



**Gina M. Raimondo,
Governor**

**State of Rhode Island and
Providence Plantations
Fiscal Year 2018
Budget**

Executive Summary



State of Rhode Island and Providence Plantations

State House
Providence, Rhode Island 02903-1196
401-222-2080

Gina M. Raimondo
Governor

January 19, 2017

To the Honorable General Assembly:

The State of Rhode Island is strong and getting stronger every day. For the third year, I am proposing a balanced budget that includes no broad-based tax increases while preserving and expanding critical investments to improve the lives of all Rhode Islanders. This budget closes the State's estimated budget shortfall while putting forward resources to continue creating jobs and economic opportunity for Rhode Islanders at all rungs of the economic ladder.

In my first two years, I worked closely with House Speaker Nicholas Mattiello, Senate President M. Teresa Paiva Weed and the members of both chambers to create the tools we needed to jumpstart Rhode Island's economy. Our hard work is beginning to pay off – businesses are coming to Rhode Island for the first time or choosing to expand existing operations. We have attracted global companies like GE Digital and Johnson & Johnson. Established local businesses like Electric Boat, AT Cross, and Virgin Pulse have made the decision to stay and grow in Rhode Island. Our state is gaining a national reputation as a hub for advanced industries, because we have skilled people ready to get to work creating real products.

The wind is finally at our backs in Rhode Island. But we have a lot more work to do to continue our momentum and ensure that all Rhode Islanders can benefit from our growing economy. For many of the jobs created in today's economy, a college degree is required. My budget proposes expanding the Rhode Island Promise Scholarship to guarantee two free years of college at the Community College of Rhode Island, Rhode Island College and the University of Rhode Island for every Rhode Islander. We will significantly improve the future economic competitiveness of our children by giving every student an affordable pathway to a post-secondary degree. In addition, I propose continuing the investments we have made over the past two years in job training and economic development, in strengthening our neighborhood schools, in the health and safety of our residents, and in modernizing government.

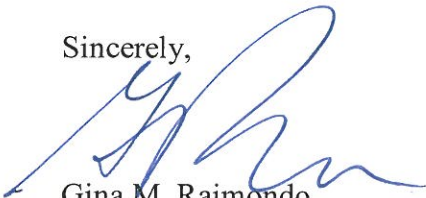
I am hopeful that there will be opportunities to identify additional strategic investments before the budget is finally enacted. Under current law, the Governor's budget recommendations are based on projected revenues from the November Revenue Estimating Conference. If, however, revenues come in

higher than anticipated such that there are additional resources available after the May conference, I recommend that the General Assembly consider the following actions:

- Increase education funding formula categorical spending for high-cost special needs, career and technical education, and transportation;
- Put more money in working people's pockets by expanding the Earned Income Tax Credit, building on increases enacted in each of the last two years;
- Repeal the proposed transfers from quasi-public agencies;
- Purchase additional voting equipment for the 2018 elections, including e-poll books;
- Provide additional funding for home visiting programs which support young families;
- Increase the pilot funding for quality incentives for Child Care Assistance Providers to further incentivize high-quality child care; and
- Expand the health aide worker raises contained in the budget to include nursing home workers.

I appreciate the partnership we have built over the last two years, and I look forward to continuing to work together to achieve our shared goals of strengthening Rhode Island and creating opportunities for all Rhode Islanders. *

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gina M. Raimondo', written over a light blue horizontal line.

Gina M. Raimondo
Governor

FY 2018 Budget Documents

Governor Raimondo's *FY 2018 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 2018 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 2015 and FY 2016) 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 2017 budget are included in the financial data by program for FY 2017. 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 2017 and FY 2018 information has not been officially approved by the entities' governing bodies.

The *FY 2018 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 agency personnel supplement page. The *Budget* document provides information relating to personnel costs by program.

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 2018 General Assembly.

Executive Summary

Table of Contents

	<u>Page</u>
Introduction	1
Overview	13
The Economy	18
General Revenues, Restricted Receipts and Pass Through Revenues	23
All Sources	31
All Expenditures.....	32
Expenditure Summary.....	33
Personnel Summary	37
Capital Budget.....	45
General Government	52
Department of Administration	55
Department of Business Regulation.....	63
Executive Office of Commerce.....	66
Department of Labor and Training	72
Department of Revenue.....	76
Legislature	80
Office of the Lieutenant Governor.....	82
Secretary of State.....	83
Office of the General Treasurer.....	86
Board of Elections	89
Rhode Island Ethics Commission	90
Executive Department	91
Commission for Human Rights.....	92
Public Utilities Commission.....	93
Health and Human Services.....	95
Executive Office of Health and Human Services	98
Department of Children, Youth and Families.....	102
Department of Health	106
Department of Human Services	109
Department of Behavioral Healthcare, Developmental Disabilities and Hospitals	114
Governor’s Commission on Disabilities	118
Commission on the Deaf and Hard of Hearing	119
Office of the Child Advocate	120
Office of the Mental Health Advocate	120
Education.....	122
Department of Elementary and Secondary Education.....	124
Public Higher Education	131
Rhode Island Council on the Arts	137
Rhode Island Atomic Energy Commission.....	138
Rhode Island Historical Preservation and Heritage Commission	139
Public Safety	141
Attorney General	145
Department of Corrections	148
Judicial Department.....	156
Military Staff	161
Emergency Management Agency	164
Department of Public Safety	165
Office of the Public Defender	170

	<u>Page</u>
Natural Resources	172
Department of Environmental Management.....	175
Coastal Resources Management Council.....	180

Transportation	182
----------------------	-----

Appendix A - Schedules

General Revenue Budget Surplus Statement.....	A-1
Expenditures from All Funds.....	A-2
Expenditures from General Revenues	A-4
Expenditures from Federal Funds.....	A-6
Expenditures from Restricted Receipts.....	A-8
Expenditures from Other Funds.....	A-10
Full-Time Equivalent Positions	A-12
General Revenues as Recommended	A-14
Changes to FY 2017 Enacted Revenue Estimates.....	A-15
Changes to FY 2018 Adopted Revenue Estimates.....	A-16
General Revenue Changes to Adopted Estimates	A-17
Other Revenue Enhancements	A-19

Appendix B - Changes to FY 2017

Changes to FY 2017 General Revenue Budget Surplus.....	B-1
Changes to FY 2017 Enacted Agency General Revenue Expenditures	B-2
Changes to FY 2017 Enacted General Revenue Expenditures	B-19

Appendix C – Aid to Cities and Towns

Formula Aid to Cities and Towns.....	C-1
Summary of Formula Aid to Cities and Towns.....	C-3
Fiscal Year 2017 Enacted State Aid to Cities and Towns.....	C-4
Fiscal Year 2017 Enacted Pass Through Aid to Cities and Towns.....	C-5
Fiscal Year 2017 Revised State Aid to Cities and Towns.....	C-6
Fiscal Year 2017 Revised Pass Through Aid to Cities and Towns.....	C-7
Change in Formula Aid – FY 2017 Revised vs. FY 2017 Enacted	C-8
Changes in Pass Through and All Aid – FY 2017 Revised vs. FY 2017 Enacted	C-9
Fiscal Year 2018 Proposed State Aid to Cities and Towns.....	C-10
Fiscal Year 2018 Proposed Pass Through Aid to Cities and Towns.....	C-11
Change in Formula Aid – FY 2018 vs. FY 2017 Revised	C-12
Changes in Pass Through and All Aid – FY 2018 vs. FY 2017 Revised	C-13

Appendix D – Aid to Schools

Education Aid to Local Units of Government.....	D-1
---	-----

Appendix E – Statewide Personnel Supplement..... E-1

Appendix F – Five-Year Financial Projection

FY 2018 – FY 2022 Overview	F-1
General Revenue Out-year Estimates FY 2018 – FY 2022.....	F-8
General Revenue Out-year Estimates.....	F-9
General Revenue Out-year Estimates Percent Changes.....	F-10
General Revenue Expenditure Estimates	F-11
General Revenue Out-year Planning Values.....	F-12

Appendix G – The Budget Process

The Budget Process: A Primer	G-1
------------------------------------	-----

Executive Summary

Introduction

Governor Raimondo's FY 2018 Budget focuses on building on our strong momentum and creating a better Rhode Island for working families and businesses.

The State's economy continued to make progress in 2016. Rhode Island created 5,800 jobs last year, and the unemployment rate fell to its lowest point since the beginning of the Great Recession. Economic progress continues in large part due to the programs and initiatives set in motion in previous budgets. However, more work needs to be done in order to create and support economic growth that can benefit our cities and towns, businesses and hard-working families. The State must continue to make smart investments, not just in our economic programs, but in Rhode Islanders. That means we must continue to focus on increasing accessibility to education, attracting high-paying jobs and building a better quality of life for our residents.

The Governor's FY 2018 Budget is built around five main themes:

- Middle Class Relief
- Helping Working Families
- Strengthening the Economy
- Protecting Health and Safety
- Prioritizing Fiscal Responsibility

Following these themes, the Governor submits a balanced budget that includes increased funding for elementary, secondary, and higher education; continues a commitment to workforce development efforts; invests in economic growth and innovation; supports working Rhode Islanders through a minimum wage increase; promotes the fiscal health of our cities and towns; and, for the third straight year, includes no broad-based tax increases.

The budget also makes progress in closing the structural deficit. The FY 2018 Budget closes an estimated shortfall of \$184.5 million, which was based on preliminary revenue and expenditure projections. Additional estimated revenues, offset by increased costs as determined by the November Revenue and Caseload Estimating Conferences, resulted in the projected deficit for FY 2018 decreasing to \$66.2 million. The Governor's recommended budget closes this shortfall through a combination of increased revenue – primarily from the receipt of sales tax on qualifying Internet transactions – and expenditure reductions, primarily in the Medicaid program. The FY 2018 Budget continues to focus on both holding down costs and creating economic growth. As a result, the projected FY 2021 deficit drops 42 percent from last year's estimate, from \$332.6 million to \$192.6 million.

Introduction

Middle Class Relief

Access to Affordable Higher Education

The State will guarantee two years of free tuition and fees for Rhode Island students at any of the three Rhode Island public universities. All 2017 Rhode Island high school graduates who enroll full-time at the Community College of Rhode Island will be eligible beginning in the fall of 2017. Those students who enroll at Rhode Island College or the University of Rhode Island will receive a scholarship for tuition and fees for their junior and senior years. Students will be required to stay on track toward finishing their degrees on time to remain eligible.

By 2020, 71 percent of Rhode Island's jobs will require an associate's degree or higher. Yet only slightly more than 40 percent of Rhode Islanders presently meet that benchmark. While almost 90 percent of Rhode Island's high school seniors express an intention to attend an institution of higher education, less than two-thirds actually do. This program will ensure students have the opportunity to compete in the job markets of the future by keeping college affordable and accessible.

The State will provide funds for implementation and additional investments at each of the colleges to ensure that students are supported along the path to graduation. After applying all federal and institutional financial aid sources, the cost to the state will be:

- \$10.0 million in FY18 (\$3.0 million for scholarships at CCRI, \$6.0 million for Promise Preparedness Grants to the three institutions, and \$1.0 million for implementation costs)
- \$13.0 million in FY19 (\$6.0 million for scholarships at CCRI, \$6.0 million for Promise Preparedness Grants to the three institutions, and \$1.0 million for implementation costs)
- \$18.0 million in FY20, (\$6.0 million for scholarships at CCRI, \$12.0 million for scholarships at RIC and URI)
- \$30.0 million in FY21, and annually thereafter (\$6.0 million for scholarships at CCRI, \$24.0 million for scholarships at RIC and URI)

For recent graduates, the Governor continues the Wavemaker Fellowship program. The Wavemaker program provides loan forgiveness for recent graduates pursuing careers and starting businesses in technology, engineering, design and other key sectors.

Motor Vehicle Property Tax Fairness

Rhode Island's municipal motor vehicle excise tax (the "car tax") totaled about \$215.4 million in FY 2016, making up approximately 9 percent of total local tax revenues. This tax has two central issues. First, Rhode Island has some of the highest average car tax rates in the country. Second, the valuation process does not always accurately reflect the true values of each car, leading to taxes being paid on car values that exceed the actual worth of the car.

The Governor proposes that vehicles' assessed values be reduced by 30 percent – moving from "clean retail" to an approximation of "average trade-in value." This change will more fairly reflect the actual value of taxpayers' cars, and will bring us closer to alignment with valuation methodologies used by Connecticut and Massachusetts.

Introduction

This change will reduce total car tax bills by about \$58.0 million in calendar year 2018. A hypothetical driver in Cranston who owns a 2010 Honda Civic with a book value of \$12,000 will see her annual car tax bill reduced from \$488 under the current system to about \$335 – a savings of \$153. The State will reimburse the municipalities for the decrease in revenue.

Helping Working Families

While the economy has been improving, these benefits are not distributed equally across society. These initiatives are designed to give families a firmer footing as parents progress in their careers and children progress in school – so everyone may benefit from economic growth.

Enhanced Quality of Life

Despite recent improvements in the State's unemployment rate and economic outlook, too many Rhode Islanders still struggle to make ends meet. In 2015, the Governor and the General Assembly provided help to working families by increasing the State's minimum wage from \$9.00 per hour to \$9.60 per hour, effective January 1, 2016. In 2016, the Governor proposed an increase in the State's minimum wage to \$10.10, but the General Assembly did not enact this proposal. Massachusetts' minimum wage currently stands at \$11.00 per hour after an increase from \$10.10 on January 1, 2017. Connecticut's minimum wage also recently increased, to \$10.10 from \$9.60 effective on January 1, 2017.

The Governor recommends increasing Rhode Island's minimum wage to \$10.50 per hour, effective October 1, 2017. Increasing the minimum wage to \$10.50 will result in a small FY18 fiscal impact (approximately \$120,000) to the Department of Environmental Management, which employs a number of seasonal minimum wage workers.

The Governor proposes a number of other initiatives to support Rhode Island workers, including:

- Performance-based Quality Incentive for Child Care Assistance – This proposal would allocate \$1 million to create enhanced reimbursement rates for child care providers who offer higher quality care. While Rhode Island generally provides ample access to child care, the current rate structure provides no incentive for providers to improve the quality of their programs.
- Abolish Apprenticeship Fees – This proposal would eliminate fees associated with registered apprenticeships in Rhode Island. Currently, both sponsors (\$120/yr.) and registered apprentices (\$24/yr.) are required to pay annual fees. The fee removal would help incentivize employers, particularly non-trade employers, to establish apprenticeship programs.
- Increase Penalties for Labor Law Violations – Many penalties have either not been adjusted at all or have been eliminated over time. This article would enhance labor law enforcement efforts by increasing or restoring such penalties. Based on penalties assessed over the past few fiscal years and based on caseload numbers, this initiative would generate approximately \$850,000 in general revenue and restricted receipt funds.

Introduction

K-12 Education

Rhode Island needs to provide a first-class education so students are prepared for high-paying jobs in some of the industries the State hopes to attract and expand. The State has committed to increased resources for public education by adopting a funding formula that reimburses school districts according to their needs. For FY 2018, the budget includes an additional \$45.4 million for municipalities, allowing local schools to advance the educational opportunities of students throughout the state. In addition, this budget proposes a number of initiatives to improve K-12 education and to achieve the Governor's Third Grade Reading Goal to double the number of third graders reading at grade level by 2025. Investments include:

- Increase Early Childhood Learning – The budget increases funding for this categorical to leverage federal grants for a total of \$6.0 million. The funding will allow additional investment in early childhood development programs that support cognitive growth in children and lay the groundwork for future academic success.
- Make ELL Categorical Funding Permanent – Last year, \$2.5 million was added to municipal K-12 funding to support English Language Learners (ELLs) and the additional expenses generated by those programs. The funding was set to expire in FY 2018, and Rhode Island is one of only four states in the country that does not have permanent ELL funding.
- Kindergarten Entry Profile – The budget provides \$200,000 in technology and training to start a program that analyzes children's abilities and academic potential at the kindergarten level in order to further guide early childhood education policy, inform educational interventions by LEAs and leverage Rhode Island's significant investment in early learning.

The budget continues the State's commitment to the Pathways in Technology (P-TECH) program, which connects high schools, community colleges and businesses. The program allows 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. Together with industry partners, the program provides skills development and access to mentors, internship opportunities and employment. These partnerships create reliable pipelines of talented, trained workers.

Strengthening the Economy

In addition to generating a pool of skilled workers, this budget proposes other actions designed to make it easier and cheaper to do business in Rhode Island, to attract advanced industries to invest here, and to help existing businesses grow and thrive.

Promoting Advanced Manufacturing

- Manufacturing Investment Tax Credit – \$3.25 million is used to enhance the existing investment tax credit, with a focus on manufacturers buying equipment and adding jobs. The credit is refundable and transferrable, and will apply to companies registered as S-corps or without a sufficient tax liability. This will particularly appeal to new or small manufacturing companies contemplating significant capital investments in equipment.

Introduction

- Job-Ready Workforce Labor Stimulus Program (JWLS) – \$2.0 million is allocated toward a job incentive program with a focus on advanced manufacturing. The program would create a competitive award for manufacturers and other companies expanding employment in Rhode Island. The credit will encourage new training and development initiatives at these firms, while helping to offset the often substantial local property tax burden faced by these companies.
- Davies Manufacturing – Designates \$3.65 million to the state-run Davies Career and Technical School for upgrading facilities around advanced manufacturing. These include welding facilities, advance shop floor, and updated technology and infrastructure to prepare the next generation of manufacturing workers.
- Innovation Voucher – Expands successful research and development incentive program from \$1.5 million to \$2.5 million with an added focus on manufacturing R&D. Vouchers can be used as: support for the commercialization of a new product, process, or service; access to scientific, engineering and design expertise; technological development and exploration; or scaling innovative ideas to market development.
- Polaris Technical Assistance – An additional \$300,000 (for a total of \$550,000) of funding, allowing Polaris to provide LEAN training, facility layout and other programming to help manufacturers succeed. Polaris provides group and individual trainings for operators, shares expertise, and promotes manufacturing statewide.

Business Attraction and Economic Development

Job growth has been strong in Rhode Island over the last year, including a number of high-profile companies announcing they were moving to Rhode Island or expanding here. In large part, these corporate changes were due to the financial incentives established in the last two budgets. The Administration continues its commitment to these incentives in the proposed FY 2018 Budget:

- First Wave Closing Fund – Moves \$1.5 million to the fund from a one-time fund balance already at Commerce to bring the fund back to \$12 million. It provides state economic development officials with flexibility when working with businesses interested in locating to or expanding in Rhode Island. The First Wave Closing Fund provides last-dollar financing for projects that are catalytic in nature and of significant economic benefit to the state.
- Air Services Development Fund – Adds \$500,000 to the Fund, which provides incentives to airlines that launch new routes or increase service to T.F. Green Airport. Having more direct routes and convenient service times is a factor in corporate decisions to move to Rhode Island.
- I-195 Development Fund – Provides \$10.1 million from one-time debt service changes to resupply the fund since \$19.5 million was recently obligated in business attraction deals. The fund is designed to catalyze development and attract anchor employers and institutions to the I-195 land.
- Rebuild RI – Maintains funding for Rebuild RI at \$20.0 million a year to ensure all credits are funded over the life of the program. The program supports high-return catalytic real estate development projects

Introduction

that encourage construction and other job creation. Previously, Rhode Island had no broad-based real estate development tax credits. The Rebuild RI real estate tax credit leverages private funds to spur real estate development.

- Local Agriculture and Seafood Act – Increase funding for the small grant program by \$100,000 to allow more small businesses in the food sector to receive development grants. Every dollar is matched more than 1:1 by private sources.

The budget also maintains the State’s commitment to Real Jobs RI, a demand-driven workforce and economic development initiative. The program ensures that Rhode Island employers have the talent they need to compete and grow while providing targeted education and skills training to Rhode Island workers. Real Jobs Partnerships convene industry employers, key stakeholders and groups in alliances to address business workforce demands.

Customer-Oriented Services and Regulations

In addition to providing economic development incentives and tax relief, Rhode Island can improve the business climate by reducing the time, resources and confusion generated by unnecessary regulatory red tape. Following the Governor’s Executive Orders on regulatory reform (Executive Order 15-07) and Lean Government (Executive Order 15-09), the state has made efforts to streamline professional licensing at the Department of Health, shortened application timelines at the Department of Environment Management, and reduced unemployment insurance processing times at the Department of Labor and Training, among others. The new revisions to the state’s Administrative Procedures Act (APA) require regulatory agencies to reconsider all of their regulations and put those that remain relevant into an online, searchable code of state regulations.

This budget recommends additional investments to streamline bureaucracy and improve our regulatory environment, including:

- Policy Fellows to Implement the New (APA) Requirements – Policy fellows will assist the Office of Regulatory Reform and the Secretary of State’s Office in reviewing every existing regulation and creating an online, indexed, and searchable code of state regulations. These improvements will make state regulations more accessible to business and others who interact with government, compiling all relevant information in a user-friendly format.
- Technical Assistance Grants – Adds \$250,000 to the budget for grants that will encourage economic development in four to six cities and towns by funding technical expertise to help cities and towns improve zoning processes and streamline local permitting processes; thereby reducing costs, wait times and barriers to development.
- Reduce Permit Time – Two Environmental Scientists are added to the Office of Water Resources to reduce permit and compliance time and work toward reduction of storm water and other pollution in our waterways.
- Division of Motor Vehicles Staff – Eight staff are added to the Department of Revenue, Division of Motor Vehicles to improve wait times for companies and citizens while at the DMV.

Introduction

Protecting Health and Safety

State government plays a key role in fostering a safe and healthy environment for all Rhode Islanders. Targeted investments in public safety, environmental protection, and public health can improve residents' quality of life and make the state more attractive to visitors and businesses. The Governor's budget includes programs to prevent crime, upgrade recreation facilities, and support the health and well-being of seniors and children.

Criminal Justice Reform

Governor Raimondo has emphasized the need for criminal justice reform to end the cycle of incarceration and recidivism while improving the safety of Rhode Islanders. Executive Order 15-11 and Executive Order 15-14 established the Justice Reinvestment Working Group and the Overdose Prevention and Intervention Task Force. Supported by the Council of State Governments' Justice Center and coordinated with the U.S. Justice Reinvestment Initiative, the working groups adopted a data-driven approach to justice reform. The recommendations are supported by the following investments:

- Domestic Violence Intervention – The addition of \$100,000 would be used to address two goals: 1) train program facilitators and staff on evidence-based treatments outlined by the Batterers Intervention Program Standards Oversight Committee to reduce instances of intimate partner domestic violence; and 2) to subsidize participation costs for indigent participants.
- Public Defender Mental Health Program – Funding of \$185,000 would provide resources for a mental health program at the Public Defender's Office. The program would include a pre-arrest diversion program that would ensure better access to mental health public services while reducing the strain on health care systems, first responders, the Judiciary and the Department of Corrections.
- Corrections Mental Health Professionals – Adding \$410,000 to improve mental health services at the Adult Correctional Institutions (ACI) by funding new clinical social workers and improving discharge planning for prisoners with behavioral health issues. Maximum Security is estimated to have 64 mentally ill inmates, and current resources are inadequate.
- Recovery Housing – This pilot would use \$200,000 to establish 60 beds for individuals with behavioral health care issues and criminal justice histories in 10 recovery houses. Recovery housing provides a stable living environment that is free of alcohol and illegal drug use. Longitudinal studies of peer-run recovery homes have demonstrated that people connected to recovery housing have significantly better outcomes in alcohol and drug use, arrests, psychiatric symptoms and employment.

The Governor's FY 2018 Budget continues to fund \$500,000 for a Pay for Success program to increase employment and reduce recidivism for formerly incarcerated individuals. The program will provide skills development and employment training, while fostering access to transitional jobs and permanent employment. Pay for Success programs allow states to invest in promising programs and pay service providers only after certain outcomes have been achieved, thereby minimizing taxpayer risk and encouraging better results.

Introduction

Supporting Seniors

- Home Health and Developmental Disability (DD) Worker Raises – The Governor proposes investing \$11.0 million in combined state and federal funds to raise the wages of home-care and DD workers. Home-care workers will see a raise of roughly 7 percent and DD workers will see a raise of roughly 5 percent. For home- and community-based placements to be successful, the State must have a robust provider network and support system. To build this capacity, workers with the right skills must be paid enough to fill these jobs.
- Targeted Programs for the Low-Income Elderly and Disabled – Proposes using \$300,000 on piloting a program to provide free 10-trip tickets for some individuals who were previously able to ride without paying a fare. As of February 1, 2017, RIPTA will no longer offer passes for free rides to the low-income elderly and disabled population. In place of free passes, RIPTA will offer discount cards which entitle holders to ride for 50 cents per ride. This program will supplement the discount cards.

Recreation, Health, and Environment

Public health, recreation and protecting the environment are intertwined. Not only do these improvements allow the public to live longer and happier lives, but they make Rhode Island a more attractive place for visitors and residents. Investments in these areas include:

- Streamline Lead Authority – The budget proposal would consolidate authority and funding for the Lead Poisoning Prevention program at the Department of Health in place of the current bifurcated structure at DOH and at the Housing Resources Commission. Lead-based paint in Rhode Island’s relatively old housing stock is the most common source of lead exposure for children. High blood lead levels are associated with learning disabilities and other cognitive problems.
- Increase Cigarette Tax – Increasing the cigarette tax to \$4.25 a pack would generate \$8.7 million. According to the Campaign for Tobacco-Free Kids, an increase in cigarette prices reduces youth smoking rates.
- Outdoor Recreation Council Proposal – In December 2016, the Outdoor Recreation Council issued a report on how healthy living could be improved in Rhode Island. In the report, and reflected in this budget, a portion of the additional cigarette tax revenue would be placed in a fund to be disbursed by a stakeholder group composed of state, municipal and non-governmental representatives. Disbursements totaling \$2,500,000 would go to:
 - Local recreation matching grants
 - State and local recreation programming
 - Recreation capital funding and maintenance
 - Park staffing and administration
- Tobacco Cessation Funding – \$500,000 of the Cigarette Tax increase would be used to fund anti-smoking media campaigns, targeted cessation efforts and policy work related to reducing tobacco use.

Introduction

- Conservation Districts – Adds \$50,000 to restore funding for regional conservation districts that used to be funded from Community Service Grants.
- Volvo Ocean Race – A one-time payment of \$775,000 is added in the budget to support infrastructure around the Volvo Ocean Race at Fort Adams State Park. The race will be held in spring 2018. In 2015, an economic impact study found that the race brought \$47.7 million in revenue back to Rhode Island.
- Electric Vehicle Grant – Creates a \$250,000 fund to continue the highly successful DRIVE program, which provides incentives to purchasers of electric vehicles. The program will provide rebates of up to \$2,500 per vehicle.

Prioritizing Fiscal Responsibility

The Administration has sought to prioritize fiscal responsibility and good government reforms in order to fund its investments to improve the lives of all Rhode Islanders. The budget includes substantial efficiency improvements to existing programs. In addition, it aims to shift funding away from inefficient programs and toward those which have shown clear results and demonstrated success.

Medicaid Reforms

Medicaid continues to be a major budget driver for the State. The state's Reinventing Medicaid initiative continues to promote and foster health care innovation designed to achieve the Triple Aim of a healthier population, a better patient experience of care and lower costs. This budget builds upon the reform initiatives enacted in fiscal years 2016 and 2017, which aim to save more than \$39.0 million without cutting benefits or eligibility for any Rhode Islanders. We must continue to invest in rebalancing the state's health care system.

This budget maintains Reinventing Medicaid initiatives while adding additional reforms, including:

- Healthy Aging Initiative – The budget proposes modifying the State's Integrated Care Initiative (ICI) to remove members who have spent substantial time in a nursing home. The ICI is designed to improve care management for certain Medicaid members. However, the State saves substantial administrative fees by moving these patients out of the ICI. A substantial portion of this savings is reinvested in initiatives to rebalance the state's long-term care system.
- Rate Changes for Medicaid Providers and Managed Care – The budget proposes freezing rates for hospitals, nursing homes and the administrative portion of Medicaid managed care organization payments. In addition, the budget proposes a 1 percent rate cut for hospitals, beginning January 1, 2018, reducing Upper Payment Limit payments to hospitals by 50 percent, and eliminating supplemental Graduate Medical Education payments. These changes will continue to incentivize health care providers to shift care out of high-acuity settings where appropriate.
- Increase Children's Health Account Attachment Point – The budget proposes increasing the attachment point for the Children's Health Account. The account funds certain health care services for children who

Introduction

are not covered by private insurance. Contributions from private insurance companies cover this cost. However, the contributions do not fully cover the cost of providing these services through Medicaid.

- Improve Program Integrity – The State will work to more quickly and thoroughly identify Medicaid members who have alternative coverage available or who have moved out of state and are therefore no longer eligible for coverage.

Additional Organizational Efficiency Initiatives

In addition to reforms at Medicaid, the Administration has aggressively looked for opportunities to find efficiencies in existing programs:

- Eleanor Slater Hospital Reorganization – As a result of census reductions at the Training School, the budget proposes consolidating certain DCYF youth detention populations at the Training School. This consolidation will allow BHDDH to move individuals from the forensic psychiatric population at Eleanor Slater Hospital into the safer and more clinically appropriate Assessment Center building. This move will generate substantial savings while improving or maintaining the quality of services for all populations involved.
- DCYF System of Care Reprourement – As part of the comprehensive reforms at the Department of Children, Youth, and Families, the Department has worked to reprocore many of the services it provides for children. The reprocorement is designed to allow the department substantial flexibility in service utilization, depending on its actual requirements. Through the reprocorement, the department was able to reduce spending in areas of low need and reinvest savings into new services designed to help find a permanent home for children more quickly.
- Public Safety Consolidation – The Emergency Management Agency is merged into the Department of Public Safety to provide a single, consolidated agency focused on protecting Rhode Island. A civilian head of the new department is added to oversee policy and management across all divisions of the department as in most other states.

Fiscal Improvements

- Remote Seller Sales Tax Collection – Collecting \$34.7 million more in sales tax revenue by adding tools to enforce existing law and collect sales tax revenue from companies without a presence in the state. These are mostly e-commerce companies that have been undercutting local brick-and-mortar stores by avoiding sales taxes. As more purchases move online this change is critical to ensure a level playing field for Rhode Island businesses.
- Worker's Comp Outsourcing – Savings of \$1.25 million by engaging a private manager for worker's compensation that can better manage claims, provide more robust worker safety programs, and focus on enabling more injured employees to return to work.

Introduction

- Fraud Detection and Prevention – Continues the Fraud Detection and Prevention Initiative with an additional \$3.5 million in savings in FY 2018. The initiative uses technology, data matching, and enhanced oversight to detect and prevent fraud across executive branch departments. Departments include: Office of Health and Human Services, Department of Labor & Training, Department of Business Regulation, and the Division of Taxation.
- e-Procurement – \$350,000 in FY18 savings from implementing a modern online procurement system. The current purchasing process is a multi-system, highly manual process for vendors, DOA, agencies and municipalities. It allows vendors to bid electronically at any time, including outside of business hours on nights and weekends. Currently, only mail/walk-in options are available.
- Keep Fully Funding PILOT – Adding \$3.2 million to Payment in Lieu of Taxes (PILOT) program to offset the municipal property tax losses of nonprofit and government property owners. Fully funded at 27 percent of assessed property taxes on eligible tax exempt properties.

State Personnel Modernization

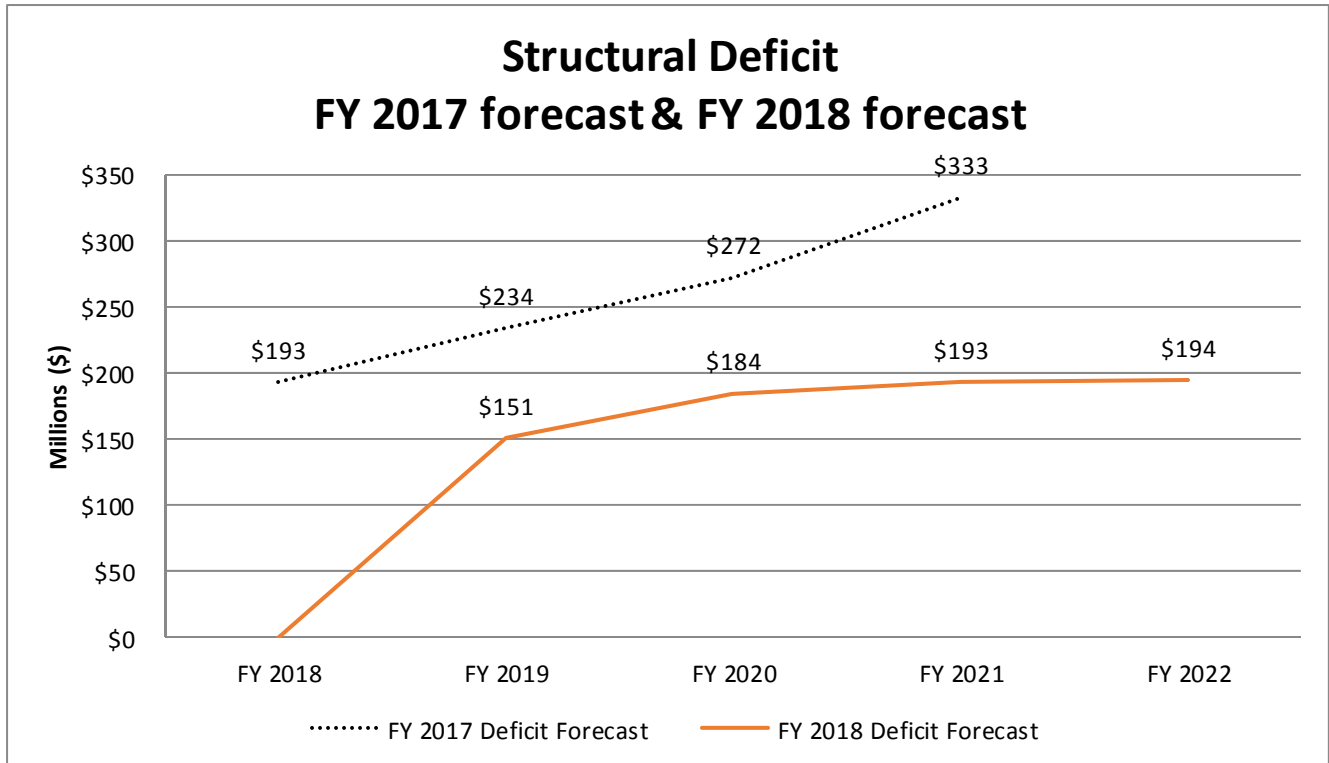
The state's personnel system, in many instances, is governed by archaic laws, which create barriers to efficiencies in state operations and limit growth opportunities for state employees. The state needs thoughtful and targeted personnel reform to attract top talent, control rising costs, provide more opportunities and options for employees, and create a government that is flexible, innovative, and responsive to Rhode Islanders. The budget includes legislative proposals to provide state government with greater flexibility in hiring and managing personnel.

Deficit Reduction

The FY 2018 budget closes an estimated shortfall of \$66.2 million, up from the FY 2017 deficit of \$49.5 million the state faced one year ago. An economic slowdown in the first quarter of calendar year 2016 and reliance on FY 2016 revenue to fund FY 2017 contributed to the somewhat higher deficit. The Governor's budget successfully closes the projected FY 2018 deficit of \$66.2 million through a combination of expenditure reductions, new revenues, and transfers and other operating changes.

The Governor's budget also significantly reduces projected out-year deficits. Compared to FY 2017 projections the FY 2018 budget shrinks the projected FY 2019 deficit by 36 percent from \$234 million to \$151 million. Decreases in later years are also substantial, with the FY 2020 deficit declining 32 percent and FY 2021 dropping 42 percent.

Introduction



These declines are mostly attributable to four reasons. First, growth in the second and third quarters of calendar year 2016 was strong – leading to a strong November revenue estimate and economic strong economic growth projections for later years. Second, the planned opening of the Tiverton Casino and delays in Massachusetts gaming has improved the revenue forecast for gaming in Rhode Island. Also, FY 2018 is the last year of projected substantial (over \$40 million) increases to the K-12 funding formula. Finally, the addition of remote seller sales tax revenue helps improve sales tax revenue growth rates. While more work remains to be done, the Governor’s recommended FY 2018 budget continues to make progress in closing Rhode Island’s structural deficit.

Overview

The FY 2018 Recommended Budget addresses a projected operating deficit of nearly \$184.5 million, while investing in key areas to improve the State’s overall financial outlook. The FY 2018 Budget reflects ongoing improvements in the State’s overall financial condition over the past several years. FY 2016 closed with a surplus of \$167.8 million, representing the seventh year in a row the State has closed with a strong surplus. The following outlines the FY 2017 Revised and the FY 2018 Recommended Budgets as proposed by Governor Raimondo on January 19, 2017.

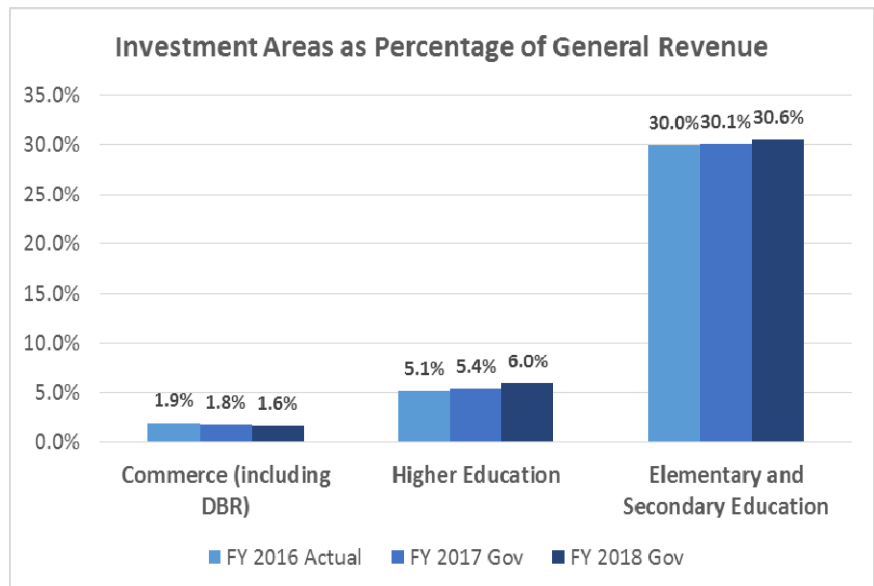
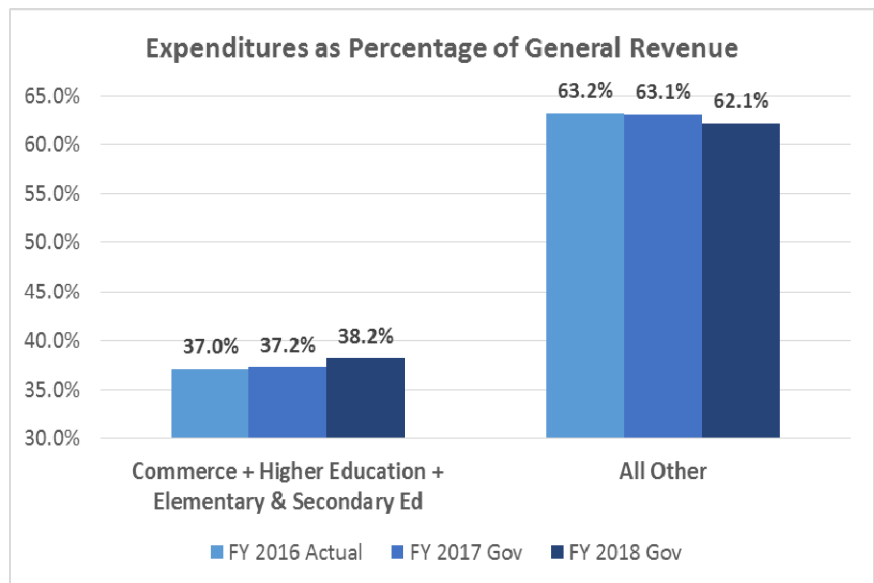
Investment in Growth

The Raimondo Administration aims to rebalance state expenditures by constraining consumption-oriented spending – for example, health care and benefits programs – and increasing investments such education and workforce training, economic development, and infrastructure. The enacted FY 2017 budget included a Medicaid reform proposal to reduce consumption while increasing funds for economic development and education.

As seen in the charts on this page, the FY 2018 budget continues the shift toward investment, specifically elementary and secondary education, higher education, and economic development. Total investment in these three areas climbed from 37.0 percent of general revenue expenditures in FY 2016 to 38.2 percent in FY 2018.

At the departmental level, funding for the Department of Education (including school aid to cities and towns) climbed from 30.0 percent of general revenue spending in FY 2016 to 30.6 percent in FY 2018. Funding

for the Office of Postsecondary Education and the three institutions of higher education increased from 5.1 percent in FY 2016 to 6.0 percent in FY 2018. Finally, funding for the Executive Office of Commerce and Department of Business Regulation decreases from 1.9 percent of general revenue spending in FY 2016 to 1.6 percent in FY 2018, as most one-time resources for certain economic development initiatives are no longer available.



Overview

FY 2018 Recommended Budget: Governor Raimondo recommends an all funds budget totaling \$9,248.1 million for FY 2018, an increase of \$47.5 million, or 0.5 percent, from the FY 2017 Revised Budget of \$9,200.5 million. Of the \$47.5 million increase, there is an increase of \$92.3 million in general revenue and \$5.5 million in other funds, with reductions in federal funds of \$16.3 million and in restricted receipts of \$33.0 million. Of the \$9,248.1 million budget, \$3,792.7 million, or 41.0 percent, is from general revenue; \$3,081.8 million or 33.3 percent is from federal funds; \$2,099.7 million, or 22.7 percent, is from other sources; and \$273.8 million, or 3.0 percent, is from restricted or dedicated fee funds. The Governor's FY 2018 Recommended Budget includes 15,067.4 authorized full-time equivalent (FTE) positions, which is 31.5 FTE positions greater than what is included in the Governor's FY 2017 Revised Budget Plan and 114.8 FTE positions more than what was included in the FY 2017 Enacted Budget.

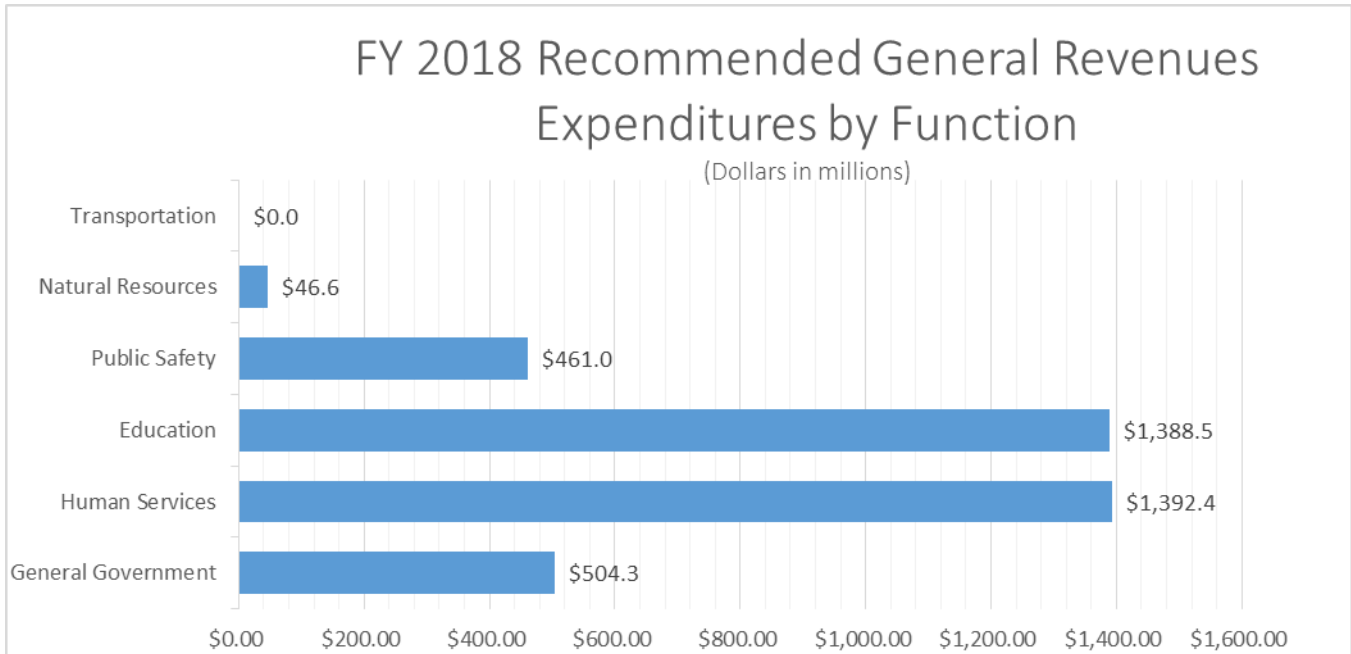
Recommended FY 2018 general revenue funding of \$3,792.7 million represents an increase of \$109.0 million, or 3.0 percent, over the FY 2017 enacted budget of \$3,683.7 million, and is 2.5 percent higher than the FY 2017 revised budget proposed by the Governor (\$3,700.4 million). Recommended FY 2018 federal funding of \$3,081.8 million represents an increase of \$124.8 million, or 4.2 percent, over the FY 2017 enacted budget, but is \$16.3 million below the FY 2017 Revised budget (\$3,098.1 million). Other funds and operating transfers increase from \$2,040.9 million in the FY 2017 enacted budget to \$2,099.7 million in the FY 2018 Budget.

FY 2017 Revised Budget: Governor Raimondo recommends a revised all funds budget totaling \$9,200.5 million for FY 2017, an increase of \$261.8 million, or 2.9 percent, from the FY 2017 Enacted Budget of \$8,938.7 million. Of this total, \$3,700.4 million, or 40.2 percent, is from general revenue, \$3,098.1 million, or 33.7 percent, is from federal funds, \$2,095.2 million, or 22.8 percent, is from other sources, and \$306.8 million, or 3.3 percent, is from restricted or dedicated fee funds. The Governor's FY 2017 Revised Budget includes 15,035.9 authorized FTE positions, which is 83.3 FTE positions higher than included in the FY 2017 Enacted Budget.

Recommended FY 2017 general revenue funding of \$3,700.4 million represents a net increase of \$16.7 million, or 0.5 percent, from the FY 2017 enacted budget of \$3,683.7 million, and is 4.7 percent higher than the FY 2016 actual expenditure (\$3,547.9 million). Federal funds increase from \$2,957.1 million in the FY 2017 enacted budget to \$3,098.1 million in the revised FY 2017 budget. Other funds increase from \$2,040.9 million in the FY 2017 Enacted Budget to \$2,095.3 million in the revised FY 2017 budget.

Overview

Expenditure Plan by Function: Expenditures from general revenue are projected to total \$3,792.8 million for FY 2018, increasing by \$92.3 million over FY 2017 revised spending levels. Expenditures are divided into five functional areas aligned with state departments and agencies: General Government, Health and Human Services, Education, Public Safety, and Natural Resources.



Expenditures totaling \$1,392.4 million for Health and Human Services agencies represent 36.7 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. The Governor’s budget continues to constrain cost growth in these areas while focusing on improving outcomes. The budget implements Medicaid reform efforts begun in FY 2016 and includes improvements to the child welfare system, state hospitals, and services provided to people with developmental disabilities.

Education is the second largest component of State spending, totaling \$1,388.5 million, or 36.6 percent of general revenue spending. This includes state support for local education aid, support for the state university and colleges, and scholarships. The Governor’s budget implements the seventh year of the education funding formula and increases support for early childhood programs. The FY 2018 budget also increases funding to higher education under the Governor’s Rhode Island Promise program, which would provide free tuition to the Community College of Rhode Island and for juniors and seniors at the University of Rhode Island and Rhode Island College for students that meet eligibility requirements.

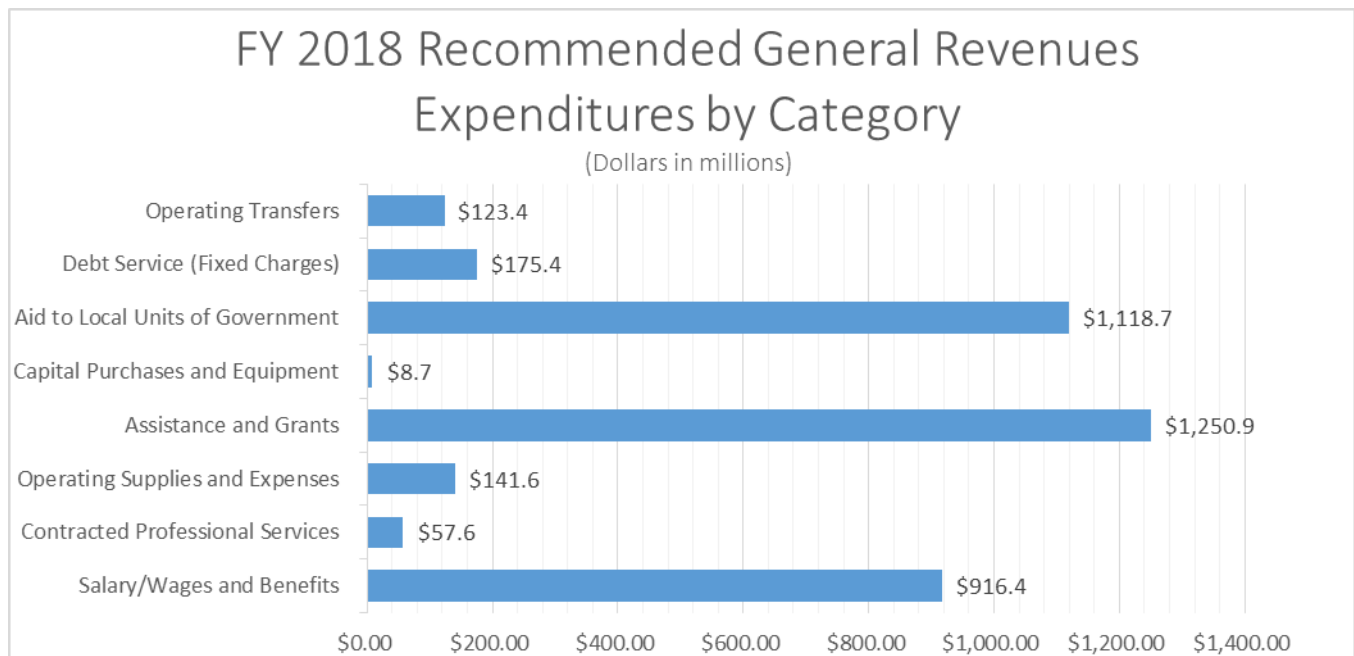
General revenue expenditures for General Government and Public Safety comprise \$504.3 million (13.3 percent) and \$461.0 million (12.2 percent), respectively. General Government include state operations, state aid to municipalities, and direct property tax relief. Public Safety includes the state prisons, Military Staff, RI Emergency Management Agency, State Police, Attorney General, and Judicial departments.

Overview

Finally, general revenue expenditures for Natural Resources comprise \$46.6 million, or 1.2 percent of total general revenue funding. The Natural Resources function includes 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 are also sorted into eight categories to group similar types of expenditures across departments. The largest general revenue categories are grants, local aid and personnel. Grants and assistance expenditures total \$1,250.9 million, comprising 33.0 percent of total general revenue spending in FY 2018. Local aid expenditures of \$1,118.7 million represent 29.5 percent of total spending, which includes fully funding the seventh year of the school aid formula. Personnel expenditures and contracted services of \$974.0 million represent 25.7 percent of the budget. Operating expenditures total \$141.6 million, or 3.7 percent of the budget; and capital expenditures, including debt service, and operating transfers total \$307.5 million, or 8.1 percent of the total general revenue budget.



Expenditures on grants and benefits represent \$1,250.9 million, or 33.0 percent of general revenue spending in FY 2018. More than 90.0 percent of these expenditures occur in the Health and Human Services function. In FY 2016 and FY 2017, Governor Raimondo’s budget included substantial Medicaid reforms to control costs and deliver better health outcomes to Rhode Islanders. Partly from implementing those changes, the share of general revenues spent on grants and benefits declined from 33.6 percent of the FY 2017 revised budget to 33.0 percent in FY 2018.

Local aid represents \$1,118.7 million of general revenue spending in FY 2018, or 29.5 percent. The largest component of local aid is education aid, totaling \$1,038.4 million. General revenue funding for local education

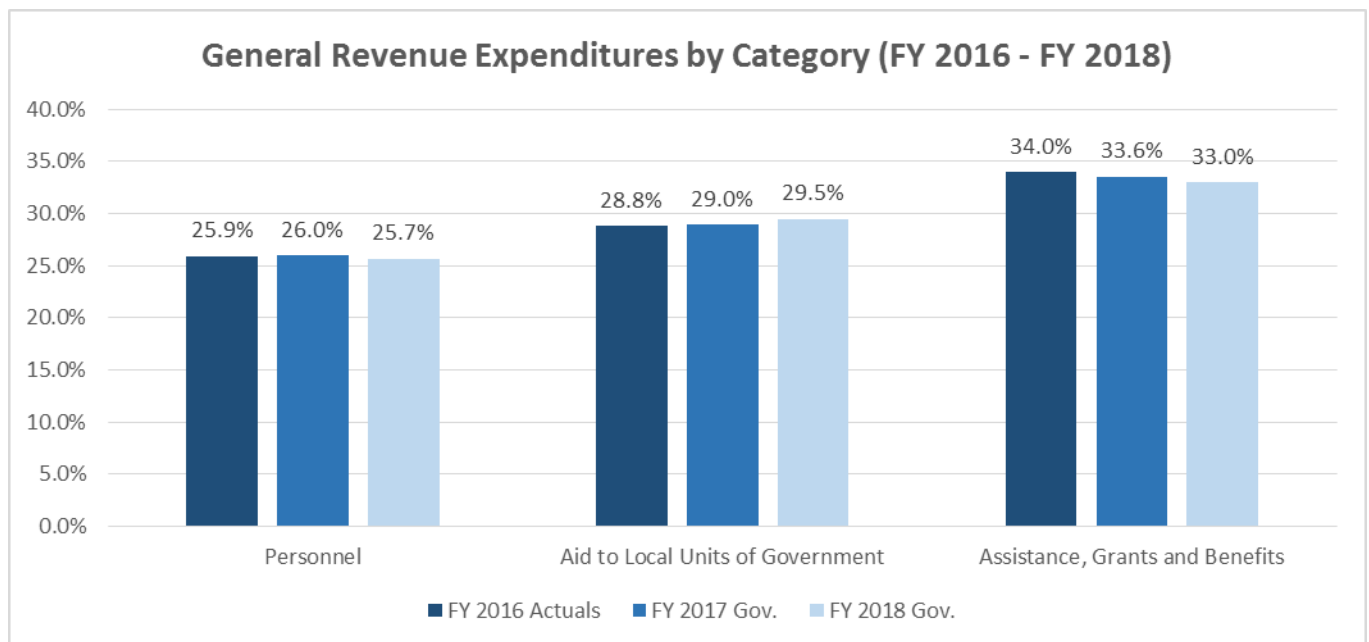
Overview

aid increases by \$45.5 million in FY 2018 over the FY 2017 revised funding level. The Governor's budget provides \$42.5 million for year seven of the K-12 education funding formula, as well as \$1.1 million more in categorical funding for early childhood programs.

The Governor recommends changes to local K-12 education aid in FY 2018 arising from proposals of the Fair Funding Formula Working Group established in late 2016 to review the existing formula. It continues to fund an English Language Learners weighting component to the formula and adjusts the allocation of funds to school districts and charter schools to reflect local costs and conditions. These investments increase the total share of local aid from 29.0 percent in FY 2017 to 29.5 percent in FY 2018.

The third-largest category, personnel and contracted services, includes \$974.0 million in FY 2018, or 25.7 percent of general revenue expenditures. In recent years, the state has taken steps to control personnel costs. As a result, personnel costs have decreased as a percentage of general revenue budget by 0.3 percent to 25.7 percent in FY 2018 from 26.0 percent in FY 2017.

The chart below demonstrates the Administration's continued focus on shifting resources from consumption to investment. Local aid has increased from 28.8 percent of general revenue spending in FY 2016 to 29.5 percent in FY 2018, driven by additional funding for local education. Personnel expenditures decreased from 25.9 percent of general revenues in FY 2016 to 25.7 percent in FY 2018. Meanwhile, spending on grants and benefits declined from 34.0 percent of general revenues in FY 2016 to 33.0 percent in FY 2018.



The Economy

Introduction

The consensus economic forecast, adopted twice a year at the Revenue Estimating Conference (REC), establishes forecasted growth rates for a variety of national and state-level economic indicators. State-level indicators include: total employment; personal income; wage and salary growth; dividends, interest, and rent; and the unemployment rate. National indicators include: the Consumer Price Index for all urban consumers (CPI-U), the interest rate for ten-year U.S. Treasury notes, and the interest rate for three-month U.S. Treasury bills.

The three REC conferees — the State Budget Officer, House Fiscal Advisor, and Senate Fiscal Advisor — use the economic indicators to estimate state revenues for the current year and the budget year. The indicators are also used to inform the state's out-year forecasts.

Economic Forecast

During testimony for the November 2016 REC, IHS Markit economists presented forecasts for the U.S. and Rhode Island economies. The Rhode Island Department of Labor and Training (DLT) presented current state employment and labor force trends. The REC conferees adopted the economic forecast through a consensus process, informed by the testimony provided to the conferees. The updated economic forecast made changes to the consensus outlook adopted at the May 2016 REC.

