revenue, \$43.3 million in federal funds, \$29.8 million in restricted receipts, \$83.4 million in operating transfers from other funds (\$33.4 million from the Rhode Island Capital Plan Fund), and \$8.6 million in other funds. Relative to the enacted FY 2015 Budget, the recommendation is \$86.7 million less in all funds (20.4 percent) and \$94.9 million less in general revenue (35.3 percent).

The Governor recommends \$149.1 million in debt service payments for FY 2016, which includes \$98.0 million in general revenue. The recommendation is \$70.2 million less than the enacted FY 2015 Budget. This is a result of two (2) items below:

Statewide Debt Restructuring	General Revenue	All Funds	FTE
<i>Debt Service</i>	(\$64,458,000)	(\$64,458,000)	0.0
The Governor recommends restructuring the state's GO bond debt, while ensuring a positive net present value, to achieve savings in FY 2016 that can be redirected to economic development.			

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Debt Service Savings	General Revenue	All Funds	FTE
<i>Debt Service</i>	(\$5,639,855)	(\$5,721,323)	0.0
The Governor recommends debt service savings as a result from lower than anticipated issuances and a change in the assumed timing of interest and principal payments.			

The Governor's FY 2016 recommendation includes two (2) statewide items consolidated into the Department's budget. These initiatives total \$25.3 million in savings:

Personnel and Operational Reforms	General Revenue	All Funds	FTE
<i>Flexible Personnel Rules Reduction</i>	(\$22,000,000)	(\$22,000,000)	0.0
The Governor's recommended budget includes legislative proposals to provide state government with greater flexibility in hiring and managing personnel. The Department of Administration also expects to negotiate with representatives of state employees to achieve costs savings in personnel costs and address structural challenges facing the state.			

Personnel and Operational Reforms	General Revenue	All Funds	FTE
<i>Contract/Operating Reforms</i>	(\$3,325,000)	(\$3,325,000)	0.0
The Division of Purchases, with support of the Bureau of Audits and contracted service providers, will survey existing state contracts to recoup costs -- particularly in the areas of commodities and deliverable-based contracts (\$2,000,000).			
The Office of Energy Resources will establish a competitive procurement program for the state's electricity supply. OER expects additional savings may be attained through energy efficiency efforts (\$1,000,000).			
The Division of Information Technology will conduct a review of state printing to reduce the number of office printers and to encourage the use of managed printing services when practical (\$125,000).			
The Division of Information Technology will conduct a review of office phone services to identify unused and underused telephone lines. The review will also survey office teleconferencing and videoconferencing capabilities to encourage remote-access meetings instead of offsite meetings that require travel and mileage reimbursement (\$100,000).			
The Governor's budget proposes eliminating public notice requirements for print media and to develop an online portal for public notices to promote transparency and to reach a broader audience (\$100,000).			

Per RIGL 42-64.19, the Governor recommends funding for the new Executive Office of Commerce. As a result, several functions from the Department are transferred to the new agency. The corresponding decrease in funding for the Department is \$8.8 million in general revenue and \$22.9 million in all funds.

Transfer Functions to Executive Office of Commerce	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	(\$8,812,437)	(\$22,896,240)	(13.6)
The Governor's recommendation includes transferring the functions of Housing and Community Development (Division of Planning), the Rhode Island Television and Film Office, and other items from the			

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General program. This includes appropriations made to the Rhode Island Commerce Corporation and the I-195 Redevelopment District Commission.

The Governor recommends the following statewide re-organization for FY 2016:

Consolidate Statewide Capital Project Oversight	General Revenue	All Funds	FTE
<i>Personnel</i>	\$1,284,109	\$1,829,897	2.0
The Governor's budget recommends consolidating construction, property, and asset management functions in numerous departments to within the Department of Administration. The consolidation supports the Department's efforts to provide greater oversight of capital projects, as well as to develop a more strategic approach to project planning and management, as well as asset management. The recommendation includes the transfer of personnel costs from other departments and additional funding for administrative support of capital project oversight.			

For FY 2016, the Governor recommends the following increase within the Division of Facilities Maintenance:

Increased Utility and Building Maintenance Costs	General Revenue	All Funds	FTE
<i>Utilities and Operating</i>	\$2,169,835	\$2,719,980	0.0
The Governor's recommendation includes anticipated increased utility and operating costs for the Division of Facilities Management. The Public Utilities Commission approved an electric rate increase for National Grid beginning in January 2015. The recommendation reflects these anticipated increased costs along with additional funding to support building maintenance costs.			

The Governor recommends the following non-general revenue items within the Department:

Information Technology Investment Fund	General Revenue	All Funds	FTE
<i>Capital</i>	\$0	\$4,387,213	0.0
The Governor's recommendation includes anticipated increased spending from the Information Technology Investment Fund. The funding for expenditures is anticipated to be from the sale of the previous Training School Property in Cranston. Beginning in FY 2016, the fund will receive approximately \$1.5 million in revenue generated from E-911 fees collected by the Division of Taxation.			

Regional Greenhouse Gas Initiative (RGGI) Grants	General Revenue	All Funds	FTE
<i>Assistance and Grants</i>	\$0	\$4,700,000	0.0
The Governor's recommendation includes new Regional Greenhouse Gas Initiative (RGGI) grants managed by the Office of Energy Resources in FY 2016. The increase in grant spending is from proceeds received in 2014 to support approved plans.			

HealthSource RI (Health Benefits Exchange)	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	\$0	\$7,493,398	7.0

General Government

The Governor's recommendation includes \$6.2 million in a new restricted revenue stream to finance operations of HealthSource RI (HSRI). The remaining balance of \$24.7 million in federal funding is for DDI costs (Design, Development, and Implementation). The recommendation includes transferring 6.0 unclassified FTE positions from the Governor's Office to the program within the Department. It also includes 1.0 new FTE position to be supported by the federal SIM grant (State Innovation Models Initiative).

The Governor recommends an FTE position authorization of 710.7 positions in both FY 2015 and FY 2016, which is consistent with the enacted FY 2015 authorization. The FY 2016 recommendation transfers out 14.6 FTE positions to other departments, transfers in 6.0 FTE positions, and creates 9.0 new FTE positions. The Governor recommends a FTE position reconciliation of (9.4) to keep the Department at the enacted FY 2015 authorization.

Department of Business Regulation

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations totaling \$13.8 million for the Department of Business Regulation, including \$8.8 million from general revenue, \$2.5 million from federal funds, and \$2.5 million from restricted receipts. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$31,134 of general revenue savings being allocated to the Department of Business Regulation.

The Governor's FY 2015 recommendation represents an increase of \$840,915 from the FY 2015 enacted budget, attributable to a \$210,824 reduction in general revenue funds, an increase of \$447,678 in federal funds, and an increase of \$604,061 in restricted receipts. The Governor recommends additional turnover for 8.0 vacant FTE positions through the end of FY 2015 and \$28,341 in additional statewide medical benefit savings, which comprises the bulk of general revenue savings for the Department. The increases in federal funds and restricted receipt expenditures is due to increases in the Rate Review II and III federal grants and the Insurance Company Assessment for Actuary Costs restricted receipt account.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations totaling \$14.7 million for the Department of Business Regulation, including \$9.3 million in general revenue, \$2.8 million in federal funds, and \$2.6 million in restricted receipts. The FY 2016 budget represents a net increase of \$1.8 million from the FY 2015 enacted budget, which is composed of a \$331,535 increase in general revenue, a \$773,410 increase in federal funds, and a \$647,654 increase in restricted receipts. As with the Governor's FY 2015 recommendation, it is recommended to keep the above mentioned 8.0 FTE positions vacant for FY 2016, which assists in limiting the general revenue increase in FY 2016. The Governor also recommends increases of federal funds in the Rate Review grants II and III and the State Innovations Model Initiative (SIM) grant. Financing in the SIM grant will support a new 1.0 FTE position that will have primary oversight for the adoption of value based paradigm payment models among commercial payers under the auspices of the Office of the Health Insurance Commissioner. The Rhode Island SIM Model Test is a project shared by the Executive Office of Health and Human Services, the Department of Health, HealthSource RI, the Department of Behavioral Health, Developmental Disabilities and Hospitals, and the Department of Business Regulation.

The Governor recommends an FTE position authorization of 98.0 in FY 2015, an increase of 4.0 from the

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enacted FY 2015 authorization of 94.0 to accommodate 3.0 new positions financed by the Rate Review Cycle III federal grant and 1.0 from the State Innovations Model Initiative grant. In FY 2016, the Governor recommends an FTE position authorization of 99.0, an increase of 5.0 from the enacted FY 2015 authorization to accommodate the federally funded positions and the transfer of a Business Ombudsman position from the Office of Management and Budget in the Department of Administration to the Central Management program in the Department of Business Regulation.

Department of Labor and Training

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 budget of \$487.6 million for the Department of Labor and Training, including \$9.0 million in general revenue; \$51.5 million in federal funds, \$51.4 million in restricted receipts; \$750,000 in Rhode Island Capital Plan Fund (RICAP) financing; and \$374.9 million in other funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$14,936 of general revenue savings being allocated to the Department of Labor and Training.

General revenue increases a total of \$344,834 from the FY 2015 enacted level of \$8.7 million and includes a re-appropriation of \$454,010 within the Job Training Partnership Act and other training programs sub-program. The funding was appropriated in FY 2014 for the Work Immersion, Non-Trade Apprenticeship, and Back-to-Work RI programs. Most of the funding had been obligated but not spent as of June 30, 2014. The revised budget also includes an additional statewide medical benefit savings of \$11,254.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations of \$445.2 million for the Department of Labor and Training, including \$8.4 million in general revenue; \$38.2 million in federal funds, \$23.1 million in restricted receipts; \$1.5 million in Rhode Island Capital Plan Fund (RICAP) financing; \$190.1 million in Temporary Disability Insurance (TDI); and \$184.4 in Unemployment Insurance. Relative to the FY 2015 enacted levels, recommended general revenue financing decreases by \$244,334, or 2.8 percent. The reduction from the FY 2015 recommend relates to the re-appropriation given in the Job Training Partnership Act and other training programs sub-program which is not carried over into FY 2016. The recommendation also includes an additional \$1.6 million in the Job Development Fund restricted receipt account to fund the continued development of the Department of Labor & Training's new Unemployment Insurance benefit payment system and the Department of Revenue's new UI employer tax system.

The Governor recommends 410.0 FTE positions in the FY 2015 revised and FY 2016 budgets, the same as in the enacted authorization.

Department of Revenue

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations of \$446.1 million for the Department of Revenue. This includes \$107.3 million in general revenue, \$4.7 million in federal funds, \$2.3 million in restricted receipts, \$542,377 from the Rhode Island Capital Plan Fund (operating transfers from other funds),

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and \$331.2 million in other funds (of which \$330.3 million is Lottery Funds). Relative to the enacted FY 2015 Budget, the general revenue recommendation is \$494,017 less, or 0.5 percent. The revised FY 2015 general revenue recommendation also includes additional statewide medical benefit savings of \$155,245.

The \$494,107 decrease in general revenue is a result of turnover savings with the Division of Taxation and the Division of Municipal Finance. It also includes operating maintenance cost savings with the Division of Motor Vehicles for the new DMV RIMS (Rhode Island Motor Vehicle System) IT project, which has not yet been launched. These costs were included in the enacted FY 2015 Budget. Some of these savings are re-programmed for capital upgrades necessary to ensure the legacy system continues operating as a bridge to the new system.

The savings described are offset by several increases in the Department's budget. First, Governor Chafee re-appropriated \$166,266 in August 2014 for an unspent balance in the Municipal Incentive State Aid program from FY 2014 to FY 2015. This unspent balance was an allocation for the Town of Coventry, which did not meet the eligibility requirements to receive the funding in FY 2014. Second, the revised recommendation restores turnover savings included by the General Assembly in the enacted FY 2015 Budget for the Division of Motor Vehicles. This restoration is required to keep personnel staffing at levels required in order to mitigate a negative impact of customer wait times. Finally, the Division of Municipal Finance requires outside legal counsel costs for the Central Coventry Fire District receivership, which were not included in the enacted FY 2015 Budget.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends appropriations of \$415.2 million, which includes \$105.2 million in general revenue, \$1.3 million in federal funds, \$3.9 million in restricted receipts, and \$304.8 million in other funds (of which \$303.9 million is Lottery Funds). Relative to the enacted FY 2015 Budget, the recommendation is \$45.0 million less in all funds (9.8 percent) and \$2.6 million less in general revenue (2.4 percent).

The decrease of \$2.6 million in general revenue is mostly attributable to a one-time \$5.0 million increase in the enacted FY 2015 Budget for the PILOT State Aid program. This decrease in FY 2016 is offset by the following initiatives:

New DMV Part-time Customer Service Positions and Improved DMV Career Hierarchy	General Revenue	All Funds	FTE
<i>Personnel – 6.5 New FTE Positions (12.0 Part-time)</i>	\$304,560	\$304,560	6.5
The Governor recommends 12.0 new part-time Customer Service Representative I positions (6.5 FTE positions) for the Division of Motor Vehicles to assist in covering the busiest times at DMV branches. This would enable flexible scheduling to avoid wait times from increasing for customers. The Division is utilizing existing staff with the implementation of the DMV RIMS IT project. The proposal also includes adding a classification to the existing DMV Customer Service Representative hierarchy, and updating the scope of duties and authority for supervisor positions. This initiative is designed to give entry-level personnel a better defined career track.			

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Analytical Support for New Revenue Initiatives	General Revenue	All Funds	FTE
<i>Personnel – 3.0 New FTE Positions</i>	\$268,001	\$268,001	3.0
The Governor recommends 3.0 new FTE positions for the Division of Taxation to provide analytical and operational support for two (2) new revenue initiatives beginning in FY 2016. These two new initiatives include performance contracts for tax compliance and a taxation self-audit program. The new FTE positions include 1.0 Principal Revenue Agent and 2.0 Revenue Agent I positions in the Assessment and Compliance sub-program of the Division.			

It should be noted that the Governor proposes delaying the license plate re-issuance requirement of the Division of Motor Vehicles from FY 2015 to FY 2016. The recommendation is made with the understanding that costs for the re-issuance project are higher than originally anticipated. These costs were originally estimated to be \$2,639,389 in FY 2016 with revenues collected of \$2,561,952.

The Governor recommends an FTE position authorization of 505.0 positions in FY 2015, which is consistent with the enacted FY 2015 authorization. The FY 2016 recommendation includes 9.5 new FTE positions for a total authorization of 514.5 positions. This includes 6.5 FTE positions for 12.0 part-time DMV Customer Service Representatives and 3.0 FTE positions to carry-out and provide analytical support for new revenue initiatives in the Division of Taxation.

Executive Office of Commerce

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations of \$335,644 in general revenue to support the newly established Executive Office of Commerce. The recommendation supports personnel and operating costs for the Secretary of Commerce and central management staff.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends appropriations of \$76.3 million, which includes \$62.2 million in general revenue, \$11.0 million in federal funds, \$2.8 million in restricted receipts, and \$300,000 from the Rhode Island Capital Plan Fund. The Governor's recommendation includes \$44.5 million in general revenue for a new Economic Development Initiatives Fund, which is financed through the restructuring of the State's debt in FY 2016.* This fund will be utilized for economic development initiatives and programs, which are identified below.

Small Business Assistance Program	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$5,220,699	\$5,220,699	0.0
The Governor recommends \$5.2 million in FY 2016 for the Small Business Assistance Program. This program will help expand access to capital for small and growing businesses to thrive and expand in Rhode Island. Unlike neighboring states, Rhode Island lacks a state-backed small business loan fund.			

* The availability of these funds depends on the appropriation of this amount for appropriate economic development purposes. If the funds are not appropriated for appropriate economic development purposes, then the restructuring action will not be completed. Due to changing market conditions, the precise amount that will be yielded from the debt restructuring will not be known until the transaction is executed. Accordingly, these amounts may have to be adjusted depending upon how much the restructuring transaction ultimately yields.

General Government

Anchor Institution Tax Credits	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$1,750,000	\$1,750,000	0.0
The Governor recommends \$1.8 million in FY 2016 for the Anchor Institution Tax Credits program. This program will incentivize the State's large and most innovative businesses —the anchors of our economy—to attract their suppliers, affiliates, and customer companies here to Rhode Island. These employers will benefit, for example, from having their suppliers close by, and the state will gain new businesses and jobs.			

Innovation Initiative	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$500,000	\$500,000	0.0
The Governor recommends \$500,000 in FY 2016 for the Innovation Initiative. This initiative provides funds to organizations, including non-profits, for-profits, and universities, that offer technical assistance, space, and access to capital to companies in industries such as advanced manufacturing, technology, life science, maritime, and other sectors as identified by the RI Commerce Corporation.			

Cluster Grants	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$750,000	\$750,000	0.0
The Governor recommends \$750,000 in FY 2016 for a Cluster Grants program. This program will catalyze stronger partnerships among companies in key industry clusters. This program will foster new clusters where they do not yet exist and strengthen clusters where they do, using Rhode Island's size to maximum advantage and equipping key sectors to grow.			

I-195 Development Fund	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$25,000,000	\$25,000,000	0.0
The Governor recommends \$25.0 million in FY 2016 for an I-195 Development Fund. This fund will catalyze major real estate developments in the I-195 District that will bring large numbers of jobs and opportunities to Rhode Island. These funds shall not be used for a stadium or a sports-type complex.			

Affordable Housing Fund	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$3,000,000	\$3,000,000	0.0
The Governor recommends \$3.0 million in FY 2016 for an Affordable Housing Fund. Through Rhode Island Housing, this fund will finance the production and preservation of affordable housing.			

Main Street RI Streetscape Improvements	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$1,000,000	\$1,000,000	0.0
The Governor recommends \$1.0 million in FY 2016 for the Main Street RI Streetscape Improvements program. This program provides funds to upgrade streetscapes in local business districts, including such elements as lighting, street furniture, and medians. These improvements will help to create an environment more hospitable to business and will help to attract customers to the commercial corridors of our cities and			

* The availability of these funds depends on the appropriation of this amount for appropriate economic development purposes. If the funds are not appropriated for appropriate economic development purposes, then the restructuring action will not be completed. Due to changing market conditions, the precise amount that will be yielded from the debt restructuring will not be known until the transaction is executed. Accordingly, these amounts may have to be adjusted depending upon how much the restructuring transaction ultimately yields.

General Government

towns.			
Infrastructure Bank	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$2,000,000	\$2,000,000	0.0
The Governor recommends \$2.0 million in FY 2016 for an Infrastructure Bank program. This program will combine energy-related programs from across State government and create an accessible set of resources for businesses and residents seeking green solutions and savings. Access to finance will help Rhode Island create jobs, reduce energy costs, and conserve energy by becoming a leader in energy efficiency and renewable energy development. This appropriation will be combined with \$5.0 million from reprogrammed ARRA (American Recovery and Reinvestment Act) funds and RGGI (Regional Greenhouse Gas Initiative) funds will provide a total of \$7.0 million.			

First Wave Closing Fund	General Revenue	All Funds	FTE
<i>Financed by Economic Development Initiatives Fund *</i>	\$5,000,000	\$5,000,000	0.0
The Governor recommends \$5.0 million in FY 2016 for a First Wave Closing Fund. This will provide the flexibility to make critical investments, resolve make-or-break issues, and close big deals that bring good jobs to Rhode Island.			

In addition to these programs, the Governor recommends an additional \$4.0 million in general revenue to support operations at the Rhode Island Commerce Corporation.

Increased Funding for Operations at the Rhode Island Commerce Corporation	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	\$3,950,000	\$3,950,000	0.0
The Governor recommends an additional \$4.0 million in general revenue for operations at the Rhode Island Commerce Corporation. This includes funding for additional personnel to concentrate on small business assistance, larger transaction work, concierge services for businesses, and the coordination of tourism activities. This funding will also support operations of new initiatives from the Economic Development Initiatives Fund and new Executive Office of Commerce programs at the Corporation.			

The Governor recommends \$3.6 million in general revenue and transferring \$6.4 million in hotel tax revenue to the Rhode Island Commerce Corporation to support new initiatives of the Executive Office of Commerce. These programs are identified below. It should be noted that the funding for each program identified below is financed through a combination of an additional \$3.6 million appropriation and new \$6.4 million hotel tax revenue stream to the Corporation. The dollar amount figures are not specific appropriations made to the Corporation.

Tourism Marketing Campaign	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$4,500,000	\$4,500,000	0.0
Enhanced Tourism Program – this enhanced program will promote Rhode Island as a vacation and leisure destination across the region and country. The program will devise a compelling brand for the state and deploy resources across diverse media. The program aims to turn heads, change minds, and drive decisions.			

* The availability of these funds depends on the appropriation of this amount for appropriate economic development purposes. If the funds are not appropriated for appropriate economic development purposes, then the restructuring action will not be completed. Due to changing market conditions, the precise amount that will be yielded from the debt restructuring will not be known until the transaction is executed. Accordingly, these amounts may have to be adjusted depending upon how much the restructuring transaction ultimately yields.

General Government

Business Marketing Campaign	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$1,000,000	\$1,000,000	0.0
Business Marketing Campaign – in partnership with chambers of commerce and local businesses, to promote Rhode Island at conventions across the country, in conversations among chief executives, and on the roadways and airwaves. The campaign will build on the commitment of businesses to leverage private dollars and to put Rhode Island back on the map for investment and growth.			

Innovation: Increase SBIR State Match	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$500,000	\$500,000	0.0
This match to the Innovation Fund will combine public and private dollars to invest in promising companies in such areas as advanced industries, technology, and other strategically important sectors.			

Innovation: Innovation Vouchers	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$500,000	\$500,000	0.0
For small and midsize businesses, a competitive program that allows businesses to earn \$5,000 to \$50,000 vouchers for research, technology, and engineering assistance from colleges, universities, and other institutions. Not only will this R & D program enable advanced-industry businesses to innovate, but also it will connect them more closely with the world-class research institutions in Rhode Island, establishing an ecosystem of mutual support and progress.			

Workforce: Employer/CCRI/High School Partnerships	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$900,000	\$900,000	0.0
The State must have a more coordinated method of connecting high schools, community colleges, and businesses to forge clear pathways to good careers. The P-TECH program, recently introduced at several high schools in Connecticut and New York, moves cohorts of entering freshman through 5 to 6 years of curriculum and mentorship designed in collaboration with IBM, with an associate’s degree and good job waiting at the end. For Rhode Island’s large employers, and clusters of employers, these partnerships mean reliable pipelines of talented, trained workers; for our young people, the program means opportunity.			

Workforce: Wavemaker Student Loan Forgiveness	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$1,750,000	\$1,750,000	0.0
Each year the competitive “Wavemaker Fellowship” will offer four years debt free for over100 graduates pursuing careers and starting businesses in technology, engineering, design, and other key sectors. The program will reserve two-thirds of the spots for Rhode Islanders and will also aim to attract Wavemakers from across the country, further fueling our economy.			

Building and Fire Permit Initiatives	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$250,000	\$250,000	0.0
This program will enhance the efficiency of building permit and fire inspection processes for State-supported projects.			

General Government

Economic Empowerment Center	General Revenue	All Funds	FTE
<i>Executive Office of Commerce Program</i>	\$300,000	\$300,000	0.0
This program will help economically impacted, unemployed, underemployed, and low-income families build household wealth and achieve self-sufficiency.			

For FY 2016, the Governor recommends transferring functions of the Department of Administration to the Executive Office of Commerce per Rhode Island General Law 61.19.

Transfer Functions from Department of Administration	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	\$8,812,437	\$22,896,240	13.6
The Governor's recommendation includes transferring the functions of Housing and Community Development (Division of Planning), the Rhode Island Television and Film Office, and other items from the General program in the Department of Administration to the newly established Executive Office of Commerce. This includes appropriations made to the Rhode Island Commerce Corporation and the I-195 Redevelopment District Commission.			

The Governor recommends an FTE position authorization of 5.0 positions in FY 2015 and 18.6 positions in FY 2016. The FY 2016 recommendation includes the transfer of 13.6 positions from the Department of Administration.

It should be noted that the Governor is also introducing legislation for economic development that will not have a budgetary impact until FY 2017. The legislation includes a package of real estate tax credits that will make investing in construction and development in Rhode Island a compelling proposition. The legislation encourages construction of job-producing projects, with a special emphasis on investment near transit hubs and in historic structures throughout our state.

Legislature

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Legislature totals \$40.9 million, including \$39.2 million in general revenue and \$1.5 million in restricted receipts. The general revenue recommendation includes the FY 2015 enacted amount of \$36.4 million, plus \$3.1 million of the total \$4.3 million in reappropriated funds from FY 2014 with the balance of \$1.1 million reverting to the general fund surplus. Restricted receipts for audits of federal programs in FY 2015 decrease by \$71,761 from the FY 2015 enacted amount of \$1.6 million to a total of \$1.5 million. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$333,641 of general revenue savings being allocated to the Legislature. The Governor's recommendation is otherwise the same as the Legislature's FY 2015 Revised request.

FY 2015 Legislature	General Revenue	All Funds	FTE
<i>Personnel Financing – Except General Assembly</i>	\$917,084	\$834,056	n/a
Increase to accommodate the 2.0 percent cost of living adjustment effective October, 2014 offset by a			

General Government

decrease of \$83,028 in restricted receipts personnel financing.			
<i>Personnel Financing – General Assembly</i>	\$34,372	\$34,372	n/a
Personnel financing for the 113 legislators increases for health benefit and accrual adjustments.			
<i>Consultant Financing</i>	\$130,500	\$130,500	n/a
Increase for IT programming and special legal counsel.			
<i>Operating Financing</i>	\$1,163,291	\$1,168,558	n/a
Increase to a total of \$3.9 million for computer and equipment maintenance of recent IT improvements to legislative data and voting systems. .			
<i>Grant Financing</i>	\$141,330	\$141,330	n/a
Carry-over legislative grant financing from FY 2014.			
<i>Capital Financing</i>	\$586,674	\$586,674	n/a
Increase for computer equipment as part of modernization of the legislative process including initiatives to enhance efficiency and transparency.			

FY 2016 Recommended Budget

For FY 2016, the Governor recommends \$41.2 million, comprised of \$39.5 million in general revenue and \$1.7 million in restricted receipts. The recommendation is an increase of \$3.0 million from the FY 2015 enacted amount for general revenue, and an increase of \$165,555 in restricted receipts. The Governor's recommendation for FY 2016 is the same as the Legislature's budget request.

FY 2016 Legislature	General Revenue	All Funds	FTE
<i>Personnel Financing – Except General Assembly</i>	\$2,762,152	\$2,836,136	n/a
Personnel financing increases in FY 2016 from the FY 2015 enacted level for the annualization of the FY 2014, 2015 and 2016 cost of living increases for the Legislature's 298.5 FTE positions. Associated benefit increases and adjustments to the rates for retirement and retiree health also contribute to the year over year increase.			
<i>Adjustment to Legislator Salaries</i>	\$202,123	\$202,123	n/a
Per the Rhode Island Constitution, the Legislators' rate of compensation is adjusted annually to reflect changes in the cost of living, as determined by the United States government during the twelve (12) month period ending in the preceding year. This increase is determined by the Legislature to be 2.5 percent, contributing \$52,325 to the year over year increase. Associated benefit adjustments and voluntary changes to Legislator contributions for the health care co-share comprise the remaining increase in FY 2016 for the 113 Legislators and the pages, door-keepers and clerks that serve them.			
<i>Operating Financing</i>	\$99,275	\$111,435	n/a
Increase to a total of \$2.9 million for computer and equipment maintenance of recent IT improvements to			

General Government

legislative data and voting systems.

Office of the Lieutenant Governor

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 budget of \$1.1 million for Office of the Lieutenant Governor, including \$1.0 million in general revenue, \$40,134 in federal funds, and \$17,500 in restricted receipts. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$3,662 of general revenue savings being allocated to the Office of the Lieutenant Governor.

General revenue decreases a total of \$7,876 from the FY 2015 enacted level of \$1.0 million. The decrease includes an additional statewide medical benefit savings of \$2,930.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations of \$1.3 million for Office of the Lieutenant Governor, including \$1.2 million in general revenue and \$65,000 in federal funds. Relative to the FY 2015 enacted level, recommended general revenue financing increases by \$212,537, or 21.1 percent, and reflects full year salaries and benefits for the new administration. Also included is \$100,000 for a municipal incentive grants program to be administered by the Lt. Governor. This program will provide an incentive to municipal leaders to collaborate on creative ways to deliver services more efficiently and build partnerships that are likely to reduce redundancies and the unnecessary spending of taxpayer dollars. The program would provide assistance to local jurisdictions in the development of regional projects, from their conception through implementation.

The Governor recommends 8.0 FTE positions in the FY 2015 revised and FY 2016 budgets, the same as in the enacted authorization.

Secretary of State

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 budget of \$8.8 million for the Secretary of State, including \$7.3 million in general revenue; \$34,123 in federal funds, \$541,262 in restricted receipts; \$63,754 in Rhode Island Capital Plan Fund (RICAP) financing; and \$874,022 in other funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$20,400 of general revenue savings being allocated to the Secretary of State.

General revenue decreases a total of \$41,196 from the FY 2015 enacted level of \$7.3 million and includes an additional statewide medical benefit savings of \$19,598. The FY 2015 enacted budget included \$500,000 in Rhode Island Capital Plan Fund (RICAP) financing for the restoration and other work associated with the encasement of the Rhode Island Charter. The recommend includes shifting \$436,246 of the funding to FY 2016 for the completion of the project.

General Government

FY 2016 Recommended Budget

The Governor recommends a FY 2016 budget of \$8.8 million for the Secretary of State, including \$6.9 million in general revenue; \$599,108 in restricted receipts; \$436,246 in Rhode Island Capital Plan Fund (RICAP) financing; and \$813,687 in other funds. Relative to the FY 2015 enacted levels recommended general revenue financing decreases by \$400,673, or 0.05 percent. This reflects state elections held in FY 2015 and not in FY 2016.

The Governor recommends 57.0 FTE positions in the FY 2015 revised and FY 2016 budgets, the same as in the enacted authorization.

Office of the General Treasurer

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 Budget of \$35.7 million for the Office of the General Treasurer, including \$2.4 million in general revenue, \$902,766 in federal funds, \$32.1 million in restricted receipts, and \$218,994 in other funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$12,033 of general revenue savings being allocated to the General Treasurer. The Revised Budget for all funds is an increase of \$424,284 from the enacted level.

FY 2015 General Treasury	General Revenue	All Funds	FTE
<i>Transitional Staff Financing</i>	(\$60,638)	(\$331,705)	n/a
The Governor provides financing for part-year transitional staff of the new administration including re-base of salaries for new unclassified employees to lower steps and adjusting turnover for departing unclassified employees. Other adjustments include reduced offsets to the Retirement program from other units within Treasury and department-wide constrained hiring for the first half of the fiscal year.			
FY 2015 Retirement Program	General Revenue	All Funds	FTE
<i>Contracted Legal Services for pension reform challenges</i>	\$0	\$880,000	0.0
The Governor adds additional financing for outside legal services, if required, for defense of the Employees' Retirement System of Rhode Island program against pension reform challenges. Total amount provided in FY 2015 is \$1.0 million.			
FY 2015 Retirement Program	General Revenue	All Funds	FTE
<i>'Ariel' System Implementation, Phase out of 'Anchor'</i>	\$0	\$625,995	0.0
The Governor provides an additional \$625,995 for a total of \$2.4 million for the annual installment for the new pension administration system called Ariel, to replace the out-dated Anchor System. Underlying financing in the amount of \$600,000 remains for the Anchor System, as a period of dual system operation during the implementation phase is expected.			

General Government

FY 2015 Unclaimed Property	General Revenue	All Funds	FTE
<i>FY 2015 Transfer to the General Fund Surplus</i>	\$0	\$465,042	0.0
The Governor adjusts claim payouts, the annual change in holdback liability, and the FY 2015 transfer to the general fund surplus to reflect the November, 2014 Revenue Estimating Conference results. Total to be transferred is \$10.7 million, contingent on volume of unclaimed property remittances and claim payouts during the year.			

FY 2016 Recommended Budget

For FY 2016, the Governor recommends total expenditures of \$34.4 million for the Office of the General Treasurer, comprised of \$2.4 million in general revenue, \$891,955 in federal funds, \$30.9 million in restricted receipts and \$218,818 in other funds. The FY 2016 budget recommendation is \$811,115 less than the FY 2015 enacted budget, including \$11,855 less in general revenue, \$21,617 more in federal funds, and \$819,087 less in restricted receipts.

FY 2016 All Divisions	General Revenue	All Funds	FTE
<i>Personnel Financing</i>	\$3,495	\$445,982	n/a
The Governor provides full year financing for personnel for all divisions of the Treasury in FY 2016, totaling \$9.0 million, which is \$445,982 more than the enacted, and \$754,803 more than the FY 2015 revised recommendation. The Treasury's full time equivalent authorization is 83.0 FTE positions.			
FY 2016 Retirement Program	General Revenue	All Funds	FTE
<i>Contracted Legal Services for pension reform challenges</i>	\$0	\$877,000	0.0
The Governor adds additional financing for outside legal services, if required, for defense of the Employees' Retirement System of Rhode Island program against pension reform challenges. Total amount provided in FY 2016 is \$1.0 million. A shorter or longer schedule for a court challenge could increase or decrease the additional requirement for outside legal services.			
FY 2016 Retirement Program	General Revenue	All Funds	FTE
<i>'Ariel' System Implementation – Phase out of 'Anchor'</i>	\$0	\$227,654	0.0
The Governor provides an additional \$227,654 for a total of \$2.6 million for continuing implementation of the Ariel System. The continued phase-out of the Anchor system requires \$560,000 in FY 2016, which is also included in the Governor's recommendation.			
FY 2016 Unclaimed Property	General Revenue	All Funds	FTE
<i>FY 2016 Transfer to the General Fund Surplus</i>	\$0	(\$2,388,147)	0.0
The Governor adjusts claim payouts, the annual change in holdback liability, and the FY 2016 transfer to the general fund surplus to reflect the November, 2014 Revenue Estimating Conference results. Total to be transferred is \$8.1 million, contingent on volume of unclaimed property remittances and claim payouts during the year. The May 2015 Revenue Estimating Conference will likely adjust this recommendation.			

General Government

Board of Elections

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 budget of \$4.7 million for the Board of Elections, funded solely with general revenue. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$5,001 of general revenue savings being allocated to the Board of Elections.

General revenue increases a total of \$511,072 from the FY 2015 enacted level of \$4.1 million and includes an increase of \$620,273 for the Public Matching Funds Program. Candidates for general office are eligible to receive matching funds based on the dollar amount of the private funds they have raised. The FY 2015 enacted budget for this program was \$2.0 million; however, matching funds expenditures for the November 2014 election totaled \$2,620,273. The adjustment also includes additional statewide medical benefit savings of \$5,049.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations of \$1.9 million for the Board of Elections, funded solely with general revenue. Relative to the FY 2015 enacted levels, recommended general revenue financing decreases by \$1.8 million, or 1.8 percent. The FY 2015 budget included funding related to holding elections in November 2014. This funding is not required in FY 2016.

The Governor recommends 11.0 FTE positions in the FY 2015 revised and FY 2016 budgets, the same as in the enacted authorization.

Rhode Island Ethics Commission

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 Budget for the Rhode Island Ethics Commission of \$1.6 million, composed entirely of general revenue. The revised budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$3,244 of general revenue savings being allocated to the Ethics Commission. The revised general revenue amount is \$40,922 more than the FY 2015 enacted level. The revised budget includes increases of \$24,238 for salaries and benefits, \$11,940 for operating costs, and \$8,000 for computer-related data storage equipment, which are partially offset by a decrease of \$6,500 for contract professional services.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends expenditures of \$1.6 million in general revenue. This amount is \$63,671 higher than the FY 2015 enacted budget and fully funds current services of the Commission. The \$63,671 general revenue change includes increases of \$60,074 for salaries and benefits and \$10,097 for operating expenses, and a decrease of \$6,500 for contract professional services. The increase in salary and benefit costs is associated with statewide cost-of-living adjustments and medical benefits inflation.

The Governor recommends the FY 2015 enacted staffing level of 12.0 FTE positions in the revised FY

General Government

2015 and FY 2016 budgets.

Office of the Governor

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 Budget for the Office of the Governor of \$4.7 million, all in general revenue. The recommendation is an increase of \$128,165 from the FY 2015 Enacted Budget. The FY 2014 recommendation provides \$4.0 million for personnel, \$277,250 for operating, \$250,000 for the contingency fund, \$130,000 for transition expenses, as well as \$19,900 for capital equipment expenditures. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$11,194 of general revenue savings being allocated to the Office of the Governor.

FY 2016 Recommended Budget

The Governor recommends a FY 2016 Budget for the Office of the Governor of \$4.9 million, all in general revenue. The recommendation is an increase of \$375,905 from the FY 2015 Enacted Budget. The Governor's FY 2016 recommendation provides \$4.4 million for personnel, \$268,250 for operating, \$250,000 for the contingency fund, as well as \$19,900 for capital expenditures.

The Governor recommends 45.0 FTE positions in FY 2015 and FY 2016, which is the same as the enacted level for the Office.

Rhode Island Commission for Human Rights

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 Budget of \$1.5 million for the Commission for Human Rights, including \$1.2 million from general revenue and \$310,692 from federal funds. The revised FY 2015 Budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$5,984 of general revenue savings being allocated to the Commission. The recommended level is \$52,276 more than the FY 2015 enacted level and consists of \$28,680 more in general revenue and \$23,596 more in federal funds. The general revenue increase is attributable to cost of living adjustments and other planning value changes of \$33,496, offset partially for additional statewide medical benefit savings of \$5,336.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends total expenditures of \$1.5 million, including \$1.3 million from general revenue and \$295,836 from federal funds. Compared to the FY 2015 enacted level, the FY 2016 recommended expenditures are \$67,831 greater, reflecting \$59,091 more in general revenue and \$8,740 more in federal funds. The increase in general revenue is due primarily to a higher allocation of employee costs to state funds as a result of limited growth in the agency's federal fund sources from the US Equal Employment Opportunity Commission (EEOC) and the Department of Housing and Urban Development (HUD).

The Governor recommends 14.5 FTE positions in the FY 2015 revised and FY 2016 Budgets, the same level authorized in the enacted FY 2015 Budget.

General Government

Public Utilities Commission

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 Budget of \$8.4 million for the Public Utilities Commission. This revised level of funding consists of \$87,733 from federal funds and \$8.3 million from restricted receipts. The budget is \$29,000 less than the FY 2015 enacted budget, all in restricted receipts. All funds personnel expenditure of \$5.8 million increases by \$53,606. Contracted Professional Services expenditure of \$1.7 million decrease by \$49,438. Operating and Capital expenditure of \$966,763 decrease by \$33,168.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends total expenditures of \$8.7 million, consisting of \$90,000 from federal funds and \$8.6 million from restricted receipts. The budget is \$224,799 greater than the FY 2015 enacted appropriations and reflects increases in federal funds of \$2,267 and restricted receipts of \$222,532. All funds personnel expenditure of \$6.0 million increases by \$278,638. Contracted Professional Services expenditure of \$1.7 million decreases by \$49,438. Operating and Capital expenditure of \$995,530 decreases by \$4,401.

The Governor recommends 50.0 FTE positions in the FY 2015 revised and FY 2016 budgets, the same as in the enacted authorization. Positions include commission members, accountants, auditors, public utilities analysts, consumer agents, engineering specialists, legal counsel, and administrative and information services support staff.

Health and Human Services

Health and Human Services

Summary

The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential supports, behavioral healthcare, services for at-risk children, advocacy, and medical provider regulation.

In FY 2016, despite a continually constrained budgetary environment, the Health and Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve their maximum potential and self-sufficiency. The social and economic needs of clients continue to be provided by the Executive Office and Health and Human Services, which oversees the Departments of Children, Youth, and Families; Health; Human Services; Behavioral Healthcare, and Developmental Disabilities, and Hospitals. The Governor is a strong advocate of building a sustainable safety net in Rhode Island, with adequate programs of medical and cash assistance for the most vulnerable populations of the State, such as low-income children, parents, pregnant women, frail elders, veterans, the medically needy, and those with physical and developmental disabilities.

On February 26, 2015, Governor Raimondo established the Working Group to Reinvent Medicaid, charged with developing recommendations for large-scale reform within the State's Medicaid program. The Working Group will deliver its findings and recommendations in two separate reports, the first of which is due on or about April 30, 2015, containing recommendations pertaining to the FY 2016 budget. The first report will focus on innovations within six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency. The second report, due no later than July 1, 2015, will address the long-term transformation of the Medicaid program and all state-financed modes of healthcare delivery.

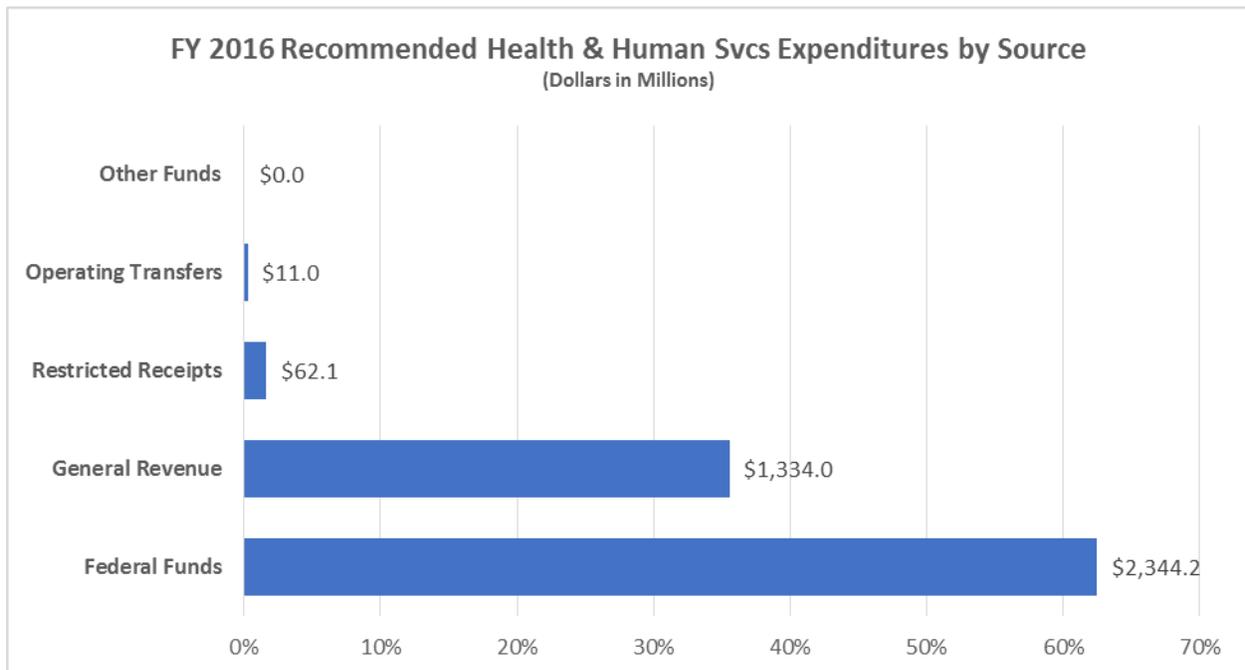
Now fully underway, the multi-phase Unified Health Infrastructure Project (UHIP) will result in a modern, fully integrated eligibility system covering multiple programs of public assistance and the state-based Health Benefits Exchange, HealthSource RI. The Integrated Care Initiative, which modernizes long term care service delivery for a significant portion of the Medicaid-eligible population, represents yet another reform aimed at providing the most effective care possible at reasonable cost.

The Governor is further committed to preventing child abuse and neglect by intervening for and on behalf of abused and neglected youth, and rehabilitating delinquent youth through education and training at DCYF. The dual role of advocacy and education continues to be provided by agencies including the Offices of the Child Advocate and Mental Health Advocate, the Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

For FY 2015, the Governor recommends a revised all funds budget of \$3.867 billion for the Health and Human Services function. Of this total, there is \$1.388 billion in general revenue, \$2.397 billion in federal funds, \$66.7 million in restricted receipts, and \$14.6 million in other funds. This reflects a net increase of \$124.0 million, including an increase of \$46.4 million in general revenue, an increase of \$76.2 million in federal funds, an increase of \$2.2 million in restricted receipts, and a decrease of \$828,592 in other funds relative to the FY 2015 enacted budget. The Governor recommends 3,744.0 full-time equivalent positions in the FY 2015 revised budget, which is consistent with the FY 2015 enacted budget.

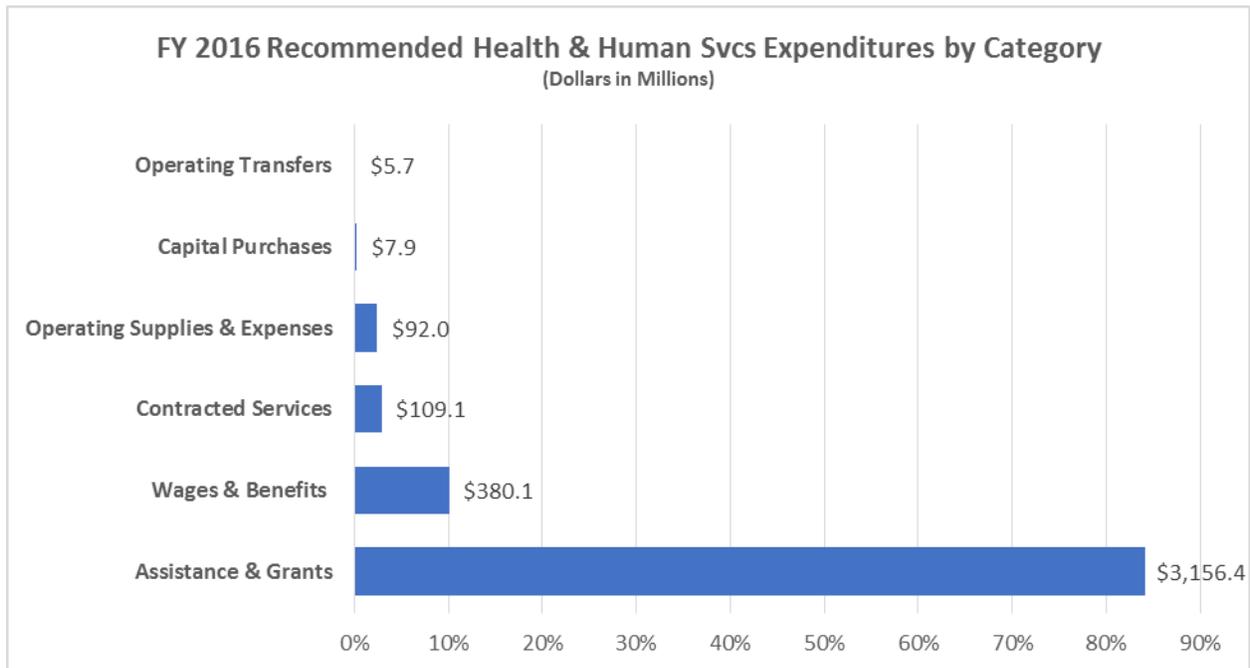
Health and Human Services

The Governor’s proposed funding level of \$3.751 billion for FY 2016 maintains services for the State’s most vulnerable populations. This proposal consists of \$1.334 billion in general revenue, \$2.344 billion in federal funds, \$62.1 million in restricted receipts, and \$11.0 million in other funds. This reflects a net increase of \$8.1 million, including a decrease of \$8.0 million in general revenue, an increase of \$22.9 million in federal funds, a decrease of \$2.4 million in restricted receipts, and a decrease of \$4.4 million in other funds relative to the FY 2015 enacted budget. The FY 2016 recommendation constitutes 43.48 percent of the total proposed expenditures for the state. Social services block grants and federal financial participation for medical assistance programs constitute the primary sources of federal funding. The chart below displays funding by source for the Governor’s FY 2015 recommendation for the Health and Human Service agencies and departments.



The Governor’s FY 2016 recommendation includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals, and grant funding for non-governmental agencies. The operating costs associated with the administration of these social services programs are also included. Personnel, including purchased services, accounts for \$489.2 million, or 13.0 percent, of all expenditures programmed for Health and Human Services. Grants and benefits expenditures of \$3.156 billion account for the largest outflow of identified resources, reflecting 84.1 percent of the total Health and Human Services function. The Governor recommends 3,743.6 full-time equivalent positions in the FY 2016 budget, a decrease of 0.4 positions from the FY 2015 enacted budget. The chart below shows the outflows of all resources by category of expenditure for the Health and Human Services function.

Health and Human Services



Health and Human Services

Executive Office of Health and Human Services

The Governor recommends total expenditures of \$2.519 billion for the revised FY 2015 budget of the Executive Office of Health and Human Services (EOHHS). This is comprised of general revenue totaling \$941.8 million, federal funds of \$1.561 billion, and restricted receipts of \$15.8 million. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$37.1 million, or 4.1 percent, while federal financing increases by \$90.1 million, or 6.1 percent. Restricted receipts decrease by \$107,552, or 0.1 percent. Following the full reassignment of the State's Title XIX Medical Assistance (Medicaid) program from the Department of Human Services to the Executive Office of Health and Human Services in FY 2013, the Executive Office has consisted of two distinct budgetary programs: Central Management and Medical Assistance.

The increase in general revenue in the current year is driven primarily by revised appropriations for the Medical Assistance program, as adopted by the November 2014 Caseload Estimating Conference (CEC) and further modified by the Governor as follows:

Executive Office of Health and Human Services Medical Assistance Program: FY 2015 Revised Summary	General Revenue	All Funds
<i>FY 2015 Enacted Appropriation</i>	\$876,589,509	\$2,265,539,221
<i>CEC Consensus Estimate- Change to the Enacted Appropriation</i>	\$37,157,182	\$118,380,060
<i>Elimination of the Funding Pool for Graduate Medical Education</i>	\$(1,000,000)	\$(1,000,000)
<i>FY 2015 Revised Governor's Recommendation</i>	\$912,746,691	\$2,382,919,281
The Governor proposes eliminating the \$1.0 million state-only funding pool in support of graduate medical education at Rhode Island's academic Level I trauma center hospitals. This fund was established by the 2014 General Assembly.		

The Governor's revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$38,585 of general revenue savings being allocated to the Executive Office's Central Management program. Additional expenditure plan adjustments within Central Management total \$1.0 million in general revenue, and are detailed in the following table:

Executive Office of Health and Human Services Central Management: FY 2015 Revised Summary	General Revenue	All Funds
<i>FY 2015 Enacted Appropriation</i>	\$28,044,154	\$125,872,625
<i>Allocation of Enacted Statewide Medical Benefit Savings</i>	\$(38,585)	\$(96,778)
<i>Contracted Professional Services Adjustments</i>	\$369,563	\$1,936,720
<i>Unbudgeted COLAs/Other Personnel Financing</i>	\$798,842	\$(98,711)
<i>All Other (including adjustments to federal funds appropriations)</i>	\$(140,301)	\$8,059,011
<i>FY 2015 Revised Governor's Recommendation</i>	\$29,033,673	\$135,672,867
In FY 2015, the Governor allocates additional general revenue to personnel costs due to a delay in the procurement and approval of a new cost allocation plan, unbudgeted FY 2014 and FY 2015 COLAs, and a reduction in the federally-financed portion of the EOHHS staffing complement. The Governor also recommends increases to various contract services supporting the implementation of Electronic Visit Verification, Predictive Modeling and Analytics, and enhancements to the Medicaid Management Information System (MMIS).		

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FY 2016

The Governor recommends total expenditures of \$2.430 billion for the FY 2016 budget of the Executive Office of Health and Human Services. This is comprised of general revenue totaling \$889.5 million, federal funds of \$1.524 billion, and restricted receipts of \$15.9 million. Relative to FY 2015 enacted levels, recommended general revenue financing decreases by \$15.1 million (1.7 percent), federal financing increases by \$53.6 million (3.6 percent), and restricted receipts decrease by \$53,407.

Central Management/UHIP

The Central Management program includes all financing for the operational activities of the Executive Office. These consist of the following core components: Office of the Secretary, Finance and Budget, Innovation and Policy, Program Integrity, Partner Engagement, Legal Services, and Medical Assistance Administration. The Governor recommends \$26.9 million in general revenue for Central Management in FY 2016, a decrease of \$1.1 million, or 4.0 percent, relative to the enacted base. Federal funding for this program increases by \$1.9 million, from \$92.5 million to \$94.4 million. The Governor’s FY 2016 recommendation for Central Management is summarized as follows:

Executive Office of Health and Human Services Central Management: FY 2016 Summary	General Revenue	All Funds
<i>FY 2015 Enacted Appropriation</i>	\$28,044,154	\$125,872,625
<i>Unified Health Infrastructure Project (UHIP)</i>	\$(2,493,692)	\$(178,764)
<i>Contracted Professional Services Adjustments (non-UHIP)</i>	\$562,270	\$7,002,743
<i>Unbudgeted COLAs/Other Personnel Financing</i>	\$962,880	\$1,080,988
<i>All Other (including adjustments to federal funds appropriations)</i>	\$(140,947)	\$(7,308,619)
<i>FY 2016 Governor’s Recommendation</i>	\$26,934,665	\$126,468,973
<p>In FY 2016, the Governor allocates additional general revenue to personnel costs due to unbudgeted FY 2014 and FY 2015 COLAs, the FY 2016 COLA, a reduction in the federally-financed portion of the EOHHS staffing complement, and statewide adjustments to fringe benefit rates. The Governor also recommends increases to various contract services supporting the implementation of Electronic Visit Verification, Predictive Modeling and Analytics, and enhancements to the Medicaid Management Information System (MMIS).</p>		

Unified Health Infrastructure Project (UHIP)

As shown above, the Governor’s recommendations for FY 2016 contain revisions to enacted financing for the Unified Health Infrastructure Project (UHIP). In 2012, an interagency consortium comprised of the Executive Office of Health and Human Services, the Rhode Island Health Benefits Exchange (HealthSource RI), the Rhode Island Office of Digital Excellence, and the Department of Human Services, launched the Unified Health Infrastructure Project to build a fully integrated system of eligibility determination spanning multiple public assistance programs, Medicaid (including the 2014 expansion) and the Exchange. Spurred by the enactment of the Patient Protection and Affordable Care Act of 2010 (ACA), and supported largely through enhanced federal Medicaid matching funds and Exchange Establishment Grants, UHIP is the successor system to the now-antiquated “InRhodes” eligibility system for public assistance programs. A complex and multi-phase project, UHIP requires considerable investments in contracted information technology services, project management, and IT equipment acquisition and maintenance. With an estimated total cost now surpassing \$229.0 million, UHIP represents the largest scale information technology project ever undertaken by the State of Rhode Island.

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Appropriation authority for UHIP is contained in the operating budgets of three distinct state entities: (1) The Rhode Island Health Benefits Exchange (HealthSource RI), a division of the Department of Administration, (2) The Executive Office of Health and Human Services (Central Management), and (3) The Department of Human Services (DHS). For the Executive Office and the Department of Human Services, the Governor recommends the enacted levels of general revenue, or \$5.6 million and \$2.8 million, respectively, for UHIP in FY 2015. For FY 2016, the Governor's general revenue recommendation for UHIP totals \$5.2 million, consisting of \$3.1 million within the Executive Office and \$2.1 million within the Department of Human Services. To supplement general revenue funds, the Governor further recommends an allocation of \$6.4 million from the Information Technology Investment Fund (ITIF), with planned allotments of \$4.4 million in FY 2015 and \$2.0 million in FY 2016. The year-over-year decrease in overall state funding is largely attributable to the completion of Phase II of the Design, Development, and Implementation stage of the project during the first half of FY 2016.

The Governor's recommended FY 2015 and FY 2016 budget for the project is displayed the following table:

FY 2015 Revised and FY 2016 UHIP Budget			
	FY 2015	FY 2015	FY 2016
Funding by Source/Agency	Enacted	Governor	Governor
<i>General Revenue:</i>			
EOHHS	\$5,583,585	\$5,583,585	\$3,089,893
DHS	\$2,798,538	\$2,798,538	\$2,061,509
EOHHS/DHS GR TOTAL	\$8,382,123	\$8,382,123	\$5,151,402
Information Technology Investment Fund		\$4,412,842	\$1,962,590
Subtotal- State Funds	\$8,382,123	\$12,794,965	\$7,113,992
<i>Federal Funding:</i>			
EOHHS	\$24,983,010	\$38,866,953	\$27,297,938
DHS	\$1,772,530	\$3,065,928	\$2,385,693
HealthSource RI (Federal Funds)	\$13,723,750	\$33,422,293	\$5,757,131
Subtotal- Federal Funding	\$40,479,290	\$75,355,174	\$35,440,762
HealthSource RI (Nonfederal Funds)			[\$6,381,477]
EOHHS/DHS/ITIF UHIP Total:	\$35,137,663	\$54,727,846	\$36,797,623
Grand Total	\$48,861,413	\$88,150,139	\$48,936,231

FY 2016 Medical Assistance

The November 2014 Caseload Estimating Conference (CEC) adopted total financing of \$2.458 billion for the Medical Assistance program in FY 2016, consisting of \$948.7 million in general revenue. This represents an 8.2 percent increase relative to FY 2015 enacted general revenue and a 3.8 percent increase relative to the FY 2015 CEC adopted level. Comparing expenditures as adopted by the November 2014 CEC, the increase to the Medical Assistance program's state funding requirement in FY 2016 was \$34.9 million. That this increase was mitigated by approximately \$5.5 million due to an increase in the Federal Medical Assistance Percentage (FMAP)¹ illustrates the considerable expenditure pressure generated by

¹ From 50.0 percent in FFY 2015 to 50.42 percent in FFY 2016.

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caseload and price growth that has continually given rise to the upward trajectory in the total cost of the Medicaid program.

Of particular interest this year in the Medical Assistance program are high-cost specialty pharmaceuticals, specifically “direct acting antiviral” medications for treating persons afflicted with the Hepatitis C virus. Though potentially curative, these drug therapies are extremely expensive- averaging \$85,000 to \$95,000 per standard course of treatment. To control the potentially prohibitive cost of these drugs while ensuring clinically appropriate distribution, the Executive Office developed a comprehensive set of pre-authorization guidelines as well as a restricted prescriber network, both implemented in mid-2014. With these safeguards in place, the November 2014 Caseload Estimating Conference adopted total expenditures of \$53.3 million in FY 2015 and \$57.5 million in FY 2016 relating to the provision of these medications. As it is anticipated that 52 percent of all members receiving this treatment will be enrollees of the federally-financed Medicaid Expansion program, corresponding allocations of general revenue total \$12.8 million and \$13.7 million in FY 2015 and FY 2016, respectively. These figures are net of anticipated rebates received from pharmaceutical manufacturers. The Governor proposes no modifications to these funding levels, recommending financing as adopted by the November 2014 CEC.

