

State of Rhode Island and Providence Plantations

# Budget



## Fiscal Year 2016

Executive Summary

Gina M. Raimondo, Governor

# **Education**



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# Education

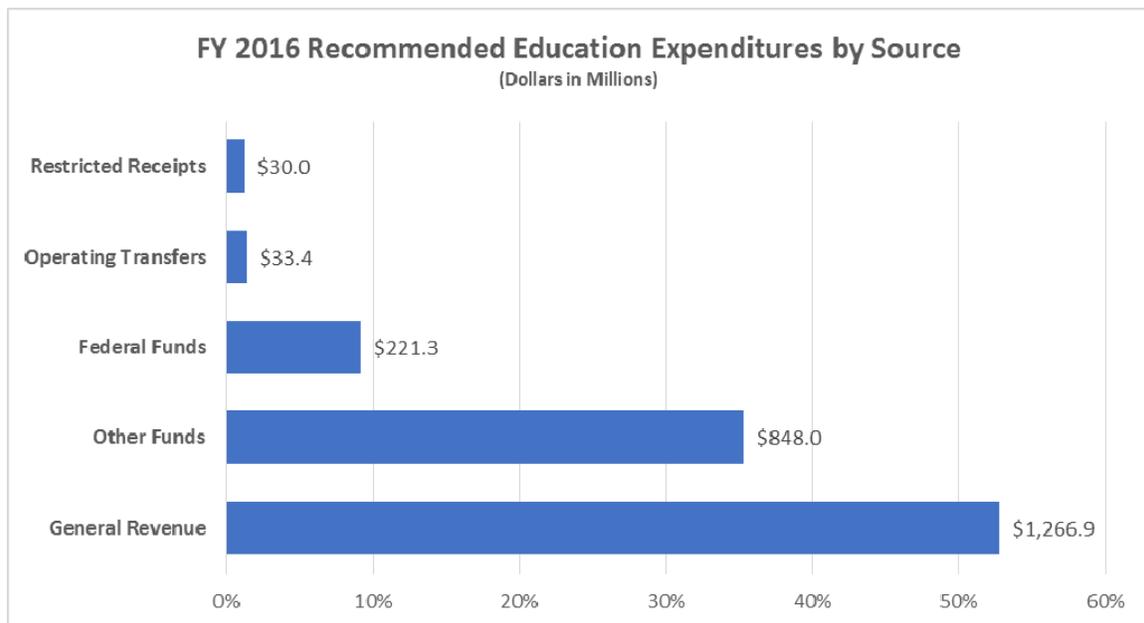
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## Summary

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.

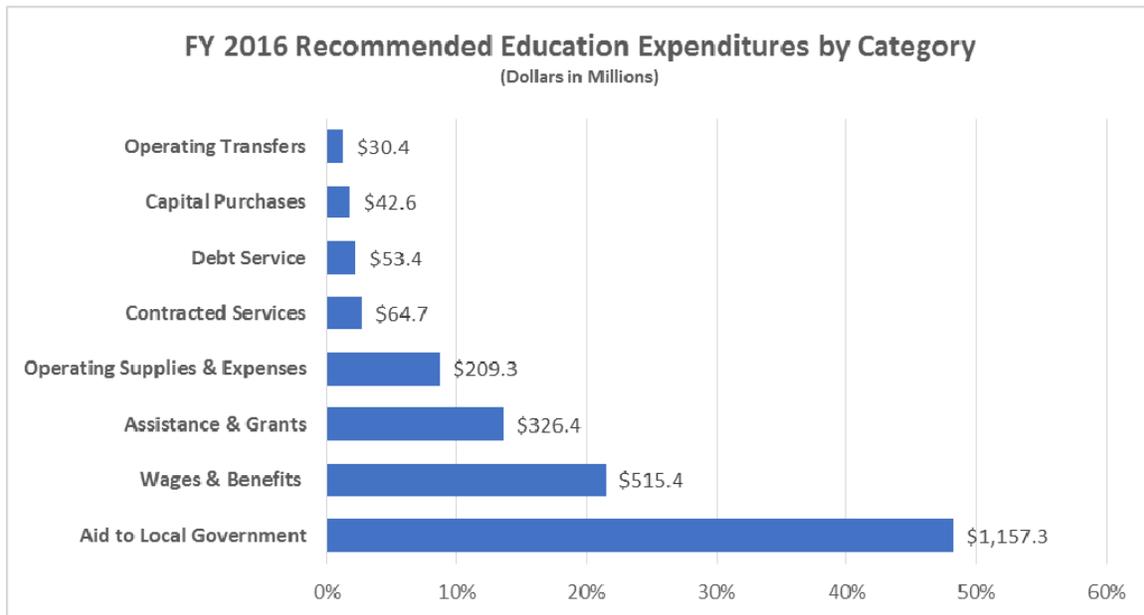
During the last Legislative Session, the General Assembly enacted a plan to restructure the Board of Education to strengthen the coordinating role of the Board of Education by creating a 17-member Board which would be responsible for setting goals and working on system-wide initiatives. Members of the 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.

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## Education

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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.

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

<b>University of Rhode Island and Rhode Island College</b>	<b>General Revenue</b>	<b>All Funds</b>	<b>FTE</b>
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.

<b>Establish Division of Higher Education Assistance in OPC</b>	<b>General Revenue</b>	<b>All Funds</b>	<b>FTE</b>
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.

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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

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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

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## Education

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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.)

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## Education

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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.