IHS Markit economists predicted that national real GDP growth will increase to 2.2 percent in both 2017 and 2018 after its slow-down from 2.6 percent in 2015 to 1.4 percent in 2016. The U.S. economy continued its seventh year of expansion. The fourth quarter of calendar year 2016 saw personal consumption, fixed investment, and government spending increase. Consumer spending, which comprises two-thirds of the U.S. economy, led the end-of-year expansion. IHS Markit testimony identified a number of positive forces that have impacted consumer spending, keeping it relatively stable throughout the country's recession recovery period. The positive forces include employment growth, rising disposable income, mild inflation, and very low interest rates. Throughout the recovery period, individual consumers have also lowered personal debt levels and increased savings. However, there are also negative forces impeding consumer spending, including sluggish wage gains, high student debt burdens, and precautionary saving.

Throughout 2016, the country has also seen a negative impact on net exports resulting from the strength of the U.S. dollar against other currencies. This has impaired the manufacturing industry's competitive position in international markets and is likely to be a drag on significant economic growth. IHS Markit anticipates that the Federal Reserve will raise interest rates as labor markets tighten and core inflation approaches 2.0 percent.

Specific to the Rhode Island economy, IHS Markit testimony noted a modest growth trajectory for Rhode Island as payrolls expanded by 5,300 jobs year over year for September 2016. Administrative support and accommodations/food service jobs contributed the largest gains at 1,400 and 2,900, respectively. However, growth in these job sectors is not anticipated to spur significant economic growth overall, as jobs in these categories typically have lower-than-average wages. Positions with higher-than-average wages in the finance and professional, scientific and technical sectors experienced weak growth, as did manufacturing jobs, likely related to the strength of the dollar. Healthcare payrolls were down year over year, with reports of hospital layoffs, lower revenues, and lower reimbursement rates.

Rhode Island continues to have very slow population growth; the state's birthrate is lower than the national average, which monotonically impacts labor force growth estimates. While there has been steady growth

The Economy

in the under 35 and over 55 populations, there have been continued declines in population numbers for ages 35 to 54. Since 2012, the state has experienced a continued outflow of residents within those ages, which is offsetting the influx of persons under 35 and over 54. IHS Markit predicted that from the third quarter of 2016 to the third quarter of 2018, Rhode Island will experience employment growth deceleration as labor markets tighten and population growth remains slow. Rhode Island payrolls are projected to expand 0.4% per year on average between 2016 and 2021, which will rank as the 48th fastest in the United States.

The tight labor market and impact of high student loan debt on younger residents continues to have a negative impact on household formation, which is contributing to the state’s weak recovery in housing starts. Less new construction has increased competition for the state’s existing housing stock, which in turn contributes to upward pressure on home prices for current residents of the state. While IHS Markit reported that home sales are likely to level off through 2021, home prices are predicted to continue to rise. The share of loans entering foreclosure appears to be close to 2006 levels while the share of loans in foreclosure have come down from a peak in 2011 to 2008 levels.

The IHS Markit economists indicated that the economic forecast presented to the conference did not contemplate the outcome of the November presidential election. The forecast could not be appropriately updated until the new administration staffs the Executive Branch and the 115th Congress begins passing laws under its leadership.

While testimony from IHS Markit gave a broad picture of Rhode Island’s economic conditions as of November 2016, DLT presented a detailed analysis of Rhode Island’s labor market. Rhode Island’s unemployment rate was 5.6 percent in September 2016, the latest data available at the time of the REC. This is equivalent to the revised rate reported for September 2015, but 0.2 points higher than the 5.4 percent rate reported from December 2015 through May 2016. The unemployment rate during that period was the lowest it had been since August 2007 when the rate was 5.3 percent. DLT reported that for November 2016, the state’s unemployment rate fell to that 5.3 percent level.

Rhode Island’s resident employment peaked at 547,300 in January 2007. Rhode Island resident employment in September 2016 totaled 526,300 (21,000 below the peak). According to DLT, for November 2016, Rhode Island resident employment totaled 526,269 (20,948 below the January 2007 peak). The chart below shows the total labor force and number of employed residents, for the period of FY 2006 through the second quarter of FY 2017.



The Economy

According to testimony provided by DLT, Rhode Island employment increased by 5,300 jobs between September 2015 and September 2016.

Sector	Jobs Change	Sector	Jobs Change
Leisure & Hospitality	3,300	Information	(300)
Professional & Business Services	1,500	Government	300
Manufacturing	500	Education and Health Services	-
Other Services	200	Construction	100
Trade, Transportation, & Utilities	200		
Financial Activities	(500)	Total Non-Farm Jobs Change	5,300

DLT expects to see revisions to the June 2016 job numbers reported by the Bureau of Labor Statistics (BLS). The IHS Markit economic forecast incorporates upward revisions to BLS data for forecasted numbers, but uses current BLS total employment numbers for historical figures. As a result, it is likely that the growth rates contained in the forecasts that follow will be revised as historical employment figures are also revised.

The November 2016 Consensus Economic Forecast

Employment is usually used to gauge the cyclical status of a state's economy. In FY 2016, total non-farm employment increased by 1.1 percent over FY 2015. In FY 2017, non-farm employment is expected to increase by 0.9 percent to 491,900 jobs. Over the FY 2017 through FY 2022 period, Rhode Island's economy is expected to add 9,000 jobs. The adopted forecast assumes employment growth will slow from 0.5 percent in FY 2018 to 0.2 percent in FY 2021. For FY 2022, the forecast includes a slight increase in employment growth to 0.4 percent. The employment forecasts adopted at the November 2016 REC were revised downward by an average of 0.45 percentage points for FY 2017 through FY 2020, when compared to the forecast adopted at the May 2016 REC.

The unemployment rate is projected to increase slightly from 5.5 percent in FY 2016 to 5.6 percent in FY 2017. It is expected to trend downward, falling to 5.4 percent in FY 2018, and to 5.3 percent in FY 2019 and FY 2020. The unemployment rate anticipated for FY 2018 would be the lowest in nine years. However, it will still be 0.5 percentage points higher than the 4.9 percent rate achieved when the economy peaked in FY 2007.

Personal income growth is expected to be 3.0 percent in FY 2017, which is a slight decrease from FY 2016's 3.4 percent growth over FY 2015. The November 2016 REC's estimates for personal income growth show a positive upward trend from FY 2018 through FY 2020, peaking at 4.3 percent growth in FY 2019 and FY 2020, before a decrease in year-over-year growth to 4.1 percent for FY 2021 and FY 2022. The adopted estimates for FY 2017 and FY 2018 personal income growth are below the adopted estimates from the May 2016 REC for the same period. The projection includes personal income growth stronger than what was anticipated for the FY 2019 through FY 2021 period by the forecast adopted by the May 2016 REC. The FY 2017 projected growth rate for personal income is down 0.7 percentage points from the adoption of 3.7 percent by the May 2016 REC. For FY 2018, the adopted November 2016 REC personal income growth estimate is also 0.4 percentage points below the 4.4 percent growth rate that was adopted in May 2016. Based on the November 2016 REC, the personal income growth rate is expected to fall to 4.1 percent in FY 2021 and FY 2022.

The Economy

The November 2016 REC consensus estimates of 2.6 percent growth in FY 2017 for dividends, interest and rents indicates a modest increase over FY 2016 growth, which was 2.3 percent over FY 2015. Growth for FY 2018 is estimated to be 3.2 percent above FY 2017 levels, with growth rates of 5.2 percent for FY 2019 and 5.5 percent for FY 2020, before falling to 4.4 percent in FY 2021 and again to 3.6 percent in FY 2022. The November 2016 REC consensus wage and salary income growth was lower in FY 2016 relative to the projected growth adopted in May 2016 by 1.2 percentage points. For FY 2017 the November 2016 REC growth rate for wages and salaries was revised downward by 0.6 percentage points, while growth for FY 2018 was revised upwards by 0.2 percentage points when compared to the forecast adopted in May 2016. Wage and salary income growth is expected to remain flat at 4.2 percent year over year from FY 2019 through FY 2021, before increasing by 0.2 of a percentage point.

The CPI-U is anticipated to increase to 1.9 percent in FY 2017 from 0.7 percent in FY 2016. In FY 2018 the growth in the CPI-U is expected to climb to 2.5 percent before increasing to 2.6 percent in FY 2020. The forecast of CPI-U growth decelerates to 2.4 percent in FY 2021 and FY 2022.

For FY 2017, the interest rate on three-month Treasury bills is expected to rise to 0.5 percent, slightly more than FY 2016's 0.2 percent rate. In FY 2018, the interest rate on three-month Treasury bills is expected to rise to 1.0 percent and increase again to approximately 1.8 percent in FY 2019. For FY 2020 the rate is expected to climb to 2.5 percent before stabilizing at 2.6 percent in FY 2021, FY 2022 and thereafter. This forecasted increase in the three-month Treasury bill rate is consistent with the anticipated increase of the Federal Reserve's interest rate target. The interest rate on ten-year Treasury notes is expected to decrease from 2.0 percent in FY 2016 to 1.8 percent in FY 2017, before rising to 2.4 percent in FY 2018, 3.0 percent in FY 2019, and 3.6 percent for FY 2021 and thereafter.

The Consensus Economic Forecast for the fiscal years 2017 through 2022 agreed upon by the conferees at the November 2016 REC is shown in the following table.

Rates of Growth (%)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Non-Farm Employment	0.9	0.5	0.3	0.4	0.2	0.4
Personal Income	3.0	4.0	4.3	4.3	4.1	4.1
Wage and Salary Income	3.0	4.3	4.2	4.2	4.2	4.4
Dividends, Interest and Rent	2.6	3.2	5.2	5.5	4.4	3.6
Nominal Rates (%)						
U.S. CPI-U	1.9	2.5	2.5	2.6	2.4	2.4
RI Unemployment Rate	5.6	5.4	5.3	5.3	5.5	5.5
Ten-Year Treasury Notes	1.8	2.4	3.0	3.6	3.6	3.6
Three-Month Treasury Bills	0.5	1.0	1.8	2.5	2.6	2.6

The differences between the November 2016 and the May 2016 Consensus Economic Forecasts, primarily downward revisions, are shown below.

The Economy

Percentage Changes from November 2016 to May 2016 Consensus Economic Forecasts						
Rates of Growth (%)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Non-Farm Employment	-0.31	-0.58	-0.70	-0.20	0.00	0.00
Personal Income	-0.19	-0.09	0.10	0.43	0.41	0.28
Wage and Salary Income	-0.17	0.05	-0.11	0.20	0.62	0.63
Dividends, Interest and Rent	-0.63	-0.62	0.44	3.23	1.20	0.57
Nominal Rates (%)						
U.S. CPI-U	-0.14	-0.14	-0.14	0.00	0.04	0.09
RI Unemployment Rate	0.10	0.10	0.08	0.06	0.08	0.10
Ten-Year Treasury Notes	-0.42	-0.38	-0.25	-0.10	-0.10	-0.12
Three-Month Treasury Bills	-0.29	-0.55	-0.42	-0.22	-0.21	-0.26

General Revenues

Introduction

The Governor's recommended budget is based on estimated general revenues of \$3.719 billion in FY 2017 and \$3.832 billion in FY 2018. Annual estimated growth during FY 2017 and FY 2018 is 1.5 percent and 3.0 percent, respectively. Estimated deposits of \$116.6 million and \$117.3 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 2017 and FY 2018. The revenue estimates contained in the Governor's FY 2017 supplemental and FY 2018 recommended budgets are predicated upon the revenue estimates adopted at the November 2016 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 2017 Revised Revenues

The principals of the November 2016 Revenue Estimating Conference adopted revenue estimates that were \$44.8 million greater than the enacted FY 2017 revenue estimates, an increase of 1.2 percent. As shown in the *Changes to FY 2017 Enacted Revenue Estimates* table in Appendix A of this document, the Governor's revised FY 2017 Budget recommends an decrease of \$202,882 in revenues over the amount adopted at the November 2016 Revenue Estimating Conference.

The recommended change to the FY 2017 adopted estimates is attributable to four items. The first item is a delay in the motor vehicle license plate reissuance from April 2017 to April 2018, which decreases departmental receipts by \$935,975. The second item is a transfer from the Office of the Attorney General. State law permits the Attorney General's office to retain in a restricted account up to \$65,000 per year from legal settlements, and the office has been routinely retaining an amount in excess of the statutory limit. A transfer of \$401,323 adjusts for this excess. The third item is a transfer from the Department of Administration for excess bond cost of issuance, which will increase departmental receipts by \$67,400. The final item is a transfer from the Departments of Business Regulation and Health for excess funds in the departments' restricted accounts for medical marijuana regulation. The departments are expected to collect more in fees than they will expend on the program. This transfer will increase departmental receipts by \$264,370 in FY 2017. All four of these items will be recorded as general revenue, with the revenue decrease from the plate reissuance delay reflected in the Governor's revenue estimate for departmental receipts, and the additional revenue from the other three items reflected in other sources general revenues.

FY 2017 Revised Revenues vs. FY 2016 Final Audited

Recommended revenues for FY 2017 are based upon a \$55.7 million increase in total general revenues over FY 2016 final audited revenues, or growth of 1.5 percent. Much of this increase is attributable to projected increases in personal income taxes, general business taxes, and sales and use taxes. However, these increases are partially offset by decreases in excise taxes, other taxes including estate and transfer taxes, departmental receipts, and other sources general revenues including the lottery transfer.

General Revenues

Personal income tax revenues continue to be the single largest source of state general revenues in FY 2017 at 34.1 percent. FY 2017 personal income tax revenues are estimated to grow at an annual rate of 4.1 percent or \$50.2 million above FY 2016 final audited personal income tax revenues. Much of this increase is due to a projected \$64.3 million increase in withholding payments, a \$9.8 million increase in estimated payments, and a \$7.5 million upward adjustment to the estimated accrual. However, these increases are partially offset by an additional \$31.7 million in refund payments.

FY 2017 revised general business tax revenues are projected to increase by \$41.8 million or 9.6 percent. The change is made up of a \$32.6 million increase in business corporations taxes along with a combined increase of \$10.2 million in public utilities gross earnings taxes and insurance companies gross premiums taxes. These increases are offset by a \$988,195 combined decrease in financial institutions taxes, bank deposit taxes, and the health care provider assessment.

FY 2017 revised sales and use tax revenues are projected to increase by \$42.3 million or 4.3 percent, over final FY 2016 audited revenues. Sales and use taxes represent 27.3 percent of total general revenues in FY 2017 and are projected to be \$1,014.2 million.

Excise taxes other than the sales and use tax are expected to decrease by \$31.3 million or 15.5 percent in FY 2017 over final audited FY 2016 revenues. This change is largely driven by a projected decrease in motor vehicle operator license and registration fees of \$26.6 million and a decrease in cigarette excise taxes of \$5.1 million. The decrease in motor vehicle operator license and registration fees is largely due to the fact that in FY 2017 seventy-five percent of these fees are being removed from general revenue and placed in the Rhode Island Highway Maintenance Account.

Other taxes are projected to decrease by \$37.8 million, or 46.4 percent in FY 2017 relative to final FY 2016 audited revenues. Of the total decrease in other taxes, estate and transfer taxes are expected to decrease by \$39.0 million or 55.7 percent. This large decrease is largely explained by the fact that there were two unusually large payments received in FY 2016 totaling \$52.4 million and similar large payments are not expected to recur in FY 2017. FY 2017 realty transfer taxes are anticipated to increase by \$1.2 million while FY 2017 racing and athletics tax revenues are projected to increase slightly.

In the Governor's FY 2017 revised budget, departmental receipts are projected at \$363.9 million, a decrease of \$3.8 million from final audited FY 2016 revenues, representing a decrease of 1.0 percent. The revised FY 2017 departmental receipts are \$935,975 below the FY 2017 revenue estimate adopted at the November 2016 Revenue Estimating Conference. This change results from the delay of the motor vehicle license plate reissuance described above.

For FY 2017, total other sources general revenues are projected to decrease by \$5.6 million, or 1.4 percent from final FY 2016 audited other sources general revenues. Total other sources general revenue 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 \$3.8 million, or 93.1 percent from final audited FY 2016 other miscellaneous revenues. In addition, a decrease is expected in FY 2017 for the lottery transfer of \$6.3 million, or 1.7 percent, from the final audited FY 2016 lottery transfer. The projected decrease in the lottery transfer in FY 2017 is due to the results of the November 2016 Revenue Estimating Conference which decreased the estimated transfer amount from video lottery terminals (VLTs) by \$4.3 million from final FY 2016 audited revenues. Revenues from table games are projected to increase by 15.3 percent to \$18 million, an increase of \$2.4 million over FY 2016 final audited revenues. Traditional

General Revenues

lottery and monitor games revenues are projected to decrease to \$56.6 million in FY 2017, a decrease of 7.2 percent, or \$4.4 million over FY 2016 final audited revenues.

The unclaimed property transfer to the general fund is forecasted to decrease by \$3.2 million in FY 2017 or 22.4 percent from final FY 2016 audited revenues.

The revised FY 2017 other sources general revenues is \$733,093 above the FY 2017 revenue estimate adopted at the November 2016 Revenue Estimating Conference. This change results from the three transfers of excess revenues described above.

FY 2018 Proposed Revenues

Total General Revenue

The Governor's recommended FY 2018 budget estimates general revenues of \$3.833 billion, an increase of 3.0 percent from the revised FY 2017 level. The Governor's recommendation is comprised of \$3.612 billion of revenue estimated at the November 2016 Revenue Estimating Conference (REC) for FY 2018 and \$221.0 million of recommended changes to these adopted estimates. These changes are shown in the schedule *Changes to FY 2018 Adopted Revenue Estimates* located in Appendix A of this document.

Personal Income Tax

The largest source of FY 2018 general revenues is the personal income tax. The Governor recommends personal income tax revenues of \$1.317 billion in FY 2018, \$750,000 more than the estimate adopted at the November 2016 REC and reflecting anticipated growth of 3.9 percent from the revised FY 2017 budgeted amount. The Governor recommends the following changes to the November 2016 REC adopted estimate for FY 2018 personal income tax revenues:

- The Governor recommends the addition of 2.0 new FTE Revenue Agent and 2.0 new FTE Data Analyst positions in the Department of Revenue's Division of Taxation. The addition of these positions is estimated to have a total revenue impact of \$2,000,000 divided among personal income tax, business corporations tax, and sales and use tax. The estimated impact on FY 2017 personal income tax revenue is an increase of \$750,000. Impacts on other revenue streams are described in each relevant section below.

General Business Taxes

General Business taxes are recommended to comprise 12.4 percent of total general revenue collections in the FY 2018 Budget. Business corporations tax revenues are expected to yield \$167.6 million, a decrease of \$4.8 million from the FY 2018 estimate adopted at the November 2016 REC. This decrease is attributable to the following initiatives:

- The Governor recommends \$3.3 million in redeemable manufacturing investment tax credits to be issued by the Commerce Corporation.
- The Governor recommends \$2.0 million in redeemable job training tax credits to be issued by the Commerce Corporation.
- The Governor recommends the addition of 2.0 new FTE Revenue Agent and 2.0 new FTE Data Analyst positions in the Department of Revenue's Division of Taxation. This is expected to have an impact of \$500,000 in additional business corporations tax revenue resulting from enhanced enforcement of current tax policy.

Insurance companies gross premiums tax revenues are projected to reach \$133.8 million in FY 2018, a decrease of \$980,954 from the FY 2018 estimate adopted at the November 2016 REC. This decrease is due to the Governor recommending the following initiatives:

General Revenues

- The Governor recommends a collection of Executive Office of Health and Human Services initiatives, six of which will decrease insurance companies gross premiums tax revenue and one of which will increase insurance companies gross premiums tax revenue. The six initiatives that will result in decreases are: (1) Healthy Aging in the Community expenditure reductions (decrease of \$504,903), (2) reduce Upper Payment Limit funding by 50 percent (decrease of \$197,843), (3) hospital payments managed care rate freeze (decrease of \$236,067), (4) managed care administrative cost reductions (decrease of \$43,685), (5) hospital rate cut of 1.0 percent (decrease of \$51,725), and (6) reduced behavioral health inpatient reimbursement rate (decrease of \$49,734). The one initiative that will increase revenue is an increase in the wage rate for home health care workers (increase in revenues of \$103,003).

The health care provider assessment is projected to reach \$42.9 million in FY 2018, a decrease of \$630,273 from the FY 2018 estimate adopted at the November 2016 REC. This decrease is due to the Governor recommending the following initiative:

- The Governor recommends a nursing home payments rate freeze, which will reduce health care provider assessment revenue by \$630,273.

The Governor's FY 2018 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 2016 REC.

Sales and Use Tax

Sales and use tax revenues are expected to yield \$1.075 billion in the Governor's recommended FY 2018 budget, \$36.6 million more than was adopted at the November 2016 REC for FY 2018. The increase is reflective of the Governor recommending the following initiatives:

- The Governor recommends increasing the excise tax on cigarettes to \$4.25 per pack from \$3.75 effective August 1, 2017. This is expected to result in \$8.7 million in additional FY 2018 recommended revenues with an impact on both sales and use taxes as well as the cigarette excise tax. This policy is projected to result in an increase of \$1.1 million in FY 2018 sales and use tax revenue.
- The Governor recommends a statutory change that requires remote sellers to report, to both consumers and the Division of Taxation, all purchases made in a given year. This tax reporting requirement is expected to increase compliance with existing law as it pertains to use tax owed on purchases from remote sellers. This policy is projected to result in an increase of \$34.7 million in FY 2018 sales and use tax revenue.
- The Governor recommends the addition of 2.0 new FTE Revenue Agent and 2.0 new FTE Data Analyst positions in the Department of Revenue's Division of Taxation. This is expected to have an impact of \$750,000 in additional sales and use tax revenue resulting from enhanced enforcement of current tax policy.

Excise Taxes Other than Sales and Use Taxes

The Governor recommends FY 2018 excise taxes other than sales and use taxes totaling \$162.3 million or \$7.6 million more than was adopted at the November 2016 REC for FY 2018.

The Governor recommends cigarettes excise taxes in FY 2018 in the amount of \$141.5 million or \$7.6 million more than the adopted estimate of \$133.9 million at the November 2016 REC for FY 2018. The Governor recommends one initiative that will increase cigarette excise tax revenues as described below:

- The increase in the cigarette excise tax described above is expected to result in a \$7.6 million increase in FY 2018 recommended cigarette excise tax revenues. This expected increase is

General Revenues

comprised of \$6,544,616 in increased cigarette excise tax revenues and \$1,028,208 from the cigarette floor stock which is triggered when there is an increase in the cigarette excise tax rate.

The Governor's FY 2018 recommended revenues for the motor vehicle operator license and vehicle registration fees, motor carrier fuel use tax, and alcohol excise tax at the same levels as adopted at the November 2016 REC.

Other Taxes

The Governor's FY 2018 recommended revenues for the estate and transfer tax, racing and athletics tax, and realty transfer tax remain at the same levels as adopted at the November 2016 REC.

Departmental Receipts

The Governor's FY 2018 recommended departmental receipts revenues of \$375.0 million are \$11.1 million more than the revised FY 2017 estimate, and represent 9.8 percent of recommended FY 2018 total general revenues. The proposed FY 2018 departmental receipts revenue estimate is \$168.3 million above the FY 2018 departmental receipt estimate adopted at the November 2016 REC. The Governor's FY 2018 recommended total for departmental receipts revenues is made up of the following proposals:

Licenses and Fees

- The Governor recommends reinstating the hospital licensing fee on the hospital FY 2015 base year at 5.652 percent. This is expected to result in an increase of \$169.0 million in FY 2018 recommended departmental receipts revenues.
- The Governor recommends the elimination of the Department of Labor and Training's apprenticeship fee. This is expected to result in a decrease of \$45,000 in FY 2018 recommended departmental receipts revenues.
- The Governor recommends the transfer of Eisenhower House revenues from departmental receipt revenues under the Rhode Island Historical Preservation and Heritage Commission to a restricted receipts account under the Department of Environmental Management. This transfer is expected to decrease FY 2018 recommended departmental receipts revenues by \$153,500.

Fines and Penalties

- The Governor recommends increasing two penalties collected by the Department of Labor and Training. One change will increase the employee misclassification penalty from \$500 to \$1,500, and is expected to increase FY 2018 recommended departmental receipts revenues by \$100,000. The other change will increase the electrical trades violations penalty from a range of \$500-\$950 to a range of \$1,500-\$2,000, and is expected to increase FY 2018 recommended departmental receipts revenues by \$100,000.
- The Governor recommends establishing two new penalties that will be collected by the Department of Labor and Training. One penalty would collect 15 to 25 percent of wages owed (first offense) for employer wage and hour violations, and is expected to increase FY 2018 recommended departmental receipts revenues by \$150,000. The other new penalty would collect \$250 per quarter for employers that fail to properly maintain payroll records, and is expected to increase FY 2018 recommended departmental receipts revenues by \$300,000.

Sales and Services

- The Governor recommends delaying the motor vehicle license plate reissuance from April 2017 to April 2018, which is expected to decrease FY 2018 recommended departmental receipts revenues by \$1.1 million.

General Revenues

Other Sources

The FY 2018 recommended revenues for the other sources component of total general revenues totals \$389.6 million, an increase of \$15.2 million, or 1.9 percent, compared to the revised revenue estimate for FY 2017. The FY 2018 recommended revenues for other general revenue sources are \$14.1 million above the estimate of \$375.4 million adopted at the November 2016 REC for FY 2018. 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 2018 recommended budget impacting the other miscellaneous revenues component within other sources of revenue are listed below:

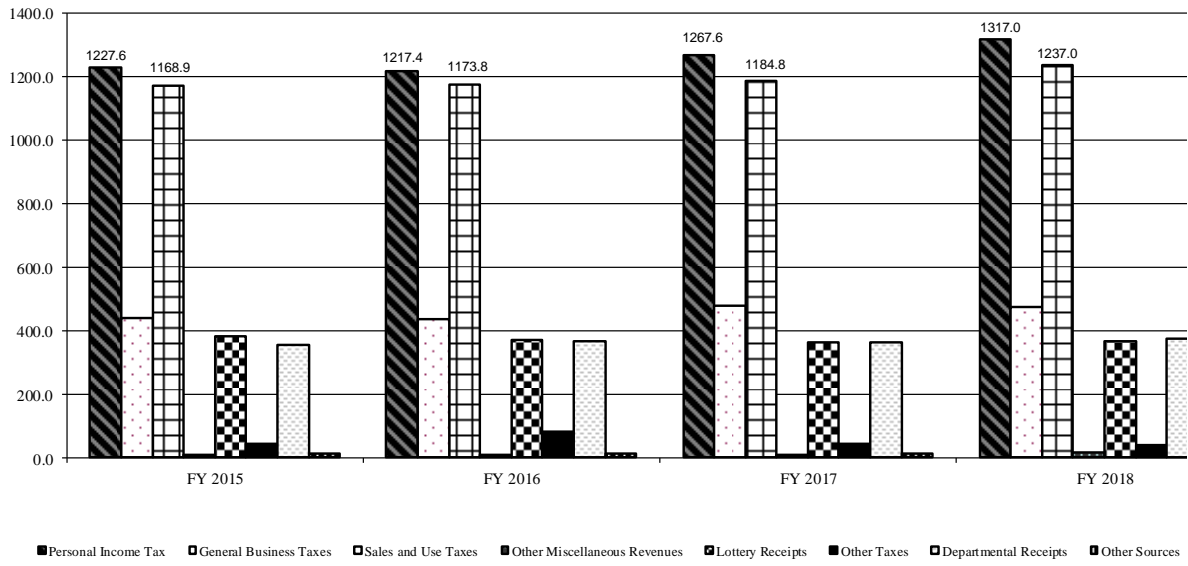
- The Governor recommends a transfer from the Departments of Business Regulation and Health for excess funds in the departments' restricted accounts for medical marijuana regulation. This transfer is expected to increase in FY 2018 recommended other sources revenues by \$670,641.
- The Governor recommends an increase in the rent charged to the Public Utilities Commission from \$13.81 per square foot to \$19.75 per square foot, resulting in an increase in FY 2018 recommended other sources revenues of \$160,380
- The Governor recommends transferring \$1.2 million in excess reserves from the Rhode Island Health and Educational Building Corporation.
- The Governor recommends transferring \$2.6 million in excess reserves from the Rhode Island Turnpike and Bridge Authority.
- The Governor recommends transferring \$2.5 million in excess reserves from the Narragansett Bay Commission.
- The Governor recommends transferring \$6.0 million in excess reserves from the Rhode Island Resource Recovery Corporation.
- The Governor recommends transferring \$1.0 million in excess reserves from the Rhode Island Infrastructure Bank.

The Governor's FY 2018 recommended revenues for the lottery transfer and the unclaimed property transfer remain at the same level as adopted at the November 2015 REC.

The chart below shows the sources of general revenues for the period FY 2014 – FY 2018. The values of the two major sources of general revenues, personal income taxes and sales and use taxes, are highlighted.

General Revenues

General Revenue Sources (\$ millions)



Restricted Receipts and Pass Through Revenues

Introduction

The Governor's recommended budget proposes changes to revenue sources other than general revenues for FY 2017 and FY 2018. The revenue estimates in the Governor's FY 2017 revised budget contains a decrease of \$665,593 in non-general revenues. The revenue estimates in the Governor's FY 2018 recommended budget contain a decrease of \$393,141 in non-general revenues.

FY 2017 Revised Non-General Revenues

The Governor's revised FY 2017 revised budget includes a transfer from the Office of the Attorney General's restricted receipt accounts. State law permits the Attorney General's office to retain in a restricted account up to \$65,000 per year from legal settlements, and the office has been routinely retaining an amount in excess of the statutory limit. This transfer will decrease the restricted receipt account by \$401,323.

The Governor's revised FY 2017 budget includes a transfer from the Departments of Business Regulation and Health for excess funds in the departments' restricted accounts for medical marijuana regulation. The departments are expected to collect more in fees than they will expend on the program. This transfer will decrease the departments restricted receipt accounts by \$264,370.

FY 2018 Recommended Non-General Revenues

The Governor's FY 2018 recommended budget includes a transfer from the Departments of Business Regulation and Health for excess funds in the departments' restricted accounts for medical marijuana regulation. The departments are expected to collect more in fees than they will expend on the program. This transfer will decrease the departments restricted receipt accounts by \$670,641.

The Governor's FY 2018 recommended budget includes a transfer of Eisenhower House revenues from departmental receipt revenues under the Rhode Island Historical Preservation and Heritage Commission to a restricted receipt account under the Department of Environmental Management. This transfer is expected to increase the Department of Environmental Management's restricted receipt accounts by \$153,500.

The Governor's FY 2018 recommended budget includes an increased penalty collected by the Department of Labor and Training. The department will increase the penalty for the late filing of employer tax and withholding record reports from \$10-\$150 to \$25-\$200. This increased fee is expected to increase the department's restricted receipt accounts by \$125,000.

All Sources

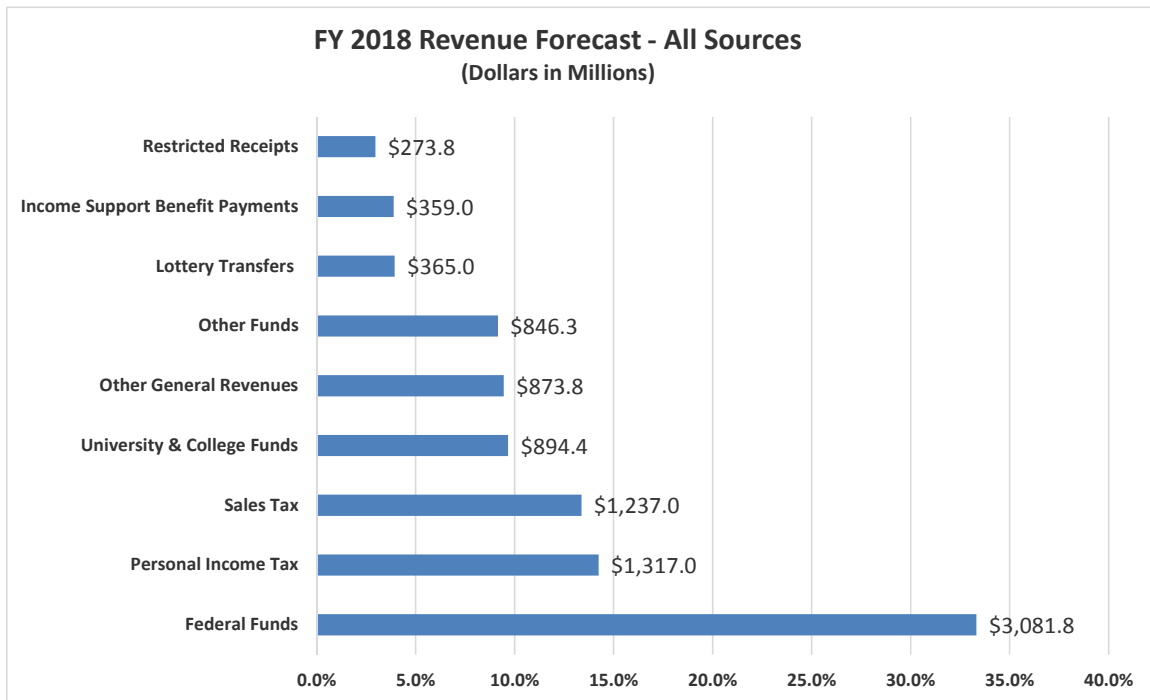
The total budget of \$9.248 billion includes all sources of funds from which state agencies make expenditures.

Federal funds represent 33.3 percent of all funds. Almost 78.5 percent of federal funds are expended for human services, primarily for Medicaid.

Income and Sales Taxes combined represent 27.6 percent of all revenue sources.

University and College Funds, and Income Support Benefit payments represent 9.7 percent, and 3.9 percent of the total, respectively.

Remaining sources include: Other General Revenues, 9.4 percent; the Lottery Transfer, 3.9 percent; Restricted Receipts, 3.0 percent; and Other Funds 9.2 percent.



All Expenditures

The Governor's FY 2018 Budget recommendation is \$9.248 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 42.1 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 2018 recommended budget for all health and human service agencies is \$3.897 billion.

Approximately 28.0 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 2018 recommended budget for education is \$2.593 billion.

Approximately 16.6 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. The FY 2018 recommended budget for all General Government agencies is \$1.536 billion.

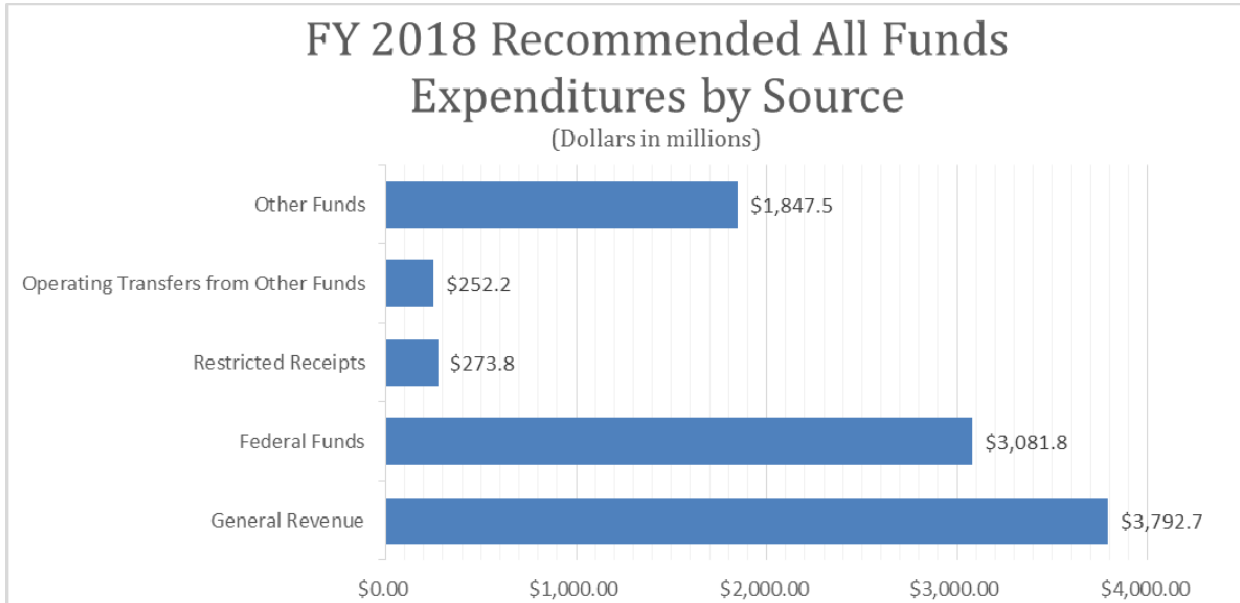
Approximately 6.4 percent of all expenditures are for Public Safety, which is the system that provides law enforcement, adjudicates justice, performs correction and rehabilitative services, and handles emergencies impacting Rhode Island's citizens. The FY 2018 recommended budget for the public safety system is \$592.3 million.

Approximately 5.5 percent of all expenditures are for Transportation, which provides for the state's maintenance and construction of a quality transportation infrastructure. The FY 2018 recommended budget for transportation is \$510.5 million.

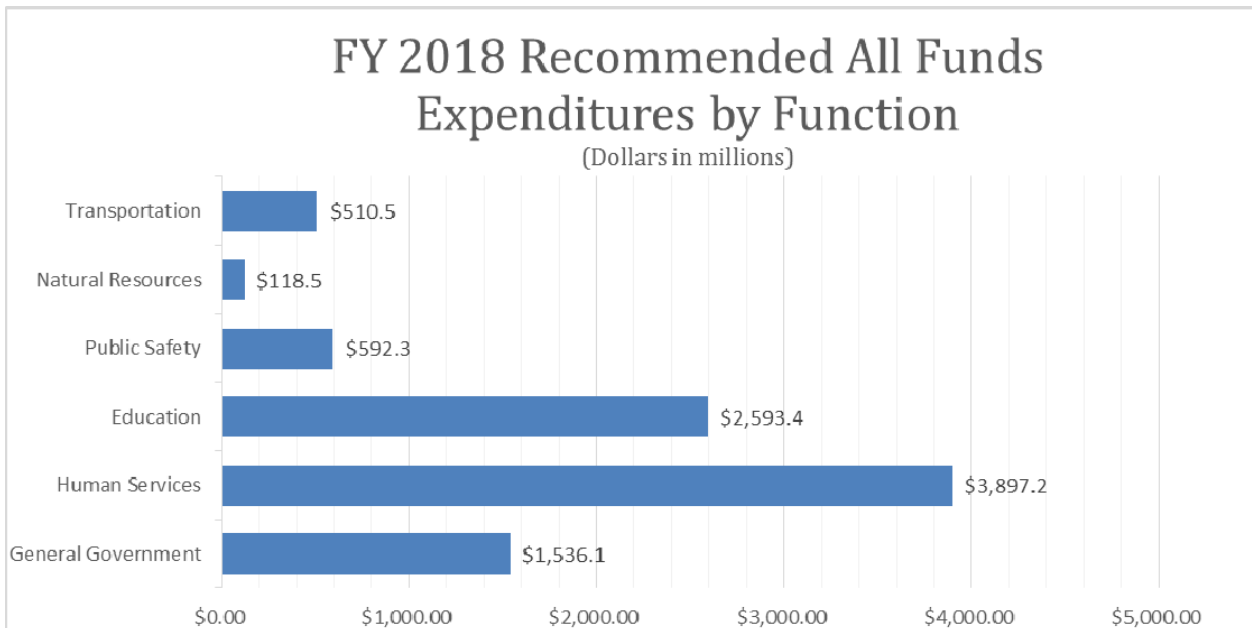
Approximately 1.3 percent of all expenditures are for Natural Resources, which includes the Department of Environmental Management and the Coastal Resources Management Council. The FY 2018 recommended budget for natural resources is \$118.5 million.

Expenditure Summary

All funds expenditures for FY 2018 are \$9.248 billion. Of this total, \$3.793 billion, or 41.0 percent, is from general revenue, \$3.082 billion, or 33.3 percent, from federal funds, \$2.100 billion, or 22.7 percent, from other sources, and \$273.8 million, or 3.0 percent, is from restricted or dedicated fee funds.



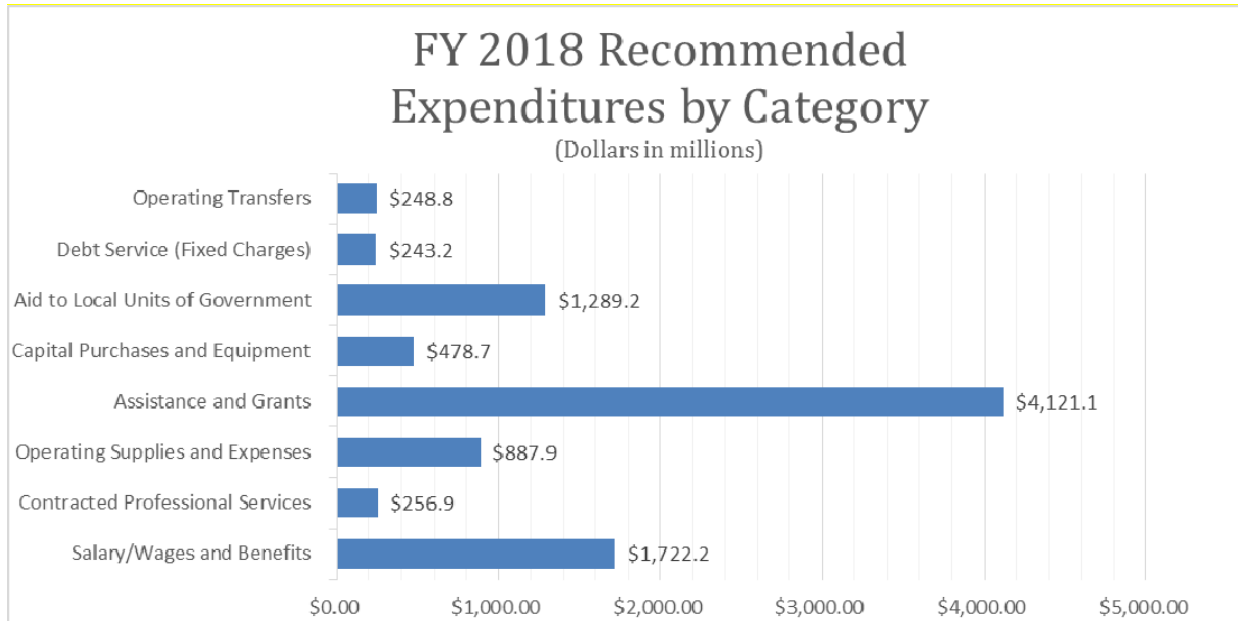
On a functional basis, the largest percentage of expenditures is in the Health and Human Services area, which comprises \$3.897 billion, or 42.1 percent of the total budget. This is followed by spending for Education of \$2.593 billion, which comprises 28.0 percent of all spending, and expenditures for General Government of \$1.536 billion, equaling 16.6 percent. Public Safety, Natural Resources and Transportation expenditures make up the balance, totaling \$1.221 billion, or 13.2 percent of the total budget.



The second way to view expenditures is by major category. On this basis, the largest share of the FY 2018 budget is for assistance, grants and benefits equaling \$4.121 billion or 44.6 percent of the total. This is followed

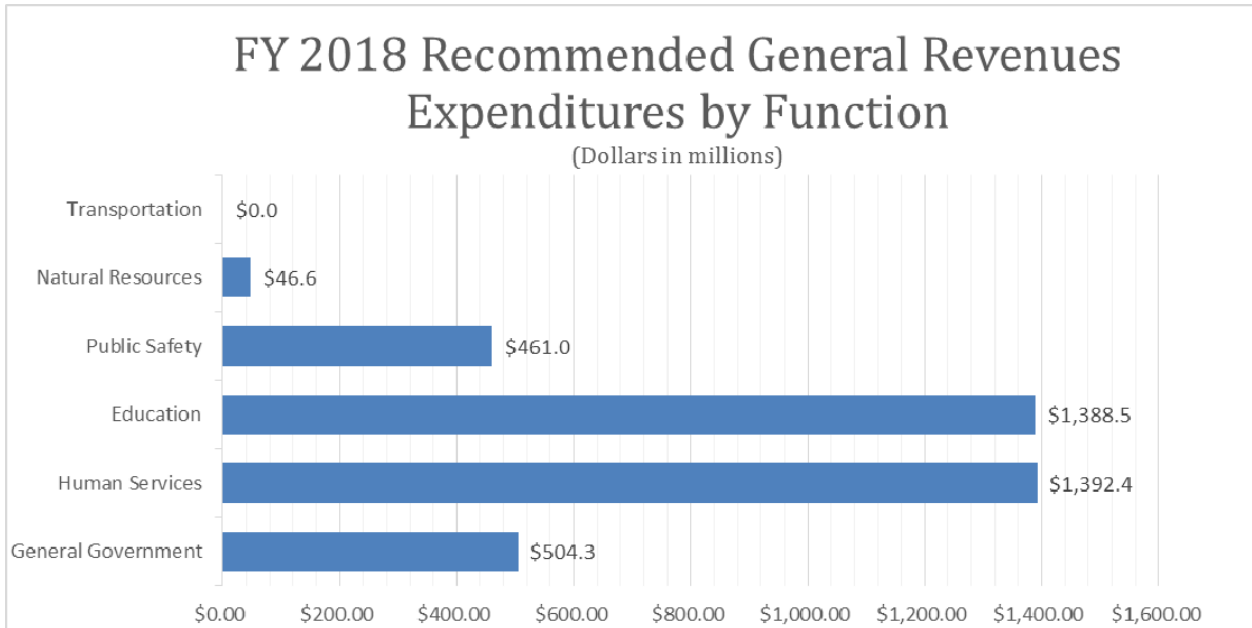
Expenditure Summary

by personnel expenditures (including consultants), which comprise 21.4 percent, or \$1.979 billion, and local aid expenditures, which make up 13.9 percent, or \$1.289 billion of the total budget. Expenditures for capital purchases and debt service total \$721.9 million or 7.8 percent, with the balance of spending used to finance operating expenditures and operating transfers of \$1.137 billion, or 12.3 percent of the total.

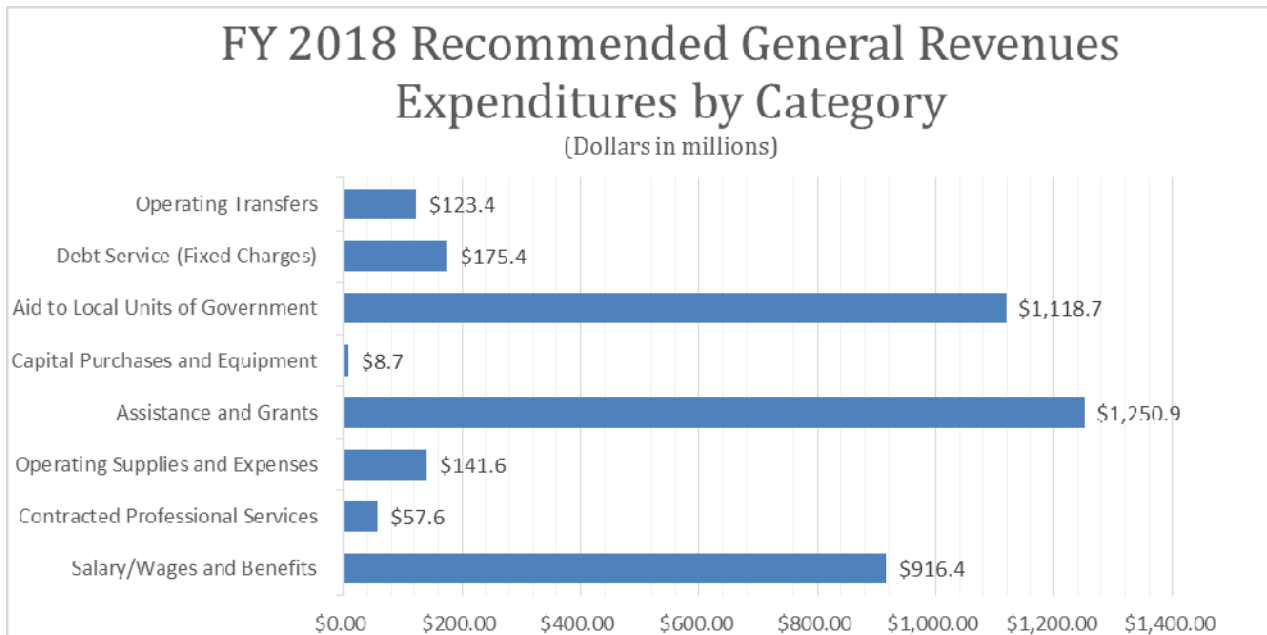


For general revenue only, expenditures total \$3.793 billion for FY 2018. By function, spending by Health and Human Service agencies represents the largest share with expenditures, totaling \$1.392 billion, or 36.7 percent of the general revenue budget. This is followed by spending for Education, which totals \$1.388 billion, or 36.6 percent. General revenue expenditures for General Government and Public Safety comprise \$504.3 million (13.3 percent) and \$461.0 million (12.2 percent), respectively. Expenditures for Natural Resources comprise \$46.6 million, or 1.2 percent of total general revenue spending. Transportation expenditures are financed mostly by dedicated gasoline taxes and motor vehicle fees and are not a component of general revenue spending.

Expenditure Summary



The largest components of general revenue expenditures are assistance, grants, and benefit expenditures of \$1.251 billion, comprising 33.0 percent of total general revenue spending. Local Aid expenditures of \$1.119 billion represent 29.5 percent of total spending; personnel expenditures (including contracted services) of \$974.1 million comprise 25.7 percent of the budget; capital expenditures total \$8.7 million and debt service is \$175.4 million, or a combined total of 4.9 percent of the general revenue budget; and, operating expenditures and operating transfers total \$265.0 million, or 7.0 percent of the budget.



Expenditure Summary

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

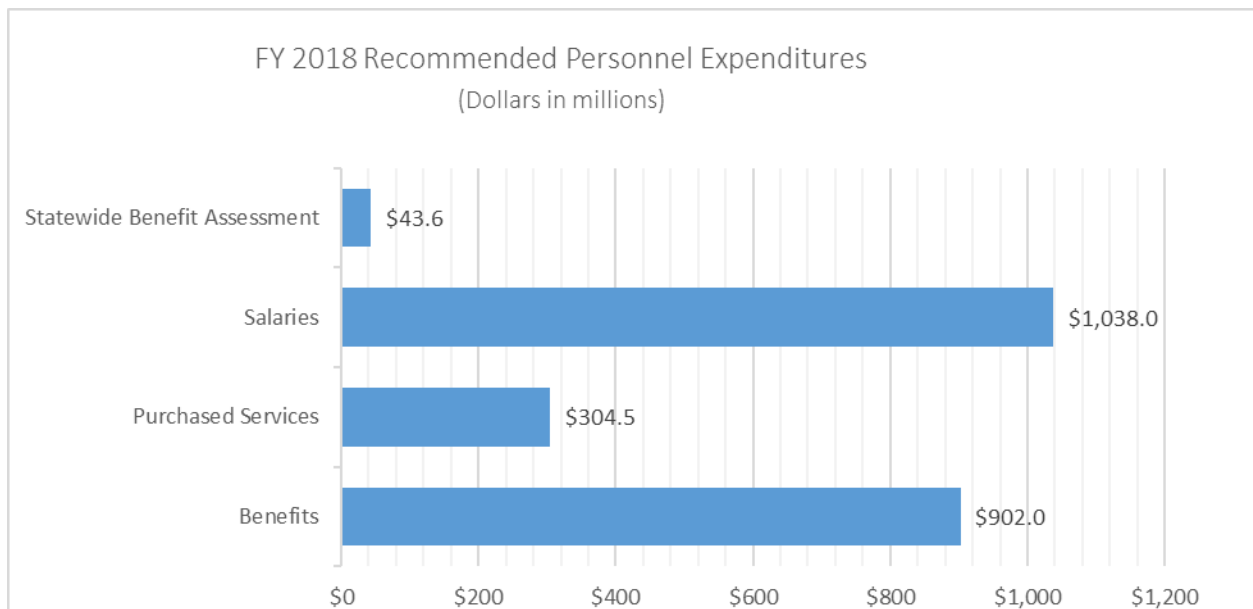
General Revenue Funds Category of Expenditure (in millions)	FY 2017 Enacted	FY 2017 Revised	Change from Enacted	FY 2018 Recommended	Change from Enacted
Personnel (Including Consultants)	\$953.5	\$963.3	\$9.8	\$974.1	\$20.6
Operating Supplies and Expenses	\$146.5	\$148.8	\$2.2	\$141.6	(\$5.0)
Assistance and Grants	\$1,232.1	\$1,241.8	\$9.7	\$1,250.9	\$18.8
Capital Purchases and Equipment	\$6.6	\$7.0	\$0.4	\$8.7	\$2.1
Aid to Local Units of Government	\$1,124.7	\$1,072.7	(\$52.0)	\$1,118.7	(\$6.0)
Debt Service	\$148.0	\$141.8	(\$6.2)	\$175.4	\$27.4
Operating Transfers	\$72.4	\$125.0	\$52.7	\$123.4	\$51.1
Total	\$3,683.7	\$3,700.4	\$16.7	\$3,792.7	\$109.0

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

Source of Funds	FY 2017 Enacted	FY 2017 Revised	Change from Enacted	FY 2018 Recommended	Change from Enacted
General Revenue	\$3,683.7	\$3,700.4	\$16.7	\$3,792.7	\$109.0
Federal Funds	\$2,957.1	\$3,098.1	\$141.0	\$3,081.8	\$124.8
Restricted Receipts	\$257.0	\$306.8	\$49.8	\$273.8	\$16.8
Operating Transfers	\$233.4	\$253.2	\$19.8	\$252.2	\$18.8
Other Funds	\$1,807.5	\$1,842.0	\$34.5	\$1,847.5	\$40.0
Total	\$8,938.7	\$9,200.5	\$261.8	\$9,248.1	\$309.3

Personnel Summary

The Governor's FY 2018 recommended Budget finances personnel at \$1.99 billion. This includes \$1.7 billion for salary and benefits (87.0 percent) and \$258.3 million for purchased services (13.0 percent). This total includes expenditures financed from general revenue, federal grants, restricted receipts, other funds, and internal service funds. General revenue finances 48.9 percent of FY 2018 personnel expenditures. Federal funds finance 21.1 percent, Other Funds (primarily college tuition funds) and Internal Service Funds finance 24.4 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 2018 Budget. After adjusting to reflect internal service fund personnel expenditures in the personnel category rather than as an operating expense, personnel expenditures constitute approximately 21.4 percent of the state budget, the second largest category of spending (after assistance, grants and benefits).



Personnel expenditures recommended for FY 2018 decrease by \$53.3 million from the FY 2017 revised Budget, and decrease by \$6.2 million (2.6 percent) from the FY 2017 enacted Budget. From the enacted Budget, direct salaries increase by 1.5 percent, overtime decreases by 6.3 percent, fringe benefits increase by 5.0 percent overall, with retiree health increasing by 2.7 percent and retirement increasing by 2.0 percent, and medical benefits (including the medical waiver bonus) increasing by 8.3 percent.

The enacted FTE position authorization for FY 2017 is 14,952.6. In the FY 2017 revised Budget, the Governor recommends a FTE position authorization of 15,035.9, an increase of 83.3 FTE positions from the FY 2017 enacted Budget. In the FY 2018 Budget, the Governor recommends a further increase of 31.5 FTE positions from the FY 2017 revised Budget, to a total of 15,067.4 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

Personnel Summary

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. During the 2008 session of the General Assembly, in order to begin funding this unfunded liability, legislation was enacted that required 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 June 2016 for the fiscal year ending June 30, 2015 and the rates from this valuation would be used for fiscal years 2018 and 2019. Retiree health is calculated on salaries of different categories of employees, including state employees, State Police, and judges. Due to full funding of their respective fund, no assessment is required for judges.

For FY 2018, the Governor's budget recommendation recognizes an increase in the rate for retiree health insurance for state employees from the FY 2017 enacted rate of 5.97 percent to 5.98 percent in FY 2018 per the actuarial report issued by Gabriel, Roeder and Smith. There are also changes for legislators (decrease from 1.53 percent to 0.81 percent) and for State Police (increase from 33.39 percent to 34.89 percent).

Cost of Living Adjustments

For both FY 2017 and FY 2018, a recently signed arbitration award with the Rhode Island Brotherhood of Correctional Officers includes financing for a cumulative wage increase of 10.68 percent for 989 correctional officers and nurses, (2.0 per cent in FY 2012, 2.0 per cent in FY 2013, 2.0 percent in FY 2014, 2.0 percent in FY 2015, 2.0 percent in FY 2016 and 2.25 per cent beginning in January 1, 2017). The award is retroactive to FY 2015 and FY 2016 (\$18.1 million) as well as in FY 2017 (\$12.2 million). When adjusted for audit adjustments of \$5.5 million and the base budget of \$8.3 million, the total additional funding is \$3.9 million in FY 2017 and \$6.7 million in FY 2018.

Personnel Summary

For the State Police, the Governor's recommended budget includes \$1.0 million from general revenue in FY 2017 revised and FY 2018 to finance a salary increase retroactive to May 2016 resulting from a negotiated settlement agreement and to provide a general salary increase of 1.25 percent effective July 1, 2017 and 2.0 percent effective November 1, 2017. A \$300,000 contract reserve is also included to finance anticipated raises for Capitol Police officers.