Executive Office of Health and Human Services Medical Assistance Program: FY 2016 Summary	General Revenue	All Funds
<i>FY 2015 Enacted Appropriation</i>	\$876,589,509	\$2,265,539,221
<i>CEC Consensus Estimate- Change to the Enacted Appropriation</i>	\$72,099,354	\$211,118,533
<i>Governor’s Initiatives/Reform Proposals (listed below)</i>	\$(88,077,038)	\$(175,459,935)
<i>FY 2016 Governor’s Recommendation</i>	\$860,611,825	\$2,301,197,819

Inclusive of federal pass-through reimbursements to LEAs for Medicaid-eligible children in special education programs (which are not estimated at the CEC), the Governor recommends \$2.301 billion for Medical Assistance in FY 2016, consisting of \$860.6 million in general revenue. This represents a \$88.1 million reduction to the CEC adopted general revenue level, and is achieved through a myriad of retrenchment actions and programmatic reforms designed to restrain the program’s expenditure growth to a sustainable level in FY 2016 and beyond. These measures are itemized as follows:

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Elimination of the Funding Pool for Graduate Medical Education</i>	\$(1,000,000)	\$(1,000,000)
The Governor proposes eliminating the \$1.0 million state-only funding pool in support of graduate medical education at Rhode Island’s academic Level I trauma center hospitals. This fund was established by the 2014 General Assembly.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Managed Care Capitation Trend Rate Reduction</i>	\$(2,697,792)	\$(5,430,338)
The Governor recommends reductions to Medicaid managed care capitation (i.e. monthly cost per member) rates in RItE Care, Rhody Health Partners, and Rhody Health Options, effective July 1, 2015. Rates will be negotiated so as to reduce average annual growth in these rates by 0.9 percent relative to the increases assumed at the November 2014 CEC.		

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Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Eliminate Nursing Home Rate Increase & Impose a 3 Percent Rate Reduction</i>	\$(8,928,221)	\$(17,971,458)
The Governor proposes the elimination of the nursing facility rate increase (“COLA”) scheduled for October 1, 2015, coupled with a 3 percent reduction to prevailing reimbursement rates, effective July 1, 2015.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Eliminate Hospital Rate Increase(s) & Impose a 5 Percent Rate Reduction</i>	\$(15,718,693)	\$(31,639,883)
The Governor recommends eliminating scheduled FY 2016 hospital payment rate increase(s) and imposing a 5 percent rate reduction on inpatient and outpatient services within both the fee-for-service and managed care segments of the Medical Assistance program.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Revise Personal Choice Program Payment Schedule</i>	\$(198,720)	\$(400,000)
The Governor recommends restructuring the payment schedule for the “service advisement agencies” operating the Personal Choice Program, a participant-directed program providing in-home services and supports to adults with disabilities and elders. The Executive Office will replace the current flat monthly fee schedule with a more cost-efficient, divisible hourly fee structure.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Implementation of Electronic Visit Verification (EVV)</i>	\$(1,565,273)	\$(3,150,709)
The Governor proposes additional program savings stemming from the upcoming installation of an Electronic Visit Verification (EVV) system for home and community based services (HCBS). Under the guidance of the Office of Program Integrity, savings will be realized through the elimination of overpayments, recoveries of fraudulent charges, and the disaffiliation of chronically unscrupulous providers from the HCBS program.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Strengthen Rhode Island Residency Confirmation Protocols</i>	\$(292,489)	\$(588,746)
The Governor proposes the implementation of more sophisticated, data-driven procedures leading to the removal of non-Rhode Island residents from the Medical Assistance caseload.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Eliminate Inpatient and Outpatient UPL Payments</i>	\$(11,243,254)	\$(22,631,349)
The Governor proposes the elimination of all FY 2016 Upper Payment Limit (UPL) payments to community hospitals, effective July 1, 2015. These include all non-Disproportionate Share supplemental payments related to both inpatient and outpatient services, which are neither federally mandated nor explicitly tied to a hospital’s actual cost of services.		
Medical Assistance Program: FY 2016	General	All Funds

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	Revenue	
<i>Predictive Modeling and Analytics- Program Integrity</i>	\$(993,600)	\$(2,000,000)
<p>The Governor proposes savings totaling \$2.0 million related to the ongoing installation of modern predictive modeling and analytics technologies within the Medicaid Management Information System (MMIS). These MMIS upgrades will facilitate real-time risk analysis of Medicaid claims to forestall provider overpayments, enhance program recoveries, and eliminate fraudulent and/or inappropriate activity on the part of both providers and beneficiaries.</p>		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Enhance Identification of Medicare-Covered Expenses</i>	\$(993,600)	\$(2,000,000)
<p>The Executive Office will aggressively pursue recoupment and/or payment opportunities for certain expenses that may be covered by Medicare but erroneously billed to Medicaid. These include the recovery of “crossover” overpayments for Medicare coinsurance and deductibles, certain drug expenses rightly covered under Medicare Part B, and the identification of individuals who are Medicare-enrolled but without sufficient evidence of coverage.</p>		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Modify FQHC Reporting to Maximize Enhanced FMAP (CHIP Claiming)</i>	\$(405,342)	\$0
<p>The Governor proposes a zero-sum substitution of federal funds for general revenue resulting from planned advances in the reporting procedures of Federally Qualified Health Centers (FQHCs). As of July 1, 2015, FQHC reporting will allow the Executive Office to discern those services eligible for the enhanced federal matching rate available through the Children’s Health Insurance Program (CHIP).</p>		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Review Out-of-Plan Services for Children with Special Health Needs</i>	\$(1,040,054)	\$(2,093,507)
<p>The Governor recommends a comprehensive review and overhaul of the delivery system for out-of-plan services provided to Children with Special Healthcare Needs. Services such as Home-based Therapeutic Services, Personal Assistance Services and Supports, Private Duty Nursing, and Certified Nursing Assistants will be reassessed and modified to ensure more evidence-based, clinically appropriate, and lower cost outcomes for children and adolescents.</p>		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(43,000,000)*	\$(86,553,945)*
<p>The Governor proposes significant cost reductions in the Medicaid program in FY 2016 in six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency. The Working Group to Reinvent Medicaid will provide additional details on savings initiatives in these areas, which will align with the long-term vision for the transformation of Rhode Island's Medicaid program.</p> <p><i>*Additional program innovation savings totaling \$6.0 million, or \$3.0 million in general revenue, are apportioned among BHDDH, DCYF, and DHS (DEA).</i></p>		

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The Executive Office currently envisions the savings emanating from the implementation of the Working Group's recommendations being dispersed among the six major strategies as detailed below. Note that the specifics outlined within each strategy represent **potential** initiatives that may be pursued by the Secretary of Health and Human Services following publication of the Working Group's findings.

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(13,000,000)*	\$(26,167,472)*
<i>Strategy: Targeted Interventions for the Highest Cost/Highest Need Populations</i>		
This strategy involves the promotion and use of community health teams, community health workers, housing supports, and appropriate institutional care settings to reduce over-utilization of high-intensity, high-cost services. This strategy may also include the piloting of an Accountable Care Organization (ACO) model for this focused population in FY 2016.		
*Additional savings related to this strategy of \$4.0 million, or \$2.0 million in general revenue, are apportioned between BHDDH and DCYF.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(8,000,000)	\$(16,103,060)
<i>Strategy: Value-based Payment Approaches in Managed Care</i>		
The Executive Office may seek to modify current risk-sharing arrangements with Medicaid managed care organizations, tie MCO administrative rates to value-based payment standards, refine the Federally Qualified Health Center Incentive Program, and institute selective contracting for certain services.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(2,500,000)*	\$(5,032,206)*
<i>Strategy: Value-based Payment in Long-term Services and Supports</i>		
In concert with the Financial Alignment Demonstration (Phase II of the Integrated Care Initiative), the Executive Office may institute a "quality withhold" for long-stay nursing facility patients.		
*Additional savings related to this strategy of \$1.0 million, or \$0.5 million in general revenue, are attributed to the BHDDH budget.		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(15,000,000)	\$(30,193,237)
<i>Strategy: Value-based Payment in Hospitals</i>		
The Executive Office may institute re-admission penalties in alignment with Medicare, eliminate or adjust the DRG "policy adjuster" for neonatal intensive care services, develop a bundled payment mechanism for childbirth services, and institute a Delivery System Reform Incentive Program (DSRIP).		

Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(3,000,000)	\$(6,038,647)
<i>Strategy: Better Coordinated Care for Individuals with Behavioral Healthcare Needs</i>		
The Executive Office may pursue shared savings agreements with Community Mental Health Centers for and eliminate or adjust the DRG "policy adjuster" for inpatient behavioral health services.		

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Medical Assistance Program: FY 2016	General Revenue	All Funds
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(1,500,000)*	\$(3,019,324)*
<i>Strategy: Improved Program Oversight and Efficiency</i>		
<p>The Executive Office will focus resources on strengthening verification processes and controls and ensuring agency-wide consistency in eligibility determination and payment rates for high-cost services. The Executive Office may also look to re-design the Connect Care Choice primary care case management program and increase the commercial insurance mandate for Early Intervention services.</p> <p><i>*Additional savings related to this strategy of \$1.0 million, or \$0.5 million in general revenue, are apportioned between DCYF and DHS (DEA).</i></p>		

Medicaid Expansion under the Affordable Care Act

Unmatched FY 2016 federal appropriations of \$547.1 million reflect recommended financing for the expansion of Medicaid coverage to non-pregnant adults without dependent children up to 138 percent of FPL, per RIGL 40-8.11 and the Patient Protection and Affordable Care Act (ACA). Under ACA, full federal financing of Medicaid services for the expanded eligibility population lapses on December 31, 2016, after which the federal matching rate declines incrementally until reaching 90 percent for 2020 and thereafter. As in prior years, the resulting out-year general revenue exposure is captured in the Governor’s Five Year Financial Projection, contained in Appendix F of this document.

Division of Advocacy

Executive Office of Health and Human Services Division of Advocacy Program- New for FY 2016	General Revenue	All Funds	FTE
<i>Creation of the Division of Advocacy</i>	\$1,973,138	\$2,143,606	17.0
<p>The Governor recommends consolidating the Governor’s Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Advocate into a newly created Division of Advocacy within the Executive Office of Health and Human Services. Consolidation of these agencies is for budgetary and administrative purposes only, and is expected to result in operational efficiencies over time.</p>			

FTE Positions

The Governor recommends staffing authorizations of 184.0 FTE positions in FY 2015, commensurate with the enacted level. The Governor recommends 202.0 FTE positions in FY 2016, reflecting the addition of 1.0 FTE position in support of the federally-financed State Innovation Models (SIM) Initiative and 17.0 FTE positions attached to the Division of Advocacy.

Department of Children, Youth and Families

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations of \$226.7 million for the Department of Children, Youth and Families, including \$158.3 million from general revenue, \$62.2 million from federal funds, \$2.8 million from restricted receipts, and \$3.2 million from the Rhode Island Capital Plan Fund. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$9.6 million, or 6.5 percent, while federal financing increases by \$5.7 million, or 10.0 percent. The revised FY 2015 Budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in

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\$183,448 of general revenue savings being allocated to the Department of Children, Youth and Families. The FY 2015 general revenue recommendation also includes additional statewide medical benefit savings of \$186,903.

The increase in general revenue financing in the revised FY 2015 Budget is largely attributable to a shift in the caseload makeup within the Department's System of Care that has resulted in more youth being placed in higher-end (and more expensive) settings, coupled with the restoration of unachieved turnover savings within Juvenile Corrections. The Governor recommends revised FY 2015 appropriations totaling \$81.9 million for the System of Care. This is \$10.1 million greater than the enacted level from all sources of funds, including \$8.8 million from general revenue.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations of \$212.8 million for the Department of Children, Youth and Families, including \$151.8 million from general revenue, \$58.2 million from federal funds, and \$2.8 million from restricted receipts. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$3.1 million, or 2.1 percent, while federal financing increases by \$1.6 million, or 2.8 percent. Relative to the revised FY 2015 recommendation, general revenue financing decreases by \$6.5 million, or 4.1 percent, and federal financing decreases by \$4.1 million, or 6.5 percent.

Central Management

Within the Central Management program, the Governor recommends FY 2016 appropriations of \$7.9 million, including \$5.6 million from general revenue and \$2.3 million from federal funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$966,607, while federal financing increases by \$18,756, attributable to the following adjustments:

Central Management	General Revenue	All Funds	FTE
<i>Technology Upgrades</i>	\$450,000	\$450,000	0.0
The Governor recommends additional financing in FY 2016 for technology upgrades across the Department including the acquisition of tablets for social caseworkers, permitting caseworkers to remotely access and enter case information from the field.			
<i>Personnel and Other Operating</i>	\$516,607	\$535,363	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Child Welfare

Within the Child Welfare program, the Governor recommends FY 2016 appropriations of \$168.6 million, including \$115.9 million from general revenue, \$49.9 million from federal funds, and \$2.8 million from restricted receipts. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$1.3 million, while federal financing increases by \$1.7 million, attributable to the following adjustments:

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Child Welfare	General Revenue	All Funds	FTE
<i>System of Care</i>	(\$1,053,695)	\$62,781	0.0
In FY 2016, the Governor recommends financing for the System of Care of \$71.7 million from all sources of funds. This represents a reduction of \$1.1 million from general revenue relative to the enacted level and \$9.8 million from general revenue relative to the FY 2015 revised recommendation. The Governor achieves these savings through more coordinated management and network contract oversight, placement cost savings attributable to aggressive utilization management, coupled with an increase in support for the foster care program.			
<i>Utilization Management Contract</i>	\$800,000	\$800,000	0.0
The Governor recommends additional financing for the procurement of utilization management services in order to drive placement cost savings within the System of Care.			
<i>Foster Care Program Investment</i>	\$1,000,000	\$1,000,000	0.0
The Governor recommends an additional \$1,000,000 to increase support for foster care, augmenting the Department's efforts at reducing the cost of residential services within the System of Care.			
<i>Foster Care Support and Referral</i>	(\$632,472)	(\$632,472)	0.0
The Governor recommends that DCYF Intake and Family Service Unit staff subsume foster care support and referral functions previously contracted to private providers for savings of \$632,472 from general revenue.			
<i>Reduce DCYF Support For RI Hospital Contract</i>	(\$100,000)	(\$100,000)	0.0
The Governor recommends a reduction in DCYF support for the PANDA Clinic at RI Hospital, reducing financing in FY 2016 to \$310,545 per annum.			
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	(\$750,000)	(\$1,509,662)	0.0
The Governor proposes significant cost reductions in the Medicaid program in FY 2016 in six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency. The Working Group to Reinvent Medicaid will propose detailed savings initiatives in these areas, which will align with the long-term vision for the transformation of Rhode Island's Medicaid program.			
<i>Personnel and Other Operating</i>	\$2,010,639	\$2,897,822	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Children's Behavioral Health

Within the Children's Behavioral Health program, the Governor recommends FY 2016 appropriations of \$10.3 million, including \$4.6 million from general revenue and \$5.7 million from federal funds. Relative to FY 2015 enacted levels, recommended general revenue financing decreases by \$1.3 million, or 22.1 percent, while federal financing decreases by \$128,246, or 2.2 percent, attributable to the following adjustments:

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<i>Children's Behavioral Health</i>	<i>General Revenue</i>	<i>All Funds</i>	<i>FTE</i>
<i>Contract Services Reduction</i>	(\$1,568,905)	(\$1,568,905)	0.0
The Governor recommends a reduction to contract services for savings of \$1.6 million from general revenue.			
<i>Personnel and Other Operating</i>	\$267,420	(\$1,173,820)	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Juvenile Corrections

Within the Juvenile Corrections program, the Governor recommends FY 2016 appropriations of \$25.9 million, including \$25.6 million from general revenue and \$276,098 from federal funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$2.2 million, or 9.3 percent, largely attributable to the restoration of unachieved turnover savings coupled with the cost of living adjustment and other personnel planning value changes, while federal financing increases by \$4,510.

<i>Juvenile Corrections</i>	<i>General Revenue</i>	<i>All Funds</i>	<i>FTE</i>
<i>Personnel and Other Operating</i>	\$2,190,991	\$1,446,664	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments. The recommendation also reflects the restoration of unachieved turnover savings in the FY 2015 Enacted Budget.			

The Governor recommends 672.5 FTE positions in the revised FY 2015 Budget and the recommended FY 2016 Budget, 2.0 FTE positions greater than the enacted FY 2015 level, attributable to an additional 2.0 FTE positions associated with two federal grants.

Department of Health

FY 2015 Revised Budget

The Governor recommends revised expenditures of \$126.0 million for the Department of Health's FY 2015 revised budget, including \$22.8 million from general revenue, \$67.0 million from federal funds, \$36.1 million from restricted receipts, and \$69,050 from operating transfers. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$76,693 in general revenue savings being allocated to the Department of Health. The FY 2015 revised budget represents a net increase of \$3.3 million from all sources of funds, of which a decrease of \$116,390 is attributable to general revenue, an increase of \$1.9 million in federal funds, an increase of \$1.5 million in restricted receipts, and an increase of \$69,050 in operating transfers.

The recommended net decrease in general revenue expenditures of \$116,390 from the FY 2015 enacted amount is mostly attributable to statewide savings, including \$71,469 for additional statewide medical benefit savings. Although the Governor recommends funding of \$736,304 to fully finance cost of living adjustments, these increases are offset by increased turnover and shifting certain expenditures to restricted receipt funds. By

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category of expenditure within general revenue, personnel costs decrease by \$647,041; contracted professional services expenditures decrease by \$152,611; operating expenditures increase by \$234,075; assistance and grants increase by \$453,695; and capital purchases and equipment decrease by \$4,508.

The recommended increase of \$1.5 million in restricted receipt funds, relative to the enacted level, is primarily attributable to increased expenditures from federal indirect cost recoveries. The Governor's recommendation expends the large carryforward balance that the Department has maintained from year-to-year. Expenditure of these funds will assist the Department in limiting general revenue expenditures for FY 2015.

FY 2016 Recommended Budget

The Governor recommends total expenditures of \$121.4 million for the Department of Health's FY 2016 budget, including \$25.8 million in general revenue, \$63.4 million in federal funds, and \$32.1 million in restricted receipt funds. The FY 2016 recommendation represents an all-funds net decrease of \$1.3 million from the FY 2015 enacted budget, of which general revenue increases by \$2.9 million, federal funds decrease by \$1.7 million, and restricted receipt funds decrease by \$2.5 million.

The FY 2016 recommendation includes two programmatic reductions:

Environmental and Health Services Regulation:	General Revenue	All Funds	FTE
<i>Decrease in Clerical Support</i>	(\$84,308)	(\$84,308)	(1.0)
The Governor recommends the elimination of a clerical support position. The Department is able to fulfill the duties of this position with existing staff and a reduction would not reduce administrative capacity of the program.			
<i>Consolidate Non-Prescribing Health Professional Boards</i>	(\$207,662)	(\$207,662)	(2.0)
The Governor recommends consolidation of the Non-Prescribing Health Professional Boards. This consolidation effects 25 non-prescribing boards and over 27,700 licensed professionals. The new consolidated board will support each of these professions and allow for a more standardized board. The new board will also have a primary focus of reviewing and adjudicating complaints.			

The net increase of \$2.9 million in general revenue funds in FY 2016 is primarily attributable to a shift of certain expenses from the Department's federal indirect cost recoveries to general revenue funds due to the use of these restricted receipts in FY 2015 and increased financing for Medical Examiner and Health Laboratory activities. The Governor also recommends less turnover, compared to the FY 2015 recommendation, primarily to aid the Department in reducing backlogs in laboratory testing for law enforcement cases. By category of expenditure within general revenue, personnel costs increase by \$1.7 million; contracted professional services increase by \$37,009; operating expenses increase by \$658,801; assistance and grants increase by \$509,713; and capital purchases and equipment decrease by \$4,508.

The Governor recommends 491.3 FTE positions in FY 2015, unchanged from the FY 2015 enacted authorization. In FY 2016, the Governor recommends 488.6 FTE positions, a decrease of 2.7 from the FY 2015 enacted authorization. The programmatic reductions recommended by the Governor include a decrease of 3.0 FTE positions, which is offset by a slight increase in 0.3 FTE positions to upgrade a vacant 0.7 FTE position to full-time status.

Health and Human Services

Department of Human Services

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations of \$627.9 million for the Department of Human Services, including \$94.8 million from general revenue, \$525.7 million from federal funds, and \$7.4 million from other funds. Relative to FY 2015 enacted levels, recommended general revenue financing decreases by \$1.5 million, or 1.6 percent, while federal financing decreases by \$21.6 million, or 3.9 percent. The revised FY 2015 Budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$179,131 of general revenue savings being allocated to the Department of Human Services. The FY 2015 general revenue recommendation also includes additional statewide medical benefit savings of \$178,239.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations of \$620.4 million for the Department of Human Services, including \$96.4 million from general revenue, \$517.6 million from federal funds and \$6.4 million from other funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$96,308, or 0.1 percent, while federal financing decreases by \$29.8 million, or 5.4 percent. Relative to the revised FY 2015 recommendation, general revenue financing increases by \$1.6 million, or 1.7 percent and federal financing decreases by \$8.2 million, or 1.6 percent.

Central Management

Within the Central Management program, the Governor recommends FY 2016 appropriations of \$9.7 million, including \$5.0 million from general revenue, \$4.2 million from federal funds, and \$520,231 from restricted receipts. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$65,694, federal financing increases by \$403,892, and other funds decrease by \$2,311 attributable to the following adjustments:

Central Management	General Revenue	All Funds	FTE
<i>Personnel and Other Operating</i>	\$65,694	\$467,275	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Child Support Enforcement

Within the Child Support Enforcement program, the Governor recommends FY 2016 appropriations of \$9.6 million, including \$3.0 million from general revenue and \$6.6 million from federal funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$633,744 or 26.8 percent, while federal financing increases by \$768,232 or 13.1 percent, attributable to the following adjustments:

Child Support Enforcement	General Revenue	All Funds	FTE
<i>Internal Revenue Service Adjustment Reserve Account</i>	\$300,000	\$300,000	0.0
Consistent with a recent audit finding by the State Bureau of Audits, the Governor recommends the creation of a general revenue reserve account to defray intercepts of certain federal income tax refunds of			

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non-custodial parents that are ultimately recaptured by the Internal Revenue Service for a variety of administrative reasons.			
<i>Additional Financing for InRhodes Maintenance Contract</i>	\$408,000	\$1,200,000	0.0
The Governor recommends \$1.9 million from all sources of funds to support the InRhodes maintenance contract, or \$1.2 million greater than the enacted level. Beginning in FY 2016, the Office of Child Support Enforcement will be the only remaining program utilizing InRhodes, the legacy eligibility and case management system, thus increasing licensing and maintenance fee costs borne by this program.			
Child Support Enforcement	General Revenue	All Funds	FTE
<i>Personnel and Other Operating</i>	(\$74,256)	(\$98,024)	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Individual and Family Support

Within the Individual and Family Support program, the Governor recommends FY 2016 appropriations of \$155.7 million, including \$22.9 million from general revenue, \$127.7 million from federal funds, \$737,279 from restricted receipts, and \$4.3 million from other funds. Relative to FY 2015 enacted levels, recommended general revenue financing decreases by \$1.5 million or 6.0 percent, federal financing decreases by \$786,760 or 0.6 percent, and other funds increase by \$396,848, attributable to the following adjustments:

Individual and Family Support	General Revenue	All Funds	FTE
<i>Work Support Strategies Grant</i>	(\$495,177)	(\$152,297)	0.0
The Governor recommends \$342,880 and shifts these resources to a restricted receipt account to better monitor receipts and expenditures related to the grant. The Governor proposes a reduction of \$408,183 to the adopted departmental revenue estimate in FY 2016 to reflect this shift.			
<i>Unified Health Infrastructure Project (UHIP)</i>	(\$737,029)	(\$123,866)	0.0
The Governor recommends \$4.4 million from all sources of funds for the DHS allocable UHIP costs in FY 2016. This includes financing budgeted within the Individual and Family Support program and the Health Care Eligibility program. See the EOHHS Executive Summary for an overview of this project.			
<i>Non-Emergency Medical Transportation Contract</i>	(\$522,469)	(\$522,469)	0.0
The Governor recommends \$2.4 million from all sources of funds to finance the Non-Emergency Medical Transportation contract in FY 2016, consistent with the value of the contract. Relative to the FY 2015 enacted level, this represents a reduction of \$522,469 from general revenue.			
<i>Personnel and Other Operating</i>	\$336,606	(\$585,668)	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Health and Human Services

Health Care Eligibility

Within the Health Care Eligibility program, the Governor recommends FY 2016 appropriations of \$20.5 million, including \$8.6 million from general revenue and \$11.9 million from federal funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$345,170, or 4.2 percent, while federal financing increases by \$163,170, or 1.4 percent, attributable to the following adjustments:

Health Care Eligibility	General Revenue	All Funds	FTE
<i>Personnel and Other Operating</i>	\$297,146	\$36,635	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments. Amounts exclude changes to financing for the Unified Health Infrastructure Project, which are shown under the Individual and Family Support program above.			

Division of Veterans' Affairs

Within the Division of Veterans' Affairs, the Governor recommends FY 2016 appropriations of \$29.4 million, including \$20.5 million from general revenue, \$8.2 million from federal funds, and \$681,500 from restricted receipts. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$222,304, or 1.1 percent, federal financing increases by \$733,817, or 9.8 percent, and restricted receipts increase by \$46,500, or 7.3 percent.

For the first time since the position was created in 2011, the Governor recommends funding for the position of Director of the Division of Veterans' Affairs. The Governor is committed to doing everything within her authority to elevate the profile of veterans, and funding this position is an important step in that direction.

Division of Veterans' Affairs	General Revenue	All Funds	FTE
<i>Personnel and Other Operating</i>	\$222,304	\$1,002,621	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Division of Elderly Affairs

Within the Division of Elderly Affairs, the Governor recommends FY 2016 appropriations of \$18.4 million, including \$6.4 million from general revenue, \$11.9 million from federal funds, and \$137,029 from restricted receipts. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$129,802, or 2.1 percent, federal financing decreases by \$323,723, or 2.6 percent, and restricted receipts decrease by \$162,310, or 54.2 percent, attributable to the following adjustments:

Division of Elderly Affairs	General Revenue	All Funds	FTE
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	(\$250,000)	(\$503,221)	0.0
The Governor proposes significant cost reductions in the Medicaid program in FY 2016 in six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment			

Health and Human Services

in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency. The Working Group to Reinvent Medicaid will propose detailed savings initiatives in these areas, which will align with the long-term vision for the transformation of Rhode Island's Medicaid program.			
<i>RI Meals on Wheels</i>	\$330,000	\$330,000	0.0
The Governor recommends an administrative grant totaling \$330,000 to Meals on Wheels of Rhode Island, bringing Rhode Island's support for this organization to \$530,000 per annum in FY 2016, inclusive of a \$200,000 community service grant awarded by the legislature.			
Division of Elderly Affairs	General Revenue	All Funds	FTE
<i>Personnel and Other Operating</i>	\$49,802	(\$183,010)	0.0
The Governor recommends additional financing for cost of living adjustments which were unbudgeted in the FY 2015 Enacted Budget, combined with statewide benefit changes and other expenditure plan adjustments.			

Rhode Island Works & Child Care Assistance

The Governor recommends appropriations of \$88.6 million from all sources of funds, including \$9.7 million from general revenue for the Rhode Island Works and Child Care Assistance programs, consistent with the estimates adopted at the November 2014 Consensus Caseload Estimating Conference. Relative to FY 2015 enacted levels recommended general revenue financing remains unchanged, while federal financing increases by \$1.9 million, attributable to growth in the pilot program that allows a family whose income increases above 180 percent of the federal poverty level (FPL) up to 225 percent of the FPL to continue to receive child care subsidies.

Supplemental Security Income

The Governor recommends appropriations of \$18.7 million, consisting entirely of general revenue and reflecting caseloads as adopted by the November 2014 Consensus Caseload Estimating Conference. Relative to FY 2015 enacted levels recommended general revenue financing increases by \$126,127.

General Public Assistance

The Governor recommends appropriations of \$1.7 million, consisting entirely of general revenue and reflecting caseloads as adopted by the November 2014 Consensus Caseload Estimating Conference. Recommended general revenue for GPA also includes a \$210,000 allotment for the Hardship Contingency Fund, as authorized in Article 1 of the Governor's FY 2016 Appropriations Act. Relative to FY 2015 enacted levels recommended general revenue financing increases by \$39,560.

Supplemental Nutrition Assistance Program

The Governor recommends appropriations of \$268.0 million, consisting entirely of federal funds. Relative to FY 2015 enacted levels recommended federal financing decreases by \$32.6 million. Recommended financing in FY 2016 is consistent with the revised recommendation in FY 2015.

Health and Human Services

The Governor recommends 959.1 FTE positions in the revised FY 2015 Budget and the recommended FY 2016 Budget, which is unchanged from the enacted FY 2015 level.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospital

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 Budget for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals of \$362.8 million, including \$168.8 million in general revenue, \$181.2 million in federal funds, \$8.8 million in restricted receipts, and \$6.1 million in other funds. This represents an all funds decrease of \$691,985 from the enacted FY 2015 Budget of \$365.5 million, or an increase of \$1.3 million from general revenue. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$302,905 of general revenue savings being allocated to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

The FY 2015 revised Budget encompasses a general revenue increase of \$1.3 million. Of this increase, approximately \$430,695 is related to personnel expenditures mostly due to a delay with the implementation of a federal cost allocation plan for personnel expenditures. The revised FY 2015 Budget also includes additional financing of \$875,000 to fund expenses associated with the Consent Decree with the Department of Justice that requires the State of Rhode Island to provide services in less restrictive settings for individuals with developmental disabilities.

The revised FY 2015 Budget contains a decrease of \$5,030 from federal funds from the enacted FY 2015 Budget. Restricted receipts decrease by \$817,687, which is partially related to the shift of funds to general revenues due to the delay in the implementation of the cost allocation plan for personnel expenses. There is a reduction of \$1.1 million in other funds, which is associated with reductions in capital projects funded through the Rhode Island Capital Plan Fund based on updated estimated expenditures.

The Governor's revised FY 2015 Budget includes funding for 1,420.4 full-time equivalent positions.

FY 2016 Recommended Budget

For the FY 2016 Budget, the Governor recommends a total of \$366.9 million, including \$170.4 million in general revenue, \$178.6 million in federal funds, \$9.2 million in restricted receipts, and \$6.7 million in other funds. From the enacted FY 2015 Budget, the Governor's recommendation for the FY 2016 Budget includes a total increase of \$1.4 million, or \$2.9 million from general revenue, and funding for 1,421.4 full-time equivalent positions.

Central Management

The Central Management program provides administrative and managerial support for Developmentally Disabled and Behavioral Healthcare programs. The Governor's FY 2016 Budget recommendation includes a total of \$1.6 million, including \$1.0 million from general revenue and \$600,382 from federal funds. This recommendation represents a total increase of \$105,867 from the enacted FY 2015 Budget, which is mostly attributed to statewide changes for personnel expenditures.

Health and Human Services

Hospital and Community System Support

The Hospital and Community System Support program provides administrative and managerial support for Eleanor Slater Hospital. The Governor's FY 2016 Budget recommendation includes a total of \$2.8 million, including \$1.5 million from general revenue, \$762,813 from restricted receipts, and \$550,000 from the Rhode Island Capital Plan Fund. This recommendation represents a total decrease of \$1.1 million, or \$126,230 from general revenue, from the enacted FY 2015 Budget.

The FY 2016 Recommendation includes the following programmatic change:

Hospital and Community System Support:	General Revenue	All Funds	FTE
<i>Consolidation of capital</i>	\$(170,614)	\$(291,325)	2.0
The Governor's budget proposes consolidating construction, property and asset management functions from numerous departments to the Department of Administration. The consolidation supports efforts to provide greater oversight of capital projects, as well as to develop a more strategic approach to project planning and management, as well as asset management.			

Service for the Developmentally Disabled

The Services for the Developmentally Disabled program provides residential and day programming services to individuals with developmental disabilities. These services are delivered by the state run Rhode Island Community Living and Supports (RICLAS) system and private providers. The Governor's FY 2016 Budget recommendation for this program includes a total of \$226.8 million, which includes \$112.1 million from general revenue. From the enacted FY 2015 Budget, there is a total decrease of \$540,812, or an increase of \$1.1 million from general revenue. This recommendation also reflects decreases of \$1.2 million from federal funds, \$218,318 from restricted receipts, and \$207,286 from other funds.

The FY 2016 Recommendation includes the following programmatic changes:

Service for the Developmentally Disabled:	General Revenue	All Funds	FTE
<i>Cost of Care Automation</i>	\$(450,000)	\$(900,540)	NA
For the FY 2016 Budget, the Governor recommends streamlining and improving its billing system to prevent multiple bills and subsequent modifications based on participant co-pay amounts. This initiative saves \$900,540, or \$450,000 from general revenue.			
<i>Electronic Visit Verification</i>	\$(1,361,604)	\$(2,724,842)	NA
For the FY 2016 Budget, the Governor recommends a total decrease of \$2.7 million, or \$1.3 million from general revenues, for savings associated with the implementation of the electronic visit verification system. This will enable BHDDH to verify the accuracy of services provided to individual with developmental disabilities through home- and community-based services.			

Health and Human Services

<i>Consent Decree- Trust Fund, Monitor, Sherlock Center</i>	\$725,000	\$725,000	NA
The Governor recommends an additional \$725,000 to fund the Monitor, Trust Fund, and Sherlock Center as mandated by the Consent Decree with the Department of Justice.			
<i>Consent Decree- Provider Services</i>	\$2,000,000	\$4,025,765	NA
The Governor recommends an additional \$4.0 million to fund mandated services required for compliance with the Department of Justice for the Consent Decree.			

Behavioral Healthcare Services

Behavioral Healthcare Services largely consists of federally funded block grants utilized for behavioral healthcare promotion, prevention, early intervention, community support, and treatment programs. For the FY 2016 Budget, the Governor recommends a total of \$19.3 million, or \$2.3 million from general revenue, for the Behavioral Healthcare Services program. This represents an increase of \$279,393, or \$313,137 from general revenue, from the enacted FY 2015 Budget. The majority of this increase is attributed to statewide changes for personnel expenditures.

Hospital and Community Rehabilitation Services

For the FY 2016 Budget, the Governor recommends a total of \$116.3 million, or \$53.5 million from general revenue, to provide medical and psychiatric services to individuals through the Eleanor Slater Hospital and community based settings. This recommendation represents a total of \$2.7 million, or \$1.6 million from general revenue, above the enacted FY 2015 Budget. The majority of the general revenue increase is related to statewide changes for personnel expenditures.

The FY 2016 Recommendation includes the following programmatic changes:

Hospital and Community Rehabilitation Services	General Revenue	All Funds	FTE
<i>Consolidation of Food Services</i>	\$(150,000)	\$(300,000)	NA
The Governor recommends a total savings of \$300,000 for Eleanor Slater Hospital by transferring food purchases to the Department of Corrections. DOC currently operates a food purchasing and warehousing operation that supplies food to the prisons and the state's school lunch program. DOC has reviewed BHDDH's menu and operations and expects to attain a 20% reduction in food costs for BHDDH.			
<i>Close Southwick and Rogler Group Homes</i>	\$(449,742)	\$(898,047)	NA
For the FY 2016 Budget, the Governor recommends closing the Southwick and Rogler Group Homes. The populations within these particular facilities are decreasing, thereby presenting the opportunity to close two group homes. Southwick closed in October, 2014, which attributed to general revenue savings of \$67,397 in FY 2015.			
<i>Program Innovation: Working Group to Reinvent Medicaid</i>	\$(2,000,000)	\$(4,025,765)	NA
The Governor proposes significant cost reductions in the Medicaid program in FY 2016 in six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment			

Health and Human Services

in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency. The Working Group to Reinvent Medicaid will propose detailed savings initiatives in these areas, which will align with the long-term vision for the transformation of Rhode Island's Medicaid program.

Governor's Commission on Disabilities

FY 2015 Revised Budget

The Governor recommends revised expenditures of \$1.5 million for FY 2015 for the Governor's Commission on Disabilities. This consists of \$357,141 in general revenue, \$305,524 in federal funds, \$9,931 in restricted receipts, and \$900,000 in Rhode Island Capital Plan Fund resources. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$380 of general revenue savings being allocated to the Governor's Commission on Disabilities.

Of the all funds increase of \$63,794 above the FY 2015 enacted level, general revenue decreases by \$1,134, federal funds increase by \$164,174, restricted receipts increase by \$754, and Rhode Island Capital Plan Fund resources decrease by \$100,000. The Governor recommends additional statewide medical benefit savings totaling \$754 in general revenue funds.

FY 2016 Recommended Budget

The Governor recommends consolidation of the Governor's Commission on Disabilities into a newly created Division of Advocacy within the Executive Office of Health and Human Services in FY 2016. Consolidation of the Commission, along with the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate, will result in administrative efficiencies and generate budgetary savings. Financing in support of the Commission for FY 2016 is detailed within the Executive Summary for the Executive Office of Health and Human Services.

The recommended FTE position authorization for the revised FY 2015 budget is 4.0 FTE positions, consistent with the FY 2015 enacted level.

Commission on the Deaf and Hard of Hearing

FY 2015 Revised Budget

The Governor recommends revised expenditures of \$478,741 for FY 2015 for the Commission on the Deaf and Hard of Hearing. This consists of \$398,741 in general revenue and \$80,000 in restricted receipt funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$1,907 in general revenue savings being allocated to the Commission on the Deaf and Hard of Hearing. The all funds increase of \$4,462 from the FY 2015 enacted budget is composed solely of general revenue funds and includes additional statewide medical benefit savings of \$1,845.

FY 2016 Recommended Budget

The Governor recommends consolidation of the Commission on the Deaf and Hard of Hearing into a newly created Division of Advocacy within the Executive Office of Health and Human Services in FY 2016.

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Consolidation of the Commission, along with the Governor's Commission on Disabilities, the Office of the Child Advocate, and the Office of the Mental Health Advocate, will result in administrative efficiencies and generate budgetary savings. Financing in support of the Commission for FY 2016 is detailed within the Executive Summary for the Executive Office of Health and Human Services.

The recommended FTE position authorization for the revised FY 2015 budget is 3.0 FTE positions, consistent with the FY 2015 enacted level.

Office of the Child Advocate

FY 2015 Revised Budget

The Governor recommends revised expenditures of \$683,154 for FY 2015 for the Office of the Child Advocate. This consists of \$633,154 in general revenue and \$50,000 in federal funds. The all funds increase of \$21,337 is composed solely of general revenue funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$2,476 of general revenue savings being allocated to the Office of the Child Advocate. The Governor also includes additional statewide medical benefit savings of \$1,761 for the Office in FY 2015.

FY 2016 Recommended Budget

The Governor recommends consolidation of the Office of the Child Advocate into a newly created Division of Advocacy within the Executive Office of Health and Human Services in FY 2016. Consolidation of the Office, along with the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, and the Office of the Mental Health Advocate, will result in administrative efficiencies and generate budgetary savings. Financing in support of the Office for FY 2016 is detailed within the Executive Summary for the Executive Office of Health and Human Services.

The recommended FTE position authorization for the revised FY 2015 budget is 6.0 FTE positions, consistent with the FY 2015 enacted level.

Office of the Mental Health Advocate

FY 2015 Revised Budget

The Governor recommends revised expenditures of \$506,078 for FY 2015 for the Office of the Mental Health Advocate, an increase of \$11,068 from the enacted level. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$2,442 of general revenue savings being allocated to the Office of the Mental Health Advocate. The Governor also includes additional statewide medical benefit savings of \$2,421 for the Office in FY 2015.

FY 2016 Recommended Budget

The Governor recommends consolidation of the Office of the Mental Health Advocate into a newly created Division of Advocacy within the Executive Office of Health and Human Services in FY 2016. Consolidation of the Office, along with the Governor's Commission on Disabilities, the Commission on the

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Deaf and Hard of Hearing, and the Office of the Child Advocate, will result in administrative efficiencies and generate budgetary savings. Financing in support of the Office for FY 2016 is detailed within the Executive Summary for the Executive Office of Health and Human Services.

The recommended FTE position authorization for the revised FY 2015 budget is 3.7 FTE positions, consistent with the FY 2015 enacted level.

Education

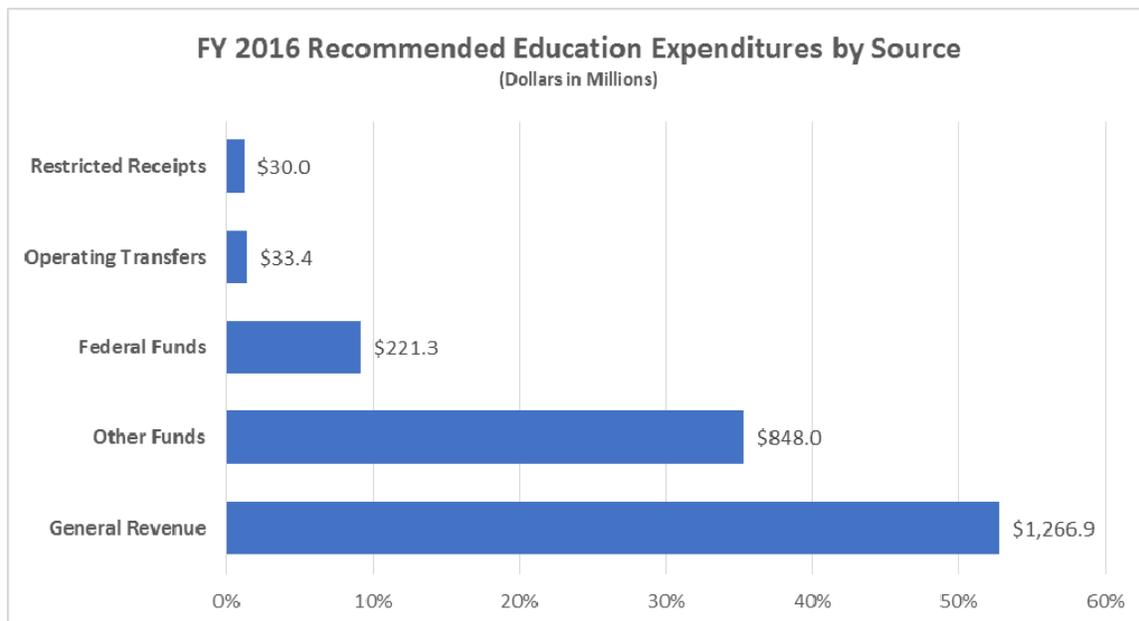
Education

Summary

The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, the Rhode Island Higher Education Assistance Authority, and the Historical Preservation and Heritage Commission. The Governor recommends 4,646.8 FTE positions in FY 2015 and 4,634.8 FTE positions in FY 2016.

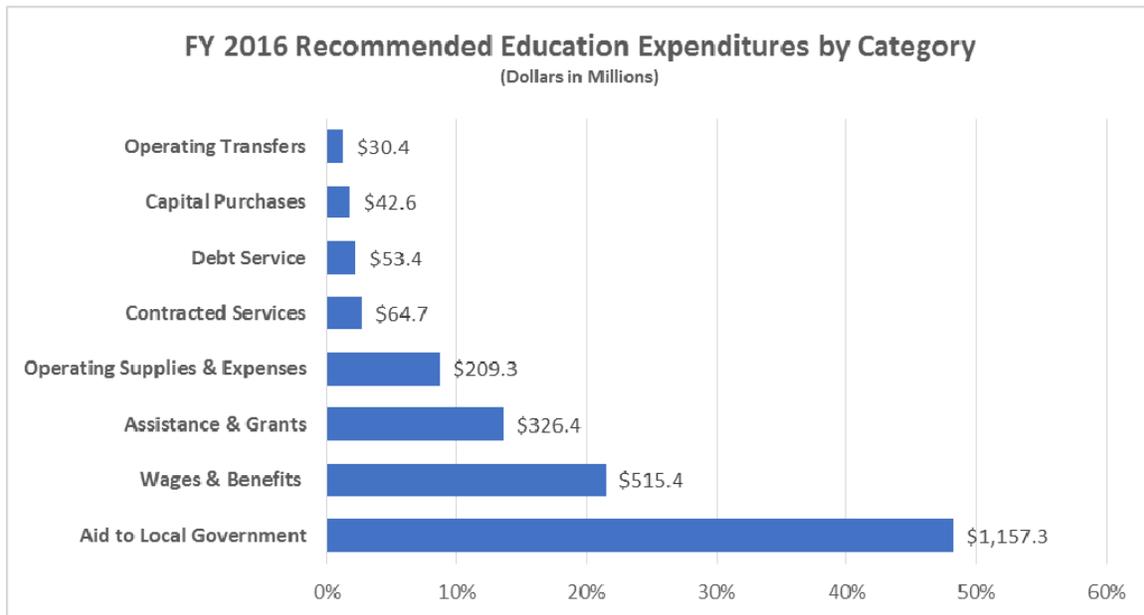
During the last Legislative Session, the General Assembly enacted a plan to restructure the Board of Education to strengthen the coordinating role of the Board of Education by creating a 17-member Board which would be responsible for setting goals and working on system-wide initiatives. Members of the Board serve on two eight member councils, the Council on Elementary and Secondary Education and the Council on Postsecondary Education. The Governor continues to support these initiatives by fully funding the education aid formula in FY 2016 and introducing new ways for students to obtain technical and collegiate education.

The Governor recommends total expenditures of **\$2.399** billion for Education in FY 2016, including **\$1.267** billion from general revenue, **\$221.3 million from federal funds**, **\$30.0** million from restricted receipts, and **\$881.4** million from other funds. In the Education function of state government, other funds consist of resources from: the Rhode Island Capital Plan Fund, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, and Auxiliary Enterprises in Public Higher Education.



For the FY 2016 Budget, the Governor recommends creating a Division of Higher Education Assistance in the Office of the Postsecondary Commissioner, eliminating RIHEAA and the RIHEAA Board of Directors, and replacing the RIHEAA governance structure with the Council on Postsecondary Education. The Governor continues to support the programs financed with Race to the Top awards in the Department of Elementary and Secondary Education, even as the program comes to the end of its financing horizon, by providing general revenue for maintenance and integration of critical information systems that allow the Department of Elementary and Secondary Education to measure the success of its programs.

Education



The Governor's general revenue recommendation of \$1.267 billion for Education for FY 2016 is an increase of \$67.6 million, or 5.6 percent from FY 2015 enacted levels.

Aid to Local Units of Government accounts for 48.2 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 32.9 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 18.9 percent of expenditures occur in grants and benefits and capital outlays.

Department of Elementary and Secondary Education

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Department of Elementary and Secondary Education is \$1,252.1 million in all funds, including \$1,003.6 million in general revenue, \$212.8 million in federal funds, \$27.4 million in restricted receipts, \$6.7 million in Rhode Island Capital Plan Fund financing, and \$359,000 in other funds. Across all fund sources, the Governor's FY 2015 recommendation is \$5.7 million more than the FY 2015 enacted amount, comprised of \$814,910 less in general revenue, \$5.3 million more in federal funds, \$430,561 more in restricted receipts, and \$773,243 more in Rhode Island Capital Plan Fund financing. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$152,416 of general revenue savings being allocated to the Department of Elementary and Secondary Education.

In the Administration of the Comprehensive Education Strategy program, the Governor recommends a no cost extension for a Race to the Top Grant, and provides general revenue financing for 3.0 FTE positions to be financed through June 30, 2015 for a total of 157.4 FTE positions for the year. The Governor provides a total of \$19.8 million in personnel financing for this office, comprised of \$11.6 million in general revenue, \$7.4 million in federal funds from various grants, and \$899,326 in indirect cost recoveries.

Education

The Governor provides a total of \$31.3 million in all funds in the revised FY 2015 for assessment programs of local education units, data system improvements, and training programs. Included in the total amount provided is \$5.6 million in Race to the Top financing, including a portion disbursed as a 50.0 percent match to participating local education agencies, in addition to an early learning challenge initiative at the Department of Human Services, the Department of Health, the Department of Children Youth and Families and the Executive Office of Health and Human Services. .

Education Aid in the Governor's FY 2015 revised budget submission totals \$784.3 million, and is comprised of formula distributions to the local education agencies based on the covenants of the funding formula adopted in FY 2010 and various categorical endeavors which are not subject to the formula including school breakfast, transportation and financing for the high cost education needs of severely disabled students. Group home aid is part of the funding formula, and the FY 2015 revised recommendation, totaling \$6.1 million, adjusts for movement of pupils between districts as they are assigned to various residential treatment facilities. The State also provides internet access for all schools and libraries in the state, financed with a surcharge on telephone land lines coupled with a federal match to ensure the local education agencies provide uniform data to the department to measure its accomplishments in administering the education strategy of the state. The Governor recommends a total of \$28.6 million in FY 2015 for the three state schools: the Metropolitan School, the School for the Deaf and the Davies Career and Technical School.

In the School Housing program, the Governor provides a total of \$68.4 million in general revenue in the revised FY 2015 budget submission for existing reimbursement commitments as of June 30, 2013. The reimbursements are on a sliding scale with the poorest communities having the highest reimbursement rate and all other communities receiving a minimum of 40.0 percent, except charter schools, which are reimbursed at 30.0 percent. The program also reimburses for a substantial portion of savings that occur from local refinance of existing school construction debt. Although a moratorium is in place for new projects unless required for health and safety reasons, the program is currently providing reimbursements to every local education agency in the state for school construction, refurbishment of existing classroom spaces, and building system improvements.

The Governor provides a total of \$89.0 million in general revenue for the State's share of teacher retirement obligations, based on December 31, 2014 payroll information from the local education agencies. The State's obligation is 40.0 percent of the employer share for participants in the Defined Benefit Plan administered by the Employees' Retirement System of Rhode Island and 0.4 percent of the 1.0 percent Defined Contribution plan requirement. The State's share for the Defined Benefit plan in FY 2015 is 9.19 percent with the participating communities contributing 13.41 percent for a total rate of 22.6 percent, same as the enacted rate. Five communities that did not participate in a 1990 Early Retirement initiative have a lower rate of 13.08 percent with the state contributing 8.98 percent.

Education

FY 2016 Recommended Budget

The Governor's FY 2016 Budget Recommendation for the Department of Elementary and Secondary Education is \$1,282.9 million in all funds, including \$1,067.3 million in general revenue, \$203.0 million in federal funds, \$28.9 million in restricted receipts, \$3.3 million in Rhode Island Capital Plan Fund financing, and \$359,000 in other funds. In relation to the FY 2015 enacted amount for general revenue, the Governor's FY 2016 recommendation is \$62.9 million more, comprised of year five changes for the Education Funding formula totaling approximately \$35.5 million and \$20.0 million in new financing for a School Building Authority Capital Fund. *

Administration of the Comprehensive Education Strategy	General Revenue	All Funds	FTE
<i>Personnel – General Revenue for Race to the Top positions and new Construction Manager Position in School Construction</i>	\$875,985	(\$183,729)	(4.0)
From all fund sources, the Governor's recommendation for personnel financing in FY 2016 totals \$19.8 million for the 152.4 FTE positions that staff the program. Statewide adjustments for the October 2015 cost of living increase and associated benefit increases totaling \$919,110. Full time positions associated with the end of Race to the Top grant are further reduced by 5.0 FTE positions offset by addition of 1.0 FTE position for a new construction manager position to assist in developing procedures for project approval and monitoring for the proposed School Building Authority Capital Fund.			
Administration of the Comprehensive Education Strategy	General Revenue	All Funds	FTE
FY 2016 Contracted Services and Operating	\$137,023	(\$2,887,222)	n/a
The Governor provides a total of \$26.0 million in all funds in FY 2016 for contracted services and operating expense in the Administration of the Comprehensive Education program. Of the total reduction in all funds, \$1.9 million is attributable to diminishing Race to the Top grants as the federal award period nears its completion. In general revenue, \$246,666 is removed for the last year of phase out of Vision Services formally paid by the State but now paid by the local education agencies, as part of each core construction calculation, or from the high cost special education categorical fund. Software maintenance contracts, previously financed with Race to the Top federal financing in the amount of \$572,750 are now financed with general revenue. This software and associated data systems are crucial for the Department's Teacher Certification program, the Uniform Chart of Accounts, and other integrated systems that measure and inform the Department's focused efforts in improving education excellence.			
Administration of the Comprehensive Education	General Revenue	All Funds	FTE
FY 2016 Teacher Diversity Initiative	\$250,000	\$250,000	n/a
The Governor provides \$250,000 in general revenue in the FY 2016 budget recommendation to focus efforts on recruiting a more diverse pool of educators, to reflect the demographics of students in high need communities around the State. The financing will be available to approved teacher preparation programs.			

* The availability of these funds depends on the appropriation of this amount for appropriate economic development purposes. If the funds are not appropriated for appropriate economic development purposes, then the restructuring action will not be completed. Due to changing market conditions, the precise amount that will be yielded from the debt restructuring will not be known until the transaction is executed. Accordingly, these amounts may have to be adjusted depending upon how much the restructuring transaction ultimately yields.

Education

Education Aid	General Revenue	All Funds	FTE
FY 2016 All Day Kindergarten	\$1,417,343	\$1,417,343	n/a
<p>The Governor provides a total of \$1.4 million to assist with the transition to, and to fully fund all-day kindergarten programs in the seven remaining communities that do not have universal full-day kindergarten. The communities include Coventry, Cranston, East Greenwich, Johnston, North Kingstown, Tiverton and Warwick.</p>			
Education Aid	General Revenue	All Funds	FTE
FY 2016 Education Aid	\$35,499,380	\$35,499,380	n/a
<p>Year five of the implementation of the education funding formula is fully funded in the Governor's FY 2016 recommendation in the amount of \$821.2 million. This finances the state's portion of core instruction aid, group home aid, and charter school aid. Non general revenue financing includes restricted receipts from the e-rate surcharge on land lines and its federal match totaling \$1.8 million, and the statewide transportation program, which the Department administers for the benefit of local education agencies, totaling \$17.5 million. The permanent school fund contributes an additional \$300,000 in non-general revenue financing. Also included in the FY 2016 increase is the movement of the Met School from its own program to the education aid program. The Department determines that its program structure is more similar to a local education agency, as its employees are not state-financed, its governing board is independent from the Board of Education, and its local funding is collected and maintained at the school as opposed to being under the authority of the Department.</p>			
Education Aid	General Revenue	All Funds	FTE
FY 2016 Non-Distributed Aid	(\$115,745)	(\$115,745)	n/a
<p>The Governor's FY 2016 recommendation provides a total of \$13.2 million for non-distributed aid, including endeavors financed with the categorical allotments. Categorical financing, which is \$12.3 million of the total in non-distributed aid, is level funded in the Governor's recommendation, with a special focus on early childhood and high cost special education programs.</p>			
Education Aid	General Revenue	All Funds	FTE
FY 2016 Housing Aid Adjustment	\$2,807,038	\$2,807,038	n/a
<p>The Governor provides \$70.9 million for reimbursements to local education agencies for school improvement projects completed before June 30, 2013 under the current housing aid distribution formula. These reimbursements are generally over the course of a typical 20 year debt service schedule, which the Department tracks and adjusts as required in each year's budget submission. Similar to FY 2015, every community in the State will receive a reimbursement in FY 2016.</p>			
School Housing Aid	General Revenue	All Funds	FTE

Education

FY 2016 School Building Authority	\$20,000,000	\$20,000,000	n/a
The Governor provides financing for a new initiative in FY 2016 that will transfer \$20.0 million into the proposed School Building Authority Capital Fund in the Rhode Island Health and Education Building Commission. This initiative will provide subsidized financing to local education agencies for new construction and rehabilitation of school structures, including refinancing of previously issued debt. The Department will play an important role in project evaluation and monitoring and in reporting the results of the program to the Governor, the Speaker of the House, the Senate President and the Secretary of State. *			
Teacher Retirement	General Revenue	All Funds	FTE
FY 2016 State portion of Employer share of Teacher Retirement	\$3,276,440	\$3,276,440	n/a
The Governor provides a total of \$92.58 million in general revenue for the State's share of teacher retirement obligations, based on expected growth in teacher payrolls of 1.9 percent in comparison to the FY 2015 revised recommendation. In FY 2016, the State's share for the Defined Benefit plan is 9.41 percent with the participating communities contributing 13.73 percent for a total rate of 23.14 percent. The rates for the five districts that did not participate in the 1990 early retirement window for teachers, the FY 2016 rates are 8.98 percent for the state share and 13.08 percent for the local share.			

Public Higher Education

FY 2015 Revised Budget

The Governor recommends a revised FY 2015 budget of \$1.076 billion for Public Higher Education, including \$188.3 million in general revenue, \$5.1 million in federal funds, \$843.6 million in other funds, \$644,000 in restricted receipts, and \$38.0 million from the Rhode Island Capital Plan Fund. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$455,753 of general revenue savings being allocated to Public Higher Education.

General revenue decreases by \$2.2 million from the FY 2015 enacted level of \$190.5 million, including decreases for debt service savings of \$2.6 million and for additional statewide medical benefit savings of \$489,774. These decreases are partially offset by an increase of \$927,853 for personnel and operating costs in the Office of the Postsecondary Commissioner (OPC). The Governor recommends an authorized FTE position level of 4,249.2 in the revised FY 2015 budget consisting of 3,498.4 standard FTE positions and 750.8 third-party FTE positions, which is 2.2 FTE positions higher than the enacted level of 4,247.0 FTE positions. The additional 2.2 FTE positions are to more adequately staff the new OPC created during the 2014 legislative session.

Office of the Postsecondary Commissioner	General Revenue	All Funds	FTE
Add general revenue for underfunded personnel and other operating costs.	\$927,853	\$927,853	2.2

University of Rhode Island and Rhode Island College	General Revenue	All Funds	FTE
Debt Service Savings	(\$2,639,036)	(\$2,639,036)	N/A

Education

FY 2016 Recommended Budget

For FY 2016, the Governor recommends expenditures of \$1.087 billion for Public Higher Education, including \$195.7 million in general revenue, \$15.4 million in federal funds, \$852.0 million in other funds, \$653,200 in restricted receipts, and \$23.1 million from the Rhode Island Capital Plan Fund. The total general revenue increase of \$5.2 million, or 2.7 percent, from the FY 2015 enacted budget includes: increases of \$5.2 million for statewide cost of living adjustments and other planning value changes in the system, \$1.2 million for personnel and operating costs in the Office of the Postsecondary Commissioner, \$257,644 for Rhode Island College, and \$274,031 for the Community College of Rhode Island. Offsetting a portion of these increases is debt service savings of \$2.2 million.