Employee Medical Benefits

For FY 2017 revised, the budget instructions contained an estimated planning value equal to \$19,011, a decrease of \$100, or approximately 0.005 percent, from the FY 2017 enacted budget amount of \$19,111. This is the decrease upon which the statewide target adjustment was based. The Governor's recommended revised Budget also includes a further reduction in medical benefits of \$2.6 million. For FY 2018, the original budget instructions contained an estimated planning value of \$20,121, a 5.51 percent increase from the FY 2017 revised value. Updated rates have resulted in a 1.56 percent increase, or a weighted value of \$19,825.

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 2017 enacted budget contained 14,952.6 full-time equivalent (FTE) positions, including 745.8 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 83.3 FTE positions to 15,035.9 FTE positions in the revised FY 2017 Budget. In FY 2018, the Governor recommends a total FTE position level of 15,067.4, including 745.8 Higher Education third party funded positions, an increase of 31.5 FTE positions from the revised FY 2017 level and 114.8 FTE positions from the FY 2017 enacted level.

In **General Government**, the Governor recommends 2,402.9 FTE positions, a net increase of 60.2 FTE positions in FY 2018 from the FY 2017 enacted budget. The largest increase (24.2) is in the Department of **Labor and Training** and comprises 3.0 additional labor standards examiners, 13.2 employer and training interviewers, on interpreter/interviewer, one financial analyst, and a net of 6.5 other FTE positions. The Governor recommends the addition of 16.0 FTE positions in the Department of **Revenue**, 8.0 in the Taxation Division reflecting the establishment of a new integrated tax system to enhance revenue collection, and 8.0 in the Division of Motor Vehicles for the RIMS project. The Governor recommends the addition of 9.0 FTE positions in the Department of **Business Regulation**, 1.0 in central management, 3.0 in Banking Regulation, and 5.0 in Insurance Regulation. The Department's FTE level also includes 2.0 health economic specialists transferred from the Health Department, offset by 2.0 vacancy reductions. In the **Public Utilities Commission**, the Governor recommends an additional 6.0 FTE positions (3.0 in FY 2017 and 3.0 more in FY 2018). The new positions will assist with the growing number of utility termination cases, the increased complexity of issues such as utility regulations, compliance, and increased filings, including grid system and rate modernization, as well as new renewable energy standards, reflecting the work of the Energy Facilities

Personnel Summary

Siting Board and the Renewable Energy Standard program. The Governor recommends the transfer of 5.0 FTE positions from the Department of Public Safety to the Department of **Administration**, in order to further centralize human resources and information technology functions. The Governor's recommend budget also includes the following: a 1.0 FTE position vacancy reduction in the **General Treasurer**; and a federal funded 1.0 FTE position increase in the **Executive Office of Commerce** for federal grant management.

In **Health and Human Services**, the Governor recommends 3,561.6 FTE positions; a decrease of 57.0 FTE positions in FY 2018 from the FY 2017 enacted FTE authorization. The Governor recommends the centralization of finance and human resource functions in the **Office of Health and Human Services** through the transfer of 91.0 FTE positions from the Departments of Human Services (39.0), Behavioral Healthcare, Developmental Disabilities and Hospitals (33.0), Health ((7.0), and Children, Youth and Families (12.0). In addition, the Governor recommends in the Department of **Health**, a net increase of 3.0 FTE positions, reflecting the transfer of 2.0 FTE positions to OHIC in Business Regulation, a decrease of 1.0 FTE position reflecting boards and licensing consolidation, an additional 3.0 FTE positions in the Lead Abatement program, and an additional 3.0 FTE positions in hospital inspections, complaint investigations, and regulatory enforcement. The Governor's recommendation also includes a reduction of 60.0 FTE positions in the Department of **Human Services**, in the expectation of efficiencies in the UHIP program. Other changes carried forward from the FY 2017 revised budget include transfers of 2.0 FTE position from OHHS and DCYF to the Governor's Office, and a new federal funded position in the Office of the **Child Advocate**.

In **Education**, the Governor recommends a total authorization (standard and third party funded) of 4,664.7 in FY 2018, an increase of 9.0 FTE positions, including a 10.0 FTE position increase in the Office of Postsecondary Commission of **Higher Education** for the administrative staff of the newly constructed Rhode Island Nursing Education Center. The recommendation also includes a transfer of 1.0 FTE position from the **Historical Preservation and Heritage Commission** to the Department of Environmental Management for the management of Eisenhower House.

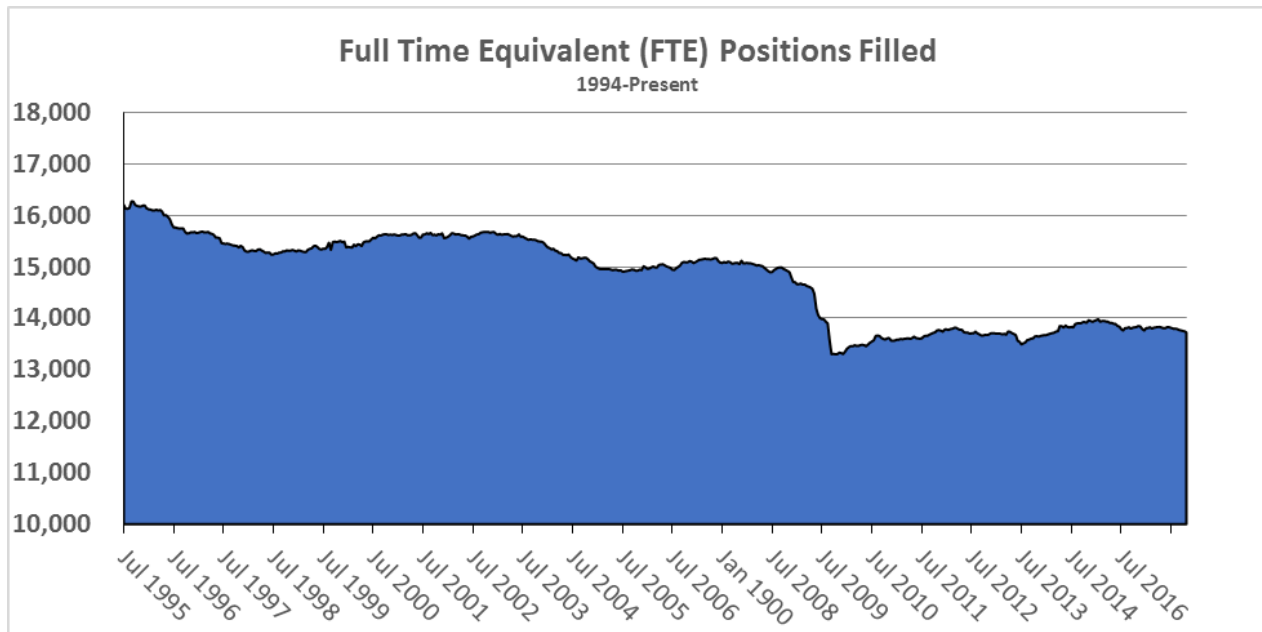
In **Public Safety**, there is an increase of 25.6 FTE positions to 3,231.2 in FY 2018 from the FY 2017 enacted budget. The Governor recommends an increase of 50.4 FTE positions in the Department of **Public Safety**. In FY 2017, the Governor recommends inclusion of a Commissioner position, a Director of Cyber Security, and a restoration of 4.0 FTE positions not included in the final FY 2017 enacted budget. In FY 2018, the Governor recommends 2.0 FTE positions to support the new commissioner, 3.0 FTE's to replace police officers with civilians in administrative posts, 1.0 FTE position in the Fire Marshal's Office., 5.0 additional Capitol Police screeners, 2.0 rotary officers at BHDDH, and 4.0 positions in the State Police. The Governor also recommends the merger of the **Emergency Management Agency** with Public Safety, and adds 32.0 FTE positions. The Governor also recommends 3.0 additional FTE positions in the Department of **Corrections** to enhance mental health services, and 1.0 FTE on the Office of the **Public Defender** to increase legal representation.

In **Natural Resources**, the Governor recommends 432.0 FTE positions, an increase of 4.0 FTE positions from the FY 2017 enacted budget in the Department of **Environmental Management**, reflect a 1.0 FTE transfer from Historical Preservation, 2.0 additional FTE positions in the Divisions of Water Resources and Air Resources, and 1.0 FTE position for a new merchandising program.

In **Transportation**, the Governor recommends 775.0, reflecting the restoration 40.0 FTE positions not included in the FY 2017 enacted budget, and an additional 34.0 FTE positions in FY 2018, including 2.0

Personnel Summary

administrative and 1.0 financial FTE positions, 4.0 federally funded engineering positions, 1.0 planner in the Office of Transit, New Starts and Operations, and 26.0 maintenance positions to implement the Rhode Works program.



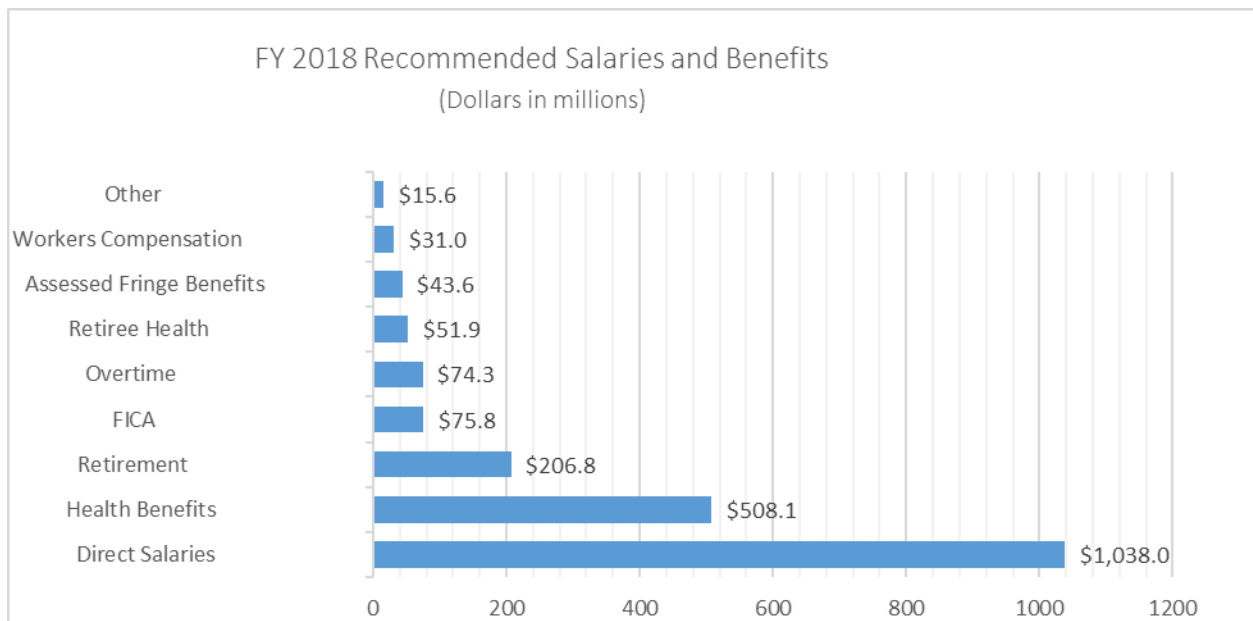
As directed by the Governor, the overall filled FTE position level must be constrained through careful management by cabinet directors and other agency heads of existing and upcoming vacancies. Actual filled positions totaled 13,802.2 as of December 24, 2016, a 99.3 position increase from the 13,702.9 level as of December 26, FY 2015 and 1,280.6 below the 15,082.8 in July 2007. The filled level is 1,150.4 FTE positions less than the enacted cap of 14,952.6 FTE positions. Because of resource constraints, as reflected in the Governor’s recommended turnover across most agencies (a total of 6.0 per cent statewide in FY 2017 and 4.24 per cent in FY 2018), as well as the program reductions and reconciliations (a net of 91.8 in FY 2017 revised and 50.8 in FY 2018), there are FTE positions in the roster that will not be filled in FY 2017 or FY 2018.

Salaries and Benefits

The largest category of personnel expenditures is for salaries and benefits. Salaries and benefits (including temporary and seasonal) represent \$1,689.3 billion or 84.9 percent of total personnel costs. Salaries, including overtime, holiday, and other salary-related items, equal \$1,126.3 billion and fringe benefits equal \$563.0 million. Fringe benefit payments include \$210.7 million for retirement costs, \$209.4 million for medical benefits (including \$207.9 million for benefit plans and \$1.6 million for medical benefits-salary disbursements), \$53.0 million for retiree health benefits, \$78.1 million for FICA, and \$11.6 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 \$42.4 million, 2.1 percent of total personnel costs.

Direct Salaries increase by 4.4 percent in the FY 2017 Revised Budget over FY 2016 actual expenditures, and increase by 1.5 percent in the FY 2018 recommended Budget over the FY 2017 enacted Budget. The FY 2018 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.

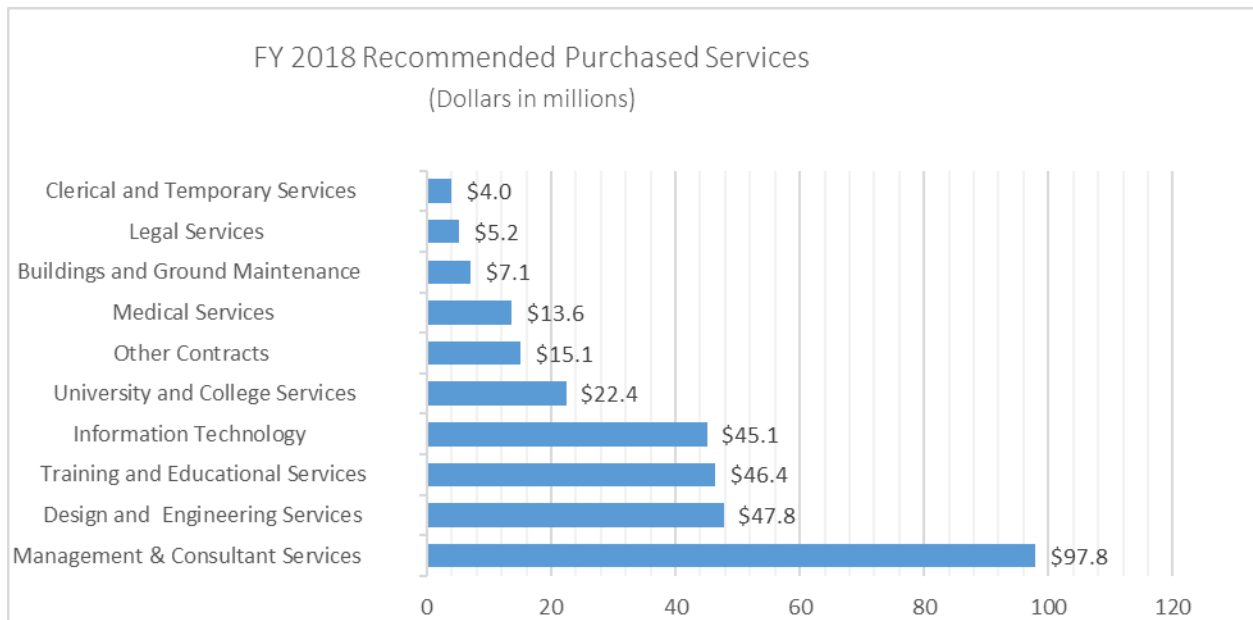
Personnel Summary



Fringe benefit adjustments increase by 10.2 percent in the FY 2017 revised Budget over FY 2016 actual expenditure and increase by a further 5.0 percent in FY 2018 over the FY 2017 enacted Budget. **Retirement** increases by 10.4 percent in FY 2017 revised from FY 2016 actual and by 1.4 percent in FY 2018 from the FY 2017 revised Budget. This includes a one percent defined contribution addition of \$5.3 million. Within state agency budgets, state employer retirement contributions are budgeted at 26.34 percent in FY 2017 and 26.0 percent in FY 2018. **FICA** increases by 7.4 percent in revised FY 2017 from FY 2016 actual expenditure but in FY 2018 increases by only 1.7 percent from the revised Budget. **Retiree Health** increases by 7.8 percent in FY 2017 revised from FY 2016 actual expenditure, and by 3.2 percent in FY 2018. The rate remains at 5.97 percent in FY 2017 revised and FY 2018 for state employees.

The largest fringe benefit increase is in **medical benefits**. The FY 2017 revised Budget of \$197.0 million includes an overall increase of 10.1 percent over FY 2016 actual expenditure levels. For FY 2018, the recommendation of \$207.9 million in medical benefits is an increase of 6.4 percent from the recommended revised budget amount for FY 2017. The two year total is 16.5 percent. The increases include estimated reductions in FY 2018 due to revised estimates.

Personnel Summary



Workers' compensation costs budgeted directly in the agencies in FY 2017 and FY 2018 are \$446,886 and \$398,090 respectively and are financed primarily in the Department of Corrections and Behavioral Healthcare, 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 2017 revised Budget and the FY 2018 recommended Budget values are 4.49 percent and 4.2 percent respectively for regular state employees, and includes a downward revision from the enacted 4.75 percent, reflecting surpluses from FY 2016 and lower than estimated expenditures in FY 2017 and FY 2018. 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 2017 revised Budget is \$42.5 million, a decrease of 0.6 percent from the enacted budget but an increase of 6.4 percent from FY 2016 actual expenditure. The recommendation for FY 2018 is \$42.4 million, a decrease of 0.2 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 payments to employees for unused leave upon termination from state service; and Cornerstone Program administrative costs for the Flexible Health savings account.

Personnel Summary

Purchased Services

Purchased Services costs in the FY 2018 Budget total \$258.3 million, and represent 13.0 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 29.3 percent of the total), design and engineering services (comprising 18.2 percent), training and education services (comprising 16.8 percent), and information technology services (10.5 percent).

Recommended expenditures in the FY 2017 revised Budget of \$351.6 million are \$48.9 million more than FY 2017 enacted expenditures, a 16.1 percent increase in spending for services, including increases in training services (\$5.6 million), design and engineering services (\$1.2 million), clerical services (\$1.2 million), medical services (\$1.0 million) and information technology services (\$50.3 million). Recommended expenditures in FY 2018 are \$93.3 million less than FY 2017 revised. The greatest decreases are in information technology services (\$68.2 million), training and education services (\$6.9 million) and management and consultant services (\$14.1 million).

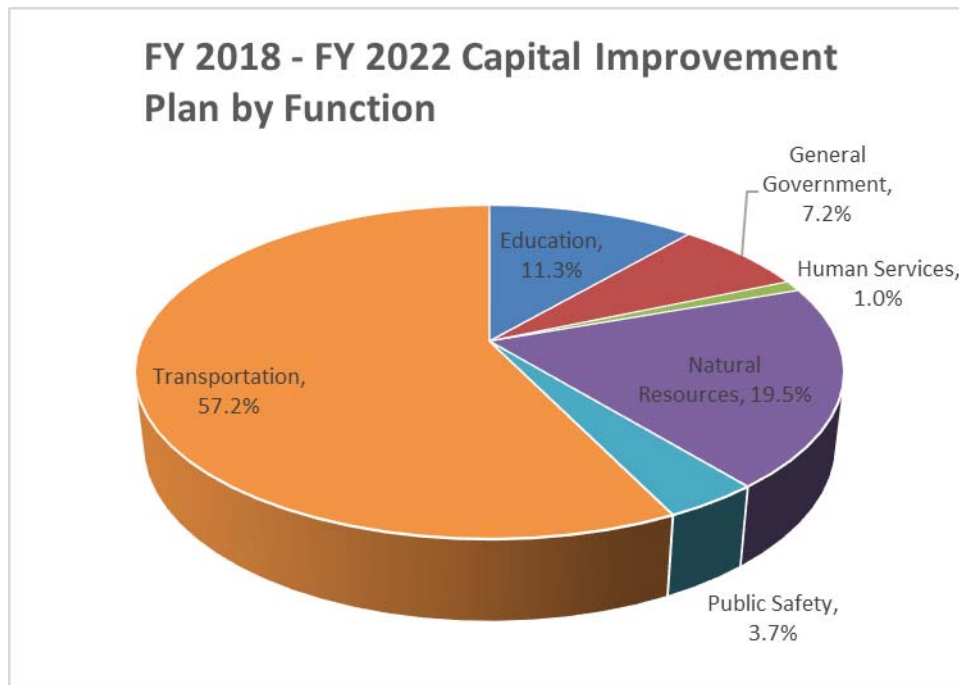
For each department or agency of state government, the Budget volumes contain an agency summary of personnel costs. For each program, the Budget volumes display all positions and their respective costs. Footnotes will assist readers in understanding variances between the years. Additionally, there are a number of terms used that are not part of every day usage. A Personnel 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.

Capital Budget

Introduction

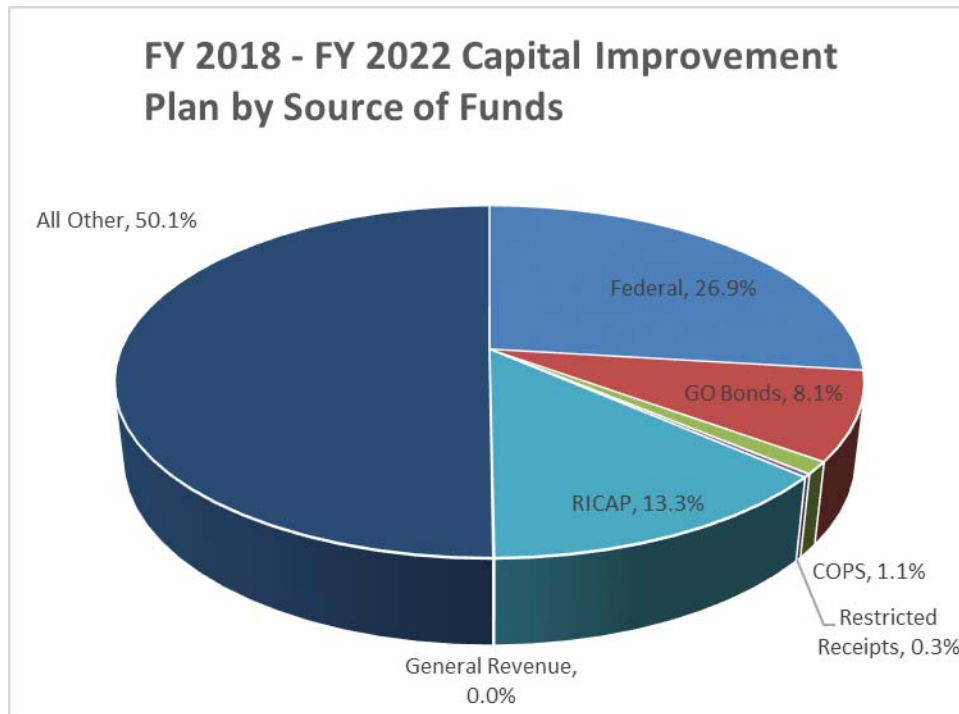
The Capital Budget reflects the Governor's recommended one-year capital budget and five-year capital improvement plan and contains individual project expenditures as well the debt service component relating to capital improvements and any "pay-as-you-go" capital, which is financed from current revenues. Detailed information on the Governor's recommendation are presented in detail in a separate document. The following provides a brief summary of the one-year capital budget and the five-year capital improvement plan.

Governor Raimondo's FY 2018 capital budget and five-year capital plan continues to invest limited capital funds to improving the Rhode Island economy. The five year capital plan includes proposed expenditures of \$4.908 billion, of which Transportation projects represent 57.2 percent, Natural Resources projects represent 19.5 percent, Education projects represent 11.3 percent, Human Services projects represent 1.0 percent, Public Safety projects represent 3.7 percent and General Government and Economic Development projects represent 7.2 percent.



Over the five year period, all other funding, encompasses \$2.444 billion or approximately half of financing for planned projects; a total of \$1.313 billion in federal funds will finance approximately 26.9 percent of the planned capital projects; general obligation bonds will finance \$396.1 million or 8.1 percent; Certificates of Participation (COPS) will finance \$55.6 million or 1.1 percent of projects; the Rhode Island Capital Plan Fund provides \$650.9 million or 13.3 percent of planned projects; and \$14.9 million is from restricted receipt funding, which invests 0.3 percent of funding.

Capital Budget



Rhode Island Capital Plan Fund

Of the \$4.908 billion recommended in the five year plan, a total of \$650.9 million is financed by the Rhode Island Capital Plan Fund (RICAP), a pay-as-you go capital funding program, which has been a key factor in improving the state's debt management policies. The Governor's capital budget recommendation continues to provide RICAP funding in order to ensure a reliable and safe transportation system, which is critical to keeping the Rhode Island economy moving forward. The recommendation continues to use a combination of RICAP funding and resources derived from various transportation-related licenses and fees to support the State match for the Department of Transportation's Highway Improvement Plan (HIP), which is directed towards implementing the federal-funded capital program as identified in the Transportation Improvement Plan. A major part of the HIP consists of the RhodeWorks plan focused on reducing the number of structurally deficient bridges in Rhode Island, from 22% in 2015 to 10% in 2025. The Governor also recommends a total of \$470,588 from RICAP in FY 2018 for the Downtown Providence Transit Connector to match a discretionary Tiger Grant awarded to the Rhode Island Public Transit Authority to implement an enhanced transit corridor that will provide peak bus service through downtown Providence and connect passengers to the state's largest employment hubs and major redevelopment area. The Governor also recommends the use of Department of Transportation gas tax funding to finance major RIPTA bus purchases in FY 2018.

The Governor's FY 2018 capital budget infuses RICAP investment in education infrastructure in both K-12 and higher education institutions. A total of \$3.7 million is recommended in FY 2018 for the creation of a new Center for Advanced Manufacturing at the William M. Davies Jr. Career and Technical High School. The Center, which will be open to all Rhode Island students, will offer multiple pathways into manufacturing and engineering careers. A total of \$8.2 million is recommended in FY 2018, with additional funding through FY 2020 to continue the campus renewal project at the Knight Campus at the Community College of Rhode Island. A total of \$6.1 million in FY 2018 and an additional \$6.0 million in FY 2019 will allow for a phased modernization and rehabilitation of the academic buildings and \$4.5 million in FY 2018 with \$15.1 million

Capital Budget

through FY 2022 will modernize the infrastructure on the campus of Rhode Island College, including improving traffic circulation on campus. A total of \$1.0 million FY 2018 will address the initial infrastructure needs of the Fine Arts Center of the University of Rhode Island.

In FY 2018, the Governor includes total funding of \$15.7 million to preserve and protect our natural resources, including \$1.0 million included for Fort Adams Sailing Improvements, so that needed improvements can be made in time for Rhode Island's next hosting of the Volvo Ocean Race in May 2018. A total of \$250,000 is recommended for a new project, the Narragansett Bay Special Area Management Plan. This project is to develop a set of policies to better protect the Narragansett Bay.

A total of \$5.7 million is recommended in the five-year plan including \$2.3 million in FY 2018 to undertake a hospital consolidation at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. The project will consolidate hospital units to improve the quality of care and gain operation efficiencies.

In the enacted FY 2017 Budget, the Capital Projects and Property Management and Facilities Management programs were merged into the newly created Capital Asset Management and Maintenance program (DCAMM). This Division has been tasked to increase the level of facility maintenance throughout the State for facilities under its purview. The merger encourages higher levels of service with more consistency and redundancy. Anticipated outcomes also entail a better alignment of staff resources and clarification of roles and responsibilities in order to support the state's portfolio such that cost savings and efficiencies are achieved. In order to provide the flexibility this new division will need in its management of statewide projects the Governor recommends the consolidation of major RICAP funded projects under DCAMM's oversight into five major project categories including Environmental, State Facility, Pastore Center Campus, State House Asset Protection and Capitol Hill Campus. This new consolidation is reflected in the FY 2018 Budget under the Department of Administration. Included in the consolidations is the transfer of oversight of the Shephard Building project from the University of Rhode Island to DCAMM.

This capital plan addresses the Governor's desire to continue targeting current resources to infrastructure needs in the state. In order to maintain state-owned property, ensure the safety of those who use these buildings and preserve the value of the properties, the Governor recommends in excess of \$531.0 million over the five year capital improvement plan from the Rhode Island Capital Plan Fund for asset protection projects. Under the Governor's plan, over \$160.0 million will be dedicated from this fund in FY 2018 to infrastructure needs.

Debt Financing

As part of the five year capital budget plan the Governor recommends a total of \$50.3 million in Certificates of Participation (COPS) financing to invest in critical projects that seek to modernize systems that span state government agencies, advance clean energy and further economic development in Rhode Island. A total of \$11.6 million is recommended for the University of Rhode Island Energy Conservation Phase III for multi-campus installation of LED lighting, HVAC upgrades, building weatherization, and electric sub-metering on the Kingston Campus. In order to implement the Governor's Executive Order 15-17, which sets robust energy reduction targets and clean energy goals for state agencies, the Office of Energy Resources (OER) will undertake a comprehensive, cost-effective energy efficiency measures and renewable energy installations at state-owned facilities. The funds will allow the State to leverage other funding sources including funds allocated by OER from the state's participation in the Regional Greenhouse Gas Initiative (RGGI), as well as financial incentives made possible by utility-administered energy efficiency programs supported by the Systems Benefit Charge (SBC) to increase the pool of capital available to support clean energy projects. A total of \$16.2 million will finance several IT projects deemed to have a potential positive impact for

Capital Budget

consolidation, efficiency, and improvements in customer service. Lastly, a total of \$10.5 million will support the Coastal Resources Management Council for the Confined Aquatic Dredged Material Disposal (CAD) Cells project. The Army Corps of Engineers has approached the agency to act as the local sponsor to the federal action of maintaining the depths of the Providence River and Harbor Shipping Channel, which was last maintained in 2003. COPS funding will provide the federally state cost share for the construction of a new CAD cell in order to store the removed sediment not suitable for ocean disposal. Increased disposal capacities from new CAD cells are needed to maintain viability of the port and maritime operations, the state's marine trades industry, and the increased economic value of ProvPort soon-to-be derived from the approved 2016 Rhode Island Port Infrastructure authorized bond.

A major source of state financing for capital projects is general obligation bonding. As of June 30, 2016, there were \$1.051 billion in outstanding general obligation bonds. Over the five-year planning period, the recommended capital improvement plan provides for the issuance of \$486.6 million of authorized debt including the issuance of \$227.5 million from the bond referenda approved by the voters in the November 2016 election.

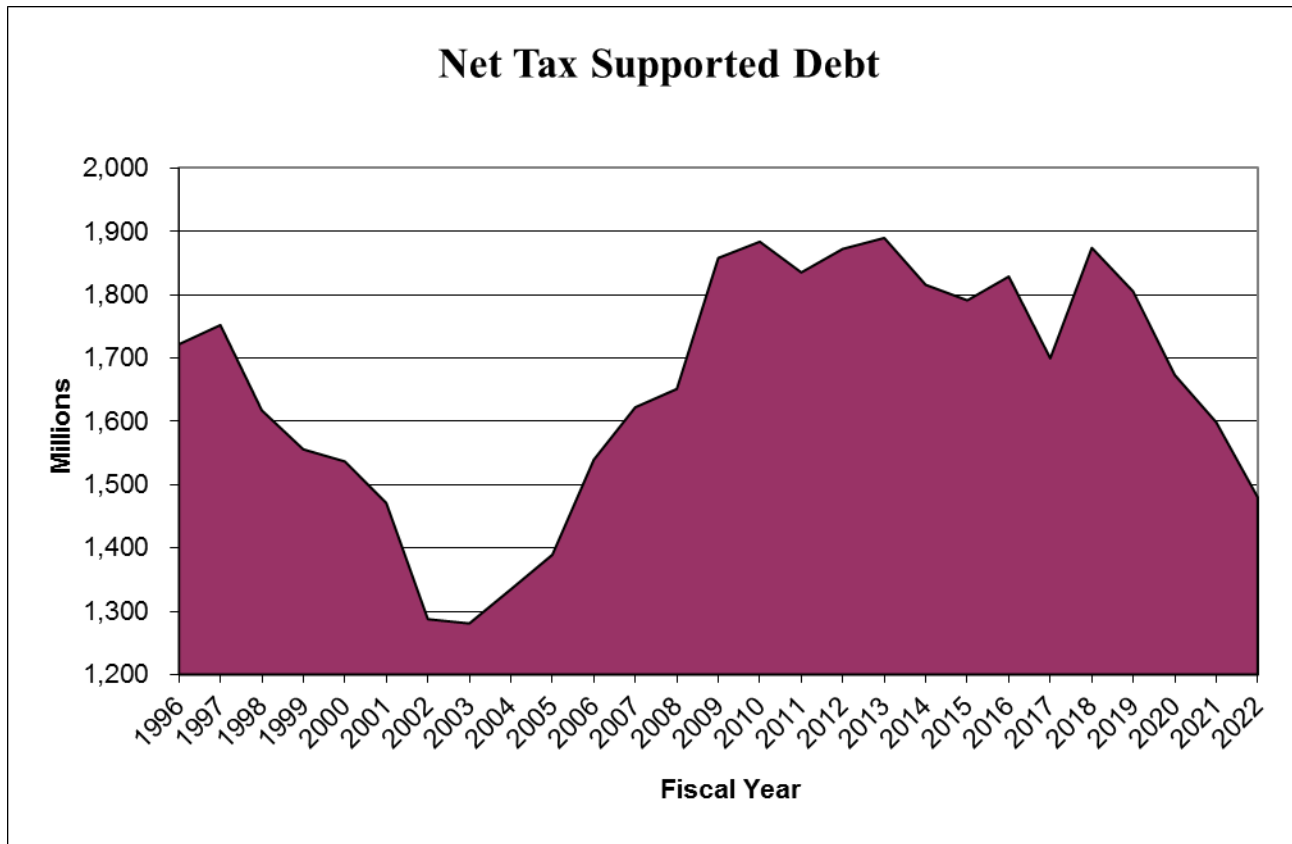
Debt Service Budgeting

The projection of capital project disbursements and debt service costs reflect updated debt service projections as included in the FY 2018 – FY 2022 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations is projected to rise from \$201.1 million in FY 2017 to \$231.3 million in FY 2018, and to \$239.3 in FY 2022. The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2018-2022 Capital Budget.

The Governor's Capital Budget is within the recommended debt guidelines set by the Public Finance Management Board with regards to debt ratios. The projected ratio of debt service to general revenues is also well within the recommended guideline of 7.5 percent. The FY 2017 ratio is 5.19 percent, is projected to increase to 5.81 percent in FY 2019 and is projected to decrease to 5.56 percent by FY 2022. The low percentages in the early years of the plan are the result of the debt restructuring/refinancing completed in July 2015. This lowered the amount of debt service due in FY 2016 and FY 2017, but will result in an increase in debt service in later years. In addition, the state's general revenue receipts have strengthened in recent years and the out-year forecast reflects a continuing economic recovery.

The capital plan shows that net tax supported debt is projected to be \$1.480 billion by FY 2012. This would be a reduction of almost \$241.8 million from the FY 1996 high of \$1.722 billion. As of June 30, 2016, the State had net tax supported debt of \$1.791 billion.

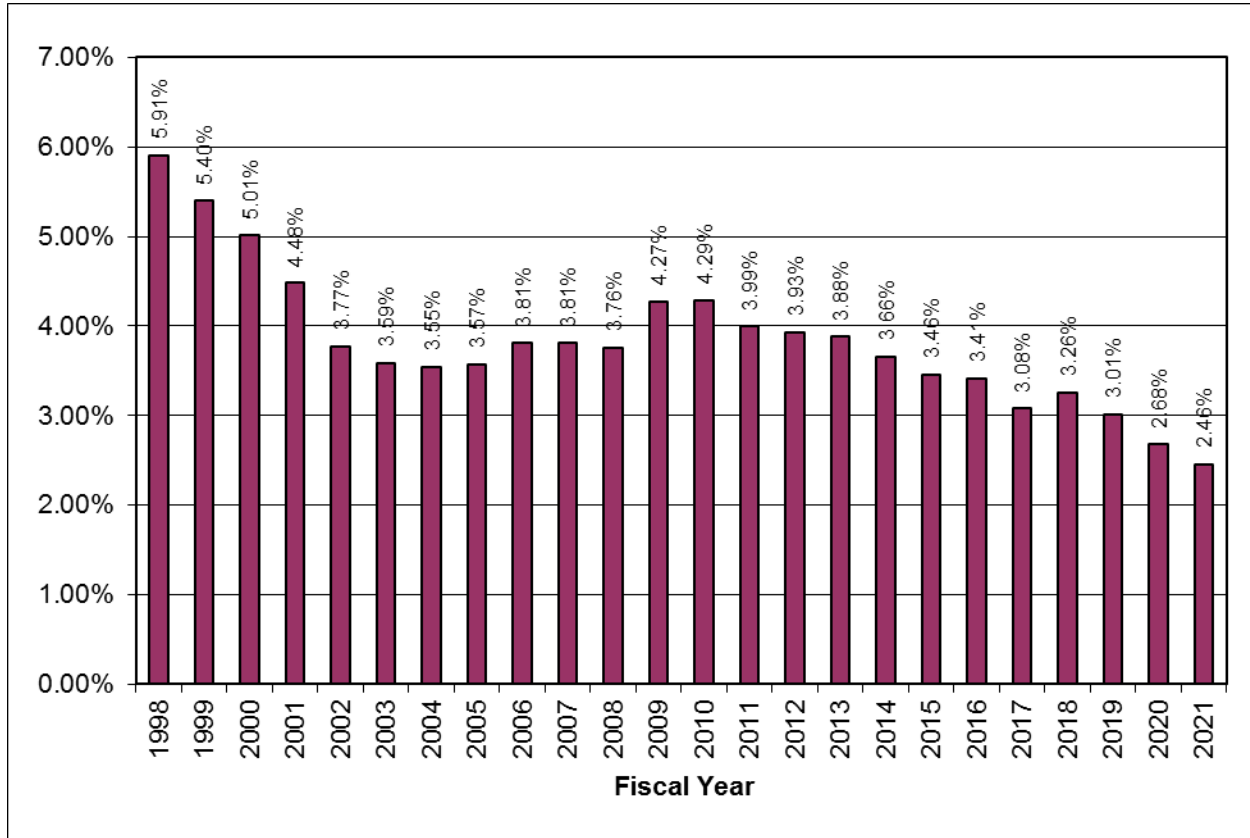
Capital Budget



As can be seen in the section entitled “Tax Supported Debt Burden” in the Capital Budget document the ratio of debt to personal income which is well within the recommended 5.0 to 6.0 percent guideline, decreasing from 7.02 percent in FY 1996 to 3.08 percent in FY 2017, and projected to further decrease to 2.19 percent by FY 2022.

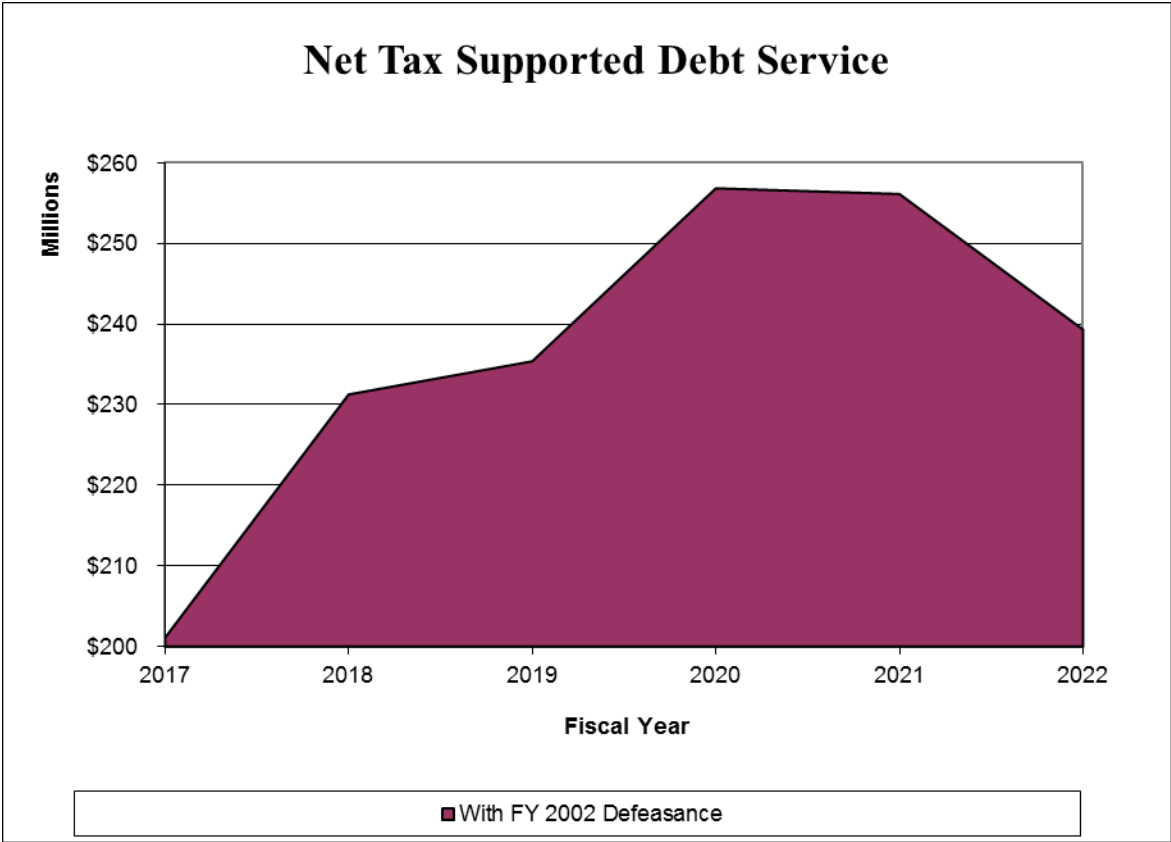
Capital Budget

Projected Debt Ratio
Debt as Percentage of Personal Income



For FY 2018 the Governor recommends debt service funding from all sources of \$243.2 million for debt and other long term obligations, including: \$131.6 million for general obligation debt service, \$22.5 million for the Convention Center obligation, \$9.1 million for motor fuel debt service, \$19.1 for federally funded GARVEE debt service, \$32.5 million for certificates of participation and long-term obligations, \$18.7 million for Higher Education non-general obligation debt, and \$7.0 million for performance-based obligations. A detailed description of these obligations can be found in the capital budget document, and the long-term projections are shown in the chart below:

Capital Budget



General Government

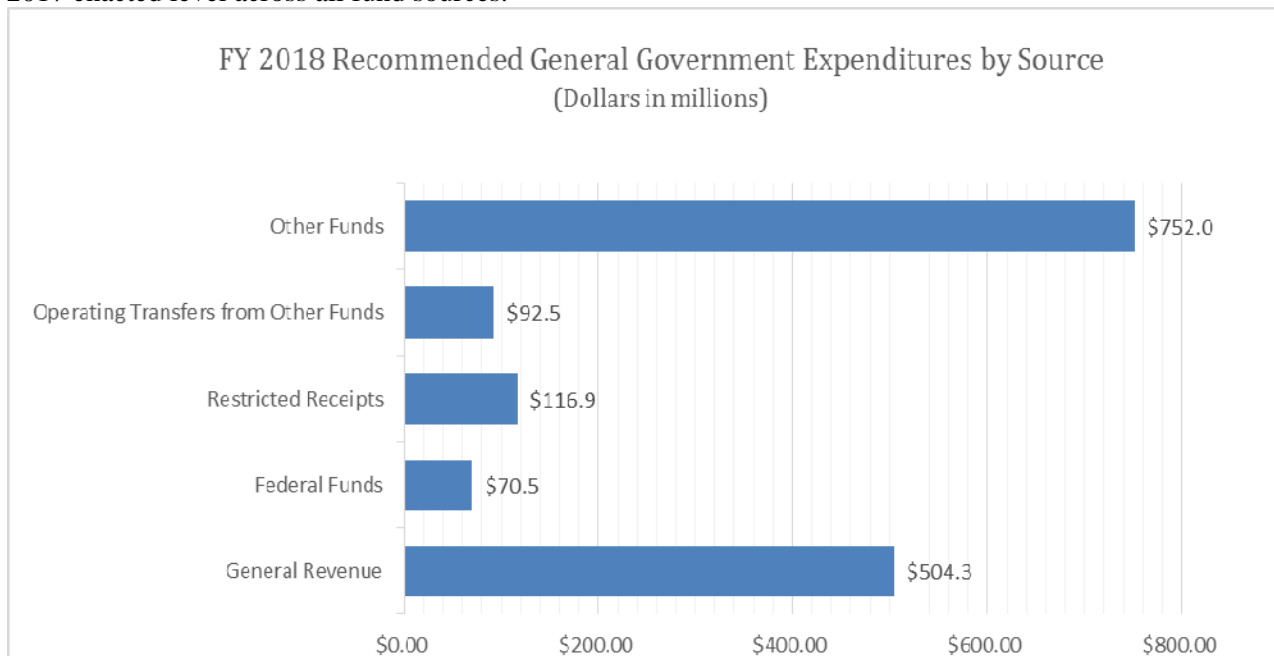
General Government

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, Executive of Commerce, 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.

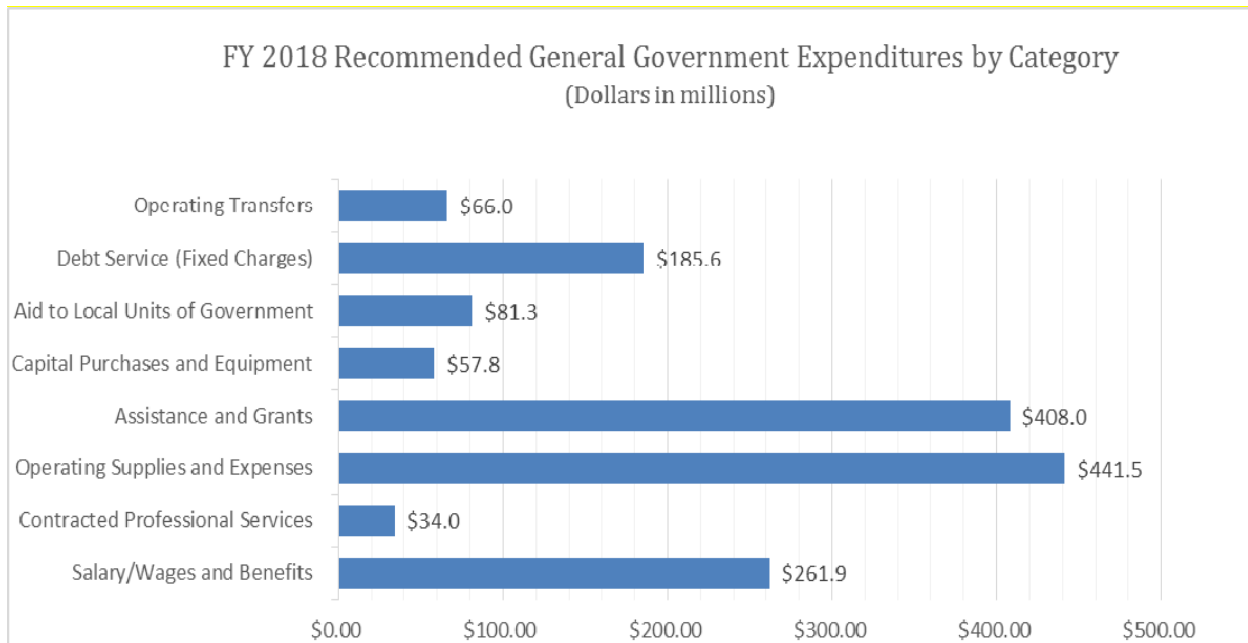
The FY 2017 revised Budget for General Government agencies totals \$1.562 billion, including \$485.0 million from general revenue, \$96.7 million from federal funds, \$133.9 million from restricted receipts, and \$845.9 million from other funds. The revised FY 2017 Budget from all fund sources for General Government agencies increases by \$57.8 million, or 3.8 percent more than the FY 2017 enacted budget of \$1.503 billion. The largest share of this increase, \$25.4 million, is in other funds, followed by a federal funds increase of \$20.9 million, general revenue funds decrease of \$5.5 million, and restricted receipt funds increase of \$16.8 million. Of the \$1.561 billion recommended for FY 2017, \$422.3 million is for grants and benefits, \$443.4 million for operating, \$303.1 million for personnel, \$77.7 million for local aid, \$170.6 million for debt service, \$71.2 million for capital purchases, and \$73.4 million for operating transfers.

For FY 2018, the Governor recommends expenditures of \$1.536 billion for General Government programs. The programs are financed with \$503.8 million from general revenue, \$70.5 million from federal funds, \$116.9 million from restricted receipts, and \$844.5 million from other funds. The FY 2018 recommendation for General Government agencies is \$31.8 million, or 2.1 percent, more than the FY 2017 enacted level across all fund sources.



General Government

Of the \$1.536 billion recommended for FY 2018, \$408.0 million is for assistance, grants and benefits, \$441.5 million is for operating, \$295.9 million is for personnel, \$81.3 million is for local aid, \$185.6 million is for debt service, \$57.8 million is for capital purchases, and \$65.5 million is for operating transfers. In the Governor's FY 2018 Budget, the General Government function represents 16.6 percent of the total budget for Rhode Island.



General revenue financing for General Government agencies in FY 2018 increases by \$13.3 million, or 2.7 percent, from the FY 2017 enacted appropriations, of which the majority is related to debt service payments. The FY 2017 enacted budget included \$130.5 million in debt service payments from general revenues, which included restructuring savings used to support the Governor's Economic Development Initiative proposals. The FY 2018 recommended budget includes a total of \$144.4 million for debt service as the savings from the debt restructuring decline. The Executive Office of Commerce includes a general revenue decrease of \$4.2 million, which is primarily due to the one-time financing of economic development initiatives from the restructuring of state's debt from FY 2016 and FY 2017 coming out of the FY 2018 base.

Proposed in the Governor's budget are increases of \$10.0 million for personnel, \$9.4 million for operating expenses, \$3.7 million for local aid, \$2.7 million in assistance and grants, and \$6.7 million for operating transfers in comparison to the FY 2017 enacted budget. Capital purchases decrease by \$7.3 million in comparison to the FY 2017 enacted budget.

New positions have been added in the Department of Labor and Training to support the increased work for new initiatives, such as the Real Jobs Rhode Island program, which has 26 partnerships to provide training for jobs which companies in Rhode Island have stated a need for, as well as the LEAP program which provides employment services for formerly incarcerated individuals. The new positions will also allow the Department to process Unemployment Insurance claims in a timely matter as determined by the United States Department of Labor.

General Government

Within the Department of Revenue, a total of 16.0 new FTE positions have been added for the implementation and operation of the new systems of operation within the Division of Taxation and Division of Motor Vehicles. Both of these new systems have the ultimate goal of better service to users, including shortened wait times and less fraud. Five positions from the Department of Public Safety have been moved to the Department of Administration to further centralize the human resources and information technology functions that are offered throughout the state.

In FY 2018, federal funds recommended in General Government agencies decrease by \$5.3 million from the FY 2017 enacted level. A significant portion of this decrease is related to the expiration of federal funding related to the Rhode Island Health Benefits Exchange. Funding for this program has transitioned mostly to restricted receipts and general revenue as it transitions from the implementation stage to an operational program in FY 2018.

The Governor's recommendation for the FY 2018 Budget includes \$116.9 million from restricted receipts, which is an overall decrease of \$252,337 from the FY 2017 Enacted Budget. Some highlighted areas of state government that restricted receipt financing will be utilized are in the Department of Business Regulation to interact with the Department of Health patient and caregiver databases to ensure that only legitimate caregivers are registered. There are continued enhancements to the new computer system in the Office of the Treasury that will allow ERSRI members to view their defined benefit, defined contribution, and other retirement assets in the single web platform.

Other funds recommended in FY 2018 increased by a total of \$24.1 million, or 2.9 percent, to a total of \$844.5 million, from the FY 2017 enacted level of \$820.5 million. A good portion of this change resides within the Department of Revenue and reflects expected commission payments through the Lottery Division, as well as in the Office of the General Treasurer for a change in the method of accounting for the transfer of investment earnings on the state's 529 college savings plan.

General Government

DEPARTMENT OF ADMINISTRATION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$244,775,881	\$212,928,494	\$237,083,518	\$229,671,472	\$248,080,830
Federal Funds	\$77,782,063	\$31,351,946	\$14,896,706	\$21,447,637	\$13,215,878
Restricted Receipts	\$20,553,583	\$29,970,285	\$34,263,955	\$42,293,091	\$33,095,338
Other Funds	\$409,353,406	\$412,331,468	\$453,558,764	\$461,281,729	\$458,585,736
RI Capital Plan Fund	\$16,229,554	\$19,484,046	\$46,161,000	\$47,157,952	\$42,847,761
Total Funding	\$768,694,487	\$706,066,239	\$785,963,943	\$801,851,881	\$795,825,543
FTE Authorization	710.7	712.7	708.7	708.7	713.7

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$801.9 million for the Department of Administration, including \$229.7 million from general revenue, \$21.4 million from federal funds, \$42.3 million from restricted receipts, \$99.2 million from operating transfers, \$8.1 million from other funds, and \$401.1 million from internal service funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$7.4 million, federal financing increases by \$6.6 million, restricted receipts financing increases by \$8.0 million, operating transfers financing increases by \$2.2 million, other funds financing decreases by \$623,134, and internal service funds financing increases by \$7.1 million.

The revised FY 2017 recommendation includes a redistribution that was in the enacted budget of \$121,197 to other state agencies for natural gas savings. The enacted budget also contained an operational savings of \$1.8 million, of which \$800,000 will not be achieved and \$1.0 million remains in the revised budget. The revised budget contains a statewide savings of \$88,885 for assessed fringe benefits. There is a reappropriation from FY 2016 of \$680,747, of which \$388,428 is for the State's Classification and Compensation Study, \$130,000 is for the Building Code Commission, and \$162,319 is for staff training and security at the Division of Capital Asset Management and Maintenance.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$2.8 million, all from general revenues. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$175,753. This includes a reduction of \$283,736 for personnel expenses due to increased turnover and the transfer of the Cybersecurity Director position to the Department of Public Safety. The FY 2016 reappropriation for the classification study resides within this program.

Accounts and Control

Within the Accounts and Control program, the Governor recommends revised FY 2017 appropriations of \$4.1 million, all from general revenues. Relative to the FY 2017 enacted levels, recommended general revenue financing decreases by \$48,027, of which the majority is related to an increase in turnover savings.

Office of Management and Budget

Within the Office of Management and Budget program, the Governor recommends revised FY 2017 appropriations of \$10.9 million, including \$9.0 million from general revenue, \$464,467 from restricted receipts, and \$1.5 million from operating transfers. Relative to the FY 2017 enacted levels, recommended

General Government

general revenue financing increases by \$434,728, restricted receipts financing increases by \$109,647, and operating transfers increase by \$123,696.

- *Personnel.* The Governor recommends an increase of \$338,283 for personnel in the Office of Management and Budget. This recommendation includes financing for personnel that were not included in the enacted budget, however, were filled as of the end of FY 2016. These additional costs are slightly offset due to the increase in turnover savings within this program for the current fiscal year.
- *LEAN.* The Governor recommends \$100,000 from general revenue which is being matched by \$70,000 from the Rhode Island Foundation for management consultants to provide services related to LEAN events.
- *Regulatory Reform.* The Governor recommends the shift of \$66,967 from the Department of State to the Department of Administration to support legal help with regulatory reform initiatives.

Purchasing

Within the Purchasing program, the Governor recommends revised FY 2017 appropriations of \$3.3 million, including \$3.0 million from general revenue and \$279,060 from all other sources. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$153,137 and financing from all other sources decreases by \$46,420. Increased funding for this program is related to a lower turnover savings than originally anticipated.

Human Resources

The Governor recommends revised FY 2017 appropriations of \$11.1 million, including \$8.0 million from general revenue, \$1.0 million from federal funds, \$624,246 in restricted receipts, and \$1.6 million in other funds. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$193,340, federal funds financing increases by \$260,226, restricted receipts financing decreases by \$137,176, and other funds decreases by \$96,829.

- *Personnel.* The Governor recommends an increase of \$481,352 from all funds, or \$42,396 from general revenue, for additional costs associated with 4.0 new FTE positions that will be utilized in the reorganization of the program.
- *Legal.* The Governor recommends an addition of \$100,000 for increased use of outside legal services related to contract negotiations and other matters.

Personnel Appeal Board

Within the Personnel Appeal Board, the Governor recommends revised FY 2017 appropriations of \$145,252, all from general revenues. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$11,833.

General

The Governor recommends revised FY 2017 appropriations of \$63.1 million, including \$15.3 million from general revenue, \$4.3 million from federal funds, \$700,000 from restricted receipts, and \$47.2 million from the Rhode Island Capital Plan Fund. The Governor recommends an increase of \$996,952 from the enacted level from the Rhode Island Capital Plan Fund. This recommendation reflects an increase and shift of funding between projects based on necessity, whether or not a project is shovel ready, and/or emergency situations. Major changes include the following:

General Government

- *Zambarano Buildings.* The Governor recommends a decrease of \$610,000 for repairs and renovations at this campus.
- *Virks/Mathias Buildings.* The Governor includes an additional \$1.2 million for renovations to these facilities.
- *Chapin Health Laboratory.* The Governor decreases Rhode Island Capital Plan Funds by \$1.6 million for the health laboratory.
- *Dunkin Donuts Center/Convention Center.* The Governor includes an additional \$1.9 million in funds for renovations to the Dunkin Donuts Center and Rhode Island Convention Center. These funds were carried forward from FY 2016.

Debt Service

Within the Debt Service program, the Governor recommends revised FY 2017 appropriations of \$170.7 million, including \$122.2 million from general revenue, \$2.2 million from federal funds, \$111,904 from restricted receipts, and \$46.2 million from operating transfers. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$8.4 million, with minor adjustments in other sources of funds. The net decrease in general revenue funding was the result of several items. First, the enacted budget assumed savings of \$2.8 million from a refunding of prior general obligation bonds. The actual savings from the refunding completed in April 2016 was \$2.4 million, resulting in an increase in general obligation bonds debt service costs of \$368,412. Second, the revised FY 2017 budget includes an adjustment for the allocation of debt service for Higher Education debt to the University of Rhode Island (\$2,303,038), Rhode Island College (-\$55,863) and the Community College of Rhode Island (-\$47,755). The enacted budget included financing for the issuance of new debt and savings from a refunding of prior debt within the Department of Administration, but debt service associated with Higher Education bond funded projects is appropriated under each institution, thus requiring the transfer of funds from the Department's budget. Finally, the enacted FY 2017 budget included financing of \$6.6 million for a new bond issuance in the Fall of 2016. This issuance has been delayed until the Spring of 2017 and thus no new debt service will be required on this issuance in the current fiscal year allowing for withdrawal of these funds.

Energy Resources

Within the Energy Resources program, the Governor recommends revised FY 2017 appropriations of \$16.7 million, of which \$16.1 million is from restricted receipts and \$571,400 from federal funds. The recommendation includes \$3.7 million more than the enacted level. Major changes include an additional \$2.7 million for the Regional Greenhouse Gas Initiative, \$315,000 for Reconciliation Funding, and \$250,000 for Energy Efficiency and Resources Management.

Legal Services

Within the Legal Services program, the Governor recommends revised FY 2017 appropriations of \$2.1 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$52,253, which is mostly related to personnel costs.

Information Technology

The Governor recommends revised FY 2017 appropriations of \$47.6 million, including \$21.8 million from general revenue, \$6.8 million from federal funds, \$16.2 from restricted receipts, and \$2.7 million from other funds. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$6.3 million. This increase consists of \$6.1 million for the Information Technology Investment Fund (ITIF). Major projects in the ITIF fund for the current year include the Time, Leave and Attendance System; Statewide ePermitting Platform; Integrated Budget Development System; DLT Imaging System; and UHIP.

General Government

Library and Information Services

Within the Library and Information Services program, the Governor recommends revised FY 2017 appropriations of \$2.6 million, including \$1.3 million from general revenue and \$1.3 million from federal funds. Relative to the FY 2017 enacted budget, there is an all funds increase of \$19,782.

Planning

Within the Division of Planning, the Governor recommends revised FY 2017 appropriations of \$5.2 million, including \$1.1 million from general revenue, \$24,311 from federal funds, and \$4.1 million from other funds. From general revenues, there is a reduction of \$217,387 for personnel, which is related to turnover savings and the distribution of the statewide savings. The revised budget shifts the federal Metro Planning grant to restricted receipts resulting in a decrease of \$990,006 in federal funds and an increase of \$1.1 million in restricted receipts.

Construction, Permitting, Approvals, and Licensing

Within the Construction, Permitting, Approvals, and Licensing program, the Governor recommends revised FY 2017 appropriations of \$3.5 million, including \$2.1 million from general revenue and \$1.4 million from restricted receipts. Relative to FY 2017 enacted levels, there is an all funds increase of \$264,353, which is related to the inclusion of 3.0 new FTE positions to accommodate an increase in construction activities.

Rhode Island Health Benefits Exchange

Within the Rhode Island Health Benefits Exchange, the Governor recommends revised FY 2017 appropriations of \$16.6 million, including \$2.6 million from general revenue, \$7.9 million from federal, and \$6.0 million from restricted receipts. Relative to FY 2017 enacted levels, there is an all funds increase of \$4.2 million, most of which is from federal funds, for management and IT consultants to provide continual support to maintain the system.

The Office of Diversity, Equity, and Opportunity

Within the Office of Diversity, Equity, and Opportunity, the Governor recommends revised FY 2017 appropriations of \$1.3 million, including \$1.2 million from general revenue. Relative to the enacted FY 2017 Budget, general revenue financing decreases by \$70,043, most of which is related to increased turnover savings.

Capital Asset Management and Maintenance

Within the Division of Capital Asset Management and Maintenance, the Governor recommends revised FY 2017 appropriations of \$39.8 million, including \$33.8 million from general revenue, \$1.6 million from federal funds, \$648,334 from restricted receipts, and \$3.8 million from other funds. Relative to FY 2017 enacted levels, there is a general revenue decrease of \$936,891, federal increase of \$258,673, restricted receipt increase of \$204,910, and other funds decrease of \$627,735.

- *Personnel.* There is an all funds increase of \$259,405, which is related to 4.0 FTE positions that were not included in the enacted budget, however, were employed as of the end of FY 2016.
- *Utilities.* There is a decrease of \$1.8 million from all funds and \$1.5 from general revenues for cost of utilities, which is primarily related to lower costs for natural gas as a result of a reverse auction conducted by the Office of Energy Resources.

General Government

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$795.8 million for the Department of Administration, including \$248.1 million from general revenue, \$13.2 million from federal funds, \$33.1 million from restricted receipts, \$88.5 million from operating transfers, \$8.3 million from other funds, and \$404.7 million from internal service funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$11.0 million. There are decreases of \$1.7 million from federal funds, \$1.2 million from restricted receipts, \$8.5 million from operating transfers, and \$484,745 from other funds. Internal Service Funds increase by \$10.7 million. The FY 2018 budget recommendation for the Department of Administration includes statewide savings of \$201,025 for assessed fringe benefits and \$107,733 for medical.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$2.5 million, all from general revenues. Relative to the enacted FY 2017 levels, recommended general revenue financing decreases by \$140,000. This decrease reflects savings associated with the transfer of the Cybersecurity Director position to the Department of Public Safety, which is slightly offset by statewide benefit changes.

Accounts and Control

The Governor recommends FY 2018 appropriations of \$4.4 million, of which \$4.1 million is from general revenue and \$225,000 is from restricted receipts. Relative to the enacted FY 2017 levels, recommended general revenue financing decreases by \$16,637. The addition of \$225,000 in restricted receipts is related to the establishment of an OPEB account for administrative, actuarial, and legal expenses needed to maintain the OPEB system per RIGL 36-12.1-15.

Office of Management and Budget

Within the Office of Management and Budget program, the Governor recommends FY 2018 appropriations of \$10.1 million, including \$8.1 million in general revenue, \$300,000 in restricted receipts, and \$1.7 million in operating transfers. Relative to the enacted FY 2017 levels, recommended general revenue financing decreases by \$448,871, restricted receipt financing decreases by \$55,000, and operating transfer financing increases by \$338,399. Major changes within this program are attributable to the following adjustments:

- *Personnel increase of \$790,852.* This increase assumes the costs associated with the additional personnel added in the FY 2017 revised budget and other statewide adjustments for salaries and benefits.
- *Regulatory Reform.* The Governor recommends the shift of \$170,704 from the Secretary of State's office to the Department of Administration to support legal help with regulatory reform initiatives.
- *Fraud and Waste data tool.* The FY 2017 enacted and revised budgets include \$1.5 million for the implementation of the Fraud and Waste data tool. These funds are not required in FY 2018 and thus are withdrawn. Anticipated revenues associated with this program in FY 2017 is \$5.0 million. The FY 2018 recommendation includes an additional \$3.5 million in expected revenues.

General Government

Purchasing

Within the Purchasing program, the Governor recommends 2018 appropriations of \$3.3 million, including \$3.1 million from general revenue and \$233,525 in other funds. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$212,067 and restricted receipts financing increases by \$885. The general revenue increase is attributable to statewide salary and benefit changes as well as a decrease in turnover savings.

Human Resources

The Governor recommends FY 2018 appropriations of \$11.9 million, including \$8.6 million from general revenue, \$1.1 million from federal funds, \$637,889 in restricted receipts, and \$1.6 million in other funds. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$818,667, federal funds financing increases by \$283,581, restricted receipts financing increase by \$150,819, and other funds financing increases by \$132,142.

- *Personnel.* The Governor includes an increase of \$1.4 million from all funds, which is associated with statewide adjustment for salaries and benefits, a decrease in turnover savings, and the 4.0 new FTE positions that will be utilized in the reorganization of the program.

Personnel Appeal Board

The Governor recommends FY 2018 appropriations of \$145,130 for the Personnel Appeal Board, all from general revenue. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$11,711.

General

The Governor recommends FY 2018 appropriations of \$58.0 million for the General program, including \$14.5 million from general revenue, \$700,000 from restricted receipts, and \$42.8 million from Rhode Island Capital Plan Fund. Relative to the FY 2017 enacted levels, recommended general revenue financing decreases by \$802,931, which is attributable to the removal of the one-time grant of \$900,000 to RIPTA in FY 2017, restricted receipts financing increases by \$278,500, and Rhode Island Capital Plan Fund financing decreases by \$3.3 million.

Debt Service

The Governor recommends FY 2018 appropriations of \$185.6 million for the Debt Service program, including \$144.4 from general revenue, \$1.9 million from federal funds, and \$39.5 million from operating transfers. Relative to the enacted FY 2017 Budget, general revenue financing increases by \$13.8 million, federal funds financing decreases by \$364,485, restricted receipts financing decreases by \$111,453, and operating transfers financing decreases by \$6.7 million. Debt service on general obligation bonds decreased in FY 2016 and FY 2017 as a result of a restructuring and refunding of outstanding bonds in 2015. The savings from this action are no longer available in FY 2018, thus contributing to the general revenue funding increase. The decline in operating transfers financing is due to debt attributable to the Department of Transportation declining as it is paid down.

Legal Services

Within the Legal Services program, the Governor recommends FY 2018 appropriations of \$2.3 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$119,968, which is related to the attainment of outside legal services primarily related to

General Government

representation for contractual negotiations and other labor issues.

Information Technology

The Governor recommends FY 2018 appropriations of \$42.3 million for the Information Technology program, including \$22.1 million from general revenues, \$6.7 million from federal funds, \$10.8 million from restricted receipts, and \$2.7 million from other funds. The Information Technology Investment Fund increases by \$874,082 from the FY 2017 enacted budget. There is an increase of \$306,082 from general revenues, which is attributable to the following items:

- *Personnel.* The Governor includes a general revenue increase of \$709,956 to restore unachievable turnover savings from the enacted FY 2017 enacted budget. This is slightly offset by statewide salary and benefit changes.
- *Cybersecurity.* The Governor recommends the transfer of \$500,000 for Cybersecurity consultants and operating costs to the Department of Public Safety, in conjunction with the transfer of the Cybersecurity Director position referenced above.

Library and Information Services

The Governor recommends FY 2018 appropriations of \$2.6 million for the Library and Information Services, including \$1.5 million in general revenue and \$1.2 million from all other sources. Relative to the enacted FY 2017 Budget, general revenue financing increases by \$136,656, which is attributable to an increase in the costs associated with express delivery services and salaries and benefits.

Planning

The Governor recommends FY 2018 appropriations of \$5.5 million for the Planning program, including \$1.3 million in general revenue and \$4.2 million from operating transfers. Relative to the enacted FY 2017 Budget, general revenue financing decreases by \$70,275, which is attributable to an increase in turnover savings. Operating transfers increased by \$1.2 million due to additional grant funding from FHWA- PI Systems Planning and the FTA- Metro Planning Grant.

Energy Resources

The Governor recommends FY 2018 appropriations of \$12.5 million for the Energy Resources program, of which \$250,000 is from general revenues for electric vehicle rebates, \$723,171 is from federal funds, and \$11.5 million is from restricted receipts. Relative to the enacted FY 2017 Budget, financing decreases by \$401,655. Significant changes within this program are attributable to the following items:

- *Electric Vehicle Charging Station Rebates.* The Governor includes \$250,000 from general revenue for electric vehicle rebates.
- *Energy Metrics Grant.* A federal increase of \$290,000 for the Energy Metrics Grant.
- *Regional Greenhouse Gas Initiative.* A decrease of \$1.3 million from restricted receipts for the Regional Greenhouse Gas Initiative grant.
- *Personnel.* The Governor recommends an increase of \$240,499 for personnel expenses due to statewide benefit changes and a decrease in turnover savings.

Construction, Permitting, Approvals, and Licensing

The Governor recommends FY 2018 appropriations of \$3.6 million for the Construction, Permitting, Approvals, and Licensing program, including \$2.2 million from general revenues and \$1.4 million from restricted receipts. Relative to the enacted FY 2017 Budget, general revenue financing increases by

General Government

\$332,248, all of which is related to the inclusion of the 3.0 new FTE positions to accommodate an increase in construction activities.

Health Benefits Exchange

The Governor recommends FY 2018 appropriations of \$9.6 million for the Rhode Island Health Benefits Exchange, which is \$2.8 million less than the FY 2017 enacted budget. There are decreases of \$1.0 million from federal funds and \$1.8 million from restricted receipts. Major changes within this program are attributable to the following:

- *Federal Funds.* The Governor includes a reduction in federal revenue totaling \$1.0 million due to the expiration of federal funding for this program.
- *Restricted Receipts.* The Governor reduces restricted receipts by \$1.8 million for the Health Benefit Exchanges' as it moves from a development and implementation phase from grant funding to a self-sustaining operation.

Office of Diversity, Equity, and Opportunity

The Governor recommends FY 2018 appropriations of \$1.5 million for the Office of Diversity, Equity, and Opportunity program, an increase of \$81,240 over the FY 2017 enacted Budget. This increase is related additional funding of \$100,000 provided for a disparity study.

Capital Asset Management and Maintenance

The Governor recommends FY 2018 appropriations of \$40.7 million for the Capital Asset Management and Maintenance program, which includes \$34.5 million from general revenues, \$1.6 million from federal funds, \$660,725 from restricted receipts, and \$3.9 million from other funds. In relation to the FY 2017 enacted budget, this recommendation includes a decrease of \$162,876 from general revenues, an increase of \$293,846 from federal funds, an increase of \$217,301 from restricted receipts, and a decrease of \$538,069 from other funds. Major changes to the program include the following:

- *Utilities.* The Governor recommends a decrease of \$359,368 for utilities, mostly related to lower costs for natural gas as a result of a reverse auction conducted by the Office of Energy Resources.
- *Building Maintenance.* The Governor recommends a decrease of \$330,320 for building maintenance and repairs.

Full Time Equivalent Positions

The Governor recommends a total authorization of 708.7 FTE positions for FY 2017, which is consistent with the FY 2017 enacted budget. This recommendation includes positions that were not included in the enacted budget, however, were already filled as of the end of FY 2016. The Department will manage personnel to its current FTE authorization.

For FY 2018, the Governor recommends a total of 713.5 FTE positions. This is an increase of 5.0 FTE from the FY 2017 enacted and revised budgets. These positions are transferred from the Department of Public Safety into the Department of Administration and will include 1.0 FTE position in Information Technology and 4.0 FTE positions in the Human Resource Program.

General Government

DEPARTMENT OF BUSINESS REGULATION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$8,556,174	\$8,174,920	\$10,583,452	\$10,621,228	\$11,115,093
Federal Funds	\$2,216,757	\$3,073,024	\$1,100,710	\$2,011,396	\$892,213
Restricted Receipts	\$1,903,121	\$1,956,933	\$4,175,727	\$4,242,720	\$3,898,877
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$12,676,052	\$13,204,877	\$15,859,889	\$16,875,344	\$15,906,183
FTE Authorization	98.0	98.0	97.0	106.0	106.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$16.9 million for the Department of Business Regulation, including \$10.6 million from general revenue, \$59,772 of which is reappropriated from FY 2016; \$2.0 million from federal funds; and \$4.2 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$37,776, federal financing increases by \$910,686, and restricted receipt financing increases by \$66,993. The revised FY 2017 Budget is inclusive of statewide assessed fringe benefit rate reductions distributed to state agencies, which resulted in \$15,321 of general revenue savings being allocated to the Department of Business Regulation.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$1.4 million, all from general revenue. Relative to the FY 2017 enacted level, recommended general revenue financing increases by \$69,662, attributable to the following adjustments:

- *Personnel.* The Governor includes \$1.2 million in general revenue for personnel costs, an increase of \$31,361 from the 2017 enacted level. The governor also recommends 1.0 additional FTE positions for the Central Management program.
- *Contracted Professional Services.* The Governor includes \$29,452 in general revenue for Contracted Professional Services, an increase of \$26,000 from the 2017 enacted level to be used to finance security services for the Department's office in Cranston, Rhode Island.

Banking Regulation

Within the Banking Regulation program, the Governor recommends revised FY 2017 appropriations of \$1.8 million, including \$1.7 million from general revenue and \$50,000 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$56,869 due to additional turnover savings. Restricted receipts financing remains unchanged. The governor also recommends 3.0 additional FTE positions for the Banking Regulation program.

Insurance Regulation

Within the Insurance Regulation program, the Governor recommends revised FY 2017 appropriations of \$5.6 million, including \$3.8 million from general revenue and \$1.8 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$186,461 due to turnover

General Government

savings. Restricted receipt financing increases by \$7,371. The governor also recommends 5.0 additional FTE positions for the Insurance Regulation program.

Securities Regulation

Within the Securities Regulation program, the Governor recommends revised FY 2017 appropriations of \$989,896, including \$974,896 from general revenue and \$15,000 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$104,132 due to the transfer of 1.0 Systems Analyst FTE position to Central Management. Restricted receipt financing remains unchanged.

Commercial Licensing, Racing & Athletics

Within the Commercial Licensing, Racing & Athletics program, the Governor recommends revised FY 2017 appropriations of \$3.2 million, including \$872,102 from general revenue and \$2.4 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$233,895, while restricted receipt financing increases by \$59,622.

- *Personnel Financing* – The Governor recommends FY 2017 appropriations of \$861,781 from general revenue for personnel costs, an increase of \$235,240 due to the following:
 - The addition of 1.0 FTE position, Associate Director Division of Commercial Licensing.
 - The addition of 1.0 Pari-Mutual Operations Specialist.

- *Medical Marijuana*. The Governor includes \$1.5 million in restricted receipts for the Medical Marijuana program. In FY 2017, the Department of Business Regulation became the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers. While the Department of Health has licensing authority over patients and authorized purchasers, patients choosing to grow for themselves will be required to purchase plant tags from the Department of Business Regulation. The Department of Business Regulation will interact with the Department of Health patient and caregiver databases to ensure that only legitimate caregivers are registered.
 - \$1.1 million is recommended in capital purchases and equipment for the creation of a new medical Marijuana software system which will be completed in FY 2017.
 - \$364,356 will be used to finance the personnel costs of 4.5 FTE positions.

Office of the Health Insurance Commissioner

Within the Office of the Health Insurance Commissioner, the Governor recommends revised FY 2017 appropriations of \$3.5 million, including \$1.4 million from general revenue, \$2.0 million from federal funds, and \$11,500 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue decreases by \$1,485, restricted receipt financing remains unchanged, while federal financing increases by \$910,686 due to the following:

- *New Federal Grant Award – Market Reform Grant*. The Governor includes \$331,045 in federal financing from a newly awarded Market Reform Grant. The new federal award provides an additional \$1.1 million to be used through October 2018. Funds are to be used in FY 2017 as follows:
 - \$239,565 for personnel costs;
 - \$90,000 for contracted professional services; and,
 - \$1,480 for operating supplies and expenses.

- *State Innovation Models Initiative – Federal Funds*. The Governor includes \$1.1 million in federal financing from the State Innovation Models Initiative federal grant. This is an increase of \$924,447 from the FY 2017 enacted level. Funds are to be used in FY 2017 as follows:

General Government

- \$313,665 for personnel costs. This is an increase of \$146,906 from the FY 2017 enacted budget to support 1.0 Principal Policy Associate position;
- \$777,541 for contracted professional services. This is an increase of \$777,541 from the FY 2017 enacted budget to be used for management and consultant services;

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$15.9 million for the Department of Business Regulation, including \$11.1 million from general revenue, \$892,213 from federal funds, and \$3.9 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$531,638, while federal financing decreases by \$208,497, and restricted receipt financing decreases by \$276,850. The recommended FY 2018 Budget is inclusive of medical benefit and other savings distributed to state agencies, which resulted in \$50,145 in general revenue savings allocated to the Department of Business Regulation.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$1.4 million, all from general revenue. Relative to the enacted FY 2017 levels, general revenue financing increases by \$70,511.

Banking Regulation

Within the Banking Regulation program, the Governor recommends FY 2018 appropriations of \$1.9 million, including \$1.8 million from general revenue and \$50,000 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$24,389 and restricted receipt financing remains unchanged.

- *Personnel Financing – Banking Regulation.* The Governor recommends FY 2018 appropriations of \$1.8 million from general revenue for personnel costs, an increase of \$13,849.

Insurance Regulation

Within the Insurance Regulation program, the Governor recommends FY 2018 appropriations of \$6.0 million, including \$4.0 million in general revenue and \$1.8 million in restricted receipts. Relative to FY 2017 enacted levels, general revenue financing increases by \$31,942 in support of 5.0 additional FTE positions recommended in the FY 2017 revised budget and restricted receipt financing increases by \$33,929.

Securities Regulation

Within the Securities Regulation program, the Governor recommends FY 2018 appropriations of \$989,364, including \$974,364 from general revenue and \$15,000 in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$104,664 and restricted receipts financing remains unchanged.

Commercial Licensing, Racing & Athletics

Within the Commercial Licensing, Racing & Athletics program, the Governor recommends FY 2018 appropriations of \$2.7 million, including \$893,038 in general revenue and \$1.8 million in restricted receipts. Relative to FY 2017 enacted levels, general revenue financing increases by \$254,831 and restricted receipt financing decreases by \$528,047.

General Government

- *Medical Marijuana.* The Governor includes \$890,657 in restricted receipts for the Medical Marijuana program.
 - \$490,657 will be used to finance the personnel costs of 4.5 FTE positions.
 - \$375,000 in additional restricted receipts in operating is recommended by the Governor to ensure that the Department is able to keep the system running to meet the rapidly growing demand for medical marijuana. Such operating expenses include:
 - \$200,000 for software maintenance.
 - \$25,000 for office supplies and equipment.
 - \$35,000 for staff training.
 - \$25,000 for miscellaneous expenses.
 - \$35,000 for out of state travel and other accommodations.

Office of the Health Insurance Commissioner

Within the Office of the Health Insurance Commissioner, the Governor recommends FY 2018 appropriations of \$2.7 million, including \$1.6 million in general revenue, \$892,213 in federal funds, and \$228,768 in restricted receipts. Relative to FY 2017 enacted levels, general revenue financing increases by \$165,257, federal funds financing decreases by \$208,497, and restricted receipt financing increases by \$217,268.

- *Personnel Financing* – The Governor recommends FY 2018 appropriations of \$995,124 from general revenue for personnel costs, an increase of \$156,894 to finance 6.0 FTE positions. 2.0 FTE positions will be financed with restricted receipts as described below:
 - 2.0 Health Economic Specialist FTE positions will move from the Department of Health the Office of the Health Insurance Commissioner to process the workload and interface with Federal requirements for the Health Care Accessibility and Quality Assurance Act and the Utilization Review Act.

Full Time Equivalent Positions

The Governor recommends 106.0 FTE positions in the revised FY 2017 Budget and FY 2018 Budget, an increase of 9.0 FTE positions from the enacted FY 2017 FTE authorization level.

EXECUTIVE OFFICE OF COMMERCE

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$203,145	\$60,458,832	\$55,574,117	\$55,735,212	\$51,842,819
Federal Funds	\$0	\$10,016,268	\$17,790,927	\$18,266,931	\$17,890,642
Restricted Receipts	\$0	\$2,681,142	\$4,750,000	\$4,750,000	\$4,159,382
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$259,557	\$1,300,000	\$751,683	\$2,900,000
Total Funding	\$203,145	\$73,415,799	\$79,415,044	\$79,503,826	\$76,792,843
FTE Authorization	5.0	16.0	16.0	16.0	17.0

General Government

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$79.5 million for the Executive Office of Commerce, including \$55.7 million from general revenue, \$18.3 million from federal funds, \$4.8 million from restricted receipts, and \$751,683 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$161,095, federal financing increases by \$476,004, restricted receipt financing remains the same, and Rhode Island Capital Plan Fund financing decreases by \$548,317. The revised FY 2017 budget is inclusive of statewide assessed fringe benefit savings distributed to state agencies, which resulted in \$2,968 of general revenue savings being allocated to the Executive Office of Commerce.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$1.3 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$55,351, attributable to the following adjustments:

- *Current Personnel Costs.* The Governor includes an additional \$44,320 not including statewide benefit changes for personnel. The recommendation reflects costs for the current staff of the division, which is budgeted at 5.3 FTE positions. The recommendation includes the costs for 25 percent of a new Assistant Administrator, Financial Management, which will be taking on the dual role of assisting the Office of Housing and Community Development with federal grant financial administration as well as assisting the Central Management division with financial processes.
- *Lease of Office Space for Executive Office.* The Governor recommends an additional \$28,525 in the operating budget for office space for the Executive Office of Commerce. The Office will be relocating to the current location of the RI Commerce Corporation. A colocation with the Rhode Island Commerce Corporation will allow the Office and the Secretary of Commerce to fulfill the role of supervising the work of the Rhode Island Commerce Corporation and also better meets its very important mission as the lead agency for economic development in Rhode Island.
- *Distribution of Statewide Assessed Fringe Benefit Savings.* The Governor's recommendation includes \$2,011 in general revenue savings allocated to this program.

Housing and Community Development

Within Housing and Community Development, the Governor recommends revised FY 2017 appropriations of \$23.6 million, which includes \$613,833 in general revenue, \$18.3 million federal funds, and \$4.8 million in restricted receipt funding. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$3,372, federal financing increases by \$476,004, and restricted receipt financing remains unchanged. The Governor recommends \$957 in statewide medical assessed fringe benefit savings within this program.

- *Current Personnel Costs.* The Governor recommends a decrease of \$7,381, not including statewide assessed fringe benefit savings adjustments, for personnel expenditures. The reduction is a result of adjustments to the allocation of personnel between general revenue and federal fund financing. The

General Government

recommendation includes the additional FTE position of Assistant Administrator, Financial Management which is allocated at 25 percent to Central Management and 75 percent to the Office of Housing and Community Development. Within the Housing program the position is being financed with CDBG Disaster Recovery federal program funding.

- *Operating Costs.* The Governor recommends an additional \$4,966 in the operating budget of the Office of Housing and Community Development based upon projected expenditures levels for the Office.

Quasi-Public Appropriations

Within the Quasi-Public Appropriations, the Governor recommends revised FY 2017 appropriations of \$12.7 million, which includes \$12.0 million in general revenue and \$751,683 in Rhode Island Capital Plan Fund financing. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$109,116 and Rhode Island Capital Plan Fund financing decreases by \$548,317.

- *Reappropriation.* The Governor's general revenue recommendation includes a reappropriation of \$69,116 for the ongoing operations of the I-195 Commission.
- *RI Commerce Corporation Base Funding.* The Governor recommends an additional \$40,000 to the base appropriation of the Rhode Island Commerce Corporation to meet cost increases in the current year.
- *Rhode Island Capital Plan Funds.* The Governor recommends a decrease of \$600,000 from the Rhode Island Capital Plan Fund for the Quonset Pier project, which involves infrastructure modernization and repairs to the Port of Davisville. The timing of improvements to Pier 2 have resulted in the shifting of some funding into FY 2018. The Governor also includes balance forward funding of \$51,683 for the I-195 Commission to fulfill its mission of fostering economic development on Rhode Island's former I-195 land.

Economic Development Initiatives Fund

Within the Economic Development Initiatives Fund, the Governor recommends revised FY 2017 appropriations of \$38.4 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.5 million. The Governor's recommendation continues to include \$84.0 million in general revenue over two years for an Economic Development Initiatives Fund, which is financed through the restructuring of the State's debt beginning in FY 2016. The refinancing will provide 35.0 million in FY 2017.

- *First Wave Closing Fund.* The Governor recommends an additional \$1.5 million in the current year for the First Wave Closing Fund from an existing fund balance at RI Commerce Corporation for the Stay Invested in RI Wavemaker Fellowship. The recommendation will bring the fund balance for the program back to \$12.0 million. This program provides last dollar financing for projects that are catalytic in nature and of significant economic benefit to the state. The program has proved critical in securing major economic development projects that create jobs in Rhode Island, such as the opening of the new GE Digital information technology center in Rhode Island.

General Government

Commerce Programs

Within Commerce Programs, the Governor recommends revised FY 2017 appropriations of \$3.5 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.5 million.

- *Stay Invested in RI Wavemaker Fellowship.* The Governor recommends a decrease of \$1.5 million in the current year for the Wavemaker Fellowship program. The Wavemaker Fellowship creates an incentive for building the STEAM workforce by issuing a refundable tax credit against qualified Rhode Island workers' student loans, a unique program in the United States that gives Rhode Island a strategic advantage in a highly-competitive marketplace for talent. The Office has been able to issue a total of 215 two-year awards to date. The revised budget recommendation is based upon aligning the current needs of the program with expected obligations of the loan reimbursements.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$76.8 million for the Executive Office of Commerce, including \$51.8 million from general revenue, \$17.9 million from federal funds, \$4.2 million from restricted receipts, and \$2.9 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$3.7 million, federal financing increases by \$99,715, restricted receipt financing decreases by \$590,618 and Rhode Island Capital Plan Fund financing increases by \$1.6 million. The FY 2018 budget is inclusive of statewide assessed fringe benefit and medical benefit savings distributed to state agencies, which resulted in \$9,259 of general revenue savings being allocated to the Executive Office of Commerce.

Central Management

Within Central Management program, the Governor recommends FY 2018 appropriations of \$1.4 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$163,516.

- *Current Personnel Costs.* The Governor recommends an increase of \$108,687 for personnel costs. The recommendation reflects a full year of financing of the Office's allocated cost for a new Assistant Administrator, Financial Management FTE position.
- *Distribution of Statewide Assessed Fringe Benefit and Medical Benefit Savings.* The Governor's recommendation includes \$6,292 in general revenue savings allocated to this program.

Housing and Community Development

Within Housing and Community Development, the Governor recommends FY 2018 appropriations of \$22.7 million. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$25,186, federal financing increases by \$99,715, and restricted receipt financing decreases by \$590,618. The Governor recommends \$2,967 in statewide assessed fringe benefit and medical benefit savings within this program.

General Government

- *Current Personnel Costs.* The Governor recommends a decrease of \$16,981 not including statewide assessed fringe benefit and medical benefit savings adjustments for personnel expenditures. The reduction is a result of adjustments to the allocation of personnel between general revenue and federal fund financing. The recommendation includes a full year of financing for an Assistant Administrator, Financial Management position which is allocated at 25 percent to Central Management and 75 percent to the Office of Housing and Community Development. Within the Housing program the position is being financed with Community Development Block Grant Disaster Recovery federal program funding. The recommendation also includes an additional FTE position for the division. An additional Principal Planner position will assist the division with federal grant management and will be funded 100 percent with Community Development Block Grant federal funding.
- *Operating Costs.* The Governor recommends an additional \$4,966 in the operating budget of the Office of Housing and Community Development based upon projected expenditures levels for the Office.
- *Lead Authority Consolidation.* The Governor includes a transfer of \$590,618 in restricted receipt financing from the Executive Office of Commerce to the Department of Health for lead-related issues. The intent of the program is to consolidate authority of lead-related issues under the Department of Health.

Quasi-Public Appropriations

Within the Quasi-Public Appropriations, the Governor recommends FY 2018 appropriations of \$15.6 million. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$830,000 and Rhode Island Capital Plan Fund financing increases by \$1.6 million.

- *RI Commerce Corporation Base Funding.* The Governor recommends an additional \$80,000 to the base appropriation of the Rhode Island Commerce Corporation to meet cost increases in the current year.
- *Polaris Manufacturing Technical Assistance Program.* The Governor recommends an additional \$550,000 for this program in FY 2018. The recommendation involves the transfer of \$250,000 from the University of Rhode Island as well as an additional \$300,000 for the program. The program supports Rhode Island's manufacturers by continuing to deploy technical experts to help manufacturers optimize their businesses. Polaris provides group and individual trainings for operators, shares expertise, and promotes manufacturing state-wide. Importantly, Polaris leverages a significant amount of federal funding, and serves as an effective pass-through for Real Jobs Partnerships.
- *National Security Infrastructure Support Fund.* The Governor recommends an appropriation of \$200,000 for this fund established under R.I.G.L. 30-32-2 by the General Assembly in 2005 to allow for the leveraging of additional federal dollars or securing existing military infrastructure and related jobs.

General Government

- *Rhode Island Capital Plan Funds.* The Governor recommends an increase of \$1.6 million from the Rhode Island Capital Plan Fund for the Quonset Pier project, which involves infrastructure modernization and repairs to the Port of Davisville. Timing of improvements to Pier 2 in the current year have resulted in the shifting of funding into FY 2018.

Economic Development Initiatives Fund

Within the Economic Development Initiatives Fund, the Governor recommends FY 2018 appropriations of \$33.9 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$3.1 million. The following includes recommended changes to those economic development initiatives, which will enable the Executive Office of Commerce to carry out its mission of promoting and developing commerce and creating opportunity for all Rhode Islanders.

- *Rebuild RI.* The Governor recommends \$20.0 million in FY 2018, a decrease of \$5.0 million from the enacted budget of \$25.0 million for Rebuild RI. The recommended funding sustains the program and aligns the needs of the program with expected obligations, which is capped at \$150.0 million. This program allows the State to incentivize municipalities to enter into tax stabilization agreements with developers in exchange for the development or redevelopment of specific areas in qualifying communities.
- *First Wave Closing Fund.* The Governor recommends no financing in FY 2018 for the First Wave Closing Fund and instead provides additional funding of \$1.5 million in the current year for the program, made possible by utilizing savings achieved through realignment of funding for the Stay Invested in RI Wavemaker program.
- *Innovation Initiative.* The Governor recommends an increase of \$1.0 million in FY 2018 for a total budget of \$2.5 million to continue with subsequent rounds of grant making to meet the great demand present in the market for collaboration among Rhode Island companies and research institutions and an added focus on company-based manufacturing research and development.
- *I-195 Redevelopment Fund.* The Governor recommends an additional appropriation of \$10.1 million to replenish the fund in FY 2018. Funding for this increase is derived from a one-time resource resulting from the delay in the issuance of general obligation bonds in FY 2017, combined with anticipated FY 2018 savings from the refinancing of general obligation bonds and certificates of participation. A total of \$25.0 million was included in the FY 2016 Budget much of which has been committed to major real estate developments in the I-195 District.
- *Main Street Streetscape and Technical Assistance Program.* The Governor recommends an appropriation of \$1.3 million in FY 2018. A total of \$1.0 million sustains funding for the program, which awards loans, matching grants and other forms of financing to enhance sidewalks, signage or public space and lighting in order to create an attractive environment in local business districts. The Governor also recommends an expansion of the program with total funding of \$250,000 to include a Technical Assistance Program, which would assist communities in improving zoning regulations to encourage economic development.

General Government

Commerce Programs

The Governor recommends FY 2018 appropriations of \$3.3 million from general revenue, which reflects a \$1.7 million decrease from the enacted FY 2017 Budget.

- *P-Tech*. The Governor recommends \$1.2 million in FY 2018 sustaining funding for the program. The recommendation will allow the Office to allow awards for additional P-Tech programs and continue to create opportunity for students and a steady stream of talented, trained workers for businesses.
- *Stay Invested in RI Wavemaker Fellowship*. The Governor recommends total funding of \$1.6 million in FY 2018, which is a decrease of \$1.9 million from the enacted for the Wavemaker Fellowship program. The Wavemaker Fellowship creates an incentive for building the STEAM workforce by issuing a refundable tax credit against qualified Rhode Island workers' student loans, a unique program in the United States that gives Rhode Island a strategic advantage in a highly-competitive marketplace for talent. The Office has been able to issue a total of 215 two-year awards to date. The recommendation is based upon aligning the current needs of the program with expected obligations of the loan reimbursements.
- *Air Service Development Fund*. The Governor recommends a total of \$500,000 in FY 2018 for the program which seeks to develop additional air service at TF Green Airport by providing revenue guarantees or other incentives to airlines that add new routes or increase service.

The Governor recommends 16.0 FTE positions in the revised FY 2017 Budget and 17.0 FTE positions in the recommended FY 2018 Budget, which is one more than the enacted FY 2017 Budget.

DEPARTMENT OF LABOR AND TRAINING

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$8,553,272	\$8,382,043	\$8,212,636	\$8,139,796	\$8,751,313
Federal Funds	\$35,913,567	\$39,141,911	\$38,451,580	\$49,186,947	\$35,459,683
Restricted Receipts	\$35,172,518	\$31,568,311	\$23,585,123	\$29,710,613	\$24,090,443
Other Funds	\$349,348,572	\$344,128,313	\$347,363,389	\$356,016,376	\$358,951,583
RI Capital Plan Fund	\$225,691	\$2,116,990	\$1,905,000	\$1,531,058	\$1,130,000
Total Funding	\$429,213,620	\$425,337,568	\$419,517,728	\$444,584,790	\$428,383,022
FTE Authorization	410.0	409.5	409.5	436.2	433.7

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$444.6 million for the Department of Labor and Training, including \$8.1 million from general revenue, \$49.2 million from federal funds, \$29.7 million from restricted receipts, \$1.5 million from the Rhode Island Capital Plan Fund, and \$356.0 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing

General Government

decreases by \$72,840, federal financing increases by \$10.7 million, restricted receipts financing increases by \$6.1 million, the Rhode Island Capital Plan Fund decreases by \$373,942, and other funds increases by \$8.7 million. The revised FY 2017 Budget is inclusive of statewide assessed fringe benefit rate reductions distributed to state agencies, which resulted in \$4,979 of general revenue savings being allocated to the Department of Labor & Training.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$2.5 million, including \$134,127 from general revenue, \$853,221 in restricted receipts, and \$1.5 million from Rhode Island Capital Plan Fund resources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$13,993, restricted receipt financing increases by \$323,907 as the Department had a large carry-forward from FY 2016, and Rhode Island Capital Plan Fund financing decreases by \$373,942 to the level necessary to complete the repairs to the Center General Building roof and HVAC system. The governor also recommends 1.5 additional FTE positions for the Central Management program.

Workforce Development Services

Within the Workforce Development Services program, the Governor recommends revised FY 2017 appropriations of \$55.6 million, including \$704,517 from general revenue, \$32.7 million from federal funds, \$18.0 million from restricted receipts, and \$4.2 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing is unchanged, federal funds financing increases by \$8.6 million, which reflects the entire availability of the program's federal awards to give the program the flexibility to serve those eligible and in need of services, restricted receipts financing increases by \$5.9 million as the Department had a large carry-forward from FY 2016, and other funds increase by \$4.2 million.

- *Personnel Cost:* The governor also recommends 6.0 additional FTE positions for the Workforce Development Services program in order to handle the workload of the Real Jobs Rhode Island initiative.

Workforce Regulation & Safety

Within the Workforce Regulation & Safety program, the Governor recommends revised FY 2017 appropriations of \$2.8 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$12,076 due to adjustments to personnel, computer, and furniture costs. The governor also recommends 1.5 additional FTE positions for the Workforce Regulation & Safety program to meet the demands of the caseloads regarding workplace fraud.

Income Support

Within the Income Support program, the Governor recommends revised FY 2017 appropriations of \$374.6 million, including \$4.1 million from general revenue, \$16.5 million from federal funds, which reflects the availability of federal grant awards in this program, \$2.3 million from restricted receipts as the Department had a large carry-forward from FY 2016, and \$351.8 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$76,815, federal financing increases by \$2.1 million, restricted receipts financing decreases by \$168,394, and other funds financing increases by \$4.4 million, attributable to the following adjustments:

- *Temporary Disability Insurance (TDI).* The Governor includes \$192.7 million from other funds for TDI benefits, an increase of \$5.7 million from the enacted FY 2017 level. The increase reflects the Department's need to fund benefit payments.

General Government

- *Employment Security.* The Governor includes \$177.7 million for Employment Security, a \$585,862 increase from the enacted FY 2017 level. The increase reflects the Department's need to fund benefit payments.
 - *Personnel Cost:* The governor also recommends 14.2 additional FTE positions for the Income Support program in order to provide timely claims processing services.
- *Contracted Professional Services.* The Governor includes \$5.2 million from federal funds for contracted professional services, an increase of \$2.2 million, to support IT projects.

Labor Relations Board

Within the Labor Relations Board program, the Governor recommends revised FY 2017 appropriations of \$404,549, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2,058.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$428.4 million for the Department of Labor and Training, including \$8.8 million from general revenue; \$35.4 million from federal funds, \$24 million from restricted receipts; \$1.1 million from the Rhode Island Capital Plan Fund financing; and \$359.0 million other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$538,677, federal funds financing decreases by \$3.0 million, restricted receipts financing increases by \$505,320, Rhode Island Capital Plan Fund financing decreases by \$775,000, and other funds financing increases by \$11.6 million. The recommended FY 2018 Budget is inclusive of medical benefit and other savings distributed to state agencies, which resulted in \$16,113 in general revenue savings allocated to the Department of Labor and Training.

- The governor offsets increases in general revenue financing by proposing the following increases in revenue generated by the Department:
 - New penalties for employers who violate wage & hour laws.
 - New penalties for employers who violate payroll record laws, as Rhode Island law requires employers to maintain payroll records for a period of 3 years.
 - Increases to the Misclassification penalty for employers.
 - Increases to the Electrical Trade violations penalty for working without a license to be consistent with the other trades in the Professional Regulation Unit.

Central Management Program

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$2.0 million, including \$134,315 from general revenue, \$687,604 from restricted receipts, and \$1.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$14,181, restricted receipt financing increases by \$158,290 to finance 1.5 additional FTE positions recommended in the FY 2017 revised budget, and Rhode Island Capital Plan Fund financing decreases by \$775,000 due to the completion of the Department's roof repairs in FY 2017.

Workforce Development Services

Within the Workforce Development Services program, the Governor recommends FY 2018 appropriations of \$34.8 million, including \$704,517 from general revenue, \$21.3 million from federal funds, \$12.6 million from restricted receipts, and \$124,643 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing is unchanged, federal funds financing decreases by \$2.8 million as the Department

General Government

expects to spend through its large increase in revised FY 2017 budget, restricted receipt financing increases by \$572,934 as the Department expects increased revenues, and other funds increase by \$114,932.

Workforce Regulation & Safety

Within the Workforce Regulation & Safety program, the Governor recommends FY 2018 appropriations of \$3.5 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$642,987 for personnel costs in lieu of Tardy and Interest financing, that will need to be used for the Unemployment Insurance program.

Income Support

Within the Income Support program, the Governor recommends revised FY 2018 appropriations of \$379.1 million, including \$4.0 million from general revenue, \$14.1 million from federal funds, \$2.1 million from restricted receipts, and \$358.8 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$113,335, federal financing decreases by \$190,954, restricted receipts financing decreases by \$374,980, and other funds financing increases by \$11.5 million, attributable to the following adjustments:

- *Temporary Disability Insurance (TDI)*. The Governor includes \$181.9 million from other funds for TDI benefits, an increase of \$5.6 million from the enacted FY 2017 level. The increase reflects the Department's need to fund benefit payments.
- *Employment Security*. The Governor includes \$174.9 million from for Employment Security, a \$190,954 decrease in federal funds financing and an \$820,000 increase in other funds financing from the enacted FY 2017 level. The decrease is due to a lower number of unemployment insurance claims being filed with the Department due to an improving economy.

Labor Relations Board

Within the Labor Relations Board program, the Governor recommends revised FY 2018 appropriations of \$397,335, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$5,156.

Full Time Equivalent Positions

The Governor recommends 436.2 FTE positions in the revised FY 2017 Budget and 433.7 FTE positions in the FY 2018 Budget, an increase of 26.7 FTE positions in FY 2017 and 23.7 FTE positions in FY 2018, relative to the FY 2017 Enacted Budget.

General Government

DEPARTMENT OF REVENUE

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$106,969,845	\$109,737,194	\$113,893,951	\$110,882,648	\$119,391,677
Federal Funds	\$4,314,983	\$2,740,506	\$2,145,367	\$4,375,213	\$1,567,500
Restricted Receipts	\$1,718,666	\$3,591,584	\$5,947,043	\$5,033,373	\$3,962,015
Other Funds	\$335,714,112	\$342,263,389	\$363,531,235	\$371,346,766	\$376,220,071
RI Capital Plan Fund	\$300,026	\$444,458	\$0	\$119,112	\$0
Total Funding	\$449,017,632	\$458,777,131	\$485,517,596	\$491,757,112	\$501,141,263
FTE Authorization	505.0	514.5	523.5	523.5	539.5

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$491.8 million for the Department of Revenue, including \$110.9 million from general revenue, \$4.4 million from federal funds, \$5.0 million from restricted receipts, \$119,112 from the Rhode Island Capital Plan Fund, and \$371.3 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$3.0 million, federal funds financing increases by \$2.2 million, restricted receipts financing decreases by \$913,670, Rhode Island Capital Plan Fund financing increases by \$119,112, and other funds financing increases by \$7.8 million. The revised FY 2017 budget is inclusive of statewide assessed fringe benefit savings of \$55,412 and an increase for reallocation of natural gas costs from the Department of Administration of \$11,850. Included in the revised FY 2017 Budget is a reappropriation of \$137,340 for the Municipal Incentive Aid program.

Director of Revenue

Within the Director of Revenue program, the Governor recommends revised FY 2017 appropriations of \$1.2 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$75,801, which is attributable to decreased turnover savings.

Office of Revenue Analysis

Within the Office of Revenue Analysis program, the Governor recommends revised FY 2017 appropriations of \$807,744, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$908.

Lottery Division

Within the Lottery Division, the Governor recommends revised FY 2017 appropriations of \$370.2 million, including \$119,112 from the Rhode Island Capital Plan Fund and \$370.1 million from other funds. Relative to FY 2017 enacted levels, Rhode Island Capital Plan Fund financing increases by \$119,112 and other funds financing increases by \$7.7 million, attributable to the following adjustments:

- *Lottery Sales.* The Governor includes an increase of \$8.4 million for lottery payments as a result of updated revenue estimates from VLT and table games as determined at the November Revenue Estimating Conference.
- *Lottery Building.* The Governor includes \$119,112 from the Rhode Island Capital Plan fund for Lottery Building renovations.

General Government

Municipal Finance

Within the Municipal Finance program, the Governor recommends revised FY 2017 appropriations of \$3.1 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$43,447, which is attributable to the following adjustments:

- *Purchased Services.* The Governor includes an increase of \$60,000 from general revenue for actuarial services associated with a study of the Providence Employee Retirement System and legal services associated with the Central Falls receivership.
- *Personnel and Operating.* The Governor recommends a decrease of \$16,553 associated with statewide benefit changes, increased turnover, and software maintenance savings.

Taxation

Within the Division of Taxation, the Governor recommends revised FY 2017 appropriations of \$25.2 million, including \$20.4 million from general revenues, \$2.5 million from federal funds, \$1.0 million from restricted receipts, and \$1.3 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$80,003, federal funds financing increases by \$1.2 million, restricted receipt financing increases by \$86,330, and other funds financing increase by \$91,707. This significant increase in federal funding is mostly related to a Department of Environmental Management grant for ground fish disaster funding, which covers administrative costs in the Division of Taxation to ensure that no taxes are owed the state prior to payments are made to the fishermen.

Registry of Motor Vehicles

Within the Registry of Motor Vehicles, the Governor recommends revised FY 2017 appropriations of \$25.2 million, including \$20.3 million from general revenues, \$1.8 million from federal funds, and \$3.1 million in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$3.3 million, federal funds financing increases by \$1.0 million, and restricted receipts financing decreases by \$1.0 million, attributable to the following adjustments:

- *Reissuance of license plates.* The Governor includes general revenue savings of \$3.0 million due to the delay in the reissuance of license plates.
- *Personnel.* The Governor recommends a decrease of \$260,562 for salaries and benefits based on statewide benefit adjustments and increased turnover.
- *Federal Grants.* The Governor recommends an increase of \$1.0 million in federal funds for the Commercial Vehicle Information System grant.

State Aid

Within the State Aid program, the Governor recommends revised FY 2017 appropriations of \$66.0 million, including \$65.1 million from general revenues and \$922,013 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$137,340 to include the reappropriation for municipal incentive aid from FY 2016.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$501.1 million for the Department of Revenue, including \$119.4 million from general revenue, \$1.6 million from federal funds, \$4.0 million from restricted receipts, and \$376.2 million from other funds. Relative to FY 2017 enacted levels, recommended general

General Government

revenue financing increases by \$5.5 million, while federal financing decreases by \$577,867, restricted receipts financing increases by \$2.0 million, and other funds financing increases by \$12.7 million.

Director of Revenue

Within the Director of Revenue program, the Governor recommends FY 2018 appropriations of \$1.2 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$97,219, all of which is related to personnel expenditures.

Office of Revenue Analysis

Within the Office of Revenue Analysis, the Governor recommends FY 2018 appropriations of \$788,009, all from general revenue. Relative to the FY 2017 enacted Budget, general revenue financing decreases by \$18,827, which is mostly attributable to the bi-annual appropriation for the RI Sales and Use Tax Model.

Lottery Division

Within the Lottery Division, the Governor recommends FY 2018 appropriations of \$375.0 million, all from other funds. Relative to FY 2017 enacted levels, recommended financing increases by \$12.7 million. Major changes are attributable to the following factors:

- *Lottery Sales.* The Governor includes an increase of \$12.9 million from lottery payments as a result of updated revenue estimates from VLT and table games as determined at the November Revenue Estimating Conference.
- *Personnel.* The Governor recommends a decrease of \$449,162 for personnel expenses associated with statewide benefit changes and increased turnover.
- *Operating Expenses.* The Governor recommends an increase of \$139,750 for advertising and other operating expenditures.
- *Purchased Services.* The Governor recommends an increase of \$86,624, which is mostly related to security services.

Municipal Finance

Within the Municipal Finance program, the Governor recommends FY 2018 appropriations of \$2.5 million, all from general revenue. Relative to FY 2017 enacted level, general revenue financing decreases by \$542,862 attributable to the following adjustments:

- *Personnel.* The Governor recommends a \$60,736 increase in general revenue financing for personnel expenditures, which is associated with decreased turnover and statewide benefit changes.
- *Purchased Services.* The Governor includes a reduction of \$50,000 from general revenue in association with the state no longer needing legal representation for Central Coventry Fire District Oversight.
- *Grants and Benefits.* The Governor recommends a decrease of \$550,685, which is mostly related to the removal of a one-time grant that was provided to the City of Central Falls in FY 2017.

Taxation

Within the Division of Taxation, the Governor recommends FY 2018 appropriations of \$25.8 million, including \$22.3 million from general revenue, \$1.4 million from federal funds, \$945,239 from restricted receipts, and \$1.2 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.0 million, federal funds financing increases by \$18,069, restricted receipts

General Government

financing increases by \$14,972, and other funds financing increase by \$16,624.

- *Additional Personnel.* The Governor includes \$962,891 in general revenue financing for the addition of 8.0 FTE positions associated with the implementation and operation of the new integrated tax system and decreased turnover within the division. This includes 2.0 Revenue Agents and 2.0 Data Analysts, which are anticipated to generate an additional \$2.0 million in revenue.
- *Purchased Services.* The Governor recommends an increase of \$1.0 million in general revenue for system support services associated with the new integrated tax system. There is also additional funding expected from the Information Technology Investment Fund for the implementation process.

Registry of Motor Vehicles

Within the Registry of Motor Vehicles, the Governor recommends FY 2018 appropriations of \$26.3 million, including \$24.0 million from general revenue, \$206,140 from federal funds, and \$2.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$376,708 million, federal funds financing decreases by \$595,936, restricted receipts financing decreases by \$2.0 million, attributable to the following adjustments:

- *Additional Personnel.* The Governor includes an increase of \$321,610 for personnel expenses associated with the addition of 8.0 FTE positions to reduce wait times at the Registry.
- *Transfer Payroll Expenses.* The Governor recommends general revenue savings of \$471,785, which assumes the transfer of these costs to the Highway Maintenance Fund. The \$471,785 is 0.5 percent of the total collections made by the DMV that is transferred to the Highway Fund.
- *Operating Costs.* The Governor recommends a general revenue increase of \$369,537 for facility operations expenses, which is mostly related to computer maintenance and postage.
- *Restricted Receipts.* The Governor recommends decreased restricted receipts financing of \$2.0 million for the DMV Modernization Project.
- *Federal Funds.* The Governor includes a \$595,936 decrease in federal funds financing associated with Commercial Vehicle Information and Commercial Drivers' License grants.
- *Revenues.* The Governor recommends an increase of \$539,000 in state general revenues attributable to the elimination of the refund for registrations returned with over one year validity.

State Aid

Within the State Aid program, the Governor recommends FY 2018 appropriations of \$69.4 million, including \$68.5 million from general revenue and \$922,013 from restricted receipts. Relative to the FY 2017 enacted levels, recommended general revenue financing increases by \$3.6 million, attributable to the following:

- *PILOT.* The Governor increases general revenue financing by \$3.2 million to fully fund the Payment in Lieu of Taxes (PILOT) program at 27 percent of assessed property taxes on eligible tax exempt properties.
- *Property Revaluation.* The Governor's recommendation includes \$377,327 in general revenue savings in the property revaluation program based on the number of communities scheduled to undertake revaluations and statistical updates in FY 2018.

General Government

Full Time Equivalent Positions

The Governor recommends 523.5 FTE positions in the revised FY 2017 Budget, consistent with the enacted FY 2017 level. The FY 2018 Budget includes 539.5 FTE positions, an increase of 16.0 FTE positions compared to the enacted FY 2017 authorization for the positions described above.

GENERAL ASSEMBLY

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$34,865,422	\$36,219,919	\$41,052,730	\$45,936,290	\$42,522,507
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$1,325,000	\$1,449,997	\$1,696,572	\$1,611,524	\$1,729,957
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$36,190,422	\$37,669,916	\$42,749,302	\$47,547,814	\$44,252,464
FTE Authorization	298.5	298.5	298.5	298.5	298.5

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$47.5 million for the General Assembly, including \$46.0 million from general revenue and \$1.6 million from restricted receipts. The recommendation includes a reappropriation of \$6.3 million. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$4.9 million, while restricted receipts financing decreases by \$85,048. The revised FY 2017 budget is inclusive of statewide savings distributed to state agencies, which resulted in \$50,536 of general revenue savings being allocated to the General Assembly.

- *Personnel Financing – Except General Assembly.* The Governor includes \$31.4 million for personnel costs, a decrease of \$1.0 million below the enacted FY 2017 Budget primarily attributable to reduced expenditures on regular wages and employees' retirement.
- *Personnel Financing – General Assembly.* The Governor includes \$3.8 million for personnel costs, an increase of \$184,089 above the enacted FY 2017 Budget, largely attributable to increased expenditures on medical insurance and regular wages.
- *Contracted Professional Services.* The Governor includes \$886,500 for contract professional services, an increase of \$357,000 above the enacted FY 2017 Budget. The increase is primarily due to an increase of \$120,000 for financial services, \$105,000 for information technology programming, and \$75,000 for legal services.
- *Operating Expenditures.* The Governor includes \$7.3 million for operating expenditures, an increase of \$4.2 million above the enacted FY 2017 Budget. The increase is largely attributable to an additional \$2.1 million for building maintenance and repair, \$611,796 for computer supplies, \$584,912 for office supplies and equipment, and \$408,000 for office equipment maintenance and repair.
- *Capital Purchases and Equipment.* The Governor includes \$1.9 million for capital purchases, an increase of \$1.1 million above the enacted FY 2017 Budget. Additional expenditures of \$532,235

General Government

for furniture and equipment and \$603,379 for computer equipment are the source of the increase.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$44.4 million for the General Assembly, including \$42.5 million from general revenue and \$1.7 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.5 million and restricted receipts financing increases by \$33,385. The FY 2018 budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$196,343 of general revenue savings being allocated to the General Assembly.

- *Personnel Financing – Except General Assembly.* The Governor includes \$33.2 million for personnel costs, an increase of \$701,550 above the enacted FY 2017 Budget primarily attributable to increased expenditures on medical insurance and regular wages.
- *Personnel Financing – General Assembly.* The Governor includes \$3.8 million for personnel costs, an increase of \$235,277 above the enacted FY 2017 Budget, largely attributable to increased expenditures on medical insurance and regular wages.
- *Contracted Professional Services.* The Governor includes \$552,500 for contracted professional services, an increase of \$26,000 above the enacted FY 2017 Budget due to increased expenditures on temporary and security services.
- *Operating Expenditures.* The Governor includes \$3.5 million for operating costs, an increase of \$452,835 above the enacted FY 2017 Budget largely attributable to increased expenditures on office equipment repair and maintenance and equipment rental.
- *Capital Purchases and Equipment.* The Governor includes \$825,000 for capital purchases, an increase of \$83,750 above the enacted FY 2017 Budget. This includes an increase of \$102,500 for furniture and office equipment.