For FY 2016, the Governor recommends establishing the *Division of Higher Education Assistance (DHEA)* in the *Office of Postsecondary Commissioner*, eliminating the Rhode Island Higher Education Assistance Authority (RIHEAA) as a quasi-public agency, and replacing the RIHEAA governance structure with the Council on Postsecondary Education. The Governor also recommends transferring administrative responsibility for the RIHEAA Tuition Savings Program to the Office of the General Treasurer. In compliance with Article 14 of the FY 2015 Appropriations Act, the Governor will submit legislation in the FY 2016 Appropriations Act as Article 7 to implement the transfer of RIHEAA's functions to the OPC and the Treasurer. To operate and staff the Higher Education Assistance Division, the Governor recommends transferring 15.0 FTE positions from RIHEAA to the OPC, with the expectation that additional staff reductions and program reductions will likely be required, given the continued decline of RIHEAA loan guaranty agency revenues associated with the shrinking loan portfolio.

Establish Division of Higher Education Assistance in OPC	General Revenue	All Funds	FTE
The Governor recommends creating the Division of Higher Education Assistance in the Office of the Postsecondary Commissioner; eliminating RIHEAA as a quasi-public agency; and replacing the RIHEAA governance structure with the Council on Postsecondary Education.	\$0	\$19,088,517	15.0

For the *Office of the Postsecondary Commissioner*, the Governor recommends expenditures of \$29.1 million, including \$5.8 million of general revenue, \$15.4 million of federal funds, and \$7.9 million of other funds. In addition to funding the personnel and operating costs of the OPC, the \$5.8 million general revenue budget includes \$2.4 million for Shepard's building operating and parking costs; \$686,418 for PeopleSoft administrative implementation funds; \$356,538 for the College Crusade of Rhode Island grants; \$329,819 for legislative grants; and \$60,000 for the Enrollment Incentives grant program.

The Governor's two educational initiatives will increase funding for scholarships and grants at the state's three public institutions of higher learning and provides funding for Prepare RI, a statewide dual enrollment program. The Governor's budget restructures existing higher education grant programs and creates a last-dollar scholarship program for Rhode Island students. In its first year, the program will invest \$10.1 million of state funds in students with proven academic performance but for whom higher education might be otherwise unattainable. The budget also supports Prepare RI, an early college dual enrollment program that will allow qualified and eligible high school students to earn credit at their high school and at state public colleges and universities at no cost to the student.

Education

Office of Postsecondary Commissioner, DHEA	General Revenue	All Funds	FTE
<i>Increase Needs-based grants and scholarships</i>	\$0	\$10,095,000	N/A
The Governor recommends expenditures of \$10.1 million for needs-based grants and scholarships, including \$4.0 million of financings from the guaranty agency operating fund and \$6.1 million of financing from the Tuition Savings Program. This amount is \$2.1 million more than FY 2015. These grants and scholarships may only be used the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island.			

Office of Postsecondary Commissioner, DHEA	General Revenue	All Funds	FTE
<i>Increase Funding for Prepare RI - Dual Enrollment Program</i>	\$0	\$1,300,000	N/A
The Governor's recommendation additional financing for a statewide Dual Enrollment program in which all Rhode Island high school students will be able to enroll in college level classes without cost to themselves or their families.			

The FY 2016 FTE authorization for the OPC compared to FY 2015 reflects the transfer of 15.0 FTE positions from RIHEAA to OPC.

For the *University of Rhode Island*, the Governor recommends expenditures of \$717.8 million, including \$90.4 million in general revenue, \$613.5 million in other funds, and \$13.9 million from the Rhode Island Capital Plan Fund. Compared to the FY 2015 budget, the FY 2016 budget includes an increase of \$1.8 million in general revenue, excluding debt service savings of \$2.7 million; and decreases of \$20.4 million in other funds, and \$4.6 million from the Rhode Island Capital Plan (RICAP) Fund. Most of the decrease in RICAP expenditures is associated with the timing of the Electrical Substation project expenditures, which includes \$7.0 million in the FY 2015 enacted budget and \$1.2 million in the FY 2016 budget. The Board of Education approved a tuition increase of 2.3 percent (\$250) for undergraduate in-state students and 2.5 percent (\$674) for undergraduate out-of-state students.

For *Rhode Island College*, the Governor recommends expenditures of \$178.7 million, of which \$49.9 million is general revenue, \$124.6 million is other funds, and \$4.2 million is from the Rhode Island Capital Plan Fund. In the FY 2016 recommended budget, general revenue increases by \$2.5 million compared to the enacted budget, while other funds increase by \$7.9 million. The recommended expenditures from RICAP decrease by \$3.1 million. The Board of Education approved a tuition increase of 9.0 percent (\$588) for undergraduate in-state students and 9.0 percent (\$1,551) for undergraduate out-of-state students.

For the *Community College of Rhode Island*, the Governor recommends expenditures of \$162.2 million, including \$49.6 million in general revenue, \$107.7 million in other funds, \$4.2 million from the Rhode Island Capital Plan Fund, and \$653,200 in restricted receipts. The recommended general revenue funding is \$1.8 million higher than the FY 2015 enacted budget, while other funds is \$4.1 million. The Board of Education approved a tuition increase of 9.0 percent (\$326) for in-state students and 9.0 percent (\$924) for out-of-state students.

The Governor recommends a total authorized FTE level of 4,264.2 in FY 2016 for Public Higher Education, which is 17.2 FTE positions more than the enacted budget of 4,247.0. All of the additional

Education

FTE positions are in the OPC; of these, 15.0 FTE positions are transferred from RIHEAA. In FY 2016, the Governor recommends 3,518.4 standard FTE positions and 745.8 third-party funded FTE positions.

Rhode Island Council on the Arts

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations of \$3.0 million for the Rhode Island State Council on the Arts (RISCA), including \$1.5 million from general revenue, \$735,546 from federal funds, and \$746,372 from other funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$7,993 attributable to the cost of living adjustment and other planning value changes, federal financing decreases by \$63,802 and financing from other funds increases by \$113,836. Recommended financing is inclusive of savings associated with improved trends in employee healthcare costs of \$4,085 from general revenue.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends \$3.7 million, including \$1.5 million from general revenue, \$775,353 from federal funds, and \$1.4 million from other funds. The general revenue increase from the FY 2015 enacted level is \$24,686, due to cost of living and other personnel planning value adjustments.

Starting in FY 2016, the Council will administer the Creative and Cultural Economy Bond Initiative, overseeing projects and managing the distribution of \$30 million over the next three to five years (out of a total of \$35 million approved by the voters in November 2014) for “capital improvement, preservation and renovation projects for public and nonprofit artistic, performance centers, historic sites, museums and cultural arts centers located throughout the State of Rhode Island.”

The Governor recommends 6.0 FTE positions per year for FY 2015 and FY 2016, which is unchanged from the enacted FY 2015 level.

Rhode Island Atomic Energy Commission

FY 2015 Revised Budget

The Governor’s revised FY 2015 Budget for the Rhode Island Atomic Energy Commission is \$1.6 million, including \$907,737 in general revenue, \$351,171 in federal funds, and \$346,180 in other funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$2,770 of general revenue savings being allocated to the Atomic Energy Commission. The revised budget includes other adjustments to general revenue appropriations, including reductions of \$5,199 capital purchases and equipment and \$2,690 for additional statewide medical benefit savings. Offsetting a portion of these reductions is a \$4,657 increase for operating costs. Of the \$351,171 increase in expenditures from federal funds, \$297,156 is related to a new US Department of Energy grant award to upgrade reactor equipment.

For FY 2016, the Governor recommends expenditures of \$1.3 million, including \$957,170 in general revenue, \$54,699 in federal funds, and \$325,300 in other funds. The increase of \$43,973 in general revenue from the FY 2015 enacted Budget recognizes increases of \$44,000 in personnel and \$3,315 for contract services; and a reduction of \$1,444 for operating costs and \$1,898 for capital purchases and

Education

equipment. The increase in personnel expenditures is due to salary and benefit increases associated with statewide cost-of-living adjustments. The decrease in federal funds expenditures in FY 2016 is associated with one-time grant awards in FY 2015 that are not available, or not funded at the same level, in FY 2016.

FY 2016 Recommended Budget

The FY 2015 revised and FY 2016 recommended budgets include \$90,000 and \$50,000, respectively, from the Rhode Island Capital Plan Fund for a building study to evaluate the overall condition of the facility and asset protection projects, including replacing HVAC systems, repaving the driveway around the Commission's facility, landscaping the facility, replacing windows, and painting the building and cooling towers. The nuclear reactor facility was constructed in 1960 and the reactor was activated in 1964.

The Rhode Island Atomic Energy Commission (RIAEC) will continue to operate the state-of-the-art reactor at the Rhode Island Nuclear Science Center (RINSC) for the purposes of research, education and training and environmental monitoring. Moreover, the staff of the RINSC will continue to provide technical assistance to other state agencies, including the Rhode Island Department of Health and the University of Rhode Island. The staff provides 2.6 FTE positions to the University of Rhode Island to run its radiation safety functions. This support service includes salary and benefits and operating expenses of \$275,300 for FY 2016. The Governor's budget will enable the Commission to explore additional commercial uses for the RINSC, including new technology involved in cancer research.

The Governor recommends 8.6 FTE positions in both FY 2015 and FY 2016.

Rhode Island Higher Education Assistance Authority

FY 2015 Revised Budget

The Governor recommends expenditures of \$15.8 million in the revised FY 2015 Budget, including \$147,000 of general revenue, \$7.3 million in federal funds, and \$8.4 million in other funds. Compared to the enacted budget, total expenditures decrease by \$8.1 million from \$23.9 million to \$15.8 million. Expenditure changes by fund source consist of an \$8.2 million decrease in federal funds and a \$58,259 increase in other funds. Of the \$8.2 million decrease in federal funds, \$4.1 million reflects the RIHEAA Board's decision to reduce expenditures for need-based scholarships and grants from \$12.1 million to \$8.0 million, while \$3.9 million reflects a decrease in guaranty agency expenditures for loan collection services and fees.

FY 2016 Recommended Budget

For FY 2016, the Governor recommends establishing the Division of Higher Education Assistance (DHEA) in the Office of Postsecondary Commissioner, eliminating the Rhode Island Higher Education Assistance Authority (RIHEAA) as a quasi-public agency, and replacing the RIHEAA governance structure with the Council on Postsecondary Education. The Governor also recommends transferring administrative responsibility for the RIHEAA Tuition Savings Program to the Office of the General Treasurer. (Note: Article 14 of the FY 2015 Appropriations Act requires the Governor to submit in the FY 2016 Appropriations Act a plan to transfer RIHEAA programs to appropriate agencies within state government due to the decline of available sources to support the agency.)

Education

The Governor recommends an authorized FTE level of 22.0 FTE positions in FY 2015.

Rhode Island Historical Preservation and Heritage Commission

FY 2015 Revised Budget

The Governor recommends total expenditures of \$6.1 million for the FY 2015 revised Budget for the Rhode Island Historical Preservation and Heritage Commission, consisting of \$1.2 million in general revenue, \$2.3 million in federal funds, \$428,630 in restricted receipts, \$2.1 million in Rhode Island Capital Plan Fund resources, and \$70,549 in other funds. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$9,308 of general revenue savings being allocated to the Commission.

The recommendation reflects a net increase of \$170,605 from the enacted level, including a general revenue decrease of \$114,503, an increase of \$71,707 in federal funds, a decrease of \$6,280 in restricted receipts, an increase of \$220,000 in Rhode Island Capital Plan Fund resources, and a \$319 decrease in other funds. The majority of the recommended general revenue reduction is attributable to shifting personnel costs for a 1.0 FTE position to the Hurricane Sandy Disaster Relief Grant (\$92,260) for FY 2015, as well as additional statewide medical benefit savings totaling \$4,399. The Governor recommends expenditure of \$1.6 million in Hurricane Sandy Disaster Relief federal funds, which was awarded by the U.S. National Park Service and will be used to rehabilitate historical properties damaged in the hurricane. Only properties listed or eligible to be listed in the National Register of Historic Places qualify for assistance provided through this grant.

FY 2016 Recommended Budget

The Governor recommends total financing of \$3.9 million for FY 2016, including \$1.4 million in general revenue, \$2.1 million in federal funds, \$428,630 in restricted receipts, and \$71,708 in other funds. The recommendation reflects a net decrease of \$2.0 million, including an increase in general revenue of \$35,362, a decrease in federal funds of \$128,695, a decrease in restricted receipts of \$6,280, a decrease in Rhode Island Capital Plan Fund resources of \$1.9 million, and an increase of \$840 in other funds. The reduction in Rhode Island Capital Plan Fund resources is attributable to the completion of the Eisenhower House project. It is anticipated that this project will conclude in FY 2015.

The Governor recommends 16.6 FTE positions per year for FY 2015 and FY 2016, which is unchanged from the enacted FY 2015 level.

Public Safety

Public Safety

Summary

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The seven agencies that expend 6.3 percent of the total FY 2016 state Budget from all sources of funds to provide public safety services to the state include: the Department of Corrections; the court system (Attorney General; the Judiciary; and the Office of the Public Defender); the homeland security system (Military Staff/National Guard and the Emergency Management Agency); and the Department of Public Safety (State Police, Capitol Police & Sheriffs, E-911, State Fire Marshal, and the Municipal Police Training Academy).

The FY 2015 revised budget recommends 3,221.6 FTE positions for this function, no change from the enacted level. The FY 2016 budget recommends 3,228.6 FTE positions, 7.0 FTE positions more than the enacted level, reflecting an increase in the Military Staff.

The largest share of funding within the Public Safety function is for the Department of Corrections, representing 39.5 percent of the total. In the Adult Correctional Institutions, which includes seven secure facilities that operate twenty-four hours per day, the Department must provide continuous supervision of an annual average inmate population of 3,214. In addition, the Community Corrections subprogram supervises 24,300 probation and other community-based offenders per year. The second largest share of the Public Safety budget is for the courts system, at 29.1 percent of the total. This includes 20.1 percent of expenditures for the Judiciary, supporting six courts statewide, 6.8 percent for the Attorney General and 2.2 percent for the Office of Public Defender. The Department of Public Safety's share is 24.1 percent. The homeland security system (National Guard and Emergency Management) comprises 7.4 percent of the Public Safety function expenditures.

In the FY 2015 revised budget, the Governor recommends an all-funds budget of \$540.7 million for public safety programs. Of this amount, \$427.9 million is from general revenue, \$52.1 million is from federal funds, \$34.6 million is from restricted receipts, and \$26.1 million is from other funds. All-fund spending is \$11.9 million more than the enacted budget. There is a \$15.3 million all-funds increase in personnel expenditures, a \$5.0 million increase in operating expenditures, a \$6.5 million decrease for grants and benefits and a \$1.8 million decrease for capital expenditures. Of this increase, the general revenue budget increases by \$14.7 million from the FY 2015 enacted level, federal grants increase by \$6.7 million, restricted receipts decrease by \$1.4 million, and other funds decrease by \$8.1 million.

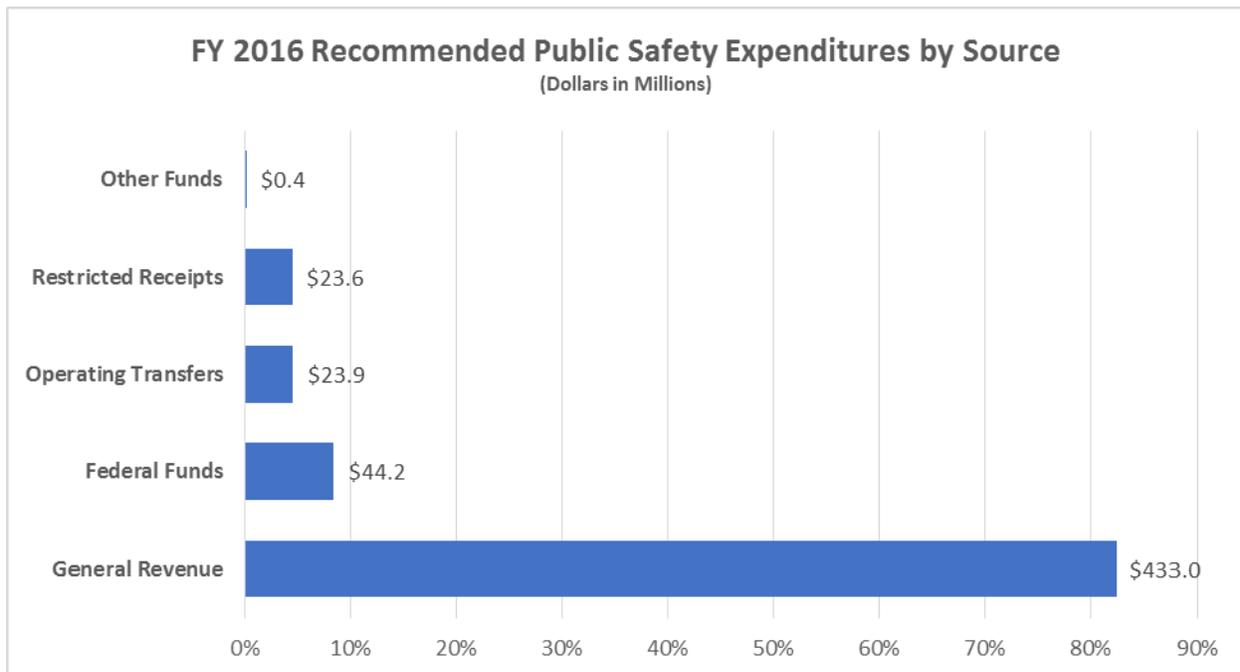
All funds financed personnel expenditures increase by 3.7 percent from \$413.2 million to \$427.9 million, reflecting a 2.0 percent negotiated cost of living adjustment, either agreed to or estimated. Operating expenditures increase by 11.0 percent due to planned expenditures in the Attorney General funded from both federal funds for the Automated Fingerprint Identification System, and the restricted receipts Google Forfeiture settlement for building renovations, as well as greater than anticipated per diem expenditures for inmates (food, clothing, pharmaceuticals) resulting from the estimated increase in the inmate census to 3,239. Grant decreases are concentrated in federal funds, reflecting reduced funding for Emergency Management homeland security and related federal grants. The decrease in capital funding reflects revised Rhode Island Capital Plan Fund expenditure schedules in Corrections, partially offset by additional financing for Judiciary case management and electronic filing system projects.

The Governor recommends a FY 2016 budget of \$525.1 million from all funds, a decrease of \$3.7 million from the FY 2015 enacted budget. Expenditures of \$433.0 million are recommended for general revenue,

Public Safety

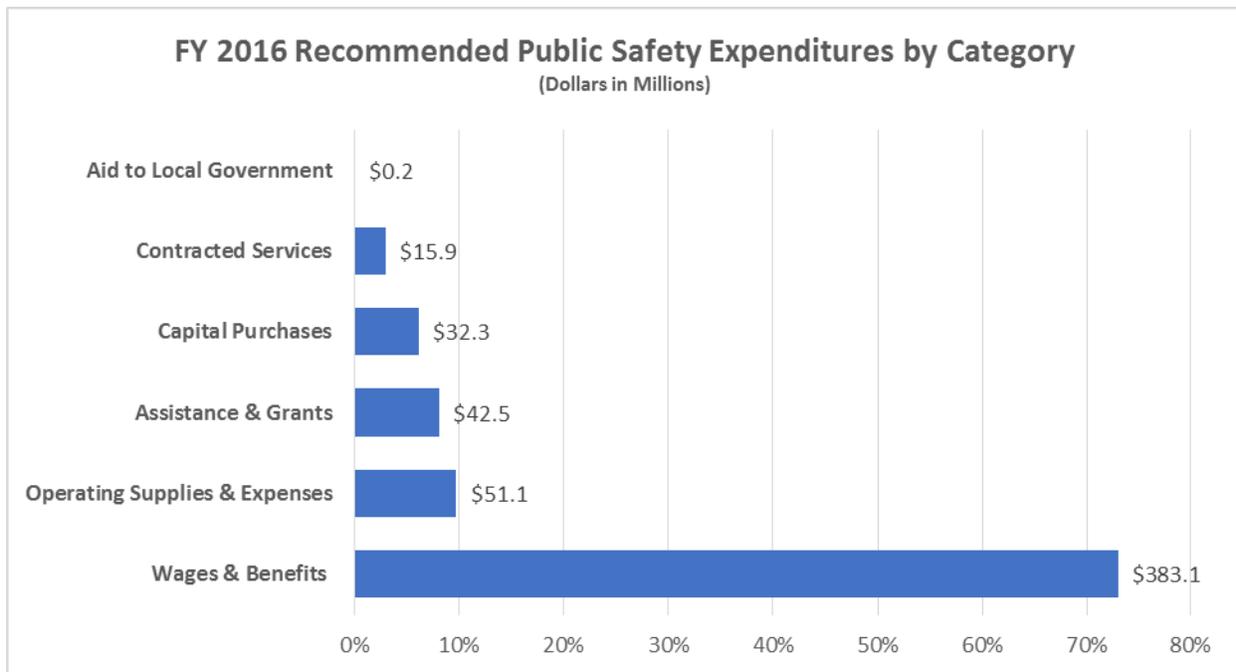
\$19.8 million, or 4.8 percent, more than enacted levels, \$6.7 million of which is in the Department of Corrections, reflecting an additional 2.0 percent cost of living adjustment. Federal funds of \$44.2 million decrease by \$1.2 million. Restricted receipt expenditures of \$23.6 million decrease by \$12.3 million, primarily in Google Forfeiture funds in the Office of the Attorney General. Other funds of \$24.3 million decrease by \$9.9 million, primarily in the Rhode Island Capital Plan Fund for Corrections (an \$8.4 million decrease).

Funding for the Public Safety function is derived mainly from state sources. General Revenue comprises 82.5 percent and 4.6 percent is other funds (primarily from the Rhode Island Capital Plan Fund for construction, repair and rehabilitation projects for Corrections, Military Staff, Judiciary, and State Police facilities). Federal funds are 8.5 percent of the total, and include Emergency Management homeland security expenditures; FEMA flood and disaster reimbursements; National Guard Bureau funding; adult education, discharge and reentry services, incarceration of undocumented aliens at Corrections; and Child Support Enforcement in the Judiciary. Restricted receipts account for the remaining 4.4 percent, primarily in the Judiciary, Public Safety, and the Attorney General.



By category of expenditures, personnel (76.0 percent, \$399.0 million) and other operating costs (9.7 percent, \$51.1 million), total \$450.1 million, or 85.8 percent of total expenditures, and are financed primarily from general revenue. Assistance, grants and benefits (including local government aid) are \$42.7 million or 8.1 percent, and are financed from general revenue and federal funds. Capital improvement projects, \$42.5 million or 6.1 percent, are financed from the Rhode Island Capital Plan Fund and federal funds.

Public Safety



Public Safety

Attorney General

FY 2015 Revised Budget

The Governor recommends revised FY 2015 appropriations totaling \$40.2 million for the Department of Attorney General, including \$24.5 million from general revenue, \$2.7 million from federal funds, \$12.7 million from restricted receipts, and \$250,000 from the Rhode Island Capital Plan Fund. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$87,863 being allocated to the Department of Attorney General.

The Governor's FY 2015 recommendation represents an increase of \$3.4 million from the FY 2015 enacted budget, of which \$936,922 is attributable to general revenue; \$1.0 million is federal funds; \$1.5 million is restricted receipts; and a decrease of \$50,000 is from the Rhode Island Capital Plan Fund. The net increase in general revenue expenditures of \$936,922 from the FY 2015 enacted level is primarily due to funding for cost of living adjustments, which totals \$739,711. The Governor also recommends \$250,000 to support the Attorney General's role in the pension litigation matter and additional statewide medical benefit savings of \$89,749. The net increase in federal fund expenditures of \$1.0 million is primarily due to financing of \$979,760 in the Long Term Care Grant which will be used to partially finance an upgrade to the Department's Automated Fingerprint Identification System. The net increase in restricted receipt expenditures of \$1.5 million is primarily due to increased funding from Google Forfeiture Funds, which are primarily used to finance upgrades and renovations to its newly purchased building. As outlined in the Google Forfeiture settlement, the Department must receive approval from the United States Department of Justice prior to receiving and expending Google Forfeiture Settlement Funds, which must be used for explicit purposes.

FY 2016 Recommended Budget

The Governor recommends FY 2016 appropriations totaling \$28.0 million for the Department of Attorney General, including \$25.2 million in general revenue, \$1.3 million in federal funds, \$1.3 million in restricted receipts, and \$300,000 in Rhode Island Capital Plan Fund resources. The FY 2016 budget represents a net decrease of \$8.8 million from the FY 2015 enacted budget, which is composed of a \$1.6 million increase in general revenue, a \$342,854 decrease in federal funds, and a \$10.0 million decrease in restricted receipts.

The net increase in general revenue expenditures of \$1.6 million in general revenue is primarily due to cost of living adjustments, which totals \$1.1 million and \$250,000 to support the Attorney General's role in the pension litigation matter. The net decrease of \$10.0 million in restricted receipt funds is primarily due to a reduction in expenditures from the Google Forfeiture settlement. The Department does have \$43.4 million available in Google Forfeiture settlement funds for FY 2016 and future years; however, an expenditure plan has not yet been finalized.

The Governor recommends 236.1 FTE positions in both FY 2015 and FY 2016, which is unchanged from the enacted FY 2015 staffing authorization.

Department of Correction

FY 2015 Revised Budget

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The Governor's revised FY 2015 Budget for the Department of Corrections is \$227.4 million. This includes \$196.3 million in general revenue, \$2.0 million in federal funds, \$404,403 in restricted receipts, \$14.7 million from the Rhode Island Capital Plan Fund, and \$14.1 million in internal service funds. The FY 2015 revised general revenue budget is \$8.5 million more than the enacted level of \$187.7 million. In addition to current service adjustments, including a cost of living (COLA) adjustment of 2.0 percent, the Governor recommends \$675,000 in statewide medical benefit savings distributed to state agencies, and \$663,000 in savings from a further statewide medical benefit adjustment, a total savings of \$1.3 million. The Governor recommends the following adjustments to the enacted budget:

FY 2015 Revised Budget	General Revenue	All Funds	FTE
<i>Salaries & Benefits</i>	\$1,914,194	\$1,557,111	n/a
The Governor recommends a total of \$147.3 million for salaries and benefits, an increase of \$1.9 million for the enacted budget, reflecting current services adjustments (including 2.0 percent cost of living increase), as well as delays in hiring FTE positions to achieve turnover savings, and \$1.3 million in medical benefit savings.			
<i>Overtime</i>	\$3,945,518	\$3,945,217	n/a
The Governor recommends a total of \$20.7 million for overtime, an increase of \$3.9 million from the enacted budget, reflecting both current services adjustments (including a 2.0 percent cost of living increase), as well as additional overtime cost resulting from the opening of two inmate housing modules that were assumed to be closed in the enacted budget. Also included in \$389,000 in overtime costs incurred as a result of the January 27, 2015 blizzard.			
<i>Correctional Officer Training Class</i>	\$(702,000)	\$(702,000)	n/a
The Governor recommends a delay in conducting a training class for correctional officers, resulting in savings in salary, overtime, contract services and operating expenditures. This delay results from continued uncertainty regarding the litigation between the State of Rhode Island and the U.S. Department of Justice concerning the fairness of the correctional officer examination process. Sufficient funds remain for recruitment efforts.			
<i>Inmate-related Operating Expenditures</i>	\$537,400	\$537,400	n/a
The Governor recommends a total of \$6.8 million for certain operating expenses that are directly related to the inmate population, including food (\$4.9 million), janitorial and kitchen supplies (\$1.3 million), as well as inmate clothing, linen and program supplies. The increase is concentrated in food (\$336,099) and inmate clothing (\$100,069). The increase reflects an inmate population projection of 3,239, an increase of 69 from the enacted level of 3,170.			
<i>Per Capita Medical Expenditure</i>			
Hepatitis C	\$1,150,000	\$1,150,000	n/a
Other Pharmaceuticals (population increase)	\$463,742	\$463,742	n/a
Medical Supplies (population increase)	\$38,801	\$38,801	n/a
Total Operating	\$1,652,543	\$1,652,543	n/a

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<i>Per Capita Contract Services</i>			
Population Increase	\$462,843	\$462,843	n/a
ACA Savings	\$(462,070)	\$463,742	n/a
Total Contract Services	\$773	\$773	n/a
Total All	\$1,653,316	\$1,653,316	n/a
<p>The Governor recommends a total of \$6.7 million for medical services, including pharmaceuticals, medical supplies, doctor services, hospital treatment, laboratory testing, and other medical services. The increase from the enacted level is \$1.7 million, reflecting the introduction of a new treatment regimen for hepatitis C. Additional factors in the recommended budget include a projected savings of \$500,000 through the shifting of inpatient care costs to federal funds under the Affordable Care Act, as well as projected inmate population increases.</p>			
<i>Other Medical Contract Services</i>			
	\$215,688	\$215,688	n/a
<p>The Governor recommends a total of \$2.1 million for contract services payments to doctors, dentists, nurses, laboratory testing facilities and the University of Rhode Island for medical services. The increase is concentrated in dental services, reflecting a new contract for dental services, replacing existing contracts and personnel costs.</p>			

FY 2016 Recommended Budget

For the FY 2016 Budget, the Governor recommends \$226.5 million in total expenditures for the Department of Corrections. This consists of \$200.1 million in general revenue, \$1.3 million in federal funds, \$47,058 in restricted receipts, \$11.1 million from the Rhode Island Capital Plan Fund, and \$14.0 million in internal service funds. The FY 2016 recommended general revenue budget increases by \$12.3 million from the FY 2015 enacted level and by \$3.8 million from FY 2015 revised budget recommendation. The budget includes a further 2.0 percent cost of living adjustment for salaries and overtime, as well as statewide benefit adjustments in medical benefits, retiree health, holiday pay, retirement, and the statewide benefit assessment rate. The Governor recommends the following:

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FY 2016 Recommendation	General Revenue	All Funds	FTE
<i>Salaries & Benefits</i>	\$7,086,757	\$6,714,952	n/a
<i>Overtime</i>	\$2,694,225	\$2,676,745	n/a
The Governor recommends \$18.8 million in overtime expenses, an increase of \$2.7 million for the enacted level, and a reduction of \$1.9 million for the FY 2015 budget recommendation, reflecting current service adjustments (including a 2.0 percent cost of living adjustment).			
<i>Reimbursements with overtime costs by vendors</i>	\$(406,789)	\$(405,789)	n/a
The recommendation also includes the transfer of overtime costs associated with the supervision of work crews and vendors on construction projects to vendor contracts.			
<i>Correctional Officer Training Class</i>	\$809,602	\$809,602	n/a
The Governor recommends full correctional officer training class in FY 2016 for the training of at least 36 new officers. The recommendation includes. Funding for recruitment as well as overtime, contract services and operating expenditures involved in conducting the class.			
<i>Reimbursements with overtime costs by vendors</i>	\$(406,789)	\$(405,789)	n/a
The recommendation also includes the transfer of overtime costs associated with the supervision of work crews and vendors on construction projects to vendor contracts.			
<i>Weapons Requalification</i>	\$(500,019)	\$(500,019)	n/a
The Governor recommends Modification to existing legislation that would require correctional officers to requalify on the use of weapons on a biennial basis, rather than annual requalification that is the current standard. This would result in savings in overtime, ammunition, mileage and range rentals.			
<i>Per Capita Operation Expenditure</i>	\$908,665	\$908,665	n/a
The Governor recommends a total of \$7.2 million for certain operating expenses that are directly relating to the inmate population, including food (\$5.1 million), janitorial and kitchen supplies (\$1.4 million), as well as inmate clothing, linen and program supplies. Major increases are in food (\$605,862), janitorial (\$118,404), and clothing (\$115,844). The increase reflects an inmate population projection of 3,292, an increase of 170 from the enacted level of 3,170 and 53 from the FY 2015 revised level.			
<i>Per Capita Medical Expenditure</i>			
Hepatitis C	\$500,019	\$500,019	n/a
Other Pharmaceuticals (population increase)	\$613,989	\$613,989	n/a
Medical Supplies (population increase)	\$50,882	\$50,882	n/a
Total Operating	\$1,164,890	\$1,164,890	n/a
<i>Per Capita Medical Contract Services</i>			
Population Increase	\$634,801	\$634,801	n/a
ACA Savings	\$(466,209)	\$(466,209)	n/a
Total Contract Services	\$168,592	\$168,592	n/a
Total All	\$1,333,482	\$1,333,482	n/a

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The Governor recommends a total of \$6.4 million for medical expenses, including pharmaceuticals, medical supplies, doctor services, hospital treatment, laboratory testing, and other medical services. The increase from the enacted level is \$1.3 million, reflecting the introduction of a new treatment regimen for hepatitis C. Additional factors in the recommended budget include a projected savings of \$500,000 through the shifting of inpatient care costs to federal funds under the Affordable Care Act, as well as projected inmate population increases.

FY 2016 Recommendation	General Revenue	All Funds	FTE
<i>Other Medical Contract Services</i>	\$215,687	\$215,687	n/a
The Governor recommends a total of \$2.1 million for contract services payments to doctors, dentists, nurses, laboratory testing facilities and the University of Rhode Island for medical services. The increase in concentrated in dental services reflecting a new contract for dental services, replacing existing contracts and personnel costs.			

Federal funds of \$2.0 million in FY 2015 and \$1.3 million in FY 2016 will finance core personnel through the State Criminal Alien Assistance Program (\$571,986), as well as adult inmate education, family counseling, victim's services and reentry services (\$950,548 in FY 2015, \$647,034 in FY 2016). In addition, the Department has been awarded a total of \$412,278 in FY 2015 and \$99,624 in FY 2016 in federal grants to implement a recidivism reduction program.

In order to provide necessary repairs and renovations to the Department's aging facilities, the Governor recommends \$14.7 million in FY 2015 revised and \$11.1 million in FY 2016 from the Rhode Island Capital Plan Fund. Project funding includes a total of \$7.3 million for both years for various asset protection projects, \$1.8 million in both years in renovation costs to enable the transfer of women inmates from their current facilities to new facilities, \$1.4 million in both FY 2015 and FY 2016 to renovate the Dix Building to house departmental staff, as well as major repair and renovation projects at Maximum Security (\$2.3 million over FY 2015 and FY 2016), Medium Security (\$6.0 million in both years), the Intake Service Center (\$3.0 million in both years), and Minimum Security (\$4.1 million in both years).

The revised FY 2015 and FY 2016 FTE position level for the Department remains the same as the FY 2015 enacted level of 1,419.0. These positions include 994 correctional officers, lieutenants and captains (including food stewards and hospital CO's), 102 probation and parole officers and aides, 15 teachers, 22 adult counselors, and various administrative and technical support staff.

Judiciary

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Judiciary is \$110.0 million, including \$94.0 million in general revenue, \$3.2 million in federal funds, \$11.3 million in restricted receipts, and \$1.4 million in Rhode Island Capital Plan Fund financing. In relation to the FY 2015 enacted budget, the recommendation is an increase of \$4.4 million, comprised of \$2.4 million more in general revenue, \$1.3 million more in federal funds, \$572,926 more in restricted receipts and \$84,149 more in Rhode Island

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Capital Plan Fund financing. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$534,279 of general revenue savings being allocated to the Judiciary.

All Courts:	General Revenue	All Funds	FTE
<i>FY 2015 Personnel Financing</i>	\$2,179,671	\$2,555,281	0.0
The 2.0 percent cost of living increase for October 2014 is estimated to be \$2.5 million which is partially absorbed in the Department's enacted funding level. The Governor's recommendation also includes approximately \$500,000 in vacancy financing, included in the total amount of \$82.3 million provided for personnel for all courts in FY 2015.			
<i>FY 2015 Consultants/Operating</i>	\$503,951	\$1,459,328	n/a
The Governor provides a total of \$14.2 million in consultant and operating financing for various IT system support services, interpreters and building maintenance expenses, including utilities. Of this amount, approximately \$891,000 will be offset to several state departments that occupy courthouse space, including the Public Defender, the Attorney General and the Sheriffs, among others.			
<i>FY 2015 Judges Pensions</i>	(\$417,472)	(\$467,267)	n/a
The Governor provides a total of \$5.2 million for judge's pensions for retired judges and their surviving spouses who were hired prior to December 31, 1989 based on updated pension payroll information. Revised pension law affects those judges who were engaged by the 1989 date, but remain employed, by requiring a 12.0 percent of pay contribution. All other judges hired after the 1989 date are members of the Employees' Retirement System of Rhode Island.			
<i>FY 2015 Capital</i>	\$155,627	\$6,114,127	n/a
The Governor provides a total of \$8.1 million in capital financing, of which \$6.5 million is from the Rhode Island Capital Plan Fund for improvements to court rooms and building systems. Most of the balance of capital financing, or \$1.6 million, is for workstation computers, servers, copier leases, and servicing for the new case management and electronic filing systems, once implemented.			

FY 2016 Recommended Budget

The Governor's FY 2016 Budget for the Judiciary is \$118.6 million, including \$95.8 million in general revenue, \$3.2 million in federal funds, \$10.4 million in restricted receipts, and \$9.2 million in Rhode Island Capital Plan Fund financing. In relation to the FY 2015 enacted budget, the recommendation is an increase of \$12.9 million, comprised of \$4.2 million more in general revenue, \$1.3 million more in federal funds, \$377,157 less in restricted receipts and \$7.9 million more in Rhode Island Capital Plan Fund financing. Target base adjustments for the Judiciary total \$3.8 million for various salary and benefit planning value adjustments.

All Courts:	General Revenue	All Funds	FTE
<i>FY 2016 Personnel Financing</i>	\$4,128,652	\$4,611,969	0.0

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The 2.0 percent cost of living increase for October 2015 is estimated to be \$3.5 million and was included as a target adjustment. The Governor's recommendation again includes approximately \$400,000 in vacancy financing, included in the total amount of \$84.6 million provided for personnel for all courts and all divisions in FY 2016.			
<i>FY 2016 Consultants/Operating</i>	\$389,311	\$1,155,495	n/a
The Governor provides a total of \$13.9 million in consultant and operating financing for various IT system support services, interpreters and building maintenance expenses in FY 2016. Of this amount, approximately \$932,000 will be offset to several state departments that occupy courthouse space, including the Public Defender, the Attorney General and the Sheriffs, among others.			
<i>FY 2016 Judges Pensions</i>	(\$417,472)	(\$517,472)	n/a
As in FY 2015, the Governor provides a total of \$5.2 million for judge's pensions for retired judges and their surviving spouses based current pension payroll information. The Governor also adjusts for a one-time legislative grant in the amount of \$100,000, fully awarded in FY 2015.			
<i>FY 2016 Capital</i>	\$159,887	\$1,083,783	n/a
The Governor provides a total of \$3.1 million in capital financing in FY 2016, of which \$2.5 million is from the Rhode Island Capital Plan Fund for improvements to court rooms and building systems. Most of the balance of capital financing, or \$572,887 is for workstation computers, servers, copier leases, and continuing implementation of the new case management and electronic filing systems.			

Military Staff

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Military Staff is \$18.8 million, including \$2.2 million in general revenue, \$14.5 million in federal funds, \$388,300 in restricted receipts, and \$1.7 million in Rhode Island Capital Plan Fund financing. This represents an all funds increase of \$389,763 from the enacted FY 2015 Budget, including enacted statewide medical benefit savings distributed to state agencies, which for the Military Staff total \$8,628.

Military Staff – State Share of Activation Expense (Juno Blizzard Event)	General Revenue	All Funds	FTE
<i>Estimated State Share of FEMA Reimbursable Costs</i>	\$162,000	\$162,000	n/a
The Governor recommends \$162,000 in addition to \$75,000 in the enacted budget for a total of \$237,000 in FY 2015, for the predicted state share of National Guard Activation expense associated with the January, 2015 blizzard event. Final determination of federal contribution is on-going.			
Military Staff – Air and Army Operations	General Revenue	All Funds	FTE
<i>Addition of 7.0 FTE Maintenance Positions</i>	\$0	\$525,551	7.0
The Governor provides federal financing for 7.0 new maintenance FTE positions, in addition to 13.0 FTE already in place, to maintain over 1.0 million square feet of facility space on over 600 acres around the			

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State. Maintenance of these facilities is a condition of ownership if financed all or in part with federal financing, and secure and safe buildings contribute to a better prepared military force.			
Military Staff – Quonset Air Base Firefighters	General Revenue	All Funds	FTE
<i>Cap on Federal Rate Allowances</i>	\$141,900	\$154,396	n/a
The Governor provides incremental financing for firefighters at the Quonset Air Base whose federal financing was recently capped at 2012 rates, requiring the addition of general revenue for the cost of living increase and other salary adjustments for the 30.0 FTE positions assigned to the base. The new contribution is in effect as of October, 2014, or for 9 months in FY 2015.			

FY 2016 Recommended Budget

The Governor's FY 2016 recommendation for the Military Staff totals \$19.4 million, including \$2.1million in general revenue, \$15.4 million in federal funds, \$323,300 in restricted receipts and \$1.7 million in Rhode Island Capital Plan Fund financing. The Governor's FY 2016 recommendation is higher by \$954,024 in all funds in comparison to the FY 2015 enacted amount.

Military Staff – Quonset Point Firefighters	General Revenue	All Funds	FTE
<i>Cap on Federal Rate Allowances</i>	\$209,432	\$246,245	n/a
In FY 2016, the cap on federal rate allowances is in place for the entire year, requiring an additional \$209,432 in general revenue financing for the 30.0 FTE positions assigned at the base. The Governor adjusted the FY 2016 base during the target exercise by adding \$192,000 - subsequent calculations adjust the total general revenue requirement to \$209,432.			
Military Staff – Army/Air National Guard Buildings	General Revenue	All Funds	FTE
<i>Utilities and Fuel cost increases/Capital Improvements</i>	\$42,130	\$322,771	n/a
The Governor provides additional operating expense for the fourteen armories, three air bases, two training sites and ten support buildings owned and operated by the Guard. Federal funds and state funds are used in varying ratios based on ownership and use of the buildings. A portion of building improvements is financed from the Rhode Island Capital Plan Fund, which provides a total of \$1.7 million in FY 2016 for roof replacements, HVAC improvements, and security enhancements.			

Department of Public Safety

FY 2015 Revised Budget

The Department of Public Safety includes the following programs: Central Management, E-911 Emergency Telephone System, State Fire Marshal, Security Services, Rhode Island State Police, and Municipal Police Training Academy.

The Governor recommends a revised FY 2015 Budget of \$124.6 million for the Department of Public Safety, including \$98.0 million from general revenue, \$8.1 million in federal funds, \$9.5 million in restricted receipts, \$3.0 million from the Rhode Island Capital Plan Fund, and \$5.9 million in other funds.

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Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$2.7 million. The revised FY 2015 Budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$256,782 of general revenue savings being allocated to the Department of Public Safety. The FY 2015 general revenue recommendation also includes additional statewide medical benefit savings of \$253,791. In all remaining funds, the recommendation includes an increase of \$1.2 million in federal funds, a decrease of \$3.3 million in restricted receipts, a decrease of \$3.8 million from the Rhode Island Capital Plan Fund, and an increase of \$166,429 in other funds.

The \$2.7 million increase in general revenue recommended by the Governor in FY 2015 includes \$2.7 more in personnel expenditures throughout the Department of Public Safety. Of this total, an increase of \$2.9 million occurs in the State Police program to accommodate for the 2.0 percent cost of living adjustment effective October 2014 for all civilian employees of the State Police which was not included in the enacted level. Additionally, approximately \$1.4 million of the increase reflects assumed 2.0 percent cost of living increases for all sworn members of the State Police, union and non-union members alike, along with other salary and benefit adjustments. Although the State Police have not finalized union contracts as of the Governor's budget submission, it is likely that a wage increase will be awarded for FY 2014 – FY 2015.

FY 2016 Recommended Budget

The Governor's FY 2016 Budget for the Department of Public Safety is \$124.2 million, including \$96.5 million in general revenue, \$6.3 million in federal funds, \$11.4 million in restricted receipts, \$3.9 million from the Rhode Island Capital Plan Fund, and \$6.1 million in other funds. Relative to FY 2015 enacted levels, recommended general revenue financing increases by \$1.2 million inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$256,782 of general revenue savings being allocated to the Department of Public Safety. In all remaining funds, the recommendation includes a decrease of \$547,918 in federal funds, a decrease of \$1.5 million in restricted receipts, a decrease of \$2.9 million from the Rhode Island Capital Plan Fund, and an increase of \$313,624 in other funds.

The Central Management Unit of the Department of Public Safety is comprised of three different offices – the Business Office, the Legal Office, and the Public Safety Grant Administration Office – responsible for the day-to-day operations of the department. The Governor's FY 2016 Budget for the Central Management Unit is \$5.1 million, including \$1.3 million in general revenue and \$3.8 million in federal funds. Relative to the FY 2015 enacted levels, recommended general revenue financing increases by \$149,002, while federal funds decrease by \$325,962 and restricted receipts decrease by \$20,000 attributable to the following adjustments:

Central Management:	General Revenue	All Funds	FTE
<i>Assistant Administrator of Financial Management</i>	\$62,822	\$62,822	1.0
The Governor recommends general revenue financing for 1.0 new FTE position as of December 1, 2015; an Assistant Administrator of Financial Management position to assist the Director of Finance in support of budget development, expenditure forecasting while providing additional supervision within the Central Management Unit of the Department of Public Safety. To offset the FTE increase, the Governor recommends eliminating a vacant Administrative Officer FTE position within the State Police program in FY 2016.			

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<i>Other Personnel and Operating</i>	\$86,180	(\$259,872)	0.0
The Governor recommends remaining financing of \$1.3 million in general revenue for all other personnel and operating expenditures related to the Central Management Unit of the Department of Public Safety. The Governor recommends 16.6 FTE positions or an increase of 1.0 FTE position from the level authorized in the enacted FY 2015 Budget.			

The E-911 Division operates a twenty-four hour, three hundred sixty days a year, statewide emergency public safety answering point, which receives 9-1-1 calls. The Governor's FY 2016 Budget for the E-911 Division is \$5.4 million, made up entirely of general revenue financing. Relative to the FY 2015 enacted levels; recommended general revenue financing decreases by \$51,065 attributable to the following adjustments:

E-911:	General Revenue	All Funds	FTE
<i>Personnel</i>	\$39,803	\$39,803	0.0
The Governor recommends general revenue financing of \$4.3 for personnel expenditures within the E-911 Division of the Department of Public Safety, including \$1.2 million in overtime expenditures. The recommendation continues to hold 3.0 Telecommunicator positions vacant through FY 2016 based on historical turnover trends. The Governor recommends 50.6 FTE positions, the same level authorized in the enacted FY 2015 Budget.			
<i>Other Operating</i>	(\$90,868)	(\$90,868)	0.0
The Governor recommends remaining financing of \$1.1 million in general revenue for all other operating expenditures related to the E-911 Division of the Department of Public Safety.			

The State Fire Marshal's Office enforces and performs the duties required by the Fire Safety Code and all other revisions of the general and public laws as it relates to fires, fire prevention, fire projection, fire investigation, and fire education. The Governor's FY 2016 Budget for the Fire Marshal's Office is \$5.7 million, including \$2.9 million in general revenue, \$202,295 in federal funds, \$493,212 in restricted receipts, \$2.0 million from the Rhode Island Capital Plan Fund, and \$60,541 in other funds. Relative to the FY 2015 enacted levels, recommended general revenue financing increases by \$199,714, while federal funds increase by \$108,295, restricted receipts decrease by \$5,642, financing from the Rhode Island Capital Plan Fund increases by \$65,500, and other funds increase slightly by \$3,206 attributable to the following adjustments:

Fire Marshal Office:	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	\$199,714	\$371,073	0.0
The Governor recommends general revenue financing of \$2.9 million, of which \$2.7 million finances all personnel expenditures including \$71,809 to fill an existing vacant Fire Safety Inspector FTE position that can begin to be associated to the I-195 redevelopment project. It is expected that filling the vacant Fire Safety Inspector FTE position will help the Fire Marshal's Office with additional support for the beginning stages of developing the I-195 land. The recommendation continues to hold 2.0 Fire Investigator FTE positions vacant throughout FY 2016 based on historical turnover trends. The Governor recommends 36.0 FTE positions, the same level authorized in the enacted FY 2015 Budget.			

The Capitol Police are assigned to provide security functions to various statewide facilities with a mission to protect property and ensure the safety of the employees within those buildings, as well as protecting the

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public that enter these facilities daily to conduct business. The Governor's FY 2016 Budget for the Capitol Police Unit is \$3.6 million, made up entirely of general revenue financing. Relative to the FY 2015 enacted levels; recommended general revenue financing decreases by \$57,942 attributable to the following adjustments:

Security Services – Capital Police:	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	(\$57,942)	(\$57,942)	0.0
The Governor recommends general revenue financing of \$3.6 million, of which \$3.5 million finances all personnel expenditures including \$277,000 in overtime. The recommendation continues to hold 2.0 Capitol Police Officer FTE positions vacant throughout FY 2016 based on historical turnover trends. The Governor recommends 40.0 FTE positions, the same level authorized in the enacted FY 2015 Budget.			

The Division of Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions such as courtroom security, judicial security, along with cell block and prisoner management. The Governor's FY 2016 Budget for the Division of Sheriffs is \$19.0 million, made up entirely of general revenue financing. Relative to the FY 2015 enacted levels; recommended general revenue financing increases by \$986,596 attributable to the following adjustments:

Security Services – Division of Sheriffs:	General Revenue	All Funds	FTE
<i>Personnel</i>	\$835,801	\$835,801	0.0
The Governor recommends general revenue financing of \$17.7 million for personnel expenditures including \$600,000 in overtime. The recommendation is intended to provide the judicial courtrooms with an adequate number of Sheriffs available for duty on a daily basis. The Governor recommends 180.0 FTE positions, the same level authorized in the enacted FY 2015 Budget.			
<i>Other Operating</i>	\$150,795	\$150,795	0.0
The Governor recommends remaining financing of \$1.4 million in general revenue for all other operating expenditures related to the Division of Sheriffs of the Department of Public Safety.			

The Municipal Police Training Academy provides basic training to all new police officers throughout Rhode Island, with the exception of the Providence Police and Rhode Island State Police. The Academy also conducts extensive police in-service and specialized training programs within many areas of law enforcement. The Governor's FY 2016 Budget for the Municipal Police Training Academy Office is \$399,087, including \$254,667 in general revenue and \$144,420 in federal funds. Relative to the FY 2015 enacted levels, recommended general revenue financing increases by \$9,288, while federal funds decrease by \$252,980 due to declining federal grants attributable to the following adjustments:

Municipal Police Training Academy:	General Revenue	All Funds	FTE
<i>Personnel and Operating</i>	\$9,288	(\$243,692)	0.0
The Governor recommends general revenue financing of \$254,667, of which \$212,983 finances 2.0 FTE positions. The Governor recommends 2.0 FTE positions, the same level authorized in the enacted FY 2015 Budget.			

The State Police has evolved into a full-service law enforcement agency by providing administrative,

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patrol, and detective components. The Governor's FY 2016 Budget for the State Police is \$83.7 million, including \$63.9 million in general revenue, \$2.2 million in federal funds, \$10.9 million in restricted receipts, \$1.9 million from the Rhode Island Capital Plan Fund, and \$4.8 million in other funds. Relative to the FY 2015 enacted levels, recommended general revenue financing decreases slightly by \$75,328, while federal funds decrease by \$77,271, restricted receipts decrease by \$1.5 million, financing from the Rhode Island Capital Plan Fund decreases by \$3.0 million, and other funds increase by \$118,575 attributable to the following adjustments:

State Police:	General Revenue	All Funds	FTE
<i>56th State Police Training Academy</i>	\$905,451	\$1,198,578	30.0
The Governor recommends financing for the 56 th State Police Training Academy, to begin February 2016. The 22-week long program in FY 2016 provides a salary of \$14,300 for each recruit along with additional state payments for certain personnel benefits at a general revenue cost of \$535,681 for 30.0 recruits. The recommendation also includes \$369,770 to purchase uniforms and for overhead type costs of administrating a training academy. Additionally, Google Forfeiture Funds of \$293,127 will be used to finance equipment and additional services provided to the 30.0 recruits during the academy. Note: 30.0 new recruits are not included as part of the department's FTE authorized level as the trainee troopers are not considered full-time equivalent state employees until after they graduate, scheduled to occur at the end of FY 2016.			
<i>Delay Start Date of New State Police Troopers</i>	\$0	\$0	0.0
After graduation from the State Police Training Academy, the new Trooper is placed on the State's official payroll system receiving all benefits offered to sworn members of the State Police: including healthcare, holiday pay, accreditation bonuses, overtime, etc. By delaying the 56 th State Police Training Academy until February 2016 (originally scheduled for September 2015), all trainee troopers will graduate at the end of FY 2016 (June 2016). The delay will generate turnover savings from higher rank members who are eligible or mandated to retire in FY 2016. These positions will then be backfilled by the new recruit class as of July 1, 2016 (FY 2017). It is estimated that delaying the academy will result in \$1.2 million of general savings in FY 2016 that otherwise would have been required had the class been completed in February 2016.			
<i>Assumed COLA increase for all sworn members</i>	\$1,103,781	\$1,115,246	0.0
The Governor recommends the inclusion of cost of living adjustments in both FY 2015 and FY 2016 for the assumed salary increase that all sworn members will likely be awarded once the Rhode Island Trooper Association contract has been finalized.			
<i>Google Forfeiture Funds for Pension Trust</i>	(\$1,000,000)	(\$1,000,000)	0.0
Up until July 1, 1987, sworn members of the State Police were not required to contribute to their pension, and must have completed twenty-years of service before they were eligible to retire, and must have retired upon the completion of their twenty-fifth year of service. The cost of these pensions is financed through general revenue within the Department of Public Safety's budget. Also included in the budget are any disability pensions and any pensions given to the widows of the retirees. The Governor recommends establishing a new pension trust fund for the pay-as-you-go troopers and to seed the trust with \$15.0 million from the Google Settlement which the State Police received \$45.0 million. As of the Governor's budget submission, there was an uncommitted balance of approximately \$35.0 million in Google Forfeiture Funds. Contributing a \$15.0 million initial deposit into the trust fund, combined with \$16.6 million in state funds from regular pay-as-you-go payments is expected to provide sufficient funds to cover pension payments and result in an estimated \$1.0 million in general revenue savings in the first year (FY 2016). Ultimately, declining savings would be achieved over the first five-years of the trust and then			

Public Safety

payments would exceed the projected pay-go payments through year 18, at which time the trust would be fully funded.			
<i>Detective Unit – Delay Promotions</i>	(\$103,083)	(\$103,083)	0.0
The Governor recommends delaying five internal promotions from the level of Senior Trooper to Detective Trooper in FY 2016. The Detective Unit has substantially grown over the last few years, while the position of Detective, unlike uniformed sworn members, receive additional contractual bonuses and tend to cost more than uniformed Troopers. The recommendation includes a total of 51.0 Detective FTE positions within the State Police.			
<i>Other Personnel, Operating and Capital Purchases</i>	(\$981,477)	(\$5,665,425)	(1.0)
The Governor recommends remaining financing for all remaining personnel, operating and capital type expenditures related to the State Police within the Department of Public Safety. The decrease in all funds is primarily related to adjustments to capital projects financed through the Rhode Island Capital Plan Fund based on project schedules. The Governor recommends 297.0 FTE positions, 1.0 less than the level authorized in the enacted FY 2015 Budget. As mentioned within the Central Management program, to offset the FTE increase for the Assistant Administrator of Financial Management, the Governor recommends eliminating a vacant Administrative Officer FTE position within the State Police program in FY 2016.			

Office of the Public Defender

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Office of the Public Defender is \$11.2 million, including \$11.0 million in general revenue and \$153,540 in federal funds. The general revenue recommendation is \$82,145 less than the FY 2015 enacted level, while the federal funds recommendation is \$95,324 less than the FY 2015 enacted level. A \$37,597 reduction reflects the enacted statewide medical benefit savings distributed to state agencies. Another reduction of \$36,777 reflects an additional statewide benefit adjustment for a medical benefit holiday. Personnel expenditures decrease by \$100,963 due to these statewide adjustments for medical benefits as well as turnover savings. The Governor recommends \$178,531 in contract services, an increase of \$1,768. Operating and capital expenditures of \$1.0 million increase by \$17,050.

FY 2016 Recommended Budget

The Governor recommends total expenditures of \$11.7 million in FY 2016, including \$11.6 million in general revenue and \$78,370 in federal funds. The FY 2016 general revenue recommendation is \$491,161 more than the FY 2015 enacted budget, while federal funds decrease by \$170,494. The budget reflects adjustments to current services required for salary and employee benefit requirements of the existing staff, including both an initial statewide target adjustment of two percent for cost of living salary adjustments, as well as increases in retirement, assessed fringe benefits, and medical benefits and statewide reductions in retiree health. The Governor recommends \$203,063 in contract services for both trial and transcript related work and continued funding of paralegal and intake eligibility technicians. The Governor recommends \$1.0 million in operating and capital expenditures, including continued funding of \$28,500 in FY 2016 for computer network and operating systems upgrades.

The Governor recommends continued inclusion of the following federal grant funded programs: 1) \$21,170 in FY 2015 for the Juvenile Response Unit; 2) \$72,335 in FY 2015 and \$18,335 in FY 2015 for the Community Partnership program that funds legal and social work assistance to clients; and 3) \$60,035

Public Safety

in FY 2015 and FY 2016, for the John R. Justice Incentive Grant. Funds from this grant will be loaned out as scholarly assistance to municipal, state and federal prosecutors and defenders.

The FY 2015 revised and FY 2016 recommendations are for 93.0 FTE positions, no change from the enacted level. The staff consists of attorneys supported by social workers, investigators, interpreters, information technology, intake and clerical support.

Rhode Island Emergency Management Agency

FY 2015 Revised Budget

The Governor's revised FY 2015 Revised Budget for the Rhode Island Emergency Management Agency totals \$23.8 million, comprised of \$1.9 million in general revenue, \$21.4 million in federal funds, and \$216,680 in restricted receipts. Across all fund sources, the FY 2015 recommendation is \$3.1 million more than the FY 2015 enacted amount. The revised FY 2015 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$4,943 of general revenue savings being allocated to the Agency.