Full Time Equivalent Positions

The Governor recommends 298.5 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

General Government

OFFICE OF LIEUTENANT GOVERNOR

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$959,864	\$1,026,362	\$1,079,576	\$1,053,288	\$1,084,217
Federal Funds	\$9	\$0	\$0	\$0	\$0
Restricted Receipts	\$12,000	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$971,873	\$1,026,362	\$1,079,576	\$1,053,288	\$1,084,217
FTE Authorization	8.0	8.0	8.0	8.0	8.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$1.1 million for the Office of the Lieutenant Governor, all from general revenue. Relative to the 2017 enacted level, recommended general revenue financing decreases by \$24,824. The revised FY 2017 budget is inclusive of an assessed fringe benefit savings distributed to state agencies, which resulted in \$1,464 of general revenue savings being allocated to the Office of the Lieutenant Governor.

- *Personnel.* The Governor's recommendation includes \$108,751 in general revenue savings which is related to additional turnover savings.
- *Contracted Professional Services.* The Governor's recommendation includes an additional \$76,000 for legal services retained to assist with intervention strategies at the Public Utilities Commission.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$1.1 million for the Office of the Lieutenant Governor, all from general revenue. Relative to the 2017 enacted levels, recommended general revenue financing increases by \$9,840. This recommendation is inclusive of a statewide savings of \$3,539 for assessed fringe benefit savings as well as \$1,660 for medical savings.

- *Personnel.* The Governor's recommendation includes an additional \$1,913 in general revenues due to the elimination of turnover and benefit rate changes.

The Governor recommends 8.0 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

General Government

DEPARTMENT OF STATE

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$7,164,977	\$6,690,089	\$10,281,051	\$9,920,874	\$8,911,319
Federal Funds	\$11,264	\$0	\$0	\$22,859	\$0
Restricted Receipts	\$478,183	\$397,868	\$556,519	\$440,273	\$439,478
Other Funds	\$817,194	\$914,723	\$907,177	\$808,527	\$807,345
RI Capital Plan Fund	\$37,079	\$430,168	\$100,000	\$150,000	\$0
Total Funding	\$8,508,697	\$8,432,848	\$11,844,747	\$11,342,533	\$10,158,142
FTE Authorization	57.0	57.0	59.0	59.0	59.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$11.3 million for the Secretary of State, including \$9.9 million from general revenue, \$22,859 from federal funds, \$440,273 from restricted receipts, \$150,000 from the Rhode Island Capital Plan Fund, and \$808,527 from all other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$360,171, restricted receipts funding decreases by \$116,246, Rhode Island Capital Plan Fund expenditures increase by \$50,000, and all other fund sources decrease by \$98,650.. The revised FY 2017 budget is inclusive of statewide savings distributed to state agencies, which resulted in \$8,655 of general revenue savings being allocated to the Secretary of State.

Administration

Within the Administration program, the Governor recommends revised FY 2017 general appropriations of \$3.3 million, a decrease of \$236,881 below the enacted FY 2017 level. A large portion of the decrease is attributable to agency-initiated operating reductions.

- *Regulatory Reform Initiative.* The Governor shifts \$66,967 of funding associated with the Regulatory Reform Initiative to the Office of Regulatory Reform in the Department of Administration to provide legal assistance to agencies working to update and revise rules and regulations.
- *Strengthening eGovernment.* The Governor adds \$65,250 for partial year funding of a junior application developer position. The contractor will assist in the redesign of the Lobby Tracker application, Open Meeting interface, and Boards and Commissions database. Additional responsibilities will include a restructure of the Business Services database and reimagining of the Rhode Island Government Owners' manual to meet the needs of different audiences.

Corporations

Within the Corporations program, the Governor recommends revised FY 2017 general revenue appropriations of \$2.1 million, a decrease of \$73,851 below the enacted FY 2017 level largely due to reduced personnel costs.

Elections and Civics

Within the Elections and Civics program, the Governor recommends revised FY 2017 appropriations of \$3.3 million, including \$22,859 in restricted receipts. Compared to the enacted FY 2017 budget, general revenue expenditures decrease by \$119,327 due to reduced 2016 primary and general election costs.

General Government

Office of Public Information

Within the Office of Public Information program, the Governor recommends revised FY 2017 appropriations of \$549,703, including \$25,000 in restricted receipts. Relative to the FY 2017 enacted levels, recommended general revenue increases by \$40,471, while restricted receipts expenditures decrease by \$15,000.

- *State House Tours.* The Governor adds \$10,000 to support an expansion of the State Hour tour program.

State Library

Within the State Library program, the Governor recommends revised FY 2017 general revenue appropriations of \$630,151, an increase of \$76,002 from the enacted FY 2017 Budget largely attributable to increased personnel costs.

- *Library Upgrades.* The Governor adds \$15,000 to purchase audio visual equipment and kiosks to provide information about State House hearings and events.

State Archives

Within the State Archives program, the Governor recommends revised FY 2017 appropriations of \$652,423, including \$87,150 from general revenue, \$415,273 from restricted receipts, and \$150,000 from the Rhode Island Capital Plan Fund, Relative to FY 2017 enacted levels, recommended general revenue decreases by \$46,571, restricted receipts financing decreases by \$101,246, and expenditures from the Rhode Island Capital Plan Fund increase by \$50,000. The all funds decrease is attributable to operational and personnel reductions.

- *State Archives Feasibility Study.* The Governor's recommendation includes an additional \$50,000 to finance a feasibility study for a new permanent structure to house state archival holdings for which \$100,000 was included in the FY 2017 Enacted Budget.

Record Center

Within the Record Center program, the Governor recommends FY 2017 appropriations of \$808,527, all from other funds. Relative to the FY 2017 enacted levels, recommended other funds decrease by \$98,650.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$10.2 million for the Secretary of State, including \$8.9 from general revenue, \$439,478 from restricted receipts, and \$807,345 from other funds. Relative to the FY 2017 enacted levels, recommended general revenue financing decreases by \$1.4 million, restricted receipts financing decreases by \$117,041, Rhode Island Capital Plan Fund financing decreases by \$100,000, and all other fund sources decrease by \$99,832. The FY 2018 budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$30,295 of general revenue savings being allocated to the Secretary of State.

Administration

Within the Administration program, the Governor recommends FY 2018 general appropriations of \$3.4 million, a decrease of \$156,594 below the enacted FY 2017 Budget. A large portion of the decrease is

General Government

attributable to agency-initiated operating reductions.

- *Regulatory Reform Initiative.* The Governor shifts \$170,704 of funding associated with the Supporting Regulatory Reform Initiative to the Office of Regulatory Reform in the Department of Administration to provide legal assistance to agencies working to update and revise rules and regulations.
- *Strengthening eGovernment.* The Governor adds \$312,080 for full year financing of two contract junior application developers (\$262,080) and associated hardware and software costs (\$50,000). The contractors will assist in the redesign of the Lobby Tracker application, Open Meeting interface, and Boards and Commissions database. Additional responsibilities will include a restructure of the Business Services database and reimagining of the Rhode Island Government Owners' manual to meet the needs of different audiences.

Corporations

Within the Corporations program, the Governor recommends FY 2018 general revenue appropriations of \$2.2 million, an increase of \$31,500 above the enacted FY 2017 level.

- *Scanning Project for Business Services.* The Governor's recommendation includes \$50,000 to finance the scanning of business records which will allow for greater transparency of businesses because the files will be viewable online.

Elections and Civics

Within the Elections and Civics program, the Governor recommends FY 2018 general revenue appropriations of \$1.9 million, a decrease of \$1.5 million due to reduced operational costs in a non-election year.

- *E-Poll Books.* The Governor includes \$25,000 for maintenance and support of e-poll books.

Office of Public Information

Within the Office of Public Information program, the Governor recommends FY 2018 appropriations of \$612,562, including \$587,562 in general revenue and \$25,000 in restricted receipts. Relative to the FY 2017 enacted levels, recommended general revenue increases by \$103,330, while restricted receipts expenditures decrease by \$15,000.

- *State House Tours.* The Governor adds \$10,000 to support an expansion of the State Hour tour program.

State Library

Within the State Library program, the Governor recommends FY 2018 general revenue appropriations of \$723,385, an increase of \$169,236 from the enacted FY 2017 Budget largely attributable to increased personnel costs.

State Archives

Within the State Archives program, the Governor recommends FY 2018 appropriations of \$501,628 including \$87,150 from general revenue and \$414,478 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue decreases by \$46,571 and restricted receipts financing

General Government

decreases by \$102,041. The all funds decrease is attributable to reduced operating, capital, and personnel costs.

Record Center

Within the Record Center program, the Governor recommends FY 2018 appropriations of \$807,345 from other fund sources. Relative to the FY 2017 enacted levels, financing decreases by \$99,832.

The Governor recommends 59.0 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

TREASURY DEPARTMENT

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$2,400,368	\$2,271,575	\$2,736,231	\$2,733,044	\$2,698,692
Federal Funds	\$649,120	\$741,266	\$952,881	\$905,808	\$890,337
Restricted Receipts	\$38,279,369	\$37,730,574	\$33,320,911	\$36,859,237	\$35,886,175
Other Funds	\$203,337	\$8,533,903	\$550,410	\$8,648,808	\$8,550,242
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$41,532,194	\$49,277,318	\$37,560,433	\$49,146,897	\$48,025,446
FTE Authorization	83.0	84.0	88.0	87.0	87.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$49.1 million for the Office of the General Treasurer, including \$2.7 million from general revenue, \$905,808 from federal funds, \$36.9 million from restricted receipts, and \$8.6 million in other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$3,187, federal financing decreases by \$47,073, restricted receipt financing increases by \$3.5 million, and other funds financing increases by \$8.1 million.

General Treasurer

Within the General Treasurer program, the Governor recommends revised FY 2017 appropriations of \$11.4 million, including \$2.5 million from general revenue, \$288,346 from federal funds, and \$8.6 million in other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$12,304, federal fund financing decreases by \$40,248, and other funds increase by \$8.1 million, primarily attributable to the following adjustments:

- *CollegeBoundSaver Program (formerly CollegeBoundfund)*. The Governor recommends an increase of \$8.1 in other funds for the Tuition Savings Program Administration. Of this amount, \$8.0 million reflects a change in the method of accounting for the transfer of investment earnings on the State's 529 college savings plan from the General Treasurer to the Office of the Postsecondary Commissioner. Beginning in FY 2016, the Office of the Auditor General requires that the transfer be expensed by the General Treasurer.
- *Assessed Fringe Benefit Rate Reduction Savings*. The Governor's recommendation includes \$2,854 in general revenue savings allocated to this program.

General Government

State Retirement System

Within the State Retirement System program, the Governor recommends revised FY 2017 appropriations of \$11.3 million, all from restricted receipts. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$1.4 million, largely attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$5.5 million for personnel costs, a \$119,322 increase from the enacted FY 2017 Budget. Forty-eight of the agency's 87.0 FTE positions are assigned to the State Retirement System Program
- *Contract Services.* The Governor's recommendation includes \$4.8 million for contract services, a \$1.4 million increase from the enacted FY 2017 Budget. Of the \$1.4 million increase, approximately \$400,000 is for information technology costs that were shifted from FY 2016 to FY 2017, while \$750,000 is for a "hold back" agreement with the new computer system vendor, which will be paid upon full implementation of the new "Ariel" computer system. Also included is \$119,000 for a consultant to review the Retirement Board governance structure.
- *Operating.* The Governor's recommendation includes \$635,800 for operating costs, a \$99,000 decrease from the enacted FY 2017 Budget. The reduction includes a decrease \$60,000 for insurance costs and \$12,000 for computer supplies and equipment.

Unclaimed Property

Within the Unclaimed Property Program, the Governor recommends revised FY 2017 appropriations of \$24.4 million in restricted receipt financing. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$2.1 million, primarily attributable to a \$1.8 million increase in the transfer to the State's general fund surplus in accordance with the November 2016 Revenue Estimating Conference (REC), followed by \$100,000 for auditing services, \$70,120 for the change in liability, and \$85,000 for information technology support services.

Crime Victim Compensation

Within the Crime Victim Compensation, the Governor recommends revised FY 2017 appropriations of \$2.0 million, including \$237,569 from general revenue, \$617,462 from federal funds, and \$1.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$9,117, federal funds financing decreases by \$6,825, and restricted receipts financing increases by \$2,824. The Governor's recommendation includes \$333 in general revenue savings for a statewide reduction in the assessed fringe benefit rate.

Of the Crime Victim Compensation programs \$2.0 million revised FY 2017 Budget, \$1.5 million is for benefit payments to crime victims, followed by \$411,223 for personnel costs, and \$52,515 for operating costs.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$48.0 million for the Office of the General Treasurer, including \$2.7 million from general revenue, \$890,337 from federal funds, \$35.9 million from restricted receipts, and \$8.6 million from other funds. Relative to enacted FY 2017 Budget, recommended general revenue financing decreases by \$37,539, federal financing decreases by \$62,544, restricted receipt financing

General Government

increases by \$2.6 million, and other funds financing increases by \$8.0 million.

General Treasurer

Within the General Treasurer program, the Governor recommends FY 2018 appropriations of \$11.3 million, including \$2.5 million from general revenue, \$290,987 from federal funds, and \$8.6 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$51,762, federal funds financing decreases by \$37,607, and other funds increase by \$8.0 million.

- *CollegeBoundSaver Program.* The Governor recommends \$8.3 million in other funds for the Tuition Savings Program Administration. As with the revised FY 2017 Budget, \$8.0 million of this amount reflects a change in the method of accounting for the transfer of investment earnings on the State's 529 college savings plan from the General Treasurer to the Office of the Postsecondary Commissioner.
- *Assessed Fringe Benefit Rate Reduction/Medical Insurance Rate Savings.* The Governor's recommendation includes \$8,671 in general revenue savings allocated to this program.

State Retirement System

Within the State Retirement System program, the Governor recommends FY 2018 appropriations of \$10.9 million, all from restricted receipts. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$1.0 million, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$5.8 million for personnel, an increase of \$349,306 from the enacted FY 2017 budget. The additional \$349,306 fully funds all positions in the program and provides for increases in employee benefit costs.
- *Contract Services.* The Governor's recommendation includes \$4.1 million for contract services, a \$696,100 increase from the enacted FY 2017 Budget. Most of the increase is attributable to planned enhancements to the new computer system, which will allow ERSRI members to perform more "self-service" activities with greater accuracy. When fully implemented, the system will allow ERSRI members to view their defined benefit, defined contribution, and other retirement assets in a single web platform.

Unclaimed Property

Within the Unclaimed Property Program, the Governor recommends FY 2018 appropriations of \$23.9 million, all from restricted receipts. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$1.5 million, attributable primarily to a \$355,255 increase in the transfer to general fund surplus per the November 2016 REC and a \$959,253 increase in the change in liability.

Crime Victim Compensation

Within the Crime Victim Compensation, the Governor recommends FY 2018 appropriations of \$2.0 million, including \$242,675 from general revenue, \$599,350 from federal funds, and \$1.1 million from restricted receipts. Relative to enacted FY 2017 Budget, recommended general revenue financing increases by \$14,223, federal funds financing decreases by \$24,937, and restricted receipts financing increases by \$1,786. The Governor's recommendation includes \$976 in general revenue savings for a statewide reduction in the assessed fringe benefit rate and a reduction in medical insurance rates.

General Government

The Governor recommends 87.0 FTE positions in the revised FY 2017 Budget and the FY 2018 Budget, which is 1.0 FTE less than the enacted FY 2017 Budget.

BOARD OF ELECTIONS

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$4,656,136	\$1,714,512	\$1,982,707	\$2,068,676	\$1,548,735
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$4,656,136	\$1,714,512	\$1,982,707	\$2,068,676	\$1,548,735
FTE Authorization	11.0	11.0	12.0	12.0	12.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 general revenue appropriations of \$2.1 million for the Board of Elections. This includes a reappropriation of \$11,500 to complete enhancements to the Electronic Reporting Tracking Systems for campaign finance reports. Relative to FY 2017 enacted levels, recommended financing increases by \$85,969. The revised FY 2017 budget is inclusive of statewide savings distributed to state agencies, which resulted in \$1,360 of general revenue savings being allocated to the Board of Elections.

- *Personnel.* The Governor's recommendation includes \$1.3 million from general revenue, a decrease of \$106,586 from the enacted FY 2017 Budget.
- *Contract Services.* The Governor's recommendation includes \$133,788 from general revenue, an increase of \$53,905 above the enacted FY 2017 Budget for additional expenditures on legal services.
- *Operating/Capital.* The Governor's recommendation includes \$601,530 from general revenue, an increase of \$138,650 above the enacted FY 2017 Budget. Larger increases include \$85,000 for additional primary election costs and \$24,000 to finance telecommunications lines for new voting equipment.

FY 2018 Recommended Budget

The Governor recommends FY 2018 general revenue appropriations of \$1.5 million. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$433,972, largely due to FY 2018 not being an election year. The revised FY 2018 budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$6,922 of general revenue savings being allocated to the Board of Elections.

- *Personnel.* The Governor's recommendation includes \$1.3 million from general revenue, a decrease of \$187,227 from the enacted FY 2017 Budget. The decrease is largely due to reduced expenditures on seasonal employees required in election years.

General Government

- *Contract Services.* The Governor's recommendation includes \$83,788 from general revenue, an increase of \$3,905 above the enacted FY 2017 Budget for additional expenditures on legal services.
- *Operating/Capital.* The Governor's recommendation includes \$212,230 from general revenue, a decrease of \$250,650 below the enacted FY 2017 Budget due to FY 2018 not being an election year requiring additional expenditures.
- *Election and Reporting and Tracking System (ERTS).* The agency received \$350,000 in FY 2018 from the Information Technology Investment Fund to upgrade its campaign finance and reporting system. (Funding for this project is included in the Department of Administration budget)

The Governor recommends 12.0 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

RHODE ISLAND ETHICS COMMISSION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$1,579,038	\$1,546,331	\$1,653,383	\$1,631,610	\$1,665,873
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,579,038	\$1,546,331	\$1,653,383	\$1,631,610	\$1,665,873
FTE Authorization	12.0	12.0	12.0	12.0	12.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$1.6 million for the Rhode Island Ethics Commission, which is funded solely from general revenue. Relative to the FY 2017 enacted level, recommended general revenue financing decreases by \$21,773.

- *Personnel.* The Governor's recommendation includes \$1.5 million from general revenue, a decrease of \$30,273 from the enacted FY 2017 Budget. The decrease includes turnover savings from a vacant position of \$27,948 and assessed fringe benefit rate reduction savings of \$2,325.
- *Contract Services.* The Governor includes \$35,000 from general revenue for various contract services, including legal services and other temporary services. The recommendation is \$8,000 greater than the enacted FY 2017 Budget.
- *Operating/Capital.* The Governor includes \$176,713 for operating expenses and capital purchases and equipment, a \$500 increase from the enacted FY 2017 Budget.

General Government

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$1.7 million from general revenue. Relative to the FY 2017 enacted level, recommended general revenue financing increases by \$12,490.

- *Personnel.* The Governor’s recommendation includes \$1.6 million from general revenue, an increase of \$4,363 from the enacted FY 2017 Budget. The FY 2018 Budget includes statewide assessed fringe benefit rate reduction savings of \$5,111 and medical insurance rate savings of \$1,578.
- *Contract Services.* The Governor includes \$32,001 from general revenue for various contract services. The recommendation is \$5,001 greater than the enacted FY 2017 Budget.
- *Operating/Capital.* The Governor includes \$176,713 for operating expenses and capital purchases and equipment. The recommendation is \$3,126 more than the enacted FY 2017 Budget of \$173,587.

The Governor recommends 12.0 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

EXECUTIVE DEPARTMENT

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$4,401,947	\$4,755,102	\$5,091,069	\$5,375,482	\$5,397,554
Federal Funds	-\$53	\$0	\$0	\$0	\$0
Restricted Receipts	-\$1	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$4,401,893	\$4,755,102	\$5,091,069	\$5,375,482	\$5,397,554
FTE Authorization	45.0	45.0	45.0	45.0	45.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 general revenue appropriations of \$5.4 million for the Office of the Governor. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$284,413 – the result of a reappropriation of unspent balances in the Governor’s Contingency Fund. The Contingency Fund is used to support unforeseen expenses that may occur. The revised FY 2017 Budget is inclusive of assessed fringe benefit and other savings distributed to state agencies, which resulted in \$7,587 of general revenue savings allocated to the Office of the Governor.

FY 2018 Recommended Budget

The Governor recommends FY 2018 general revenue appropriations of \$5.4 million for the

General Government

Office of the Governor. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$306,485. The changes to the Office of the Governor's budget are attributable to the following adjustment:

- *Personnel Transfers* – Several departments currently lend staff to the Governor's Office on an as-needed, project-oriented basis. As project demands have increased, several individuals have spent increasing amounts of time in the Governor's Office. To reflect that change, the Governor's Office proposes moving three agency personnel into vacant positions in the Governor's Office (Health Program Administrator from the Executive Office of Health & Human Services; Interdepartmental Project Manager from the Department of Children, Youth and Families; Executive Counsel from the Executive Office of Commerce).

The recommended FY 2018 Budget is inclusive of medical benefit and other savings distributed to state agencies, which resulted in \$22,553 of general revenue savings allocated to the Office of the Governor.

The Governor recommends 45.0 FTE positions in the revised FY 2017 Budget and 45.0 FTE positions in the recommended FY 2018 Budget.

RHODE ISLAND COMMISSION FOR HUMAN RIGHTS

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$1,225,335	\$1,242,374	\$1,258,128	\$1,247,603	\$1,258,074
Federal Funds	\$331,403	\$279,063	\$323,295	\$398,405	\$432,028
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,556,738	\$1,521,437	\$1,581,423	\$1,646,008	\$1,690,102
FTE Authorization	14.5	14.5	14.5	14.5	14.5

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$1.6 million for the Commission for Human Rights, including \$1.2 million from general revenue and \$398,409 from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$10,525, while federal funds financing increases by \$75,110. The decrease in general revenue financing is attributable to the use of available surplus federal funds from both the Federal Equal Employment Opportunity Commission (EEOC) and the United States Department of Housing and Urban Development. The revised FY 2017 Budget is inclusive of statewide assessed fringe benefit rate reductions distributed to state agencies, which resulted in \$1,611 of general revenue savings being allocated to the Commission for Human Rights.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$1.7 million, including \$1.3 million from general revenue and \$432,028 from federal funds. Relative to the FY 2017 enacted levels, recommended general revenue financing decreases by \$54 and federal funds financing increases by \$108,733. The increase in

General Government

federal funds is attributable to the use of available surplus federal funds from both the Federal Equal Employment Opportunity Commission (EEOC) and the United States Department of Housing and Urban Development. The recommended FY 2018 Budget is inclusive of medical benefit and other savings distributed to state agencies, which resulted in \$5,170 in general revenue savings allocated to the Commission for Human Rights.

The Governor recommends 14.5 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, the same level authorized in the enacted FY 2017 Budget.

PUBLIC UTILITIES COMMISSION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$81,792	\$107,180	\$104,669	\$128,000	\$129,225
Restricted Receipts	\$6,680,573	\$7,170,809	\$8,822,304	\$9,049,801	\$9,604,152
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$6,762,365	\$7,277,989	\$8,926,973	\$9,177,801	\$9,733,377
FTE Authorization	50.0	50.0	51.0	54.0	57.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$9.2 million for the Public Utilities Commission, including \$9.1 million from restricted receipts and \$128,000 from federal funds. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$227,497, while federal financing increases by \$23,331. The Governor includes all funds financing of \$6.3 million for personnel, \$1.9 million for contract services, \$975,204 for operating expenses, and \$80,000 for capital expenditures. The FY 2017 revised budget includes three new FTE positions, two administrative assistants and a chief of program development.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$9.7 million for the Commission, including \$9.6 million from restricted receipts and \$129,225 from federal funds. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$781,848 while federal financing increases by \$24,556. The Governor includes all funds financing of \$6.9 million for personnel, \$1.7 million for contract services, \$1.1 million for operating expenses, and \$70,000 for capital expenditures. The FY 2018 budget recommendation includes the following:

- *Personnel:* Personnel expenditures are \$6.9 million, \$618,835 greater than the FY 2017 Enacted budget. In addition to the positions added in FY 2017, the FY 2018 recommendation includes 3.0 additional FTE positions, including, a deputy chief of legal services, a fiscal management officer, and a regulatory research specialist. The new positions will assist with the growing number of utility termination cases, the increased complexity of issues such as utility regulations, compliance, and increased filings, including grid system and rate modernization, as well as new renewable energy

General Government

standards, reflecting the work of the Energy Facilities Siting Board and the Renewable Energy Standard program.

- *Contract Services:* Expenditures are \$1.7 million, \$7,450 less than the FY 2017 Enacted budget.
- *Operating/Capital:* Expenditures are \$1.2 million, an increase of \$195,356 from the FY 2017 Enacted budget. The increase reflects a rent increase of \$160,380 for the Commission's headquarters, a state-owned building. The Commission transfers funds to the State general fund annually for rent.

The Governor recommends 54.0 FTE positions in the revised FY 2017 Budget, three more than the enacted FY 2017 level of 51.0. In FY 2018 the Governor recommends 57.0 FTE positions an increase of 6.0 FTE position from the FY 2017 enacted level. Positions include commission members, accountants, auditors, public utilities analysts, consumer agents, engineering specialists, legal counsel, and administrative and information technology 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, behavioral healthcare, disability and rehabilitation services, client subsidies, case management, residential supports, services for at-risk children, and public health, medical and human services regulation.

In FY 2018, notwithstanding a continuing constrained budgetary environment, the Health and Human Services departments and agencies continue to leverage their resources to promote public health and support individuals and families in living independent and fulfilling lives. Services to meet the health, 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; and Behavioral Healthcare, Developmental Disabilities, and Hospitals. Governor Raimondo is a strong advocate for building and maintaining a sustainable safety net in Rhode Island, consisting of high-quality programs that deliver the right services at the right times 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.

Building upon Reinventing Medicaid, a large-scale reform initiative within the State's Medicaid program, the Executive Office of Health and Human Services continues to promote and foster healthcare innovations within six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment for long-term services and supports, value-based payment for services in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency.

The Department of Human Services is fully committed to assist low-income families with child care and back-to-work programs. The FY 2018 Budget includes new federal requirements outlined in the Child Care Development Block Grant Reauthorization Act of 2014. These new requirements include a variety of family-friendly eligibility policies, such as 12 months of uninterrupted child care benefits, 3 months of continued eligibility when families face a permanent job loss, as well as increases in the amount of funding allocated towards quality improvement activities. Also included in the Governor's FY 2018 recommendation is a proposal critical to achieving the Governor's Third Grade Reading Goal that would implement a performance-based quality payment program for Child Care Assistance Program (CCAP) providers. Rhode Island provides strong access to child care, but many providers are unable to invest in quality improvements —75% of CCAP children receive care in centers that are rated 1 or 2 stars out of 5 by the state's quality rating system (Bright Stars). This program will incentivize and award improvements in childcare quality and early childhood outcomes for infants and toddlers.

The Department of Children, Youth, and Families is committed to ensuring that the safety, permanency and well-being of all children and youth is achieved through an array of home and community-based services. Efforts are being made to reduce costs and improve efficiencies through new program initiatives that will ensure opportunities for children to reach their full potential. The Department is completing contract negotiations with its child placement agencies, resource family supports, and home-based service providers to ensure the correct placement capacity and types of service. The Department will continue to shift its service array of child placements from higher cost out-of-home settings to lower cost family and home settings to improve outcomes for children and families served by DCYF and subsequently generate savings in FY 2018. At the close FY 2016, approximately 25% of all bed-days experienced by children in placement were in group and residential settings. DCYF intends to reduce that case mix share to its goal of 15% by the end of FY 2018.

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals is transforming services provided to individuals with developmental disabilities by transitioning to a system that

Health and Human Services

emphasizes integrated employment opportunities and home- and community-based services. This shift in services provides individuals with more integrated and less restrictive services for both employment and residential options. In addition to programmatic changes for individuals with developmental disabilities, the Eleanor Slater Hospital system is undergoing reorganization to enhance services provided to patients and achieve greater efficiencies.

The Department of Health continues to make strides in achieving its state-wide population health goals to reduce the burden of disease and address social determinants of health. To help provide safe and healthy living environments, the Governor recommends increasing funding to the Tobacco Prevention and Cessation Program for FY 2018 for anti-smoking media campaigns, targeted cessation efforts, and policy and advocacy. As part of a consolidation of programs addressing lead poisoning, funding will be moved from the Executive Office of Commerce to the Department of Health.

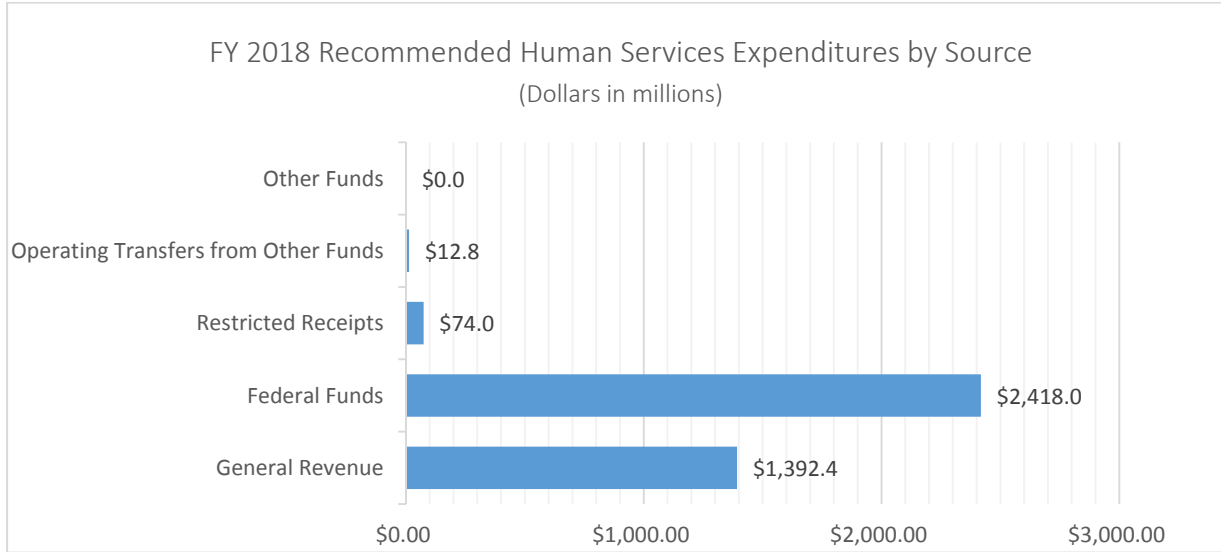
The dual role of advocacy and public education continues to be provided by the Offices of the Child Advocate and Mental Health Advocate, the Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

In FY 2017, the Governor recommends a revised all funds budget of \$3.902 billion for the Health and Human Services function, including \$1.405 billion from general revenue, \$2.408 billion from federal funds, \$69.9 million from restricted receipts, and \$19.6 million from other funds. Relative to the FY 2017 enacted budget, there is a net increase of \$133.8 million, including a \$17.0 million increase in general revenue financing, a \$108.0 million increase in federal funds financing, a \$6.1 million increase in restricted receipts financing, and a \$2.7 million increase in other financing funds. The Governor recommends 3,618.6 FTE positions in the FY 2017 revised budget, a reduction of 1.0 FTE position compared to the FY 2017 enacted budget.

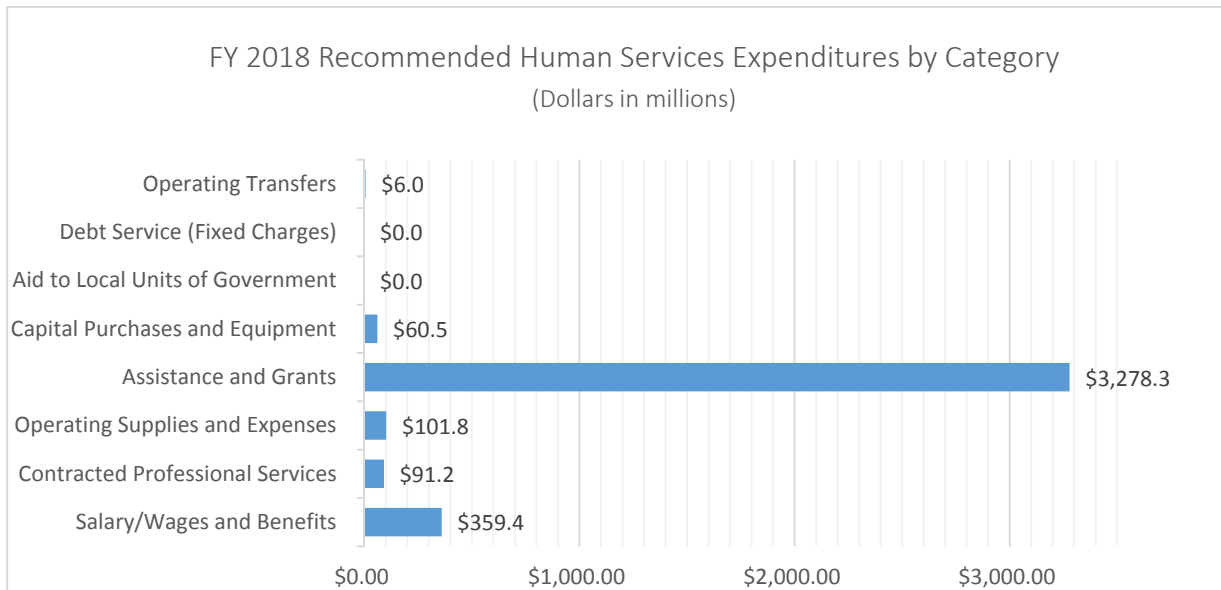
The Governor's proposed funding level of \$3.897 billion for FY 2018 maintains services for the State's most vulnerable populations. This proposal consists of \$1.392 billion from general revenue, \$2.418 billion from federal funds, \$74.0 million from restricted receipts, and \$12.8 million from other funds. This reflects a net increase of \$129.3 million, including an increase of \$4.8 million from general revenue, an increase of \$118.5 million from federal funds, an increase of \$10.2 million from restricted receipts, and a decrease of \$4.1 million from other funds relative to the FY 2017 enacted budget. The Governor recommends 3,561.6 FTE positions in the FY 2018 Budget, a reduction of 57.0 FTE positions compared to the FY 2017 enacted budget. Although there is no impact to the FTE total for Human Services, the Governor's FY 2018 budget includes a transfer of 91 finance professionals from the various human service departments to EOHHS to gain efficiencies by consolidation of the financial group supporting Human Services.

The FY 2018 recommendation constitutes 42.19 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 on the next page displays funding by source for the Governor's FY 2018 recommendation for the Health and Human Service agencies and departments.

Health and Human Services



The Governor’s FY 2018 recommendation includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals and providers, 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 \$450.6 million, or 11.6 percent, of all expenditures programmed for Health and Human Services. Grants and benefits expenditures of \$3.278 billion account for the largest outflow of identified resources, reflecting 84.1 percent of the total Health and Human Services function. The chart below shows the outflows of all resources by category of expenditure for the Health and Human Services function.



Health and Human Services

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$915,652,909	\$911,535,815	\$936,987,012	\$945,360,040	\$938,634,987
Federal Funds	\$1,402,816,157	\$1,433,337,164	\$1,447,676,171	\$1,527,858,521	\$1,506,283,492
Restricted Receipts	\$16,181,394	\$15,428,158	\$13,529,402	\$15,815,092	\$21,127,269
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$2,334,650,460	\$2,360,301,137	\$2,398,192,585	\$2,489,033,653	\$2,466,045,748
FTE Authorization	184.0	187.0	179.0	178.0	269.0

FY 2017 Revised Budget

The Governor recommends a revised FY 2017 appropriation of \$2.489 billion for the Executive Office of Health and Human Services (EOHHS), including \$945.4 million in general revenue, federal funds of \$1.528 billion, and restricted receipts of \$15.8 million. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$8.4 million, federal financing increases by \$80.2 million and restricted receipts financing decreases by \$2.3 million. The revised FY 2017 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$19,997 of general revenue savings being allocated to the Executive Office of Health and Human Services.

Central Management

Within Central Management, the Governor recommends revised FY 2017 appropriations of \$170.8 million, including \$32.9 million from general revenue, \$131.7 million from federal funds, and \$6.2 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$337,663, while federal funds financing and restricted receipts financing increases by \$24.0 million, attributable to the following adjustments:

- *Supplemental Appropriation Contract Services.* The Governor's recommendation includes a \$258,064 increase in general revenue related to delays in contract spending from FY 2016.

Medical Assistance

Within the Medical Assistance program, the Governor recommends revised FY 2017 appropriations of \$2.318 billion, including \$912.5 million from general revenue, \$1.396 billion from federal funds, and \$9.6 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$8.0 million, while federal funds financing and restricted receipts financing increases by \$58.5 million, attributable to the following adjustments:

- *Caseload Estimating Conference Consensus Estimate - Change to the Enacted Appropriation.* The Governor's recommendation includes the Caseload Estimating Conference increase of \$9.5 million in general revenue related to an increase in enrollment trends, new psychiatric beds, unachieved UHIP savings, and higher risk share liability.
- *Part B Medicaid* – After the Caseload Estimating Conference, the federal government issued new rates for Part B Medicare that reduced the estimate by \$1.5 million.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$2.466 billion, including \$938.6 million from general revenue, \$1.506 billion from federal funds, and \$21.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increased by \$1.6 million, while federal funds financing and restricted receipts financing increases by \$66.2 million. The FY 2018 budget is

Health and Human Services

inclusive of enacted statewide medical benefits and other savings distributed to state agencies, which resulted in \$60,306 of general revenue savings being allocated to the Executive Office of Health and Human Services.

Central Management/UHIP

Within Central Management, the Governor recommends FY 2018 appropriations of \$111.6 million, including \$26.9 million from general revenue, \$76.7 million from federal funds, and \$7.9 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$5.6 million, while federal funds financing and restricted receipts financing decreases by \$29.3 million, attributable to the following adjustments:

- Personnel, Grants and Other Operating Expenses.* The Governor's recommendation includes an increase of \$641,424 in general revenue and a decrease of \$3.4 million in federal funds financing related to the FY 2017 enacted levels for personnel and other health innovation plans to support the EOHHS organization. The major increase in general revenue is the Governor's Working Group for Healthcare Innovation recommendation for data analytics capacity to coordinate public hearings that inform the state's understanding of health care spending, the associated drivers and possible solutions for cost containment. A Total Cost of Care study would inform the state's Cost Trend Hearings, which hold the state's payers, providers, and others accountable for containing rising health care costs.
- Unified Health Infrastructure Project (UHIP).* The Governor's recommendation includes a decrease of \$6.2 million in general revenue financing (EOHHS only) and \$29.9 million in federal funds financing (EOHHS only) related to the FY 2017 enacted levels for the UHIP project. The Governor's recommended FY 2017 and FY 2018 budget, as well as the total for the project is displayed in the following table:

FY 2017 Revised and FY 2018 UHIP Budget					
	FY 2013 - FY 2016 Actual	FY 2017 Enacted	FY 2017 Governor	FY 2018 Governor	Total Project
Funding by Source/Agency					
General Revenue:					
Executive Office of Human Services	26,038,798	9,990,495	10,034,012	3,741,061	39,813,871
Department of Human Services	8,592,228	984,921	1,275,037	907,969	10,775,234
Total General Revenue	34,631,025	10,975,416	11,309,049	4,649,030	50,589,104
Federal Funding:					
Executive Office of Human Services	169,129,290	41,996,278	66,320,886	12,131,128	247,581,304
Department of Human Services	13,166,669	4,440,254	7,053,288	2,849,659	23,069,616
Total Federal Funding	182,295,959	46,436,532	73,374,174	14,980,787	270,650,920
IT Investment Fund*	1,723,232	4,652,200	2,785,117	1,224,027	5,732,376
All Funds:					
Executive Office of Human Services	195,168,088	51,986,773	76,354,898	15,872,189	287,395,175
Department of Human Services	21,758,896	5,425,175	8,328,325	3,757,628	33,844,849
IT Investment Fund	1,723,232	4,652,200	2,785,117	1,224,027	5,732,376
Grand Total	218,650,216	62,064,148	87,468,340	20,853,844	326,972,400

* - IT Investment Fund FY 2017 Enacted budget includes the remaining balance of \$4,652,200 of a total \$6,375,432 allotted to the project

The Governor recommends 178.0 FTE positions in the revised FY 2017 Budget which is one less than the

Health and Human Services

enacted FY 2017 level for a transfer of one position to the Governor's Office. The Governor recommends 269.0 FTE positions for the FY 2018 Budget, which is an addition of 90 FTE positions compared to the FY 2017 enacted level due to the transfer of finance professionals from the various human service departments to EOHHS to gain efficiencies by consolidation of the financial group supporting Human Services.

Medical Assistance

Within the Medical Assistance program, the Governor recommends FY 2018 appropriations of \$2.354 billion, including \$911.7 million from general revenue, \$1.430 billion from federal funds, and \$13.2 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$7.3 million, while federal funds financing and restricted receipts financing increases by \$95.5 million, attributable to the following adjustments:

- *CEC Consensus Estimate - Change to the Enacted Appropriation.* The Governor recommendation includes the Caseload Estimating Conference increase of \$47.9 million in general revenue financing and \$133.4 million in federal funds financing. The change is driven by increases in enrollment trends, the lapse of 100% federal funding for the Medicaid expansion population (see Medicaid Expansion under the Affordable Care Act explanation below), new psychiatric beds, unachieved UHIP savings, and higher risk share liability. The recommendation is \$4.0 million higher than the July 2016 Budget Office estimate.

The Medicaid Expansion under the Affordable Care Act for FY 2018 includes a total appropriation of \$504.0 million, which reflects general revenue financing of \$27.9 million 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 the ACA, full federal financing of Medicaid services for the expanded eligibility population lapsed 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.

- *Part B Medicaid* – After the Caseload Estimating Conference, the federal government issued new rates for Part B Medicare that reduced the CEC estimate by \$1.5 million.
- *Governor's Savings Initiatives/Reform Proposals.* The Governor recommends a decrease of \$39.1 million in general revenue financing and \$39.9 million in federal funds financing related to a number of Initiatives/Reform Proposals listed below (with the general revenue impact):

1. Change to Rhode Island's FQHC PPS-2 Payment Methodology – (\$1,201,784)

The Governor recommends the transition from Rhode Island's alternative Prospective Payment System (PPS) rate methodology to the Medicare PPS for all eligible encounters at Federally Qualified Health Centers in Rhode Island. Included in capitation rates is the full actuarial value of the incurred FQHC PPS payments.

2. Improve Patient Share Collection for Members in LTC – (\$1,209,091)

The Governor recommends to improve the state's calculation of patient share and require EOHHS to collect the patient share directly from the member as a condition of eligibility, as required by the federal government.

3. Improve Program Integrity – (\$492,100)

The Governor recommends the enhanced identification of members in Rhode Island Medicaid who have moved out-of-state.

Health and Human Services

4. Healthy Aging in the Community – (\$12,284,295)

The Governor recommends redesigning the nature of the State's Integrated Care Initiative (ICI) by transferring long-term stay nursing home members from Neighborhood Health (NHPRI) to Medicaid fee-for-service (FFS) and repurposing a portion of the anticipated savings (from reduced administrative payments to NHPRI) for enhanced services in the community. The investments in home- and community-based care will help achieve the goal of rebalancing the long-term care system.

5. Elimination of the funding pool for supplemental Graduate Medical Education - (\$2,000,000)

The Governor recommends the elimination of the funding pool for supplemental Graduate Medical Education.

6. Eliminate Managed Care Provider Incentive Program – (\$1,476,300)

The Governor recommends the elimination of provider incentive program awards.

7. Reduce Upper Payment Limit Funding by 50% - (\$4,036,758)

The Governor recommends reducing the available pool of revenues for UPL payments by 50%.

8. Modify Managed Care Performance Goal Program – (\$2,317,951)

The Governor recommends to modify the managed care performance goal program to shift the emphasis of the PGP in FY 2018 to a focus specifically on children and on the Expansion population. For both of these populations, enhanced federal matching funds are available, resulting in a savings to general revenue.

9. Hospital, Nursing Home and Providers and Payers Rate Freeze – (\$10,720,562)

The Governor recommends to hold rates constant at FY 2017 rates. The impact to each type of service is as follows:

a. Managed Care Administration - (\$827,155)

b. Hospital Payments – (\$4,317,210)

c. Nursing Home Payments – (\$5,576,197)

10. Increase attachment point of children's health account - (\$3,570,000)

The Governor recommends increasing the threshold amount for calculating the assessment from \$7,500 per service per child to \$12,500 per service per child in order to more fully cover the costs of providing services through the account.

11. Enhanced Estate Recoveries – (\$250,000)

The Governor recommends to improve RI EOHHS' recoveries and collections against members.

12. Coordination of Benefits with Medicare & Veterans' Administration – (\$250,000)

The Governor recommends to ensure Medicaid is the payer of last resort for members with Veterans and/or Medicare coverage.

13. 1 percent Hospital Rate Cut (January 2018) – (\$885,832)

The Governor recommends a 1 percent Hospital Rate Reduction beginning on January 1, 2018.

Health and Human Services

14. Increase Rate for Home Health Care Workers - \$2,506,051

The Governor recommends increasing reimbursements for home health care providers by approximately 7 percent for the purpose of increasing wages for personal care attendants and home health aides. The additional reimbursement will flow directly to increase wages of front-line staff.

15. Reduce Behavioral Health Inpatient Rate – (\$907,669)

The Governor recommends to reduce utilization of inpatient hospitals by reducing the policy adjuster applied to behavioral health-related stays.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$158,285,858	\$154,742,352	\$151,773,764	\$156,296,331	\$149,855,862
Federal Funds	\$59,824,300	\$57,416,767	\$60,409,483	\$57,877,731	\$55,015,159
Restricted Receipts	\$3,043,630	\$2,227,542	\$3,466,576	\$3,150,302	\$3,098,931
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$416,591	\$566,274	\$840,000	\$959,673	\$1,100,000
Total Funding	\$221,570,379	\$214,952,935	\$216,489,823	\$218,284,037	\$209,069,952
FTE Authorization	672.5	672.5	629.5	629.5	616.5

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$218.3 million for the Department of Children, Youth, and Families, including \$156.3 million from general revenue, \$57.9 million from federal funds, \$3.2 million from restricted receipts, and \$1.0 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$4.5 million, federal financing decreases by \$2.5 million, restricted receipt financing decreases by \$316,274, and financing from the Rhode Island Capital Plan Fund increases by \$119,673. The revised FY 2017 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$73,981 of general revenue savings being allocated to the Department of Children, Youth, and Families.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$9.4 million, including \$6.9 million from general revenue and \$2.5 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$162,307 and federal funds financing decreases by \$273,097.

- *Personnel.* The decrease in general revenue is largely attributable to a transfer of 1.0 FTE position.

Child Welfare

Within the Child Welfare program, the Governor recommends revised FY 2017 appropriations of \$173.2 million, including \$120.9 million from general revenue, \$49.2 million from federal funds, and \$3.2 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$6.3 million, federal funds financing decreases by \$3.3 million, and restricted receipts financing decreases by \$316,274. Major changes to the enacted level include:

Health and Human Services

- *Provider Contracts.* The Department recently completed contract negotiations with its child service providers to ensure the appropriate placement capacity and types of service. It is assumed that the Department will shift its service array of child placements from higher cost out-of-home settings to lower cost family and home settings to create savings in FY 2018. Included in the pricing of the contracted provider services is a start-up investment of \$1.2 million spread over FY 2017 and FY 2018 to help increase foster family capacity. The Governor recommends \$124.4 million for Assistance and Grants in the revised FY 2017 Budget, including \$91.3 million from general revenue, \$29.9 million from federal funds, and \$3.2 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$6.0 million, federal funds financing decreases by \$2.5 million, and restricted receipts financing decreases by \$316,274.
- *Personnel.* The Governor recommends an increase of \$412,456 from general revenue for personnel expenditures in the revised FY 2017 Budget attributed to a realignment of support of for manageable caseloads and positive outcomes for families.
- *Contracted Services.* The Governor recommends an increase of \$298,233 from general revenue for contracted services in the revised FY 2017 Budget, attributed to support the remaining close-out costs associated with the Department's former agreement with the Child Welfare Institute.

Children's Behavioral Health

Within the Children's Behavioral Health program, the Governor recommends revised FY 2017 appropriations of \$11.5 million, including \$5.1 million from general revenue, \$5.8 million from federal funds, and \$524,673 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$142,692, federal funds financing increases by \$1.0 million, and financing from the Rhode Island Capital Plan Fund increases by \$274,673. Major changes to the enacted level include:

- *Personnel Costs.* The Governor recommends an increase of \$178,864 from general revenue for personnel expenditures in FY 2017, attributable to lower projected turnover savings.
- *Contracted Services.* The Governor recommends a decrease of \$305,396 from general revenue in contracted services primarily attributed to the end of the department's contract with the Child Welfare Institute and the in-house transition of all pre- and in-service training activities into the department.
- *Assistance and Grants.* The Governor recommends an increase of \$286,879 primarily attributable to the renegotiation of contracts with the Department's service providers.

Juvenile Corrections

Within the Juvenile Corrections program, the Governor recommends revised FY 2017 appropriations of \$23.8 million, including \$23.2 million from general revenue, \$279,390 from federal funds, and \$435,000 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.7 million, federal funds financing increases by \$1,977, and financing from the Rhode Island Capital Plan Fund increases by \$435,000. Major changes include:

- *Personnel.* The Governor recommends a decrease of \$1.8 million from general revenue for personnel expenditures in FY 2017, attributable to reorganization that resulted in fewer FTE positions being allocated to Juvenile Corrections educational programming.

Higher Education Incentive Grants

Funding for this program is set by statute (R.I.G.L. Section 42-72.8-4) in the amount of \$200,000 annually. The purpose is to provide grants to youth currently in DCYF legal custody or who were in the Department's

Health and Human Services

custody on their eighteenth (18th) birthday for the purpose of pursuing post-secondary education. DCYF has partnered with the Division of Higher Education Assistance within the Office of the Post-Secondary Commission to administer this program.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$209.1 million for the Department of Children, Youth, and Families, including \$149.9 million from general revenue, \$55.0 million from federal funds, \$3.1 million from restricted receipts, and \$1.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.9 million, federal financing decreases by \$5.4 million, restricted receipt financing decreases by \$367,645, and financing from the Rhode Island Capital Plan Fund increases by \$260,000. The recommended FY 2018 Budget is inclusive of statewide medical benefits and other savings distributed to state agencies, which resulted in \$249,208 of general revenue savings being allocated to the Department of Children, Youth, and Families.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$10.0 million, including \$7.2 million from general revenue and \$2.8 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$83,102 and federal financing increases by \$23,429. The increase in general revenue is largely attributable to a realignment of personnel across several programs that resulted in a greater number of FTE positions being allocated to Central Management.

Child Welfare

Within the Child Welfare program, the Governor recommends FY 2018 appropriations of \$164.1 million, including \$114.6 million from general revenue, and \$46.5 million from federal funds, and \$3.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$7,267, financing from federal funds decreases by \$6.0 million, and restricted receipt financing decreases by \$367,645. Major changes include:

- *Provider Contracts.* The Department recently completed contract negotiations with its child services providers to ensure the correct placement capacity and types of service. It is assumed that the Department will shift its service array of child placements from higher cost out-of-home settings to lower cost family- and home-settings to create a savings of \$1.7 million in general revenue in FY 2018, relative to FY 2017 enacted. At the close FY 2016, approximately 25% of all bed-days experienced by children in placement were in group and residential settings. DCYF intends to reduce that case mix share to 15% in FY 2018 and continue to reduce the number of bed-days consumed by approximately 2%. Included in the pricing of the network contracts is a start-up investment of \$1.2 million spread over FY 2017 and FY 2018 to help increase foster family capacity. The Governor recommends \$113.8 million for Assistance and Grants in the FY 2018 Budget, including \$83.6 million from general revenue, \$27.1 million from federal funds, and \$3.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.7 million, federal funds financing decreases by \$5.3 million, and restricted receipts financing decreases by \$367,645.
- *Streamline CPS Operations.* The Governor recommends a savings initiative of \$98,000 in general revenue for the FY 2018 Budget to provide training to the Office of the Child Advocate to conduct their own searches within the RICHIST system to cut down on staff overtime and travel expenses.

Health and Human Services

- *Energy Efficiencies.* The Governor recommends a savings initiative of \$260,547 in general revenue for the FY 2018 Budget for energy conservation items including timer switches, light sensors, and automated heating and cooling regulation systems.

Children's Behavioral Health

Within the Children's Behavioral Health program, the Governor recommends FY 2018 appropriations of \$10.5 million, including \$5.1 million from general revenue, and \$5.4 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$94,371, federal financing increases by \$619,269. Major changes include:

- *Personnel Costs.* The Governor recommends an increase of \$185,090 from general revenue for personnel expenditures in FY 2017, attributable to lower projected turnover savings.
- *Contracted Services.* The Governor recommends a decrease of \$332,357 from general revenue in contracted services primarily attributed to the end of the department's contract with the Child Welfare Institute and reflect the transition in-house of all pre- and in-service training activities into the department.
- *Assistance and Grants.* The Governor recommends an increase of \$259,293 primarily attributable to the renegotiation of contracts with the Department's service providers.

Juvenile Corrections

Within the Juvenile Corrections program, the Governor recommends FY 2018 appropriations of \$24.2 million, including \$22.8 million from general revenue, and \$280,282 from federal funds and \$1.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$2.1 million, financing from federal funds increases by \$1,085, and financing from the Rhode Island Capital Plan Fund increases by \$1.1 million. Major changes include:

- *Personnel.* The Governor recommends a decrease of \$2.1 million from general revenue for personnel expenditures in FY 2018, attributable to current population trends at the Training School and the reorganization of resources from the educational program to other programs within the Department.

Higher Education Incentive Grants

Funding for this program is set by statute (R.I.G.L. Section 42-72.8-4) in the amount of \$200,000 annually. The purpose is to provide grants to youth currently in DCYF legal custody or who were in the Department's custody on their eighteenth (18th) birthday for the purpose of pursuing post-secondary education. DCYF has partnered with the Division of Higher Education Assistance within the Office of Post-Secondary Commission to administer this program.

Full Time Equivalent Positions

The Governor recommends 629.5 FTE positions in the revised FY 2017 Budget and FY 2018 Budget the Governor recommends 616.5 FTE positions, which is a reduction of 13 FTE positions due to the transfer of finance professionals to EOHHS to gain efficiencies by consolidation of the financial group supporting Human Services.

Health and Human Services

DEPARTMENT OF HEALTH

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$22,821,939	\$25,468,221	\$25,931,822	\$25,999,235	\$26,325,249
Federal Funds	\$57,741,431	\$69,157,857	\$100,365,021	\$103,507,285	\$105,373,312
Restricted Receipts	\$30,856,883	\$34,255,991	\$36,587,809	\$40,434,395	\$39,469,515
Other Funds	\$2,331	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$111,422,584	\$128,882,069	\$162,884,652	\$169,940,915	\$171,168,076
FTE Authorization	491.3	490.6	503.6	503.6	499.6

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$170.0 million for the Department of Health, including \$26.0 million from general revenue, \$103.5 million from federal funds, and \$40.4 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$67,413, while federal financing increases by \$3.1 million and restricted receipt financing increases by \$3.8 million. The revised FY 2017 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$32,587 of general revenue savings being allocated to the Department of Health.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$4.9 million, including \$100,000 from general revenue, \$767,563 from federal funds, and \$4.0 million in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$100,000 for legal expenses, while federal financing decreases by \$40,501 and restricted receipt financing decreases by \$16,477.

Community Health and Equity

Within the Community Health and Equity program, the Governor recommends revised FY 2017 appropriations of \$108.1 million, including \$1.5 million from general revenue and \$72.1 from federal funds, and \$34.5 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$3,315, federal financing decreases by \$2.0 million, and restricted receipt financing increases by \$4.1 million.

Environmental Health

Within the Environmental Health program, the Governor recommends revised FY 2017 appropriations of \$12.7 million, including \$5.2 million from general revenue, \$7.4 million from federal funds, and \$170,107 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$10,761, while federal financing increases by \$1.3 million, and restricted receipt financing decreases by \$216,308.

Health Laboratories and Medical Examiner

Within the Health Laboratories and Medical Examiner program, the Governor recommends revised FY 2017 appropriations of \$12.4 million, including \$10.2 million from general revenue and \$2.1 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$215,450, while federal financing increases by \$18,869.

Customer Services

Health and Human Services

Within the Customer Services program, the Governor recommends revised FY 2017 appropriations of \$12.0 million, including \$6.4 million from general revenue, \$4.3 million from federal funds, and \$1.1 million in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$72,192, federal financing increases by \$772,327, and restricted receipts financing decreases by \$34,521.

Policy, Information, and Communications

Within the Policy, Information, and Communications program, the Governor recommends revised FY 2017 appropriations of \$3.3 million, including \$658,228 from general revenue, \$2.0 million from federal funds, and \$642,467 in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$279,707, while federal financing increases by \$336,348 and restricted receipt financing increases by \$61,242.