Emergency Management Agency	General Revenue	All Funds	FTE
<i>Personnel Adjustments</i>	(\$116,441)	(\$171,911)	n/a
The Governor recommends personnel financing in the amount of \$3.2 million for the 32.0 FTE positions assigned to the organization in the revised FY 2015 budget. The decline in general revenue is attributable to shift of expense to allowable federal and indirect cost recovery accounts, and the application of additional turnover to correspond to expected requirements for the year.			
<i>State Match for Hurricane Sandy FEMA reimbursements</i>	\$0	\$254,943	n/a
The State continues paying its share of FEMA approved reimbursements to communities and other government agencies whose property was affected by the 2012 storm event. Fiscal Year 2015 will likely be the end of these reimbursements.			

FY 2016 Recommended Budget

The Governor recommends \$18.5 million in all funds in the FY 2016 recommendation, a decrease of \$2.1 million from the FY 2015 enacted amount for all fund sources. The general revenue recommendation of \$1.8 million is a decrease of \$193,856 from the enacted amount, federal funds decrease by \$1.7 million to a total of \$16.5 million, and restricted receipts remain level at \$220,375. Rhode Island Capital Plan Fund financing ceases for the Agency's as its Hurricane Sandy reimbursements are expected to end in FY 2015.

Emergency Management Agency	General Revenue	All Funds	FTE
<i>Personnel Adjustments</i>	(\$172,486)	\$47,867	n/a
The Governor recommends personnel financing in the amount of \$3.4 million for the 32.0 FTE positions assigned to the organization in the FY 2016 budget. The majority of the general revenue decline is			

Public Safety

attributable to shift of costs to eligible federal grants, as allowed. The Governor also recommends \$75,000 in personnel financing from the indirect cost recovery account.

<i>Local Preparedness Grants</i>	\$0	(\$3,354,432)	n/a
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The Governor recommends a total of \$10.6 million in FY 2016 (and \$15.6 million in FY 2015) for grants to local governments and other groups for disaster preparedness, hazardous material containment, counter-terrorism, urban area initiatives and homeland security programs. Although federal dollars appear to be declining nation-wide, the Rhode Island Emergency Management Agency will continue to focus on the sustainability of programs it has put in place in the post-911 period.

Natural Resources

Natural Resources

Summary

The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council. The Governor recommends total full-time equivalent positions of 428.0 in FY 2015 and FY 2016 for the Natural Resource function. Up to 350 temporary positions may also be used for seasonal support at state parks and beaches. Certain debt service for general obligation bonds issued to finance capital projects for the Narragansett Bay Commission and the Rhode Island Clean Water Finance Agency are appropriated in the Department of Administration, though the agencies themselves are not part of the State Budget.

The Department of Environmental Management manages and protects Rhode Island's public and common natural assets, including land, air and water resources. It manages state-owned lands, including state parks and beaches, forests, port facilities, and fish and wildlife management areas. The Department administers a capital management program financed by general obligation bonds, funds from the Rhode Island Capital Plan Fund, federal funds, restricted receipts and third-party sources (for land acquisition). Capital program activities include: acquiring and developing recreational, open space and agricultural lands; municipal and non-profit grant programs for land acquisition and development; improvements to state-owned ports and recreation facilities; Superfund federal mandates; construction of new state environmental facilities; municipal wastewater facility construction grant programs; and grants to non-governmental entities for specified water quality improvement projects. The Department also monitors the use and quality of state groundwater; regulates discharges and uses of surface fresh and salt water; enforces game, fishing and boating regulations; coordinates a statewide forest fire protection plan; regulates air quality; and monitors the disposal of solid and hazardous wastes.

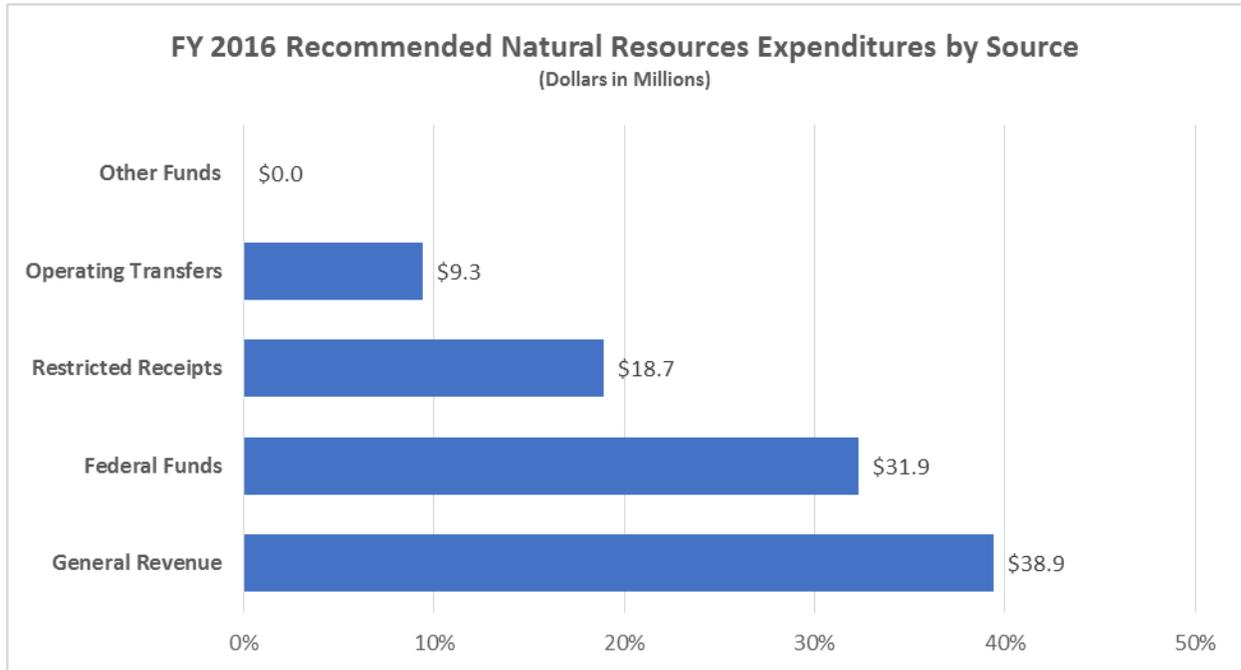
The Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the state. The Council is administered by sixteen appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, coastal policy analysts, marine resources and infrastructure specialists, an aquaculture and dredging coordinator, environmental scientists and administrative support staff. The Council issues permits regarding proposed changes in coastal facilities within an area from three miles offshore to two hundred feet inland from coastal features, including all freshwater wetlands within the coastal zone. The council formulates, amends, and enforces violations of the Rhode Island Coastal Resources Management and Special Area Management plans. The council develops guidelines and advises communities on harbor management plans; develops a Submerged Lands Management Licensing program for public trust areas; designates public rights-of-way to the shore; and serves as the aquaculture coordinator for permitting and planning actions. The Council is the lead agency for all dredging and implements an extensive habitat restoration effort. It also conducts public outreach and public communication campaigns on its programs and activities, and coordinates its programs with other government agencies.

The Governor's FY 2015 revised budget in all funds for all natural resource agencies is \$117.8 million, an increase of \$9.0 million from the FY 2015 enacted appropriation of \$108.8 million. Of this amount, \$38.4 million, or 32.6 percent, is from general revenue, \$41.1 million, or 34.9 percent, is from federal funds, \$16.7 million, or 14.2 percent, is from restricted receipts, and \$21.5 million, or 18.3 percent, is from other funds. General revenues increase by \$692,522, or 1.8 percent, federal funds by \$7.5 million, or 22.3 percent, restricted receipts by \$543,873, or 3.4 percent, and other funds by \$300,087, or 1.4 percent above the enacted level.

Of the \$117.8 million recommended for Natural Resources in FY 2015, personnel is budgeted at \$62.3 million, or 52.9 percent; operating at \$12.5 million, or 10.6 percent; assistance, grants, and benefits at \$10.7 million, or 9.1 percent; capital improvements at \$32.3 million, or 27.4 percent; and operating transfers at \$50,000, or 0.1 percent.

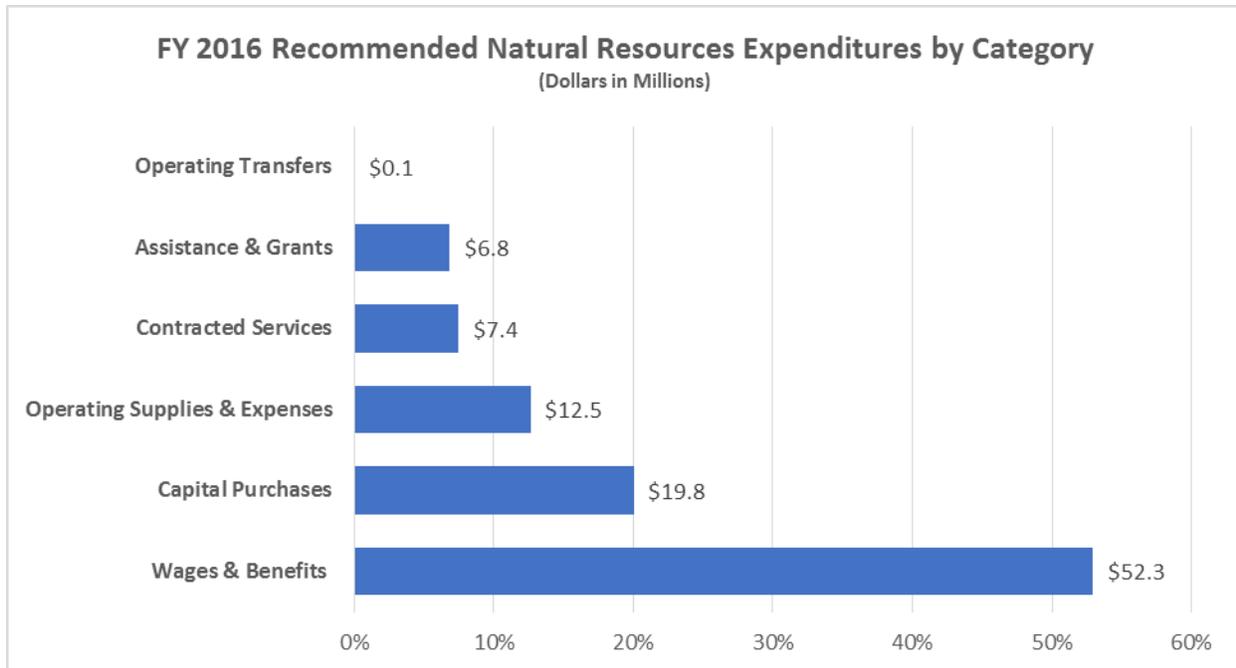
Natural Resources

The Governor's FY 2016 Budget from all funds for Natural Resource agencies is \$98.8 million, a decrease of \$9.9 million from the FY 2015 enacted appropriation of \$108.8 million. Of this amount, \$38.9 million, or 39.4 percent, is from general revenue; \$31.9 million, or 32.3 percent, is from federal funds; \$18.7 million, or 18.9 percent, is from restricted receipts; and \$9.3 million, or 9.4 percent, is from other funds. General revenues increase by \$1.2 million, or 3.2 percent; federal funds decrease by \$1.7 million, or 5.1 percent; restricted receipts increase by \$2.5 million, or 15.6 percent; and other funds decrease by \$12.0 million, or 56.4 percent, from the enacted level.



Of the \$98.8 million recommended for Natural Resources for FY 2016, personnel is budgeted at \$59.7 million, or 60.4 percent; operating at \$12.5 million, or 12.6 percent; assistance, grants, and benefits at \$6.8 million, or 6.8 percent; capital improvements at \$19.8 million, or 20.1 percent; and operating transfers at \$50,000, or 0.1 percent.

Natural Resources



Natural Resources

Department of Environmental Management

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Department of Environmental Management is \$107.3 million, including \$36.1 million in general revenue, \$34.0 million in federal funds, \$16.5 million in restricted receipts, and \$20.7 million in other funds. This represents an all funds increase of \$3.5 million from the enacted FY 2015 Budget of \$103.8 million. The revised FY 2015 Budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$113,517 of general revenue savings being allocated to the Department of Environmental Management.

From the enacted FY 2015 Budget, the Governor recommends an additional \$451,700 (exclusive of the medical benefit savings). The majority of this change is related to an increase in personnel expenses, which provides funding for a COLA and minimum wage increase. This recommendation fully funds projected operating expenses in the Parks and Recreation Division.

The Governor's recommendation for the revised FY 2015 Budget is consistent with the enacted budget in that it funds 399.0 full-time equivalent positions.

FY 2016 Recommended Budget

For the FY 2016 Budget, the Governor recommends a total of \$93.5 million, or a total of \$10.3 million less than the enacted FY 2015 Budget, for the Department of Environmental Management. By funding source, there are increases of \$965,462 from general revenue and \$2.5 million from restricted receipts and decreases of \$2.6 million from federal funds and \$11.3 million from other funds. The decrease in other funds is related to the completion or near completion of projects funded through the Rhode Island Capital Plan fund.

Office of the Director

The Office of the Director provides administrative and managerial oversight of the Department of Environmental Management. The Governor's recommendation for the FY 2016 Budget includes total funding of \$8.0 million for this program, which consists of \$4.7 million from general revenue, \$150,000 from federal funds, and \$3.1 million from restricted receipts. From the enacted FY 2016 Budget, this recommendation represents a total decrease of \$126,658 or \$340,797 from general revenue. This recommendation includes additional financing in personnel to address statewide changes and eliminates two one-time community service grants.

The Governor's Budget proposes to abolish the Rhode Island Bays, Rivers and Watersheds Coordination Team and transfer the responsibilities of the team and redirect resources to the Department of Environmental Management. This will allow the Department to strategically address management priorities related to water quality, water pollution management and climate change.

Bureau of Natural Resources

The Bureau of Natural Resources strives to provide individuals with well-maintained, scenic, and accessible outdoor recreational opportunities. For FY 2016, the Governor recommends a total of \$54.7 million for this program, which consists of \$20.0 million from general revenue, \$19.1 million from federal funds, \$6.5 million from restricted receipts, and \$9.1 million from other funds. From the enacted

Natural Resources

FY 2015 budget, this recommendation reflects increases of \$796,290 from general revenue and \$2.3 million from restricted receipts and decreases of \$2.1 million from federal funds and \$11.3 million from other funds, which, as previously stated, is related to the completion or near completion of projects funded through the Rhode Island Capital Plan Fund. Specific recommendations include:

Bureau of Natural Resources:	General Revenue	All Funds	FTE
<i>Consolidation of Capital</i>	\$(592,049)	\$(592,049)	4.0
The Governor's budget proposes consolidating construction, property and asset management functions in numerous departments within the Department of Administration. The consolidation supports efforts to provide greater oversight of capital projects, as well as to develop a more strategic approach to project planning and management, as well as asset management.			
<i>Parks and Recreation Operating Costs</i>	\$350,000	\$350,000	NA
The Governor recommends an increase of \$350,000 from general revenue to provide funding that will allow the Parks and Recreation Division to manage the state parks efficiently and safely.			

The Governor's Budget proposes to increase the commercial feed registration fee from \$60 to \$100 and direct the additional \$40 into the Local Agriculture and Seafood Grant Fund, which would allow the Department to assist in marketing of Rhode Island grown agricultural products and local seafood, enhance economic competitiveness, provide financial and technical assistance support, provide grants, and work with other governmental agencies.

Bureau of Environmental Protection

The Bureau of Environmental Protection provides services that ensure the quality of Rhode Island's air, water, and land resources. For FY 2016, the Governor recommends a total of \$30.8 million, which includes \$11.8 million from general revenue, \$10.0 million from federal funds, \$8.9 million from restricted receipts, and \$164,734 from other funds. From the enacted FY 2015 Budget, this recommendation consists of an increase of \$509,969 from general revenue and decreases of \$335,839 from federal funds and \$19,589 from restricted receipts and other funds. This recommendation includes additional financing in personnel to address statewide benefit changes.

The Governor's recommendation for the FY 2016 Budget is consistent with the enacted budget in that it funds 399.0 full-time equivalent positions.

Coastal Resources Management Council

FY 2015 Revised Budget

The Governor's revised FY 2015 Budget for the Coastal Resources Management Council is \$10.5 million. This includes \$2.3 million of general revenue, \$7.1 million of federal funds, \$250,000 in restricted receipts and \$832,432 from the Rhode Island Capital Plan Fund. General revenue increases by \$136,818, while federal funds increase by \$5.3 million, from the enacted level. General revenue personnel expenditures of \$2.2 million are funded for 19.0 FTE positions, an increase of one from the enacted level. The recommended budget is inclusive of enacted statewide medical benefit savings of \$8,750 distributed

Natural Resources

to state agencies, as well as a further statewide medical benefit savings adjustment of \$9,513. Contract legal and temporary services are level funded at \$141,840. Operating expenses are level funded at \$5,275.

Federal funds increase by \$96,905 in the federal funded portion of personnel (10.0 FTE positions) and operating expenditures. Funding for eight other federal grants increases by \$5.2 million. One grant (Narragansett Bay Habitat Restoration Planning) reflects revised expenditure scheduling. The budget also includes federal grants that fund planning work on coastal and marine habitat adaptation to rising sea levels and scheduled revisions of the Aquatic Invasive Species federal grant. The Governor also recommends the inclusion of five new federal grants: 1) A Shoreline Change Beach Special Area Management Plans (SAMP) project to develop coastal hazard overlay maps to identify high risk areas along the state's southern coast (\$193,000 in FY 2015 and FY 2016); 2) A SAMP project to develop a shoreline change mapping and adaptation program and a storm surge/sea level rise model for the Washington County area (a total of \$300,000 in FY 2015 and FY 2016); 3) The Hurricane Sandy-Narrow River grant to restore and expand the Narrow River salt marsh (\$1.5 million in FY 2015); 4) a Ninigret Pond Salt Marsh Restoration project (\$3,250,000 in FY 2015 and FY 2016); and 5) a Winnepaug Pond Repair project (\$860,227 in FY 2015).

The Governor recommends Rhode Island Capital Plan Fund financing of \$582,432 for the South Coast Restoration Project, to be used to match the federal Ninigret Pond and Winnepaug Pond grants. The Governor also recommends a total of \$300,000 in Rhode Island Capital Plan Fund financing in FY 2015 and FY 2016 for a Stormtools Beach SAMP to research storm surge inundation and wave analysis. The Governor recommends \$250,000 in restricted receipt expenditures for the Coastal and Estuary Habitat Restoration Program and Trust fund from the Oil Spill Prevention, Administration and Response Fund, to be spent on specific projects to rehabilitate coastal habitats.

FY 2016 Recommended Budget

In the FY 2016 budget, the Governor recommends \$5.3 million, including \$2.4 million of general revenue, \$2.6 million of federal funds, \$250,000 in restricted receipts, and \$50,000 from the Rhode Island Capital Plan Fund. The general revenue budget increases by \$247,722 from the enacted budget, reflecting statewide target adjustments, including a COLA adjustment for salaries, revisions in retirement, statewide benefit assessments, and medical benefits, as well as reductions reflecting retiree health savings. Federal Funds increase by \$840,205 from the enacted level, reflecting primarily the expected completion of work on the Narragansett Bay Habitat Restoration, Coastal System Adaptation, and Aquatic Invasive Species projects (a \$496,526 decrease), offset by continued work on the four new SAMP, Narrow River, and Ninigret federal grants (a \$1.3 million increase).

The FTE position authorization for the Council is unchanged at 29.0 FTE positions for FY 2015 and FY 2016. The staff includes engineers, environmental scientists, coastal policy analysts, marine resources and infrastructure specialists, an aquaculture and dredging coordinator, as well as administrative support staff.

Transportation

Transportation

Summary

The transportation function provides for the maintenance and construction of a quality infrastructure that reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation (DOT) through its core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance), transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation/replacement, and highway safety. The Department of Transportation maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

In FY 1994, Rhode Island established the Intermodal Surface Transportation Fund (ISTF) to provide financing for transportation expenditures from dedicated user-related revenue sources. This dedicated highway fund establishes a direct relationship between transportation project financing and the end-users of the projects, with the goal of establishing a stable revenue stream capable of financing the projects on a pay-as-you-go basis.

For FY 2015, the Intermodal Surface Transportation Fund is supported by 32.5-cents of Rhode Island's total 33.0-cent per gallon gasoline tax. For FY 2016, the gasoline tax will increase by 1.0-cent based on the Consumer Price Index for all Urban Consumers (CPI-U). Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority (RITBA) and the Department of Human Services (formerly the Department of Elderly Affairs). The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies. As of FY 2010, there is no longer any contribution to the general fund from the gasoline tax. The Office of Revenue Analysis within the Department of Revenue has provided the estimates for FY 2015 and FY 2016. The Office of Revenue Analysis estimates gasoline tax collections on a cent per gallon revenue yield. This yield is the basis for the development of budgets for the various gasoline tax supported operations.

Since the inception of this funding mechanism for transportation activities, there have been numerous revisions to the allocation plan. Each change has been initiated in order to direct more revenues to transportation operations rather than to the general fund. There was a change to the disbursement schedule in the enacted FY 2010 Budget, which increased the RIPTA allocation and the total gasoline tax by 2.0-cents, and an increase to the Department of Transportation of 1.0-cent, with an offsetting reduction and elimination of the allocation of gasoline tax directed to the general fund. Starting in FY 2009, 0.5 of the State's 1.0-cent per gallon environmental protection regulatory fee collected by distributors of motor fuel when the product is sold to owners and/or operators of underground storage tanks has been recommended to support the Rhode Island Public Transit Authority (RIPTA).

The most recent change to this funding mechanism occurred when the 2014 General Assembly passed Article 21 of the FY 2015 Appropriations Act. Starting in FY 2015, 3.5-cents of the gasoline tax is transferred to the Turnpike and Bridge Authority, to be used for maintenance operations, capital expenditures and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge, with a corresponding decrease to the Department of Transportation. Furthermore, starting in FY 2016, the gasoline tax will be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Bureau of Labor Statistics. The adjustment will then be rounded to the nearest 1.0-cent increment while the total tax cannot be less than 32.0-cents per gallon on all taxable gallons of fuel sold or used in Rhode Island in any given year.

Transportation

	Current Law Gasoline Tax Allocation (in cents)						
	Fiscal Year						
<u>Recipient</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
DOT	21.75 ³	21.75	21.75	21.75	21.75	18.25 ⁶	19.25 ⁷
RIPTA ¹	9.75 ⁴	9.75	9.75	9.75	9.75	9.75	9.75
RITBA	0.0	0.0	0.0	0.0	0.0	3.5	3.5
General Fund ¹	0.0 ³	0.0	0.0	0.0	0.0	0.0	0.0
DEA/DHS	1.0 ⁵	1.0	1.0	1.0	1.0	1.0	1.0
Underground Storage Tank-DEM	0.5 ¹	0.5	0.5	0.5	0.5	0.5	0.5
Total:	33.0	33.0	33.0	33.0	33.0	33.0	34.0

¹Increased to 7.25 cents in May 2006 (FY 2006) with a corresponding decrease to the General Fund

²Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee was recommended for allocation to RIPTA

³Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund was recommended to finance Department of Transportation operations

⁴Starting in FY 2010, 2.0 new cents of gasoline tax were added to the total for 33.0 cents now collected; the additional two cents were allocated to finance RIPTA

⁵Starting in FY 2010, 1.0 cent formerly directed to DEA are now sent to DHS

⁶Starting in FY 2015, 3.5 cents of gasoline tax are distributed to Turnpike and Bridge Authority, with a corresponding decrease to the Department of Transportation

⁷Starting in FY 2016, the gasoline tax shall be adjusted by the percentage of increase in CPI-U

In recent years, the State of Rhode Island has modified its transportation financing system to reduce reliance on debt financing and to provide additional resources for state projects. Rhode Island General Law 39-18.1-4 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund. Article 22 included in the FY 2012 Budget as Enacted, passed by the General Assembly, increased registration and license fees and dedicated those new revenues to transportation purposes, namely as a piece of the state match used towards the department's federal highway program. The Article prescribed a three-year, phased increase in registration and license fees, which began in FY 2014. Two-year registrations and drivers licenses would each be increased by \$30 (\$10 per year for three-years), while one-year registrations would be increased by \$15 (\$5 per year for three-years). Article 21, which was included in the FY 2015 Budget as Enacted, passed by the General Assembly, allows for the flexibility to also use these funds towards eliminating the structural deficiencies of the state's road and bridge maintenance systems and infrastructure.

In the 2014 legislative session, the financing mechanism for transportation infrastructure and bridge repairs changed dramatically when the General Assembly, as part of the FY 2015 Budget as Enacted, passed Article 21 – Relating to Transportation. Article 21 furthered how the Rhode Island Highway Maintenance Account will be funded.

Transportation

- Raises the state vehicle inspection fee by \$16.00, from \$39.00 to \$55.00. Previously \$16.00 of this fee had been deposited into the general fund; now, a total of \$32.00 (\$16.00 previous funds and the \$16.00 increase) will be deposited into the Highway Maintenance Account;
- Added a \$25.00 surcharge on all dismissals based on a good driving record. The previous fee of \$35.00 covers court costs; the additional \$25.00 will be deposited into the Highway Maintenance Account;
- Transfers existing motor vehicle fees, surcharges and tax revenues from the general fund to the Highway Maintenance Account, including:
 - \$50.00 fee to receive a certificate of title for a purchased vehicle.
 - Rental Vehicle Surcharge – 8.0 percent of gross receipts per rental vehicle for the first thirty days.
 - A multi-year phase-in for all remaining motor vehicle fees

Federal Funding

Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA). Federal highway funding is provided through the Highway Trust Fund and other sources, as appropriated and allocated by Congress through transportation authorization legislation. Typically, these authorization provisions extend five to six years, allowing for mid-range capital planning at the state level. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which was passed in August 2005, authorized funding for highway construction, highway safety programs, mass transit operations, and other surface transportation projects over a five-year period, from 2005 to 2009. The Act expired in 2009, but was extended by Congress for one year in 2010. In subsequent years, SAFETEA-LU was extended for short periods with minor adjustments to the substantive provisions.

In June 2012, Congress approved a two-year transportation authorization, called Moving Ahead for Progress in the 21st Century (MAP-21). MAP-21 shifted the Federal planning and project model toward performance measurements. The limited time of the authorization was an improvement over short-term extensions, but the two-year authorization still required the state to make assumptions when projecting the availability of future Federal resources. MAP-21 intended to create a streamlined and performance-based surface transportation program and build on and refine many existing highway, transit, bike, and pedestrian programs and policies.

MAP-21 set forth the following goals:

- Strengthen America's highways
- Establish performance-based programs
- Create jobs and support economic growth
- Support the Department of Transportation's aggressive safety agenda
- Streamline Federal highway transportation programs
- Accelerate project delivery and promotes innovation

The Highway Trust Fund (HTF) is the source of funding for most MAP-21 programs. The HTF includes the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. Federal motor fuel taxes are the primary source of income for the HTF. MAP-21 extended highway-user fees (Federal gas tax and other related taxes), generally at the rates that were in place when the legislation was enacted.

Transportation

In MAP-21, the metropolitan and statewide transportation planning processes are continued and enhanced to incorporate performance goals, measures, and targets into the process of identifying needed transportation improvements and project selection. Requirements for a long-range plan and a short-term Transportation Improvement Program (TIP) continue, with the development of the Long-Range Transportation Plan (LRTP) incorporating the performance plans required by the Act for certain programs. The TIP must also be developed to make progress toward established performance targets and must include a description of the anticipated achievements. Overall, MAP-21 includes an array of provisions designed to increase innovation and improve efficiency, effectiveness, and accountability in the planning, design, engineering, construction and financing of transportation projects.

The Rhode Island Department of Transportation Highway Improvement Program (HIP) includes highway and intermodal projects that use Federal funds administered by the FHWA that are typically funded with 80.0 percent Federal funding and 20.0 percent State matching funds. Prior to FY 2013, the State had traditionally matched Federal highway funds with general obligation bonds, which were approved by the voters as referenda questions at the November general election every two years. Debt service on the general obligation bonds issued was paid with gas tax revenue. As a result of continued borrowing, less gas tax revenue remained available each year for operations and maintenance costs.

Rhode Island relies heavily on federal funds to finance its Highway Improvement Program and other operations of the department. It is important to note that at a national level, the Federal Highway Trust Fund is being depleted with funds being expended faster than they are being replenished from federal fuel and other fees. The impending shortfall of the fund was expected to occur in August 2014, however the United States Congress and ultimately the President approved a nearly \$11.0 billion short-term fix to address the looming shortfall in the HTF and extend surface transportation programs through May 31, 2015. Because of the multi-year nature of the Highway Improvement Program, the Rhode Island Department of Transportation continues to work on plans to cope with a lack of a long-term funding solution at the federal level. Based on the uncertainty at the federal level, the Department of Transportation's federal highway financing budget, as compared to the enacted budget reflects a conservative approach to expected funds along with various changes to statewide project construction schedules and the completion of projects.

Transportation Improvement Program

The Highway Improvement Program implements the Department's capital program as identified in the State's Transportation Improvement Program (TIP). The TIP is a listing of transportation projects that the state plans to finance over a four-year period from Federal highway and transit funds. Federal law requires that all projects using Federal transportation funds shall appear in a TIP adopted by the State Planning Council and approved by the Governor.

In Rhode Island, the TIP is the product of extensive public outreach to all communities, public interest groups, and citizens throughout the state by the agencies involved in transportation planning and project implementation. Following extensive public solicitation for the current TIP, highway projects are selected by a twenty-seven member public body, known as the Transportation Advisory Committee (TAC), using criteria based on six major categories: mobility benefits; cost effectiveness; economic development; environmental impact; degree of support to local and state goals and plans; and safety/security/technology. Certain projects are reviewed by special public committees prior to selection for the TIP by the TAC. The transportation air quality subcommittee, assisted by DOT and DEM staff, conducts a solicitation and evaluation of Congestion Mitigation and Air Quality (CMAQ) proposals, a TAC subcommittee reviews new bicycle/pedestrian projects, and the RIDOT Advisory Committee solicits and evaluates applications for funds earmarked for Transportation Enhancements.

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Department of Transportation

The Governor recommends a revised FY 2015 of \$447.9 million for the Department of Transportation, including \$271.0 million in federal funds, \$143.5 million in other funds, \$32.4 million from the Rhode Island Capital Plan Fund, and \$1.0 million in restricted receipts. This represents a \$77.2 million decrease in all funds from the FY 2015 enacted budget. The revised FY 2015 Budget is inclusive of enacted statewide benefit savings distributed to state agencies, which resulted in \$207,402 of gasoline tax revenue savings being allocated to the Department of Transportation. Relative to FY 2015 enacted levels, recommended federal funds decrease by a total of \$81.1 million, Rhode Island Capital Plan Fund financing decrease by \$3.9 million, while restricted receipts decrease by \$11.4 million from the enacted budget (shifted to Highway Maintenance Account). Other funds for Transportation increase by a total of \$19.1 million from the enacted budget. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, RITBA, and GARVEE/Motor Fuel Revenue Bonds, as well as land sale proceeds, non-land surplus property revenues and other miscellaneous receipts.

Inclusive of the other funds category listed above are revenues derived from the gasoline tax and the Rhode Island Highway Maintenance Account, which combined, make up the state funded portion of the Intermodal Surface Transportation Fund. The revised estimated state gas tax revenue available in FY 2015 is \$143.8 million, which represents the revised per penny gasoline tax yield estimate of \$4,299,099, as well as a positive carry forward from FY 2014 of \$3.9 million based on federal winter storm reimbursement carry forward funds that were previously paid using gas tax revenues due to a winter storm that occurred in FY 2014, \$207,402 from a statewide medical benefit savings distributed to state agencies, and an additional \$2.1 million from 0.5-cent of the 1.0-cent Underground Storage Tank fee.

Gas Tax Budget & RI Highway Maintenance Account – Expenditures: FY 2015	Gas Tax Revenues	RI Highway Account	FTE
<i>Department of Transportation – Non-Maintenance Functions</i>	\$2,912,797	\$0	0.0
The Governor’s FY 2015 revised recommendation includes a total of \$11.0 million of available gasoline tax revenues for personnel and operational costs for the Department of Transportation’s Central Management, Management and Budget, and Infrastructure-Engineering programs.			
<i>Department of Transportation – Maintenance Operations</i>	(\$30,050,223)	\$35,034,115	0.0
Under Article 21, the Rhode Island Department of Transportation will resume responsibility of payment of its general obligation bond debt service from its gas tax revenues. Previously, the General Assembly had authorized gradually shifting payment of transportation debt from gas tax revenue to general revenue in an effort to dedicate more gas tax for transportation infrastructure. Prior to the passage of Article 21, the state would have increased general revenue payments for transportation debt service annually by \$10.0 million, until general revenue covered full debt service payments, projected for FY 2018. Article 21 reversed that plan, requiring that the Department of Transportation assume responsibility for \$578.0 million in debt through FY 2033. Additionally, RIDOT also lost 3.5-cents of gasoline tax (\$15.0 million) to the Turnpike and Bridge Authority beginning in FY 2015. As such, the Governor recommends utilizing \$35.0 million through the Rhode Island Highway Maintenance Account towards maintenance operations of the Department of Transportation to replace the loss of gas tax revenues to the Turnpike and Bridge Authority and increased debt service payments. Inclusive of the \$35.0 million is \$500,000 towards the beginning stages of a Highway Drainage Program and \$361,619 needed as a small portion of the state match for federal highway funds.			
<i>Highway Lighting – Electricity Costs</i>	\$2,509,529	\$0	0.0
The Governor recommends an increase of \$2.5 million from the FY 2015 enacted budget for highway			

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lighting and electricity costs for a revised total of \$3.6 million. The revised recommendation is an increase of \$107,775 over actual FY 2014 costs. As noted, a portion of the highway lighting FY 2015 enacted budget allocation was shifted as a result of the 3.5-cent loss of gasoline tax the Department of Transportation experienced. The Governor's revised FY 2015 Budget seeks to adjust this allocation to appropriate levels.

<i>Winter Maintenance Operations</i>	\$10,722,890	\$0	0.0
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The Governor recommends an increase of \$10.7 million from the FY 2015 enacted winter maintenance budget for a revised total of \$19.1 million. Costs include private vendors conducting snow plowing operations, materials such as liquid deicers, sand and salt, and vehicle repairs, maintenance, and fuel costs incurred during winter storm operations. The revised recommendation is an increase of \$2.4 million over actual FY 2014 costs based on the severe 2014/2015 winter the state has experienced. As noted, a portion of the winter maintenance FY 2015 enacted budget allocation was shifted as a result of the 3.5-cent loss of gasoline tax the Department of Transportation experienced. The Governor's revised FY 2015 Budget seeks to adjust this allocation to appropriate levels.

The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs as well. Operating assistance to the Rhode Island Public Transit Authority will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0-cent Underground Storage Tank fee.

RIPTA: FY 2015	Gas Tax Revenue	RI Highway Account	FTE
<i>Operating Transfer to RIPTA</i>	\$1,019,743	\$0	0.0

The Governor recommends an operating transfer of \$41.9 million to RIPTA for operating assistance, which is an increase of \$1.0 million from the FY 2015 enacted budget based on revised estimates to the per penny gas tax yield.

The 2012 General Assembly had authorized the transfer of the Sakonnet River Bridge and the Jamestown Verrazzano Bridge from the Department of Transportation to the Turnpike and Bridge Authority. In doing so, the General Assembly also authorized the Turnpike and Bridge Authority to toll the Sakonnet River Bridge, using the additional revenue generated to finance operations and maintenance on all four bridges making up what is known as the Eastbay Bridge System (Newport, Jamestown, Sakonnet, and Mount Hope Bridges). After public debate over tolling, the 2014 General Assembly removed the authority to toll the Sakonnet River Bridge. To make up for the loss of revenue, the General Assembly transfers 3.5-cents of the gasoline tax to the Turnpike and Bridge Authority beginning in FY 2015.

Turnpike and Bridge Authority: FY 2015	Gas Tax Revenue	RI Highway Account	FTE
<i>Operating Transfer to Turnpike and Bridge Authority</i>	\$366,062	\$0	0.0

The Governor recommends an operating transfer of \$15.0 million to the Turnpike and Bridge Authority for operating assistance, which is an increase of \$366,062 from the FY 2015 enacted budget based on revised estimates to the per penny gas tax yield.

FY 2004 marked the beginning of a major effort on the part of Rhode Island government to address the rebuilding and modernization of the State's transportation systems. In 2003, 2006 and 2009, the State completed the first, second and third parts of a three-part bond transaction that provided \$720.0 million in construction funds for five major infrastructure projects financed by two methods. The majority of the costs (\$544.4 million) have been financed through Grant Anticipation Revenue Vehicle bonds (GARVEE).

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GARVEE is a program approved by Congress that allows states to borrow funds, which are then repaid by the annual allocation of Federal Highway Administration construction funds. The remaining costs were provided through Motor Vehicle Tax Revenue Bonds. These bonds are financed through a 2.0-cent dedication of the Department's gasoline tax allocation. The projects financed under this program were the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the Freight Rail Improvement Program and Quonset Rt. 403 construction.

GARVEE Program – Debt Service: FY 2015	Gas Tax Revenue	All Funds	FTE
<i>Federal Highway Administration Pledge to Trustee</i>	\$0	\$24,178	0.0
The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$48.4 million in FY 2015 and is reflected in the Department's operating budget as a Federal fund source.			
<i>Operating Transfer – Motor Fuel Tax Revenue Bonds</i>	\$209,178	\$0	0.0
The gas tax funded debt service on the Motor Fuel Tax revenue bonds totals \$8.6 million in FY 2015, which is paid using 2.0-cents of total gas tax revenues.			

General obligation bonds have been used up until very recently as the state match piece for the state's Federal Highway Program as a means towards providing the twenty percent state match for eighty percent federal funded projects. Over the last few years, the state has moved away from using general obligation bonds as a match while the ballot of 2012 marked the first time in years that general obligation bonds for transportation funding was not on the ballot.

General Obligation Bonds – Debt Service: FY 2015	Gas Tax Revenue	All Funds	FTE
<i>Department of Transportation Debt Service</i>	\$19,352,125	\$102,125	0.0
Adjustments to the total gasoline tax appropriation for the Department of Transportation include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs of \$46.2 million for DOT. In addition, the Department receives \$1.9 million through the Build America Bond rebates that will be used to reduce the amount of gasoline tax used for debt service. The increase of \$19.4 million in gasoline tax revenues towards debt service is due to the reversal of general revenue financing a portion of transportation debt service, which would have been \$19.3 million in FY 2015 had that plan continued. On an all funds basis, the total debt service RIDOT is responsible for paying in FY 2015 increased by \$102,125 from the enacted level of \$47.9 million to \$48.1 million total.			
<i>RIPTA Debt Service</i>	\$0	\$0	0.0
Due to projected deficits at the Rhode Island Public Transit Authority, the Governor recommends that debt service on outstanding RIPTA general obligation bonds be funded using \$1.7 million of general revenue in FY 2015 to supplement gas tax revenue previously used for debt service. Based on adjustments to debt service payments, the state will be responsible for \$50,706 less than the enacted level of \$1.8 million.			

Through consolidation efforts over the years, the Department of Transportation finances employees through gas tax revenues, but whose costs are budgeted within the Department of Administration. A total of \$2.8 million represents financing of Human Resources, Purchasing, and Information Technology positions that have been consolidated within the Department of Administration (DOA) for employees who work at the Department of Transportation.

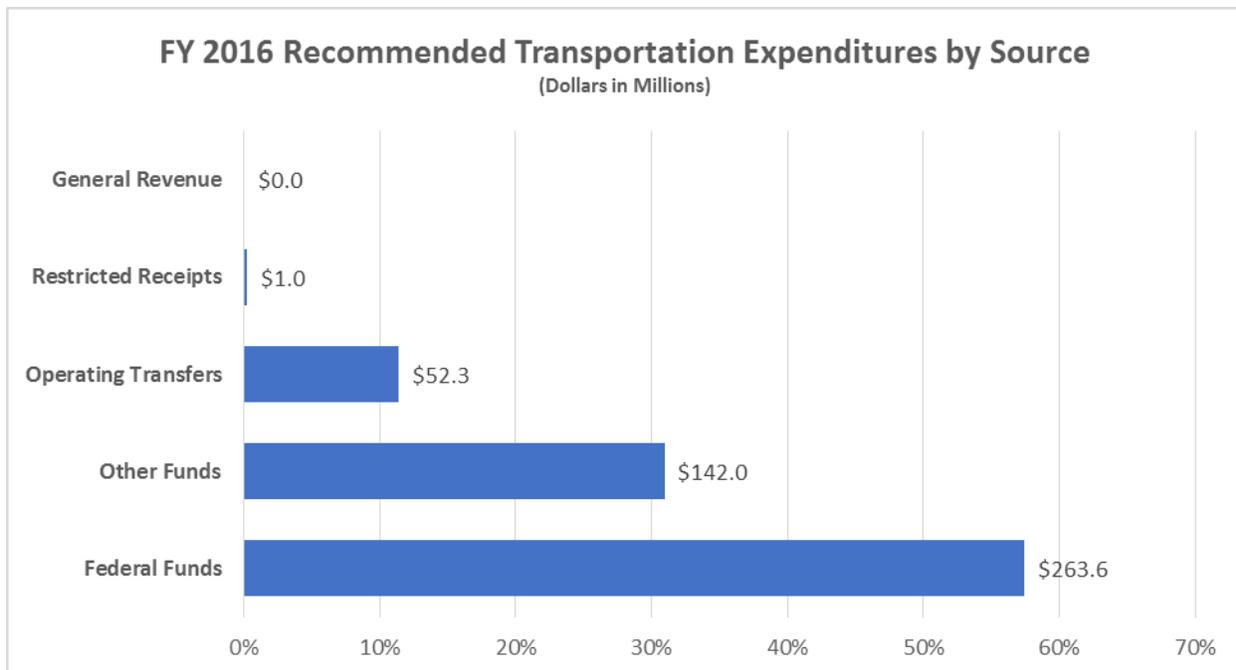
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Consolidation: FY 2015	Gas Tax Revenue	All Funds	FTE
<i>Personnel Consolidation Transfers to DOA</i>	\$335,420	\$335,420	0.0
The total transfer amount of these positions represents an increase of \$335,420 from the FY 2015 enacted budget. The increase represents financing for the first time of a Civil Rights Administrator, which had previously been financed through federal highway funds in addition to various personnel adjustments.			

In FY 2015 for the Department of Transportation, the Governor recommends 752.6 FTE positions, the same level authorized in the enacted FY 2015 Budget.

The Governor’s FY 2016 Budget for the Department of Transportation from all sources for transportation activities totals \$458.9 million, including \$263.6 million in federal funds, \$142.0 million in other funds, \$52.3 million from the Rhode Island Capital Plan Fund, and \$1.0 million in restricted receipts. This represents a \$66.3 million decrease in all funds from the FY 2015 enacted budget.

The following chart illustrates departmental expenditures by source of financing for FY 2016. This chart does not include general obligation bond expenditures, GARVEE expenditures, and GARVEE debt service payments with the exception of personnel costs financed by the GARVEE program and general obligation bonds.



Relative to FY 2015 enacted levels, recommended federal funds decrease by a total of \$88.5 million, Rhode Island Capital Plan Fund financing increase by \$16.0 million, while restricted receipts decrease by \$11.4 million from the enacted budget (shifted to Highway Maintenance Account). The other funds source represents 30.9 percent of the FY 2016 Budget for the Department, a total increase of \$17.6 million from the enacted budget. Other funds include total gasoline tax expenditures of \$89.7 million, of which \$24.5 million represents the Department of Transportation operating budget, \$39.5 million is budgeted for RIPTA's allocation of the gasoline tax, with an additional \$2.1 million for the 0.5 cents of the Underground Storage Fee allocated to RIPTA, \$15.0 million is budgeted for the Turnpike and Bridge Authority's allocation of the

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gasoline tax, and \$8.5 million for the Motor Fuel Bond allocation of the gasoline tax. Other funds also include total Rhode Island Highway Maintenance Account expenditures of \$41.4 million, of which \$39.3 million represents the Department of Transportation Budget and \$2.0 million is budgeted for RIPTA's allocation of five-percent of total estimated funds available in the account.

The total estimated receipts for the gasoline tax portion of the Intermodal Surface Transportation Fund in FY 2016 are \$143.2 million, which represents a gasoline tax yield estimate of \$4,274,912 per penny of the gasoline tax. Included in the total is an increase of 1.0-cent to the gas tax, adjusted by the percentage of increase in the CPI-U and rounded to the nearest 1.0-cent increment which will be allocated to the Department of Transportation, providing for an additional \$4.3 million in FY 2016. The following represents changes from the FY 2015 enacted budget based on revisions to the gasoline tax and per penny yield estimate:

Gas Tax Revenues - Distribution: FY 2016	Gas Tax Revenue	RI Highway Account	FTE
<i>Department of Transportation Allocation</i>	\$5,581,444	\$0	0.0
In FY 2016, the Governor recommends \$73.7 million of gasoline tax revenues be allocated to the Department of Transportation, or an increase of \$5.6 million from the FY 2015 enacted budget. The increase reflects an additional penny that will be allocated to DOT per RIGL 31-36-7(b) along with an increase in the estimated per penny gas tax yield.			
<i>RIPTA Allocation</i>	\$783,919	\$0	0.0
In FY 2016, the Governor recommends \$39.5 million of gasoline tax revenues and \$2.1 million from the Underground Storage Fee be allocated to the Rhode Island Public Transit Authority, or an increase of \$783,919 from the FY 2015 enacted budget. The increase reflects the estimated per penny gas tax yield.			
<i>Turnpike and Bridge Authority Allocation</i>	\$281,407	\$0	0.0
In FY 2016, the Governor recommends \$15.0 million of gasoline tax revenues be allocated to the Rhode Island Turnpike and Bridge Authority, or an increase of \$281,407 from the FY 2015 enacted budget. The increase reflects the estimated per penny gas tax yield.			

The total estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2016 are \$41.4 million, which represents an increase of \$7.1 million from the FY 2015 enacted budget.

RI Highway Maintenance Account Revenues: FY 2016	Gas Tax Revenue	RI Highway Account	FTE
<i>Vehicle and License Registration Fees</i>	\$0	\$5,473,611	0.0
In FY 2016, the Governor recommends \$16.8 million, or an increase of \$5.5 million from the enacted budget, as FY 2016 represents year-three of a prescribed three-year phase in to increase registrations and driver's license fees. RIGL 39-18.1-5 allows for the flexibility to use these funds as a financing mechanism towards the state match for the federal highway program or towards eliminating the structural deficiencies of the state's road and bridge maintenance systems and infrastructure. The amount of the surcharge is deposited into the Rhode Island Highway Maintenance Account			
<i>Emissions Inspection Sticker</i>	\$0	\$1,334,272	0.0
In FY 2016, the Governor recommends \$11.8 million, or an increase of \$1.3 million from the enacted budget, through revenues generated from motor vehicle inspection fees per RIGL 31-47.1-11. Article 21			

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amended the fee of \$39.00 and increased said fee to \$55.00 (a \$16.00 increase) for each motor vehicle inspected. An updated schedule distributes the \$55.00, whereas \$19.00 is retained by the inspection station owner to cover the costs of performing the inspection. The remaining \$36.00 is then remitted to the program manager, who shall retain no more than \$4.00 of the fee and then remit no less than \$32.00 for deposit into the Rhode Island Highway Maintenance Account.			
<i>Motor Vehicle Title Fees</i>	\$0	\$275,968	0.0
In FY 2016, the Governor recommends \$9.3 million, or an increase of \$275,968 from the enacted budget, through revenues generated from a \$50.00 fee to receive a certificate of title to a vehicle purchased per RIGL 31-3.1-6. All fees that are collected are deposited into the Rhode Island Highway Maintenance Account.			
<i>Rental Car Surcharge</i>	\$0	\$215,352	0.0
In FY 2016, the Governor recommends \$3.0 million, or an increase of \$215,352 from the enacted budget, through revenues generated from a rental vehicle surcharge which requires each rental car company to collect, at the time a motor vehicle is rented in the State, a surcharge equal to eight-percent of gross receipts per vehicle on all rentals for each of the first thirty days per RIGL 31-34.1-2. The amount of the surcharge is deposited into the Rhode Island Highway Maintenance Account.			
<i>Good Driving Surcharge</i>	\$0	(\$200,00)	0.0
In FY 2016, the Governor recommends \$400,000, or a decrease of \$200,000 from the enacted budget, through revenues generated from a surcharge, per RIGL 31-41.1-7, on all dismissals based upon a good driving record. The downward revision is based on year-to-date collections for the new surcharge. The amount of the surcharge is deposited into the Rhode Island Highway Maintenance Account.			

These two funding mechanisms, which when combined, make up the state funded portion of the Intermodal Surface Transportation Fund. Expenditures from the two sources are as followed:

Expenditures:	Gas Tax Revenues	RI Highway Account	FTE
FY 2016			
<i>Department of Transportation – Non-Maintenance Functions</i>	\$3,344,857	\$0	0.0
The Governor's FY 2016 recommendation includes a total of \$11.5 million of available gasoline tax revenues for personnel and operational costs for the Department of Transportation's Central Management, Management and Budget, and Infrastructure-Engineering programs.			
<i>Information Technology Investment Strategy</i>	\$1,522,460	\$0	0.0
In FY 2016, the Governor recommends utilizing \$1.5 million in gasoline tax revenues for upgrades to the Department of Transportation's Financial Management System (FMS) and Project Management Portal (PMP) System. The Department's current Financial Management System's version is obsolete and will no longer be supported by Oracle, posing risks in the form of business downtime and economic hardships to the Department, contractors, and the public. The PMP system is a current application solution for addressing all phases of DOT Design and Construction projects, including Real Time Contract Bid Broadcasting. Upgrades to the existing software are considered necessary to achieve important new features of the system.			
<i>Department of Transportation – Maintenance Operations</i>	(\$30,624,449)	\$35,660,606	0.0
Under Article 21, the Rhode Island Department of Transportation will resume responsibility of payment of its general obligation bond debt service from gas tax revenues. Additionally, RIDOT also lost 3.5-cents of gasoline tax (\$15.0 million) to the Turnpike and Bridge Authority. As such, the Governor recommends			

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utilizing \$35.7 million in FY 2016 through the Rhode Island Highway Maintenance Account towards maintenance operations of the Department of Transportation to replace the loss of gas tax revenues to the Turnpike and Bridge Authority and increased debt service payments.			
<i>Highway Lighting – Electricity Costs</i>	\$2,618,529	\$0	0.0
The Governor recommends an increase of \$2.6 million from the FY 2015 enacted budget for highway lighting and electricity costs for a revised total of \$3.7 million in FY 2016. The revised recommendation is an increase of \$216,775 over actual FY 2014 costs. As noted, a portion of the highway lighting FY 2015 enacted budget allocation was shifted as a result of the 3.5-cent loss of gasoline tax the department experienced. The Governor’s FY 2016 recommendation seeks to adjust this allocation to appropriate levels.			
<i>Winter Maintenance Operations</i>	\$8,693,945	\$0	0.0
The Governor recommends an increase of \$8.7 million from the FY 2015 enacted winter maintenance budget for a revised total of \$17.1 million. Costs include private vendors conducting snow plowing operations, materials such as liquid deicers, sand and salt, and vehicle repairs, maintenance, and fuel costs incurred during winter storm operations. The revised recommendation is an increase of \$382,134 over actual FY 2014 actual costs. As noted, a portion of the winter maintenance FY 2015 enacted budget allocation was shifted as a result of the 3.5-cent loss of gasoline tax the department experienced. The Governor’s FY 2016 recommendation seeks to adjust this allocation to appropriate levels.			
<i>Highway Drainage Program</i>	\$0	\$3,661,421	
In FY 2016, the Governor recommends \$3.7 million as a dedicated source of funds from the Rhode Island Highway Maintenance account to implement a state-funded Highway Drainage Program. As mandated by the U.S. Environmental Protection Agency under the Municipal Separate Storm Sewer Systems permit, RIDOT must annually inspect and clean the state’s 25,000+ catch basins as needed. The department is not in compliance with the permit and has since been instructed by the U.S. Department of Justice that the state must commit funding to this project over the long-term. The department estimates that the program would require \$80.0 million over ten-years to clean and inspect all catch basins and associated closed drainage systems. Once the initial inspections and repairs are made, inspection and cleaning costs would average \$2.0 million annually.			

Operating assistance to the Rhode Island Public Transit Authority will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0-cent Underground Storage Tank fee. Beginning in FY 2016, RIPTA will also receive five-percent of all available proceeds in the Rhode Island Highway Maintenance Account.

RIPTA: FY 2016	Gas Tax Revenue	RI Highway Account	FTE
<i>Operating Transfer to RIPTA</i>	\$783,919	\$0	0.0
In FY 2016, the Governor recommends an operating transfer of \$41.7 million to RIPTA for operating assistance, which is an increase of \$783,919 from the FY 2015 enacted budget.			
<i>Operating Transfer to RIPTA – 5% Allocation</i>	\$0	\$2,069,580	
Article 21 amended RIGL 39-18.1-5 by requiring that, beginning in FY 2016 and each year thereafter, the Rhode Island Public Transit Authority receive a transfer of five-percent of available proceeds in the Rhode Island Highway Maintenance Account for operating expenditures. Based on an estimated total of \$41.4 million expected to be deposited into the Highway Maintenance Account in FY 2016, RIPTA is scheduled			

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to receive \$2.0 million of total available revenues.

Operating assistance to the Rhode Island Turnpike and Bridge Authority will be financed from a 3.5-cent allocation of the gasoline tax.

Turnpike and Bridge Authority: FY 2016	Gas Tax Revenue	RI Highway Account	FTE
<i>Operating Transfer to Turnpike and Bridge Authority</i>	\$281,407	\$0	0.0
In FY 2016, the Governor recommends an operating transfer of \$15.0 million to the Turnpike and Bridge Authority for operating assistance, which is an increase of \$281,407 from the FY 2015 enacted budget.			

The FY 2016 recommendation continues paying debt service owed on the GARVEE bonds. The remaining costs were provided through Motor Vehicle Tax Revenue Bonds. These bonds are financed through a 2.0-cent dedication of the Department's gasoline tax allocation. The projects financed under this program were the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the Freight Rail Improvement Program and Quonset Rt. 403 construction.

GARVEE Program – Debt Service: FY 2016	Gas Tax Revenue	All Funds	FTE
<i>Federal Highway Administration Pledge to Trustee</i>	\$0	\$4,258,524	0.0
The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$52.6 million in FY 2016 and is reflected in the Department's operating budget as a Federal fund source.			
<i>Operating Transfer – Motor Fuel Tax Revenue Bonds</i>	\$160,804	\$0	0.0
The gas-tax funded debt service on the Motor Fuel Tax revenue bonds totals \$8.5 million in FY 2016, which is paid using 2.0-cents of total gas tax revenues.			

In October 2014, a major refunding and restructuring of transportation debt was completed that will greatly help level payments over time, eliminating the "spikes" that have caused additional pressure on the shrinking gas tax revenues for the Department of Transportation.

General Obligation Bonds – Debt Service: FY 2016	Gas Tax Revenue	All Funds	FTE
<i>Department of Transportation Debt Service</i>	\$19,182,675	(\$67,325)	0.0
Adjustments to the total gasoline tax appropriation for the Department of Transportation include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs of \$46.0 million for DOT. In addition, the department receives \$1.9 million through the Build America Bond rebates that will be used to reduce the amount of gasoline tax used for debt service. The increase of \$19.2 million in gasoline tax revenues towards debt service is due to the reversal of general revenue financing a portion of transportation debt service, which would have been \$19.3 million in FY 2015 had that plan continued. On an all funds basis, the total debt service RIDOT is responsible for paying in FY 2016 decreases by \$67,325 from the enacted level \$47.9 million.			
<i>RIPTA Debt Service</i>	\$0	\$0	0.0
Similar to FY 2015 and due to projected deficits at the Rhode Island Public Transit Authority, the Governor recommends that debt service on outstanding RIPTA general obligation bonds be funded with \$1.7 million of general revenue in FY 2016 to supplement gas tax revenue generally used for debt service. Based on adjustments to debt service payments, the state will be responsible for \$75,545 less than the			

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enacted level of \$1.8 million.

Through consolidation efforts over the years, the Department of Transportation finances employees through gas tax revenues, but whose costs are budgeted within the Department of Administration. A total of \$3.3 million represents financing of Human Resources, Purchasing, and Information Technology positions that have been consolidated within the Department of Administration for employees who work at the Department of Transportation.

Consolidation: FY 2016	Gas Tax Revenue	RI Highway Account	FTE
<i>Personnel Consolidation Transfers to DOA</i>	\$843,427	\$0	0.0
The Governor's FY 2016 Budget proposes consolidating construction, property and asset management functions in numerous departments within the Department of Administration. The consolidation supports efforts to provide greater oversight of capital projects, as well as to develop a more strategic approach to project planning and management, as well as asset management.			

In addition to the gasoline tax revenues and the Rhode Island Highway Maintenance Account generated revenues, the Department of Transportation's Highway Improvement Program (HIP) represents those Highway and Intermodal projects that utilize federal funds administered by the Federal Highway Administration. Other than federal grant funds, the HIP utilizes state funds for matching and non-matching purposes. To begin the elimination of general obligation bond financing for the Department of Transportation's federal highway match, the General Assembly appropriated \$20.0 million in FY 2013 and \$21.1 million in FY 2014. The trend to use Rhode Island Capital Plan Fund financing as a portion of the state match was accelerated in the FY 2015 enacted budget, which contained \$27.7 million of state match financing. The Governor's FY 2016 recommendation includes an additional \$20.0 million from the Rhode Island Capital Plan Fund for transportation projects that can be started in FY 2016. The increase provides a total of \$47.7 million in Rhode Island Capital Fund financing directed to the Highway Improvement Program.

As part of the FY 2015 enacted budget, Article 21 amended RIGL 39-18.1-4 entitled "Rhode Island Highway Maintenance Account Created" by including a three-year phased-in schedule where all remaining Department of Motor Vehicle (DMV) related fees that were not specifically transferred from the general fund to the Highway Maintenance Account in FY 2015, be deposited into the account beginning in FY 2016. RIGL 39-18.1-4 transfers 25.0% of all existing DMV fees to the Highway Maintenance Account as of July 1, 2015. To tackle the structural deficit consuming the state's general fund, the Governor recommends suspending the transfer of remaining DMV related fees, only for FY 2016, by amending RIGL 39-18.1-4(i), and replacing the lost revenues with additional Rhode Island Capital Plan Fund financing in FY 2016. The Governor's transportation infrastructure financing plan will provide the Department of Transportation with \$6.8 million in new funds in FY 2016, while continuing to phase-in the remaining DMV related fees as planned in FY 2017 of 75.0% and in FY 2018 of 100.0%.

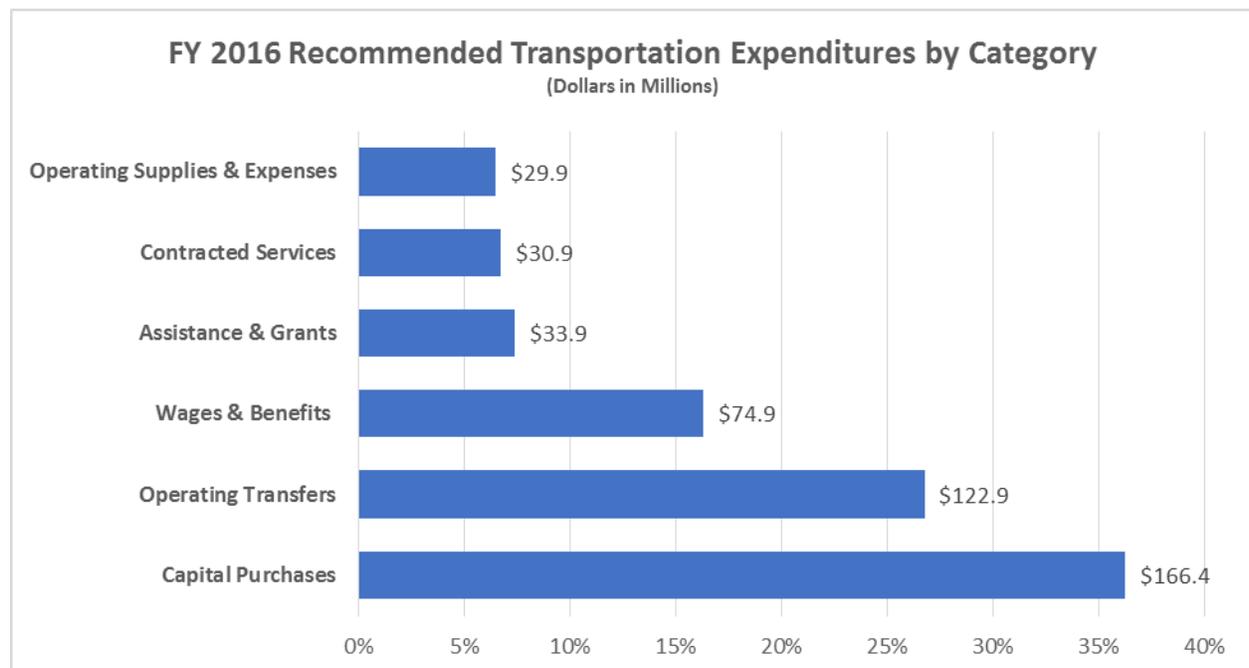
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The following table represents revised revenue estimates for the various fees and surcharges that will be deposited into the Rhode Island Highway Maintenance Account, to be utilized by the Department of Transportation for both department-wide operations and for transportation infrastructure projects to go along with financing from the Rhode Island Capital Plan Fund:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	Enacted	Recommend	Estimate	Estimate	Estimate	Estimate
Rhode Island Capital Plan Fund						
Highway Improvement Program - RICAP Fund Financing	\$27,650,000	\$47,650,000	\$27,200,000	\$27,200,000	\$27,200,000	\$27,200,000
Rhode Island Highway Maintenance Account						
<i>Surcharge & Fees</i>						
Inspection Sticker (Increase from \$39 - \$55)	\$4,800,000	\$5,919,536	\$6,009,600	\$6,073,312	\$6,150,112	\$6,243,616
Good Driving Surcharge (Increase of \$25)	\$600,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
License and Vehicle Registration Fees	\$11,352,760	\$16,826,371	\$16,826,371	\$16,826,371	\$16,826,371	\$16,826,371
Subtotal	\$16,752,760	\$23,145,907	\$23,235,971	\$23,299,683	\$23,376,483	\$23,469,987
<i>Existing General Revenue Transfers</i>						
Motor Vehicle Registration and License (Shift from General Fund)	\$0	\$0	\$39,290,733	\$50,326,472	\$49,667,157	\$49,307,786
Inspection Sticker (Shift from General Fund)	\$5,704,800	\$5,919,536	\$6,009,600	\$6,073,312	\$6,150,112	\$6,243,616
Motor Vehicle Title (Shift from General Fund)	\$9,034,844	\$9,310,812	\$8,849,294	\$8,356,766	\$8,301,377	\$8,426,212
Rental Car Surcharge (Shift from General Fund)	\$2,800,000	\$3,015,352	\$3,151,224	\$3,166,910	\$3,124,158	\$3,079,627
Subtotal	\$17,539,644	\$18,245,700	\$57,300,851	\$67,923,460	\$67,242,804	\$67,057,241
Total - Rhode Island Highway Maintenance Account	\$34,292,404	\$41,391,607	\$80,536,822	\$91,223,143	\$90,619,287	\$90,527,228

For the Department of Transportation, the Governor recommends 752.6 FTE positions, the same level authorized in the enacted FY 2015 Budget.

The following chart illustrates departmental expenditures on an all funds basis by category of expenditure for FY 2016.



Transportation

The capital category of expenditure represents 36.3 percent of the total department budget. Capital consists primarily of Federal highway dollars located within the Engineering program for infrastructure construction costs. Available funding drives the projections for the Department of Transportation.

A total of 23.0 percent represents personnel costs of the department, which includes contract services. Initiated in FY 2008, the department's Federal indirect cost recovery plan allows a portion of personnel, as well as contract services and operating costs to be eligible for federal reimbursement. The category of operating transfers represents 26.8 percent of all funds total spending for DOT, which includes the pass-through of gasoline tax, Rhode Island Highway Maintenance Account fund revenues, and underground storage tank fund revenues for RIPTA, gasoline tax revenues for the Turnpike and Bridge Authority, and for debt service payments for the GARVEE bonds through an operating transfer of federal highway funds.

The operating category represents 6.5 percent of all funds total spending for the department, representing maintenance activities, which include pavement repair, crack sealing, pothole repair, litter collection, vehicle fleet maintenance, street and sidewalk sweeping, signage, highway light maintenance, and bridge washing. Snow and ice removal operations also fall under the management of this category.

Assistance, grants, and benefits represent 7.4 percent of the FY 2016 Budget and consist primarily of Federal Highway Administration and Federal Transit Administration grant funds.

Appendix A

Schedules

FY 2016 General Revenue Budget Surplus

	FY 2013 Audited ⁽¹⁾	FY 2014 Audited ⁽²⁾	FY 2015 Enacted ⁽³⁾	FY 2015 Revised ⁽⁴⁾	FY 2016 Recommend ⁽⁵⁾
Surplus					
Opening Surplus	\$115,187,511	\$104,119,715	\$59,210,130	\$67,806,737	\$3,071,666
Adjustment to Opening Surplus	-	-	-	14,221,136	-
Reappropriated Surplus	7,726,521	7,052,524	-	-	-
Subtotal	\$122,914,032	\$111,172,239	\$59,210,130	\$82,027,873	\$3,071,666
General Taxes	2,577,507,611	2,674,140,830	2,738,956,476	\$2,738,956,476	2,836,900,000
Revenue estimators' revision	-	-	-	\$18,543,524	-
Changes to the Adopted Estimates	-	-	-	-	24,514,257
Subtotal	\$2,577,507,611	\$2,674,140,830	\$2,738,956,476	\$2,757,500,000	\$2,861,414,257
Departmental Revenues	356,831,653	360,678,655	351,671,912	\$351,671,912	199,300,000
Revenue estimators' revision	-	-	-	(\$2,371,912)	(3,374,752)
Changes to Adopted	-	-	-	(364,341)	156,071,602
Subtotal	\$356,831,653	\$360,678,655	\$351,671,912	\$348,935,659	\$351,996,850
Other Sources					
Other Miscellaneous	4,166,214	6,391,686	7,475,000	7,475,000	1,081,000
Revenue estimators' revision	-	-	-	325,000	-
Changes to Adopted	-	-	-	1,265,990	39,730,000
Lottery	379,224,715	376,327,121	384,500,000	384,500,000	334,800,000
Revenue estimators' revision	-	-	-	(1,200,000)	-
Changes to Adopted	-	-	-	-	-
Unclaimed Property	6,268,627	12,724,124	10,500,000	10,500,000	8,100,000
Revenue estimators' revision	-	-	-	500,000	-
Subtotal	\$389,659,556	\$395,442,931	\$402,475,000	\$403,365,990	\$383,711,000
Total Revenues	\$3,323,998,820	\$3,430,262,416	\$3,493,103,388	\$3,509,801,649	\$3,597,122,107
Transfer to Budget Reserve	(103,175,590)	(106,031,464)	(106,569,406)	(107,754,886)	(108,005,813)
Total Available	\$3,343,737,262	\$3,435,403,191	\$3,445,744,113	\$3,484,074,636	\$3,492,187,960
Actual/Enacted Expenditures	\$3,216,046,418	\$3,336,423,288	\$3,445,169,968	\$3,445,169,968	\$3,491,628,573
Reappropriations	-	-	-	-	-
Caseload Conference Changes	-	-	-	37,048,209	-
Other Changes in Expenditures	-	-	-	(1,215,207)	-
Total Expenditures	\$3,216,046,418	\$3,336,423,288	\$3,445,169,968	\$3,481,002,970	\$3,491,628,573
Total Ending Balances	\$127,690,844	\$98,979,903	\$574,145	\$3,071,666	\$559,387
Transfer to Other Funds ⁽⁶⁾	(\$16,518,605)	(\$23,794,501)	\$0	\$0	\$0
Reappropriations	(7,052,524)	(7,378,665)			
Free Surplus	\$104,119,715	\$67,806,737	\$574,145	\$3,071,666	\$559,387
Budget Reserve and Cash					
Stabilization Account	\$171,959,317	\$176,719,107	\$177,615,676	\$179,591,476	\$180,009,689

⁽¹⁾ Derived from the State Controller's final closing report for FY 2013, dated January 6, 2014, reflecting a surplus of \$104,119,715.

⁽²⁾ Derived from the State Controller's final closing report for FY 2014, dated December 29, 2014, reflecting a surplus of \$67,806,737.

⁽³⁾ Reflects the FY 2015 budget enacted by the General Assembly and signed into law by the Governor on June 19, 2014.

⁽⁴⁾ Reflects the enacted revenues and expenditures adjusted for revenue and caseload estimates adopted at the November 2014 Revenue and Caseload Estimating Conferences and adjustments to revenues and expenditures recommended by the Governor.

⁽⁵⁾ Reflects the Governor's recommended FY 2016 budget, including results of the November 2014 Revenue and Caseload Estimating Conference and any proposed legislative changes to modify adopted estimates.

⁽⁶⁾ Reflects restricted General Fund balances transferred to the Accelerated Depreciation Fund and projected transfer of surplus revenues to the State Retirement Fund.

Expenditures from All Funds

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Revised	FY 2016 Recommend
General Government					
Administration	\$376,882,855	\$412,495,073	\$425,765,956	\$457,723,709	\$339,051,951
Business Regulation	14,707,298	12,249,226	12,976,430	13,817,345	14,729,029
Executive Office Of Commerce (1)	0	0	0	335,644	76,320,494
Labor and Training	651,866,244	511,348,590	511,579,990	487,572,151	445,208,317
Revenue	348,801,260	422,287,255	460,214,642	446,079,738	415,207,249
Legislature	37,045,498	35,681,698	38,016,750	40,748,731	41,154,944
Lieutenant Governor	1,243,608	2,673,290	1,089,434	1,064,842	1,292,621
Secretary of State	7,313,841	6,668,513	8,366,955	7,935,146	7,971,884
General Treasurer	42,696,505	38,039,736	35,241,893	35,666,177	34,430,778
Board of Elections	1,846,513	1,573,262	4,145,127	4,656,199	1,818,305
Rhode Island Ethics Commission	1,500,568	1,541,741	1,581,205	1,618,883	1,644,876
Governor's Office	4,024,335	3,975,744	4,527,562	4,655,727	4,903,467
Commission for Human Rights	1,454,143	1,489,579	1,480,179	1,532,455	1,548,010
Public Utilities Commission	7,130,573	6,823,882	8,459,886	8,430,886	8,684,685
Subtotal - General Government	\$1,496,513,241	\$1,456,847,589	\$1,513,446,009	\$1,511,837,633	\$1,393,966,610
Health and Human Services					
Executive Office of Health & Human Services (2),(4)	1,663,295,783	1,945,613,900	2,391,411,846	2,518,592,148	2,429,810,398
Children, Youth, and Families	210,554,312	219,685,921	210,636,391	226,659,958	212,844,162
Health	103,167,181	108,576,130	122,645,570	125,983,641	121,352,917
Human Services	631,829,247	613,340,811	649,786,890	627,883,574	620,393,325
Behavioral Healthcare, Developmental Disabilities and Hospitals	437,129,468	445,714,460	365,509,826	364,817,841	366,867,639
Governor's Commission on Disabilities (4)	447,357	871,546	1,508,802	1,572,596	0
Commission On Deaf and Hard of Hearing (4)	371,083	399,505	474,279	478,741	0
Office of the Child Advocate (4)	610,133	583,702	661,817	683,154	0
Office of the Mental Health Advocate (4)	340,722	485,005	495,010	506,078	0
Subtotal - Human Services	\$3,047,745,286	\$3,335,270,980	\$3,743,130,431	\$3,867,177,731	\$3,751,268,441
Education					
Elementary and Secondary	1,171,742,290	1,197,362,280	1,246,096,357	1,251,804,389	1,302,876,096
Higher Education	1,008,387,638	1,061,770,203	1,080,789,192	1,075,696,542	1,087,759,178
RI Council on the Arts	3,094,687	2,280,949	2,914,959	2,972,986	3,681,407
RI Atomic Energy Commission	1,230,680	1,133,765	1,271,174	1,605,088	1,337,169
Higher Education Assistance Authority (5)	25,054,892	22,873,672	23,946,961	15,832,630	-
Historical Preservation and Heritage Comm.	1,876,982	2,000,284	5,909,976	6,080,581	3,911,203
Public Telecommunications Authority	784,886	0	-	-	-
Subtotal - Education	\$2,212,172,055	\$2,287,421,153	\$2,360,928,619	\$2,353,992,216	\$2,399,565,053

Expenditures from All Funds

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Revised	FY 2016 Recommend
Public Safety					
Attorney General	25,023,767	31,009,997	36,791,685	40,176,612	28,035,317
Corrections	189,506,984	195,805,164	209,326,500	213,346,663	212,575,670
Judicial	105,381,333	107,052,063	105,669,516	110,029,886	111,911,210
Military Staff	40,713,548	34,101,891	18,454,074	18,843,837	19,408,098
Rhode Island Emergency Mng Agency (3)	0	0	20,622,227	23,770,923	18,537,918
Public Safety	103,867,362	111,609,833	126,554,846	123,348,293	122,908,172
Office Of Public Defender	10,651,421	10,917,680	11,379,680	11,202,211	11,700,347
Subtotal - Public Safety	\$475,144,415	\$490,496,628	\$528,798,528	\$540,718,425	\$525,076,732
Natural Resources					
Environmental Management	67,572,786	79,469,714	103,811,527	107,313,434	93,482,803
Coastal Resources Management Council	4,667,950	4,457,741	4,959,681	10,506,226	5,347,608
Subtotal - Natural Resources	\$72,240,736	\$83,927,455	\$108,771,208	\$117,819,660	\$98,830,411
Transportation					
Transportation	407,977,701	401,479,015	525,120,546	447,939,727	458,868,000
Subtotal - Transportation	\$407,977,701	\$401,479,015	\$525,120,546	\$447,939,727	\$458,868,000
Total	\$7,711,793,434	\$8,055,442,820	\$8,780,195,341	\$8,839,485,392	\$8,627,575,247

(1) New Agency effective February 1, 2015.

(2) In FY 2013, the Medicaid program was moved from the Department of Human Services to the Office of Health and Human Services.

(3) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(4) In FY 2016, the Governor proposes a new Division of Advocacy within the Executive Office of Health and Human Services.

Expenditures from General Revenues

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Recommend	FY 2016 Recommend
General Government					
Administration	\$260,904,556	\$259,268,901	\$268,843,237	\$250,382,004	\$173,930,982
Business Regulation	8,610,843	8,526,389	9,013,477	8,802,653	9,345,012
Executive Office Of Commerce (1)	0	0	0	335,644	62,236,691
Labor and Training	7,730,995	8,027,721	8,669,103	9,013,937	8,424,769
Revenue	94,786,540	99,768,361	107,798,690	107,304,673	105,198,446
Legislature	35,681,738	34,498,448	36,429,671	39,233,413	39,474,071
Lieutenant Governor	942,140	957,446	1,015,084	1,007,208	1,227,621
Secretary of State	6,810,969	6,196,251	7,337,203	7,296,007	6,936,530
General Treasurer	2,532,414	2,384,819	2,432,105	2,417,151	2,420,250
Board of Elections	1,846,488	1,573,262	4,145,127	4,656,199	1,818,305
Rhode Island Ethics Commission	1,500,568	1,541,741	1,581,205	1,618,883	1,644,876
Governor's Office	4,024,335	3,975,744	4,527,562	4,655,727	4,903,467
Commission for Human Rights	1,131,840	1,138,859	1,193,083	1,221,763	1,252,174
Public Utilities Commission	-	-	-	-	-
Subtotal - General Government	\$426,503,426	\$427,857,942	\$452,985,547	\$437,945,262	\$418,813,194
Health and Human Services					
Executive Office of Health & Human Services (2),(4)	772,296,683	839,589,446	904,633,663	941,780,364	889,519,628
Children, Youth, and Families	150,929,977	154,719,224	148,707,146	158,341,580	151,837,731
Health	24,068,601	23,469,936	22,957,920	22,841,530	25,840,318
Human Services+B63+B70	97,459,617	92,107,740	96,328,781	94,808,416	96,425,089
Behavioral Healthcare, Developmental Disabilities and Hospitals	196,900,069	200,160,407	167,536,873	168,796,376	170,425,740
Governor's Commission on Disabilities (4)	337,427	339,529	358,275	357,141	0
Commission On Deaf and Hard of Hearing (4)	371,083	375,549	394,279	398,741	0
Office of the Child Advocate (4)	578,085	544,231	611,817	633,154	0
Office of the Mental Health Advocate (4)	340,722	485,005	495,010	506,078	0
Subtotal - Human Services	\$1,243,282,264	\$1,311,791,067	\$1,342,023,764	\$1,388,463,380	\$1,334,048,506
Education					
Elementary and Secondary	928,462,807	959,927,061	1,004,400,123	1,003,585,213	1,067,340,856
Higher Education	172,678,735	179,174,880	190,954,911	188,298,201	195,693,088
RI Council on the Arts	1,561,217	1,310,474	1,483,075	1,491,068	1,507,761
RI Atomic Energy Commission	829,034	859,903	913,197	907,737	957,170
Higher Education Assistance Authority (5)	5,693,317	4,333,323	147,000	147,000	-
Historical Preservation and Heritage Comm.	1,242,950	1,282,682	1,320,610	1,206,107	1,355,972
Public Telecommunications Authority	799,077	0	-	-	-
Subtotal - Education	\$1,111,267,137	\$1,146,888,323	\$1,199,218,916	\$1,195,635,326	\$1,266,854,847

Expenditures from General Revenues

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Recommend	FY 2016 Recommend
Public Safety					
Attorney General	22,301,954	23,235,530	23,607,146	24,544,068	25,193,210
Corrections	184,044,974	188,152,167	187,745,480	196,263,428	200,075,231
Judicial	87,871,336	91,551,391	91,636,668	94,058,445	95,797,046
Military Staff	3,548,304	3,461,473	1,842,096	2,164,935	2,065,434
Rhode Island Emergency Mng Agency (3)	-	-	1,959,858	1,861,076	1,766,002
Public Safety	90,408,367	96,048,576	95,294,034	97,978,879	96,454,299
Office Of Public Defender	10,472,687	10,742,068	11,130,816	11,048,671	11,621,977
Subtotal - Public Safety	\$398,647,622	\$413,191,205	\$413,216,098	\$427,919,502	\$432,973,199
Natural Resources					
Environmental Management	34,140,929	34,534,163	35,540,105	36,105,322	36,505,567
Coastal Resources Management Council	2,205,036	2,160,560	2,185,538	2,312,843	2,433,260
Subtotal - Natural Resources	\$36,345,965	\$36,694,723	\$37,725,643	\$38,418,165	\$38,938,827
Transportation					
Transportation	-	-	-	-	-
Subtotal - Transportation	-	-	-	-	-
Total	\$3,216,046,414	\$3,336,423,260	\$3,445,169,968	\$3,488,381,635	\$3,491,628,573

(1) New Agency effective February 1, 2015.

(2) In FY 2013, the Medicaid program was moved from the Department of Human Services to the Office of Health and Human Services.

(3) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(4) In FY 2016, the Governor proposes a new Division of Advocacy within the Executive Office of Health and Human Services.

Expenditures from Federal Funds

	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016
	Actual	Actual	Enacted	Recommend	Recommend
General Government					
Administration	\$48,041,755	\$72,702,362	\$51,493,455	\$89,252,942	\$43,302,629
Business Regulation	4,698,165	2,038,842	2,021,830	2,469,508	2,795,240
Executive Office Of Commerce (1)	0	0	-	0	10,983,803
Labor and Training	151,039,255	72,019,823	42,183,672	51,450,837	38,164,061
Revenue	1,951,612	1,655,815	5,113,145	4,692,166	1,315,154
Legislature	-	-	-	-	-
Lieutenant Governor	301,468	1,583,196	74,350	40,134	65,000
Secretary of State	2,541	16,040	-	34,123	-
General Treasurer	1,027,164	852,195	870,338	902,766	891,955
Board of Elections	25	0	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	322,303	350,720	287,096	310,692	295,836
Public Utilities Commission	281,102	207,575	87,733	87,733	90,000
Subtotal - General Government	\$207,665,390	\$151,426,568	\$102,131,619	\$149,240,901	\$97,903,678
Health and Human Services					
Executive Office of Health & Human Services (2),(4)	879,749,357	1,093,456,235	1,470,870,303	1,561,011,456	1,524,436,297
Children, Youth, and Families	56,817,343	61,602,917	56,568,664	62,235,275	58,167,464
Health	54,360,133	55,777,861	65,094,393	66,960,648	63,405,159
Human Services	523,431,013	513,984,570	547,332,819	525,722,659	517,564,219
Behavioral Healthcare, Developmental Disabilities and Hospitals	229,691,069	228,621,075	181,157,004	181,151,974	180,590,102
Governor's Commission on Disabilities (4)	101,893	50,799	141,350	305,524	0
Commission On Deaf and Hard of Hearing (4)	-	-	-	-	-
Office of the Child Advocate (4)	32,048	39,471	50,000	50,000	0
Office of the Mental Health Advocate (4)	-	-	-	-	-
Subtotal - Human Services	\$1,744,182,856	\$1,953,532,928	\$2,321,214,533	\$2,397,437,536	\$2,344,163,241

Expenditures from Federal Funds

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Recommend	FY 2016 Recommend
Education					
Elementary and Secondary	214,304,994	203,805,167	208,495,934	213,815,072	202,962,314
Higher Education	4,015,957	5,204,666	5,092,287	5,099,787	15,442,544
RI Council on the Arts	713,635	686,230	799,348	735,546	775,353
RI Atomic Energy Commission	132,451	12,301	0	351,171	54,699
Higher Education Assistance Authority (5)	10,977,121	10,244,455	15,465,693	7,293,103	-
Historical Preservation and Heritage Comm.	538,626	522,900	2,183,588	2,255,295	2,054,893
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$230,682,784	\$220,475,719	\$232,036,850	\$229,549,974	221,289,803
Public Safety					
Attorney General	1,390,205	1,648,980	1,634,631	2,679,629	1,291,777
Corrections	1,950,008	1,834,575	1,654,703	2,009,400	1,337,381
Rhode Island Emergency Mng Agency (3)	-	-	18,273,640	21,438,224	16,551,541
Judicial	3,411,809	2,986,862	1,909,247	3,190,765	3,217,720
Military Staff	34,152,735	28,705,774	14,779,178	14,518,597	15,361,864
Public Safety	5,960,830	6,597,933	6,894,275	8,110,857	6,346,357
Office Of Public Defender	178,734	175,612	248,864	153,540	78,370
Subtotal - Public Safety	\$47,044,321	\$41,949,736	\$45,394,538	\$52,101,012	\$44,185,010
Natural Resources					
Environmental Management	18,300,658	22,231,819	31,859,611	34,034,773	29,307,477
Coastal Resources Management Council	2,021,633	2,127,181	1,774,143	7,110,951	2,614,348
Subtotal - Natural Resources	\$20,322,291	\$24,359,000	\$33,633,754	\$41,145,724	\$31,921,825
Transportation					
Transportation	272,507,069	284,457,818	352,114,755	271,020,767	263,615,422
Subtotal - Transportation	\$272,507,069	\$284,457,818	\$352,114,755	\$271,020,767	\$263,615,422
Total	\$2,522,404,711	\$2,676,201,769	\$3,086,526,049	\$3,140,495,914	\$3,003,078,979

(1) New Agency effective February 1, 2015.

(2) In FY 2013, the Medicaid program was moved from the Department of Human Services to the Office of Health and Human Services.

(3) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(4) In FY 2016, the Governor proposes a new Division of Advocacy within the Executive Office of Health and Human Services.

Expenditures from Restricted Receipts

	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016
	Actual	Actual	Enacted	Recommend	Recommend
General Government					
Administration (1)	\$7,165,104	\$15,899,348	\$36,398,746	\$31,970,438	\$29,795,027
Business Regulation	1,398,290	1,683,995	1,941,123	2,545,184	2,588,777
Executive Office Of Commerce (1)	0	0	0	0	2,800,000
Labor and Training	36,663,287	36,675,422	41,540,583	51,418,162	23,130,150
Revenue	1,730,219	1,696,101	4,000,819	2,309,433	3,894,326
Legislature	1,363,760	1,183,250	1,587,079	1,515,318	1,680,873
Lieutenant Governor	-	132,648	-	17,500	-
Secretary of State	500,331	456,222	529,752	541,262	599,108
General Treasurer	38,966,029	34,602,288	31,718,842	32,127,266	30,899,755
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	6,849,471	6,616,307	8,372,153	8,343,153	8,594,685
Subtotal - General Government	\$94,636,491	\$98,945,581	\$126,089,097	\$130,787,716	\$103,982,701
Health and Human Services					
Executive Office of Health & Human Services (2),(4)	11,249,743	12,568,219	15,907,880	15,800,328	15,854,473
Children, Youth, and Families	2,448,750	2,762,996	2,448,750	2,840,143	2,838,967
Health	24,703,887	29,272,149	34,593,257	36,112,413	32,107,440
Human Services	7,232,941	2,355,044	1,797,309	3,024,518	2,076,036
Behavioral Healthcare, Developmental Disabilities and Hospitals	6,039,273	8,459,502	9,608,663	8,790,976	9,180,797
Governor's Commission on Disabilities (4)	5,217	6,898	9,177	9,931	0
Commission On Deaf and Hard of Hearing (4)	-	23,956	80,000	80,000	-
Office of the Child Advocate (4)	-	-	-	-	-
Office of the Mental Health Advocate (4)	-	-	-	-	-
Subtotal - Human Services	\$51,679,811	\$55,448,764	\$64,445,036	\$66,658,309	\$62,057,713
Education					
Elementary and Secondary	23,405,069	25,529,786	26,953,972	27,384,533	28,948,926
Higher Education	596,538	630,618	644,000	644,000	653,200
RI Council on the Arts	-	-	-	-	-
RI Atomic Energy Commission	-	-	-	-	-
Higher Education Assistance Authority (5)	-	-	-	-	-
Historical Preservation and Heritage Comm.	42,137	45,108	434,910	428,630	428,630
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$24,043,744	\$26,205,512	\$28,032,882	\$28,457,163	\$30,030,756

Expenditures from Restricted Receipts

	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016
	Actual	Actual	Enacted	Recommend	Recommend
Public Safety					
Attorney General	923,413	5,900,916	11,249,908	12,702,915	1,250,330
Corrections	52,723	53,383	398,879	404,403	47,058
Rhode Island Emergency Mng Agency (3)	-	-	221,729	216,680	220,375
Judicial	10,393,917	10,426,434	10,773,601	11,346,527	10,396,444
Military Staff	359,161	301,196	442,800	388,300	323,300
Public Safety	3,076,402	4,060,157	12,863,854	9,523,426	11,383,011
Office Of Public Defender	-	-	-	-	-
Subtotal - Public Safety	\$14,805,616	\$20,742,086	\$35,950,771	\$34,582,251	\$23,620,518
Natural Resources					
Environmental Management	12,009,000	13,377,916	15,934,989	16,478,862	18,454,537
Coastal Resources Management Council	219,000	170,000	250,000	250,000	250,000
Subtotal - Natural Resources	\$12,228,000	\$13,547,916	\$16,184,989	\$16,728,862	\$18,704,537
Transportation					
Transportation	973,230	7,202,773	12,352,761	1,000,000	1,000,000
Subtotal - Transportation	\$973,230	\$7,202,773	\$12,352,761	\$1,000,000	\$1,000,000
Total	\$198,366,892	\$222,092,632	\$283,055,536	\$278,214,301	\$239,396,225

(1) New Agency effective February 1, 2015.

(2) In FY 2013, the Medicaid program was moved from the Department of Human Services to the Office of Health and Human Services.

(3) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(4) In FY 2016, the Governor proposes a new Division of Advocacy within the Executive Office of Health and Human Services.

Expenditures from Other Funds

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Recommend	FY 2016 Recommend
General Government					
Administration	\$60,771,440	\$64,624,462	\$69,030,518	\$86,118,325	\$92,023,313
Business Regulation	-	-	-	-	-
Executive Office Of Commerce (1)	-	-	-	-	300,000
Labor and Training	456,432,707	394,625,624	419,186,632	375,689,215	375,489,337
Revenue	250,332,889	319,166,978	343,301,988	331,773,466	304,799,323
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	-	-	500,000	63,754	436,246
General Treasurer	170,898	200,434	220,608	218,994	218,818
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-
Subtotal - General Government	\$767,707,934	\$778,617,498	\$832,239,746	\$793,863,754	\$773,267,037
Health and Human Services					
Executive Office of Health & Human Services (2),(4)	-	-	-	-	-
Children, Youth, and Families	358,242	600,784	2,911,831	3,242,960	0
Health	34,560	56,184	0	69,050	-
Human Services	3,705,676	4,893,457	4,327,981	4,327,981	4,327,981
Behavioral Healthcare, Developmental Disabilities and Hospitals	4,499,057	8,473,476	7,207,286	6,078,515	6,671,000
Governor's Commission on Disabilities (4)	2,820	474,320	1,000,000	900,000	0
Commission On Deaf and Hard of Hearing (4)	-	-	-	-	-
Office of the Child Advocate (4)	-	-	-	-	-
Office of the Mental Health Advocate (4)	-	-	-	-	-
Subtotal - Human Services	\$8,600,355	\$14,498,221	\$15,447,098	\$14,618,506	\$10,998,981
Education					
Elementary and Secondary	5,569,420	8,100,266	6,246,328	7,019,571	3,624,000
Higher Education	831,096,408	876,760,039	884,097,994	881,654,554	875,970,346
RI Council on the Arts	819,835	284,245	632,536	746,372	1,398,293
RI Atomic Energy Commission	269,195	261,561	357,977	346,180	325,300
Higher Education Assistance Authority (5)	8,384,454	8,295,894	8,334,268	8,392,527	-
Historical Preservation and Heritage Comm.	53,269	149,594	1,970,868	2,190,549	71,708
Public Telecommunications Authority	(14,191)	0	-	-	-
Subtotal - Education	\$846,178,390	\$893,851,599	\$901,639,971	\$900,349,753	\$881,389,647

Expenditures from Other Funds

	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2015 Recommend	FY 2016 Recommend
Public Safety					
Attorney General	408,195	224,571	300,000	250,000	300,000
Corrections	3,459,279	5,765,039	19,527,438	14,669,432	11,116,000
Rhode Island Emergency Mng Agency (3)	-	-	167,000	254,943	0
Judicial	3,704,271	2,087,376	1,350,000	1,434,149	2,500,000
Military Staff	2,653,348	1,633,448	1,390,000	1,772,005	1,657,500
Public Safety (4)	4,421,763	4,903,167	11,502,683	7,735,131	8,724,505
Office Of Public Defender	-	-	-	-	-
Subtotal - Public Safety	\$14,646,856	\$14,613,601	\$34,237,121	\$26,115,660	\$24,298,005
Natural Resources					
Environmental Management	3,122,199	9,325,816	20,476,822	20,694,477	9,215,222
Coastal Resources Management Council	222,281	-	750,000	832,432	50,000
Subtotal - Natural Resources	\$3,344,480	\$9,325,816	\$21,226,822	\$21,526,909	\$9,265,222
Transportation					
Transportation	134,497,402	109,818,424	160,653,030	175,918,960	194,252,578
Subtotal - Transportation	\$134,497,402	\$109,818,424	\$160,653,030	\$175,918,960	\$194,252,578
Total	\$1,774,975,417	\$1,820,725,159	\$1,965,443,788	\$1,932,393,542	\$1,893,471,470

(1) New Agency effective February 1, 2015.

(2) In FY 2013, the Medicaid program was moved from the Department of Human Services to the Office of Health and Human Services.

(3) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(4) In FY 2016, the Governor proposes a new Division of Advocacy within the Executive Office of Health and Human Services.

Full-Time Equivalent Positions

	FY 2013	FY 2014	FY 2015 Enacted	FY 2015 Revised	FY 2016
General Government					
Administration	712.1	720.7	710.7	710.7	710.7
Business Regulation	94.0	94.0	94.0	98.0	99.0
Executive Office of Commerce	-	-	-	5.0	18.6
Labor & Training	423.0	410.0	410.0	410.0	410.0
Revenue	489.0	492.0	505.0	505.0	514.5
Legislature	298.5	298.5	298.5	298.5	298.5
Office of the Lieutenant Governor	8.0	8.0	8.0	8.0	8.0
Secretary of State	57.0	57.0	57.0	57.0	57.0
General Treasurer	82.0	83.0	83.0	83.0	83.0
Board Of Elections	11.0	11.0	11.0	11.0	11.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0
Office of the Governor	45.0	45.0	45.0	45.0	45.0
Commission for Human Rights	14.5	14.5	14.5	14.5	14.5
Public Utilities Commission	48.0	49.0	50.0	50.0	50.0
Subtotal - General Government	2,294.1	2,294.7	2,298.7	2,307.7	2,331.8
Human Services					
Office of Health and Human Services	169.0	184.0	184.0	184.0	202.0
Children, Youth, and Families	671.5	670.5	670.5	672.5	672.5
Health	498.0	491.1	491.3	491.3	488.6
Human Services	933.1	959.1	959.1	959.1	959.1
Behavioral Healthcare, Developmental Disabilities, and Hospitals (1)	1,424.4	1,422.4	1,422.4	1,420.4	1,421.4
Office of the Child Advocate	5.8	6.0	6.0	6.0	-
Commission On the Deaf & Hard of Hearing	3.0	3.0	3.0	3.0	-
Governor's Commission on Disabilities	4.0	4.0	4.0	4.0	-
Office of the Mental Health Advocate	3.7	3.7	3.7	3.7	-
Subtotal - Human Services	3,712.5	3,743.8	3,744.0	3,744.0	3,743.6
Education					
Elementary and Secondary Education	171.4	171.4	154.9	158.4	153.4
Davies	126.0	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0	60.0
Elementary Secondary Education - Total	357.4	357.4	340.9	344.4	339.4
Office of Postsecondary Commissioner Standard	15.8	15.8	12.8	14.0	29.0
URI Standard	1,857.3	1,996.6	1,887.7	1,882.7	1,882.7
RIC Standard	837.6	837.6	841.6	841.6	841.6
CCRI Standard	754.1	754.1	754.1	760.1	765.1
Higher Education - Total Non-Sponsored	3,464.8	3,604.1	3,496.2	3,498.4	3,518.4
RI Council On The Arts	6.0	6.0	6.0	6.0	6.0
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Higher Education Assistance Authority	36.0	23.0	22.0	22.0	-
Historical Preservation and Heritage Commission	16.6	16.6	16.6	16.6	16.6
Public Telecommunications Authority	14.0	-	-	-	-
Subtotal - Education	3,903.4	4,015.7	3,890.3	3,896.0	3,889.0

Full-Time Equivalent Positions

Public Safety					
Attorney General	233.1	233.1	236.1	236.1	236.1
Corrections	1,419.0	1,419.0	1,419.0	1,419.0	1,419.0
Judicial	723.3	726.3	723.3	723.3	723.3
Military Staff	112.0	117.0	85.0	85.0	92.0
Emergency Management	-	-	32.0	32.0	32.0
Public Safety	609.2	634.2	633.2	633.2	633.2
Office of the Public Defender	93.0	93.0	93.0	93.0	93.0
Subtotal - Public Safety	3,189.6	3,222.6	3,221.6	3,221.6	3,228.6
Natural Resources					
Environmental Management	399.0	399.0	399.0	399.0	399.0
Coastal Resources Management Council	29.0	29.0	29.0	29.0	29.0
Subtotal - Natural Resources	428.0	428.0	428.0	428.0	428.0
Transportation					
Transportation	772.6	752.6	752.6	752.6	752.6
Subtotal - Transportation	772.6	752.6	752.6	752.6	752.6
Total Standard	14,300.2	14,457.4	14,335.2	14,349.9	14,373.6
Higher Education Third Party*					
Office	1.0	1.0	1.0	1.0	1.0
CCRI	100.0	58.7	59.7	94.0	89.0
RIC	82.0	82.0	82.0	82.0	82.0
URI	593.2	501.2	608.1	573.8	573.8
Subtotal Third Party	776.2	642.9	750.8	750.8	745.8
Total Higher Education	4,241.0	4,247.0	4,247.0	4,249.2	4,264.2
Total Personnel Authorizations	15,076.4	15,100.3	15,086.0	15,100.7	15,119.4

*A total of 750.8 FTE positions in Higher Education in FY 2015 and 745.8 FTE positions FY 2016 represent FTE's supported by third party funds. Commencing in FY2005, these positions were included in the overall FTE Cap. In addition, there are separate caps for each program and for sponsored/non-sponsored research FTE's.

(1) Formerly Mental Health, Retardation and Hospitals

General Revenues as Recommended

	FY 2013 Audited	FY 2014 Audited	FY 2015 Revised	FY 2016 Recommended
Personal Income Tax	\$ 1,085,765,261	\$ 1,115,512,527	\$ 1,167,700,000	\$ 1,210,669,294
General Business Taxes				
Business Corporations	131,827,907	114,215,409	112,800,000	119,456,347
Public Utilities Gross Earnings	99,640,815	101,382,220	103,600,000	105,000,000
Financial Institutions	12,594,921	16,610,639	16,000,000	16,500,000
Insurance Companies	92,744,945	102,356,841	113,600,000	115,128,416
Bank Deposits	2,877,325	2,471,553	2,500,000	2,500,000
Health Care Provider Assessment	41,568,589	42,131,465	43,200,000	43,276,416
Sales and Use Taxes				
Sales and Use	878,866,074	916,035,065	955,000,000	1,003,373,471
Motor Vehicle	49,431,495	52,407,813	49,900,000	50,229,883
Motor Fuel	438,255	523,920	500,000	500,000
Cigarettes	132,516,310	139,461,685	136,800,000	140,685,281
Alcohol	12,176,109	18,252,450	19,000,000	13,000,000
Controlled Substances		48,188		
Other Taxes				
Estate and Transfer	28,489,275	43,592,370	27,000,000	19,200,000
Racing and Athletics	1,171,108	1,176,869	1,100,000	1,100,000
Realty Transfer	7,399,222	7,961,816	8,800,000	9,995,970
Statewide Property Tax *				11,761,679
Total Taxes	\$ 2,577,507,611	\$ 2,674,140,830	\$ 2,757,500,000	\$ 2,862,376,757
Departmental Receipts	\$ 356,831,653	\$ 360,678,655	\$ 348,935,659	\$ 351,034,350
Taxes and Departmentals	\$ 2,934,339,264	\$ 3,034,819,485	\$ 3,106,435,659	\$ 3,213,411,107
Other Sources				
Other Miscellaneous	4,166,214	6,391,686	9,065,990	40,811,000
Lottery	379,224,715	376,327,121	383,300,000	334,800,000
Unclaimed Property	6,268,627	12,724,124	11,000,000	8,100,000
Other Sources	\$ 389,659,556	\$ 395,442,931	\$ 403,365,990	\$ 383,711,000
Total General Revenues	\$ 3,323,998,820	\$ 3,430,262,416	\$ 3,509,801,649	\$ 3,597,122,107

* The Governor proposes to establish statewide property tax of \$2.50 per \$1,000 in assessed value for non-owner occupied residences and vacant residential land valued at greater than \$1.0 million.

The audited revenues displayed above reflect gross receipts, including reimbursement of tax credits issued through the Historical Structures Tax credit program. The state's consolidated financial report reflects the reimbursement as a transfer from other funds, rather than within each tax source.

Changes to FY 2015 Enacted Revenue Estimates

	FY 2015 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,157,132,269	\$ 10,567,731	\$ -	\$ 1,167,700,000
General Business Taxes				
Business Corporations	118,811,698	(6,011,698)	-	112,800,000
Public Utilities Gross	112,000,000	(8,400,000)	-	103,600,000
Financial Institutions	11,500,000	4,500,000	-	16,000,000
Insurance Companies	115,503,704	(1,903,704)	-	113,600,000
Bank Deposits	2,400,000	100,000	-	2,500,000
Health Care Provider	42,137,188	1,062,812	-	43,200,000
Sales and Use Taxes				
Sales and Use	939,619,684	15,380,316	-	955,000,000
Motor Vehicle	49,500,000	400,000	-	49,900,000
Motor Fuel	500,000	-	-	500,000
Cigarettes	135,800,000	1,000,000	-	136,800,000
Alcohol	17,442,085	1,557,915	-	19,000,000
Other Taxes				
Estate and Transfer	27,009,849	(9,849)	-	27,000,000
Racing and Athletics	1,100,000	-	-	1,100,000
Realty Transfer	8,500,000	300,000	-	8,800,000
Total Taxes	\$ 2,738,956,476	\$ 18,543,524	\$ -	\$ 2,757,500,000
Departmental Receipts	351,671,912	(2,371,912)	\$ (364,341)	348,935,659
Total Taxes and Departmentals	\$ 3,090,628,388	\$ 16,171,612	\$ (364,341)	\$ 3,106,435,659
Other Sources				
Other Miscellaneous	7,475,000	325,000	1,265,990	9,065,990
Lottery	384,500,000	(1,200,000)	-	383,300,000
Unclaimed Property	10,500,000	500,000	-	11,000,000
Other Sources	\$ 402,475,000	\$ (375,000)	\$ 1,265,990	\$ 403,365,990
Total General Revenues	\$ 3,493,103,388	\$ 15,796,612	\$ 901,649	\$ 3,509,801,649

Changes to FY 2016 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,216,600,000	\$ (5,930,706)	\$ 1,210,669,294
General Business Taxes			
Business Corporations	119,100,000	356,347	119,456,347
Public Utilities Gross	105,000,000	-	105,000,000
Financial Institutions	16,500,000	(871,584)	15,628,416
Insurance Companies	116,000,000	-	116,000,000
Bank Deposits	2,500,000	-	2,500,000
Health Care Provider	44,300,000	(1,023,584)	43,276,416
Sales and Use Taxes			
Sales and Use	1,000,000,000	3,373,471	1,003,373,471
Motor Vehicle	39,600,000	10,629,883	50,229,883
Motor Fuel	500,000	-	500,000
Cigarettes	134,200,000	6,485,281	140,685,281
Alcohol	13,000,000	-	13,000,000
Other Taxes			
Estate and Transfer	19,200,000	-	19,200,000
Racing and Athletics	1,100,000	-	1,100,000
Realty Transfer	9,300,000	695,970	9,995,970
Statewide Property Tax *		11,761,679	11,761,679
Total Taxes	\$ 2,836,900,000	\$ 25,476,757	\$ 2,862,376,757
Departmental Receipts	\$ 199,300,000	\$ 151,734,350	\$ 351,034,350
Total Taxes and Departmentals	\$ 3,036,200,000	\$ 177,211,107	\$ 3,213,411,107
Other Sources			
Other Miscellaneous	1,081,000	39,730,000	40,811,000
Lottery	334,800,000	-	334,800,000
Unclaimed Property	8,100,000	-	8,100,000
Other Sources	\$ 343,981,000	\$ 39,730,000	\$ 383,711,000
Total General Revenues	\$ 3,380,181,000	\$ 216,941,107	\$ 3,597,122,107

* The Governor proposes to establish statewide property tax of \$2.50 per \$1,000 in assessed value for non-owner occupied residences and vacant residential land valued at greater than \$1.0 million.

General Revenue Changes to Adopted Estimates

	Governor Recommend
FY 2016	
<u>Taxes</u>	
<u>Personal Income Tax</u>	
<i>Final Payments</i>	
Exempt taxable Social Security benefits for federal AGI of \$50,000 or less (S/MS/HH) and \$60,000 or less (MJ)	(3,854,666)
Proposed Contingency Fee Contract for Increased Tax Compliance	962,500
<i>Refunds and Adjustments</i>	
Increase allowable percentage of federal earned income tax credit to 12.5 percent in TY 2016	(3,038,540)
<i>Subtotal: Personal Income Taxes</i>	\$ (5,930,706)
<u>General Business Taxes</u>	
<i>Business Corporations Tax</i>	
Elimination of the Enterprise Zone wage tax credit	356,347
<i>Subtotal: Business Corporation Tax</i>	\$ 356,347
<i>Insurance Companies Gross Premiums</i>	
Reduced revenues from decreased Medicaid expenditures	(871,584)
<i>Subtotal: Insurance Companies Gross Premiums Tax</i>	\$ (871,584)
<i>Health care Provider Assessment</i>	
Reduced revenues from decreased Medicaid expenditures	(1,023,584)
<i>Subtotal: Health Care Provider Tax</i>	\$ (1,023,584)
<i>Subtotal: General Business Taxes</i>	\$ (1,538,821)
<u>Sales and Excise Taxes</u>	
<i>Sales and Use Tax</i>	
Phase-out of sales tax on commercial use of electricity, natural gas and heating fuels over five years	(4,877,756)
Expand sales tax to rental of vacation homes and bed and breakfast inns with less than three rooms to rent	5,422,316
Impose sales tax on the final retail price for on-line room resellers	820,662
Impose sales tax on unlicensed rentals for lodging accommodations	851,512
Increased sales tax from cigarette excise tax increase to \$3.75 per pack	656,737
Taxation self audit program	500,000
<i>Subtotal: Sales and Use Tax</i>	\$ 3,373,471
<i>Motor Vehicle Operator License and Registration Fees</i>	
Delay license plate reissuance to September 2016	\$ (2,561,952)
Suspend transfer of 25.0 percent of motor vehicle fees to Rhode Island Highway Maintenance Account	13,191,835
<i>Subtotal: Motor Vehicle Operator License and Registration Fees</i>	\$ 10,629,883
<i>Cigarettes Excise Tax</i>	
Increase cigarette excise tax by 25 cents to \$3.75 per pack	5,863,726
Cigarette floor stock tax from increase in cigarette excise tax to \$3.75 per pack	621,555
<i>Subtotal: Cigarettes Excise Tax</i>	\$ 6,485,281
<i>Subtotal: Sales and Excise Taxes</i>	\$ 20,488,635
<u>Other Taxes</u>	
<i>Realty Transfer Tax</i>	
Enact Controlling Interest Transfer Tax for real estate holdings	695,970
<i>Subtotal: Realty Transfer Tax</i>	\$ 695,970
<i>State Property Tax</i>	
Impose state property tax of \$2.50 per \$1,000 of total value on second homes assessed at \$1.0 million or more	\$ 11,761,679
<i>Subtotal: State Property Tax</i>	\$ 11,761,679
<i>Subtotal: Other Taxes</i>	\$ 12,457,649
Subtotal: All Taxes	\$ 25,476,757
<u>Departmental Receipts</u>	
<i>Licenses and Fees</i>	
DHS: Reconstitute Hospital Licensing Fee at 5.703 Percent on FY 2013 net patient revenues	\$ 156,071,602
Phase out of imaging services and outpatient health care facility surcharges over four years	(574,399)
Eliminate licenses for select occupations	(365,906)
<i>Subtotal: Licenses and Fees</i>	\$ 155,131,297

General Revenue Changes to Adopted Estimates

<i>Fines and Penalties</i>		
Proposed Contingency Fee Contract for Increased Tax Compliance: Interest on Overdue Taxes	\$	560,000
Proposed Contingency Fee Contract for Increased Tax Compliance: Penalty on Overdue Taxes	\$	227,500
<i>Subtotal: Fines and Penalties</i>	\$	<i>787,500</i>
<i>Miscellaneous Revenues</i>		
Transfer state share of 5.0 percent state hotel tax and Statewide district hotel tax revenues to RI Commerce Corp	\$	(3,776,447)
Urban Institute Work Support Strategies Grant transfer to restricted receipts	\$	(408,000)
<i>Subtotal: Miscellaneous</i>	\$	<i>(4,184,447)</i>
<i>Subtotal: Departmental Receipts</i>	\$	<i>151,734,350</i>
<i>Other Sources</i>		
<i>Other Miscellaneous Revenues</i>		
Tobacco Settlement Financing Corporation: Transfer proceeds from tobacco bond debt restructuring	\$	19,000,000
Rhode Island Clean Water Finance Agency: Transfer reserves to offset debt service on general obligation bonds issuance		11,000,000
Rhode Island Health and Educational Building Corporation: Transfer of excess reserves		5,000,000
Narragansett Bay Commission: Transfer reserves to offset debt service on general obligation bonds issuance		2,800,000
Rhode Island Resource Recovery Corporation: Transfer of reserves in exchange for increase in tipping fees		1,500,000
Rhode Island Airport Corporation: Accelerate transfer of debt service		430,000
<i>Subtotal: Other Miscellaneous Revenues</i>	\$	<i>39,730,000</i>
<i>Subtotal: Other Sources</i>	\$	<i>39,730,000</i>
FY 2016 Total General Revenue Changes	\$	216,941,107

Other Revenue Enhancements

	Governor Recommend
FY 2015	
<u>Restricted Receipts</u>	
Urban Institute Work Support Strategies Grant transfer from general revenues	\$ 364,341
<i>Subtotal: Restricted Receipts</i>	\$ 364,341
FY 2015 Total Non-General Revenue Changes	\$ 364,341
FY 2016	
<u>Restricted Receipts</u>	
Urban Institute Work Support Strategies Grant transfer from general revenues	\$ 408,000
<i>Subtotal: Restricted Receipts</i>	\$ 408,000
<u>Pass Through Revenues</u>	
<i>State Hotel Tax</i>	
Reallocation of state hotel tax share from Providence tourism district to RI Commerce Corporation	\$ (718,109)
Reallocation of state hotel tax share from Warwick tourism district to RI Commerce Corporation	(376,572)
Reallocation of state hotel tax from all other tourism districts to RI Commerce Corporation	(832,616)
Reallocation of state hotel tax from Rhode Island Convention Center Authority to RI Commerce Corporation	(316,906)
Reallocation of state hotel tax from general revenues to RI Commerce Corporation	3,776,447
Reallocation of state hotel tax to Rhode Island Commerce Corporation	2,244,203
<i>Subtotal: Reallocation of State Hotel Tax Shares to RI Commerce Corporation</i>	\$ 3,776,447
Impose state hotel tax on the final retail price for on-line room resellers: Providence district	\$ 23,133
Impose state hotel tax on the final retail price for on-line room resellers: Warwick district	12,131
Impose state hotel tax on the final retail price for on-line room resellers: Aquidneck Island district	99,409
Impose state hotel tax on the final retail price for on-line room resellers: All other tourism districts	32,511
Impose state hotel tax on the final retail price for on-line room resellers: Prov Warwick Convention & Visitors Bureau	78,430
Impose state hotel tax on the final retail price for on-line room resellers: RI Commerce Corporation	194,519
Impose state hotel tax on the final retail price for on-line room resellers: Municipalities	146,053
<i>Subtotal: State Hotel Tax on On-Line Room Resellers</i>	\$ 586,186
Impose state hotel tax on unlicensed rentals for lodging accommodations: Providence district	\$ 29,325
Impose state hotel tax on unlicensed rentals for lodging accommodations: Warwick district	857
Impose state hotel tax on unlicensed rentals for lodging accommodations: Aquidneck Island district	119,289
Impose state hotel tax on unlicensed rentals for lodging accommodations: All other tourism districts	34,298
Impose state hotel tax on unlicensed rentals for lodging accommodations: Prov Warwick Convention & Visitors Bureau	74,770
Impose state hotel tax on unlicensed rentals for lodging accommodations: RI Commerce Corporation	197,627
Impose state hotel tax on unlicensed rentals for lodging accommodations: Municipalities	152,056
<i>Subtotal: State Hotel Tax on Unlicensed Rentals of Lodging Accommodations</i>	\$ 608,222
<i>Subtotal: Pass Through Revenues</i>	\$ 4,970,855
FY 2016 Total Non-General Revenue Changes	\$ 5,378,855

Appendix B
Changes to FY 2015

Changes to FY 2015 General Revenue Fund Surplus

	FY 2013 Audited ⁽¹⁾	FY 2014 Audited ⁽²⁾	FY 2015 Enacted ⁽³⁾	FY 2015 Revised ⁽⁴⁾	Change From Enacted
Surplus					
Opening Surplus	\$115,187,511	\$104,119,715	\$59,210,130	\$67,806,737	\$8,596,607
Adjustment to Opening Surplus				14,221,136	\$14,221,136
Reappropriated Surplus	7,726,521	7,052,524	-	7,378,665	\$7,378,665
Subtotal	\$122,914,032	\$111,172,239	\$59,210,130	\$89,406,538	\$30,196,408
General Taxes	2,577,507,611	2,674,140,830	2,738,957,477	\$2,738,957,477	-
Revenue estimators' revision	-	-	-	\$18,542,523	18,542,523
Changes to the Adopted Estimates	-	-	-	-	-
Subtotal	\$2,577,507,611	\$2,674,140,830	\$2,738,957,477	\$2,757,500,000	\$18,542,523
Departmental Revenues	356,831,653	360,678,655	351,671,912	\$351,671,912	-
Revenue estimators' revision	-	-	-	(\$2,371,912)	(2,371,912)
Changes to Adopted	-	-	-	(364,341)	(364,341)
Subtotal	\$356,831,653	\$360,678,655	\$351,671,912	\$348,935,659	(\$2,736,253)
Other Sources					
Other Miscellaneous	4,166,214	6,391,686	7,475,000	7,475,000	-
Revenue estimators' revision	-	-	-	325,000	325,000
Changes to Adopted	-	-	-	1,265,990	1,265,990
Lottery	379,224,715	376,327,121	384,500,000	384,500,000	-
Revenue estimators' revision	-	-	-	(1,200,000)	(1,200,000)
Changes to Adopted	-	-	-	-	-
Unclaimed Property	6,268,627	12,724,124	10,500,000	10,500,000	-
Revenue estimators' revision	-	-	-	500,000	500,000
Subtotal	\$389,659,556	\$395,442,931	\$402,475,000	\$403,365,990	\$890,990
Total Revenues	\$3,323,998,820	\$3,430,262,416	\$3,493,104,389	\$3,509,801,649	\$16,697,260
Transfer to Budget Reserve	(103,175,590)	(106,031,464)	(106,569,436)	(107,754,886)	(1,185,450)
Total Available	\$3,343,737,262	\$3,435,403,191	\$3,445,745,084	\$3,491,453,301	\$45,708,218
Actual/Enacted Expenditures	\$3,216,046,418	\$3,336,423,288	\$3,445,169,968	\$3,445,169,968	\$0
Reappropriations	-	7,378,665	-	7,378,665	\$7,378,665
Caseload Conference Changes	-	-	-	37,048,209	\$37,048,209
Other Changes in Expenditures	-	-	-	(1,215,207)	(\$1,215,207)
Total Expenditures	\$3,216,046,418	\$3,343,801,953	\$3,445,169,968	\$3,488,381,635	\$43,211,667
Total Ending Balances	\$127,690,844	\$91,601,238	\$575,116	\$3,071,666	\$2,496,551
Transfer to Other Funds ⁽⁵⁾	(16,518,605)	(23,794,501)	\$0	\$0	\$0
Reappropriations	(7,052,524)				
Free Surplus	\$104,119,715	\$67,806,737	\$575,116	\$3,071,666	\$2,496,551
Budget Reserve and Cash					
Stabilization Account	\$171,959,317	\$176,719,107	\$177,615,676	\$179,591,476	\$1,975,800

⁽¹⁾ Derived from the State Controller's final closing report for FY 2013, dated January 6, 2014, reflecting a surplus of \$104,119,715.

⁽²⁾ Derived from the State Controller's final closing report for FY 2014, dated December 29, 2014, reflecting a surplus of \$67,806,737.

⁽³⁾ Reflects the FY 2015 budget enacted by the General Assembly and signed into law by the Governor on June 19, 2014.

⁽⁴⁾ Reflects the enacted revenues and expenditures adjusted for revenue and caseload estimates adopted at the November 2014 Revenue and Caseload Estimating Conferences and adjustments to revenues and expenditures recommended by the Governor.

⁽⁵⁾ Reflects restricted General Fund balances transferred to the Accelerated Depreciation Fund and projected transfer of surplus revenues to the State Retirement Fund.