Preparedness, Response, Infectious Disease, and Emergency Services

Within the Preparedness, Response, Infectious Disease, and Emergency Services program, the Governor recommends revised FY 2017 appropriations of \$16.8 million, including \$1.9 million from general revenue and \$14.9 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$33,076 and federal financing increases by \$2.7 million.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$171.2 million for the Department of Health, including \$26.3 million from general revenue, \$105.4 million from federal funds, and \$39.5 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$393,427, federal financing increases by \$5.0 million, and restricted receipts financing increases by \$2.9 million. The revised FY 2017 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$105,955 of general revenue savings being allocated to the Department of Health.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$8.9 million, including \$789,523 from general revenue, \$3.6 million from federal funds, and \$4.5 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$789,523, while federal financing increases by \$2.8 million and restricted receipt financing increases by \$433,306. The net change in general revenue for the Governor's budget is primarily attributable to the following:

- The Governor includes a \$662,588 general revenue shift from Community Health and Equity to Central Management. This includes the Maternal and Child Health, Family Health – State Medicaid Match, and the Minority Health Program Line Sequences to create the Health Equity Institute subprogram within Central Management.

Community Health and Equity

Within the Community Health and Equity program, the Governor recommends FY 2018 appropriations of \$105.2 million, including \$1.2 million from general revenue, \$71.8 million from federal funds, and \$32.2 million from restricted receipt funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$339,070, while federal financing decreases by \$2.2 million and restricted receipt financing increases by \$1.8 million. The net change in general revenue for the Governor's budget is primarily attributable to the following:

- *Tobacco Prevention and Cessation Program.* The Governor includes \$500,000 in general revenue financing for anti-smoking media campaigns, targeted cessation efforts, and policy and advocacy.
- The Governor includes a \$662,588 general revenue shift from Community Health and Equity to

Health and Human Services

Central Management. This includes the Maternal and Child Health, Family Health – State Medicaid Match, and the Minority Health Program Line Sequences to create the Health Equity Institute subprogram within Central Management.

Environmental Health

Within the Environmental Health program, the Governor recommends FY 2018 appropriations of \$13.3 million, including \$5.1 million from general revenue, \$7.3 million from federal funds, and \$830,142 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$68,934, while federal financing increases by \$1.2 million and restricted receipt financing increases by \$443,727. The net change in general revenue for the Governor’s budget is primarily attributable to the following:

- *Lead Authority Consolidation.* The Governor includes a transfer of \$590,618 in restricted receipt financing from the Executive Office of Commerce to the Department of Health for lead-related issues. The intent of the program is to consolidate authority of lead-related issues under the Department of Health to strengthen lead poisoning prevention activities and improve child and family health.

Health Laboratories and Medical Examiner

Within the State Laboratories and Medical Examiner program, the Governor recommends FY 2018 appropriations of \$12.2 million, including \$10.1 million from general revenue and \$2.0 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$108,157, while federal financing decreases by \$94,596.

Customer Services

Within the Customer Services program, the Governor recommends FY 2018 appropriations of \$11.8 million, including \$6.5 million from general revenue, \$4.2 million from federal funds, and \$1.1 million from restricted receipt funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$162,818, while federal financing increases by \$701,323 and restricted receipt financing decreases by \$54,607.

Policy, Information and Communications

Within the Policy, Information and Communication program, the Governor recommends FY 2018 appropriations of \$4.2 million, including \$962,260 from general revenue, \$2.4 million from federal funds, and \$872,764 from restricted receipt funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$24,325, while federal financing increases by \$725,138 and restricted receipt financing increases by \$291,539.

Preparedness, Response, Infectious Disease, and Emergency Services

Within the Preparedness, Response, Infectious Disease, and Emergency Services program, the Governor recommends FY 2018 appropriations of \$15.6 million, including \$1.6 million from general revenue and \$14.0 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$283,392, while federal financing increases by \$1.9 million.

Full Time Equivalent Positions

The Governor recommends 503.6 FTE positions in the revised FY 2017 Budget which is consistent with the enacted FY 2017 level. In FY 2018, the Governor recommends 501.6 FTE positions, a net decrease of 2.0 FTE positions relative to the FY 2017 enacted authorization. The FTE changes are as follows:

FTE Additions:

- 2 Industrial Hygienists and 1 Programming Services Officer related to the lead consolidation effort.

Health and Human Services

- 1 Health Program Administrator to address a backlog of Department regulations.
- 1 Nursing Care Evaluator to inspect health care facilities.
- 1 Public Health Promotion Specialist to investigate complaints against medical professionals.

FTE Reductions:

- Consolidation of the head of the Center for Professional Boards and Commissions and the head of the Center for Professional Licensing into one position.
- 7 Financial staff moving to EOHHS for a more consolidated approach to finance at the human services level.
- 2 Health Economics Specialists are transferred to the Office of the Health Insurance Commissioner as part of the consolidation of the utilization review process.

DEPARTMENT OF HUMAN SERVICES

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$94,560,297	\$96,094,578	\$97,636,314	\$93,147,617	\$95,725,491
Federal Funds	\$520,276,560	\$511,615,020	\$497,644,896	\$519,019,535	\$550,132,608
Restricted Receipts	\$2,396,897	\$2,659,361	\$1,712,435	\$3,444,789	\$3,270,236
Other Funds	\$4,372,635	\$4,741,448	\$4,928,478	\$4,839,012	\$4,428,478
RI Capital Plan Fund	\$36,810	\$194,714	\$165,000	\$165,000	\$165,000
Total Funding	\$621,643,199	\$615,305,121	\$602,087,123	\$620,615,953	\$653,721,813
FTE Authorization	959.1	959.1	937.1	937.1	838.1

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriation of \$620.6 million for the Department of Human Services (DHS), including \$93.1 million from general revenue, \$519.0 million from federal funds, and \$8.4 million from restricted receipts, the Rhode Island Capital Plan Fund, and other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$4.5 million; federal funds financing increases by \$21.4 million; and restricted receipts, Rhode Island Capital Plan Fund, and other funds financing increases by \$1.6 million. The revised FY 2017 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$68,153 of general revenue savings being allocated to the Department of Human Services.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$8.4 million, including \$3.4 million from general revenue, \$3.9 million from federal funds, and \$989,051 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.4 million due to a change in the allocation plan that centralizes the eligibility determination activities into the Individual and Family Support program. Federal funds financing decreases by \$216,316 and restricted receipts increases by \$468,207.

Child Support Enforcement

Within the Child Support Enforcement program, the Governor recommends revised FY 2017 appropriations of \$9.9 million, including \$2.9 million from general revenue and \$7.0 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$381,034 due to a change in the allocation plan that centralizes eligibility determination activities into Individual and Family Support. Federal financing increases by \$778,764.

Health and Human Services

Individual and Family Support

Within the Individual and Family Support program, the Governor recommends revised FY 2017 appropriations of \$134.9 million, including \$22.7 million from general revenue, \$106.7 million from federal funds, \$5.5 from restricted receipts, Rhode Island Capital Plan Fund, and other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$4.1 million due primarily to a change in the allocation plan that centralizes eligibility determination activities into Individual and Family Support. Federal financing increases by \$21.7 million; and restricted receipts, Rhode Island Capital Plan Fund, and other funds financing increases by \$41,785.

Veterans' Affairs

Within the Veterans' Affairs program, the Governor recommends revised FY 2017 appropriations of \$40.6 million, including \$20.7 million from general revenue, \$18.1 million from federal funds, and \$1.8 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$30,564, federal funds financing decreases by \$1.2 million, and restricted receipts financing increases by \$1.1 million.

Health Care Eligibility

Within the Health Care Eligibility program, the Governor recommends revised FY 2017 appropriations of \$16.7 million, including \$7.0 million from general revenue and \$9.7 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.5 million due to a change in the allocation plan that centralizes eligibility determination activities into Individual and Family Support. Federal funds financing decreases by \$982,165.

Supplemental Security Income

Within the Supplemental Security Income program, the Governor recommends revised FY 2017 appropriations of \$18.5 million, consisting entirely of general revenue and reflecting caseloads as adopted by the November 2016 Caseload Estimating Conference (CEC). Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$3,347.

Rhode Island Works

Within the Rhode Island Works program, the Governor recommends revised FY 2017 appropriations of \$88.7 million, including \$9.9 million from general revenue and \$78.8 million from federal funds, consistent with the estimates adopted at the November 2016 Caseload Estimating Conference. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$4.9 million, while federal funds financing increases by \$642,265. Changes in Rhode Island Works are reflected in the November Caseload Estimating Conference:

- The November Caseload Estimating Conference adopted a general revenue reduction of \$4.9 million compared to the FY 2017 Enacted Budget. This is primarily due to the Department requesting a waiver for new federal rules related to the reauthorization of the Child Development Block Grant. The FY 2017 Enacted budget estimated 9,603 cases, but trends indicate a lower caseload. The November FY 2016 Caseload Conference adopted an estimate of 9,023 cases or a decrease of 580 cases compared to Enacted.

State Funded Programs

Within the State Funded programs, the Governor recommends FY 2017 appropriations of \$283.7 million, including \$1.6 million from general revenue and \$282.1 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$28,800, while federal funds financing decreases by \$24,569.

Health and Human Services

- *General Public Assistance.* The Governor includes \$1.6 million in general revenue, and \$60,431 in federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing for General Public Assistance increases by \$28,800, while federal funds financing decreases by \$24,569.
- *Supplemental Nutrition Assistance Program.* The Governor's recommendation of \$282.0 million, consisting entirely of federal funds. Relative to FY 2017 enacted levels recommended federal financing does not change.

Elderly Affairs

Within the Elderly Affairs program, the Governor recommends revised FY 2017 appropriations of \$19.3 million, including \$6.5 million from general revenue, \$12.7 million from federal funds, and \$121,063 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$319,399, federal funds financing increases by \$646,413, and restricted receipts financing increases by \$370.

FY 2018 Recommended Budget

The Governor recommends revised FY 2018 appropriation of \$653.7 million for the Department of Human Services, including \$95.7 million from general revenue; \$550.1 million from federal funds; and \$7.9 million from restricted receipts, the Rhode Island Capital Plan Fund, and other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.9 million; federal funds financing increases by \$52.5 million; and restricted receipts, Rhode Island Capital Plan Fund, and other funds financing increases by \$1.1 million. The FY 2018 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$197,419 of general revenue savings being allocated to the Department of Human Services.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$7.9 million, including \$3.4 million from general revenue, \$4.0 million from federal funds, and \$507,991 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.4 million due to the change in allocation mentioned in FY 2017, federal funds financing decreases by \$181,286, and restricted receipts financing decreases by \$12,853.

Child Support Enforcement

Within the Child Support Enforcement program, the Governor recommends FY 2018 appropriations of \$11.3 million, including \$3.4 million from general revenue and \$7.9 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$78,828, while federal funds financing increases by \$1.6 million.

Individual and Family Support

Within the Individual and Family Support program, the Governor recommends FY 2018 appropriations of \$124.3 million, including \$20.9 million from general revenue; \$98.4 million from federal funds; and \$5.0 million from restricted receipts, the Rhode Island Capital Plan Fund, and other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.3 million primarily due to changes to allocation mentioned in FY 2017 as well as the bulleted items below; federal funds financing increases by \$13.4 million; and restricted receipts, the Rhode Island Capital Plan Fund, and other funds financing increases by \$507,749.

- The Governor includes \$2.6 million in general revenue savings related to UHIP workforce changes.

Health and Human Services

- The Governor includes \$390,000 in general revenue funding for increased support of the state-funded Head Start early education program, bringing reimbursement rates for state-funded program slots closer to federal rates of reimbursement to promote comparative quality.

Veterans' Affairs

Within the Veterans' Affairs Program, the Governor recommends FY 2018 appropriations of \$82.1 million, including \$20.6 million from general revenue, \$59.2 million from federal funds, and \$2.2 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$102,868, federal financing increases by \$40.0 million for the Veterans Home construction, and restricted receipts increase by \$1.6 million.

Health Care Eligibility

Within the Health Care Eligibility Program, the Governor recommends FY 2018 appropriations of \$14.0 million, including \$6.0 million from general revenue and \$8.0 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$2.5 million primarily due to changes in allocation mentioned in FY 2017, while federal funds financing decreases by \$2.6 million.

Supplemental Security Income

The Governor recommends appropriations of \$18.5 million, consisting entirely of general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$42,873. Recommended financing reflects caseloads as adopted by the November 2016 Caseload Estimating Conference.

Rhode Island Works

Within the Rhode Island Works program, the Governor recommends FY 2018 appropriations of \$92.2 million, including \$14.4 million from general revenue and \$77.8 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$334,422, while federal funds financing decreases by \$380,977. The savings in the Rhode Island Works program are less than the FY 2017 levels because of the Child Care Block Grant Reauthorization, which will increase caseload and therefore the total spending versus FY 2017. The reconciliation to the November 2016 Caseload Estimating Conference is as follows:

- The November Caseload Estimating Conference adopted a general revenue reduction of \$1.2 million compared to the enacted budget. Trends from FY 2017 are carried forward but are offset by the Child Development Block Grant reauthorization, which adds additional federal requirements including 12-month continuous eligibility, services to homeless children and families, prioritization of infants and toddlers, and a graduated phase out. The agency estimates the cost for reauthorization to be \$348,793 in FY 2017 and \$4.3 million in FY 2018 due to their request of a waiver in FY 2017.
- The Governor includes \$1.0 million to implement a performance-based quality payment program for CCAP providers serving infants and toddlers.

State Funded Programs

Within the State Funded programs, the Governor recommends FY 2018 appropriations of \$283.7 million, including \$1.6 million from general revenue, and \$282.1 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$65,288, while federal funds financing decreases by \$24,569.

- *General Public Assistance.* The Governor includes \$1.6 million in general revenue, and \$60,431 in federal funds consistent with the November Caseload Estimating Conference. Relative to FY 2017

Health and Human Services

enacted levels recommended general revenue financing for General Public Assistance decreases by \$65,288.

- *Supplemental Nutrition Assistance Program.* The Governor's recommendation of \$282.0 million, consisting entirely of federal funds. Relative to FY 2017 enacted levels recommended federal financing does not change.

Elderly Affairs

Within the Elderly Affairs Program, the Governor recommends FY 2018 appropriations of \$19.8 million, including \$6.9 million from general revenue, \$12.8 million from federal funds, and \$134,428 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$78,431, federal funds financing increases by \$695,796, and restricted receipts financing increases by \$13,735.

- The Governor includes \$300,000 in general revenue to provide free and discounted bus fares to certain targeted subpopulations which were previously able to ride without paying a fare. The targeted programs proposed will provide support for the high-need elderly at risk of institutionalization, the high-need disabled, the chronically homeless disabled, and elderly or disabled veterans.

Unified Health Infrastructure Project (UHIP):

The table below shows the timeline of the DHS UHIP budget from FY 2013 to the Governor's Recommendation for FY 2018. The FY 2017 Governor's Recommendation is \$290,116 over the Enacted Budget in general revenue. The increases are primarily in salaries and IT system support, which represent the increased effort and system modifications to correct glitches and errors in the system since rollout.

Department of Human Services UHIP Budget						
	FY 2013 - FY 2016 Actual	FY 2017 Enacted	FY 2017 Revised Request	FY 2017 Governor's Recommend	FY 2018 Constrained Request	FY 2018 Governor's Recommend
General Revenue	\$8,592,228	\$984,921	\$1,275,870	\$1,275,037	\$2,024,394	\$907,969
Federal Funds	\$13,166,669	\$4,440,254	\$7,347,398	\$7,053,288	\$4,563,743	\$2,849,659
TOTAL UHIP Budget	\$21,758,897	\$5,425,175	\$8,623,268	\$8,328,325	\$6,588,137	\$3,757,628

The Governor's FY 2018 budget includes a general revenue savings of \$1.1 million and a federal funds savings of \$1.7 million totaling \$2.8 million compared to the Department's original request. The reduction is related to the design, development, and implementation portion of the project.

Full Time Equivalent Positions

The Governor recommends 937.1 FTE positions in the revised FY 2017 Budget and 877.1 FTE positions in the recommended FY 2018 Budget. Relative to the FY 2017 enacted level, the revised FY 2017 level is unchanged and the recommended FY 2018 level reflects a net reduction of 60.0 FTE positions related to changes in Department of Human Services business processes from the UHIP system rollout, along with the movement of 39.0 FTE finance positions from the Department of Human Services to the Executive Office of Health and Human Services for a more consolidated approach to the finance organization in the human services functions.

Health and Human Services

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$173,264,827	\$176,268,226	\$173,184,239	\$181,721,907	\$179,645,532
Federal Funds	\$187,771,526	\$189,591,271	\$193,038,756	\$198,847,973	\$200,747,244
Restricted Receipts	\$9,873,915	\$7,497,635	\$8,435,824	\$6,909,155	\$6,909,155
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$4,303,746	\$5,217,765	\$10,973,736	\$13,610,541	\$7,065,000
Total Funding	\$375,214,014	\$378,574,897	\$385,632,555	\$401,089,576	\$394,366,931
FTE Authorization	1,420.4	1,421.4	1,352.4	1,352.4	1,319.4

FY 2017 Revised Budget

The Governor recommends revised appropriations of \$401.1 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, including \$181.7 million from general revenue funds, \$198.8 million from federal funds, \$6.9 million from restricted receipt funds, and \$13.6 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$8.5 million, federal funds financing increases by \$5.8 million, restricted receipt financing decreases by \$1.5 million, and Rhode Island Capital Plan Fund financing increases by \$2.6 million. The revised FY 2017 budget is inclusive of enacted statewide medical benefits and other savings distributed to state agencies, which resulted in \$80,204 of general revenue savings being allocated to the Department.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$1.6 million, all from general revenue funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$545,280 and federal funds financing decreases by \$597,685. The increase in general revenue funding and the decrease in federal funding is due to the cost allocation plan budget in FY 2017 not yielding the desired results after determination that the agency was maximizing federal funds.

Hospital and Community System Support

Within the Hospital and Community System Support program, the Governor recommends revised FY 2017 appropriations of \$2.7 million, including \$2.1 million from general revenue funds and \$694,404 from Rhode Island Capital Plan Fund resources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$575,071 and federal funds financing decreases by \$789,226. The increase in general revenue funding and the decrease in federal funding is due to the cost allocation plan budget in FY 2017 not yielding the desired results after determination that the agency was maximizing federal funds.

Services for the Developmentally Disabled

Within the Services for the Developmentally Disabled program, the Governor recommends revised FY 2017 appropriations of \$250.6 million, including \$122.0 million from general revenue funds, \$125.1 million from federal funds, \$1.9 million from restricted receipts, and \$1.6 million from Rhode Island Capital Plan Fund resources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.4 million, federal fund financing increases by \$919,253, restricted receipts financing increases by \$117,460 and Rhode Island Capital Plan Fund financing increases by \$983,907, attributable to the following adjustments:

- *Reduction in Residential Savings - \$1.8 million general revenue increase:* The Governor includes an increase of \$2.9 million, including \$1.8 million in general revenue funds, for ongoing efforts to decrease utilization of group home placements and transitions residents to shared living arrangements and other alternative community-based living arrangements. Shared living arrangements and other alternative

Health and Human Services

community- based living arrangements are less restrictive and more integrated residential settings and appropriate placements for many of the individuals currently utilizing group home services paid for by the Department.

- *Home Health Aides transfer from EOHHS - \$900,000 general revenue increase:* The Governor's recommendation includes a change to the proposed shift to EOHHS of home health care aides. It was determined that this change was not viable and that home health aide services needed to remain as a covered item within BHDDH. Due to the structuring of authorization packages and covered services within the Developmental Disabilities program, exclusion of home health aide services from coverage would have an adverse impact on services.
- *Additional Acuity Authorization - \$2.5 million general revenue increase:* The Governor's recommendation includes an increase in general revenue related to an increase in patient acuity, which was higher than anticipated.
- *Use of Appropriate SIS Tiers - \$844,570 general revenue decrease:* The Governor includes a reduction of \$844,570 in general revenue funds from the utilization of appropriate resource allocation tiers for program participants.
- *Residential and Group home conversions - \$1.2 million general revenue decrease:* The Governor's recommendation anticipates transitions of residents from group homes to home-based residential settings.
- *Professional Service Approvals & Billing and Policy Adjusters - \$400,000 general revenue decrease:* The Governor's recommendation includes an update of the billing policy handbook authorization and a revised process for professional services.
- *Administrative Cost Savings – \$348,092 general revenue decrease:* The Governor's recommendation includes savings for prolonged vacancies of several positions and a decrease in contracted expenditures.

Behavioral Healthcare Services

Within the Behavioral Healthcare Services program, the Governor recommends revised FY 2017 appropriations of \$26.6 million, including \$4.2 million from general revenue funds, \$21.2 million from federal funds, \$100,000 from restricted receipts, and \$1.1 million from Rhode Island Capital Plan Fund resources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.2 million, federal funds financing increases by \$4.0 million, and Rhode Island Capital Plan Fund financing remains the same. The general revenue increase is mainly related to a movement of \$2.0 million in opioid spending from the Department of Corrections to Behavioral Health to comply with federal Maintenance of Effort guidelines.

Hospital and Community Rehabilitation Services

Within the Hospital and Community Rehabilitation Services program, the Governor recommends revised FY 2017 appropriations of \$119.4 million, including \$51.8 million from general revenue funds, \$52.6 million from federal funds, \$4.9 million from restricted receipt funds, and \$10.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.9 million, federal funds financing increases by \$2.3 million, restricted receipt funds financing decreases by \$1.6 million, and Rhode Island Capital Plan Fund financing increases by \$1.6 million. The increase in general revenue financing is mainly related to a plan to reduce hospital spending, which was included in the FY 2017 enacted budget, consisting of \$4.1 million to reduce overtime, reconfiguration of low volume, high cost service and the consolidation of medical service units. Due to a number of issues in timing and execution of the plan, the desired results have yet to be achieved.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$394.4 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, including \$179.6 million from general revenue funds, \$200.8 million from federal funds, \$7.9 million from restricted receipt funds, and \$7.1 million from the Rhode

Health and Human Services

Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$6.5 million, federal fund financing increases by \$7.7 million, restricted receipt financing decreases by \$1.5 million, and Rhode Island Capital Plan Fund financing decreases by \$3.9 million.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$1.7 million, including \$1.7 million from general revenue funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$557,563 and federal funds financing decreases by \$597,685. The increase in general revenue funding and the decrease in federal funding is due to the cost allocation plan budget in FY 2017 not yielding the desired results after determination that the agency was maximizing federal funds.

Hospital and Community System Support

Within the Hospital and Community System Support program, the Governor recommends FY 2018 appropriations of \$2.7 million, including \$2.1 million from general revenue funds and \$650,000 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$592,990, federal funds financing decreases by \$789,226 and Rhode Island Capital Plan Fund financing remain constant. The increase in general revenue funding and the decrease in federal funding is due to the cost allocation plan budget in FY 2017 not yielding the desired results after determination that the agency was maximizing federal funds.

Services for the Developmentally Disabled

Within the Services for the Developmentally Disabled program, the Governor recommends FY 2018 appropriations of \$256.7 million, including \$123.8 million from general revenue funds, \$129.9 million from federal funds, \$1.9 million from restricted receipt funds, and \$1.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$4.1 million, federal fund financing increases by \$5.8 million, restricted receipt financing increases by \$117,460, and Rhode Island Capital Plan Fund financing decreases by \$400,000. The general revenue changes are attributable to the following adjustments:

- *Reduction in Residential Savings - \$674,369 million general revenue increase:* The Governor includes an increase of \$674,369 million in general revenue funds due to slower than planned decrease in utilization of group home placements through transition of residents to shared living arrangements and other alternative community-based living arrangements.
- *Home Health Aides transfer from EOHHS - \$900,000 general revenue increase:* The Governor's recommendation includes a change to the proposed shift to EOHHS of home health care aides. It was determined that this change was not viable and that home health aide services needed to remain as a covered item within BHDDH. Due to the structuring of authorization packages and covered services within the Developmental Disabilities program, exclusion of home health aide services from coverage would have an adverse impact on the services that individuals currently receive.
- *Additional Acuity Authorization (Standards and L9) - \$1.9 million general revenue increase:* The Governor's recommendation includes an increase in general revenue related to an increase in patient acuity which was higher than anticipated.
- *Use of Appropriate SIS Tiers - \$844,570 million general revenue decrease:* The Governor includes a reduction of \$844,570 in general revenue funds from the utilization of appropriate resource allocation tiers for program participants.
- *Residential and Group home conversions - \$2.1 million general revenue decrease:* The Governor's recommendation includes transitions of residents from group homes to home-based residential options.
- *Professional Service Approvals & Billing and Policy Adjusters - \$800,000 general revenue decrease:* The Governor's recommendation includes an update of the billing policy handbook authorization and a revised process for professional services.

Health and Human Services

- *Projected Caseload Growth - \$2.4 million general revenue increase:* The Governor includes an increase of \$4.9 million, including \$2.4 million in general revenue funds, to finance projected service cost increase.
- *Increase in Hourly Wage for Direct Service Professionals - \$3.0 million general revenue increase:* The Governor includes an increase of \$6.1 million, including \$3.0 million in general revenue funds, to finance wage increases for Direct Service Professionals and Job Coaches that are employed by developmentally disabled service providers.
- *Federal Medical Assistance Program change - \$1.2 million general revenue decrease:* The final state FMAP rate published on September 29, 2016 increased the rate to 48.66% (SFY). The increase in federal match results in a savings of \$1.2 million versus the budget submission.

Behavioral Healthcare Services

Within the Behavioral Healthcare Services program, the Governor recommends FY 2018 appropriations of \$27.4 million, including \$4.5 million from general revenue funds, \$21.6 million from federal funds, \$100,000 from restricted receipt funds, and \$1.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.5 million, federal funds financing increases by \$4.4 million and Rhode Island Capital Plan Fund financing increases by \$50,000. The General revenue increase is mainly related to the following:

- A movement of \$2.0 million in general revenue for opioid spending from the Department of Corrections to Behavioral Health to comply with federal Maintenance of Effort guidelines.
- An increase of \$200,000 in general revenue for the recovery housing pilot, which provides a stable living environment that is free of alcohol and illegal drug use. The focus is on peer supports and other supportive services that connect individuals to community-based services including employment, education and social connections.

Hospital and Community Rehabilitation Services

Within the Hospital and Community Rehabilitation Services program, the Governor recommends FY 2018 appropriations of \$105.9 million, including \$47.6 million from general revenue funds, \$49.2 million from federal funds, \$4.9 million from restricted receipt funds, and \$4.2 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.4 million, federal funds financing decreases by \$1.1 million, restricted receipt funds financing decreases by \$1.6 million, and Rhode Island Capital Plan Fund financing decreases by \$4.4 million. The general revenue change is attributable to the following adjustment:

- *Eleanor Slater Hospital Reorganization:* The Governor includes a reduction of \$10.2 million, including \$5.5 million in general revenue funds, to reflect anticipated savings from a reorganization of the Eleanor Slater Hospital. The Department plans to reconfigure low volume, high cost services, consolidate services where appropriate, and achieve other efficiencies, particularly within staffing costs. The hospital savings nets to only \$1.4 million when compared to the FY 2017 enacted budget, which included a \$4.1 million reorganization plan.

Full Time Equivalent Positions

The Governor recommends 1,352.4 FTE positions in the revised FY 2017 budget, which is consistent with the FY 2017 enacted budget. For FY 2018 the Governor recommends 1,319.4 FTE positions, which is a reduction of 33 FTE positions due to the transfer of finance professionals to EOHHS. The purpose of the transfer is to gain efficiencies via consolidation of the financial group supporting Human Services.

Health and Human Services

GOVERNOR'S COMMISSION ON DISABILITIES

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$355,439	\$380,615	\$412,547	\$420,596	\$454,938
Federal Funds	\$263,931	\$29,456	\$228,750	\$298,064	\$343,542
Restricted Receipts	\$6,633	\$19,927	\$44,126	\$59,360	\$43,710
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$589,099	\$0	\$0	\$0	\$0
Total Funding	\$1,215,102	\$429,998	\$685,423	\$778,020	\$842,190
FTE Authorization	4.0	4.0	4.0	4.0	4.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$778,020 for the Governor's Commission on Disabilities, including \$420,596 from general revenue, \$298,064 from federal funds, and \$59,360 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$8,049, federal funds financing increases by \$69,314, and restricted receipts financing increases by \$15,234. The increase in general revenue is due to an increase in health benefits in personnel expenditures. On an all-funds basis, the increase is primarily attributed to management costs associated with the independent living program that was transferred from the Department of Human Services in the FY 2017 Enacted Budget. The revised FY 2017 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$580 of general revenue savings being allocated to the Commission.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$842,190, including \$454,938 from general revenue, \$343,542 from federal funds, and \$43,710 in restricted receipts. Relative to FY 2017 enacted levels, the FY 2018 recommended general revenue financing increases by \$42,391, federal funds financing increases by \$114,792, and restricted receipt financing decreases by \$416. The increase in general revenue is primarily attributed to an adjustment in health benefits of 1 employee switching to a family health insurance plan. The significant increase in all funds is due to the Department of Human Services Office of Rehabilitation Services unexpended funds from its FFY 2014-2016 Independent Living grant. The FY 2018 Budget is inclusive of statewide medical benefits and other savings distributed to state agencies, which resulted in \$1,957 of general revenue savings being allocated to the Commission.

The Governor recommends 4.0 FTE positions in the revised FY 2017 budget and FY 2018 Budget, consistent with the enacted FY 2017 level.

Health and Human Services

COMMISSION ON THE DEAF & HARD OF HEARING

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$387,625	\$406,634	\$477,746	\$460,650	\$498,710
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$43,167	\$49,316	\$110,000	\$130,000	\$129,200
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$430,792	\$455,950	\$587,746	\$590,650	\$627,910
FTE Authorization	3.0	3.0	4.0	4.0	4.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$590,650 for the Commission on the Deaf and Hard of Hearing, including \$460,650 from general revenue funds and \$130,000 from restricted receipt funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$17,096, while restricted receipt funding increases by \$20,000. The changes to the Commission's budget are attributable to the following adjustments:

- *Assistive Listening Systems:* The Governor includes an additional \$20,000 from unexpended restricted receipt funds to continue installation of assistive listening systems in the Governor's State Reception Room and all public hearing rooms at the State House.
- *Staff Interpreter:* The FY 2017 enacted budget included general revenue funding for an American Sign Language Interpreter position for the Commission's staff. A staff interpreter would support the Commission's interpreting needs as well as those of other state agencies as needed. Since enactment of the budget, the Commission determined that the position's salary was insufficient to attract a qualified interpreter. The FY 2017 budget revision includes a higher pay grade for the position but assumes turnover savings because of a later start date, for a net reduction of \$16,492.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$627,910 for the Commission on the Deaf and Hard of Hearing, including \$498,710 from general revenue funds and \$129,200 from restricted receipt funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$20,964, while restricted receipt financing increases by \$19,200. The changes to the Commission's budget are attributable to the following adjustments:

- *Assistive Listening Systems:* The Governor includes \$110,000 in restricted receipt funds to support the Emergency and Public Communications Access program, including installation of portable hearing assistive technology in the State House, which may be used in rooms that do not have an installed microphone system. The budget includes shifts \$19,200 from general revenue to restricted receipt funding to support qualifying interpreter services and Commission's interpreter referral service.
- *Staff Interpreter:* The Governor includes \$35,683 in additional general revenue funding for the staff interpreter position at a higher pay grade, consistent with the FY 2017 revised budget.

The Governor recommends 4.0 FTE positions in the revised FY 2017 and FY 2018 budget.

Health and Human Services

OFFICE OF THE CHILD ADVOCATE

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$613,552	\$643,280	\$650,582	\$635,541	\$669,708
Federal Funds	\$47,089	\$11,559	\$145,000	\$144,614	\$144,621
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$660,641	\$654,839	\$795,582	\$780,155	\$814,329
FTE Authorization	6.0	6.0	6.0	7.0	7.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$780,155 for the Office of the Child Advocate, including \$635,541 from general revenue and \$144,614 from federal funds. Relative to the FY 2017 enacted levels, recommended general revenue financing decreases by \$15,041, while federal funds financing decreases by \$386. This recommendation includes the addition of 1.0 FTE position for the Case Management Coordinator position that will be fully funded through federal funds. The revised FY 2017 Budget is inclusive of enacted statewide medical benefits and other savings distributed to state agencies, which resulted in \$957 of general revenue savings being allocated to the Office.

FY 2018 Recommended Budget

For FY 2018, the Governor recommends total expenditures of \$814,329, including \$669,708 from general revenue and \$144,621 from federal funds. Compared to the FY 2017 enacted level, FY 2018 recommended general revenue financing increases by \$19,126, primarily attributed to the addition of health benefits for 1.0 FTE position. The FY 2018 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$3,514 of general revenue savings being allocated to the Office.

The Governor recommends 7.0 FTE positions in the revised FY 2017 budget and the recommended FY 2018 Budget, an increase of 1.0 FTE position from the enacted FY 2017 level.

OFFICE OF THE MENTAL HEALTH ADVOCATE

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$504,149	\$545,220	\$542,009	\$549,273	\$549,563
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$504,149	\$545,220	\$542,009	\$549,273	\$549,563
FTE Authorization	3.7	3.7	4.0	4.0	4.0

FY 2017 Revised Budget

The Governor recommends revised general revenue appropriations of \$549,273 for the Office of the Mental

Health and Human Services

Health Advocate. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$7,264. The net increase in general revenue funds for the Office's budget is primarily attributable to the following adjustments:

- *Adjustment of Personnel Financing:* The revised budget includes an additional \$4,105 in salary and benefit adjustments to support the current 4.0 FTE positions. One previously vacant position was filled by a state employee who started at a higher pay step than originally projected.
- *FY 2016 Reappropriation:* The budget includes \$2,223 in reappropriated funds from FY 2016 for furniture purchases.

FY 2018 Recommended Budget

The Governor recommends FY 2018 general revenue appropriations of \$549,563 for the Office of the Mental Health Advocate. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$7,554. The net increase is primarily attributable to the following adjustment:

- *Adjustment of Personnel Financing:* The FY 2018 recommended budget includes an increase of \$9,051 in personnel expenditures over FY 2017 enacted levels to fully finance the current staff.

The Governor recommends 4.0 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

Education

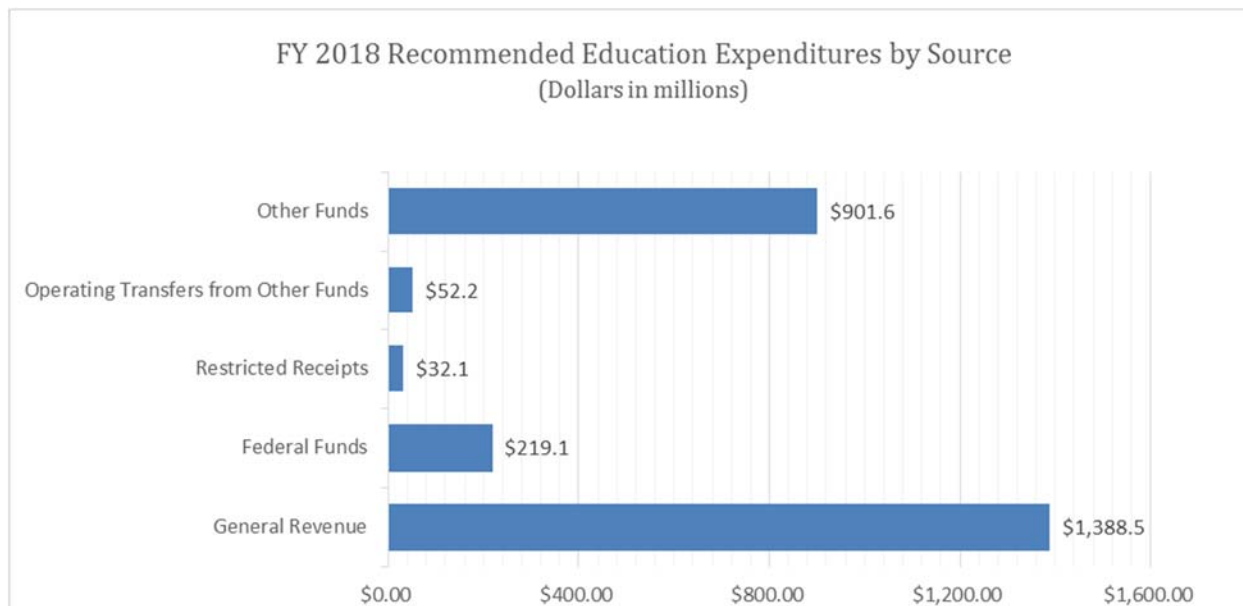
Education

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, and the Historical Preservation and Heritage Commission. The Governor recommends 4,654.7 FTE positions in FY 2017 and 4,664.7 FTE positions in FY 2018.

The 2014 General Assembly restructured the Board of Education to strengthen its coordinating role by creating a 17-member Board, 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 2015 General Assembly merged the Rhode Island Higher Education Assistance Authority into Public Higher Education where it is now a program within the Office of the Postsecondary Commissioner, the Division of Higher Education Assistance.

In FY 2018, the Governor continues to support these initiatives by fully funding year seven of the K-12 education aid formula and by providing state assistance through the higher education institutions by establishing the new *Rhode Island Promise Scholarship* scheduled to begin in school year 2017-2018. The Governor recommends total expenditures of \$2.593 billion for Education in FY 2018, including \$1.388 billion from general revenue, \$219.1 million from federal funds, \$32.1 million from restricted receipts, and \$953.8 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.

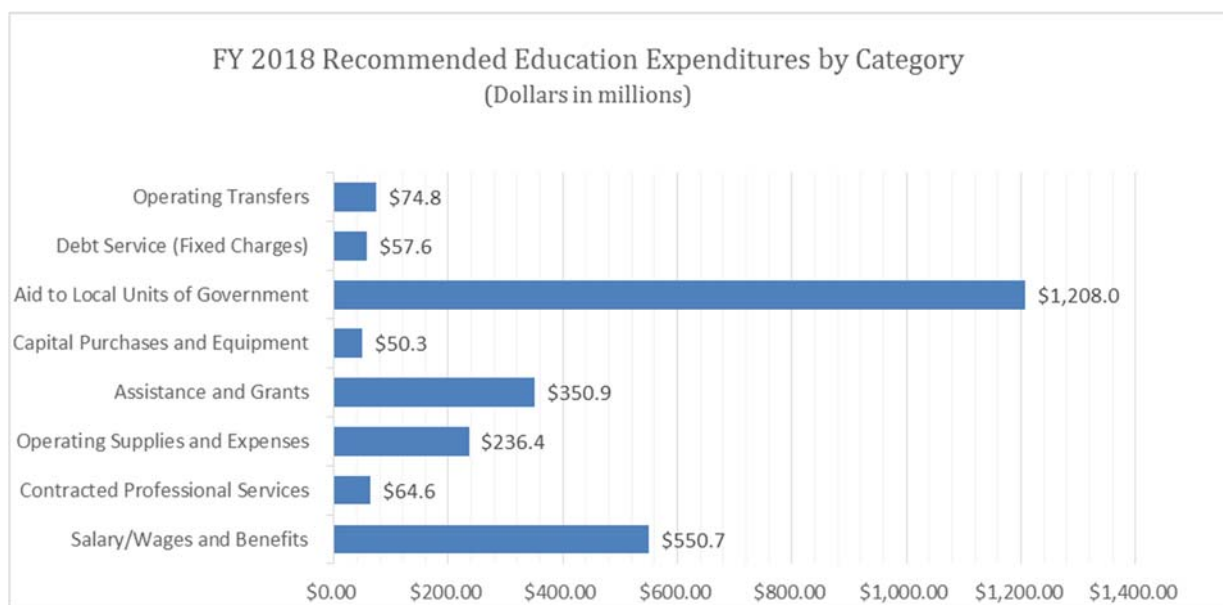


The Governor recommends additional general revenue expenditures of \$45.8 million for the Department of Elementary and Secondary Education, compared to the FY 2017 enacted level. Along with fully funding the seventh year of the education aid funding formula, the Governor recommends new initiatives designed to best prepare Rhode Island's youth for future postsecondary success, as well as instilling the skills necessary for success in a 21st century economy. Two initiatives, the ELL Regulation Implementation and Kindergarten Entry profile, are designed to recognize and support student to meet the necessary benchmarks of learning. There are also initiatives, like the Advanced Course Network and the Davies Advanced Manufacturing

Education

program (financed through the Rhode Island Capital Plan Fund), designed to best prepare secondary students for their future endeavors.

For postsecondary education, the Governor provides a total of \$1.138 billion at the State's three institutions of higher learning in FY 2018, including \$203.5 million in general revenue. The Governor provides a total of \$50.2 million to the Office of the Postsecondary Commissioner, including \$22.3 million in general revenue, for the Office's role in overseeing the institutions, administering the newly proposed *Rhode Island Promise Scholarship* program, funding the Rhode Island Nursing Education Center, and administering various programs that offer meaningful aid to current and potential students. The FY 2018 general revenue allocation to the Office of the Postsecondary Commissioner also includes an additional \$500,000 in supplemental funding for the Prepare RI Dual Enrollment Fund, which will now be financed at \$1.8 million, as demand has increased.



The Governor's general revenue recommendation of \$1.388 billion for Education for FY 2018 is an increase of \$75.2 million, or 5.7 percent, from FY 2017 enacted levels. The FY 2017 revised recommendation is an increase of \$2.3 million, or 0.2 percent more than the FY 2017 Enacted Budget general revenue total of \$3.313 billion.

Aid to Local Units of Government accounts for 46.6 percent of all education expenditures, entirely attributable to state aid to local units of government pursuant to the education funding formula. State operations expenditures, which include personnel and operating, account for 32.8 percent of total education expenditures, most of which occur in Public Higher Education. The remaining 20.6 percent of expenditures occur as institutional and pass-through student aid at the higher education institutions, capital outlays, and debt service.

Education

ELEMENTARY AND SECONDARY EDUCATION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$1,002,464,660	\$1,064,893,020	\$1,112,847,293	\$1,112,937,359	\$1,158,617,116
Federal Funds	\$197,213,822	\$191,287,906	\$206,229,553	\$207,575,449	\$203,500,000
Restricted Receipts	\$28,575,427	\$28,738,364	\$30,186,994	\$30,330,048	\$29,454,419
Other Funds	\$299,774	\$0	\$659,000	\$659,000	\$359,000
RI Capital Plan Fund	\$3,634,804	\$4,203,349	\$4,050,000	\$6,608,715	\$6,549,000
Total Funding	\$1,232,188,487	\$1,289,122,639	\$1,353,972,840	\$1,358,110,571	\$1,398,479,535
FTE Authorization	344.4	337.4	325.1	325.1	325.1

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$1.358 billion for the Department of Elementary and Secondary Education, including \$1.113 billion from general revenue, \$207.6 million from federal funds, \$6.6 million from the RI Capital Plan Fund, \$30.3 million from restricted receipts, and \$659,000 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$90,066, federal financing increases by \$1.3 million, restricted receipt financing increases by \$143,054, financing from the RI Capital Plan Fund increases by \$2.6 million, and financing from other funds remains unchanged. The revised FY 2017 Budget is inclusive of enacted statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$44,011 of general revenue savings being allocated to the Department of Elementary and Secondary Education. Davies Career and Technical School (Davies) is not subject to statewide savings due to being financed through the funding formula.

Administration of the Comprehensive Education Strategy

Within the Administration of the Comprehensive Education Strategy (ACES) program, the Governor recommends revised FY 2017 appropriations of \$233.6 million, including \$20.6 million from general revenue, \$205.9 million from federal funds, \$2.3 million from the RI Capital Plan Fund, and \$4.8 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$89,599, federal funds financing increases by \$1.3 million, and financing for both the RI Capital Plan Fund and restricted receipts remain unchanged. Major changes include:

Education Aid

Within the Education Aid program, the Governor recommends revised FY 2017 appropriations of \$867.4 million, including \$845.9 million from general revenue, \$600,000 from other funds, and \$20.9 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$68,000, restricted receipt financing increases by \$155,254, and financing from other funds remains unchanged. Major changes include:

- *Group Home Supplemental.* Pursuant to R.I.G.L. 16-64-1.1(b)(2), the Department is required to reimburse Local Education Agencies (LEAs or local districts) for each group home bed certified by the Department of Children, Youth, and Families (DCYF) by the preceding December 31st. The Governor recommends supplemental general revenue financing of \$68,000 in FY 2017, attributable to four new beds in Providence.

School Construction Aid

Within the School Housing Aid program, the Governor recommends revised FY 2017 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the School Housing Aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority fund, established by R.I.G.L. 45-

Education

38.2-2, consistent with the enacted level.

Teacher Retirement

Within the Teacher Retirement program, the Governor recommends revised FY 2017 appropriations of \$99.1 million from general revenue, consistent with the enacted level. Per R.I.G.L. 16-16-22, the state funds 40.0 percent of the employer's share of retirement contributions on behalf of teachers who are members of the Teacher's Retirement System.

Davies Career & Technical High School (Davies)

Within the Davies Career and Technical High School program, the Governor recommends revised FY 2017 appropriations of \$19.0 million, including \$12.6 million from general revenue, \$1.5 million from federal funds, \$3.9 million from restricted receipts, and \$976,719 from the RI Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing is unchanged, federal financing increases by \$75,891, restricted receipt financing decreases by \$4,200, and financing from the RI Capital Plan Fund increases by \$326,719. Davies is the only LEA that is both included in the funding formula and whose employees are state employees. Its general revenue appropriation is determined by the education aid funding formula and the ten-year transition plan that is underway.

Metropolitan Regional Career & Technical Center (The Met)

Within the Metropolitan Regional Career & Technical Center (The Met) program, the Governor recommends revised FY 2017 appropriations of \$12.7 million, including \$9.3 million from general revenue and \$3.3 million from the RI Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing is unchanged and recommended financing from the RI Capital Plan Fund increases by \$2.2 million. The Met's general revenue appropriation is determined by the education aid funding formula, similar to other local educational agencies. The Met, formerly fully State-funded, also receives a local share of funding from the individual districts that send students to the school.

- *Met HVAC Project.* The Governor recommends \$3.1 million from the RI Capital plan fund for the Met HVAC project, which is \$2.1 million more than the FY 2017 enacted level. There is no change in total costs for this project. The change in the FY 2017 revised financing is due to an adjusted project timeline.

Central Falls

Within the Central Falls program, the Governor recommends revised FY 2017 appropriations of \$39.1 million, consistent with the enacted level. Beginning in FY 2012, general revenue financing for the Central Falls School District is determined by the education funding formula. Because the state has full responsibility for funding the district, a transition fund was established pursuant to R.I.G.L. 16-7.2-6 to assure that funding is available to meet the local share of education costs. Of the amount recommended for Central Falls, \$34.3 million is attributable to the formula allocation and \$4.8 million is attributable to the transition fund.

Rhode Island School for the Deaf

Within the Rhode Island School for the Deaf program, the Governor recommends revised FY 2017 appropriations of \$7.4 million, including \$6.3 million from general revenue, \$254,320 from federal funds, \$777,791 from restricted receipts, and \$59,000 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$67,533 attributable to personnel savings and statewide adjustments, federal financing remains unchanged, restricted receipt financing decreases by \$8,000, and other funds financing is unchanged.

Education

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$1.398 billion for the Department of Elementary and Secondary Education, including \$1.159 billion from general revenue, \$203.5 million from federal funds, \$29.5 million from restricted receipts, \$6.5 million from the Rhode Island Capital Plan Fund, and \$359,000 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$45.8 million, federal financing decreases by \$2.7 million, restricted receipts financing decreases by \$732,575, financing from the RI Capital Plan Fund increases by \$2.5 million, and financing from other funds decreases by \$300,000. The FY 2018 Budget is inclusive of statewide assessed fringe benefits and other savings distributed to state agencies, which resulted in \$111,095 of general revenue savings being allocated to the Department of Elementary and Secondary Education. Davies Career and Technical School is not subject to statewide savings due to it being financed through the funding formula.

Administration of the Comprehensive Education Strategy

Within the Administration of the Comprehensive Education Strategy (ACES) program, the Governor recommends FY 2018 appropriations of \$227.4 million, including \$20.8 million from general revenue, \$201.9 million from federal funds and \$4.8 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$246,313, federal financing decreases by \$2.7 million, restricted receipt financing increases by \$11,403, and financing from the RI Capital Plan Fund decreases by \$2.3 million as the final two career and technical school projects are completed. Major changes to the enacted level include:

- *Personnel.* The Governor recommends the hiring of two new employees. The first is for an English Language Learner/World Language Leadership position to help support school personnel in the implementation of proposed EL regulation and support the growth of world language offerings in schools. The second position is for the support of the department's early learning initiative. This position represents the minimal staffing necessary to sustain statutory requirements. The Governor recommends no additional financing and no increase in the FTE Authorization Cap, when compared to the FY 2017 enacted level.
- *GED Waiver.* The Governor recommends \$90,040 from general revenue for GED Waivers in FY 2018, \$90,040 more than the FY 2017 enacted level. Per RIGL 16-63-18, the RI Department of Elementary and Secondary Education is required to provide a fee waiver for the High School Equivalency Test for individuals with limited income who can prove a financial hardship.
- *ELL Regulation Implementation.* The Governor recommends \$60,000 from general revenue to support the implementation of ELL regulations in FY 2018, \$60,000 more than the FY 2017 enacted level. Funds will target training and development of school leaders and teachers, in order to implement the proposed Rhode Island English Language Learner regulations. These regulations promote a new and innovative approach to addressing the academic success for students learning English. Funds will also support the implementation of new toolkits from the U.S. Department of Education. General revenue funding will be augmented with Title III funds as needed.
- *Kindergarten Entry Profile.* The Governor recommends \$200,000 from general revenue for the support and implementation of the Kindergarten Entry Profile. This is a general revenue increase of \$200,000 from the FY 2017 enacted level. The Kindergarten Entry Profile will collate key data which will guide policy priorities and future investments, as well as identify students entering kindergarten in need of educational interventions – supporting efforts to achieve proficiency of all third grade benchmarks.

Education

- *Advanced Course Network.* The Governor recommends \$250,000 from general revenue to expand the current pilot of the Advanced Course Network. This initiative is designed to help districts and schools meet their students' needs by allowing them access to a network of course providers including: postsecondary institutions, community organizations, and local educational authorities. The Advanced Course Network enriches educational experiences giving students a head start on post-secondary success, and prepares students for jobs in sectors critical for Rhode Island's future prosperity. Combined with other funds, financing for this initiative will total \$550,000.
- *Agency Wide Reduction.* The Governor's recommendation includes a decrease of \$603,040 from general revenue, which represents a 3.0 percent general revenue reduction from non-statutory, non-contractual portions of the Program's FY 2018 Recommended Budget.

Education Aid

Within the Education Aid program, the Governor recommends FY 2018 appropriations of \$909.2 million, including \$888.7 million from general revenue, \$20.2 million from restricted receipts, and \$300,000 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$42.9 million, restricted receipt financing decreases by \$516,028, and financing from other funds decreases by \$300,000. Major changes include:

- *Formula Aid.* In FY 2018, the Governor recommends \$40.0 million in total formula aid, which includes: Local Education Agencies; charter schools; Central Falls; the Metropolitan Career and Technical School; and the Davies Career and Technical School. Central falls and the two state schools are discussed further within their respective programs. Within the Education Aid program, the Governor recommends \$859.1 million from general revenue for formula aid, exclusive of formula aid provided to Central Falls, the Met School, and Davies Career and Technical High School. Formula aid includes an additional \$938,900 from general revenue for the Density Aid categorical. Traditional districts with greater than 5.0 percent public school of choice enrollment receive additional aid, based on recommendations from the Funding Formula Working Group. In addition to Density Aid, the Governor also recommends \$2.5 million from general revenue for an English Learner categorical (which is not included in this total). A complete description of each of the changes made in response to the Funding Formula Working Group, can be found in Appendix D, Aid to Schools. Compared to the FY 2017 enacted level, recommended formula aid increases by \$42.5 million attributable to the following adjustments:
 - *Year 7 Formula Aid.* The Governor recommends an additional \$43.1 million in formula aid (exclusive of aid to Central Falls and the two state schools), when compared to the FY 2017 enacted level. This represents full funding of the last year of formula adjustments for underfunded districts, with an additional three years of reductions for the remaining overfunded districts (FY 2019 – FY 2021). For more information on the funding formula, please see Appendix D, Aid to Schools.
 - Additional aid to districts with high public school of choice enrollment totals \$938,900. This is a reduction of \$553,325 when compared to the FY 2017 enacted level.
 - *Categorical Funds – English Learners.* The Funding Formula Working Group found that English Learners (ELs) have unique needs and their services are more extensive than general education students. Further, the group found that while ELs will benefit from additional support through the funding formula, this support should not come at the expense of other educational programs. Rhode Island is presently only one of four states that does not provide specific funding for ELs as part of its funding formula. To this end, the Governor recommends a permanent EL categorical fund, calculated at the level of 10.0

Education

percent of the Core Instruction Amount, applied to students in the most intensive EL programs. The funds may only be used on evidence-based programs proven to increase the outcomes for ELs and its usage will be monitored by the Department of Elementary and Secondary Education. The Governor recommends that the funding for this categorical be consistent with the FY 2017 enacted level of \$2.5 million.

- *Categorical Funds – High Cost Special Education.* Consistent with the FY 2017 Enacted Budget, the Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2018. The high cost special education categorical provides financial support to districts that are serving students with extraordinary needs. The threshold for qualifying for the High Cost Special Education categorical is five times the core foundation amount (core instruction amount plus student success factor).
- *Categorical Funds – Early Childhood.* The Governor recommends \$6.2 million for the early childhood categorical fund in FY 2018, \$1.1 million greater than the FY 2017 enacted level. The early childhood education categorical is used to increase access to high quality pre-kindergarten programs. Early childhood categorical funds are distributed through a competitive process for high-quality programs. This increase is part of the overall plan to triple the number of state-sponsored high quality pre-kindergarten classrooms by 2019 and leverages \$6.2 million in federal funds.
- *Categorical Funds – Transportation.* The Governor recommends \$6.4 million for the transportation categorical fund in FY 2018, consistent with the FY 2017 enacted level. The transportation categorical is used to reimburse districts for a portion of the cost of transporting students outside their districts. Districts must participate in the statewide transportation system to be eligible. Reimbursement for regional district transportation accounts for approximately half of the categorical.
- *Categorical Funds – Career and Technical.* The Governor recommends \$4.5 million for the career and technical education categorical fund in FY 2018, consistent with the FY 2017 enacted level. The career and technical categorical fund is used to support the start-up of new programs and to offset the higher than average per pupil costs associated with existing career and technical programs. Twenty-one LEAs receive funding from this categorical in varying amounts ranging from an annual average of \$405,000 for free-standing centers to an annual average of \$25,000 for single programs embedded in comprehensive high schools.
- *Group Home Aid:* The Governor recommends \$4.1 million from general revenue for group home aid, \$688,863 below the FY 2017 enacted level. This decrease in group home aid in FY 2017 is to accommodate R.I.G.L. 16-7-22(1)(ii), which requires the average daily membership of each LEA to be decreased by the number of group home beds used in group home aid calculations. To remain consistent with the manner in which this decrease was enacted in 2015 and 2016, the funding formula adjustment for the number of licensed group home beds is applied to group home aid rather than to the funding formula. In addition, this adjustment accommodates R.I.G.L. 16-64-1.1(b)(2), which requires the Department to reimburse LEAs for each group home bed certified by the Department of Children, Youth, and Families (DCYF) by the preceding December 31st. The most recent update has Providence adding four beds and Pawtucket removing three beds.

Education

- *E-Rate*. The Governor recommends \$400,000 from general revenue for the state E-Rate program in FY 2018, consistent with the FY 2017 enacted level. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.
- *Progressive Support and Intervention Program (Permanent School Fund)*. The Governor recommends that \$300,000 from other funds for the Permanent School Fund. Funds will be used to support the Advanced Coursework Network pilot, which enables Rhode Island high school students to access personalized advanced coursework opportunities. In total, the initiative will support and serve more than 1,000 students statewide for FY 2018.
- *Recovery High School*. The Governor recommends \$500,000 for the State's recovery high school, consistent with the FY 2017 enacted level. The high school provides individualized programs to students recovering from substance abuse, supporting both personal recovery and academic achievement.

School Construction Aid

Within the School Housing Aid program, the Governor recommends FY 2018 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, which is consistent with the FY 2017 enacted level.

Teacher Retirement

Within the Teacher Retirement program, the Governor recommends FY 2018 appropriations of \$100.7 million from general revenue, \$1.6 million greater than the FY 2017 enacted level. Per RIGL 16-16-22, the state funds 40.0 percent of the employer's share of retirement contributions on behalf of teachers who are members of the Teacher's Retirement System.

Davies Career & Technical High School

Within the Davies Career and Technical High School program, the Governor recommends FY 2018 appropriations of \$27.3 million, including \$13.4 million from general revenue, \$1.4 million from federal funds, \$3.7 million from restricted receipts, and \$8.8 million from the RI Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$767,965, federal financing decreases by \$2,427, restricted receipt financing decreases by \$219,950, and financing from the RI Capital Plan Fund increases by \$8.1 million. Major changes include:

- *Formula Aid – Year 7*. In FY 2018, the education aid formula allocates \$703,791 less than the FY 2017 enacted level.
- *Davies Supplemental Financing*. In addition to the funding allocated by the formula, the Governor recommends supplemental financing of \$3.0 million in FY 2018 in order to sustain existing academic and technical programs at the school. The supplemental financing is \$1.5 million more than the FY 2017 enacted level. Funding allocated by the formula has declined from \$13.4 million in FY 2012 to \$10.3 million in FY 2018.
- *Davies Advanced Manufacturing*. Davies is a central node of manufacturing workforce development in the state of Rhode Island. To support workforce needs of Rhode Island manufacturers across industry sectors and increase opportunities for students, Davies will invest strategically in updated technology and infrastructure to prepare the next generation of manufacturing workers. Investments will be guided by the strategic needs of the school and of

Education

industry. The Governor recommends \$3.7 million in financing from the RI Capital Plan Fund for these investments in FY 2018.