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
<u>General Government</u>					
Administration					
Central Management	2,502,964		(12,722)		
Personnel-Salary & Benefits (Restore Turnover)				455,255	
Contracted Services - State Classification & Compensation Study		280,000		216,775	
Operating Supplies & Expenses				(1,614)	
Assistance & Grants				64,960	
Capital Purchases & Equipment				(2,000)	
Office of Digital Excellence (ODE) - Personnel				(262,207)	
	2,502,964	280,000	(12,722)	471,169	3,241,411
Accounts & Control	3,973,748		(32,617)		
Personnel-Salary & Benefits				(112,234)	
Operating Supplies & Expenses				(2,579)	
	3,973,748	-	(32,617)	(114,813)	3,826,318
Office of Management and Budget	4,018,136		(20,909)		
Personnel-Salary & Benefits				(3,924)	
Contracted Professional Services				(2,000)	
Operating Supplies & Expenses				(18,896)	
Capital Purchases & Equipment (E-permitting)		527,000		(302,000)	
	4,018,136	527,000	(20,909)	(326,820)	4,197,407
Purchasing	2,670,956		(21,669)		
Personnel-Salary & Benefits				(96,465)	
Contracted Professional Services				25,000	
Operating Supplies & Expenses				2,335	
	2,670,956	-	(21,669)	(69,130)	2,580,157
Auditing	1,434,565		(8,027)		
Personnel-Salary & Benefits				(34,622)	
Operating Supplies & Expenses				1,000	
Capital Purchases & Equipment				(1,000)	
	1,434,565	-	(8,027)	(34,622)	1,391,916
Human Resources	7,830,548		(53,507)		
Personnel-Salary & Benefits				(136,826)	
Contracted Professional Services				(129,705)	
Operating Supplies & Expenses				(61,875)	
Capital Purchases & Equipment				880	
	7,830,548	-	(53,507)	(327,526)	7,449,515
Personnel Appeal Board	75,216		-		
Personnel-Salary & Benefits				43,827	
Operating Supplies & Expenses				28	
	75,216	-	-	43,855	119,071
Legal Services	2,039,872		(11,861)		
Personnel-Salary & Benefits				(88,952)	
Contracted Professional Services (Contract Negotiations)				196,060	
Operating Supplies & Expenses				7,889	
Capital Purchases & Equipment				168	
	2,039,872	-	(11,861)	115,165	2,143,176
Facilities Management	30,790,738		(98,410)		
Personnel-Salary & Benefits				13,479	
Contracted Professional Services				(59,167)	
Operating - Non-Utilities (Building Maintenance & Snow Removal)				334,144	
Operating - Utilities (Electricity & Natural Gas)				1,582,303	
Assistance & Grants				(1,646)	
	30,790,738	-	(98,410)	1,869,113	32,561,441
Capital Projects and Property Management	1,252,875		(9,140)		
Personnel-Salary & Benefits				7,726	
Contracted Professional Services				8,000	
Operating Supplies & Expenses				9,334	
	1,252,875	-	(9,140)	25,060	1,268,795
Information Technology	19,377,273		(101,994)		

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Personnel-Salary & Benefits				171,882	
Contracted Professional Services				(8,860)	
Operating Supplies & Expenses				39,429	
Assistance & Grants				(706)	
Capital Purchases & Equipment				7,602	
	19,377,273	-	(101,994)	209,347	19,484,626
Library and Information Services	881,464		(4,094)		
Personnel-Salary & Benefits				21,715	
Operating Supplies & Expenses\				(21,715)	
	881,464	-	(4,094)	-	877,370
Planning	1,922,778		(11,626)		
Personnel-Salary & Benefits				(205,756)	
Operating Supplies & Expenses				12,750	
Assistance & Grants (Housing Rental Subsidies)		223,218		-	
	1,922,778	223,218	(11,626)	(193,006)	1,941,364
Construction, Permitting, Appeals & Licensing	1,483,525		(9,393)		
Personnel-Salary & Benefits				(58,395)	
Operating Supplies & Equipment				8,891	
	1,483,525	-	(9,393)	(49,504)	1,424,628
General	23,176,469		(1,275)		
RI Film and Television Office - Personnel				9,687	
RI Film and Television Office - Operating				(2)	
I-195 Commission (FY 2014 Carry-forward)		615,901		-	
University Research Collaborative				100,000	
	23,176,469	615,901	(1,275)	109,685	23,900,780
Salary/Benefits Adjustments	(3,420,118)		3,420,118		
Statewide Medical Savings				0	
	(3,420,118)	-	3,420,118	-	-
Debt Service Payments	168,055,031				
Debt Service Payments				(24,969,941)	
	168,055,031	-	-	(24,969,941)	143,085,090
The Office of Diversity, Equity and Opportunity	777,197		(5,578)		
Personnel-Salary & Benefits				92,734	
Contracted Professional Services				10,000	
Operating Supplies & Equipment				14,586	
	777,197	-	(5,578)	117,320	888,939
Total	268,843,237	1,646,119	3,017,296	(23,124,648)	250,382,004
Business Regulation					
Central Management	1,234,949		(7,963)		
Personnel				(37,463)	
Operating				-	
	1,234,949	-	(7,963)	(37,463)	1,189,523
Insurance Regulation	3,883,238		(23,611)		
Personnel				(86,169)	
Operating					
	3,883,238	-	(23,611)	(86,169)	3,773,458
Office of the Health Commissioner	507,142		(1,167)		
Personnel				-	
	507,142	-	(1,167)	(44,061)	461,914
Board of Accountancy	16,654		-		
Operating				-	
	16,654	-	-	-	16,654
Banking	1,514,260		(12,303)		
Personnel				121,497	
Operating				-	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
	1,514,260	-	(12,303)	121,497	1,623,454
Securities	1,009,651		(9,592)		
Personnel				(73,798)	
Operating				-	
	1,009,651	-	(9,592)	(73,798)	926,261
Commercial Licensing, Racing & Athletics	586,948		(3,193)		
Personnel				(37,876)	
Operating				700	
	586,948	-	(3,193)	(37,176)	546,579
Board of Design Professionals	260,635		(1,646)		
Personnel-Salary & Benefits				5,821	
	260,635	-	(1,646)	5,821	264,810
Total	9,013,477	-	(59,475)	(151,349)	8,802,653
Executive Office of Commerce					
Central Management	0		(1,002)		
Personnel-Salary & Benefits				315,644	
Operating Supplies and Expenses				15,000	
Capital Purchases and Expenses				5,000	
	0	-	(1,002)	335,644	334,642
Total	0	-	(1,002)	335,644	334,642
Labor and Training					
Central Management	93,361		(887)		
Personnel-Salary & Benefits				28,407	
Contracted Professional Services				(12,900)	
Operating Supplies and Expenses/Capital					
Grants and Benefits					
Capital Purchases and Expenses					
	93,361	-	(887)	15,507	107,981
Workforce Development Services	1,148,769	454,010	(1,206)		
Personnel-Salary & Benefits				(25,455)	
Contracted Professional Services				1,719	
Operating Supplies and Expenses/Capital				994	
Grants and Benefits				20	
	1,148,769	454,010	(1,206)	(22,722)	1,578,851
Workforce Regulation and Safety	2,720,916		(21,578)		
Personnel-Salary & Benefits				110,475	
Contracted Professional Services				428	
Operating Supplies and Expenses/Capital				(15,857)	
Grants and Benefits					
Capital Purchases and Expenses					
	2,720,916	-	(21,578)	95,046	2,794,384
Income Support	4,317,409		(867)		
Personnel-Salary & Benefits				(20,410)	
Contracted Professional Services					
Operating Supplies and Expenses/Capital					
Police Relief Fund				(178,168)	
Firefighter Relief Fund				33,067	
Capital Purchases and Expenses					
	4,317,409	-	(867)	(165,511)	4,151,031
Labor Relations Board	388,648		(1,652)		
Personnel-Salary & Benefits				(10,584)	
Contracted Professional Services				(513)	
Operating Supplies and Expenses/Capital				5,796	
Grants and Assistance				(5)	
Capital Purchases and Expenses					
	388,648	-	(1,652)	(5,306)	381,690
Total	8,669,103	454,010	(26,190)	(82,986)	9,013,937

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Legislature	36,429,671	4,263,739	(333,641)	(4,263,739)	
Legislature					
Personnel-Salary & Benefits				1,115,588	
Contracted Professional Services				80,500	
Grants and Assistance				141,330	
Operating Expenses				1,285,791	
Capital Purchases and Expenses				514,174	
Total	36,429,671	4,263,739	(333,641)	(1,126,356)	39,233,413
Office of the Lieutenant Governor	1,015,084		(6,368)	(40,530)	
Personnel-Salary & Benefits				38,841	
Operating Supplies and Expenses/Capital				181	
Total	1,015,084	-	(6,368)	(1,508)	1,007,208
Secretary of State					
Administration	2,205,748		(11,510)		
Personnel-Salary & Benefits				44,155	
Contracted Professional Services				(450)	
Operating Supplies and Expenses				38,972	
Capital Purchases and Equipment				(12,365)	
Total	2,205,748	-	(11,510)	70,312	2,264,550
Corporations	2,278,601		(19,043)		
Personnel-Salary & Benefits				(26,712)	
Contracted Professional Services					
Operating Supplies and Expenses				9,836	
Capital Purchases and Equipment					
Total	2,278,601	-	(19,043)	(16,876)	2,242,682
State Archives	69,266				
Operating Supplies and Expenses		-	-	85,810	
Total	69,266	-	-	85,810	155,076
Elections	1,636,292		(2,256)		
Personnel-Salary & Benefits				(122,747)	
Contracted Professional Services				45,000	
Operating Supplies and Expenses				39,446	
Capital Purchases and Equipment					
Total	1,636,292	-	(2,256)	(38,301)	1,595,735
State Library	521,178		(2,883)		
Personnel-Salary & Benefits				8,893	
Contracted Professional Services					
Operating Supplies and Expenses				16,349	
Capital Purchases and Equipment					
Total	521,178	-	(2,883)	25,242	543,537
Office of Public Information	626,118		(4,309)		
Personnel-Salary & Benefits				(95,627)	
Contracted Professional Services				(35,000)	
Operating Supplies and Expenses				3,245	
Capital Purchases and Equipment					
Total	626,118	-	(4,309)	(127,382)	494,427
Office of the General Treasurer					
Treasury	2,206,467	-	(10,334)		
Personnel-Salary & Benefits				(22,994)	
Operating & Capital				18,500	
Contracted Professional Services				2,150	
Total	2,206,467	-	(10,334)	(2,344)	2,193,789
Crime Victim Compensation Program	225,638		(1,699)		
Personnel-Salary & Benefits				(577)	
Operating Supplies and Expenses				-	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
	225,638		(1,699)	(577)	223,362
Total	2,432,105	-	(12,033)	(2,921)	2,417,151
Board of Elections					
Board Of Elections	2,145,127		(10,050)		
Personnel-Salary & Benefits				(99,151)	
Contracted Professional Services				(99,151)	
Operating Supplies and Expenses					
Public Financing of General Election	2,000,000		-	620,273	
Total	4,145,127	-	(10,050)	521,122	4,656,199
RI Ethics Commission					
RI Ethics Commission	1,581,205		(6,529)		
Personnel-Salary & Benefits				30,767	
Contracted Professional Services				(6,500)	
Operating Supplies and Expenses				11,940	
Capital Purchases and Equipment				8,000	
Total	1,581,205	-	(6,529)	44,207	1,618,883
Office of the Governor					
Office of the Governor	4,277,562		(9,666)		
Personnel-Salary & Benefits				128,831	
Operating Supplies and Expenses				9,000	
Contingency Fund	250,000		-		
Total	4,527,562	-	(9,666)	137,831	4,655,727
Commission for Human Rights					
Commission for Human Rights	1,193,083		(11,320)		
Personnel-Salary & Benefits				33,496	
Contract Professional Services				(2,230)	
Operating Supplies and Expenses				8,734	
Total	1,193,083	-	(11,320)	40,000	1,221,763
Department of Revenue					
Department of Revenue	1,122,100		(6,109)		
Director of Revenue				(1,925)	
Personnel-Salary & Benefits	1,122,100		(6,109)	(1,925)	1,114,066
Office of Revenue Analysis	564,334		(2,022)		
Personnel-Salary & Benefits				(16,946)	
	564,334		(2,022)	(16,946)	545,366
Office of Municipal Finance	2,256,992		(15,511)		
Personnel-Salary & Benefits				(264,425)	
Contracted Professional Services (Central Coventry Fire Legal)				321,650	
Operating Supplies and Expenses				(19,672)	
Capital Purchases & Equipment				1,500	
Aid to Local Units of Gov't				(1,501)	
	2,256,992	-	(15,511)	37,552	2,279,033
Taxation	18,930,344		(150,412)		
Personnel-Salary & Benefits				(360,796)	
Contracted Professional Services				(50,000)	
	18,930,344	-	(150,412)	(410,796)	18,369,136
Motor Vehicles	18,826,844		(136,268)		
Personnel-Salary & Benefits (Restore Turnover)				363,388	
Contracted Professional Services				(7,940)	
Operating Supplies & Expenses (Re-allocate to Capital - Legacy System Upgrades)				(542,702)	
Capital Purchases & Equipment				163,000	
Operating Transfers				3,117	
	18,826,844	-	(136,268)	(21,137)	18,669,439
State Aid	66,098,076	166,266	-		
Property Revaluation Program				63,291	
	66,098,076	166,266	-	63,291	66,327,633

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Total	107,798,690	166,266	(310,322)	(349,961)	107,304,673
Sub-Total General Government	452,985,547	6,530,134	2,191,701	(24,097,764)	437,609,618
<u>Human Services</u>					
Office of Health and Human Services					
Central Management	28,044,154	-	(75,034)		
Personnel- Unachieved Restricted Offsets (CAP)				500,000	
Other Personnel				335,291	
MMIS, EVV, and Predictive Modeling Contracts				662,101	
Other Contract Services				(292,538)	
Operating Supplies/Equipment				(76,601)	
Other Grants and Benefits				(63,700)	
	28,044,154	-	(75,034)	1,064,553	29,033,673
Medical Assistance			-		
Managed Care- Nov CEC	297,696,087			11,454,528	
Hospitals- Nov CEC	103,617,688			5,269,739	
Nursing Facilities- Nov CEC	81,024,113			6,923,087	
Home & Community Based Services- Nov CEC	23,835,759			9,769,250	
Other Services- Nov CEC	44,649,734			(342,013)	
Pharmacy - Nov CEC	51,770,620			1,313,949	
Rhody Health- Nov CEC	273,995,508			2,768,642	
GME Funding Pool				(1,000,000)	
	876,589,509	-	-	36,157,182	912,746,691
	904,633,663	-	(75,034)	37,221,735	941,780,364
Children, Youth, and Families					
Central Management	4,609,150		(22,055)		
Personnel-Salary & Benefits				445,935	
Contracted Professional Services				69,128	
Operating Supplies & Capital Purchases				78,999	
	4,609,150	-	(22,055)	594,062	5,181,157
Children's Behavioral Health	5,895,388		(10,981)		
Personnel-Salary & Benefits				139,025	
Contracted Professional Services				(675,891)	
Operating Supplies & Capital Purchases				(2,790)	
Grants and Benefits				(837,377)	
	5,895,388	-	(10,981)	(1,377,033)	4,507,374
Juvenile Corrections	23,400,611		(155,693)		
Personnel-Salary & Benefits				1,540,780	
Contracted Professional Services				40,695	
Operating Supplies & Capital Purchases				(12,297)	
Grants and Benefits				314,495	
	23,400,611	-	(155,693)	1,883,673	25,128,591
Child Welfare	114,601,997		(181,622)		
Personnel-Salary & Benefits				551,345	
Contracted Professional Services				(4,247)	
Operating Supplies & Capital Purchases				413,230	
Other Grants and Benefits				(818,787)	
System of Care				8,762,542	
	114,601,997	-	(181,622)	8,904,083	123,324,458
Higher Education Incentive Grants	200,000		-	-	
	200,000		-	-	200,000

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Total	148,707,146	-	(370,351)	10,004,785	158,341,580
Health					
Central Management	481,489		-		
Personnel-Salary & Benefits				(137,720)	
Contract Professional Services				9,500	
Operating Supplies and Expense				(11,800)	
Assistance and Grants				-	
	481,489	-	-	(140,020)	341,469
State Medical Examiner	1,931,511		(10,064)		
Personnel-Salary & Benefits				358,388	
Contract Professional Services				(165,015)	
Operating Supplies and Expense				(122,915)	
	1,931,511	-	(10,064)	70,458	1,991,905
Environmental & Health Services Regulations	9,251,095		(73,442)		
Personnel-Salary & Benefits				(168,362)	
Contract Professional Services				46,430	
Operating Supplies and Expense				18,424	
Assistance and Grants				(6,000)	
Capital Purchases and Equipment				(508)	
	9,251,095	-	(73,442)	(110,016)	9,067,637
Health Laboratories	6,130,022		(35,572)		
Personnel-Salary & Benefits				(96,357)	
Contracted Professional Services				94,959	
Operating Expenditures				385,076	
Capital Purchases and Equipment				(3,500)	
	6,130,022	-	(35,572)	380,178	6,474,628
Public Health Information	1,559,128		(12,344)		
Personnel-Salary & Benefits				(145,652)	
Contracted Professional Services				(12,342)	
Operating Supplies and Expenses				(38,282)	
Capital Purchases and Equipment				(500)	
	1,559,128	-	(12,344)	(196,776)	1,350,008
Community & Family Health and Equity	2,176,155	41,299	(11,902)		
Personnel-Salary & Benefits				(90,248)	
Contracted Professional Services				(131,619)	
Operating Expenditures				(19,995)	
Assistance and Grants				386,028	
Capital Purchases and Equipment				-	
	2,176,155	41,299	(11,902)	144,166	2,349,718
Infectious Disease and Epidemiology	1,428,520		(7,838)		
Personnel-Salary & Benefits				(225,205)	
Contracted Professional Services				-	
Operating Expenditures				(2,979)	
Assistance and Grants				73,667	
	1,428,520	-	(7,838)	(154,517)	1,266,165
Total	22,957,920	41,299	(151,162)	(6,527)	22,841,530
Human Services					
Central Management	4,967,120		(9,494)		
Personnel- Salary & Benefits				6,780	
Operating Supplies & Capital Purchases				12,089	
Assistance and Grants					
	4,967,120	-	(9,494)	18,869	4,976,495
Child Support Enforcement	2,362,840		(14,246)		
Personnel- Salary & Benefits				(21,215)	
Operating Supplies & Capital Purchases				(8,087)	
Assistance and Grants				(228)	
Contracted Professional Services				(57,345)	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
	2,362,840	-	(14,246)	(86,875)	2,261,719
Individual and Family Support	24,413,085		(115,326)		
Personnel- Salary & Benefits				(212,470)	
Operating Supplies & Capital Purchases				(168,697)	
Other Contracted Professional Services				(203,919)	
Other Assistance and Grants				188,317	
Unified Health Infrastructure Project (UHIP)				(52,619)	
Operating Transfers				(527,548)	
	24,413,085	-	(115,326)	(976,936)	23,320,823
Veterans' Affairs	20,274,566		(145,007)		
Personnel- Salary & Benefits				132,782	
Overtime				(400,000)	
Operating Supplies & Capital Purchases				75,597	
Contracted Professional Services				(150,770)	
	20,274,566	-	(145,007)	(342,391)	19,787,168
Health Care Eligibility	8,226,587		(66,246)		
Personnel- Salary & Benefits				400,030	
Operating Supplies & Capital Purchases				(11,218)	
Assistance and Grants				5,010	
Contracted Professional Services				25,191	
UHIP				52,619	
	8,226,587	-	(66,246)	471,632	8,631,973
S.S.I. Program	18,579,280				
S.S.I. Program- Nov CEC				(119,080)	
	18,579,280	-	-	(119,080)	18,460,200
Rhode Island Works	9,668,635				
Child Care				-	
	9,668,635	-	-	-	9,668,635
State Funded Programs	1,616,000				
General Public Assistance- Nov CEC				10,107	
	1,616,000	-	-	10,107	1,626,107
Elderly Affairs	6,220,668		(7,051)		
Personnel-Salary & Benefits				30,372	
Contracted Professional Services				89,232	
Operating Supplies & Capital Purchases				16,491	
Assistance and Grants				(274,416)	
	6,220,668	-	(7,051)	(138,321)	6,075,296
Total	96,328,781	-	(357,370)	(1,162,995)	94,808,416
Behavioral Health, Developmental Disabilities & Hospitals					
Central Management	970,823		(7,213)		
Personnel-Salary & Benefits/Consultants				313,135	
Contracted Professional Services				-	
Operating Supplies and Expenses/Capital Purchases				253	
Grants and Benefits				-	
Capital Purchases and Equipment				-	
	970,823	-	(7,213)	313,388	1,276,998
Hosp. & Community System Support	1,594,280		(12,358)		
Personnel-Salary & Benefits/Consultants				583,333	
Operating Supplies and Expenses/Capital Purchases				7,242	
	1,594,280	-	(12,358)	590,575	2,172,497

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Services. for the Developmentally Disabled	111,028,105		(183,886)		
Personnel-Salary & Benefits				(26,033)	
Overtime				-	
Contracted Professional Services				1,194,141	
Operating Supplies and Expenses/Capital Purchases				1,262	
Grants - Provider Payments				(274,087)	
	111,028,105		(183,886)	895,283	111,739,502
Behavioral Healthcare Services	1,980,322	250,000	(10,533)		
Personnel-Salary & Benefits/Consultants				64,290	
Operating Supplies and Expenses				2,915	
Assistance and Grants				5,590	
	1,980,322	250,000	(10,533)	72,795	2,292,584
Hosp. & Community Rehab. Services	51,963,343		(371,151)		
Personnel-Salary & Benefits				184,193	
Overtime				-	
Contracted Professional Services				195,017	
Operating Supplies and Expenses/Capital Purchases				(584,895)	
Grants and Assistance - Medical Services				(71,712)	
	51,963,343	-	(371,151)	(277,397)	51,314,795
Total	167,536,873	250,000	(585,141)	1,594,644	168,796,376
Office of the Child Advocate	611,817		(4,237)		
Personnel-Salary & Benefits				17,688	
Contracted Professional Services				-	
Operating Supplies and Expenses				7,886	
Capital Purchases and Equipment				-	
Total	611,817	-	(4,237)	25,574	633,154
Commission on Deaf and Hard of Hearing	394,279		(3,752)		
Personnel- Salary & Benefits				8,214	
Contracted Professional Services				-	
Operating Supplies and Expenses				-	
Total	394,279	-	(3,752)	8,214	398,741
Governor's Commission on Disabilities	358,275		(1,134)		
Personnel-Salary & Benefits				5,873	
Contracted Professional Services				525	
Operating Supplies and Expenses				(2,719)	
Grants				(3,679)	
Capital Purchases and Equipment				-	
Total	358,275	-	(1,134)	-	357,141
Office of the Mental Health Advocate	495,010		(4,863)		
Personnel-Salary & Benefits				13,708	
Contracted Professional Services				1,500	
Operating Supplies and Expenses				723	
Total	495,010	-	(4,863)	15,931	506,078
Sub-Total Human Services	1,342,023,764	291,299	(1,553,044)	47,701,361	1,388,463,380

Education

Elementary and Secondary Education

State Education Aid	758,820,708				
Funding Formula				(110,896)	
Non-Public Textbooks				(124,255)	
Group Home Aid				75,000	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
	758,820,708	-	-	(160,151)	758,660,557
School Housing Aid	67,949,504			150,568	
	67,949,504		-	150,568	68,100,072
Teachers' Retirement	89,529,396			(524,347)	
	89,529,396	-	-	(524,347)	89,005,049
RI School for the Deaf	5,929,824		(45,703)		
Personnel				41,689	
Contracted Professional Services				(5,338)	
Operating Supplies and Expenses				(29,513)	
Capital Purchases and Equipment				2,500	
	5,929,824	-	(45,703)	9,338	5,893,459
Central Falls School District	39,010,583				
	39,010,583	-	-	-	39,010,583
Davies Career & Technical School	12,240,174		(31,053)		
Personnel					
Contracted Professional Services					
Operating Supplies and Expenses					
	12,240,174	-	(31,053)	14,257	12,223,378
Met. Career & Tech. School	10,501,360				
	10,501,360	-	-	-	10,501,360
Administration of the Comp. Education Strategy	20,418,574		(75,661)		
Personnel-Salary & Benefits				(145,030)	
Contracted Professional Services				165,161	
Operating Supplies and Expenses				(195,472)	
Grants				(2,390)	
Capital				18,500	
Aid to Locals				14,201	
	20,418,574		(75,661)	(145,030)	20,197,883
Total	1,004,400,123	-	(152,417)	(662,494)	1,003,585,213
Higher Education					
Board of Governors/Office of Higher Education	4,566,270		(7,175)		
Personnel-Salary & Benefits				829,853	
Contracted Professional Services (legal services)				23,000	
Operating Supplies and Expenses				75,000	
	4,566,270	-	(7,175)	927,853	5,486,948
University of Rhode Island					
General Revenues	69,292,680		(331,798)		
State Crime Lab	1,035,888		(7,314)		
Debt Service	20,903,400			(1,738,501)	
	91,231,968	-	(339,112)	(1,738,501)	89,154,355
Rhode Island College					
General Revenues	42,911,103		(259,499)		
Debt Service	4,450,296			(900,535)	
	47,361,399	-	(259,499)	(900,535)	46,201,365
Community College of Rhode Island					
General Revenues	45,882,495		(339,741)		
Debt Service	1,912,779				
Personnel-Salary & Benefits					
	47,795,274	-	(339,741)	-	47,455,533
Total	190,954,911	-	(945,527)	(1,711,183)	188,298,201
RI Council On The Arts	1,483,075		(4,085)		
Personnel-Salary & Benefits		-		11,478	
Operating Supplies and Expenses				600	
Assistance & Grants				-	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Total	1,483,075	-	(4,085)	12,078	1,491,068
RI Atomic Energy Commission	913,197		(5,460)		
Personnel-Salary & Benefits				542	
Operating Supplies and Expenses				4,657	
Capital Purchases and Equipment				(5,199)	
Total	913,197	-	(5,460)	-	907,737
RI Higher Education Assistance Authority					
Authority Operations and other Grants	147,000				
Total	147,000	-	-	-	147,000
RI Historical Preservation & Heritage Commission					
Personnel-Salary & Benefits	1,320,610		(9,308)	(110,838)	
Contracted Professional Services				300	
Operating Supplies and Expenses				6,743	
Capital				(1,400.00)	
Total	1,320,610	-	(9,308)	(105,195)	1,206,107
Sub-Total Education	1,199,218,916	-	(1,116,797)	(2,466,794)	1,195,635,326
<u>Public Safety</u>					
Attorney General					
Criminal	14,475,192		(114,265)		
Personnel-Salary & Benefits				401,928	
Non-Personnel Expenditures				100,290	
	14,475,192	-	(114,265)	502,218	14,863,145
Civil	4,816,217	439,341	(35,642)		
Personnel-Salary & Benefits				149,418	
Non-Personnel Expenditures				31,312	
NAAG - Tobacco Litigation				(339,341)	
Pension Reform Litigation				250,000	
	4,816,217	439,341	(35,642)	91,389	5,311,305
Bureau of Criminal Identification	1,542,124		(13,379)		
Personnel-Salary & Benefits				48,548	
Non-Personnel Expenditures				(1,410)	
	1,542,124	-	(13,379)	47,138	1,575,883
General	2,773,613		(14,326)		
Personnel-Salary & Benefits				85,429	
Non-Personnel Expenditures				(50,981)	
	2,773,613	-	(14,326)	34,448	2,793,735
Total	23,607,146	439,341	(177,612)	675,193	24,544,068
Corrections					
Central Management	9,070,974		(53,614)		
Personnel-Salary & Benefits Other				286,934	
Overtime				18,294	
Correctional Officer Training Class Delay				(507,143)	
Contracted Professional Services Other				(19,364)	
Legal Services				35,500	
Electronic Medical Records				100,000	
Time Tracker Project Postponement				(100,000)	
Correctional Officer Training Class Delay				(102,510)	
Operating Supplies and Expenses Other				301,174	
Correctional Officer Training Class Delay				(27,770)	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Insurance				214	
	9,070,974	-	(53,614)	(14,671)	9,002,689
Parole Board	1,275,799		(10,402)		
Personnel-Salary & Benefits				63,148	
Contracted Professional Services Other				(19,822)	
Operating Supplies and Expenses Other				-	
Insurance				23	
	1,275,799	-	(10,402)	43,349	1,308,746
Custody and Security	118,747,911		(992,513)		
Personnel-Salary & Benefits				3,253,563	
Overtime				3,704,847	
SCAAP Adjustment				238,727	
Worker's Comp.Assault Adjustment				(77,765)	
Contracted Professional Services other				(32,942)	
Insurance				(5,703)	
per diem inmate expenditures				111,068	
Operating Supplies and Expenses Other				(107,571)	
Correctional Officer Training Class Delay				(49,050)	
Capital				(30,000)	
Grants				(20,000)	
	118,747,911	-	(992,513)	6,985,174	124,740,572
Institutional Support	15,726,066		(61,538)		
Personnel-Salary & Benefits				(130,648)	
Overtime				14,390	
Contracted Professional Services other				-	
Insurance				27,797	
per diem inmate expenditures				463,020	
	15,726,066	-	(61,538)	374,559	16,039,087
Institutional Based Rehab/Pop Management	8,972,305		(39,694)		
Personnel-Salary & Benefits Other				195,272	
Overtime				(5,420)	
Contracted Professional Services Other				67,593	
Waterplace Park maintenance				110,000	
Insurance				206	
per diem inmate expenditures				3,389	
Operating Supplies and Expenses Other					
Capital					
	8,972,305	-	(39,694)	371,040	9,303,651
Healthcare Services	18,916,896		(70,155)		
Personnel-Salary & Benefits				238,156	
Overtime				69,521	
Contracted Professional Services Other				25,340	
Dental Services Contract				200,000	
Per Diem Contracted Professional Services				774	
Insurance				(36,871)	
per diem inmate expenditures				462,466	
HEP C medication				1,150,000	
	18,916,896		(70,155)	2,109,386	20,956,127
Community Corrections	15,035,529		(111,913)		
Personnel-Salary & Benefits Other				48,909	
Overtime				(21,735)	
Correctional Officer Training Class Delay				(18,713)	
Insurance				479	
Operating Supplies and Expenses Other				(20,000)	
	15,035,529	-	(111,913)	(11,060)	14,912,556
Total	187,745,480	-	(1,339,829)	9,857,777	196,263,428
Judiciary					
Supreme Court	26,320,642	117,891	(124,618)		
Personnel-Salary and Benefits				(53,578)	
Occupancy Offsets				204,488	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
All Other Operating				224,706	
All Other Consultant				139,239	
Judges Pensions				(19,887)	
Capital				15,745	
Defense of Indigents	3,542,240		-		
	29,862,882	117,891	(124,618)	510,713	30,366,868
Superior Court	22,144,027		(124,496)		
Personnel-Salary & Benefits				559,537	
Contracted Services/Operating				158,979	
Capital Expense				63,058	
Judges Pensions				(107,960)	
	22,144,027	-	(124,496)	673,614	22,693,145
Family Court	19,245,592		(136,044)		
Personnel-Salary & Benefits				1,335,365	
Contracted Services				(32,905)	
Operating				39,688	
Capital Leases				61,158	
Judges Pensions				(104,066)	
	19,245,592	-	(136,044)	1,299,240	20,408,788
District Court	11,508,535		(81,989)		
Personnel-Salary & Benefits				863,683	
Judges Pensions				(168,771)	
Contracted Services/Operating/Capital				(81,677)	
	11,508,535	-	(81,989)	613,235	12,039,781
Traffic Tribunal	8,760,119		(66,688)		
Personnel-Salary & Benefits				(112,813)	
Contracted Services/Operating/Capital				(133,138)	
Judges Pensions				(16,778)	
	8,760,119	-	(66,688)	(262,729)	8,430,702
Judicial Tenure and Discipline	115,513		(444)	4,092	
	115,513		(444)	4,092	119,161
Total	91,636,668	117,891	(534,279)	2,838,165	94,058,445
Military Staff					
National Guard	1,842,096	-	(8,628)		
Personnel-Salary & Benefits				(37,127)	
Consultants				17,353	
Firefighters - Appendix 24 Shortfall				144,455	
Blizzard event Juno				162,000	
Operating/Utility Expense Increase				39,786	
Funeral Honors				5,000	
Total	1,842,096	-	(8,628)	331,467	2,164,935
Emergency Management	1,959,858		(4,943)		
Personnel-Salary & Benefits				(111,498)	
Contracted Professional Services				(1,977)	
Other Operating				19,636	
Total	1,959,858	-	(4,943)	(93,839)	1,861,076
Public Safety					
Central Management	1,176,284		(8,626)		
Personnel-Salary & Benefits				30,570	
Operating Supplies and Expenses				2,960	
	1,176,284	-	(8,626)	33,530	1,201,188
E-911 Emergency Telephone System	5,428,479		(42,127)		
Personnel-Salary & Benefits				(138,647)	
Contracted Professional Services				-	
Operating Supplies and Expenses				40,321	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Capital Purchases and Equipment	5,428,479	-	(42,127)	(98,326)	5,288,026
State Fire Marshal	2,746,455		(18,528)		
Personnel-Salary & Benefits				(609)	
Contracted Professional Services				(338)	
Operating Supplies and Expenses				17,681	
Capital Purchases and Equipment	2,746,455	-	(18,528)	16,734	2,744,661
Security Services	21,751,650		(172,340)		
Personnel-Salary & Benefits				157,562	
Contracted Professional Services				(800)	
Operating Supplies and Expenses				10,039	
Assistance & Grants				-	
Capital Purchases and Equipment	21,751,650	-	(172,340)	166,801	21,746,111
Municipal Police Training Academy	245,379		(2,548)		
Personnel-Salary & Benefits				1,776	
Contracted Professional Services				(4,700)	
Operating Supplies and Expenses				21,225	
	245,379	-	(2,548)	18,301	261,132
State Police	63,945,787		(266,404)		
Personnel-Salary & Benefits				3,196,891	
Contracted Professional Services				(24,445)	
Operating Supplies and Expenses				(2,000)	
State Trooper Pensions & Other Grants				(112,068)	
Capital Purchases and Equipment	63,945,787	-	(266,404)	3,058,378	66,737,761
Total	95,294,034	-	(510,573)	3,195,418	97,978,879
Office Of Public Defender	11,130,816		(74,374)		
Personnel-Salary & Benefits				(26,589)	
Contract Services				(10,293)	
Temporary Services				12,061	
Operating Supplies and Expenses				2,830	
Allocation of Court Costs				14,220	
Total	11,130,816	-	(74,374)	(7,771)	11,048,671
Sub-Total Public Safety	413,216,098	557,232	(2,650,238)	16,464,943	427,588,035
<u>Natural Resources</u>					
Environmental Management					
Office of the Director	5,053,567		(19,103)		
Personnel-Salary & Benefits				50,823	
Operating Supplies & Expenses: Headquarters				(6,217)	
	5,053,567	-	(19,103)	44,606	5,079,070
Natural Resources	19,244,615		(113,893)		
Personnel-Salary & Benefits/Purchased Svs.				356,491	
Operating Supplies and Expenses/Capital Purchases				258,582	
Other Assistance & Grants	19,244,615	-	(113,893)	367,910	19,498,632
Environmental Protection	11,241,923		(89,389)		
Personnel-Salary & Benefits				371,437	
Operating Supplies and Expenses/Capital Purchases				3,649	
	11,241,923	-	(89,389)	375,086	11,527,620
Total	35,540,105	-	(222,385)	787,602	36,105,322
Coastal Resources Management Council	2,185,538		(18,263)		
Personnel				145,568	

Changes to FY 2015 Enacted General Revenue Expenditures

	FY 2015 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Medical Savings/Holiday	Other Projected Changes	FY 2015 Projected Expenditures
Contracted Professional Services				-	
Total	2,185,538	-	(18,263)	145,568	2,312,843
Sub-Total Environment	37,725,643	-	(240,648)	933,170	38,418,165
Statewide General Revenue Total	3,445,169,968	7,378,665	(3,369,026)	38,534,917	3,487,714,524

Table 2 - Summary of Changes to FY 2015 Enacted General Revenue Expenditures- Second Quarter Report

	FY 2015 Enacted	Reappropriation	Distribution of Statewide Medical Savings	Other Projected Changes	Total Projected Changes	FY 2015 Projected Expenditures	Change From Enacted (Surplus)/Deficit
General Government							
068 Administration	268,843,237	1,646,119	3,017,296	(23,124,648)	(18,461,233)	250,382,004	(18,461,233)
071 Business Regulation	9,013,477	-	(59,475)	(151,349)	(210,824)	8,802,653	(210,824)
073 Labor and Training	8,669,103	454,010	(26,190)	(82,986)	344,834	9,013,937	344,834
080 Department of Revenue	107,798,690	166,266	(310,322)	(349,961)	(494,017)	107,304,673	(494,017)
011 Legislature	36,429,671	4,263,739	(333,641)	(1,126,356)	2,803,742	39,233,413	2,803,742
013 Lieutenant Governor	1,015,084	-	(6,368)	(1,508)	(7,876)	1,007,208	(7,876)
065 Secretary of State	7,337,203	-	(40,001)	(1,195)	(41,196)	7,296,007	(41,196)
067 General Treasurer	2,432,105	-	(12,033)	(2,921)	(14,954)	2,417,151	(14,954)
042 Board of Elections	4,145,127	-	(10,050)	521,122	511,072	4,656,199	511,072
043 Rhode Island Ethics Commission	1,581,205	-	(6,529)	44,207	37,678	1,618,883	37,678
012 Governor's Office	4,527,562	-	(9,666)	137,831	128,165	4,655,727	128,165
046 Commission for Human Rights	1,193,083	-	(11,320)	40,000	28,680	1,221,763	28,680
044 Public Utilities Commission	-	-	-	-	-	-	-
Subtotal - General Government	452,985,547	6,530,134	2,191,701	(24,097,764)	(15,375,929)	437,609,618	(15,375,929)
Human Services							
028 Office of Health & Human Services	904,633,663	-	(75,034)	37,221,735	37,146,701	941,780,364	37,146,701
079 Children, Youth, and Families	148,707,146	-	(370,351)	10,004,785	9,634,434	158,341,580	9,634,434
075 Health	22,957,920	41,299	(151,162)	(6,527)	(116,390)	22,841,530	(116,390)
069 Human Services	96,328,781	-	(357,370)	(1,162,995)	(1,520,365)	94,808,416	(1,520,365)
076 Behavioral Healthcare, Developmental Disabilities & Hosp	167,536,873	250,000	(585,141)	1,594,644	1,259,503	168,796,376	1,259,503
045 Office of the Child Advocate	611,817	-	(4,237)	25,574	21,337	633,154	21,337
023 Comm. on Deaf & Hard of Hearing	394,279	-	(3,752)	8,214	4,462	398,741	4,462
022 Governor's Commission on Disabilities	358,275	-	(1,134)	-	(1,134)	357,141	(1,134)
047 Office of the Mental Health Advocate	495,010	-	(4,863)	15,931	11,068	506,078	11,068
Subtotal - Human Services	1,342,023,764	291,299	(1,553,044)	47,701,361	46,439,616	1,388,463,380	46,439,616
Education							
072 Elementary and Secondary	1,004,400,123	-	(138,160)	(676,750)	(814,910)	1,003,585,213	(814,910)
085 Higher Education	190,954,911	-	(945,527)	(1,711,183)	(2,656,710)	188,298,201	(2,656,710)
026 RI Council on the Arts	1,483,075	-	(4,085)	12,078	7,993	1,491,068	7,993
052 RI Atomic Energy Commission	913,197	-	(5,460)	-	(5,460)	907,737	(5,460)
054 Higher Education Assistance Authority	147,000	-	-	-	-	147,000	-
027 Historical Preservation & Heritage Comm	1,320,610	-	(9,308)	(105,195)	(114,503)	1,206,107	(114,503)
Subtotal - Education	1,199,218,916	-	(1,102,540)	(2,481,050)	(3,583,590)	1,195,635,326	(3,583,590)
Public Safety							
066 Attorney General	\$23,607,146	439,341	(\$177,612)	675,193	936,922	24,544,068	936,922
077 Corrections	187,745,480	-	(1,339,829)	9,857,777	8,517,948	196,263,428	8,517,948
099 Judicial	91,636,668	117,891	(534,279)	2,838,165	2,421,777	94,058,445	2,421,777
014 Military Staff	1,842,096	-	(8,628)	331,467	322,839	2,164,935	322,839
016 Emergency Management	1,959,858	-	(4,943)	(93,839)	(98,782)	1,861,076	(98,782)
081 Public Safety	95,294,034	-	(510,573)	3,195,418	2,684,845	97,978,879	2,684,845
049 Office Of Public Defender	11,130,816	-	(74,374)	(7,771)	(82,145)	11,048,671	(82,145)
Subtotal - Public Safety	413,216,098	557,232	(2,650,238)	16,796,410	14,703,404	427,919,502	14,703,404
074 Environmental Management	35,540,105	-	(222,385)	787,602	565,217	36,105,322	565,217
050 Coastal Resources Management Council	2,185,538	-	(18,263)	145,568	127,305	2,312,843	127,305
Subtotal - Natural Resources	37,725,643	-	(240,648)	933,170	692,522	38,418,165	692,522
Total	3,445,169,968	7,378,665	(3,354,769)	38,852,127	42,876,023	3,488,045,991	42,876,023
Total Projected Deficit							42,876,023

Appendix C
Aid to Cities and
Towns

Formula Aid to Cities and Towns

The Governor's FY 2016 Budget recommends formula aid to cities and towns totaling \$121.0 million. The tables on the following pages display the FY 2015 enacted, the FY 2015 revised, and the FY 2016 recommended levels of funding for formula aid to cities and towns by community. The narrative below describes each of the programs included on the tables.

The **Payment-in-Lieu-of-Taxes (PILOT)** program reimburses communities for up to 27.0 percent of what they would have collected in property taxes from certain designated tax exempt property (subject to appropriation). The FY 2015 revised budget is funded at \$40.1 million, while the FY 2016 proposed budget is funded at \$35.1 million. This represents a reimbursement rate of 20.75 percent in FY 2016. Data used to determine distribution amounts is updated annually to reflect the most recent data.

The **Distressed Communities Relief Fund** provides state assistance to municipalities with the highest property tax burdens relative to the wealth of taxpayers. Municipalities are eligible that meet the statutorily determined distressed test in three of four categories. The program is level funded at \$10.4 million in FY 2015 revised and FY 2016 proposed. The City of East Providence is qualifying for the Distressed Communities Relief Fund in FY 2016. In a year that a municipality newly enters the aid program, it receives 50 percent of current law requirements the first year it qualifies.

Municipal Incentive Aid will provide a new category of state assistance with the purpose of encouraging municipalities to improve the sustainability of their retirement plans and to reduce unfunded liabilities. For FY 2015 and each fiscal year thereafter that municipal incentive aid is distributed to eligible municipalities under chapter 45-13.2 of the Rhode Island General Laws, municipalities would be eligible to receive aid if: (1) the municipality has no locally-administered pension plan(s); or (2) transitioned all locally-administered pension plans into MERS by June 30, 2014; or (3) the municipality notified plan participants, beneficiaries and others pursuant to RIGL §45-65 and had submitted to the Department of Revenue a Funding Improvement Plan ("FIP") pursuant to chapter 45-65, for every locally-administered pension plan and each submitted FIP meets the guidelines of the Study Commission on Locally-Administered Pension plans created pursuant to section 45-65-8 or otherwise applicable guidelines or regulations and each FIP has been approved by the plan sponsor and the governing body; or (4) the municipality has implemented the original recommended FIP or an amended FIP pursuant to chapter 45-65 within one month after the close of the fiscal year and made the required funding payment (formerly referred to as Annually Required Contribution, in compliance with the municipality's adopted FIP(s) and the funding guidelines established by the Pension Study Commission and the FIPs are approved by the plan sponsor and the local governing body; or (5) there exists a locally-administered pension plan(s) in the municipality, but either (i) no FIP was required per RIGL 45-65 and either: (A) the municipality is funding 100 percent of its required funding payment; or (B) the municipality has a funded ratio of 100 percent or greater; or (ii) a FIP is required, but the due date for submission of the FIP is after the March payment of incentive aid. The aid is provided at \$5.0 million for FY 2015 and FY 2016.

The FY 2016 budget continues to provide funding for the **Property Valuation Statistical Update Program**, which reimburses cities and towns for legislatively mandated property valuation statistical updates on a per parcel basis. Funding for FY 2015 revised is estimated at \$696,500. The projected FY 2016 funding is \$1.8 million for estimated actual cost of reimbursement based on similar communities.

Funding for **Aid to Local Libraries** is at \$8.8 million in FY 2015 and FY 2016. In addition, funding for library construction aid is provided at \$2.3 million in FY 2015 and \$2.7 million in FY 2016 to finance anticipated debt service or construction reimbursement obligations under this program.

The 1998 General Assembly enacted the **Motor Vehicle Excise Tax Phase-Out** legislation to phase out the excise tax on motor vehicles and trailers over an original seven year period. There have been various

Formula Aid to Cities and Towns

legislative changes to the legislation since its inception. For FY 2011 and thereafter, the General Assembly enacted legislation that mandates a \$500 exemption for which the State will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Assembly removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also allowed for rates and ratios of assessment to be lowered from the current frozen levels. Total funding enacted in FY 2015 revised and FY 2016 proposed to support this program is \$10.0 million. Data used to determine distribution amounts for FY 2016 is an estimate and is subject to change once finalized December 31, 2014 motor vehicle tax rolls are received.

The **Public Service Corporation Tax** is for tangible personal property of telegraph, cable and telecommunications corporations and express corporations that is exempt from local taxation, and instead is subject to taxation by the State. The revenue from this tax flows through the State (it is not appropriated by the State). The revenues (apart from some administrative expenses) are apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State. The actual disbursements for FY 2015 total \$14.3 million and the estimated disbursements for FY 2016 total \$14.3 million and will be updated in the spring of 2015 once finalized tax returns are received and processed. Data used to determine distribution amounts is updated annually to reflect the most recent data.

The 1986 General Assembly enacted the **Hotel Local Tax**, a five percent hotel tax upon the total consideration charged for occupancy of any space furnished by any hotel of the state. Twenty-five percent of the revenues generated from the 5.0 percent state hotel tax are distributed to the municipalities where the individual hotels are located. Furthermore, the 2004 General Assembly enacted a one percent gross receipts tax on the total consideration charged for occupancy of any space furnished by a hotel of the state. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the hotel was located. For FY 2015 revised, a combined amount is provided at \$7.4 million. For the FY 2016 proposed budget, the amount is estimated to be \$9.0 million and includes the Governor's recommended lodging tax initiatives.

The 2003 General Assembly enacted the **Local Meals and Beverage Tax**, a one percent additional tax on gross receipts from the sale of food and beverages sold in or on eating and drinking establishments. The tax is collected by the Division of Taxation and then distributed back to the city or town in which the meals and beverages were delivered. Distributions under this tax are projected to total \$23.6 million in FY 2015 and \$24.1 million in FY 2016.

Summary of Formula Aid to Cities and Towns

	FY 2013 Actual	FY 2014 Actual	FY 2015 Revised
Public Service Corporation Tax	12,667,660	13,202,094	14,265,427
Meals and Beverage Tax	21,355,178	22,334,876	23,647,015
Hotel Tax (2.25%)	6,664,239	7,060,725	7,416,513
Payment In Lieu of Taxes (PILOT)	35,080,410	35,080,410	40,080,409
Total Miscellaneous Aid	75,767,487	77,678,105	85,409,364
Incentive Aid	-	4,833,838	5,166,126
Total Incentive State Aid to Cities and Towns	-	4,833,838	5,166,126
Central Falls Stabilization Payment	-	-	-
Dist. Comm. - General Appropriation	10,384,458	10,384,458	10,384,458
Total Distressed Communities Aid	10,384,458	10,384,458	\$10,384,458
Motor Vehicle Tax Phase-out Program ¹	10,000,000	10,000,000	10,000,000
Total Motor Vehicle Tax Phase-out Prog.	\$10,000,000	\$10,000,000	\$10,000,000
Subtotal Formula Aid - All Sources	\$96,151,945	\$102,896,401	\$110,959,948
Percent Change from prior year	0.92%	7.01%	7.84%
Resource Sharing & Library Aid ²	8,773,398	8,772,790	8,773,398
Library Construction Aid	2,471,713	2,500,665	2,331,589
Total Library Aid	11,245,111	11,273,455	11,104,987
Property Revaluation Program	889,640	436,537	696,500
Total Other Aid	\$889,640	\$436,537	\$696,500
Total Aid	\$108,286,696	\$114,606,393	\$122,761,435
Percent Change from prior year	0.52%	5.84%	7.12%

¹ Amounts for the Motor Vehicle Excise Tax represent final payments due each community based upon the exemption amounts in effect for a given fiscal year. Actual cash payments may have occurred over multiple fiscal years.

² Resource Sharing and Library Aid for state institutions is included in these totals.

Fiscal Year 2015 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	FY 2015 Total Appropriated State Aid
Barrington	15,625		77,873	341,488	236,976	671,962
Bristol	825,102		109,663	139,595	116,200	1,190,559
Burrillville	134,639		75,644	141,022	209,316	560,621
Central Falls	21,572	197,930	91,844	17,569	88,261	417,176
Charlestown			37,260	47,766	40,197	125,222
Coventry			166,126	222,474	219,567	608,167
Cranston	6,043,928	1,160,322	381,766	539,079	902,676	9,027,770
Cumberland	118		158,223	273,112	222,875	654,328
East Greenwich	360,281		62,403	121,085	121,975	665,744
East Providence	222,995		224,226	363,025	576,285	1,386,531
Exeter			30,874	45,664	82,278	158,815
Foster	431		21,699	31,550	67,222	120,903
Glocester			46,378	71,631	93,040	211,049
Hopkinton			38,721	34,685	61,873	135,278
Jamestown			25,703	87,697	35,711	149,111
Johnston			136,438	124,729	376,545	637,713
Lincoln			100,146	191,018	237,608	528,772
Little Compton			16,614	30,298	24,136	71,047
Middletown			76,967	137,973	84,730	299,670
Narragansett			75,677	122,983	96,326	294,985
Newport	1,315,321		116,689	381,739	133,938	1,947,686
New Shoreham			4,521	78,270	7,124	89,915
North Kingstown	1,594		125,831	273,440	226,217	627,082
North Providence	631,707	948,672	152,463	176,242	348,919	2,258,003
North Smithfield			56,226	63,304	176,956	296,486
Pawtucket	545,565	1,387,409	338,638	329,493	671,382	3,272,486
Portsmouth			82,157	103,554	104,673	290,383
Providence	27,109,512	5,071,751	845,052	1,132,820	1,712,321	35,871,456
Richmond			36,482	26,531	58,014	121,026
Scituate			48,940	95,113	124,353	268,405
Smithfield	646,892		101,774	269,275	279,144	1,297,084
South Kingstown	186,169		144,389	199,345	170,945	700,848
Tiverton			74,510	102,842	107,329	284,681
Warren			50,918	53,916	81,767	186,601
Warwick	1,595,654		394,570	691,943	1,049,606	3,731,773
Westerly	146,095		108,439	255,839	221,373	731,746
West Greenwich			28,597	28,154	59,026	115,777
West Warwick		783,095	138,805	155,644	218,649	1,296,193
Woonsocket	277,209	835,279	196,763	196,505	354,466	1,860,222
Subtotal	\$40,080,409	\$10,384,458	\$5,000,000	\$7,698,411	\$10,000,000	\$73,163,278
Statewide Reference Library Resource Grant				1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries				62,609		62,609
Library Construction Reimbursement				2,331,590		2,331,590
Total	\$40,080,409	\$10,384,458	\$5,000,000	\$11,104,988	\$10,000,000	\$76,569,855

(1) Estimate as of 5/20/14. Subject to change once finalized motor vehicle tax rolls are received from cities and towns.

Fiscal Year Enacted 2015 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾	Meals and Beverage Tax	FY 2015 Total Shared Taxes State Aid	FY 2015 Total Shared & Appropriated Aid
Barrington	221,639	-	148,088	369,727	1,041,689
Bristol	308,928	33,294	359,549	701,772	1,892,331
Burrillville	216,868	-	209,021	425,889	986,510
Central Falls	262,600	-	102,373	364,972	782,149
Charlestown	106,035	22,325	117,677	246,036	371,259
Coventry	474,601	77,656	380,402	932,659	1,540,826
Cranston	1,090,383	10,104	1,611,595	2,712,082	11,739,853
Cumberland	454,704	-	417,326	872,029	1,526,357
East Greenwich	178,130	403	544,921	723,454	1,389,199
East Providence	639,014	39,166	878,884	1,557,064	2,943,595
Exeter	90,136	-	83,751	173,887	332,702
Foster	62,363	145	15,982	78,489	199,392
Glocester	132,587	1,989	78,615	213,192	424,241
Hopkinton	110,548	-	55,632	166,181	301,459
Jamestown	73,464	11,229	83,367	168,060	317,171
Johnston	390,714	7,193	500,519	898,426	1,536,139
Lincoln	286,509	98,771	733,392	1,118,672	1,647,443
Little Compton	47,318	9,619	41,112	98,048	169,095
Middletown	218,914	672,331	648,075	1,539,321	1,838,991
Narragansett	214,997	87,998	539,233	842,228	1,137,213
Newport	330,398	1,896,813	2,059,938	4,287,149	6,234,835
New Shoreham	11,697	254,288	277,609	543,594	633,509
North Kingstown	358,048	71,492	498,047	927,588	1,554,670
North Providence	435,538	-	375,011	810,549	3,068,553
North Smithfield	161,729	2,822	210,680	375,231	671,717
Pawtucket	965,684	47,486	699,268	1,712,439	4,984,925
Portsmouth	234,854	9,236	191,158	435,248	725,631
Providence	2,415,159	1,918,158	4,907,221	9,240,538	45,111,995
Richmond	103,920	3,819	128,163	235,902	356,929
Scituate	140,191	4,374	72,580	217,145	485,550
Smithfield	291,036	143,297	627,012	1,061,345	2,358,430
South Kingstown	412,970	137,376	692,413	1,242,759	1,943,607
Tiverton	213,316	-	203,171	416,488	701,169
Warren	144,380	-	248,139	392,518	579,120
Warwick	1,120,907	984,112	2,518,524	4,623,542	8,355,315
Westerly	308,860	364,706	768,106	1,441,672	2,173,418
West Greenwich	82,423	92,909	111,960	287,293	403,069
West Warwick	394,835	97,928	337,785	830,547	2,126,740
Woonsocket	559,030	59,319	526,119	1,144,469	3,004,691
Subtotal	\$14,265,427	\$7,160,358	\$23,002,421	\$44,428,206	\$117,591,484
Statewide Reference Library Resource Grant (Providence)					1,012,378
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,331,590
Total	\$14,265,427	\$7,160,358	\$23,002,421	\$44,428,206	\$120,998,061

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

Note: Meals & Beverage and Hotel Tax are subject to revision as more data becomes available.

Fiscal Year 2015 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2015 Total Appropriated State Aid
Barrington	15,625		77,873	341,488	230,537	665,523
Bristol	825,102		109,663	139,595	95,718	1,170,077
Burrillville	134,639		75,644	141,022	201,655	552,959
Central Falls	21,572	197,930	91,844	17,569	94,066	422,981
Charlestown			37,260	47,766	44,361	129,386
Coventry ⁽¹⁾⁽²⁾				222,474	246,097	468,571
Cranston	6,043,928	1,160,322	381,766	539,079	1,006,431	9,131,525
Cumberland	118		158,223	273,112	247,431	678,884
East Greenwich	360,281		62,403	121,085	81,789	625,558
East Providence	222,995		224,226	363,025	505,623	1,315,869
Exeter			30,874	45,664	92,010	168,548
Foster	431		21,699	31,550	57,184	110,864
Glocester			46,378	71,631	103,123	221,132
Hopkinton			38,721	34,685	69,637	143,042
Jamestown			25,703	87,697	22,069	135,469
Johnston ⁽²⁾				124,729	422,956	547,685
Lincoln			100,146	191,018	197,861	489,025
Little Compton			16,614	30,298	12,978	59,890
Middletown			76,967	137,973	69,136	284,076
Narragansett			75,677	122,983	60,561	259,220
Newport	1,315,321		116,689	381,739	77,876	1,891,625
New Shoreham			4,521	78,270	6,564	89,355
North Kingstown	1,594		125,831	273,440	184,758	585,623
North Providence	631,707	948,672	152,463	176,242	393,578	2,302,662
North Smithfield			56,226	63,304	181,773	301,302
Pawtucket	545,565	1,387,409	338,638	329,493	792,999	3,394,103
Portsmouth			82,157	103,554	78,523	264,233
Providence	27,109,512	5,071,751	845,052	1,132,820	1,868,582	36,027,717
Richmond			36,482	26,531	66,715	129,728
Scituate			48,940	95,113	69,579	213,631
Smithfield	646,892		101,774	269,275	253,182	1,271,123
South Kingstown	186,169		144,389	199,345	138,803	668,707
Tiverton			74,510	102,842	58,977	236,329
Warren			50,918	53,916	91,943	196,777
Warwick	1,595,654		394,570	691,943	964,785	3,646,951
Westerly	146,095		108,439	255,839	208,608	718,981
West Greenwich			28,597	28,154	59,278	116,029
West Warwick		783,095	138,805	155,644	233,530	1,311,075
Woonsocket	277,209	835,279	196,763	196,505	408,725	1,914,481
Subtotal	\$40,080,409	\$10,384,458	\$4,697,436	\$7,698,411	\$10,000,000	\$72,860,714
Reappropriation Coventry FY 2014 funds to be disbursed in FY 2015			166,126			166,126
Reappropriation of FY 2015 Funds to be distributed in FY 2016						
Coventry ⁽³⁾			166,126			166,126
Johnston ⁽³⁾			136,438			136,438
Statewide Reference Library Resource Grant				1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries				62,609		62,609
Library Construction Reimbursement				2,331,590		2,331,590
Total	\$40,080,409	\$10,384,458	\$5,166,126	\$11,104,988	\$10,000,000	\$76,735,981

(1) Coventry's FY 2014 Municipal Incentive Aid of \$166,126 is being held in escrow. The school pension plan has to be approved by the local governing body no later than April 2015 in order for the Town to be eligible to receive the incentive aid. Should the Town not qualify, then the aid will be distributed among the other qualifying municipalities in May 2015.

(2) Coventry and Johnston do not meet eligibility criteria in FY 2015. Aid will be reappropriated to FY 2016 based on current law.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2015 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾	Meals and Beverage Tax	FY 2015 Total Shared Taxes State Aid	FY 2015 Total Shared & Appropriated Aid
Barrington	221,639	-	159,119	380,757	1,046,280
Bristol	308,928	37,350	370,537	716,815	1,886,892
Burrillville	216,868	-	199,327	416,195	969,154
Central Falls	262,600	-	114,968	377,567	800,548
Charlestown	106,035	20,857	136,864	263,755	393,141
Coventry	474,601	80,558	391,283	946,443	1,415,013
Cranston	1,090,383	9,182	1,657,759	2,757,324	11,888,849
Cumberland	454,704	-	421,711	876,415	1,555,299
East Greenwich	178,130	875	574,014	753,018	1,378,576
East Providence	639,014	43,423	900,085	1,582,522	2,898,391
Exeter	90,136	-	87,589	177,724	346,272
Foster	62,363	245	16,469	79,078	189,942
Glocester	132,587	2,712	77,164	212,464	433,596
Hopkinton	110,548	-	51,684	162,232	305,274
Jamestown	73,464	9,146	87,272	169,883	305,352
Johnston	390,714	7,480	505,442	903,636	1,451,321
Lincoln	286,509	103,212	796,218	1,185,939	1,674,963
Little Compton	47,318	4,337	39,053	90,708	150,597
Middletown	218,914	685,117	689,053	1,593,085	1,877,161
Narragansett	214,997	81,446	554,739	851,182	1,110,402
Newport	330,398	1,928,482	1,959,698	4,218,578	6,110,202
New Shoreham	11,697	298,035	304,197	613,930	703,285
North Kingstown	358,048	77,876	500,892	936,817	1,522,440
North Providence	435,538	-	333,109	768,647	3,071,309
North Smithfield	161,729	3,034	242,771	407,534	708,836
Pawtucket	965,684	52,174	749,408	1,767,266	5,161,370
Portsmouth	234,854	11,612	185,646	432,112	696,346
Providence	2,415,159	1,951,194	5,022,959	9,389,313	45,417,030
Richmond	103,920	3,456	128,562	235,938	365,666
Scituate	140,191	4,866	67,681	212,738	426,369
Smithfield	291,036	147,543	688,109	1,126,688	2,397,811
South Kingstown	412,970	138,616	747,322	1,298,908	1,967,614
Tiverton	213,316	-	210,906	424,222	660,551
Warren	144,380	-	263,800	408,180	604,957
Warwick	1,120,907	1,023,194	2,649,727	4,793,828	8,440,779
Westerly	308,860	444,449	791,456	1,544,766	2,263,746
West Greenwich	82,423	95,181	132,141	309,746	425,775
West Warwick	394,835	98,978	340,406	834,218	2,145,293
Woonsocket	559,030	51,882	497,875	1,108,787	3,023,268
Subtotal	\$14,265,427	\$7,416,513	\$23,647,015	\$45,328,955	\$118,189,669
Reappropriation Coventry FY 2014 funds to be disbursed in FY 2015					166,126
Reappropriation of FY 2015 Funds to be distributed in FY 2016					
Coventry ⁽²⁾					166,126
Johnston ⁽²⁾					136,438
Statewide Reference Library Resource Grant (Providence)					1,012,378
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,331,590
Total	\$14,265,427	\$7,416,513	\$23,647,015	\$45,328,955	\$122,064,936

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Formula Aid - FY 2015 Revised vs. FY 2015 Enacted

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	Total Appropriated Difference
Barrington	-	-	-	-	(6,439)	(6,439)
Bristol	-	-	-	-	(20,482)	(20,482)
Burrillville	-	-	-	-	(7,661)	(7,661)
Central Falls	-	-	-	-	5,805	5,805
Charlestown	-	-	-	-	4,163	4,163
Coventry ⁽¹⁾⁽²⁾	-	-	(166,126)	-	26,530	(139,596)
Cranston	-	-	-	-	103,755	103,755
Cumberland	-	-	-	-	24,556	24,556
East Greenwich	-	-	-	-	(40,187)	(40,187)
East Providence	-	-	-	-	(70,662)	(70,662)
Exeter	-	-	-	-	9,732	9,732
Foster	-	-	-	-	(10,039)	(10,039)
Glocester	-	-	-	-	10,083	10,083
Hopkinton	-	-	-	-	7,764	7,764
Jamestown	-	-	-	-	(13,642)	(13,642)
Johnston ⁽²⁾	-	-	(136,438)	-	46,410	(90,028)
Lincoln	-	-	-	-	(39,747)	(39,747)
Little Compton	-	-	-	-	(11,157)	(11,157)
Middletown	-	-	-	-	(15,594)	(15,594)
Narragansett	-	-	-	-	(35,765)	(35,765)
Newport	-	-	-	-	(56,061)	(56,061)
New Shoreham	-	-	-	-	(560)	(560)
North Kingstown	-	-	-	-	(41,459)	(41,459)
North Providence	-	-	-	-	44,659	44,659
North Smithfield	-	-	-	-	4,817	4,817
Pawtucket	-	-	-	0	121,617	121,617
Portsmouth	-	-	-	-	(26,150)	(26,150)
Providence	-	-	-	-	156,260	156,260
Richmond	-	-	-	-	8,701	8,701
Scituate	-	-	-	-	(54,774)	(54,774)
Smithfield	-	-	-	-	(25,962)	(25,962)
South Kingstown	-	-	-	-	(32,141)	(32,141)
Tiverton	-	-	-	-	(48,352)	(48,352)
Warren	-	-	-	-	10,175	10,175
Warwick	-	-	-	-	(84,821)	(84,821)
Westerly	-	-	-	-	(12,765)	(12,765)
West Greenwich	-	-	-	-	252	252
West Warwick	-	-	-	-	14,881	14,881
Woonsocket	-	-	-	-	54,259	54,259
Subtotal	\$0	\$0	(\$302,564)	\$0	\$0	(\$302,564)
Reappropriation Coventry FY						
2014 funds to be disbursed in						
FY 2015			166,126			166,126
Reappropriation of FY 2015						
Funds to be distributed in FY						
2016						
Coventry ⁽³⁾			166,126			166,126
Johnston ⁽³⁾			136,438			136,438
Statewide Reference Library Resource Grant				-		-
Grant-In-Aid to Institutional Libraries				-		-
Library Construction Reimbursement				-		-
Total	\$0	\$0	\$166,126	\$0	\$0	\$166,126

(1) Coventry's FY 2014 Municipal Incentive Aid of \$166,126 is being held in escrow. The school pension plan has to be approved by the local governing body no later than April 2015 in order for the Town to be eligible to receive the incentive aid. Should the Town not qualify, then the aid will be distributed among the other qualifying municipalities in May 2015.

(2) Coventry and Johnston do not meet eligibility criteria in FY 2015. Aid will be reappropriated to FY 2016 based on current law.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Pass Through and All Aid - FY 2015 Rev vs. FY 2015 Enacted

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	11,030	11,030	4,591
Bristol	-	4,056	10,988	15,043	(5,439)
Burrillville	-	-	(9,694)	(9,694)	(17,356)
Central Falls	-	-	12,595	12,595	18,400
Charlestown	-	(1,468)	19,187	17,719	21,882
Coventry	-	2,902	10,881	13,783	(125,813)
Cranston	-	(922)	46,164	45,242	148,997
Cumberland	-	-	4,386	4,386	28,942
East Greenwich	-	471	29,092	29,563	(10,623)
East Providence	-	4,257	21,201	25,458	(45,204)
Exeter	-	-	3,838	3,838	13,570
Foster	-	101	487	588	(9,450)
Glocester	-	723	(1,451)	(728)	9,355
Hopkinton	-	-	(3,949)	(3,949)	3,815
Jamestown	-	(2,083)	3,905	1,822	(11,819)
Johnston	-	287	4,923	5,210	(84,818)
Lincoln	-	4,441	62,826	67,267	27,520
Little Compton	-	(5,282)	(2,059)	(7,340)	(18,498)
Middletown	-	12,786	40,978	53,764	38,170
Narragansett	-	(6,552)	15,506	8,954	(26,811)
Newport	-	31,669	(100,241)	(68,572)	(124,633)
New Shoreham	-	43,747	26,588	70,336	69,776
North Kingstown	-	6,384	2,845	9,229	(32,230)
North Providence	-	-	(41,902)	(41,902)	2,757
North Smithfield	-	213	32,090	32,303	37,120
Pawtucket	-	4,688	50,140	54,828	176,445
Portsmouth	-	2,376	(5,512)	(3,136)	(29,286)
Providence	-	33,037	115,738	148,775	305,035
Richmond	-	(363)	399	36	8,737
Scituate	-	492	(4,899)	(4,407)	(59,181)
Smithfield	-	4,245	61,098	65,343	39,381
South Kingstown	-	1,240	54,908	56,149	24,007
Tiverton	-	-	7,734	7,734	(40,618)
Warren	-	-	15,661	15,661	25,837
Warwick	-	39,082	131,203	170,285	85,464
Westerly	-	79,743	23,351	103,094	90,329
West Greenwich	-	2,272	20,181	22,453	22,706
West Warwick	-	1,050	2,621	3,671	18,553
Woonsocket	-	(7,437)	(28,244)	(35,681)	18,577
Subtotal	\$0	\$256,155	\$644,594	\$900,749	\$598,185
Reappropriation Coventry FY 2014 funds to be disbursed in FY 2015					
					166,126
Reappropriation of FY 2015 Funds to be distributed in FY 2016					
Coventry (2)					166,126
Johnston (2)					136,438
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					-
Total	\$0	\$256,155	\$644,594	\$900,749	\$1,066,875

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2016 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid ⁽¹⁾	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽²⁾	FY 2016 Total Appropriated State Aid
Barrington	12,812		77,484	337,167	230,537	658,000
Bristol	686,512		107,118	168,505	95,718	1,057,852
Burrillville	111,567		76,139	144,949	201,655	534,309
Central Falls	18,740	211,123	92,170	26,046	94,066	442,145
Charlestown			37,183	46,654	44,361	128,197
Coventry			166,346	217,150	246,097	629,593
Cranston	4,941,490		382,573	553,271	1,006,431	6,883,765
Cumberland	104		160,241	266,665	247,431	674,442
East Greenwich	298,535		62,395	121,208	81,789	563,926
East Providence	191,019	685,142	223,919	354,339	505,623	1,960,043
Exeter			31,773	45,910	92,010	169,692
Foster	363		22,003	30,796	57,184	110,345
Glocester			46,596	70,625	103,123	220,344
Hopkinton			38,737	31,101	69,637	139,475
Jamestown			25,782	87,375	22,069	135,227
Johnston			137,340	116,751	422,956	677,047
Lincoln			100,680	195,339	197,861	493,880
Little Compton			16,592	30,355	12,978	59,925
Middletown			76,771	135,162	69,136	281,069
Narragansett			75,160	120,040	60,561	255,760
Newport	1,094,494		115,718	380,016	77,876	1,668,105
New Shoreham			3,975	80,325	6,564	90,864
North Kingstown	1,308		125,293	266,128	184,758	577,487
North Providence	624,679	989,710	152,777	175,272	393,578	2,336,017
North Smithfield			57,141	65,478	181,773	304,392
Pawtucket	444,891	1,430,131	338,325	336,605	792,999	3,342,952
Portsmouth			82,434	101,476	78,523	262,432
Providence	24,583,441	5,332,583	846,519	1,138,890	1,868,582	33,770,015
Richmond			36,403	26,246	66,715	129,364
Scituate			49,249	94,694	69,579	213,521
Smithfield	525,939		101,997	269,640	253,182	1,150,759
South Kingstown	151,913		145,475	201,734	138,803	637,926
Tiverton			75,141	100,382	58,977	234,499
Warren			50,381	54,101	91,943	196,424
Warwick	1,272,221		391,644	673,157	964,785	3,301,807
Westerly	120,380		108,016	274,847	208,608	711,851
West Greenwich			29,010	29,133	59,278	117,421
West Warwick		835,708	138,039	152,016	233,530	1,359,293
Woonsocket		900,062	195,461	178,865	408,725	1,683,112
Subtotal	\$35,080,409	\$10,384,458	\$5,000,000	\$7,698,411	\$10,000,000	\$68,163,278
Reappropriation of FY 2015						
Funds to be distributed in FY						
2016						
Coventry ⁽³⁾			166,126			166,126
Johnston ⁽³⁾			136,438			136,438
Statewide Reference Library Resource Grant				1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries				62,609		62,609
Library Construction Reimbursement				2,663,300		2,663,300
Total	\$35,080,409	\$10,384,458	\$5,302,564	\$11,436,698	\$10,000,000	\$72,204,129

(1) Estimate and subject to change once updated Census Population is released.

(2) Estimate as of 12/9/14. Subject to change once finalized motor vehicle tax rolls are received from cities and towns.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2016 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax ⁽¹⁾	Hotel Tax ⁽²⁾	Meals and Beverage Tax	FY 2016 Total Shared Taxes State Aid	FY 2016 Total Shared & Appropriated Aid
Barrington	221,639	4,840	162,111	388,590	1,046,590
Bristol	308,928	56,246	377,506	742,680	1,800,532
Burrillville	216,868	1,543	203,076	421,487	955,796
Central Falls	262,600	1,029	117,130	380,759	822,904
Charlestown	106,035	92,261	139,438	337,734	465,931
Coventry	474,601	89,853	398,643	963,096	1,592,690
Cranston	1,090,383	16,367	1,688,939	2,795,688	9,679,454
Cumberland	454,704	-	429,643	884,347	1,558,788
East Greenwich	178,130	4,748	584,810	767,687	1,331,613
East Providence	639,014	50,607	917,015	1,606,636	3,566,679
Exeter	90,136	514	89,236	179,886	349,578
Foster	62,363	263	16,779	79,405	189,750
Glocester	132,587	4,372	78,615	215,575	435,918
Hopkinton	110,548	953	52,656	164,157	303,632
Jamestown	73,464	55,323	88,914	217,700	352,927
Johnston	390,714	8,524	514,948	914,186	1,591,232
Lincoln	286,509	111,019	811,193	1,208,722	1,702,602
Little Compton	47,318	44,706	39,787	131,811	191,737
Middletown	218,914	768,103	702,013	1,689,031	1,970,100
Narragansett	214,997	358,306	565,173	1,138,476	1,394,236
Newport	330,398	2,229,881	1,996,556	4,556,835	6,224,940
New Shoreham	11,697	374,713	309,919	696,328	787,193
North Kingstown	358,048	104,669	510,313	973,030	1,550,517
North Providence	435,538	1,029	339,375	775,941	3,111,958
North Smithfield	161,729	3,763	247,337	412,829	717,221
Pawtucket	965,684	58,948	763,503	1,788,135	5,131,087
Portsmouth	234,854	30,349	189,138	454,340	716,773
Providence	2,415,159	2,182,600	5,117,433	9,715,192	43,485,207
Richmond	103,920	4,214	130,980	239,115	368,479
Scituate	140,191	5,210	68,954	214,355	427,877
Smithfield	291,036	167,744	701,051	1,159,831	2,310,590
South Kingstown	412,970	217,045	761,377	1,391,392	2,029,318
Tiverton	213,316	9,739	214,872	437,927	672,426
Warren	144,380	6,384	268,762	419,525	615,949
Warwick	1,120,907	1,098,511	2,699,564	4,918,982	8,220,789
Westerly	308,860	560,026	806,342	1,675,228	2,387,079
West Greenwich	82,423	102,422	134,626	319,472	436,893
West Warwick	394,835	105,972	346,809	847,616	2,206,909
Woonsocket	559,030	55,548	507,239	1,121,817	2,804,929
Subtotal	\$14,265,427	\$8,988,342	\$24,091,776	\$47,345,544	\$115,508,822

Reappropriation of FY 2015

Funds to be distributed in FY

2016

Coventry ⁽³⁾

166,126

Johnston ⁽³⁾

136,438

Statewide Reference Library Resource Grant (Providence)

1,012,378

Grant-In-Aid to Institutional Libraries

62,609

Library Construction Reimbursement

2,663,300

Total

\$14,265,427

\$8,988,342

\$24,091,776

\$47,345,544

\$119,549,673

(1) PSCT Estimate as of 5/7/14. Subject to change once finalized tax returns are received in the Spring of 2015.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the Governor's recommended lodging tax initiatives.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Formula Aid - FY 2016 vs. FY 2015 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid ⁽¹⁾	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽²⁾	Total Appropriated Difference
Barrington	(2,813)	-	(389)	(4,321)	-	(7,523)
Bristol	(138,590)	-	(2,545)	28,910	-	(112,225)
Burrillville	(23,072)	-	495	3,926	-	(18,650)
Central Falls	(2,832)	13,193	326	8,477	-	19,164
Charlestown	-	-	(77)	(1,112)	-	(1,189)
Coventry	-	-	166,346	(5,323)	-	161,023
Cranston	(1,102,438)	(1,160,322)	807	14,192	-	(2,247,760)
Cumberland	(14)	-	2,019	(6,447)	-	(4,442)
East Greenwich	(61,746)	-	(8)	123	-	(61,632)
East Providence	(31,976)	685,142	(307)	(8,686)	-	644,174
Exeter	-	-	899	246	-	1,145
Foster	(68)	-	304	(755)	-	(519)
Glocester	-	-	219	(1,007)	-	(788)
Hopkinton	-	-	17	(3,584)	-	(3,567)
Jamestown	-	-	79	(322)	-	(243)
Johnston	-	-	137,340	(7,978)	-	129,362
Lincoln	-	-	534	4,321	-	4,855
Little Compton	-	-	(21)	57	-	35
Middletown	-	-	(196)	(2,811)	-	(3,007)
Narragansett	-	-	(517)	(2,943)	-	(3,459)
Newport	(220,827)	-	(971)	(1,722)	-	(223,519)
New Shoreham	-	-	(546)	2,055	-	1,509
North Kingstown	(286)	-	(538)	(7,312)	-	(8,136)
North Providence	(7,028)	41,038	314	(970)	-	33,354
North Smithfield	-	-	915	2,174	-	3,089
Pawtucket	(100,674)	42,722	(312)	7,112	-	(51,152)
Portsmouth	-	-	277	(2,078)	-	(1,801)
Providence	(2,526,071)	260,832	1,467	6,070	-	(2,257,702)
Richmond	-	-	(78)	(285)	-	(364)
Scituate	-	-	310	(419)	-	(109)
Smithfield	(120,953)	-	224	365	-	(120,364)
South Kingstown	(34,256)	-	1,086	2,389	-	(30,781)
Tiverton	-	-	631	(2,461)	-	(1,830)
Warren	-	-	(537)	184	-	(353)
Warwick	(323,433)	-	(2,926)	(18,786)	-	(345,144)
Westerly	(25,715)	-	(423)	19,008	-	(7,130)
West Greenwich	-	-	413	979	-	1,392
West Warwick	-	52,613	(766)	(3,628)	-	48,218
Woonsocket	(277,209)	64,783	(1,302)	(17,641)	-	(231,370)
Subtotal	(\$5,000,000)	\$0	\$302,564	\$0	\$0	(\$4,697,436)
Reappropriation of FY 2015 Funds to be distributed in FY 2016						
Coventry ⁽³⁾			-			-
Johnston ⁽³⁾			-			-
Statewide Reference Library Resource Grant				-		-
Grant-In-Aid to Institutional Libraries				-		-
Library Construction Reimbursement				331,710		331,710
Total	(\$5,000,000)	\$0	\$302,564	\$331,710	\$0	(\$4,365,726)

(1) Estimate and subject to change once updated Census Population is released.

(2) Estimate as of 12/9/14. Subject to change once finalized motor vehicle tax rolls are received from cities and towns.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Pass Through and All Aid - FY 2016 vs. FY 2015 Revised

City or Town	Public Service Corporation Tax ⁽¹⁾	Hotel Tax ⁽²⁾	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	4,840	2,993	7,833	310
Bristol	-	18,896	6,969	25,865	(86,360)
Burrillville	-	1,543	3,749	5,292	(13,358)
Central Falls	-	1,029	2,162	3,191	22,355
Charlestown	-	71,405	2,574	73,979	72,790
Coventry	-	9,295	7,359	16,654	177,677
Cranston	-	7,185	31,180	38,364	(2,209,396)
Cumberland	-	-	7,932	7,932	3,489
East Greenwich	-	3,873	10,796	14,669	(46,962)
East Providence	-	7,185	16,929	24,114	668,288
Exeter	-	514	1,647	2,162	3,307
Foster	-	17	310	327	(192)
Glocester	-	1,659	1,451	3,111	2,323
Hopkinton	-	953	972	1,925	(1,642)
Jamestown	-	46,176	1,641	47,818	47,575
Johnston	-	1,043	9,507	10,550	139,911
Lincoln	-	7,808	14,976	22,783	27,639
Little Compton	-	40,369	735	41,104	41,139
Middletown	-	82,986	12,960	95,946	92,939
Narragansett	-	276,860	10,434	287,293	283,834
Newport	-	301,399	36,859	338,258	114,738
New Shoreham	-	76,677	5,721	82,399	83,908
North Kingstown	-	26,792	9,421	36,213	28,077
North Providence	-	1,029	6,265	7,294	40,649
North Smithfield	-	729	4,566	5,295	8,385
Pawtucket	-	6,774	14,095	20,869	(30,283)
Portsmouth	-	18,736	3,492	22,228	20,427
Providence	-	231,406	94,473	325,879	(1,931,823)
Richmond	-	759	2,418	3,177	2,813
Scituate	-	344	1,273	1,617	1,508
Smithfield	-	20,201	12,942	33,143	(87,221)
South Kingstown	-	78,429	14,056	92,485	61,704
Tiverton	-	9,739	3,967	13,705	11,876
Warren	-	6,384	4,962	11,345	10,993
Warwick	-	75,317	49,837	125,154	(219,990)
Westerly	-	115,576	14,886	130,462	123,333
West Greenwich	-	7,240	2,485	9,726	11,118
West Warwick	-	6,995	6,402	13,397	61,616
Woonsocket	-	3,666	9,364	13,030	(218,339)
Subtotal	\$0	\$1,571,829	\$444,761	\$2,016,589	(\$2,680,847)
Reappropriation of FY 2015 Funds to be distributed in FY 2016					
Coventry ⁽³⁾					0
Johnston ⁽³⁾					0
Statewide Reference Library Resource Grant					0
Grant-In-Aid to Institutional Libraries					0
Library Construction Reimbursement					331,710
Total	\$0	\$1,571,829	\$444,761	\$2,016,589	(\$2,349,137)

(1) PSCT Estimate as of 5/7/14. Subject to change once finalized tax returns are received in the Spring of 2015.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under this chapter, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Appendix D

Aid to Schools

Education Aid to Local Governments

Education Aid to Local Governments totals \$1.030 billion in FY 2016, a \$46.4 million or 4.7 percent increase in total state funding relative to the revised FY 2015 Budget of \$983.4 million. Total Education Aid is defined to include local public schools, School for the Deaf, Davies Career and Technical School, the charter schools, the Central Falls School District, and the Metropolitan Career and Technical School, as well as support for the State's share of Teacher Retirement and School Housing Aid programs.

Fiscal year 2016 represents year five of the education aid funding formula. As of July 1, 2011, education aid to all districts, charter schools, and state schools (Davies and the Met) is formula based. The School for the Deaf is a special education program and the funding method has not changed since it already has a state, federal, and local share. Based on the principle that the money follows the student, the formula was developed with the following guiding principles: (1) build a strong foundation for all children; (2) improve equity among districts and schools; (3) be transparent; and (4) be financially responsible.

The funding formula has been designed to distribute aid based on three key components:

- Core Instructional Amount – (\$8,928 per student in FY 2016) Derived from a regional average of the National Center for Education Statistics (NCES) expenditure data, the core instructional amount is based on cost studies from states that have been deemed by education researchers to be best practice financial models or states. In order to be informed, objective, and geographically sensitive, the formula uses a New England average cost to provide a balanced perspective on what Rhode Island should be spending to provide a high quality of education. The core instruction amount accounts for costs that have the greatest impact on a child's ability to learn, including instruction, instructional support, and leadership costs.
- Student Success Factor – (\$3,586 per student in FY 2016) Provides additional funding to support student needs beyond the core services listed above with the ultimate goal of closing student achievement gaps. Within the formula, each student is entitled to a 40.0 percent student success factor, which is applied to the core instructional amount. This factor is also applied to PK-12 students who are eligible for free and reduced price lunch.
- State Share Ratio – After the core components have been determined, a state share ratio formula is applied to address two key questions: How to account for differences in the revenue-generation capacity of communities and how to allocate funding to communities based on the supports that students need. The state share ratio is dependent on district property values weighted for median family income and students eligible for free and reduced price lunch.

Data plays a crucial role in how education aid is distributed to districts, charter schools, Davies, and the Met. The funding formula incorporates annual data updates including student counts, the core instruction per pupil, and the most recently assessed community property values and median family income data in order to ensure aid distribution uses the best available data. The formula establishes a platform for creating horizontal equity. It attempts to get a like amount of funding to children who have similar characteristics regardless of where they sit, which in turn gradually rebalances education funding to provide all districts a common level of purchasing power.

In addition, specific categorical funds for certain high-cost items were established outside the formula distribution: High cost special education, career and technical education, early childhood education, transportation for non-public and regional districts, as well as regional district bonuses. A Central Falls Stabilization Fund has also been created to assure that appropriate funding is available to support the district, due to concerns regarding local capacity. According to law, state stabilization funds are only paid upon transfer of a matching amount to the school district by the city. If Central Falls is unable to pay its share, the State will not provide funding under the stabilization fund.

Education Aid to Local Governments

Lastly, funding allocations will be phased in over ten years based on a transition model where overfunded districts shall have a level decrease period, while underfunded districts will have a quicker transition of seven years. In FY 2016, the fifth year of formula implementation, the transition periods will be six years for overfunded districts and three years for underfunded districts.

The following sections summarize changes to the various aid categories that comprise total FY 2016 Education Aid.

Distributed Aid

Beginning in FY 2012, distributed aid reflects aid to both districts and charter schools as a result of the education aid funding formula. In prior years, charter schools were displayed within the non-distributed aid category of the education aid tables following this section. In FY 2016, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools and Group Home Aid, increases by \$36.9 million from the revised FY 2015 budget. The formula aid segment alone totals \$776.8 million or an increase of \$37.6 million in FY 2016. The Governor's Budget fully-funds year five of the education aid funding formula in FY 2016, including an additional \$1.4 million for Full-Day Kindergarten for districts that plan to implement by September, 2015. Since students participating in this program are now in school for a full day instead of half the school day, Distributed Aid for FY 2016 shows a subsequent increase to accommodate the adjustment in the Average Daily Membership (ADM) number used in the education aid funding formula calculations. A reduction of \$1.1 million in Group Home Aid is made to reflect updated group home bed census figures as of December, 2014.

One of the primary drivers for the \$37.6 million growth in formula aid is the expansion of charter schools. Charter school growth is funded in full in the year of growth, while reductions in the sending communities are spread over the remaining years of transition. Upon full transition, money will follow the student and charter or state school growth will be offset by dollar-for-dollar reductions in the sending communities. In FY 2016, five existing charter schools experiencing growth will be fully-funded, while two new charter schools, Engineering Early and RISE Mayoral Academy, are projected to open (subject to Board approval). Charter school growth, assuming the new schools are approved, is \$11.1 million more than the FY 2015 revised recommendation.

Moreover, the FY 2016 recommendation continues with year three of funding the Urban Collaborative through the funding formula, in accordance with the change made to RIGL §16-3.1-11 in the 2012 Session of the General Assembly. Although this change is revenue neutral to the state, the four current sending communities, Central Falls, Cranston, North Providence, and Providence, will see a reduction in state education aid for these 138 students. The Urban Collaborative increases in the Governor's recommendation by \$274,683 to a total of \$849,196 in the FY 2016 recommendation. Finally, an additional \$3.7 million is included in the Central Falls Stabilization Fund as required by RIGL 16-7.2-6(d) to cover costs outside of those calculated by the education aid funding formula. This is the second year that Central Falls receives assistance through this Fund.

State Schools

The State Schools, Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$27.9 million in general revenue for FY 2016, which constitutes a decrease of \$694,299 from the revised FY 2015 Budget. Only Davies and the Met fall under the funding formula.

Education Aid to Local Governments

Non-Distributed Aid

Non-distributed aid in FY 2016 decreases by \$115,745 from the revised FY 2015 Budget. The FY 2016 Budget includes \$12.3 million to finance four of the five education aid categorical funds, all of which were included in the funding formula legislation passed in 2010. The regional district bonus, the fifth categorical fund, is not funded in the Governor's Budget since no new regional districts were established in FY 2014 to be eligible for the three-year bonus. Categorical funds are not distributed according to the formula, but instead according to their own individual set of rules. The Governor recommends \$3.5 million to be used for the Career and Technical Education Categorical Fund, which will support the initial investment requirements to transform existing or create new career and technical programs and offset the higher than average costs of maintaining the highly specialized programs. For year five of the Transportation Categorical Fund, the Governor recommends \$2.4 million, or \$2.0 million less than in FY 2015 revised, to reimburse districts for a portion of the excess costs associated with transporting non-public, non-special education students to out-of-district non-public schools and public school students within regional districts. Only those districts participating in the statewide system are eligible for non-public transportation funding. (Article 6 of the Governor's FY 2016 Budget amends § RIGL 16-21-1 to relieve local education agencies from providing this service for non-public school children.)

The Governor recommends \$4.0 million for the Early Childhood Demonstration Categorical Fund to increase access to voluntary, free, high-quality pre-kindergarten programs. The pre-kindergarten expansion in Rhode Island will start with seventeen communities with selected concentrations of children from low-income families. This began as a pilot program in FY 2010 and continued in FY 2011; however, funding was eliminated in the enacted FY 2012 Budget. Funding was restored in FY 2013 and continued in years following. A \$1.0 million increase as compared to the revised FY 2015 Budget is recommended for the High Cost Special Education Fund, which will reimburse districts for special education costs exceeding five times the total foundation per pupil (\$62,495 in FY 2016), including but not limited to instructional and related services provided to a child as defined in his/her Individual Education Plan (IEP), transportation costs, tuition costs, assistive technology costs, and other associated costs.

Moreover, the revised FY 2015 and FY 2016 Budget includes \$250,000 for the Full-Day Kindergarten Pilot Program intended for one-time start-up costs for interested local education agencies (LEAs). A subsequent increase in Distributed Aid is included to accommodate the increase in the Average Daily Membership (ADM) number used in the Education Aid Funding Formula calculations.

Offsetting some of these increases in education aid includes eliminating a substantial investment of \$745,000 to the Rhode Island Vision Education and Services Program (RIVESP) over a three-year period beginning in FY 2014; FY 2016 is the final year of the phase-out. RIVESP, housed at the Sherlock Center at Rhode Island College, is a program that provides children with low vision, blindness, and print disabilities full access to services and adaptive instructional materials, while also providing teaching and consultation services to the children, their families, and educational staff within the school environment. This reduction in state aid would have no impact on students who utilize these services, for the original intent of the Program is to ultimately have the full cost of such services shift to LEAs. In addition, state financing for the Textbook Expansion program will also be discontinued. This will not affect operations similar to the Vision Services Program, since state aid is provided only for additional assistance. The operating costs for both programs are financed by the LEAs.

General revenue funding of \$400,000 for the Rhode Island Telecommunications Access fund and \$270,000 for the School Breakfast program in FY 2016 are both level-funded as compared to the revised FY 2015 level.

Education Aid to Local Governments

Other Aid

The FY 2016 Budget also includes an increase of \$3.8 million to a total of \$92.8 million for the State's 40.0 percent share of the employer cost of Teacher Retirement benefits, mostly attributable to an employer rate increase from 9.19 percent to 9.41 percent for most communities.

Housing aid, also known as School Construction Aid, increases significantly in FY 2016, as the Governor recommends \$20.0 million to be transferred a new School Building Authority Capital fund at the Rhode Island Health and Education Building Corporation. This fund will be available to local education authorities as a perennial source of financing (and refinancing) for approved school construction projects. The Department will continue to apply its computation of reimbursable school housing aid. Underlying growth in school housing aid is \$2.8 million for a total of \$70.9 million in FY 2016, as the Department continues to reimburse existing commitments in every community in the state.

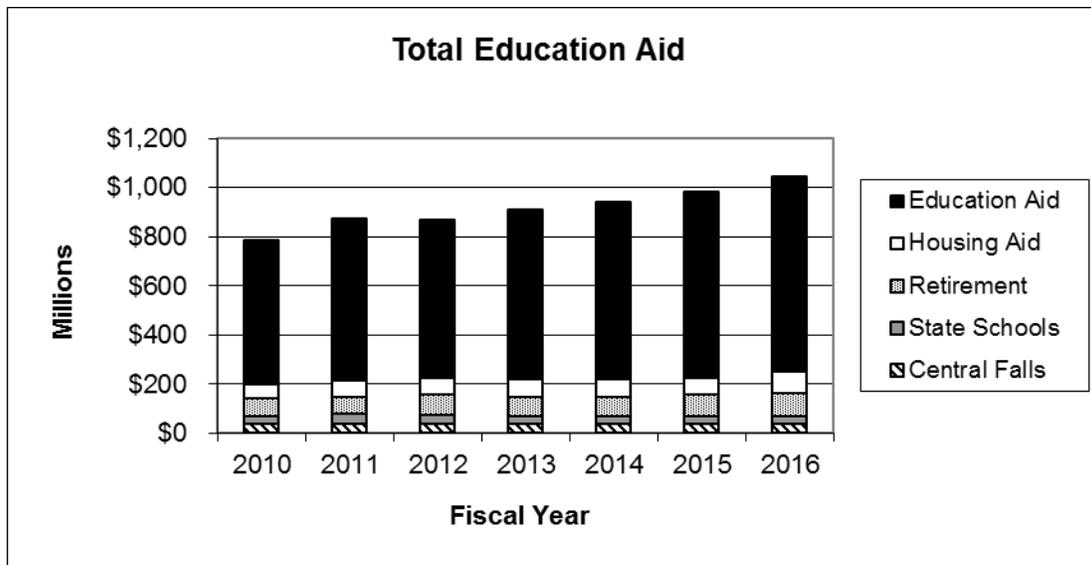
Also in FY 2016, the Governor promotes \$250,000 to finance a new Teacher Diversity Initiative to certify teachers from a wider range of backgrounds and diversity. This new initiative is in RIDE's Office of Educator Quality and its goal is to narrow the achievement gap of children in racially diverse neighborhoods.

FY 2016 Education Aid Increases (Decreases) From the Revised FY 2015 Budget

- Formula Aid including \$1.4 million for full-day K: \$37,611,031
- Group Home Funding: (\$1,053,061)
- Central Falls School District: \$358,754
- Textbook Expansion: (\$240,000)
- Early Childhood Demonstration: \$1,000,000
- Transportation Categorical: (\$2,000,000)
- High Cost Special Ed Categorical: \$1,000,000
- Metropolitan Career and Technical School: (\$513,855)
- School for the Deaf: \$386,131
- Davies Career and Technical School: (\$694,299)
- Teachers' Retirement: \$3,800,787
- School Housing Aid: \$22,807,038

The following graph displays total school aid from FY 2010 to FY 2016. The "Education Aid" component is comprised of all aid categories under the standard Education Aid program. For FY 2012 and on, this includes such items as the Funding Formula Distribution and Group Home Aid. FY 2011 and prior include, but are not limited to, General Aid, Targeted Aid, Charter School Aid, and the Student Investment Initiatives. Other components of total aid include: State Contributions for Teachers' Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).

Education Aid to Local Governments



Housing Aid

The Governor includes \$20.0 million in general revenue to finance the new School Building Authority Capital Fund at the Rhode Island Health and Education Building Corporation (RIHEBC) in FY 2016. The financing is included in RIDE's budget, as a transfer to RIHEBC to provide a perennial source of financing for local education agencies.

The existing School Housing Aid Program reimburses a community for eligible construction expenditures beginning in the fiscal year after the project is completed. The reimbursement rate is based on the cost of the project over the life of the bonds issued for the project. The Commissioner and the Board of Education review each local community's request for reimbursement through the program. Pursuant to recent legislation, the Department of Education and the Board of Education promulgated new regulations governing both this process, as well as the oversight of all projects eligible for School Housing Aid.

Although the reimbursement reference for completed projects is one year, there is a two-year reference for formula factors. For example, FY 2014 allocations were based on 2012 wealth and enrollment levels. The housing aid share ratio calculation is based on a district's income adjusted per-pupil property wealth compared to aggregate state per-pupil property wealth. Under current law, beginning FY 2013, the minimum reimbursement to each community is frozen to 35.0 percent. A 4.0 percent bonus is awarded when a minimum of 75.0 percent of a project's cost is for energy conservation, asbestos removal, or handicapped access. Regional districts receive a two percent bonus for each regionalized grade for new construction projects, and an additional four percent bonus for renovation projects.

In June 2011, the General Assembly enacted a moratorium on new school construction project approvals (except for health and safety projects) and a sunset provision for projects approved before the current school construction regulations went into effect. This moratorium was extended in the 2014 Session due for expiration on May 1, 2015, at which time the new School Building Authority Capital Fund will be poised to finance a significant backlog of projects.

The revised FY 2015 and FY 2016 Budgets propose general revenue expenditures of \$68.1 million and \$90.9 million respectively, for the School Housing Aid program. Of the year over year increase in FY 2016, \$20.0 million is attributable to the new School Building Authority Capital Fund, as opposed to typical housing aid reimbursements.

Education Aid to Local Governments

Teachers' Retirement

RIGL 16-16-22 requires the State of Rhode Island to make contributions to the teacher retirement system. The State shall contribute a percentage of the employer's share, with the school districts contributing the balance. The State's share has varied over the years based upon the total actuarially determined rate of payroll, but since FY 1993 it has been fixed at 40.0 percent, with the municipalities contributing 60.0 percent. Each district receives the same percentage, regardless of district wealth.

The State deferred the State's contributions to Teachers' Retirement in both FY 1991 and FY 1992. Most municipalities also deferred the local portion of teacher retirement contributions for this period. The state deferrals, valued at \$22.4 million in FY 1991 and \$22.2 million in FY 1992, is financed over twenty years, as will the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement includes an adjustment to accommodate the deferred liability.

Furthermore, the municipalities of Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield did not participate in the 1990 early retirement window for teachers and therefore contribute a slightly smaller percentage of teachers' salaries than the ones listed in the tables below.

Education Aid to Local Governments

Contribution Rates for Teachers' Retirement Fund

- Defined Benefit Retirement Plan

	<u>Actuarial Contribution Rate of Payroll</u>	<u>Employer Share</u>			<u>Teacher</u>
		<u>Local (60.0%)*</u>	<u>State (40%)*</u>	<u>Sub Share</u>	
1999	21.02%	6.62%	4.90%	11.52%	9.50%
2000	24.14%	8.43%	6.21%	14.64%	9.50%
2001	21.51%	6.86%	5.15%	12.01%	9.50%
2002	19.45%	5.73%	4.22%	9.95%	9.50%
2003	21.47%	6.93%	5.04%	11.97%	9.50%
2004	23.22%	7.99%	5.73%	13.72%	9.50%
2005	24.34%	8.72%	6.12%	14.84%	9.50%
2006	25.97%	9.72%	6.75%	16.47%	9.50%
2007	29.14%	11.62%	8.02%	19.64%	9.50%
2008	31.51%	13.04%	8.97%	22.01%	9.50%
2009	29.57%	11.89%	8.18%	20.07%	9.50%
2010	29.57%	11.89%	8.18%	20.07%	9.50%
2011	28.51%	11.25%	7.76%	19.01%	9.50%
2012	31.82%	13.23%	9.09%	22.32%	9.50%
2013	23.04%	11.41%	7.88%	19.29%	3.75%
2014	24.43%	12.26%	8.42%	20.68%	3.75%
2015	26.35%	13.41%	9.19%	22.60%	3.75%
2016	26.89%	13.73%	9.41%	23.14%	3.75%

*Adjusted for deferral liability

- Defined Contribution Retirement Plan

<u>Required Contribution</u>		<u>Employer Share</u>			<u>Teacher Share</u>	
<u>Rate of Payroll</u>		<u>Local (60%)</u>	<u>State (40%)</u>	<u>Subtotal</u>		
	2015	6.0%	0.6%	0.4%	1.0%	5.0%
	2015 (Non-Social Security-eligible position)	10.0%	2.6%	0.4%	3.0%	7.0%
	2016	6.0%	0.6%	0.4%	1.0%	5.0%
	2016 (Non-Social Security-eligible position)	10.0%	2.6%	0.4%	3.0%	7.0%

The following table displays the state contributions to Teacher Retirement since FY 1999. The State Retirement Board uses the districts' retirement contribution data to calculate the state obligation each month, and contributions are accrued to the appropriate fiscal period.

Education Aid to Local Governments

State Contributions for Teacher Retirement

<u>Fiscal Year</u>	<u>State Share</u>
1999 Actual	\$30,202,943
2000 Actual	\$40,719,407
2001 Actual	\$35,365,234
2002 Actual	\$30,652,207
2003 Actual	\$38,242,690
2004 Actual	\$45,039,269
2005 Actual	\$48,503,125
2006 Actual	\$54,537,733
2007 Actual	\$70,286,753
2008 Actual	\$83,028,510
2009 Actual	\$73,592,722
2010 Actual	\$68,550,306
2011 Actual	\$70,286,261
2012 Actual	\$80,385,930
2013 Actual	\$75,777,027
2014 Actual	\$80,351,295
2015 Revised	\$89,005,049
2016 Recommended	\$92,805,836

Explanation of Education Aid Table by LEAs

The following table displays education aid by apportionment among the state's local and regional education agencies. "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, including Funding Formula Aid to all districts and charter schools and Group Home Aid. "State Schools" include the Metropolitan School, Davies, and School for the Deaf. "Non-Distributed Aid" includes several categories of aid that are either utilized at the departmental level or are not distributed regularly to school districts. "Other Aid" consists of allocations for School Housing Aid and State contributions to the Teachers' Retirement Fund. The next table shows the

Education Aid to Local Units of Government

	FY 2015 Revised		FY 2016 Recommend	Difference
Distributed LEA Aid				
Barrington	\$ 4,605,699	\$	5,125,978	\$ 520,279
Bristol/Warren	16,060,879		15,472,157	(588,722)
Burrillville	13,207,943		13,323,549	115,606
Central Falls (1)	39,010,583		39,369,337	358,754
Chariho District	229,922		191,602	(38,320)
Charlestown	1,708,666		1,721,411	12,745
Coventry	20,983,721		21,793,909	810,188
Cranston	46,502,463		49,976,874	3,474,411
Cumberland	15,614,646		16,511,066	896,420
East Greenwich	2,393,842		2,753,180	359,338
East Providence	29,240,976		30,912,340	1,671,364
Exeter/W Greenwich	5,904,008		5,653,149	(250,859)
Foster	1,178,487		1,178,425	(62)
Foster/Glocester	4,947,131		4,896,136	(50,995)
Glocester	2,616,917		2,528,470	(88,447)
Hopkinton	5,576,348		5,520,458	(55,890)
Jamestown	399,684		440,600	40,916
Johnston	12,903,199		13,706,185	802,986
Lincoln	9,787,593		10,390,726	603,133
Little Compton	401,928		401,954	26
Middletown	8,891,102		8,660,856	(230,246)
Narragansett	1,987,115		2,169,670	182,555
New Shoreham	82,308		84,762	2,454
Newport	10,623,202		10,510,795	(112,407)
North Kingstown	10,713,692		10,623,405	(90,287)
North Providence	16,417,039		18,044,074	1,627,035
North Smithfield	5,553,096		5,737,907	184,811
Pawtucket	74,724,961		77,363,421	2,638,460
Portsmouth	4,851,148		4,766,911	(84,237)
Providence	214,570,246		221,352,686	6,782,440
Richmond	5,205,437		5,082,617	(122,820)
Scituate	3,913,720		3,935,755	22,035
Smithfield	5,032,662		5,399,902	367,240
South Kingstown	7,842,011		7,600,916	(241,095)
Tiverton	5,800,664		5,980,785	180,121
Warwick	35,959,169		36,440,558	481,389
West Warwick	20,973,995		21,820,351	846,356
Westerly	7,620,089		8,279,681	659,592
Woonsocket	50,667,450		53,096,244	2,428,794
Subtotal (1)	\$ 724,703,742	\$	748,818,802	\$ 24,115,060

Education Aid to Local Units of Government

	FY 2015 Revised		FY 2016 Recommend		Difference
Distributed LEA Aid- Charter Schools					
ACE (Textron)	\$ 2,318,176	\$	2,291,698	\$	(26,478)
Achievement First	2,705,111		5,391,640		2,686,529
Beacon Charter School	1,679,403		2,044,695		365,292
Blackstone Academy	1,652,884		2,678,946		1,026,062
Compass School	534,940		509,620		(25,320)
Engineering Early (2)	-		1,060,052		1,060,052
Greene School	942,594		1,007,866		65,272
Highlander	3,754,605		4,453,429		698,824
Hope Academy	369,149		734,676		365,527
International Charter School	2,867,485		3,021,622		154,137
Kingston Hill Academy	625,616		614,217		(11,399)
Learning Community	6,137,788		6,126,851		(10,937)
New England Laborers	1,194,388		1,156,423		(37,965)
Nowell Academy	1,596,758		1,616,589		19,831
Nurses Institute	2,398,086		2,533,189		135,103
Paul Cuffee Charter School	7,962,689		7,953,844		(8,845)
RIMA Blackstone Valley	9,068,092		10,937,966		1,869,874
RISE Mayoral Academy (2)	-		652,514		652,514
Segue Institute for Learning	2,649,456		2,679,797		30,341
Southside Elementary	255,742		508,072		252,330
Times 2 Academy	6,986,801		7,619,514		632,713
Trinity Academy	1,755,462		2,160,875		405,413
Village Green	1,600,556		2,411,323		810,767
Subtotal	\$59,055,781		\$70,165,418	\$	11,109,637
Urban Collaborative (RIGL 16-3.1-11)	\$ 574,513	\$	849,196	\$	274,683
All Day Kindergarten Initiative (3)	-		1,417,343		1,417,343
Distributed LEA Subtotal	\$ 784,334,035	\$	821,250,759	\$	35,499,380
Non-Distributed Aid					
Textbook Expansion	\$ 115,745	\$	-	\$	(115,745)
School Breakfast	270,000		270,000		-
Telecommunications Access	400,000		400,000		-
Early Childhood Demonstration	2,950,000		3,950,000		1,000,000
Transportation Categorical	4,351,360		2,351,360		(2,000,000)
High Cost Special Ed Categorical	1,500,000		2,500,000		1,000,000
Career and Tech Categorical	3,500,000		3,500,000		-
All Day Kindergarten Pilot	250,000		250,000		-
Subtotal	\$ 13,337,105	\$	13,221,360	\$	(115,745)

Education Aid to Local Units of Government

	FY 2015 Revised		FY 2016 Recommend		Difference
State Schools					
Metropolitan School	\$ 10,501,360	\$	9,987,505	\$	(513,855)
School for the Deaf	5,893,459		6,279,590		386,131
Davies School	12,240,174		11,656,803		(583,371)
Subtotal	\$ 28,634,993	\$	27,923,898	\$	(711,095)
 Other Aid					
Teachers' Retirement	\$ 89,005,049	\$	92,805,836	\$	3,800,787
School Housing Aid (4)	68,100,072		70,907,110		2,807,038
Subtotal	\$ 157,105,121	\$	163,712,946	\$	6,607,825
Total	\$ 983,411,254	\$	1,026,108,963	\$	42,697,708

(1) Central Falls includes \$1.9 million in Stabilization Funds in FY 2016

(2) Subject to Board of Education final approval

(3) Assumes full implementation for Coventry, Cranston, East Greenwich, Johnston, North Kingstown, Tiverton and Warwick

(4) The Governor recommends \$20.0 million to be transferred to a new School Building Authority Capital Fund at the Rhode Island Health and Education Building Authority.

Appendix E
Personnel
Statewide Summary

Personnel - Statewide Summary

<u>Distribution by Category</u>	<u>FY 2015</u>		<u>FY 2016</u>	
	FTE Positions	Cost	FTE Positions	Cost
Classified	9,423.6	555,556,785	9,446.4	557,671,375
Unclassified	2,499.1	180,131,316	2,504.4	185,233,977
Nonclassified	3,098.3	228,700,386	3,109.7	237,908,502
Program Reductions/Reconciliations	79.7	-	58.9	(458,095)
Overtime	-	61,132,083	-	58,810,879
Turnover	-	(65,182,538)	-	(64,776,702)
Cost Allocation from program Y	230.7	20,370,698	206.3	19,500,001
Cost Allocation to program X ⁽¹⁾	(230.7)	(22,667,346)	(206.3)	(21,825,846)
Interdepartmental Transfers	-	-	-	-
Road Construction ⁽²⁾	-	2,584,864	-	2,697,184
Salaries	15,100.7	\$960,626,248	15,119.4	\$974,761,275
Benefits				
Retirement		189,065,748		194,043,080
Health Benefits		186,628,990		195,454,218
FICA		72,969,836		73,881,156
Retiree Health		55,889,800		50,379,417
Other		12,627,189		12,949,818
Holiday Pay		8,773,823		8,131,449
Payroll Accrual		4,291,031		4,442,801
Salaries and Benefits	15,100.7	\$1,490,872,665	15,119.4	\$1,514,043,214
Cost per FTE Position		98,729		100,139
Temporary and Seasonal (3)		88,898,331		88,475,671
Statewide Benefit Assessment		37,257,449		37,912,777
Worker's Compensation		27,904,673		29,117,468
Payroll Costs	15,100.7	\$1,644,933,118	15,119.4	\$1,669,549,130

Personnel - Statewide Summary

	<u>FY 2015</u>		<u>FY 2016</u>	
Purchased Services		Cost		Cost
Medical Services		12,374,878		12,724,263
Design & Engineering Services		41,748,835		36,852,710
Training & Educational Services		49,633,034		42,958,656
Buildings and Grounds Maintenance		5,933,895		6,265,556
Information Technology		84,559,159		51,811,831
Legal Services		6,876,586		5,988,124
Management & Consultant Services		94,969,605		88,626,716
Clerical & Temporary Services		5,668,387		5,179,271
Other Contract Services		22,015,933		17,010,581
University/Colleges Services		17,564,729		16,853,740
Total		\$341,345,041		\$284,271,448
Total Personnel	15,100.7	\$1,986,278,159	15,119.4	\$1,953,820,578

	<u>FY 2015</u>		<u>FY 2016</u>	
<u>Distribution by Source of Funds</u>	FTE	Cost	FTE	Cost
General Revenue	8,658.5	901,418,825	8,678.6	908,024,122
Federal Funds	1,995.9	504,824,072	1,988.0	458,157,387
Restricted Receipts	451.4	103,812,858	452.8	106,799,531
Internal Service Funds	47.0	5,753,319	45.9	5,566,938
Other Special Funds	644.2	95,297,394	647.9	98,774,588
Other Funds Third Party-Research	3,303.7	375,171,691	3,306.2	376,498,012
Subtotal	15,100.7		15,119.4	
Total: All Funds	15,100.7	\$1,986,278,159	15,119.4	\$1,953,820,578

(1) Includes cost allocation of \$871,277 in FY 2015 and \$897,157 in FY 2016 from personnel to private funding in Public Higher Education. Also included are \$1,425,371 in FY 2015 and \$1,428,688 in FY 2016 in Transportation. The difference reflects off-budgeted accounts related to the state match for the federal highway construction program.

(2) In Public Safety (\$1,872,000/1,984,320) and Corrections (\$712,864/\$712,864)

(3) Includes \$10,391,934 in FY 2015 and \$11,068,476 in FY 2016 for faculty and staff in Higher Education not classified as full-time equivalent positions.

Appendix F
Five-Year Financial
Projection

FY 2016 – FY 2020 Overview

Summary

This Five-Year Financial Projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws, which requires that, the Budget Officer:

- (6) Prepare a five-year financial projection of anticipated general revenue receipts and expenditures, including detail of principal revenue sources and expenditures by major program areas, which projection shall be included in the budget submitted to the general assembly pursuant to subsection 35-3-7.

The five-year financial projection includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2020. Also included are tables that provide detail on the planning values used in these projections. The planning values reflect policy assumptions, as well as economic and demographic forecasts.

The purpose of the five-year forecast is to provide a baseline fiscal outlook for the State of Rhode Island. Although the forecast may be used as a benchmark in assessing the affordability and desirability of alternative policy options, caution should be exercised in the interpreting of the forecast. Forward-looking estimates, such as those made in this forecast, are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Many of these risks, such as national economic and business conditions, political or legal impediments, are beyond the control of the State. The estimates and forecasts made here are as of the date they were prepared and will change as factors used in the forecasts change.

From the FY 2016 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2020. The operating deficits by fiscal year are as follows: \$75.2 million in FY 2017, \$211.8 million in FY 2018, \$285.9 million in FY 2019, and \$376.7 million in FY 2020. In percentage terms, the deficits are projected to range from 2.1 percent of spending in FY 2017 to 9.6 percent of spending in FY 2020. The expenditure-side of the budget is estimated to increase at an average annual rate of 3.1 percent from the FY 2016 base to FY 2020. Inflation, however, as measured by the United States consumer price index for all urban consumers (CPI-U), is expected to grow at an average annual rate of 2.6 percent over this same period.

The revenue projections contained in the five-year forecast incorporate the Governor's proposed FY 2016 general revenue changes to the estimates adopted at the November 2014 Revenue Estimating Conference. Overall revenues are expected to grow from \$3.597 billion in FY 2016 to \$3.676 billion in FY 2020. This is an increase of \$78.9 million, or 2.2 percent more revenues than in the FY 2016 recommended budget. Lottery transfers to the State general fund are projected to diminish by a total of \$426.3 million over the five-year forecast period, comprised of a \$45.6 million revenue loss in FY 2016, a \$45.3 million revenue loss in FY 2017, a \$87.1 million revenue loss in FY 2018, a \$125.1 million revenue loss in FY 2019 and a \$123.1 million revenue loss in FY 2020 due to the increased competition from Massachusetts gaming facilities to Rhode Island's gaming facilities in Lincoln and Newport. Without this impact on Rhode Island's revenues, the five-year forecast would show deficits of \$31.2 million in FY 2017, \$127.3 million in FY 2018, \$164.5 million in FY 2019 and \$257.3 million in FY 2020. In FY 2020, the deficit would be 6.5 percent of expenditures, as opposed to the 9.6 percent under the current forecast, or a total of \$123.1 million less.

The five-year projection anticipates average annual general revenue growth of approximately 0.5 percent over the FY 2017 through FY 2020 period, based upon the adopted November 2014 Revenue Estimating Conference forecast for the Rhode Island economy and the Governor's recommended changes to adopted

FY 2016 – FY 2020 Overview

revenues. The forecasts underlying the five-year projection assumes that the recovery in the Rhode Island economy which started in FY 2011 will pick up steam especially in FY 2016 through FY 2018. The underlying forecasts in FY 2016 anticipate significant growth for nominal wage and salaries and nominal personal income of 6.9 percent and 5.9 percent respectively, while the forecast assumes non-farm employment growth of 2.4 percent in FY 2016 and 1.7 percent in FY 2017 and a decrease in the unemployment rate from 7.3 percent in FY 2015 to 6.2 percent in FY 2017 with a further decline to 5.5 percent in FY 2017.

While FY 2016 shows a slight increase in general revenue growth when compared to FY 2015 from 2.3 percent to 2.5, the Rhode Island economy is expected to slow down considerably in FY 2017. General revenue growth remains positive but moderates for the FY 2017 to FY 2020 period at 0.5 percent annually, as increased gaming competition in Massachusetts takes hold, starting in FY 2016. The impact of Massachusetts-based gaming facilities is significant as, absent their establishment, average general revenue growth in the FY 2016 through FY 2020 period would be 1.6 percent versus the 0.9 percent average annual growth rate currently projected. It should be noted that the net impact of the Governor's proposals to spark the comeback of the Rhode Island economy also lowers the growth in general revenues over this time period.

Personal income is forecasted to grow at an average annual rate of 4.2 percent over the FY 2016 – FY 2020 period. Non-farm employment is anticipated to grow at an average annual rate of 0.9 percent and wage and salary disbursements at an average annual rate of 4.7 percent over the same period. Dividends, interest and rent payments are forecasted to grow at an average annual rate of 5.8 percent over the FY 2016 – FY 2020 period, the strongest growth of any personal income component.

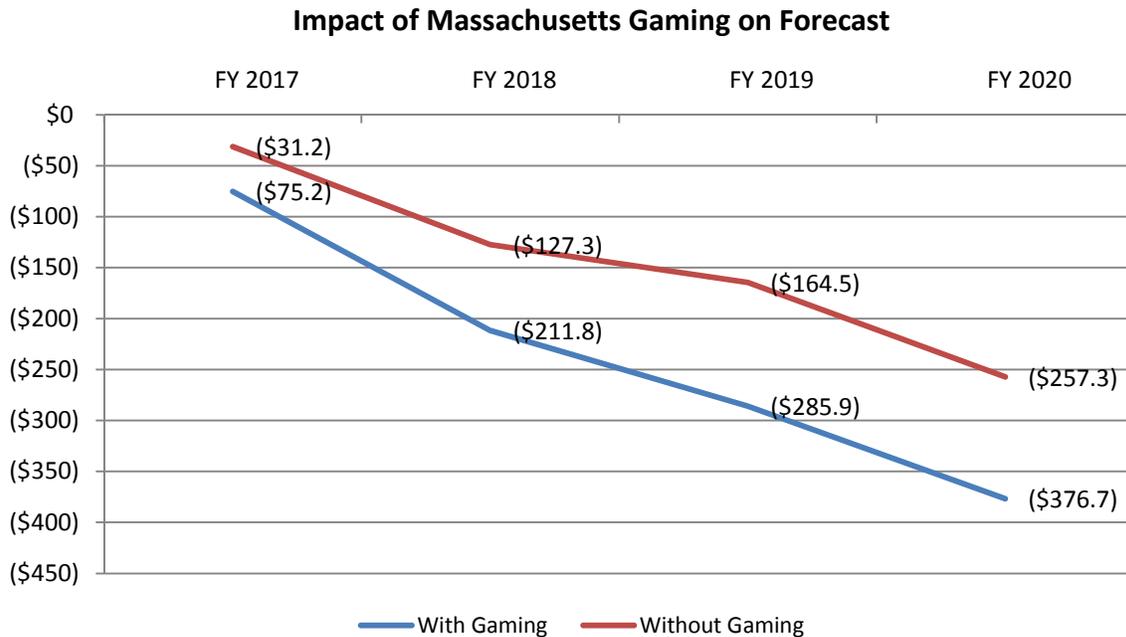
There are several risks to the revenue forecast. First, the economic forecast is a “graceful transition” to a higher interest rate regime as the Federal Reserve Quantitative Easing program is now complete. The “wild card” in the forecast is the impact that this transition to a higher interest rate regime has on the housing market. Given housing's pivotal role in the U.S. economy, unforeseen changes in housing demand will impact overall economic conditions and the nation's economic expansion. Given Rhode Island's position as a small open economy in what is effectively a common currency market, changes in the national housing market could have outsized effects on Rhode Island's economic expansion and the State's general revenue fund. In addition, growth in the housing market is dependent on projected wage growth triggering the release of pent-up demand for household formation which, if unachieved, will make the forecast overly optimistic.