Metropolitan Regional Career & Technical Center (The Met)

Within the Metropolitan Regional Career & Technical Center (The Met) program, the Governor recommends FY 2018 appropriations of \$9.6 million, including \$9.3 million from general revenue, and \$250,000 from the RI Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing remains unchanged, while financing from the RI Capital Plan Fund decreases by \$850,000. Major changes include:

- *Formula Aid – Year 7.* In FY 2018, the education aid formula allocates \$625,068 less than the FY 2017 enacted level.
- *The Met School Supplemental Financing.* In addition to the funding allocated by the formula, the Governor recommends supplemental financing of \$757,584 in FY 2018 in order to alleviate the effects of the proposed changes to the funding formula. The supplemental financing is \$625,068 more than the FY 2017 enacted level.

Central Falls

Within the Central Falls program, the Governor recommends FY 2018 appropriations of \$39.4 million from general revenue, \$250,726 more than the enacted level. Of the amount recommended for Central Falls, \$32.6 million is attributable to the formula allocation and \$6.8 million is attributable to the stabilization fund.

Rhode Island School for the Deaf

Within the Rhode Island School for the Deaf program, the Governor recommends FY 2017 appropriations of \$7.5 million, including \$6.4 million from general revenue, \$254,320 from federal funds, \$777,791 from restricted receipts, and \$59,000 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$33,235 attributable to personnel and statewide changes; federal financing remains unchanged; restricted receipts financing decreases by \$8,000; and other funds remain unchanged.

The Governor recommends 327.1 FTE positions in the Revised FY 2017 Budget and the Recommended FY 2018 Budget, consistent with the FY 2017 enacted level.

Education

PUBLIC HIGHER EDUCATION					
Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$188,223,129	\$180,874,064	\$196,357,528	\$198,610,423	\$225,782,593
Federal Funds	\$4,544,682	\$15,278,876	\$14,308,847	\$16,738,854	\$13,933,669
Restricted Receipts	\$632,650	\$636,787	\$1,022,720	\$1,517,568	\$2,173,990
Other Funds	\$825,711,388	\$850,835,232	\$912,811,992	\$876,794,846	\$901,112,837
Operating Transfers from Other Funds	\$28,248,420	\$34,607,587	\$36,780,116	\$43,606,573	\$44,995,919
Total Funding	\$1,047,360,269	\$1,082,232,546	\$1,161,281,203	\$1,137,268,264	\$1,187,999,008
FTE Authorization	4249.2	4259.2	4296.8	4296.8	4306.8

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations totaling \$1.137 billion for Public Higher Education, including \$198.6 million from general revenue, \$16.7 million from federal funds, \$883.2 million from other funds and non-RICAP operating transfers, \$1.5 million in restricted receipts, and \$37.2 million from the Rhode Island Capital Plan Fund (RICAP). Relative to the enacted FY 2017 levels of \$196.4 million, general revenue financing increases by \$2.3 million, entirely attributable to additional state-financed general obligation bond debt service, stemming from a recent debt issuance and refinancing of state debt in April 2016. With respect to general educational funding at the University and Colleges, the Governor concurs with the Board of Education's FY 2017 revised budget(s), as ratified on November 16, 2016, which did not request supplemental general revenue support for Rhode Island's System of Public Higher Education in the current fiscal year.

Office of the Postsecondary Commissioner (OPC)

The Governor recommends revised FY 2017 appropriations of \$34.4 million for the Office of the Postsecondary Commissioner, including \$6.4 million in general revenue, comprised of the following:

- *Shepard's Building.* The Governor includes \$2.4 million in general revenue in the current year for the Shepard's Building operating and parking, for its role as a remote campus site for the University of Rhode Island's College of Continuing Education, and the Department of Elementary and Secondary Education's central administrative and policy staff.
- *Grants and Waivers.* The Governor recommends the continuation of scholarships and grants contained within the FY 2017 enacted budget, including:
 - \$355,000 as a legislatively directed grant to the Children's Crusade.
 - \$1.3 million for dual enrollment waivers for students who access university/college courses and attain college credit while in high school via the *Prepare RI Dual Enrollment Fund*.
 - \$4.0 million from Guaranty Agency Revenues generated by the Division of Higher Education Assistance (DHEA) from their remaining student loan portfolio, dedicated to the existing needs-based Academic Promise Scholarship program, currently administered through the Division.
 - \$6.1 million from the Tuition Savings Program (*CollegeBoundfund*®), also dedicated to the existing needs-based Academic Promise Scholarship program.
- *Other OPC Operating Expenditures*
 - \$1.9 million in personnel financing for support of the Office's 27.0 FTE position

Education

complement.

- \$2.0 million in from the Rhode Island Capital Plan Fund and \$750,000 in general revenue for construction and the securing of leasing arrangements within the newly constructed Westerly Higher Education and Industry Center. This satellite vocational training facility commenced initial operations in late 2016 with classes being offered by CCRI for Electric Boat employees. As noted in the FY 2018- 2022 Capital Budget, this project represents a direct vehicle for general economic development, regional macroeconomic stimulus, and high-wage/high-skill job creation (particularly for students opting to not attend a traditional 4-year undergraduate program). Additionally, anticipated tenant-based revenue of \$856,773 will defray campus operating expenses in FY 2017.
- \$1.1 million of URI and RIC institutional funds dedicated to the operations, maintenance, and staffing of the soon to be completed Rhode Island Nursing Education Center (RINEC), located at the former South Street Landing site in Providence. For purposes of fiscal oversight only, OPC will serve as the pass-through entity for the disbursement of these funds.

State Institutions: University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI)

The Governor recommends revised all funds appropriations of \$1.103 billion in FY 2017, including \$192.3 million from general revenue. Other than the aforementioned adjustments for general obligation bond debt service costs, the Governor recommends no deviation from enacted FY 2017 general revenue appropriations for any school. Thus, the FY 2017 revised recommendation consists of the following budgetary allocations, displayed by institution and source of funds:

FY 2017 Revised Funding- State Institutions of Higher Education

Institution	General Revenue	Rhode Island Capital Plan Fund (RICAP)	Institutional Funding*	Total Appropriation
University of Rhode Island	\$92,173,336	\$18,369,046	\$653,297,555	\$763,839,937
Rhode Island College	\$49,505,721	\$8,594,818	\$123,985,592	\$182,086,131
Community College of Rhode Island	\$50,579,484	\$8,256,002	\$98,057,535	\$156,893,021
Total	\$192,258,541	\$35,219,866	\$875,340,682	\$1,102,819,089

*Includes operations and maintenance financing for the Nursing Education Center (also reflected in the OPC budget). Figure also includes restricted receipt expenditures for the Drivers' Education Program at CCRI.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$1.188 billion for Public Higher Education, including \$225.8 million from general revenue, \$13.9 million from federal funds, \$911.8 million from other funds and non-RICAP operating transfers, \$2.2 million from restricted receipts, and \$34.3 million from the Rhode Island Capital Plan Fund. The total general revenue increase from the enacted budget of \$29.4 million includes:

Education

Office of the Postsecondary Commissioner (OPC)

- An increase of \$26,147 for FY 2018 statewide target adjustments, primarily arising from inflationary conditions in employee medical benefit costs.
- New appropriations totaling \$3.6 million for the State’s obligation for [10-months of] base lease and estimated “tenant improvement” rental payments at the newly constructed Nursing Education Center (RINEC). Please see the Public Higher Education section of the budget document, “FY 2018 Capital Budget”, as well as <http://web.uri.edu/nursing/rhode-island-nursing-education-center/>, for a more extensive discussion of both the educational mission and the agglomerative and scale economies achieved through the operation of this new facility beginning in early FY 2018. Non-general revenue pass-through operating financing from URI and RIC of \$5.1 million is also included herein.
- \$1.4 million for state-financed debt service costs related to the upcoming issuance of \$10.4 million of Lease Participation Certificates (“COPS”), the proceeds of which will finance furniture, fixture, and equipment purchases for RINEC classrooms and offices (commencing on or around April 1, 2017).
- Additional general revenues of \$500,000 for the aforementioned construction and securing of leasing arrangements within the newly constructed Westerly Higher Education and Industry Center, yielding FY 2018 base funding of \$1.25 million.
- A supplementary allotment of \$500,000 in general revenue funds supporting the *Prepare RI Dual Enrollment Fund*. Prepare RI has experienced a high-than-anticipated demand from Rhode Island’s high school students, and thus requires additional funding in FY 2018 to sustain the program’s success and viability. The Governor therefore recommends total (all-funds) financing of \$1.8 million in FY 2018.
- \$10.0 million in new general revenue for Governor Raimondo’s historic FY 2018 budget proposal, known as the *Rhode Island Promise Scholarship*, providing 2 years of free tuition and mandatory fees to qualifying students at any of Rhode Island’s three postsecondary institutions. For a more detailed description of this initiative, please see the special *Rhode Island Promise Scholarship* section below.

University of Rhode Island (URI)

- An increase of \$534,541 for FY 2018 statewide target adjustments, primarily arising from inflationary conditions in employee medical benefit costs.
- A \$9.5 million upward revision to general obligation bond debt service expenses, stemming from a recent debt issuance and refinancing of state debt in April 2016.
- The redirection of a legislatively directed grant to the Polaris Manufacturing Extension Program, in the amount of \$250,000, from the OPC budget to that of the Executive Office of Commerce.

Education

Rhode Island College (RIC)

- An increase of \$442,461 for FY 2018 statewide target adjustments, primarily arising from inflationary conditions in employee medical benefit costs.
- A \$2.3 million upward revision to general obligation bond debt service expenses, stemming from a recent debt issuance and refinancing of state debt in April 2016.

Community College of Rhode Island (CCRI)

- An increase of \$499,675 for FY 2018 statewide target adjustments, primarily arising from inflationary conditions in employee medical benefit costs.

State Institutions of Higher Education- 7.0 Percent Tuition and Mandatory Fee Increase for School Year 2017 – 2018 (FY 2018)

On November 16, 2016, the Rhode Island Board of Education approved a 7.0 percent increase to in-state undergraduate tuition and mandatory fees at the State’s three Institutions of Higher Education¹. The following table displays the resultant (estimated) increases in FY 2018 institutional revenue derived from the tuition/fee hike. Taken together, the state schools anticipate additional revenue totaling \$20.5 million, and have thus programmed this financing within their “unrestricted” (i.e. non-auxiliary) operating budgets:

FY 2018 BOE Approved 7.0 Percent Tuition and Mandatory Fee Increases

Institution	FY2017 (2016 -2017) Tuition/Fee Rate (Annual)	FY 2018 In-State Undergraduate Increase (Annual)	Incremental FY 2018 Tuition/Fee Revenue
University of Rhode Island (URI)	\$12,884	\$908	\$14,685,573
Rhode Island College (RIC)	\$8,206	\$570	\$4,788,962
Community College of Rhode Island (CCRI)	\$4,266	\$298	\$1,061,576
Total	N/A	N/A	\$20,536,111

1. Technically, the final column on this table includes all tuition/fee revenue derived from all adjustments to prevailing tuition/fee rates for all student sub-populations, not just those for in-state undergraduates.

2. Source: Public Postsecondary Education, FY 2018 Budget; *FY 2018 Tuition and Fee Schedules*.

Incorporating the revenue generated by these FY 2018 tuition and fee increases, coupled with the general revenue modifications discussed above, the Governor’s FY 2018 Budget for Public Higher Education consists of the following appropriations, again displayed by institution and source of funds:

¹ In-state and out-of-state graduate tuition/fees and out-of-state undergraduate tuition/fees were likewise increased at all schools, albeit at varying rates. In-state graduate students at RIC received the highest composite percentage increase (8.7 percent), while out-of-state undergraduates and graduate students at URI received the lowest increases, each at 4.0 percent. However, because base tuition rates vary widely among in-state and out-of-state students, percentage changes in tuition/fee structures are a very unreliable proxy for absolute changes in comparative tuition and fee expenses at most schools.

Education

FY 2018 Funding- OPC and State Institutions of Higher Education

Institution	General Revenue	Rhode Island Capital Plan Fund (RICAP)	Institutional Funding*	Total Appropriation
Office of the Postsecondary Commissioner	\$22,328,459	\$--	\$27,871,554	\$50,200,013
University of Rhode Island	\$99,629,728	\$9,030,000	\$667,035,765	\$775,695,493
Rhode Island College	\$52,305,851	\$17,058,431	\$131,969,318	\$201,333,600
Community College of Rhode Island	\$51,518,555	\$8,174,063	\$101,077,284	\$160,769,902
Total- PHE System	\$225,782,593	\$34,262,494	\$927,953,921	\$1,187,999,008

*Includes operations and maintenance financing for the Nursing Education Center. Figure also includes restricted receipt expenditures for the Drivers' Education Program at CCRI.

NOTE: OPC is displayed in this table (unlike in the FY 2017 table shown above) due to the centralization of the \$10.0 million budget for the *Rhode Island Promise Scholarship* within the Office. The vast majority of these funds will accrue to the state schools via interfund transfers.

Standard staffing authorizations at the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island are unchanged relative to the FY 2017 enacted level, or 1,915.7 FTE positions, 844.2 FTE positions, and 765.1 FTE positions, respectively. Adding authorized sponsored research FTE positions yields respective total staffing authorizations of 2,489.5 FTE positions, 926.2 FTE positions, and 854.1 FTE positions.

Within the Office of the Postsecondary Commissioner, FY 2018 staffing authorizations total 37.0 FTE positions, 10.0 FTE positions above the enacted level of 27.0 FTE positions. This increase is solely attributable to the attachment of RINEC administrative staff to the FTE complement of the Office. These 10.0 FTE positions are enumerated in the OPC personnel pages of Public Higher Education, contained in the functional budget document entitled *Volume III, Education*.

Recommended staffing authorizations therefore total 4,306.8 FTE positions throughout Rhode Island's system of Public Higher Education., 10.0 FTE positions above the enacted level.

FY 2018 Proposal: The Rhode Island Promise Scholarship

Two Years of College Tuition and Mandatory Fees Free for all Eligible Rhode Island Students, Making Community College Free and Cutting the Costs of a Four Year Degree in Half

In her FY 2018 Executive Budget, Governor Raimondo strongly affirms her commitment to ensuring that Rhode Island students are offered every opportunity to attain the successful and timely completion of a college degree, a credential that is now virtually indispensable to an individual's competitive participation in today's high-skill, knowledge, and technology-driven job market. By 2020, seven out of ten jobs created in Rhode Island will require an associate's degree or higher. **Governor Raimondo is laser-focused on making sure Rhode Islanders are prepared to fill those jobs.**

Through her proposed creation of the *Rhode Island Promise Scholarship*, the Governor not only follows the cutting-edge educational policy exhibited in a series of ambitious "last-dollar" tuition subsidy programs at Community Colleges, most notably implemented in Tennessee (*Tennessee Promise*) and Oregon (*Oregon Promise*), but goes a step beyond each of these by making the *Rhode Island Promise Scholarship* available to eligible students **at all public institutions of higher learning in State of Rhode Island:** The Community

Education

College of Rhode Island (CCRI), Rhode Island College (RIC), and the University of Rhode Island (URI). Such a bold policy will not only relieve students and their families of the singularly prohibitive cost of a college education by effectively providing a free Associate’s degree and/or reducing the cost of a four-year degree by 50 percent, but will also enhance student retention rates, attract new students who might otherwise forego college, significantly lower student debt burdens of college graduates, incentivize higher and faster rates of degree attainment, and potentially spur higher scholastic achievement as students are less distracted by affordability concerns and thus able to focus more intensely on academics.

The *Rhode Island Promise Scholarship’s* program design is innovative, while still paying heed to the realities of Rhode Island’s vastly improving, but still constrained, fiscal climate. In order to ensure its long-term fiscal viability, the *Scholarship* is a “last-dollar” subsidy of a student’s tuition/fee expenses that remain unmet after applying all other sources of federal and institutional financial aid. Furthermore, *Rhode Island Promise* will be phased-in over a four-year period commencing in FY 2018, reaching a fully-implemented, fully-funded steady state in FY 2021. The first cohort of eligible students are those entering the Community College of Rhode Island (CCRI) in the fall semester of 2017 and those who begin 4-year programs at Rhode Island College (RIC) and the University of Rhode Island (URI) in the fall of 2017 and thereby reach “junior” (60 credit) status by the 2019-2020 school year.

Whereas students at CCRI who meet all eligibility criteria (see below) will immediately qualify for *RI Promise Scholarships*, the *Scholarship* works differently at RIC and URI, covering the junior and senior years at these institutions.

Who is Eligible for the *Rhode Island Promise Scholarship*?

Requirement	Description
Rhode Island Resident	Qualify for in-state tuition = Three-year attendance at an approved RI high school, including private and homeschool students.
Enroll full-time within 6 months of graduation	Students must receive their high school diploma or GED prior to age 19 and enroll within six months of their high school or GED graduation.
FAFSA Completion	Students must complete the FAFSA before the deadline set by the school to ensure maximum contribution of Pell and Financial aid dollars.
New Recipient	One scholarship per student. A student who receives the Promise scholarship at CCRI will not be eligible to receive a second Promise scholarship at RIC or URI.
RIC and URI, be a Junior	Be considered a “junior” = have earned 60 credits and declared a major

In accordance with the *Scholarship’s* 4-year phase-in and cost estimates developed collaboratively between the Office of the Governor, the Office of Management and Budget (OMB), and the State Institutions, the Governor recommends FY 2018 general revenue appropriations totaling \$3.0 million to meet the anticipated Year 1 direct subsidy costs of the *Scholarship*. The Governor further recommends that \$6.0 million be apportioned among the state schools as “preparedness grants”, guaranteeing that appropriate capacity building and necessary adjunct program activities are well-funded and can commence as quickly as possible upon *RI Promise’s* inception. Lastly, the Governor recommends \$1.0 million to support associated communications, outreach, and a FAFSA completion initiative. In sum, the Governor recommends total FY 2018 appropriations of \$10.0 million for the *Rhode Island Promise Scholarship* program. This financing is currently housed in the budget of the Office of the Postsecondary Commissioner (OPC), and will be disbursed to the State Institutions according to procedures established by the Council on Postsecondary Education.

Education

Out-year appropriations (unadjusted for potential tuition/fee inflation) for the *Rhode Island Promise Scholarship* are currently estimated to approximate \$6.0 million in FY 2019, \$18.0 million in FY 2020, and \$30.0 million in 2021 and thereafter (all else equal). These nominal projections are captured in the Office of Management and Budget's Five Year Financial Projection, contained in Appendix F of this document, wherein annual inflationary assumptions at the applicable Consumer Price Index for all Urban Consumers (CPI-U) are utilized.

RHODE ISLAND COUNCIL ON THE ARTS

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$1,490,966	\$1,844,116	\$1,951,884	\$1,939,368	\$1,945,056
Federal Funds	\$713,200	\$700,799	\$775,454	\$786,728	\$781,454
Restricted Receipts	\$0	\$0	\$0	\$25,000	\$0
Other Funds	\$183,075	\$450,859	\$303,200	\$980,700	\$345,800
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$2,387,241	\$2,995,774	\$3,030,538	\$3,731,796	\$3,072,310
FTE Authorization	6.0	8.6	8.6	8.6	8.6

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$3.7 million for the RI State Council on the Arts, including \$1.9 million from general revenue, \$786,728 from federal funds, \$25,000 from restricted receipts, and \$980,700 from the Art for Public Facilities Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$12,516, federal financing increases by \$11,274, restricted receipt receipts financing increases by \$25,000, and financing for the Art for Public Facilities Fund increases by \$677,500. The revised FY 2017 Budget is inclusive of statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$1,111 of general revenue savings being allocated to the RI State Council on the Arts. Major changes to the enacted level include:

- *Personnel.* The Governor recommends a decrease of \$29,553 from general revenue for personnel expenditures in FY 2017, attributable to turnover savings from an unforeseen vacancy. The personnel savings are offset by an increase of \$18,148 in operating expenses for technology upgrades.
- *Rhode Island Foundation Grants.* The Governor includes an additional \$25,000 for two grants received by the Council from the Rhode Island Foundation. The first grant, totaling \$20,000, is to examine the role of the arts and artists in healthcare. The second grant, totaling \$5,000, is to support scholarship opportunities for the expansion of arts programs. Both are one-time grants, and are reflected as restricted receipt funding.
- *Art for Public Facilities Fund.* The Art for Public Facilities Fund, established pursuant to R.I.G.L. 42-75.2-4, requires any state building or facility being constructed, remodeled, or renovated, to expend at least 1.0 percent of construction costs on works of art for public display. The Governor includes \$980,700 for the Art for Public Facilities Fund, an increase of \$677,500 from the enacted level, reflecting an updated project schedule.

Education

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$3.1 million for the RI State Council on the Arts, including \$1.9 million from general revenue, \$781,454 from federal funds, and \$345,800 from the Art for Public Facilities Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$6,828, federal financing increases by \$6,000, and financing for the Art for Public Facilities Fund increases by \$42,600. The FY 2018 Budget is inclusive of statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$3,759 of general revenue savings being allocated to the RI State Council on the Arts. Major changes to the enacted level include:

- *Art for Public Facilities Fund.* The Governor includes \$345,800 for the Art for Public Facilities Fund, \$42,600 more than the enacted level, reflecting revised project schedules in FY 2018.

The Governor recommends 8.6 FTE positions in the revised FY 2017 Budget and the FY 2018 Budget.

RHODE ISLAND ATOMIC ENERGY COMMISSION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$872,139	\$908,285	\$981,100	\$979,682	\$982,157
Federal Funds	\$89	\$336,542	\$32,422	\$228,863	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$254,555	\$263,019	\$269,527	\$270,599	\$272,216
RI Capital Plan Fund	\$61,069	\$69,036	\$50,000	\$59,895	\$50,000
Total Funding	\$1,187,852	\$1,576,882	\$1,333,049	\$1,539,039	\$1,304,373
FTE Authorization	8.6	8.6	8.6	8.6	8.6

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$1.5 million for the Atomic Energy Commission, including \$979,682 from general revenue, \$228,863 from federal funds, \$270,599 from other funds, and \$59,895 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1,418, federal financing increases by \$196,441, financing from other funds increases by \$1,072, and financing from the Rhode Island Capital Plan Fund increases by \$9,895. The revised FY 2017 Budget is inclusive of statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$1,418 of general revenue savings being allocated to the RI Atomic Energy Commission. Major changes to the enacted level include:

- *Federal Grants.* The Governor includes \$228,863 in FY 2017, a total of \$196,441 more than the enacted level, for grants from the U.S Department of Energy. The grants include \$10,123 to finish funding for instrumentation upgrades and a newly received grant for \$180,000 for stack monitor upgrades for the Commission's reactor.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$1.3 million for the Atomic Energy Commission, including \$982,157 from general revenue, \$272,216 from other funds, and \$50,000 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by

Education

\$1,057, federal financing decreases by \$32,422, financing from other funds increases by \$2,689, and financing from the Rhode Island Capital Plan Fund remains unchanged. The FY 2018 Budget is inclusive of statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$4,129 of general revenue savings being allocated to the Atomic Energy Commission.

The Governor recommends 8.6 FTE positions in the revised FY 2017 Budget and the FY 2018 Budget, consistent with the enacted level.

HISTORICAL PRESERVATION AND HERITAGE COMMISSION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$1,138,182	\$1,362,860	\$1,202,559	\$1,162,001	\$1,168,706
Federal Funds	\$1,855,585	\$1,283,096	\$1,093,966	\$1,547,028	\$860,963
Restricted Receipts	\$377,082	\$126,202	\$427,175	\$429,200	\$427,700
Other Funds	\$71,736	\$75,291	\$79,998	\$79,854	\$80,970
RI Capital Plan Fund	\$2,004,145	\$125,000	\$0	\$0	\$0
Total Funding	\$5,446,730	\$2,972,449	\$2,803,698	\$3,218,083	\$2,538,339
FTE Authorization	16.6	16.6	16.6	15.6	15.6

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$3.2 million for the Historical Preservation and Heritage Commission, including \$1.2 million from general revenue, \$1.5 million from federal funds, \$429,200 from restricted receipts, and \$79,854 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$40,558, federal financing increases by \$453,062, restricted receipt financing increases by \$2,025, financing from other funds decreases by \$144, and financing from the Rhode Island Capital Plan Fund remains unchanged. The revised FY 2017 Budget is inclusive of enacted statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$1,582 of general revenue savings being allocated to the Historical Preservation and Heritage Commission. Major changes to the enacted level include:

- *Personnel.* The Governor includes an increase of \$11,383 in general revenue for personnel expenditures in FY 2017, attributable to an over allocation of turnover savings associated with the Enacted Budget. Personnel adjustments include a reduction of \$14,796 of federal funds based on availability, and a reduction of \$50,152 from general revenue, due to the mid-year transfer of 1.0 FTE position to the Department of Environmental Management. The 1.0 FTE position is associated with the operational transfer of the Eisenhower House.
- *Transfer of the Eisenhower House.* The Governor includes a reduction of \$106,439 in general revenue associated with the transfer of the Eisenhower and the 1.0 FTE position associated with its operation, compared to the FY 2017 enacted level. The general revenue reduction includes \$50,152 from personnel, \$55,965 from operational costs, and \$420 associated with capital purchases and equipment. The operation of the Eisenhower House will be transferred to the Department of Environmental Management.
- *Federal Grants.* The Governor includes an increase of \$453,062 in federal funds, largely attributable to project delays associated with the Hurricane Sandy Disaster Relief Grant. The majority of projects

Education

will now be complete in FY 2017. The Historical Preservation and Heritage Commission received a National Maritime Heritage Grant from the U.S. National Park Service for education and preservation projects. The majority of funds, \$45,000, will be dispersed in FY 2017. The grant itself totals \$52,000.

- \$320,329 of the Hurricane Sandy Disaster Relief Grant will be distributed to the University of Rhode Island for the creation of a historical GIS database. This project has been approved by the U.S. National Park Service, and will streamline the Commission's approval process for projects submitted by other agencies including: the RI Department of Transportation, the Coastal Resources Management Council, the Department of Environmental Management, and the Army Corps of Engineers.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$2.5 million for the Historical Preservation and Heritage Commission, including \$1.2 million from general revenue, \$860,963 from federal funds, \$427,700 from restricted receipts, and \$80,970 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$33,853, federal financing decreases by \$233,003, restricted receipt financing increases by \$525, and financing from other funds increases by \$972. The FY 2018 Budget is inclusive of statewide assessed fringe benefits and other savings distributed to state agencies, which results in \$6,417 of general revenue savings being allocated to the Historical Preservation and Heritage Commission. Major changes to the enacted level include:

- *Personnel.* The Governor's recommendation for personnel includes a reduction of \$26,164 from general revenue compared to the FY 2017 enacted budget, attributable to the following adjustments:
 - Personnel savings of \$91,062 from general revenue, due to the transfer of 1.0 FTE associated with the operations of the Eisenhower House to the Department of Environmental Management.
 - An additional \$64,898 from general revenue, attributable to an over allocation of turnover savings in the FY 2017 Enacted Budget, and adjustment to federal funds to more accurately reflect funds availability.
- *Transfer of the Eisenhower House.* The Governor recommends a reduction of \$176,037 from general revenue when compared to the enacted level. The savings are attributable to the Commission transferring the operational costs associated with the Eisenhower House to the Department of Environmental Management in FY 2017.
- *Federal Grants.* The Governor recommends a reduction of \$233,003 from the enacted level for federal grants, adjusting the financing for grant activities to be consistent with the value of the grant awards. The largest reduction is attributable to the FY 2018 expiration of the Hurricane Sandy Disaster relief grant, which comprises a reduction of \$225,852 from the enacted level. The majority of projects are expected to be completed by FY 2017.

The Governor recommends 15.6 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, which is a reduction of 1.0 FTE position compared to the enacted level. The reduction is attributable to the operational transfer of the Eisenhower House.

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 6.4 percent of the total FY 2017 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).

Department of Public Safety Reorganization

The Governor's revised FY 2017 and FY 2018 recommendation includes organizational changes to the Department of Public Safety and the Rhode Island Emergency Management Agency. In the latter part of FY 2017, the Governor recommends the appointment of a civilian Commissioner of Public Safety to oversee policy and budget implementation across all existing divisions within the Department of Public Safety. The Superintendent of the Rhode Island State Police will continue to report to the Governor, but also to the Commissioner of Public Safety. Also joining the Department of Public Safety in FY 2017 will be a Cybersecurity Director transferred from the Department of Administration who will help coordinate the sharing of the state resources to mitigate, and respond to, cyber threats to the State's critical information technology infrastructure.

Beginning in 2018, the Governor recommends that the Rhode Island Emergency Management Agency (RIEMA) merge with the Department of Public Safety. The Director of Emergency Management will continue to report to the Governor, but also to the Commissioner of Public Safety. The merger will unify the state's most qualified first responders and law enforcement personnel in one agency to streamline the delivery of public safety services to all Rhode Islanders. To aid in this endeavor, the Governor recommends additional civilian staff in the Department of Public Safety in FY 2018. A Director of Policy will assist the Commissioner in the development of policy development and implementation. Additional civilian positions will assist in the coordination of capital project and fleet management, research and accreditation, public information, and cyber analysis. New civilian hires will allow the State's sworn law enforcement officers to focus solely on public safety priorities for which they possess specialized qualifications, while the civilian specialists can focus on daily administrative tasks essential for efficient and effective operation of a public safety agency. The Governor continues to improve the efficiency of state government through the recommended transfer of five human resource and information technology employees from the Department of Public Safety to the Department of Administration where these services are currently centralized.

FY 2017

The largest share of funding within the Public Safety function is for the Department of Corrections, representing 38.0 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 3,068. In addition, the Community Corrections subprogram supervises 23,929 probation and other community-based offenders per year. The second largest share of the Public Safety budget is for the courts system, at 30.4 percent of the total. This includes 20.5 percent of expenditures for the Judiciary, supporting six courts statewide, 7.8 percent for the Attorney General, and 2.0 percent for the Office of Public Defender. The Department of Public Safety's share is 24.2 percent. The National Guard and Emergency Management Agency comprises 7.4 percent of the Public Safety function expenditures.

Public Safety

In the FY 2017 revised budget, the Governor recommends an all-funds budget of \$587.1 million for public safety programs. Of this amount, \$454.4 million is from general revenue, \$56.0 million is from federal funds, \$49.7 million is from restricted receipts, and \$26.9 million is from other funds. The general revenue budget increases by \$4.7 million from the FY 2017 enacted level, federal grants increase by \$2.9 million, restricted receipts increase by \$24.8 million, and all other fund sources decrease by \$1.4 million.

On an all funds level, the FY 2017 revised budget is \$31.0 million more than the enacted budget. There is a \$4.9 million all funds increase in personnel expenditures, a \$3.2 million increase in operating expenditures, a \$14.9 million increase for grants and benefits and an \$8.1 million increase for capital expenditures.

All funds financed personnel expenditures increase by 1.2 percent from \$415.6 million to \$420.6 million. The largest increases were in the Departments of the Attorney General, Corrections, and Public Safety. The revised FY 2017 Budget recommendation includes an additional \$1.6 million in federal funds to upgrade the Department of the Attorney General's Automated Fingerprint Identification System to be used for background and fingerprint checks of new applicants of long term care workers with access to patients and property. A net addition of \$6.0 million in regular wages included in the Department of Corrections budget, primarily resulting from an arbitration award, and an additional \$1.0 million is included in the Department of Public Safety due to contract settlement negotiations.

Operating expenditures increase by 6.1 percent from \$51.7 million to \$54.8 million. The largest increases were in the Judiciary and Rhode Island Emergency Management Agency. General revenue expenditures on building maintenance and repairs in the Judiciary increase by \$864,938 and federal expenditures on supplies and equipment increase by \$381,210 within the Emergency Management Agency.

Assistance and grants expenditures increase by 29.8 percent from \$49.9 million to \$64.7 million largely attributable to a \$15.0 million transfer from Google, Inc. settlement funds to the pension system to fund pre-1987 State Police pensions that occurred in FY 2017 and not in FY 2016 as budgeted. An additional \$2.8 million in expenditures from the Crime Victim Assistance federal grant program is also included in the revised FY 2017 budget. These increases are offset by a \$3.2 million reduction in federal grant within the Emergency Management Agency.

Capital expenditures increase by 20.8 percent from \$38.9 million to \$47.0 million, primarily due to expenditures in the Departments of the Attorney General and Public Safety, offset by reduced expenditures in the Department of Corrections and Military Staff. The Attorney General budget includes an additional \$7.7 million from Google, Inc. settlement funds for the construction of a new Customer Service Center at the Pastore Complex in Cranston, as well as renovation work at the Office's Providence headquarters. The Department of Public Safety budget includes an increase of \$2.2 million in Rhode Island Capital Plan Fund financing for the completion of the Fire Academy, asset protection, and State Police barracks renovation and upgrades.

The FY 2017 revised budget recommends 3,212.2 FTE positions for this function, an increase of 6.6 positions above the enacted level due to an additional 0.2 FTE position in the Judiciary and 6.4 positions in the Department of Public Safety.

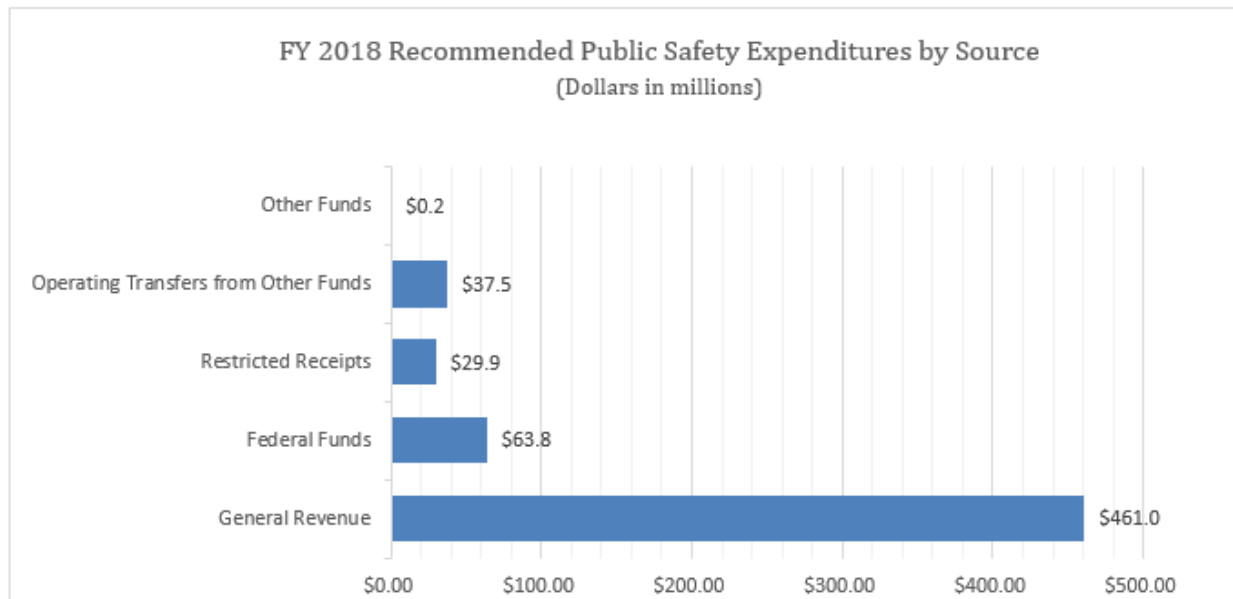
FY 2018

The Governor recommends a FY 2018 budget of \$592.3 million from all funds, an increase of \$36.3 million above the FY 2017 enacted budget, for public safety agencies. Of this amount, \$461.0 million is from general revenue, \$63.8 million is from federal funds, \$29.9 is from restricted receipts, and 37.6 is from all

Public Safety

other fund sources. The general revenue budget increases by \$11.4 million from the FY 2017 enacted level, federal grants increase by \$10.7 million, restricted receipts increase by \$5.0 million, and all other fund sources increase by \$36.3 million.

Funding for the Public Safety function is derived mainly from state sources. General revenue comprises 77.8 percent and 6.3 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 10.8 percent of the total and are largely in the Department of Public Safety and Military Staff, due to the Emergency Management Agency's recommended merger with the Department of Public Safety in FY 2018. Restricted receipts account for the remaining 5.0 percent, primarily in Department of the Attorney and Judiciary.



By category of expenditures, personnel expenditures (including contracted professional services), are \$426.1 million, or 71.9 percent, of total expenditures and are financed primarily from general revenue. Other operating supplies and expenses are \$55.3 million, or 9.3 percent, and are financed primarily from general revenue. Assistance and grants total \$48.9 million or 8.3 percent, and are financed from general revenue and federal funds. Capital improvement projects, \$62.1 million, or 10.5 percent, are financed primarily from the Rhode Island Capital Plan Fund, restricted receipts, and federal funds.

All funds financed personnel expenditures increase by 2.5 percent from \$415.6 million to \$426.6 million. The \$10.5 million increase is concentrated in the Departments of Corrections and Public Safety. An additional \$8.5 million in regular wages within the Department of Corrections is budgeted, of that amount, \$4.6 million resulted from an arbitration award. An additional \$1.0 million is included for the Rhode Island State Police due to contract settlement negotiations, and \$300,000 is included for an anticipated labor settlement involving raises for Capitol Police officers, the addition of lower paid screeners to perform functions previously performed by Capitol Police officers, and other labor-related savings.

Operating expenditures increase by 7.0 percent from \$51.7 million to \$55.3 million. Additional federal fund expenditures totaling \$766,775 on program equipment within the Emergency Management program and \$517,725 for staff training across divisions of the Department of Public Safety contribute to the all funds

Public Safety

increase.

Assistance and grants expenditures decrease by 2.0 percent from \$49.8 million to \$48.8 million. The decrease is largely attributable to the conclusion of several grant programs in the Emergency Management program.

Capital expenditures increase by 59.6 percent from \$38.9 million to \$62.1 million. An increase of \$10.0 million is included in the Military Staff budget for construction in progress and an additional \$4.4 million from the Rhode Island Capital Plan Fund is budgeted to finance renovations at the Joint Force Headquarters Building. The Department of Corrections budget includes an additional \$3.9 million for a Moran Medium Security Infrastructure project to expand the program, food services, and other space to accommodate the current population level housed at the facility.

The FY 2018 Budget recommends 3,231.2 FTE positions, 19.0 FTE positions more than the enacted level, reflecting 3.0 additional positions in the Department of Corrections, 1.0 additional position in the Office of the Public Defender, and a net increase of 15.0 positions in the Department of Public Safety.



Public Safety

DEPARTMENT OF ATTORNEY GENERAL

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$23,949,930	\$24,053,485	\$25,595,982	\$26,146,783	\$26,194,751
Federal Funds	\$1,903,112	\$2,034,144	\$1,692,545	\$3,351,007	\$1,779,505
Restricted Receipts	\$5,080,406	\$3,185,088	\$7,554,256	\$16,164,801	\$16,004,941
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$3,400	\$182,470	\$300,000	\$417,530	\$150,000
Total Funding	\$30,936,848	\$29,455,187	\$35,142,783	\$46,080,121	\$44,129,197
FTE Authorization	236.1	236.1	235.1	235.1	235.1

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$46.1 million for the Department of the Attorney General, including \$26.1 million from general revenue, \$3.4 million from federal funds, \$16.2 million from restricted receipts, and \$417,530 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$550,801, while federal financing increases by \$1.7 million, restricted receipt financing increases by \$8.6 million, and Rhode Island Capital Plan Fund financing increase by \$117,530. The revised FY 2017 budget is inclusive of statewide fringe benefit and other savings distributed to state agencies, which resulted in \$52,328 of general revenue savings being allocated to the Office of the Attorney General.

Criminal

Within the Criminal program, the Governor recommends revised FY 2017 appropriations of \$34.8 million, including \$15.9 million from general revenue, \$3.4 million from federal funds, and \$15.6 million in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$229,207, while federal financing increases by \$1.7 million, and restricted receipts financing increases by \$8.9 million, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$14.5 million in general revenue for personnel costs, an increase of \$274,594 from the enacted level. Financing is provided for 150.1 FTE positions.
- *Long Term Care federal grant.* The Governor includes \$1.6 million from federal funds to upgrade the Department's Automated Fingerprint Identification System to be used for background and fingerprint checks of new applicants of long term care workers with access to patients and property.
- *Federal Forfeitures (Google Settlement).* The Governor includes \$15.6 million from restricted receipts, an increase of \$8.9 million from the enacted FY 2017 Budget, \$14.0 million of which will fund construction of a new Customer Service Center on the Pastore Complex in Cranston.

Civil

Within the Civil program, the Governor recommends revised FY 2017 appropriations of \$6.0 million, including \$5.4 million from general revenue and \$602,869 in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$267,158 and restricted receipts financing decreases by \$313,433, attributable to the following adjustments:

Public Safety

- *Personnel.* The Governor's recommendation includes \$4.8 million in general revenue for personnel costs, \$4,956 less than the enacted level. Financing is provided for 43.0 FTE positions.
- *Tobacco Litigation.* The Governor includes \$72,206, \$32,206 of which is in reappropriated general revenues, to be used to continue funding the Department's efforts in defending the State's position during tobacco litigation.
- *DCYF Litigation.* The Governor recommends \$250,000 in general revenues in medical services for expert witnesses for a case arising from litigation involving the Department of Children Youth and Families.
- *Consumer Education Federal Grant.* The Governor's budget includes \$14,870, a decrease of \$265,557 from the FY 2017 Enacted Budget.

Bureau of Criminal Identification (BCI)

Within the BCI program, the Governor recommends revised FY 2016 appropriations of \$1.6 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$113,879, attributable to the following adjustment:

- *Personnel.* The Governor's recommendation includes \$1.6 million in general revenue for personnel costs, a decrease of \$117,888 from the enacted level. Financing is provided for 19.0 FTE positions, one less than the enacted FTE level.

General

Within the General program, the Governor recommends revised FY 2017 appropriations of \$3.6 million, \$3.2 million from general revenue and \$417,530 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$168,315, while Rhode Island Capital Plan Fund financing increases by \$117,530, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$3.0 million in general revenue for personnel costs, an increase of \$153,490 from the enacted level. Financing is provided for 23.0 FTE positions, one more than the enacted level.
- *Rhode Island Capital Plan:* The \$117,530 increase to \$417,530 reflects the carry forward of unspent FY 2016 funds.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$44.1 million for the Department of the Attorney General, including \$26.2 million from general revenue, \$1.8 million from federal funds, \$16.0 million from restricted receipts, and \$150,000 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$598,769, federal financing increases by \$86,960, restricted receipts financing increases by \$8.5 million, and Rhode Island Capital Plan Fund financing decreases by \$150,000. The FY 2018 budget is inclusive of statewide medical benefit savings and other savings distributed to state agencies, which resulted in \$140,297 of general revenue savings being allocated to the Office of the Attorney General.

Public Safety

Criminal

Within the Criminal program, the Governor recommends an FY 2018 appropriation of \$33.2 million, including \$16.1 million from general revenue, \$1.8 million from federal funds, and \$15.4 million in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$394,252, federal financing increases by \$86,960, and restricted receipts increases by \$8.8 million, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$14.7 million in general revenue for personnel costs, an increase of \$397,468 from the enacted level. Financing is provided for 150.1 FTE positions.
- *Court Cost Offsets.* The Governor's budget includes \$159,294 for the agency's share of the operating costs of judicial facilities, an increase of \$17,067 from the enacted level.
- *Federal Forfeitures (Google Settlement).* The Governor includes \$15.1 million from restricted receipts for the Customer Service Center, an increase of \$8.9 million from the FY 2017 enacted level. \$12.7 million will fund completion of the Customer Service Center, as well as renovations at the office's headquarters in Providence.

Civil

Within the Civil program, the Governor recommends FY 2018 appropriations of \$5.9 million, including \$5.3 million from general revenue and \$631,559 million in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$116,135, while restricted receipts financing decreases by \$284,743 attributable to the following adjustment:

- *Personnel.* The Governor's recommendation includes \$4.8 million in general revenue for personnel costs, an increase of \$90,670 from the enacted level. Financing is provided for 43.0 FTE positions.

Bureau of Criminal Identification (BCI)

Within the BCI program, the Governor recommends an FY 2018 appropriation of \$1.7 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$88,113, attributable to the following adjustment:

- *Personnel.* The Governor's recommendation includes \$1.6 million in general revenue for personnel costs, a decrease of \$94,732 from the enacted level. Financing is provided for 19.0 FTE positions.

General

Within the General program, the Governor recommends an FY 2018 appropriations of \$3.2 million, \$3.2 million from general revenue and \$150,000 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$176,495 and Rhode Island Capital Plan Fund financing decreases by \$150,000, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$3.0 million in general revenue for personnel costs, an increase of \$170,255 from the enacted level. Financing is provided for 23.0 FTE positions, one more than the enacted level.
- *Rhode Island Capital Plan.* The Governor's recommendation includes \$150,000 for building repairs.

Public Safety

Full Time Equivalent Positions

The Governor recommends 235.1 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

DEPARTMENT OF CORRECTIONS

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$196,162,110	\$208,284,387	\$211,700,506	\$213,349,798	\$216,818,823
Federal Funds	\$1,534,164	\$1,266,847	\$1,130,008	\$1,884,570	\$1,546,884
Restricted Receipts	\$169,484	\$266,239	\$60,141	\$96,336	\$94,368
Other Funds	\$9,318,650	\$12,368,848	\$14,398,393	\$14,526,007	\$14,366,182
RI Capital Plan Fund	\$3,524,382	\$2,712,801	\$11,900,000	\$8,035,421	\$15,758,185
Total Funding	\$210,708,790	\$224,899,122	\$239,189,048	\$237,892,132	\$248,584,442
FTE Authorization	1419.0	1419.0	1423.0	1423.0	1426.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$237.9 million for the Department of Corrections, including \$213.3 million from general revenue, \$1.9 million from federal funds, \$96,336 from restricted receipts, \$8.0 million from the Rhode Island Capital Plan Fund, and \$14.5 from internal service funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.6 million, federal financing increases by \$754,562, restricted receipts financing increases by \$36,195, Rhode Island Capital Plan Fund financing decreases by \$3.9 million, and internal service funds financing increases by \$127,614. The revised FY 2017 budget is inclusive of statewide fringe benefit and other savings distributed to state agencies, which resulted in \$235,702 of general revenue savings being allocated to the Department.

All Programs

- *Inmate Population.* The Governor's recommendation assumes an average inmate population of 3,058 individuals, a decrease of 142 from the enacted level of 3,200. The average inmate population in December 2016 was 3,021.
- *Supervisory Overtime.* The Governor's recommendation includes \$25.3 million in general revenue for correctional officer overtime in the four supervisory programs, an increase of \$1.0 million from the enacted level, reflecting the opening of closed modules in the Intake Service Center, weapons requalification overtime, and the increased use of double overtime, offset by savings from the Bernadette Guay facility closure and the hiring of graduates from a correctional officer training class.
- *Per Capita Inmate Expenses.* The Governor's recommendation includes \$14.2 million in general revenue expenditures for food, clothing, linen, program, janitorial/kitchen supplies, as well as medical supplies, pharmaceuticals, and inpatient, outpatient and testing medical services. The increase from the enacted budget of \$1.0 million includes a decrease of \$94,056 in non-medical expenses due to revised population estimates and an increase of \$1.1 million in medical-related expenses due to the administration of higher-cost medications to treat Hepatitis C, as well as higher negotiated contracts with medical suppliers.
- *COLA Arbitration.* The Governor's recommendation includes financing for an arbitration award that

Public Safety

resulted in a cumulative wage increase of 10.68 percent for 989 correctional officers and nurses, (2.0 per cent in FY 2012, 2.0 per cent in FY 2013, 2.0 percent in FY 2014, 2.0 percent in FY 2015, 2.0 percent in FY 2016 and 2.25 per cent beginning in January 1, 2017). The award is retroactive to FY 2015 and FY 2016 (\$18.1 million) as well as in FY 2017 (\$12.2 million). When adjusted for audit adjustments of \$5.5 million and the base budget of \$8.3 million, the total additional funding for FY 2017 is \$3.9 million.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$10.2 million, including \$10.1 million from general revenue and \$59,219 from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$81,130 and federal financing increases by \$59,219, attributable to the following adjustments:

- *Personnel.* The Governor includes \$7.9 million from general revenue for personnel costs, a decrease of \$286,937 from the enacted level. Financing is provided for 66.0 FTE positions. The budget includes all previously negotiated cost of living adjustments.
- *Correctional Officer Training Class.* The Governor's recommendation includes a correctional officer training class. The class was held in the fall of 2016, with 50 graduates to be hired in FY 2017.
- *Weapons Requalification.* The Governor's recommendation includes \$500,019 to conduct annual weapons requalification trials for correctional officers, the same as the enacted level.
- *Database Reprogramming.* The Governor's recommendation includes \$49,054 in general revenue funding for programming services to 1) update the Inmate and Probation & Parole databases to be transferred to the Inmate Facility Tracking System (INFACTS) which provides both the Department and other public safety agencies with the necessary information on all offenders to enable decision-making; and 2) purchase internet hotspots to allow probation and parole employees to have on-site access to records.
- *Legal Services.* The Governor's recommendation includes \$220,220 to acquire expert legal services in connection with the U.S. Department of Justice lawsuit regarding possible discrimination in the tests given to correctional officer applicants. The suit is currently in the discovery phase. The Attorney General's office selected six private consultant firms to review and analyze testing procedures and documents for the written and oral testing phases of the Department's Training Academy and to provide methodology relating to such procedures.

Parole Board

Within the Parole Board program, the Governor recommends revised FY 2017 appropriations of \$1.5 million, including \$1.4 million from general revenue and \$110,984 from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$82,301 and federal funds financing increases by \$96,978, attributable to the following adjustments:

- *Personnel.* The Governor includes \$1.3 million from general revenue for personnel costs, an increase of \$94,140 from the enacted level. Financing is provided for 10.0 FTE positions. The budget includes all previously negotiated cost of living adjustments.

Public Safety

- *Victim Services.* The Governor's recommendation includes a \$96,978 increase in federal funds in the Victims Services program, reflecting a new grant award that finances a victims' advocate prior to and at parole hearings.

Custody and Security

Within the Custody and Security program, the Governor recommends revised FY 2017 appropriations of \$137.2 million, including \$136.3 million from general revenue, \$875,590 from federal funds, and \$35,000 in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.4 million, federal financing increases by \$303,831, and restrict receipts increase by \$35,000, attributable to the following adjustments:

- *Personnel.* The Governor includes \$132.7 million from general revenue for personnel costs, an increase of \$2.5 million from the enacted level. Financing is provided for 989.0 FTE positions. The budget includes all cost of living adjustments resulting from an arbitration decision. The COLA adjustment is budgeted in this program and will be distributed to other programs.
- *Correctional Officer Briefing Time.* The Governor's recommendation includes a \$208,593 decrease in general revenue to \$1.6 million, reflecting prior year actual expenditures.
- *Correctional Officer Trainee Hiring.* The Governor recommends the hiring of 50 trainees from the Correctional Officer Academy training class. Including overtime reductions, the net effect is a reduction of \$347,442.
- *Module Reopening.* The Governor's recommendation includes \$700,000 in overtime, reflecting the reopening of one double module at the Intake Service Center. Due to delays in contract negotiations and other factors, anticipated savings of \$1.4 million from the Justice Reinvestment Initiative were not achieved. \$700,000 in overtime savings are anticipated in the last half of FY 2017.
- *Facility Closure.* The Governor's recommendation includes the closure of the Bernadette Guay facility, effective the beginning of FY 2017. The facility houses minimum security and work release women inmates, who would be transferred to the Gloria McDonald facility. The closure is expected to produce savings of \$1.1 million.
- *Inmate Payroll.* The Governor recommends \$1.1 million for payments to inmates for participation in work assignments, an increase of \$212,665 from the FY 2017 enacted level. The increase will allow for more inmates to participate in activities that will have a rehabilitative effect on inmates.
- *State Criminal Alien Assistance Program (SCAAP).* The Governor's recommendation includes a reduction of \$178,861 in general revenue expenses from the FY 2017 enacted budget, reflecting an increase in the federal grant that compensates the State for housing alien inmates. The total federal grant is \$750,392.
- *Digital Body Scanner.* The Governor recommends the purchase of scanning equipment to strengthen safeguards against narcotics and other smuggled item into the Intake Service Center. The Governor recommends the \$250,000 expenditure to be financed from Rhode Island Capital Plan Fund through the Department's asset projection project.

Public Safety

Institutional Support

Within the Institutional Support program, the Governor recommends revised FY 2017 appropriations of \$23.4 million, including \$15.4 million from general revenue and \$8.0 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$459,705, while Rhode Island Capital Plan Fund financing decreases by \$3.9 million, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$6.9 million from general revenue for personnel costs, a decrease of \$275,463 from the enacted level. Financing is provided for 58.0 FTE positions.
- *Maintenance.* The Governor's recommendation includes \$1.7 million for building maintenance, groundskeeping and snow removal, an increase of \$146,000 from the FY 2017 Enacted Budget.
- *Capital Projects.* The Governor's recommendation includes \$8.0 million in Rhode Island Capital Plan funding for asset protection and major repair and rehabilitation projects of inmate housing facilities, a decrease of \$3.9 million from the enacted level. The Governor's recommendation includes \$250,000 in Rhode Island Capital Plan Fund financing to study various options to replace Maximum Security and High Security facilities with a new facility that would incorporate the security needs of both populations. The request for funds would be used to develop a cost-benefit analysis to determine the cost of such a facility as compared with savings in staffing and, facility operations. Both facilities have relatively high cost per inmate ratios due to age or design limitations.

Institutional Rehabilitation/Population Management

Within the Institutional Rehabilitation program, the Governor recommends revised FY 2017 appropriations of \$10.5 million, including \$9.7 million from general revenue, \$743,883 in federal funds, and \$44,023 in restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.9 million, federal funds financing increases by \$216,485, and restricted receipts remain the same, attributable to the following adjustments:

- *Personnel.* The Governor includes \$6.1 million from general revenue for personnel costs, an increase of \$144,849 from the enacted level. Financing is provided for 55.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Substance Abuse Contract.* The Governor's budget includes \$1.5 million in general revenue for counseling and treatment, an increase of \$190,834 from enacted levels, reflecting the transfer of the methadone treatment program from Healthcare Services. Substance abuse counseling and treatment form an important component of the transitional services and re-entry program to enable released inmates to avoid drug dependency and thus relapses into prison.
- *Medication/Mediation Assisted Treat Program (MMAT).* The Governor's recommended budget includes a reduction of \$2.0 million, reflecting the transfer of funds to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, in order to fulfill a federal requirement to provide state match funds for substance abuse programs. The program, which will still be operated by the Department of Corrections, provides medication-assisted treatment for inmates with substance abuse issues in the Adult Correctional Institution. The funds are used to screen for opioid use disorders, conduct evidence-based assessments of new inmates to determine treatment options, and offer medication assisted treatment to those already under treatment upon admission. In

Public Safety

addition, the program provides medication-assisted treatment for inmates who will soon be released and connects ex-offenders with community-based options for ongoing treatment.

Healthcare Services

Within the Healthcare Services program, the Governor recommends revised FY 2017 appropriations of \$23.2 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.3 million, attributable to the following adjustments:

- *Personnel.* The Governor includes \$12.0 million from general revenue for personnel costs, a decrease of \$49,576 from the enacted level. Financing is provided for 83.0 FTE positions.
- *Medical Contract Services.* The Governor's recommendation includes \$5.3 million in general revenue for medical contracts with various providers, an increase of \$256,625 from enacted levels. The funds are for sex offender treatment, discharge planning, mental health, and psychiatric treatment programs.
- *Laboratory Testing.* The Governor's recommendation includes \$241,835 in general revenue laboratory testing, an increase of \$53,000 from the FY 2017 Enacted level, reflecting a contract with an outside vendor to replace testing now performed by the Department of Behavioral Health, Developmental Disabilities and Hospitals.
- *Electronic Medical Records.* The Governor recommends \$338,000 in financing from the Information Technology Investment Fund for the acquisition of software to provide records management services and an electronic medication module in order to standardize medical record and medication tracking. The project would implement a medication administration system that will tighten controls on medications, replacing the current time-consuming manual paper-based system. An electronic medication administration record (e-MAR) would standardize the system by requiring electronic documentation using bar codes at the time of distribution. This would allow for reports that would track who received medication, who did not show or refused a particular medication, and the reasons why. This reporting would also improve the ability of the Department to address litigation brought by inmates.

Community Corrections

Within the Community Corrections program, the Governor recommends revised FY 2017 appropriations of \$17.4 million, including \$17.3 million general revenue, \$94,894 from federal funds, and \$17,313 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$297,329, while federal funds financing increases by \$78,049 and restricted receipts financing increases by \$1,195, attributable to the following adjustments:

- *Personnel.* The Governor includes \$15.3 million from general revenue for personnel costs, an increase of \$296,470 from the enacted level. Financing is provided for 134.0 FTE positions.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$248.6 million for the Department of Corrections, including \$216.8 million from general revenue, \$1.5 million from federal funds, \$94,368 from restricted receipts, \$15.7 million from the Rhode Island Capital Plan Fund, and \$14.4 from internal service funds.