Second, the Rhode Island economy faces unique risks outside of those that impact the U.S. economy as a whole. Specifically, Rhode Island's high concentration of defense procurement contracts per capita make the state's economy vulnerable to federal decisions regarding defense spending and weapons procurement. Potential delays in the appropriation of defense spending will likely more adversely impact Rhode Island's economy than those of other northeastern states and also reduce the rate of growth in important revenue sources such as the personal income tax. Further, Rhode Island's aging and low quality infrastructure and its relatively weak human capital assets vis-à-vis its contiguous neighboring states will continue to be a drag on the state's economy and general revenue growth absent the development of a cohesive long-term strategy to address not only these two areas but also Rhode Island's relatively expensive energy costs.

Finally, the expansion of gaming in Massachusetts will impact the state's general revenues via the lottery transfer. Two items are important in this regard. One is the timing of the opening of gaming facilities in Massachusetts. If Massachusetts' resort casinos become operational earlier than is estimated in the forecast, then general revenue growth will weaken sooner than is currently forecast. If Massachusetts' resort casinos become operational later than is estimated in the forecast, then general revenue growth will

FY 2016 – FY 2020 Overview

be stronger than is currently forecast. Second is the location of the southeastern Massachusetts resort casino. The five-year revenue projection assumes that this resort casino is located in Fall River, the location which would have the greatest negative impact on Rhode Island's gaming facilities. If the location of the southeastern Massachusetts resort casino is not in Fall River, then a less negative impact on general revenue growth will likely occur.



Highlights

The Governor recommends numerous major revenue enhancement initiatives in the FY 2016 budget that will impact general revenues over the FY 2017 – FY 2020 forecast horizon. In the Governor's FY 2016 recommended budget, an initiative is set forth to increase the allowable percentage of the federal earned income tax credit to 12.5 percent in TY 2016 and further increase the allowable percentage to 15.0 percent in TY 2017. It is expected that this initiative will increase the refunds and adjustments component of personal income tax by \$12.7 million in FY 2017 and increase further to \$13.6 million by FY 2020. The Governor also puts forth the proposal to exempt taxable social security benefits for federal adjusted gross income of not more than \$50,000 for those income tax filers classified as single, married separate, or head of household and for federal adjusted gross income of not more than \$60,000 for those income tax filers classified as married joint or qualifying widow(er). It is estimated that this initiative will lower the final payments component of personal income tax by \$8.1 million in FY 2017 with an increasing revenue loss up to \$8.7 million by FY 2020. In addition, the Governor recommends phasing in the exemption of the sale of electricity, natural gas and heating fuels to non-manufacturing commercial users from the 7.0 percent sales and use tax in equal increments over the FY 2016 through FY 2020 period. This initiative is expected to reduce sales and use tax revenues by \$9.9 million in FY 2017 and steadily increase to a revenue loss of \$26.2 million by FY 2020. Further, the Governor recommends imposing the 7.0 percent sales tax on (i) the rental of vacation homes and bed and breakfast inns with less than three rooms to rent, (ii) the final retail price for on-line room resellers and (iii) unlicensed rentals of lodging accommodations. These three initiatives set forth in the Governor's FY 2016 recommended budget are expected to augment sales and use

FY 2016 – FY 2020 Overview

tax revenues by \$7.3 million in FY 2017 with an increasing revenue gain of up to \$7.4 million by FY 2020.

Furthermore, the Governor's FY 2016 recommended budget proposes the establishment of a state property tax on non-owner occupied residential premises and vacant residential land with a total assessed value of \$1.0 million or more at a rate of \$2.50 per \$1,000 of total assessed value. It is expected that the proposed state property tax will generate \$12.2 million in FY 2017 with further increases throughout the forecast horizon up to \$13.8 million in FY 2020. Additionally, the Governor recommends increasing the cigarette excise tax rate by \$0.25 per pack of 20 cigarettes to \$3.75 starting in August of FY 2016. This initiative is expected to increase general revenue by \$6.9 million in FY 2017 and exhibit a diminishing level of additional revenues through FY 2018 to FY 2020 yielding \$6.2 million in additional revenue in FY 2020. Moreover, as part of the Governor's FY 2016 recommended budget, the initiative to add analytical support to the Department of Revenue's Division of Taxation is put forth with the intent of enhancing taxpayer compliance rates. This initiative is estimated to augment general revenue by \$2.0 million in FY 2017 and increase to \$3.5 million by FY 2020. Also, the Governor recommends phasing out the 2.0 percent imaging services and outpatient health care facility surcharges in 0.5 percentage point increments each year over the next four fiscal years. This phase out is expected to reduce departmental receipt revenues by \$1.1 million in FY 2017 with growth in revenue losses to \$2.3 million by FY 2020.

The Governor also recommends the establishment of the Rebuild Rhode Island Tax Credit, a refundable tax credit similar in structure to the state's previous historic structures tax credit and is designed to provide financial incentives to developers to rehabilitate Rhode Island's historic buildings and develop new commercial and industrial spaces. The Rebuild Rhode Island Tax Credit is expected to reduce personal income tax final payments, business corporations tax, insurance companies gross premiums tax and financial institutions tax revenues starting in FY 2017 dependent on the successful implementation of the tax credit. In FY 2017 general revenues are reduced by a total of \$7.14 million with an increasing total general revenue loss reaching \$25.12 million in FY 2020. These general revenue losses are static losses and do not reflect the increased economic activity and associated revenues that are expected to be engendered by the tax credit.

The final major revenue enhancement proposed in the Governor's FY 2016 recommended budget is the transfer of the state's share of the 5.0 percent state hotel tax and the Statewide tourism district's share of hotel tax revenues to the Rhode Island Commerce Corporation to finance state level tourism promotion and location marketing. It is expected that general revenue will decline by \$3.7 million in FY 2017 and reach \$3.8 million in general revenue losses by FY 2020. The transfer of general revenues to the Rhode Island Commerce Corporation for state tourism promotion and location marketing are supplemented by the reallocation of state hotel tax revenues from most of the state's regional tourism districts to the Rhode Island Commerce Corporation.

It is estimated that all the major revenue proposals as shown above in the Governor's FY 2016 recommended budget will reduce general revenue by \$14.2 million in FY 2017 and increasingly reduce general revenues over the FY 2018 to FY 2020 period resulting in \$48.8 million less in general revenues in FY 2020. Outside of the changes mentioned above, the Governor also proposes to suspend the 25.0 percent transfer of all motor vehicle operator license and vehicle registration fees scheduled for FY 2016 under current law but maintain the scheduled transfer of 75.0 percent in FY 2017 and 100.0 percent in FY 2018 of these general revenue licenses and fees.

FY 2016 – FY 2020 Overview

Economic Forecast and Revenues

The economic forecast was developed by the principals of the November 2014 Revenue Estimating Conference with input from the consulting economist at Moody's Analytics and respective staff. This forecast is derived from the U.S. macroeconomic model and the State of Rhode Island economic model that Moody's Analytics has developed. A detailed analysis of the conferees near-term economic forecast for the State is contained in The Economy section of the Executive Summary. In that section, particular attention is paid to how the state fared relative to the past year with respect to non-farm employment and personal income growth. In addition, a brief explanation of the actual economic performance of the State against the economic forecast contained in the FY 2015 budget is undertaken. In this section, the economic forecast is presented for the FY 2017 through FY 2020 period.

The biggest risk to the economic forecast is the sustainability of current trends of vital economic indicators for the United States and Rhode Island. Rhode Island's economic momentum has grown modestly over the year along with the national economy and strengthening business, and consumer confidence could cause national and state economic growth to continue trending upward in the near-term. If Rhode Island's economy experiences stagnant growth relative to that of the U.S., then personal income, employment, and wage and salary growth will be reduced in the near-term and likely be pushed out toward the end of the forecast horizon contained in this document.

In particular, employment growth rates are expected to be positive for the FY 2016 – FY 2019 and eventually drop to slightly negative growth in FY 2020. Rhode Island employment growth is estimated to be positive for the FY 2016 – FY 2019 period, with reduced but positive rates of growth projected in FY 2017 through FY 2019. In FY 2018, Rhode Island employment growth slows to 0.58 percent, a rate nearly equal to FY 2011's growth rate of 0.57 percent which was the first year of positive growth after the Great Recession. FY 2019 total non-farm employment is expected to eclipse 504,000 jobs marking the highest level of employment in the last 20 years. In FY 2020, employment growth, however, slows to a negative rate of -0.1 percent, which would be the lowest growth rate since the depths of the Great Recession. This negative growth is primarily attributable to a shrinking labor force as Rhode Island's population continues to age out of the labor market. It should be noted however, that Moody's Analytics projects non-farm employment to grow by 11,500 jobs between FY 2016 and FY 2020 or at an average annual amount of 2,878 jobs over this period. Rhode Island personal income growth is expected to accelerate through FY 2016 before moderating each year for the FY 2017 – FY 2020 period. Personal income growth is projected to reach its peak in FY 2016 at a rate of 5.9 percent and then tick downward to an average annual growth rate of 3.8 percent for the FY 2017 – FY 2019 period.

The revenue forecast includes the expected impact that the opening of gaming facilities in Massachusetts will have on the state's general revenues. The FY 2016 five-year revenue projection without the onset of gaming competition in Massachusetts but with table games in operation at Twin River forecasts total general revenues of \$3.799 billion in FY 2020. This is an increase of \$202.0 million over FY 2016 recommended revenues, or 5.6 percent more revenues than in the FY 2016 recommended budget. In the current five-year forecast, a cumulative loss of \$426.3 million in casino gaming revenues is projected over the FY 2016 through FY 2020 period with the onset of casino gaming in Massachusetts and the operation of table games at Twin River. The onset of casino gaming in Massachusetts reduces the average annual growth rate for the FY 2016 through FY 2020 period to 0.9 percent — slightly more than half of the FY 2016 through FY 2020 average annual growth rate of 1.6 percent without gaming competition in Massachusetts.

FY 2016 – FY 2020 Overview

Expenditures

Expenditure side risks must also be noted within the five-year projection. There are initiatives contained in the Governor's FY 2016 budget that set the expenditure base at a lower level and therefore a risk to the forecast is the passage of those proposals and their successful implementation. Conversely, as described above, if revenues are better than forecast in the near or long-term, adjustments could, and likely would, be made to some of the Governor's expenditure proposals thus impacting out-year projections.

A substantial risk to the out-year forecast is the outcome of pending litigation on prior year pension reforms. If any of the reforms are overturned, expenditures for pension costs would increase substantially and would have to be addressed through increased revenues or additional expenditure reductions. This five-year forecast assumes the pension reforms are upheld. In addition, a recurring risk to the five-year forecast relates to medical services inflation, utilization, and technological change. Beneficial changes in medical technology and the resultant change in utilization of medical services are especially difficult to forecast. These factors are particularly influential since a significant part of the budget is driven by medical costs and since costs have been accelerating at a rapid rate. This impacts both the costs incurred for the clients the state services and its employees. While costs for medical care will continue to be an underlying driver of state personnel costs in the forecast, it is assumed that growth for state employee health benefit costs will average 5.5 percent annually through FY 2020. The forecast also assumes that state employees will continue to share in the cost of medical insurance premiums, and that costs will moderate due to proposed plan design changes.

Another expenditure side risk involves demographic shifts such as the aging of the baby-boomer population, which will present a greater need to enhance and expand the infrastructure for elderly care towards the end of the five-year horizon. Also of concern is the implementation of the Affordable Care Act and the impact this will have on state expenditures for medical services to Medicaid eligible citizens. As part of the FY 2016 Budget, the Governor is laying the foundation to reinvent Medicaid and address the high per enrollee costs experienced in Rhode Island. A Working Group to Reinvent Medicaid was established through Executive Order by the Governor with the task of fostering innovation and improving Medicaid so those who need these services most receive the best care at lower costs.

Personnel and Other Operations

The wage projections contained in the personnel estimates include the cost of living adjustments (COLA) negotiated with employee unions in 2014. In addition, as a proxy for step and educational incentive increases and potential pay adjustments in year subsequent to current collective bargaining contracts, increases using CPI have been included for FY 2017 and thereafter. In FY 2016, salary costs are projected to grow just under 1.0 percent due to \$22.0 million in proposed personnel reform savings. This is followed by increases of 2.77 percent, 2.96 percent, 2.95 percent and 2.82 percent in each fiscal year through FY 2020.

The forecast reflects employee cost sharing that is expected to offset health insurance costs in FY 2016 and throughout the forecast period. Average employee cost sharing of 20.0 percent of medical premium cost in FY 2016 and thereafter is projected. This compares with average employee cost sharing of just 11.0 percent in FY 2009. Gross medical cost increases for health care premiums are expected to grow 5.5 percent annually on average in the forecast.

Pension reform legislation enacted in the fall of 2011 continues to have a major impact on personnel costs. According to actuarial projections by Gabriel, Roeder, Smith and Company, the annual required contribution rate for state employees is expected to decrease from 23.64 percent in FY 2016 to 22.91 percent in FY 2020.

FY 2016 – FY 2020 Overview

Based upon projected payroll growth and the forecasted retirement contribution rates, the general revenue funded contribution for state employee members would grow from a projected \$96.0 million in FY 2016 to \$103.5 million in FY 2020, reflecting growth of \$7.5 million in retirement costs, an average increase of 1.9 percent a year.

Personnel and operating costs continue to be constrained during FY 2016. The current five-year forecast assumes \$1.103 billion of personnel and operating costs in FY 2016 and an average growth of 2.2 percent over the five-year interval, resulting in an estimated cost of \$1.162 billion in FY 2020, an increase of \$59.3 million. This estimate incorporates the impact of a number of initiatives or other changes that will impact out-year expenses.

Grants and Benefits

Grants and Benefits are projected to increase by an average of 5.0 percent annually from FY 2016 to FY 2020. This growth rate results in an increase of \$251.4 million in this category of spending over the five-year horizon. The growth rates used in the five-year forecast were derived from state-specific Medicaid expenditure projections released by the Centers for Medicaid and Medicare Services (CMS) in June 2014, as well as CPI-U projections for medical services. As these are national projections, they may or may not be valid for Rhode Island, but lacking more regionally applicable data, the State Budget Office selected these growth rates for use in this year's five-year projections. Several projections under this section also use the CPI-U, particularly with respect to programs of (non-Medicaid) cash assistance.

The forecast for grants and benefits under the Office of Health and Human Services and the Department of Human Services is based on the assumption that the federal Temporary Assistance to Needy Families Cash Assistance Program (TANF), known as the Rhode Island Works program (formerly FIP), and the Child Care Assistance Program will meet their stated objectives during the forecast period, that federal block grants will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect for FY 2016.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 2.4 percent annually. These exclusively reflect continuing additions for child care subsidies, which are extended to low-income families even after cash assistance clients gain access to unsubsidized employment. Federal block and matching grant resources are assumed to be insufficient to finance these incremental costs throughout the forecast period, and, therefore, general revenue dollars are added. No additional effects from the implementation of the new RI Works program are recognized in the estimates, and it is assumed that federal TANF resources will remain sufficient to meet the entire cost of the RI Works program throughout the forecast horizon. Supplemental Security Income (SSI) and non-medical General Public Assistance (GPA) payments are forecasted to grow at an average rate of 1.0 percent throughout the five-year period.

The managed care forecast assumes that base costs will inflate on average at 5.0 percent per year until FY 2020. Incorporated into the FY 2016 expenditure base for managed care are various proposals in the Governor's recommended FY 2016 Budget. In the Medical Assistance program, the Governor recommends an \$88.1 million reduction to the Caseload Estimating Conference's (CEC) adopted funding level. This is achieved through various policy actions designed to contain the Medicaid program's expenditure growth in both FY 2016 and subsequent years. First, the Governor recommends reductions to all Medicaid managed care capitation (i.e. monthly cost per member) rates, effective July 1, 2015, for savings totaling \$2.7 million in general revenue. Rates will be negotiated so as to reduce average annual growth in these rates by 0.9 percent relative to the increases assumed at the November 2014 CEC.

FY 2016 – FY 2020 Overview

Similarly, cost trends in institutional long term care include an average annual growth rate of 6.2 percent from FY 2016 through FY 2020. For home and community based long-term care, the growth rate over the forecast horizon is estimated at 8.0 percent.

Pharmacy inflation is assumed on average at 7.4 percent annually. Five-year estimates also reflect a schedule increasing federal “clawback” assessment charges for Part D Medicare benefits to dually eligible Medicaid clients.

The five-year financial projection for Medical Assistance expenditures now incorporates the out-year implications of a key provision of the Patient Protection and Affordable Care Act (PPACA): the expansion of Medicaid coverage to non-pregnant adults without dependent children with incomes up to 138 percent of Federal Poverty Level, commencing on January 2014. Under PPACA, full federal financing of Medicaid services for the expanded eligibility population elapses on December 31, 2016, after which the federal matching rate declines incrementally until reaching 90 percent for 2020 and thereafter. Commencing in FY 2017, the forecast includes general revenue totaling \$138.3 million spanning the projection period to accommodate the loss of 100 percent federal financing.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from \$89.9 million in FY 2016 to \$108.8 million in FY 2020, which equates to an average annual growth rate of 4.9 percent over the five-year period. There are several factors that could significantly impact expenditures during the forecast period. These include general economic conditions that negatively impact Rhode Islanders; the aging of caregivers; the aging of the existing population; and greater public awareness of the availability and, therefore, the utilization of services. Efforts to restructure the network of providers serving persons with developmental disabilities and efforts to increase shared living arrangements over and above those contained in the Governor’s FY 2016 Budget could serve to constrain growth below those contained in the projection. It should be noted that the expenditures only reflect the residential, day program, respite and supported employment services. Medical costs under the Medicaid program are reflected in the Executive Office of Health and Human Services’ grant costs.

Cost trends for general revenue state match expenditures to the Medicaid, Title IV-E, and other grant programs in the Department of Children Youth and Families are projected to grow from \$89.6 million to \$108.5 million between FY 2016 and FY 2020. This increase of \$18.8 million over the five-year period is based on the projected growth rate for Medicaid Services, which equates to a growth rate of 4.9 percent over the five-year period.

Local Aid

Local aid expenditures include education aid, the Motor Vehicle Excise Tax Reimbursement, aid to local libraries comprised of Library Resource Sharing and Library Construction Aid, the Payment in Lieu of Taxes (PILOT) program, the Property Revaluation program, the Distressed Communities Relief program and the Municipal Incentive Aid program. The Motor Vehicle Excise Tax Reimbursement, Distressed Communities, and PILOT are level funded over the period; Motor Vehicle Excise Tax at \$10.0 million, Distressed Communities at \$15.4 million, and PILOT at \$35.1 million. Growth in Library Resource Sharing, Library Construction Aid and the Property Revaluation program are forecasted based on proposed schedules from the responsible programs. The Municipal Incentive Aid program is budgeted at \$5.0 million in FY 2016 and then is anticipated to sunset.

In dollar terms, the largest driving force behind local aid expenditure growth from FY 2016 to FY 2020 is

FY 2016 – FY 2020 Overview

Education Aid programs, which are expected to increase by a total of \$77.4 million from the FY 2016 base level of \$1,023.0 million. This growth is a direct result of the new education aid funding formula which contains a ten year transition period. Districts that stand to gain money will do so over a seven year period, while losing districts will gradually lose funding over the full ten years. In general, because of how the transition rules are structured, districts losing money are given more time to adjust, causing the early years of the transition period to cost more. Formula aid for the purposes of the five-year forecast includes aid to districts, charter schools, Central Falls and the Met School.

The funding formula is primarily data driven. As a result, changes may occur in the core instruction amount, the state share calculation, increases or decreases in student populations, changes in median family income, student movement between charter schools or state schools, as well as increases or decreases in free and reduced lunch students. To plan for these changes, a 4.0 percent annual growth rate has been included within the five-year forecast. The five-year estimate also includes financing for four education aid categorical funds.

State contributions for teachers' retirement increase by \$9.4 million, from \$90.9 million in FY 2016 to \$100.3 million in FY 2020. Projections for future required employer contributions to the teachers' retirement fund reflect a 2.5 percent teacher payroll growth and declining state contribution rates from 9.25 percent in FY 2016 to 8.4 percent in FY 2020. Housing aid, which reimburses communities for part of the debt incurred for new school construction is projected to decrease by \$2.0 million, from \$72.8 million to \$70.9 million, assuming the minimum state share ratio remains at 35.0 percent over the next five years. This does not include the new School Building Authority Capital Fund proposal.

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2016 – FY 2020 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations is projected to increase from \$123.0 million in FY 2016 to \$203.0 million in FY 2020, an increase of \$79.9 million. The primary driver of the increase is a proposed restructuring of general obligation bond debt in FY 2016 that will result in \$64.5 million in lower debt service than currently scheduled. This restructuring will result in additional savings of approximately \$19.4 million in FY 2017, but then will increase debt service costs above what they would have been by over \$15.0 million beginning in FY 2020 through FY 2025. Other debt service increases are attributable to the issuance of debt for the Historic Tax Credit program, and annual issuance of voter approved general obligation bonds.

The five-year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2016 - 2020 Capital Budget. Interest rates for fixed rate general obligation bonds to be issued to fund projects are projected at between 4.0 percent and 5.0 percent. Historic Tax Credit debt is projected to be issued at 3.75 percent over nine years in 2015 and at 4.5 percent in 2017. Projected amortization schedules are found in the exhibits contained in Appendix C of the Capital Budget document.

Amortization of existing debt, restructuring of current general obligation bonds, combined with new debt issuance, results in increased general revenue appropriations for debt service of \$79.9 million from FY 2016 to FY 2020. Disbursements for many capital projects are funded from the Rhode Island Capital Plan Fund, not general revenue, and therefore are not reflected in the five-year report as operating costs. Between FY 2016 and FY 2019, there is an increase of \$9.9 million for debt for the Historic Tax Credit stabilization program, which decreases by \$11.3 million in FY 2019 as the first issuance of this debt is paid off. General obligation debt service increases by \$98.4 million, of which \$79.5 million is a result of the

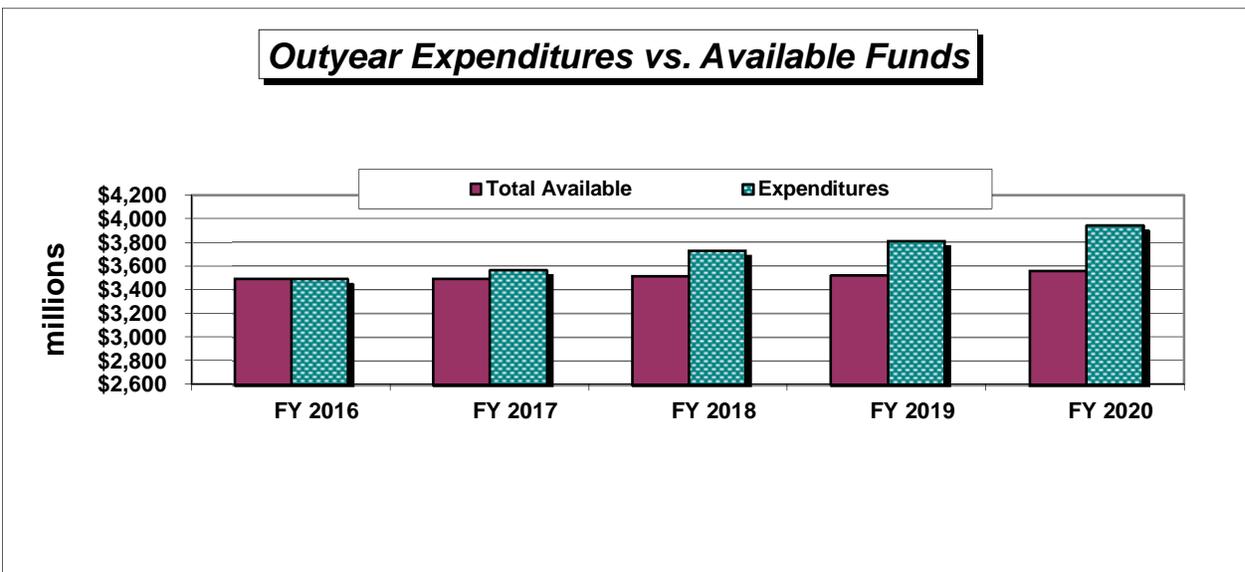
FY 2016 – FY 2020 Overview

restructuring of debt. Performance-based obligations remain at \$7.0 million over the five-year period. Debt service on certificates of participation decreases by \$5.3 million from \$31.1 million in FY 2016 to \$25.8 million in FY 2020. Current debt service includes full issuance of all COPS authorization, including those for the integrated tax system and an LEA Technology program. There are no new appropriation backed debt authorizations anticipated during the forecast period. Convention Center debt service declines by \$1.4 million over the five-year period.

The obligations arising from performance-based contracts between the Rhode Island Commerce Corporation and private entities are projected to require the same amount of state appropriations due to the projected achievement of performance targets. Fidelity job rent credits are expected to result in a state obligation of \$3.5 million through the forecast period. The FY 2016 obligation reflects projected payments of \$2.488 million on Phase I, plus \$0.9 million due on Phase II. The forecast assumes no requirement for the Bank of America (Fleet) obligation transaction, which if earned would total approximately \$0.3 million. The Providence Place Mall sales tax is expected to continue to fund the maximum \$3,560,000 debt service.

General Revenue Outyear Estimates FY 2016 - FY 2020

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Opening Surplus ⁽¹⁾	\$3.1	\$0.6	\$0.0	\$0.0	\$0.0
Plus:					
Taxes and Departmentals	3,213.4	3,260.0	3,327.1	3,376.7	3,418.9
Other Sources (incl. Lottery)	383.7	342.9	298.7	258.2	257.1
Budget Stabilization Fund	(108.0)	(108.1)	(108.8)	(109.0)	(110.3)
Total Available	3,492.2	3,495.3	3,517.0	3,525.8	3,565.8
Minus Expenditures	3,491.6	3,569.9	3,728.8	3,811.7	3,942.5
Equals Ending Balance	\$0.6	(\$74.6)	(\$211.8)	(\$285.9)	(\$376.7)
<i>Operating Surplus or Deficit</i>	<i>(\$2.5)</i>	<i>(\$75.2)</i>	<i>(\$211.8)</i>	<i>(\$285.9)</i>	<i>(\$376.7)</i>
Budget & Cash Stabilization Balance	\$180.0	\$180.2	\$181.3	\$181.8	\$183.9
RI Capital Fund Balance	\$36.1	\$12.9	\$1.8	\$2.5	\$16.7
Rhode Island Capital Fund					
<i>Capital Projects Disbursements</i>	<i>\$147.5</i>	<i>\$131.2</i>	<i>\$118.8</i>	<i>\$107.9</i>	<i>\$94.1</i>



⁽¹⁾ Under the Rhode Island Constitution, the budget must be balanced each year, thus deficits in any given fiscal year cannot be carried forward to the ensuing fiscal year.

General Revenue Outyear Estimates

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Income Tax	\$ 1,210,669,294	\$ 1,249,513,961	\$ 1,291,725,519	\$ 1,320,038,622	\$ 1,334,788,447
General Business Taxes:					
Business Corporations	119,456,347	129,362,359	134,416,153	141,943,387	145,459,534
Public Utilities	105,000,000	107,235,786	108,816,300	110,396,815	111,977,330
Financial Institutions	16,500,000	17,519,295	17,682,105	16,964,287	15,375,578
Insurance Companies	115,128,416	117,684,760	118,470,302	118,801,111	117,562,927
Bank Deposits	2,500,000	2,519,460	2,545,186	2,583,576	2,625,777
Health Care Provider	43,276,416	44,168,253	45,184,708	46,188,762	47,229,995
General Business Taxes	\$ 401,861,179	\$ 418,489,914	\$ 427,114,755	\$ 436,877,940	\$ 440,231,142
Sales and Use Taxes:					
Sales and Use	1,003,373,471	1,043,138,100	1,067,702,477	1,087,517,922	1,104,089,229
Motor Vehicle	50,229,883	13,412,523	-	-	-
Motor Fuel	500,000	743,778	738,133	791,031	762,313
Cigarettes	140,685,281	135,804,827	131,320,720	127,237,681	123,408,380
Alcohol	13,000,000	13,425,714	13,770,517	14,079,735	14,359,019
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	\$ 1,207,788,635	\$ 1,206,524,942	\$ 1,213,531,847	\$ 1,229,626,369	\$ 1,242,618,941
Other Taxes:					
Inheritance and Gift	19,200,000	17,216,744	16,853,589	17,581,517	17,997,859
Racing and Athletics	1,100,000	1,084,882	1,060,315	1,021,715	965,484
Realty Transfer Tax	9,995,970	9,660,038	9,206,876	9,930,850	10,672,635
Statewide Property Tax	11,761,679	12,232,146	12,721,432	13,230,289	13,759,501
Other Taxes	\$ 42,057,649	\$ 40,193,810	\$ 39,842,212	\$ 41,764,371	\$ 43,395,480
Total Taxes	\$ 2,862,376,757	\$ 2,914,722,626	\$ 2,972,214,333	\$ 3,028,307,302	\$ 3,061,034,009
Total Departmental Receipts	351,034,350	345,249,661	354,868,342	348,406,235	357,879,693
Taxes and Departmentals	\$ 3,213,411,107	\$ 3,259,972,287	\$ 3,327,082,675	\$ 3,376,713,536	\$ 3,418,913,702
Other Sources					
Other Miscellaneous	40,811,000	1,262,015	1,236,487	1,207,109	1,179,027
Lottery Commission Receipts	334,800,000	333,306,344	288,945,241	248,203,540	246,971,271
Unclaimed Property	8,100,000	8,300,483	8,534,313	8,761,632	8,971,418
Other Sources	\$ 383,711,000	\$ 342,868,841	\$ 298,716,041	\$ 258,172,281	\$ 257,121,716
Total General Revenues	\$ 3,597,122,107	\$ 3,602,841,128	\$ 3,625,798,716	\$ 3,634,885,817	\$ 3,676,035,418

General Revenue Outyear Estimates - Percentage Changes

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Income Tax	3.7%	3.2%	3.4%	2.2%	1.1%
General Business Taxes:					
Business Corporations	5.9%	8.3%	3.9%	5.6%	2.5%
Public Utilities	1.4%	2.1%	1.5%	1.5%	1.4%
Financial Institutions	3.1%	6.2%	0.9%	-4.1%	-9.4%
Insurance Companies	1.3%	2.2%	0.7%	0.3%	-1.0%
Bank Deposits	0.0%	0.8%	1.0%	1.5%	1.6%
Health Care Provider	0.2%	2.1%	2.3%	2.2%	2.3%
General Business Taxes	2.6%	4.1%	2.1%	2.3%	0.8%
Sales and Use Taxes:					
Sales and Use	5.1%	4.0%	2.4%	1.9%	1.5%
Motor Vehicle	0.7%	-73.3%	-100.0%	n/a	#DIV/0!
Motor Fuel	0.0%	48.8%	-0.8%	7.2%	-3.6%
Cigarettes	2.8%	-3.5%	-3.3%	-3.1%	-3.0%
Alcohol	-31.6%	3.3%	2.6%	2.2%	2.0%
Controlled Substances					
Sales and Use Taxes	4.0%	-0.1%	0.6%	1.3%	1.1%
Other Taxes:					
Inheritance and Gift	-28.9%	-10.3%	-2.1%	4.3%	2.4%
Racing and Athletics	0.0%	-1.4%	-2.3%	-3.6%	-5.5%
Realty Transfer Tax	13.6%	-3.4%	-4.7%	7.9%	7.5%
Statewide Property Tax					
Other Taxes	14.0%	-4.4%	-0.9%	4.8%	3.9%
Total Taxes	3.8%	1.8%	2.0%	1.9%	1.1%
Total Departmental Receipts	0.6%	-1.6%	2.8%	-1.8%	2.7%
Taxes and Departmentals	3.4%	1.4%	2.1%	1.5%	1.2%
Other Sources					
Gas Tax Transfers	n/a	n/a	n/a	n/a	n/a
Other Miscellaneous	350.2%	-96.9%	-2.0%	-2.4%	-2.3%
Lottery Commission Receipts	-12.7%	-0.4%	-13.3%	-14.1%	-0.5%
Unclaimed Property	-26.4%	2.5%	2.8%	2.7%	2.4%
Other Sources	-4.9%	-10.6%	-12.9%	-13.6%	-0.4%
Total General Revenues	2.5%	0.2%	0.6%	0.3%	1.1%

General Revenue Outyear Expenditure Estimates

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
State Operations					
Personnel	\$908,000,000	\$929,300,000	\$954,800,000	\$980,800,000	\$1,006,100,000
Other State Operations	195,490,000	134,500,000	138,400,000	142,200,000	145,700,000
Subtotal	\$1,103,490,000	\$1,063,800,000	\$1,093,200,000	\$1,123,000,000	\$1,151,800,000
		-3.6%	2.8%	2.7%	2.6%
Grants and Benefits					
Executive Office of Health and Human Services & Department of Human Services					
Hospitals	25,630,000	27,210,000	28,700,000	30,310,000	32,550,000
Managed Care	542,930,000	560,430,000	577,240,000	598,600,000	628,330,000
Nursing Care	91,320,000	96,920,000	103,170,000	109,780,000	116,550,000
Home Care (HCBS)	33,340,000	35,960,000	38,790,000	41,810,000	45,160,000
Other Medicaid	43,350,000	45,390,000	47,770,000	50,190,000	52,460,000
Pharmacy	2,870,000	3,090,000	3,320,000	3,530,000	3,790,000
DEA Medicaid/CNOM	3,190,000	3,440,000	3,710,000	4,000,000	4,320,000
Cash Assistance- RIW/CCAP/GPA	11,320,000	11,620,000	11,960,000	12,290,000	12,590,000
Cash Assistance - SSI	18,710,000	18,890,000	19,080,000	19,270,000	19,460,000
Clawback	52,010,000	53,370,000	54,940,000	56,450,000	57,840,000
DSH	69,150,000	70,970,000	70,970,000	70,970,000	70,970,000
ACA- MA Population Expansion	0	14,070,000	31,890,000	39,090,000	53,210,000
Department of Children Youth & Families					
Children & Family Services	89,640,000	93,850,000	98,770,000	103,770,000	108,460,000
Department of Behavioral Healthcare, Developmental Disabilities & Hospitals					
Developmental Disabilities-Private	89,900,000	94,130,000	99,060,000	104,070,000	108,780,000
Other Grants and Benefits	91,620,000	94,020,000	96,780,000	99,450,000	101,900,000
Subtotal	\$1,164,980,000	\$1,223,360,000	\$1,286,150,000	\$1,343,580,000	\$1,416,370,000
		5.0%	5.1%	4.5%	5.4%
Local Aid					
Education Aid	1,022,520,000	1,032,980,000	1,071,100,000	1,085,920,000	1,099,890,000
Municipal Incentive Aid	5,000,000	0	0	0	0
Motor Vehicle Tax Reimbursements	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
PILOT	35,080,000	35,080,000	35,080,000	35,080,000	35,080,000
Distressed Communities	10,380,000	10,380,000	10,380,000	10,380,000	10,380,000
Fiscal Oversight Reimbursement	156,000	140,000	140,000	58,000	58,000
Library Aid	11,440,000	11,340,000	11,260,000	11,100,000	10,850,000
Property Revaluation Prgm	1,780,000	560,000	820,000	1,640,000	780,000
Central Falls New Pension Plan	0	330,000	300,000	290,000	290,000
Subtotal	\$1,096,356,000	\$1,100,810,000	\$1,139,080,000	\$1,154,468,000	\$1,167,328,000
		0.4%	3.5%	1.4%	1.1%
Capital					
<i>Debt Service</i>					
General Obligation	17,590,000	72,560,000	107,350,000	99,640,000	115,960,000
Historic Tax Credit Program	31,330,000	31,460,000	31,580,000	20,290,000	20,290,000
EDC Job Creation Guaranty	13,000,000	13,100,000	13,080,000	12,350,000	12,320,000
COPS/Other Leases	31,140,000	31,370,000	25,790,000	25,810,000	25,830,000
Convention Center	22,970,000	22,470,000	21,570,000	21,570,000	21,560,000
Performance Based	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
<i>Capital Improvements</i>					
Other Projects	\$3,770,000	4,000,000	4,000,000	4,000,000	4,000,000
Subtotal	\$126,800,000	\$181,960,000	\$210,370,000	\$190,660,000	\$206,960,000
		43.5%	15.6%	-9.4%	8.5%
Total	\$3,491,626,000	\$3,569,930,000	\$3,728,800,000	\$3,811,708,000	\$3,942,458,000
Difference		\$78,304,000	\$158,870,000	\$82,908,000	\$130,750,000
		2.24%	4.45%	2.22%	3.43%

General Revenue Outyear Planning Values

Estimates and Growth	FY2016	FY2017	FY2018	FY2019	FY2020
Personal Income (billions) [1]	\$55.6	\$58.6	\$60.8	\$62.7	\$64.5
<i>Change</i>	5.9%	5.3%	3.9%	3.1%	2.9%
Nonfarm Employment (thousands) [1]	492.5	500.9	503.8	504.4	504.0
<i>Change</i>	2.4%	1.7%	0.6%	0.1%	-0.1%
Personal Income Tax					
Wages and Salaries [2]	6.9%	6.0%	4.2%	3.4%	2.8%
Business Corporation Tax [3]	5.6%	3.4%	1.0%	1.8%	3.1%
Provider Tax [15]	2.5%	2.2%	2.4%	2.3%	2.4%
Sales Tax [2]	4.7%	4.6%	2.9%	2.5%	2.1%
Gasoline Tax					
Real Consumption [4]	4.1%	2.2%	0.6%	0.8%	1.7%
Other Taxes and Departmentals [13]	1.1%	-5.4%	-1.1%	-1.2%	0.3%
CPI-U (U.S.) [2]	2.2%	2.6%	2.9%	2.8%	2.5%
Salaries and Fringe Benefits					
Salary COLA - [9], CPI-U [1]	2.2%	2.6%	2.9%	2.8%	2.5%
Steps and Longevity Increases [14]	0.00%	0.03%	0.03%	0.03%	0.03%
Medical Benefits Cost Growth [17]	4.5%	5.4%	5.6%	5.9%	6.5%
Retiree Health Rates [10]	6.75%	6.75%	6.75%	6.75%	6.75%
State Employees Retirement Rates [11]	23.64%	23.76%	23.32%	23.04%	22.91%
Home Health Care					
Expenditure Growth [5]	7.6%	7.8%	7.9%	7.8%	8.0%
Nursing Home Care					
Expenditure Growth [6]	5.4%	6.1%	6.4%	6.4%	6.2%
Managed Care					
Expenditure Growth [8]	4.0%	2.9%	3.0%	3.7%	4.1%
Other Medicaid					
Expenditure Growth [7]	4.0%	4.7%	5.2%	5.1%	4.5%
DCYF Services					
Expenditure Growth [7]	4.0%	4.7%	5.2%	5.1%	4.5%
BHDDH- MR/DD					
Expenditure Growth [7]	4.0%	4.7%	5.2%	5.1%	4.5%
Pharmacy					
Expenditure Growth [12]	6.9%	7.7%	7.5%	6.3%	7.3%
Hospital Care					
Expenditure Growth [16]	5.9%	6.2%	5.5%	5.6%	7.4%

[1] Moody's Analytics Quarterly U.S. Economic Forecast November 2014.

[2] Growth in Estimates for FY 2016 as Adopted at the November 2014 REC, Budget Office Estimated Growth for FY 2017 - FY 2020

[3] Growth in Estimates for FY 2016 as Adopted at the November 2014 REC, Budget Office Estimated Growth for FY 2017 - FY 2020

[4] Moody's Analytics Quarterly U.S. Economic Forecast November 2014, Real Gasoline and Oil Consumption.

[5] CMS National Health Expenditure Projections, September 2014, Home Health Care: State Medicaid

[6] CMS National Health Expenditure Projections, September 2014, Nursing Home Care: State Medicaid

[7] CPI-U: Medical Care, 2010-2014 Average Applied to Budget Office Estimated CPI-U Growth for FY 2017 - FY 2020

[8] CMS National Health Expenditure Projections, September 2014, Total Health Expenditures: Private Health Insurance as proxy, adjusted for anticipated policy-based trend reduction.

[9] Based on CPI-U.

[10] State of Rhode Island Budget Office Estimate consistent with actuarial rate.

[11] Estimate of actuarially required contribution based upon a % of payroll (GRS analysis of RI Retirement Security Act, Dec. 2013)

[12] CMS National Health Expenditure Projections, September 2014, Prescription Drugs: State Medicaid

[13] State of Rhode Island Budget Office Estimate, Consisting of all Other Taxes plus Departmentals minus Personal Income, Business Corporation, Health Care Provider Assessment, Sales and Use Taxes and Other Sources

[14] Step increases only; longevity increases no longer apply.

[15] State of Rhode Island Budget Office Estimate for Health Care Provider Assessment

[16] CMS National Health Expenditure Projections, September 2014, Hospital Care: State Medicaid

General Revenue Outyear Planning Values

Estimates and Growth

FY2016

FY2017

FY2018

FY2019

FY2020

CMS National Health Expenditure Projections, September 2014, State and Local Government, Employer contributions to [17] private health insurance premiums.

Appendix G

The Budget Process

The Budget Process: A Primer

The purpose of this primer is to clarify the annual budget and appropriations processes.

Appropriation Process. According to Article IX Section 16 of the Rhode Island Constitution, and the Rhode Island General Laws Section 35-3-7, the Governor must present spending recommendations to the Legislature. *The Budget* reflects expenditures for both the current and upcoming fiscal year and identifies the sources of financing for those expenditures.

On or before the third Thursday in January, unless delayed by act of the Legislature, the Governor must submit to the General Assembly a budget containing a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency, and estimates of personnel costs for the next fiscal year. Commencing with the Governor's FY 2014 budget, this supplementary personnel information has been merged into the multivolume document entitled *Budget*.

The budget is proposed by the Governor and considered by the General Assembly, which may increase, decrease, alter, or strike out any item in the budget, provided that the action would not cause an excess of appropriations over anticipated revenue receipts. No appropriation in excess of budget recommendations may be made by the General Assembly unless it provides the necessary additional revenue to cover such appropriation. The Governor may veto legislative appropriations, although not on an individual "line item" basis. The Legislature may override any veto by a three-fifths majority vote. Supplemental appropriations measures must be submitted by the Governor to the General Assembly on or before the third Thursday in January. Supplemental appropriations by the General Assembly must also be supported by additional revenues.

The general laws of the state provide that if the General Assembly fails to pass the annual appropriation bill, amounts equal to those appropriated in the prior fiscal year shall be automatically available for expenditure, subject to monthly or quarterly allotments as determined by the Budget Officer. Expenditures for general obligation bond indebtedness of the state shall be made as required regardless of the passage of the annual budget or the amount provided for in the prior fiscal year.

Fiscal Years. It is important when reading the budget to consider which fiscal year is being discussed. The state *fiscal year* runs from July 1 to the following June 30 and is numbered for the calendar year in which it ends (e.g. FY 2015). The *current fiscal year* is the one which ends the coming June. The *actual fiscal years* are the years which concluded in June of the two previous years. The *budget year* refers to the next fiscal year, which begins the July following the Legislature's adjournment. Finally, *out-years* refer to any years beyond the budget year.

By law, *The Budget* must record two actual fiscal years of spending, as well as the Governor's revised spending recommendations for the current fiscal year, and the Governor's full recommendations for the budget year.

Revenue Estimates and Caseload Estimates. Receipt estimates for the current year and budget year are those adopted by the State Revenue Estimating Conference, as adjusted by any changes recommended by the Governor.

The State Revenue Estimating Conference was created by the 1990 General Assembly to provide the Governor and the Assembly with estimates of general revenues. It is composed of the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor, with the chair rotating among the three. It must meet no less than twice per year, in November and May, and can be convened at any other time by call of

The Budget Process: A Primer

any member, and must reach consensus on revenues. The 1991 Assembly created a Medical Assistance and Public Assistance Caseload Estimating Conference similar to the Revenue Estimating Conference to adopt cash assistance entitlement caseload estimates. The 1998 Assembly amended the Medical Assistance and Public Assistance Caseload Estimating Conference to estimate medical assistance expenditures, upon which the Governor's expenditures budget shall be based, and the appropriations by the assembly shall be made.

The consensus revenue estimate is the official revenue projection for general revenue. Estimates of revenues for federal funds, restricted receipts, and other funds are prepared by individual state agencies, reviewed by the Budget Office, and included in *The Budget*.

Classification of State Spending. The State of Rhode Island classifies state spending by function of government and by category of expenditure.

Function of government classifies expenditures by grouping agencies that make expenditures for similar programs and purposes. There are six functions of government defined in *The Budget*: General Government, Human Services, Education, Public Safety, Natural Resources, and Transportation.

The following explains the six functions of government included in *The Budget*.

General Government includes the administrative and regulatory functions of state government. Certain elected officials (Governor, Lieutenant Governor, General Treasurer, Secretary of State), the Legislature, and the Department of Administration are agencies that perform an administrative function. The Department of Business Regulation, the Department of Labor and Training, and the Public Utilities Commission are examples of agencies that perform a regulatory function. The Department of Revenue coordinates revenue collection activities of several state divisions.

Health and Human Services includes agencies that provide services to individuals. These services provided include: the care of the disabled by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; child protective and social services provided by the Department of Children, Youth and Families; health programs at the Department of Health and the Executive Office of Health and Human Services; financial assistance and social services provided by the Department of Human Services; and pharmaceutical assistance and home health care at the Division of Elderly Affairs. The Executive Office of Health and Human Services centrally coordinates the legal, budgetary, and policymaking activities of the Human Services agencies.

The *Education* function provides educational services to Rhode Islanders. The State Board of Education and The Office of Postsecondary Education provide direct education services.

Public Safety is the function that provides safety and security services to Rhode Island citizens. Agencies in this function include the Department of Corrections, the Judiciary, the Attorney General and the Department of Public Safety.

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The *Natural Resources* function protects the natural and physical resources of the state and regulates the use of those resources. Agencies included in this function are the Department of Environmental Management and the Coastal Resources Management Council.

Transportation includes the Department of Transportation, which is the only agency in this function. It is responsible for maintaining and constructing highways in Rhode Island, and for planning and financing all surface transportation modes.

Categories of expenditure classify expenditures by budgeting and accounting objects of expenditure: personnel; state operations; aid to local units of government; assistance, grants, and benefits; and capital. Objects of expenditures define how funds are encumbered and expended.

Personnel includes the salaries, wages, and benefits of state employees, as well as personnel services purchased from outside contractors and vendors.

Operating Supplies and Expenses include expenses incurred while conducting the day-to-day business of state government. This category is often referred to simply as "operating". Operating expenses comprise non-personnel expenditures for operations of state government, including facilities maintenance, program and office supplies, rental of outside property, telecommunications, and insurance.

Aid to Local Units of Government is payments made to governmental units that provide services at the local level. Education Aid to local school districts is an example.

Assistance, Grants and Benefits constitutes payments to individuals and agencies which are not governmental units. Drugs, medicine and nursing facilities for the Medicaid programs, the pharmaceutical assistance program for the elderly, and cash assistance payments for the Rhode Island Works, Supplemental Security Income, and Child Care Assistance entitlements are a few examples.

Capital Purchases and Equipment include capital improvements and new capital construction financed via the Rhode Island Capital Plan Fund (RICAP), general revenues, or federal funds. Please note that the majority of capital improvements, supported by other forms of financing (i.e. state debt instruments), are generally found in the *Capital Budget*.

Debt Service includes payments on short term tax anticipation notes, long term general obligation bonds, Rhode Island Refunding Bond Authority lease payments, certificates of participation payments for the Intake Service Center, Attorney General's administrative office, Information Technology, and the Rhode Island School for the Deaf; and lease payments to the Convention Center Authority.

Operating Transfers include inter-fund and inter-agency transfers of financial resources.

State Employees. A major part of the state operations category of expenditures is salary and wage payments to employees. Public service in state government is divided into the classified service, unclassified service, and non-classified service. The classified service comprises all positions in state service, now existing or to be created, except as specifically provided under R.I.G.L. 36-4-2 for unclassified employees and R.I.G.L. 16-59-7 for Higher Education non-classified employees. The classified service is divided into a competitive branch and a non-competitive branch. Employees hired to fill positions in the classified service must be hired on the basis of merit and fitness. The non-competitive branch includes positions that require the performance of routine tasks, or those that require licenses, certificates, or registrations. These employees

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are also promoted and discharged on the basis of rules and regulations established and administered by the Rhode Island State Employees Merit System.

Certain positions are specifically designated for inclusion in the unclassified service. These positions are defined to include those in specific agencies, or types of agencies for specific purposes. Examples are employees of the Legislature, elected officials, and employees of the courts. Compensation for unclassified positions is governed by the Unclassified Pay Board and other matters are governed by rules and regulations of the unclassified system.

State service also includes special types of positions. In addition to regular full-time positions, there are *seasonal* positions in the classified service. Such positions may require the employee to work an irregular schedule such that the employee is on call when needed, or for only a portion of the year, and only for a maximum of 925 hours in a 12-month period. Employees of the Department of Environment Management who staff the state's parks, beaches, and wildlands in the summer are an example of seasonal employees.

Financing of State Spending. Frequent reference is made in *The Budget* to "general revenue" expenditures and expenditures from "all funds". Expenditures from all funds include both general revenue expenditures and expenditures from federal funds, restricted receipts, and other or special revenue funds.

General revenue receives the most attention in the budget because it is the largest of the "uncommitted" revenue sources available to the state. It is also the fund to which most general tax receipts are credited. The Legislature may appropriate general revenue dollars for any purpose.

Federal funds, restricted receipts, and other funds, by contrast, are dedicated to specific purposes. For example, the Legislature may not appropriate monies from the Unemployment Insurance Fund to build new prisons. Other funds include the University and College Funds, the Transportation Fund, the Unemployment Insurance Fund, the Temporary Disability Insurance Fund, and the Rhode Island Capital Plan Fund.

Within the budget documents, schedules contain expenditure data for two actual fiscal years, the current fiscal year and the budget year. The schedules display agency data by fund source for All Funds, General Revenue, Federal Funds, Restricted Receipts, and Other Funds.

Rhode Island Capital Plan Funds. On November 7, 2006, Rhode Island voters approved a constitutional amendment limiting state expenditures commencing in FY 2008 such that appropriations do not result in general fund expenditures exceeding 98.0 percent of general fund revenues in FY 2008, and 97.0 percent in FY 2013 and thereafter. This amendment to the Rhode Island Constitution has also restricted, as of July 1, 2007, the use of excess funds in the Rhode Island Capital Fund solely for capital projects. Previously, the fund could be used for debt reduction, payment of debt service, and capital projects. Also, the constitutional amendment increased the budget reserve account by limiting annual appropriations to ninety-seven (97%) percent of estimated revenues and increasing the cap on the budget reserve account to five (5%) percent of estimated revenues. During the 2007 Session of the General Assembly, a statutory schedule was enacted to provide for incremental decreases of 0.2 percent to gradually move spending from 98 percent of revenues to 97 percent of revenues. Additionally, the budget reserve account maximum balance would be gradually increased by increments of 0.4 percent to gradually move from 3.0 percent to 5.0 percent of resources. In FY 2015, the spending is limited to 97.0 percent of revenues and the budget reserve fund is capped at 5.0 percent of resources.

Additionally, during the 2007 Session of the General Assembly, a law was enacted which requires that

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revenues received in excess of the amount estimated in the enacted budget, net of reserve fund contributions, would be transferred to the State Retirement Fund upon completion of the post audit.

Budget Basis. *The Budget* is prepared on the same basis that the state's year end financial statements, which is a modified accrual basis. Briefly, this means that obligations of the state are budgeted as expenditures if the goods or services are expected to be received during the fiscal year, regardless of whether a cash payment is expected to be made by the state by June 30th of that year. Revenues are estimated on the basis of when they are "earned" by the state. For example, the estimate of gas tax revenues reflects twelve months of revenues. However, due to a one month difference in the time the liability is incurred and the actual cash payment is made by the taxpayer, the revenue estimate reflects cash received from August through July.

The Comprehensive Annual Financial Report (CAFR) shows the status of the state's finances on the basis of "generally accepted accounting principles" (GAAP). Every attempt is made in preparing the budget to ensure that it is consistent with the auditing standards upon which the state's financial position will be determined.

Program Performance Measures. The current administration continues in its effort to develop and track measures of the performance of state agencies and departments. The performance measures included in the FY 2014 budget are derived from the on-going process to identify and refine measures for state decision-makers to evaluate on an annual basis. With few exceptions, all executive branch agencies, and most other government offices, have developed a mature set of program performance measures. These measures are included on the agency and program financing pages in *The Budget*. In some cases where no measures are identified, the process of developing measures continues. Performance measures for general officers and agency central management units are not required, indicated by NA (not applicable).

The Budget Process. Production of a budget is a continuous process. It does, however, have certain discrete phases. In the Executive Branch, the budget process begins as soon as the legislative session ends. At that time the budget staff prepares the *Budget as Enacted* which reflects the budget enacted by the Legislature.

In the spring and early summer, budget instructions and allocations are distributed by the Budget Office to state agencies. At those times, agencies are instructed by the Budget Office to prepare a capital and operating budget. The capital budget contains a five-year capital improvement plan.

Agencies are requested to prepare operating budgets at specified target levels for submission on or before September 15 or as specified by the Budget Officer. Agencies may also be allowed the opportunity to request additional funding through special white papers, separate from the agency's budget request.

The individual budgets submitted by the state agencies show program expenditures, with appropriate funding sources for each program within the agency. These data are shown for the actual year, the current year, and the target for the budget year.

In the fall and early winter, analysts in the Budget Office review agency budget requests. The Budget Office staff prepares recommendations for the Governor. An analysis of items added or reduced from the target request is presented to the Governor. The analysis includes the basis for the agency's request and the Budget Office recommendation and the basis for it. The Governor then makes a budget determination. This process is repeated for all issues in all agencies. These decisions form the Governor's recommendations. The Budget Office compiles the individual recommendations, aggregates them, and prepares *The Budget*. *The Budget*

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reflects the revised current year funding plan submitted to the Legislature on the third Thursday in January, as well as the budget year funding plan.

During this same period between September and the start of the legislative session, House and Senate fiscal staffs also have the agency budget requests for analysis. Following receipt of the Governor's recommendations, the legislative fiscal analysts begin their analysis of the recommendations of the Governor.

The Governor's budget recommendations traditionally are incorporated in one omnibus appropriations bill, which normally includes articles containing any statutory changes which would be required to implement the Governor's budget.

The following table summarizes the **budget calendar** during the budget cycle:

Mid-July	Capital Budget Requests due to Budget Office.
Late July	Budget Instructions and Funding Targets distributed to Agencies.
Mid September	Budget requests of Agencies with enacted all funds budget of \$10.0 million or less due to Budget Office.
Late Sept./ Early Oct.	Budget requests of Agencies with enacted all funds budget of over \$10.0 million due to Budget Office.
Oct./Nov.	Agency Meetings to review Budget Recommendations.
Late Dec./ Early Jan.	Gubernatorial Decisions on current year supplement and budget year recommendations.
3 rd Thursday in January	Statutory date for current-year Governor's Supplemental Appropriation bill submitted to Legislature.
3 rd Thursday in January	Statutory date for budget-year Governor's Budget Recommendation bill submitted to Legislature.

Consideration by House of Representatives and Senate. Appropriation bills are introduced into the House and are first considered by the House Finance Committee. The Senate Finance Committee also begins hearings on the budget bill, as introduced by the Governor. The chairpersons of the committees appoint subcommittees to consider appropriations for various agencies. Subcommittees vary in size, usually between two and five persons. After reviewing the budget requests and the Governor's budget, the subcommittees recommend adjustments to the full committee for consideration. A committee may adjust the recommendations of its subcommittee. Appropriation bills are reprinted to reflect the recommendations of the full committee. The bill is then presented to the full House, and upon passage is transmitted to the Senate. The process for review of an appropriation bill in the Senate mirrors the steps followed in the House of Representatives. Usually, however, consideration by the Senate occurs in a much shorter span of time. Once the bill is presented and approved by the full Senate, the Governor has three options: 1) sign the bill into law, 2) veto the bill, or 3) allow the bill to become law without signature (after six days, Sundays excepted, the bill automatically becomes law without the Governor's signature). The General Assembly may overturn the Governor's veto with a three-fifths vote in each house.

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Employee Contract Tracking
Office Management
Official Statement

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Department of Business Regulation
Office of the Attorney General
Governor's Commission on Disabilities
Commission on the Deaf and Hard of Hearing
Child Advocate
Mental Health Advocate
NASBO Surveys

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Department of Administration
Department of Revenue
Executive Office of Commerce
Convention Center Authority
Housing Resources Commission
Capital Center Commission
Rhode Island Commerce Corporation
Rhode Island Housing and Mortgage Finance Corporation
Rhode Island Industrial Facilities Corporation
Rhode Island Industrial Recreational Building Authority
Water Resources Board Corporate
Rhode Island Health and Educational Building Corporation

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Monthly Revenue Report
Revenue Estimating
Five Year Forecast
Economic Impact Studies

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Commission for Human Rights
Rhode Island Airport Corporation
Rhode Island Public Transit Authority
Rhode Island Turnpike and Bridge Authority
Quonset Development Corporation

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Governor's Office
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Legislature
Treasury Department
Judicial
Elementary & Secondary Education
Historical Preservation & Heritage Commission
Assessed Fringe Benefit Fund

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Department of Corrections
Public Utilities Commission
Coastal Resources Management Council
Office of the Public Defender
Clean Water Finance Agency
Narragansett Bay Commission

Office of Budget

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Capital Development, Planning and
Oversight Commission (Chair)
OPEB Board (Chair)
Tobacco Settlement Financing Corp (Chair)
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State Employee Retirement Board
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Department of Environmental Management
Resource Recovery Corporation

Sharon R. Savicki**Administrative Officer**

RIFANS - Purchasing
Fiscal Note Database

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Higher Education Assistance Authority
R.I. Ethics Commission
Atomic Energy Commission
College Crusade of Rhode Island
Student Loan Authority
Appropriations Act

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A Special Thanks To:

Rosemary Booth-Gallogly, Director of Revenue
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Suzanne Greschner, Office of Municipal Finance
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