Public Safety

Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$5.1 million, while federal funds financing increases by \$416,876, restricted receipts financing increases by \$34,227, Rhode Island Capital Plan Fund financing increases by \$3.9 million, and internal service funds financing decreases by \$32,211. The revised FY 2017 budget is inclusive of statewide fringe benefit and other savings distributed to state agencies, which resulted in \$829,702 of general revenue savings being allocated to the Department.

All Programs

- *Inmate Population.* The Governor's recommendation assumes an average inmate population of 3,059 individuals, a decrease of 141 from the FY 2017 Enacted level and an increase of one from the FY 2017 revised budget.
- *Supervisory Overtime.* The Governor's recommendation includes \$21.8 million in general revenue for correctional officer overtime in the four supervisory programs, a decrease of \$2.5 million from the enacted level, reflecting ongoing correctional officer recruitment and training in FY 2018, as well as anticipated savings from module and facility closures. Also included are \$400,000 in anticipated savings due to the implementation of the Scheduling Time, Leave and Attendance electronic system. (STLA).
- *Per Capita Inmate Expenses.* The Governor's recommendation includes \$13.3 million in general revenue expenditures for food, clothing, linen, program, janitorial/kitchen supplies, as well as medical supplies, pharmaceuticals, and inpatient, outpatient and testing medical services. The increase from the enacted budget of \$1.0 million includes a decrease of \$94,056 in non-medical expenses due to revised population estimates and an increase of \$1.1 million in medical-related expenses due to the administration of higher-cost medications to treat Hepatitis C, as well as higher negotiated contracts with medical suppliers.
- *COLA Arbitration.* The Governor's recommendation includes funding an arbitration award that resulted in a wage increase of 10.68 percent for 989 correctional officers and nurses, (2.0 per cent in FY 2012, 2.0 per cent in FY 2013, 2.0 percent in FY 2014, 2.0 percent in FY 2015, 2.0 percent in FY 2016 and 2.25 per cent beginning in January 1, 2017). When adjusted for the base FY 2018 Budget of \$8.3 million, the total additional funding for FY 2018 is \$6.7 million.

Central Management

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$10.0 million, virtually all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$184,895, while federal financing increases by \$3,743, attributable to the following adjustments:

- *Personnel.* The Governor includes \$8.1 million from general revenue for personnel costs, a decrease of \$119,099 from the enacted level. Financing is provided for 66.0 FTE positions.
- *Correctional Officer Training Class.* A full correctional officer training class was held in the fall of FY 2017. The class graduated 50 employees who filled correctional officer vacant positions.
- *Weapons Requalification.* The Governor's recommendation includes \$500,019 to conduct annual weapons requalification trials for correctional officers, the same as the enacted level.
- *Database Reprogramming.* The Governor's recommendation includes a \$49,054 increase in general revenue funding for programming services to 1) update the Inmate and Probation & Parole

Public Safety

databases to be transferred to the Inmate Facility Tracking System (INFACTS) which provides both the Department and other public safety agencies with the necessary information on all offenders to enable decision-making; and 2) purchase internet hotspots to allow probation and parole employees have on-site access to records.

Parole Board

Within the Parole Board program, the Governor recommends FY 2018 appropriations of \$1.5 million, including \$1.4 million from general revenue and \$120,827 from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$82,310 and federal financing increases by \$106,821, attributable to the following adjustments:

- *Personnel.* The Governor includes \$1.3 million from general revenue for personnel costs, an increase of \$94,149 from the enacted level. Financing is provided for 10.0 FTE positions.
- *Victim Services.* The Governor's recommendation includes a \$96,978 increase in federal funds in the Victims Services program, reflecting a new grant award that finances a victims' advocate prior to and at parole hearings.

Custody and Security

Within the Custody and Security program, the Governor recommends FY 2018 appropriations of \$138.7 million, including \$137.9 million from general revenue, \$750,392 from federal funds, and \$35,000 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$4.0 million, while federal financing increases by \$178,633, and restricted receipts increase by \$35,000, attributable to the following adjustments:

- *Personnel.* The Governor includes \$134.5 million from general revenue for personnel costs, an increase of \$4.2 million from the enacted level. Financing is provided for 989.0 FTE positions. The budget includes all cost of living adjustments awarded through arbitration.
- *Correctional Officer Briefing Time.* The Governor's recommendation includes a \$194,779 decrease in general revenue to \$1.6 million, reflecting prior year actual expenditures.
- *Correctional Officer Trainee Hiring.* The Governor recommendation reflects the completed hiring of 50 trainees from the Correctional Officer Academy training class. Including overtime reductions, the net effect is a general revenue reduction of \$119,525.
- *Facility Closure.* The Governor's recommendation includes the continued closure of the Bernadette Guay facility. The closure is expected to produce savings of \$1.1 million.
- *Inmate Payroll.* The Governor recommends \$1.1 million for payments to inmates for participation in work assignments, an increase of \$212,665 from the FY 2017 enacted level. The increase will allow for more inmates to participate in activities that will have a rehabilitative effect.
- *State Criminal Alien Assistance Program (SCAAP).* The Governor's recommendation includes a reduction of \$178,861 in general revenue expenses from the FY 2017 enacted budget, reflecting an increase in the federal grant that compensates the State for housing alien inmates. The total federal grant is \$750,392.

Public Safety

- *Justice Reinvestment Initiative-Cost Savings.* As a part of the Justice Reinvestment Initiative, the Governor's recommendation anticipates \$1.4 million in annualized overtime and operating savings in FY 2018 from the closure of a 72-bed double module at the Intake Service Center, allowing for the elimination of five posts.

Institutional Support

Within the Institutional Support program, the Governor recommends FY 2018 appropriations of \$31.4 million, including \$15.6 million from general revenue and \$15.8 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$202,544, while Rhode Island Capital Plan Fund financing increases by \$3.9 million, attributable to the following adjustments:

- *Personnel.* The Governor includes \$7.2 million from general revenue for personnel costs, a decrease of \$714 from the enacted level. Financing is provided for 58.0 FTE positions.
- *Maintenance:* The Governor's recommendation includes \$1.7 million for building maintenance, groundskeeping and snow removal, an increase of \$146,080 from the FY 2017 Enacted budget.
- *Capital Projects.* The Governor's recommendation includes \$15.8 million in Rhode Island Capital Plan Fund financing for asset protection and major repair and rehabilitation projects of inmate housing facilities, an increase of \$3.9 million from the enacted level, reflecting the start of the Medium Moran Facility Infrastructure project.

Institutional Rehabilitation/Population Management

Within the Institutional Rehabilitation program, the Governor recommends FY 2018 appropriations of \$10.4 million, including \$9.8 million from general revenue, \$584,942 from federal funds, and \$44,473 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.8 million, while federal funds financing increases by \$57,544, and restricted receipts financing remains the same, attributable to the following adjustments:

- *Personnel.* The Governor includes \$6.1 million from general revenue for personnel costs, an increase of \$185,739 from the enacted level. Financing is provided for 58.0 FTE positions an increase of 3.0 FTE positions from the enacted level.
- *Substance Abuse Contract.* The Governor's budget includes \$1.5 million in general revenue for counseling and treatment, an increase of \$190,510 from enacted levels. The increase reflects a transfer from the Healthcare Services program.
- *Medication/Mediation Assisted Treat Program (MMAT).* As in FY 2017, the Governor's recommended budget includes the funds transfer of \$2.0 million for the medication-assisted treatment of opioid users in the Adult Correctional Institution to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to comply with federal maintenance of effort requirements.

Healthcare Services

Within the Healthcare Services program, the Governor recommends FY 2018 appropriations of \$24.3 million, all from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.4 million, attributable to the following adjustments:

Public Safety

- *Personnel.* The Governor includes \$12.8 million from general revenue for personnel costs, an increase of \$761,165 from the enacted level. Financing is provided for 86.0 FTE positions.
- *Medical Contract Services.* The Governor's recommendation includes \$5.5 million in general revenue for medical contracts with various providers, an increase of \$411,887 from enacted levels. The funds are for sex offender treatment, discharge planning, mental health, and psychiatric treatment programs.
- *Laboratory Testing.* The Governor's recommendation includes \$307,351 in general revenue laboratory testing, an increase of \$119,062 from the FY 2017 Enacted level, reflecting a contract with an outside vendor to replace testing now performed by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.
- *Mental Health Services.* The Governor's recommendation includes \$3.5 million in general revenue for mental health services, an increase of \$645,172 from the FY 2017 Enacted budget. \$410,735 of this increase addresses the growing number of mentally ill inmates in its facilities. The funds will add 3.0 FTE positions, two clinical social workers (one each at the Intake Service Center and Maximum Security), one administrative assistant, and contract services for discharge planning.

Community Corrections

Within the Community Corrections program, the Governor recommends FY 2018 appropriations of \$18.0 million, including \$17.9 million general revenue, \$86,980 from federal funds, and \$14,895 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$868,485, while federal funds financing increases by \$70,135, and restricted receipts financing decreases by \$1,223, attributable to the following adjustments:

- *Personnel.* The Governor includes \$15.5 million from general revenue for personnel costs, an increase of \$453,252 from the enacted level. Financing is provided for 134.0 FTE positions, an increase of 5.0 from the enacted level.

Full Time Equivalent Positions

The Governor recommends 1,423.0 FTE positions in the revised FY 2017 Budget consistent with the enacted FY 2017 level. The Governor recommends 1,426 FTE positions in the recommended FY 2018 Budget, an increase of 3.0 FTE positions from the enacted level reflecting the mental health initiative.

JUDICIAL DEPARTMENT - CONSTITUTION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$94,371,203	\$95,181,220	\$96,606,091	\$97,067,590	\$98,014,477
Federal Funds	\$3,142,537	\$3,595,600	\$3,254,091	\$3,948,329	\$3,411,144
Restricted Receipts	\$10,923,799	\$9,754,423	\$11,682,187	\$13,132,527	\$12,512,633
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$1,347,914	\$5,007,480	\$5,525,000	\$6,103,756	\$7,100,000
Total Funding	\$109,785,453	\$113,538,723	\$117,067,369	\$120,252,202	\$121,038,254
FTE Authorization	723.3	724.3	723.3	723.5	723.5

Public Safety

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$120.3 million for the Judiciary, including \$97.1 million from general revenue, \$4.0 million from federal funds, \$13.1 million from restricted receipts, and \$6.1 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$461,499 and federal financing increases by \$694,238, while restricted receipts financing increases by \$1.5 million and other funds increase by \$578,756. The revised FY 2017 budget is inclusive of statewide fringe benefit and other savings distributed to state agencies, which resulted in \$133,049 of general revenue savings being allocated to the Judiciary.

All Courts

- *Judges Pensions.* The Governor recommendation includes \$5.6 million in general revenue financing for retired judges and their surviving spouses from the Supreme, Superior, Family, District Courts, and the Traffic Tribunal hired prior to December 31, 1989. The State directly appropriates these pension costs to the Judiciary. This is an increase of \$6,489 from the enacted FY 2017 Budget.
- *Contract Services-Interpreters.* The Governor includes \$308,000 in general revenue for language interpreter services in all five courts, an increase of \$126,000 from the enacted level.
- *Capital Equipment-Copiers.* The Governor includes \$437,226 in general revenue for copier machine replacement in all court programs. The request is the same as the enacted FY 2017 Budget and will fund the replacement of 22 copiers in FY 2017.
- *Case Management System:* The Governor includes an increase of \$389,290 in overtime expenditures in the Supreme, Family, Family, and District Courts to implement a new case management system to enable electronic filing for all courts through the internet.

Supreme Court

Within the Supreme Court program, the Governor recommends revised FY 2017 appropriations of \$43.1 million, including \$32.2 million from general revenue, \$122,343 from federal funds, \$4.7 million from restricted receipts, and \$6.1 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$941,613, while restricted receipts financing increases by \$1.6 million and other funds financing increases by \$578,756, attributable to the following adjustments:

- *Personnel.* The Governor includes \$18.3 million from general revenue for personnel costs, an increase of \$541,686 from the enacted level. Financing is provided for 159.5 FTE positions, including a technical adjustment of 0.2 FTE positions from the enacted level.
- *Contract Services-Information Technology:* The Governor includes \$660,810 in general revenue, an increase of \$127,620, reflecting the final development and conversion phase of a new case management system as well as an e-filing system.
- *Court Cost Allocations.* The Governor recommends the offset of the enacted \$1.1 million in general revenue financed facility operating costs to several state departments that occupy court space, including the Public Defender, the Attorney General, the Department of Corrections, the Department of Public Safety (Sheriffs), and the Department of Children, Youth and Families.

Public Safety

- *Defense of Indigents.* The Governor includes \$3.8 million in general revenue for the Defense of Indigent program, \$18,760 more than the enacted level, which finances defense counsel in joint defendant cases where possible conflicts of interests would arise with the Office of the Public Defender.
- *Capital Projects.* The Governor includes \$6.1 million in Rhode Island Capital Plan Fund resources, an increase of \$578,756 from the enacted level, for asset protection, heating/air conditioning and restoration work on court facilities, including the Noel Courthouse.

Superior Court

Within the Superior Court program, the Governor recommends revised FY 2017 appropriations of \$23.4 million, including \$22.9 million from general revenue, \$100,258 from federal funds, and \$370,553 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$85,630, while federal funds increase by \$48,968, attributable to the following adjustments:

- *Personnel.* The Governor includes \$18.9 million from general revenue for personnel costs, an increase of \$86,305 from the enacted level. The funding includes a newly appointed judge. Financing is provided for 165.7 FTE positions.
- *Jury Operations:* The Governor recommends \$565,028 in operating expenditures, including \$380,000 in jurors' fees, an increase of \$5,000 from the enacted FY 2017 budget of \$375,000.

Family Court

Within the Family Court program, the Governor recommends revised FY 2017 appropriations of \$23.7 million, including \$20.4 million from general revenue and \$3.3 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.1 million, while federal funds financing increases by \$502,407, attributable to the following adjustments:

- *Personnel.* The Governor includes \$18.2 million from general revenue for personnel costs a decrease of \$1.0 million from the enacted level. The funding includes two newly appointed judges. Financing is provided for 175.0 FTE positions.
- *Drug Court.* The Governors recommendation includes \$315,515 in federal funds for the Drug Court, an increase of \$199,594 from the enacted FY 2017 budget.

District Court

Within the District Court program, the Governor recommends revised FY 2017 appropriations of \$12.9 million, including \$12.4 million from general revenue, \$452,607 from federal funds, and \$66,359 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$561,999, federal funds financing increases by \$149,453, and restricted receipts financing decreases by \$71,686, attributable to the following adjustments:

- *Personnel.* The Governor includes \$10.8 million from general revenue for personnel costs, an increase of \$548,726 from the enacted level. Financing is provided for 95.0 FTE positions.

Traffic Tribunal

Within the Traffic Tribunal program, the Governor recommends revised FY 2017 appropriations of \$8.9 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing

Public Safety

decreases by \$75,188, attributable to the following adjustments:

- *Personnel.* The Governor includes \$7.8 million from general revenue for personnel costs, a decrease of \$90,432 from the enacted level. The funding includes two newly appointed judges. Financing is provided for 78.3 FTE positions.
- *Contract Services.* The Governor includes \$260,000 in general revenue financing for security services to fund an interagency charge of services for the Capitol Police at the Traffic Tribunal.

Judicial Tenure and Discipline

Within the Judicial Tenure and Discipline program, the Governor recommends revised FY 2017 appropriations of \$124,489 from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$376.

Workers' Compensation Court

Within the Workers' Compensation program, the Governor recommends revised FY 2017 appropriations of \$8.0 million from restricted receipts. Relative to FY 2017 enacted levels, recommended restricted receipt financing decreases by \$84,731. The Governor includes \$6.4 million from restricted receipts for personnel costs, a decrease of \$256,796 from the enacted level. Financing is provided for 50.0 FTE positions.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$121.0 million for the Judiciary, including \$98.0 million from general revenue, \$3.4 million from federal funds, \$12.5 million from restricted receipts, and \$7.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.4 million, federal financing increases by \$157,053, restricted receipts financing increases by \$830,446, and Rhode Island Capital Plan financing increases by \$1.6 million. The recommended FY 2017 Budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$408,770 in general revenue savings being allocated to the Judiciary.

All Courts

- *Judges Pensions.* The Governor recommendation includes \$5.6 million for retired judges and their surviving spouses from the Supreme, Superior, Family, District Courts, and the Traffic Tribunal hired prior to December 31, 1989. This is an increase of \$6,489 from the enacted FY 2017 Budget.
- *Contract Services-Interpreters.* The Governor includes \$308,000 in general revenue for language interpreter services in all five courts, an increase of \$126,000 from the enacted level.
- *Capital Equipment-Copiers.* The Governor includes \$556,026 in general revenue for copier machine replacement in all court programs. The increase of \$118,000 from the enacted FY 2017 budget will fund the replacement of 22 machines in FY 2018, with a total of 61 copiers to be replaced in FY 2016 through FY 2018.

Supreme Court

Within the Supreme Court program, the Governor recommends FY 2018 appropriations of \$43.3 million, including \$32.1 million from general revenue, \$121,481 from federal funds, \$4.0 million from restricted receipts, and \$7.1 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$814,997, while restricted receipts increase by

Public Safety

\$886,585, and other funds financing increases by \$1.6 million, attributable to the following adjustments:

- *Personnel.* The Governor includes \$18.6 million from general revenue for personnel costs, an increase of \$920,234 from the enacted FY 2017 Budget. Financing is provided for 159.5 FTE positions.
- *Court Cost Allocations.* The Governor recommends the offset of the enacted \$1.2 million in general revenue facility operating costs to several State departments that occupy court space, including the Public Defender, the Attorney General, the Department of Corrections, the Department of Public Safety (Sheriffs), and the Department of Children, Youth and Families. The increase from the enacted level is \$126,768.
- *Defense of Indigents.* The Governor recommends \$3.8 million in general revenue to the Defense of Indigents program, an increase of \$18,760 from the enacted level.
- *Capital Projects.* The Governor's recommendation includes \$7.1 million in Rhode Island Capital Plan Fund resources, an increase of \$1.6 million from the enacted level, for asset protection, heating/air conditioning and restoration work on court facilities, including new heating/air conditioning and restoration projects for Licht Courthouse.
- *Collections Unit.* The Governor's recommendation includes restricted receipt financing for a collections unit, to be staffed from existing general revenue positions.

Superior Court

Within the Superior Court program, the Governor recommends FY 2018 appropriations of \$23.6 million, including \$23.1 million from general revenue, \$91,739 from federal funds, and \$370,781 from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$339,471, federal funds financing increases by \$40,449, and restricted receipts decreases by \$960, attributable to the following adjustments:

- *Personnel.* The Governor includes \$19.1 million from general revenue for personnel costs, an increase of \$316,646 from the enacted level. Financing is provided for 165.7 FTE positions.
- *Jury Operations:* The Governor recommends \$560,528 in operating expenditures, including \$375,000 in jurors' fees, no increase from the enacted FY 2017 budget.

Family Court

Within the Family Court program, the Governor recommends FY 2018 appropriations of \$23.4 million, including \$20.5 million from general revenue and \$2.9 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.0 million, while federal funds financing increases by \$137,381, attributable to the following adjustment:

- *Personnel.* The Governor includes \$18.2 million from general revenue for personnel costs, a decrease of \$1.1 million from the enacted level. Financing is provided for 175.0 FTE positions.

District Court

Within the District Court program, the Governor recommends FY 2018 appropriations of \$13.0 million, including \$12.7 million from general revenue, \$289,829 from federal funds, and \$60,000 from restricted

Public Safety

receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$815,797, while federal funds financing decreases by \$13,325 and restricted receipts decrease by \$78,045, attributable to the following adjustment:

- *Personnel.* The Governor includes \$11.1 million from general revenue for personnel costs, \$847,724 more than the enacted level. Financing is provided for 95.0 FTE positions.

Traffic Tribunal

Within the Traffic Tribunal program, the Governor recommends FY 2018 appropriations of \$9.5 million from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$450,240, attributable to the following adjustments:

- *Personnel.* The Governor includes \$8.3 million from general revenue for personnel costs, an increase of \$451,105 from the enacted level. Financing is provided for 78.3 FTE positions.
- *Contract Services.* The Governor includes \$260,000 in general revenue financing for security services to fund an interagency charge of services for the Capitol Police at the Traffic Tribunal.

Judicial Tenure and Discipline

Within the Judicial Tenure and Discipline program, the Governor recommends FY 2018 appropriations of \$146,008 from general revenue. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$21,143.

Workers' Compensation Court

Within the Workers' Compensation Court program, the Governor recommends FY 2018 appropriations of \$8.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended restricted receipt financing increases by \$22,866. The Governor includes \$6.7 million from restricted receipts for personnel costs, a decrease of \$26,236 from the enacted level. Financing is provided for 78.3 FTE positions.

Full Time Equivalent Positions

The Governor recommends 723.5 FTE positions in the revised FY 2017 Budget and the recommended FY 2018 Budget, consistent with the enacted FY 2017 level.

MILITARY STAFF

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$2,144,129	\$2,219,237	\$2,659,719	\$2,626,341	\$2,634,057
Federal Funds	\$12,353,422	\$12,090,517	\$17,497,797	\$16,660,113	\$27,717,460
Restricted Receipts	\$211,281	\$52,864	\$337,300	\$132,000	\$129,500
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$835,920	\$1,009,674	\$2,682,500	\$1,578,491	\$7,696,925
Total Funding	\$15,544,752	\$15,372,292	\$23,177,316	\$20,996,945	\$38,177,942
FTE Authorization	85.0	92.0	92.0	92.0	92.0

Public Safety

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$21.0 million for the Military Staff, including \$2.6 million from general revenue, \$16.7 million from federal funds, \$132,000 from restricted receipts, and \$1.6 million from the Rhode Island Capital Plan Fund. Relative to the FY 2017 enacted level, recommended general revenue financing decreases by \$33,378, federal funds financing decreases by \$837,684, restricted receipts financing decreases by \$205,300, and Rhode Island Capital Plan Fund financing decreases by \$1.1 million.

- *General Revenue Financing.* The \$33,378 decrease in general revenue financing consists of: a \$57,744 decrease for statewide natural gas reverse auction and assessed fringe benefit rate reduction savings distributed to state agencies; a \$1,000 decrease for life insurance benefits for active duty members of the National Guard; and a \$25,366 increase for reappropriated funding for costs incurred in FY 2016, but billed in FY 2017.
- *Federal Funds Financing.* The \$837,684 decrease in federal funds is largely associated with a \$725,624 reduction in payroll expenditures due to vacant FTE positions in the agency, followed by a \$153,541 reduction in capital purchases and equipment for the Miscellaneous Minor Construction program.
- *Rhode Island Capital Plan Fund Financing.* The \$1.1 million decrease in Rhode Island Capital Plan Fund expenditures is largely due to: \$900,000 of Joint Force Headquarters expenditures being shifted from FY 2017 to FY 2018; and \$125,000 of Bristol Readiness Center feasibility study expenditures being shifted from FY 2017 to FY 2018. Both of these funding shifts are due to project delays.
- *All Funds Financing.* On an all funds basis, the revised FY 2017 Budget increases financing for operating, and assistance and grants, but decreases financing for personnel, capital purchases and equipment and contract services.
- *Personnel.* The Governor's recommendation includes \$8.4 million from all funds, a decrease of \$743,570 from the enacted FY 2017 Budget. The agency's salaries and benefits are overfunded in the enacted FY 2017 budget due to several federally funded vacant positions; and the General Assembly reducing the agency's FTE position level by 4.0 FTE position, while not reducing the funding of salaries and benefits consistent with the FTE position reduction.
- *Contract Services.* The Governor includes \$1.7 million from all funds for various contract services, including security, janitorial, information technology, and fire protection services. The recommendation is \$13,264 less than the enacted FY 2017 Budget.
- *Operating.* The Governor includes \$6.5 million for operating expenditures, a decrease of \$11,023 from the enacted FY 2017 Budget. \$3.0 million of the \$6.5 million operating budget is for utility costs, such electricity, natural gas, fuel oil, water, and sewer costs. Another \$2.8 million is for snowplowing, grounds maintenance, building maintenance and repairs, and building/machinery supplies and equipment.

Public Safety

- *Assistance and Grants.* The Governor includes \$313,750 for assistance and grants, which is \$201,400 less than the enacted FY 2017 Budget. Of this reduction, \$200,000 is for the realignment of Rhode Island Military Family Relief Fund budget with recent expenditures.
- *Capital.* The Governor includes \$4.1 million for capital purchases and equipment, a decrease of \$1.2 million from the enacted FY 2017 Budget due to project delays.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$38.2 million for the Military Staff, including \$2.6 million from general revenue, \$27.7 million from federal funds, \$129,500 from restricted receipts, and \$7.7 million from the Rhode Island Capital Plan Fund. Relative to the FY 2017 enacted level, recommended general revenue financing decreases by \$25,662, federal funding increases by \$10.2 million, restricted receipts financing decreases by \$207,800, and Rhode Island Capital Plan Fund financing increases by \$5.0 million.

- *Personnel.* The Governor's recommendation includes \$8.8 million from all funds, a decrease of \$289,997 from the enacted FY 2017 Budget. The decrease is largely due to overfunded salaries and benefits in the enacted FY 2017 Budget resulting from the General Assembly reducing the agency's FTE position level by 4.0 FTE position, while not reducing the funding of salaries and benefits consistent with the FTE position reduction.
- *Contract Services.* The Governor includes \$1.8 million from all funds for various contract services. The recommendation is \$136,621 more than the enacted FY 2017 Budget. Of the \$1.8 million amount, \$913,262 is for security services for Air National Guard facilities.
- *Operating.* The Governor includes \$7.0 million from all funds for operating expenses, which is \$467,774 more than the enacted FY 2017 Budget. The FY 2018 Budget increases funding for building maintenance and repairs by \$534,680, most of which in the Miscellaneous Minor Construction program.
- *Assistance and Grants.* The Governor's recommendation includes \$314,150 from all funds for assistance and grants, which is a decrease of \$201,000 from the enacted 2017 Budget. As with the revised FY 2017 Budget, \$200,000 of this reduction is for the realignment of Rhode Island Military Family Relief Fund budget with recent expenditures.
- *Capital.* The Governor's recommendation includes \$20.2 million for capital purchases and equipment, an increase of \$14.9 million. The FY 2018 Budget includes: \$15.9 million for the new Joint Force Headquarters on Camp Fogarty; \$2.6 million for asset protection projects; \$1.5 million for the Amory of Mounted Commands roof replacement project; and \$125,000 for the Bristol Readiness Center feasibility study.

The Governor recommends 92.0 FTE positions in the revised FY 2017 Budget and the FY 2018 Budget, which is consistent with the enacted FY 2017 level.

Public Safety

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$1,796,019	\$1,762,456	\$1,848,876	\$1,847,848	\$0
Federal Funds	\$12,622,540	\$16,741,641	\$20,094,466	\$17,946,354	\$0
Restricted Receipts	\$117,294	\$131,675	\$861,046	\$448,112	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$1,189,750	\$1,916,239	\$0
Total Funding	\$14,535,853	\$18,635,772	\$23,994,138	\$22,158,553	\$0
FTE Authorization	32.0	32.0	29.0	29.0	0.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$22.2 million for the Emergency Management Agency, including \$1.8 million from general revenue, \$17.9 million from federal funds, \$448,112 from restricted receipts, and \$1.9 million from the Rhode Island Capital Plan Fund. Relative to the FY 2017 enacted level, recommended general revenue financing decreases by \$1,028, while federal funds financing decreases by \$2.1 million, restricted receipts financing decreases by \$412,934, and Rhode Island Capital Plan Fund financing increases by \$726,489. The reduction in general revenue financing of \$1,028 is the result of decrease in the assessed fringe benefit rate, which was allocated to all state agencies.

- *Personnel.* The Governor's recommendation includes \$3.1 million from all funds, a decrease of \$505,035 from the enacted FY 2017 Budget. The personnel savings is due to turnover savings associated with vacant positions in the agency.
- *Contract Services.* The Governor includes \$956,111 from all funds for various contract services, including management consultants and temporary services. The recommendation is \$211,288 more than the enacted FY 2017 Budget and is largely reflected in the Emergency Management Preparedness and Homeland Security grant programs.
- *Operating.* The Governor includes \$2.9 million for operating expenditures, an increase of \$862,085 from the enacted FY 2017 Budget.
- *Assistance and Grants.* The Governor includes \$12.7 million for assistance and grants, which is \$3.1 million less than the enacted FY 2017 Budget. The \$3.1 million decrease reflects less disbursement of federal funds for natural disasters, including blizzards and flood events.
- *Capital.* The Governor includes \$2.4 million for capital purchases and equipment, an increase of \$670,754 from the enacted FY 2017 Budget. The \$670,754 increase reflects additional expenditures from the Rhode Island Capital Plan Fund, including \$494,414 for the Rhode Island Statewide Communication System Network (RISCON) and \$232,075 for Hurricane Sandy Cleanup state match funding, which was reappropriated from FY 2016.

The Governor recommends 29.0 FTE positions in the revised FY 2017 Budget, consistent with the enacted FY 2017 level.

Public Safety

FY 2018 Recommended Budget

In FY 2018, the Governor recommends the Emergency Management Agency be merged into a reorganized Department of Public Safety.

DEPARTMENT OF PUBLIC SAFETY

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$99,121,734	\$93,409,462	\$99,442,148	\$101,565,164	\$105,028,142
Federal Funds	\$5,986,537	\$7,133,596	\$9,292,391	\$12,131,031	\$29,249,442
Restricted Receipts	\$6,601,587	\$7,709,586	\$4,452,070	\$19,742,691	\$1,168,707
Other Funds	\$5,214,441	\$4,966,129	\$5,992,956	\$5,816,397	\$6,358,535
RI Capital Plan Fund	\$1,227,362	\$2,062,241	\$1,965,000	\$4,207,257	\$1,844,414
Total Funding	\$118,151,661	\$115,281,014	\$121,144,565	\$143,462,540	\$143,649,240
FTE Authorization	633.2	633.2	610.2	616.6	660.6

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$143.5 million for the Department of Public Safety, including \$101.6 million from general revenue, \$12.1 million from federal funds, \$19.7 million from restricted receipts, \$5.8 million from other funds, and \$4.2 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.1 million, federal financing increases by \$2.8 million, restricted receipts financing increase by \$15.3 million, other funds financing decreases by \$176,559, and Rhode Island Capital Plan Fund financing increases by \$2.2 million. The revised FY 2017 budget is inclusive of statewide savings distributed to state agencies, which resulted in \$38,681 of general revenue savings being allocated to the Department of Public Safety.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$10.1 million, including \$1.9 million from general revenue and \$8.3 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$464,128 while federal financing increases by \$2.8 million.

- *Department of Public Safety Commissioner.* The Governor's recommendation includes \$55,054 to finance a civilian Commissioner of Public Safety for three months in FY 2017. The Commissioner will oversee coordination and policy development across the public safety agencies and bring Rhode Island in line with the other New England states.
- *Cybersecurity Director.* The Governor recommends the transfer of \$365,934 in general revenue, less state-wide savings, for a Cybersecurity Director from the Department of Administration and to provide for contract and operational costs related to this position.

E-911 Division

Within the E-911 program, the Governor recommends revised general revenue FY 2017 appropriations of \$5.6 million, a decrease of \$65,576 below the enacted level due to reduced operating and personnel costs.

Public Safety

State Fire Marshal

Within the State Fire Marshal program, the Governor recommends revised FY 2017 appropriations of \$6.9 million, including \$3.4 million from general revenue, \$418,906 from federal funds, \$195,472 from restricted receipts, and \$2.9 million from the Rhode Island Capital Plan Fund. Compared to enacted FY 2017 levels, recommended general revenue financing increases by \$157,360, federal funds financing decreases by \$6,263, and expenditures from the Rhode Island Capital Plan Fund increase by \$1.6 million.

- *Relocation Costs.* The Governor adds \$59,279 for moving and lease costs associated with the State Fire Marshal's relocation to a facility on Jefferson Boulevard in Warwick.

Security Services – Capitol Police

Within the Capitol Police program, the Governor recommends revised FY 2017 general revenue appropriations of \$3.8 million, an increase of \$68,733 above the enacted FY 2017 budget largely due to personnel costs.

Security Services – Division of Sheriffs

Within the Division of Sheriffs program, the Governor recommends revised FY 2017 general revenue appropriations of \$19.7 million, an increase of \$345,828 above the enacted FY 2017 Budget largely attributable to medical benefits costs.

- *Sheriffs Training Academy.* The Governor's recommendation includes \$15,840 for advertising, recruiting, and training expenditures associated with a Sheriff Academy.

Capitol Police Rotary

Within the Capitol Police program, the Governor recommends revised FY 2017 appropriations of \$1.1 million from other fund sources, a decrease of \$44,402 below the enacted FY 2017 Budget attributable to reduced personnel costs.

Municipal Police Training Academy

Within the Municipal Police Training Academy program, the Governor recommends revised FY 2017 general revenue appropriations of \$262,781, a decrease of \$965 below the enacted FY 2017 Budget attributable to reduced operational and personnel costs.

State Police

Within the State Police program, the Governor recommends revised FY 2017 appropriations of \$95.6 million, including \$66.8 million from general revenue, \$3.3 million from federal funds, \$19.5 million from restricted receipts, and \$6.0 million from all other fund sources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.2 million, federal financing increases by \$13,415, restricted receipts financing increased by \$12.3 million, and financing from all other fund sources increases by \$489,691.

- *Contract Reserve.* The Governor includes \$1.0 million from general revenue to finance a salary increase retroactive to May 2016 resulting from a negotiated settlement agreement.
- *Pension Transfer.* The Governor includes \$15.0 million from Google, Inc. settlement funds for a transfer to the pension system to fund pre-1987 State Police pensions that occurred in FY 2017 and not in FY 2016 as originally budgeted.

Public Safety

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$143.6 million for the Department of Public Safety, including \$105.0 million from general revenue, \$29.2 million from federal funds, \$1.2 million from restricted receipts, \$6.4 million from other funds, and \$1.8 million from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$5.6 million, federal financing increases by \$20.0 million, restricted receipts financing decreases by \$3.3 million, other funds financing increases by \$365,579, and Rhode Island Capital Plan Fund financing decreases by \$120,586. The FY 2018 Budget is inclusive of statewide savings distributed to agencies, which resulted in \$204,446 of general revenue savings being allocated to the Department of Public Safety.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$13.7 million, including \$2.8 million from general revenue and \$10.9 million from federal funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.4 million while federal financing increases by \$5.5 million.

- *Batterer's Intervention Program.* The Governor adds \$100,000 from general revenue to expand domestic violence intervention programs. The Department of Public Safety will grant the additional funding to five certified Batterers Intervention Program providers to train program staff on evidence-based treatment to reduce instances of domestic violence and to subsidize participation costs for indigent participants.
- *Cybersecurity Director.* The Governor recommends FY 2018 general revenue appropriations of \$778,445, less state-wide savings, to finance the full-year salary of the Cybersecurity Director and provides \$500,000 for costs supporting the activities of the Director.
- *New Civilian Positions.* The Governor adds \$388,417 to finance three civilian positions: Chief of Motor Pool and Maintenance, Project Manager I, and Director of Public Information, the latter of which was hired in January 2017. The additional civilian positions will allow sworn officers to concentrate on law enforcement responsibilities.
- *Commissioner Support Positions.* The Governor adds \$301,213 to hire an Executive Assistant for the Commissioner and a Director of Policy who will support the development of policy across all public safety divisions. The annualized cost of the Commissioner position totals \$215,941 in FY 2018.
- *Human Resources Consolidation.* The Governor shifts 4.0 FTE positions and associated costs of \$446,587 to the Department of Administration where the state's human resources personnel are centralized.

E-911 Division

Within the E-911 program, the Governor recommends general revenue FY 2018 appropriations of \$5.9 million, an increase of \$195,082 above the enacted FY 2017 Budget due to capital and operating costs.

- *E-911 Technology.* The Governor adds \$112,700 to safeguard against potential cyber-attacks that could compromise E-911 operations and to implement a new network solution to service incoming 911 calls.

Public Safety

State Fire Marshal

Within the State Fire Marshal program, the Governor recommends FY 2018 appropriations of \$4.3 million, including \$3.8 million from general revenue, \$277,167 from federal funds, \$212,166 from restricted receipts, and \$72,442 from other fund sources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$497,889, federal financing decreases by \$148,002, restricted receipts financing increases by \$16,694, and financing from other sources decreases by \$1.2 million. The decrease in other funding sources is largely attributable to completion of the Fire Training Academy.

- *Assistant Explosives and Flammable Liquids Technician.* The Governor includes \$77,481 from general revenue to finance an additional Assistant Explosives and Flammable Liquids Technician to serve on the Rhode Island Bomb Squad.
- *Relocation Costs.* The Governor adds \$135,070 for lease costs associated with the State Fire Marshal's relocation to a facility on Jefferson Boulevard in Warwick.

Security Services – Capitol Police

Within the Capitol Police program, the Governor recommends FY 2018 general revenue appropriations of \$4.2 million, an increase of \$446,016 above the enacted FY 2017 budget primarily due to personnel costs.

- *Screeners Positions.* The Governor's recommendation includes \$366,470 for 5.0 new screener positions to assist Capital Police officers with security at state buildings. The additional screeners are expected to offset increasing overtime costs by over \$350,000 in FY 2018.
- *Contract Reserve.* The Governor's recommendation includes \$300,000 for an anticipated labor settlement involving raises for Capitol Police officers, the addition of lower paid screeners to perform functions previously performed by Capitol Police officers, and other labor-related savings.

Security Services – Division of Sheriffs

Within the Division of Sheriffs program, the Governor recommends FY 2018 general revenue appropriations of \$20.1 million, an increase of \$694,985 above the enacted FY 2017 Budget. The increase is largely attributable to personnel costs

- *Sheriffs Training Academy.* The Governor's recommendation includes \$55,000 for operational costs associated with the Training Academy.

Capitol Police Rotary

Within the Capitol Police program, the Governor recommends revised FY 2017 appropriations of \$1.3 million from other fund sources, an increase of \$133,707 above the enacted FY 2017 Budget.

- *Additional Rotary Officers.* The Governor adds \$172,134 for an additional 2.0 Capitol Police Officers who will provide security at, and be financed by, the Departments of Health and Behavioral Healthcare, Developmental Disabilities and Hospitals' facilities.

Municipal Police Training Academy

Within the Municipal Police Training Academy program, the Governor recommends FY 2018 general revenue appropriations of \$538,779, an increase of \$52,638 above the enacted FY 2017 Budget largely attributable to the purchase of a new vehicle.

Public Safety

State Police

Within the State Police program, the Governor recommends FY 2018 appropriations of \$75.1 million, including \$66.2 million from general revenue, \$3.0 million from federal funds, \$506,446 from restricted receipts, and \$5.3 million from all other fund sources. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$589,997, federal financing decreases by \$207,420, restricted receipts financing decreases by \$3.8 million, and all other funding decreases by \$178,276.

- *Contract Reserve.* The Governor includes \$1.0 million from general revenue to finance a salary increase retroactive to May 2016 resulting from a negotiated settlement agreement and to provide a general salary increase of 1.25 percent effective July 1, 2017 and 2.0 percent effective November 1, 2017.
- *State Police Training Academy.* The Governor includes \$88,535 to finance the recruitment and testing of candidates in preparation for a FY 2019 Academy.
- *Civilian Support Positions.* The Governor adds \$199,788 to hire 2.0 civilian Senior Planning and Program Development Specialists to support law enforcement in the Planning, Research, and Accreditation Bureau. The additional civilian positions will allow sworn officers to concentrate on law enforcement responsibilities.
- *Cyber Security Positions.* The Governor adds \$256,831 for 1.0 Cyber Analyst and 1.0 Computer and Cyber Forensic Analyst positions to convert federally funded contractors to full-time employees in the Detective Bureau. The federal grant supporting these positions is ending in FY 2018.
- *Information Technology Consolidation.* The Governor shifts 1.0 FTE position and associated costs of \$170,155 to the Department of Administration where the state's information technology personnel are centralized.

Emergency Management Agency

The Governor recommends that the Rhode Island Emergency Management Agency be consolidated within the Department of Public Safety in FY 2018. FY 2018 appropriations of \$18.5 million, including \$1.7 million from general revenue, \$14.8 million from federal financing, \$450,095 from restricted receipts, and \$1.5 million from the Rhode Island Capital Plan Fund are included in the Governor's recommendation.

Full Time Equivalent Positions

The Governor recommends 616.6 FTE positions in the revised FY 2017 Budget, a net increase of 6.4 FTE positions above the enacted FY 2017 Budget as described above. In FY 2018, the Governor recommends 660.6 FTE positions, an increase of 44.0 positions above the revised FY 2017 Budget as described above and including the merger of the Emergency Management Agency into the Department of Public Safety.

Public Safety

OFFICE OF PUBLIC DEFENDER

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$10,829,860	\$11,306,039	\$11,784,382	\$11,768,208	\$12,340,235
Federal Funds	\$72,362	\$74,482	\$112,820	\$97,820	\$97,820
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$10,902,222	\$11,380,521	\$11,897,202	\$11,866,028	\$12,438,055
FTE Authorization	93.0	93.0	93.0	93.0	94.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$11.9 million for the Office of the Public Defender, including \$11.8 million from general revenue and \$97,820 from federal funds. Relative to FY 2017 enacted budget levels, recommended general revenue financing decreases by \$16,174, while federal financing decreases by \$15,000. The revised FY 2017 budget is inclusive of statewide savings distributed to agencies, which resulted in a total of \$16,174 of general revenue savings being allocated to the Office.

- *Personnel.* The Governor's recommendation includes \$10.5 million from general revenue, a decrease of \$16,174 from the enacted FY 2017 Budget, reflecting current services for the agency's 93.0 FTE positions.
- *Contract Services.* The Governor includes \$203,063 from general revenue for various services relating to clerical workers, trial related expert witnesses and interpreters, a paralegal to assist staff attorneys, and a social services caseworker for juvenile clients at arraignment. The recommendation is the same as the enacted FY 2017 Budget.
- *Operating/Capital.* The Governor includes \$1.1 million from general revenue for operating expenses, including property-related costs (rent, fuel, electricity), staff related costs (training, mileage, travel), and other operating expenses, as well as federal funding of attorney loan repayment assistance. The recommendation is the same as the enacted FY 2017 Budget.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$12.3 million for the agency, including \$12.2 million from general revenue and \$97,820 from federal funds. Relative to FY 2017 enacted levels, the recommended general revenue financing increases by \$432,463 and federal financing decreases by \$15,000.

- *Personnel.* The Governor's recommendation includes \$10.8 million in general revenue, an increase of \$235,268 from the enacted FY 2017 Budget, which includes savings of \$97,281 in statewide adjustments for employee benefits. The Governor also recommends one additional attorney.
- *Justice Reinvestment/Contract Services.* The Governor includes \$388,535 from general revenue for various contract services, \$185,472 more than the enacted FY 2017 Budget. The increase funds additional mental health resources to help divert individuals experiencing mental health crises away

Public Safety

from emergency rooms and the ACI and toward appropriate community-based treatment. This will ultimately reduce the strain on the health care system, first responders, Corrections, and the courts.

- *Operating/Capital.* The Governor includes \$1.1 million from general revenue for operating/grants/capital expenses, an increase of \$11,723 from the enacted FY 2017 Budget, reflecting an \$11,723 increase in the Agency's share of court facility operating costs.

The Governor recommends 93.0 FTE positions in the revised FY 2017 Budget, consistent with the enacted FY 2017 level. The Governor recommends 94.0 FTE positions in FY 2018. The staff consists of attorneys supported by social workers, investigators, interpreters, information technology, intake and clerical support.

Natural Resources

Natural Resources

Summary

The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council. The Governor recommends a total of 429.0 FTE positions in FY 2017 and 432.0 FTE positions in FY 2018 for the Natural Resources function. More than 500 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 Infrastructure Bank are appropriated in the Department of Administration, though these agencies themselves are not part of the state budget. A major focus shaping the goals and mission of the Department of Environmental Management and the Coastal Resources Management Council is and will continue to be climate change and its impact on Rhode Island.

The Department of Environmental Management (DEM) 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.

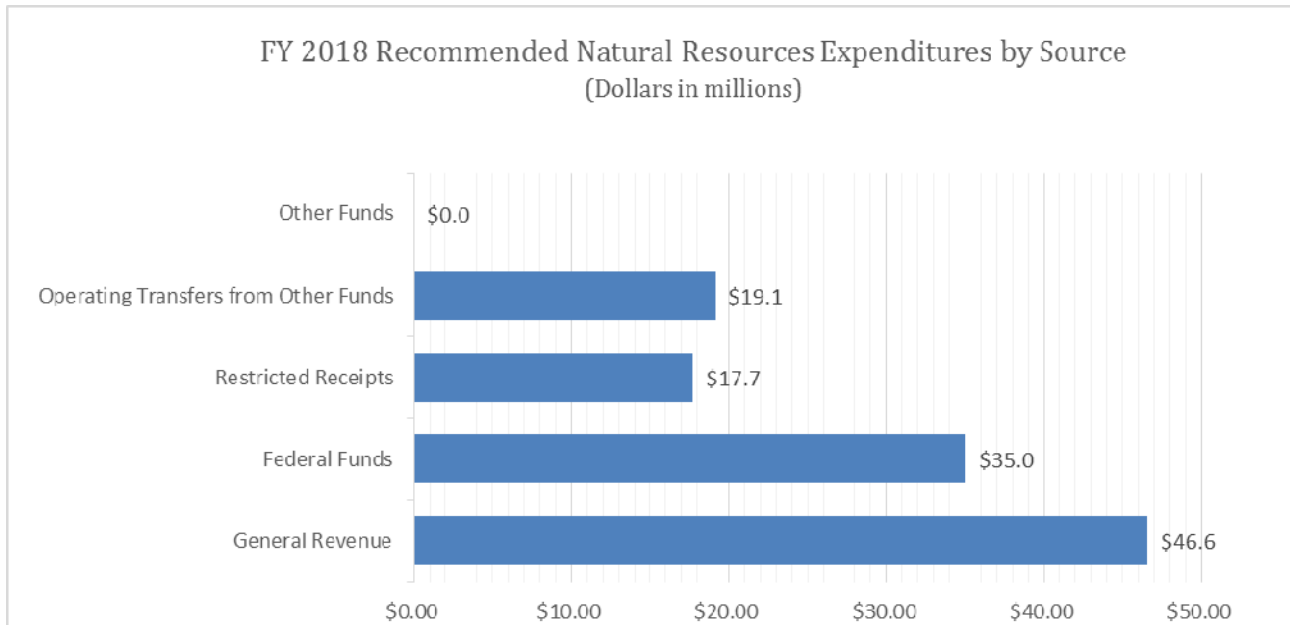
The Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the State. The Council is administered by 16 appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, coastal policy analysts, 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 3 miles offshore to 200 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 2017 revised budget in all funds for all natural resource agencies is \$111.9 million, an increase of \$1.8 million from the FY 2017 enacted appropriation of \$110.1 million. Of this amount, \$40.8 million is from general revenue, \$39.4 million is from federal funds, \$17.2 million is from restricted receipts, and \$14.5 million is from other funds. General revenues decrease by \$1.9 million federal funds increase by \$5.5 million, restricted receipts decrease by \$2.0 million, and other funds increase by \$209,885 over the enacted level.

Of the \$11.9 million recommended for Natural Resources in FY 2017, personnel is budgeted at \$66.7 million, operating expenses at \$15.1 million, assistance, grants, and benefits at \$8.4 million, capital improvements at \$21.5 million, and operating transfers at \$50,000.

Natural Resources

The Governor's FY 2018 Budget from all funds for Natural Resource agencies is \$118.5 million, an increase of \$8.4 million from the FY 2017 enacted appropriation of \$110.1 million. Of this amount, \$46.6 million is from general revenue; \$35.0 million is from federal funds; \$17.7 million is from restricted receipts; and \$19.1 million is from other funds. General revenues increase by \$3.9 million, federal funds increase by \$1.2 million, restricted receipts decrease by \$1.5 million, and other funds increase by \$4.8 million, from the enacted level.



Of the \$118.9 million recommended for Natural Resources for FY 2018, personnel is budgeted at \$63.5 million, operating at \$15.7 million, assistance, grants, and benefits at \$11.7 million, capital improvements at \$27.6 million, and operating transfers at \$50,000.

Natural Resources



Natural Resources

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$36,110,396	\$38,163,784	\$40,206,777	\$38,295,450	\$43,995,800
Federal Funds	\$26,411,282	\$21,109,597	\$29,728,792	\$34,155,995	\$33,399,312
Restricted Receipts	\$12,186,477	\$13,374,290	\$18,981,956	\$16,950,296	\$17,496,061
Other Funds	\$817,588	\$1,198,511	\$3,212,589	\$3,974,589	\$3,481,038
RI Capital Plan Fund	\$13,442,991	\$4,949,316	\$10,617,500	\$10,065,385	\$14,892,475
Total Funding	\$88,968,734	\$78,795,498	\$102,747,614	\$103,441,715	\$113,264,686
FTE Authorization	399.0	399.0	399.0	400.0	403.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$103.4 million for the Department of Environmental Management, including \$38.3 million from general revenue, \$34.2 million from federal funds, \$17.0 million from restricted receipts, \$10.1 million from the Rhode Island Capital Plan Fund, and \$4.0 million in other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$1.9 million, federal funds financing increases by \$4.4 million, restricted receipts financing decreases by \$2.0 million, Rhode Island Capital Plan Fund financing decreases by \$552,115, and other funds financing increases by \$762,000. The revised FY 2017 budget is inclusive of enacted statewide assessed fringe benefit savings distributed to state agencies, which resulted in \$60,430 of general revenue savings being allocated to the Department of Environmental Management.

Office of Director

Within the Office of Director, the Governor recommends revised FY 2017 appropriations of \$9.6 million, including \$5.5 million from general revenue and \$4.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$351,172, federal funds financing is unchanged, and restricted receipt financing increases by \$191,256, attributable to the following adjustments:

- *Personnel Expenses.* The Governor includes an additional \$278,229 in general revenues not including statewide benefit changes for personnel costs. The increase relates to the transfer of positions from other programs within the department, as well as new positions hired for the Office of the Director.
- *Lease Space Costs.* The Governor includes an increase of \$73,677 in general revenue primarily to cover the current rental costs of the Foundry building. The Department entered into a new lease in July 2016. The Governor also restores funding to the Department's lease budget connected to the planned occupancy of the Building Code Commission at the Foundry. The Commission is no longer moving out of the Department of Administration Powers building to the Foundry.
- *Indirect Cost Recovery – Administration.* The Governor recommends an additional \$191,256 in restricted receipt financing primarily related to an increase in available indirect cost recovery financing.

Bureau of Natural Resources

Within the Bureau of Natural Resources, the Governor recommends revised FY 2017 appropriations of \$61.6 million, including \$21.1 million from general revenue, \$22.7 million from federal funds, \$3.8 million from restricted receipts, \$10.1 million for the Rhode Island Capital Plan Fund, and \$3.8 million

Natural Resources

from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$7,851, federal fund financing increases by \$2.7 million, restricted receipt financing decreases by \$2.3 million, Rhode Island Capital Plan Fund financing decreases by \$552,115, and other funds financing increases by \$762,000, attributable to the following adjustments:

- *Transfer of Eisenhower House.* The Governor recommends transferring the management of the Eisenhower House in Newport, RI, from the Historical Preservation and Heritage Commission (HPHC) to the Department of Environmental Management. The HPHC has the responsibility for the management and operation of the Eisenhower House, a historic property owned by the state. The transfer involves moving 1.0 FTE position to the Department, as well as the operating budget for half of FY 2017 totaling \$72,722. The transfer will allow the state to better manage operations at all facilities at Fort Adams State Park.
- *Grants to Host Communities/Share of Beach Parking Fees.* The Governor recommends an additional \$62,500 in general revenue in order to pay the host communities for their portion of the beach parking fees, which are appropriations in the Department's budget. A statutory amendment was passed in the 16-H-7454 Appropriations Act which modified 42-17.1-9.1 to provide that from July 1, 2016 until October 1, 2016, the beach fees charged and collected would be equal to those in effect on June 20, 2011, which resulted in the lowering of beach parking fees to pre-FY 2011 levels. The Amendment also adjusted the distribution of the host communities' sharing of daily fees in order to make them whole. The host community fee distribution changed to 27% from 16%. The Governor recommends maintaining the beach parking fees permanently at the lower level. This will result in lower collections for the revised FY 2017 Budget. The DEM beach parking fees are collected in a departmental receipt account within the General Fund.
- *Federal Grant Funding.* The Governor's recommendation includes a \$3.0 million increase in federal funding primarily for new federal grant awards, including \$1.0 million for a new grant dedicated to mitigating multispecies fishery disasters, \$560,000 for Great Swamp range expansion, and \$309,425 for freshwater and marine boating access.
- *Fort Adams Education and Recreation Center.* The Governor recommends a decrease of \$2.3 million in restricted receipt funding, primarily for the Fort Adams Sailing Improvements/Mid-Park project. The project is being funded with RI Capital Plan Funds and private funding from Sail Newport. The change is a technical adjustment to the Department's budget to reflect the private funding as a direct match for the project rather than as restricted receipts within the Department's budget.
- *RICAP Adjustments.* The Governor's recommendation makes adjustments to RICAP funding across projects for the Department due to revised project schedules, which have resulted in fund shifts into FY 2018.
- *DOT Recreational Projects.* The Governor recommends an additional \$762,000 in FY 2017 for DOT Recreational Projects. The increase will provide financing for walking paths at Rocky Point and improvements at Block Island Mohegan Bluffs.

Bureau of Environmental Protection

Within the Bureau of Environmental Protection, the Governor recommends revised FY 2017 appropriations of \$32.3 million, including \$11.6 million from general revenue, \$11.4 million from federal funds, and \$9.1 million from restricted receipts. Other funds remain unchanged. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$2.3 million, federal financing

Natural Resources

increases by \$1.7 million, and restricted receipt financing increases by \$91,032. Other funds financing is unchanged.

- *Clean Diesel Program.* The Governor recommends \$2.0 million less in general revenue funding, due to the implementation schedule of the newly enacted Clean Diesel Program. The Department has worked to implement the program since its creation in the enacted FY 2017 Budget, including developing regulations. The program, which is expected to be finalized in the spring of 2017, but not disburse any funding until FY 2018, works to reduce emissions from heavy-duty diesel engines operating on state roads and assists companies with supply chain efficiency.
- *Federal Grant Funding.* The Governor's recommendation includes a \$1.7 million increase in federal funding, primarily for new federal grant awards and to reflect changes in federal grant spending based on revised schedules.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$113.3 million for the Department of Environmental Management, including \$44.0 million from general revenue, \$33.4 million from federal funds, \$17.5 million from restricted receipts, and \$14.9 million from the Rhode Island Capital Plan Fund, and \$3.5 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$3.8 million, federal funds financing increases by \$3.7 million, restricted receipt financing decreases by \$1.5 million, Rhode Island Capital Plan Fund financing increases by \$4.3 million, and other funds financing increases by \$268,449. The FY 2018 budget is inclusive of enacted statewide assessed fringe benefit, medical and natural gas reverse auction adjustments distributed to state agencies, which resulted in \$169,913 of general revenue savings being allocated to the Department of Environmental Management.

Office of Director

Within the Office of Director program, the Governor recommends FY 2018 appropriations of \$10.4 million, including \$6.3 million from general revenue and \$4.1 million from restricted receipts. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$1.2 million and restricted receipt financing increases by \$152,939 attributable to the following adjustments:

- *Personnel Expenses.* The Governor includes an additional \$418,742 in general revenues, not including statewide benefit changes for personnel costs. The increase relates to the transfer of positions from other programs within the department, as well as new positions hired for the Office of the Director.
- *Volvo Ocean Race.* The Governor recommends an additional \$775,000 from general revenues for the Volvo Ocean Race. The appropriation would allow the DEM to host the Race in May 2018. An economic impact study conducted in 2015 found that the event generated \$47.7 million in revenue for the State.
- *Conservation Districts.* The Governor includes \$50,000 in FY 2018 for Conservation Districts grants. The Districts are quasi-public subdivisions of state government, governed by volunteer Boards of Directors from the communities.
- *Lease Space Costs.* The Governor includes \$92,233 in additional general revenue funding of primarily for the current cost of the lease of the Foundry building. The Department recently entered into a new 10 year lease, which began July 6, 2016. The Governor also restores funding

Natural Resources

to the Department's lease budget in connection with the Building Code Commission. The Commission is no longer moving out of the Department of Administration Powers building to the Foundry.

- *Restricted Receipt Funds.* The Governor recommends an additional \$152,939 in restricted receipt financing, which is projected to be available to finance personnel and operating costs.

Bureau of Natural Resources

Within the Bureau of Natural Resources, the Governor recommends FY 2018 appropriations of \$69.2 million, including \$23.8 million from general revenue, \$23.0 million from federal funds, and \$4.1 million from restricted receipts, \$14.9 million for the Rhode Island Capital Plan Fund, and \$3.5 million from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$2.7 million, federal fund financing increases by \$3.0 million, restricted receipt financing decreases by \$2.0 million, Rhode Island Capital Plan Fund financing decreases by \$4.3 million, and other funds financing decreases by \$268,449, attributable to the following adjustments:

- *Outdoor Recreation Investments.* The Governor recommends \$2.5 million in general revenues for outdoor recreation spending support. Governor Raimondo signed Executive Order 16-01 in January 2016, which created the Outdoor Recreation Council, and charged this group with developing a strategic plan to grow and promote recreation in Rhode Island. The council presented a report to the Governor on December 14, 2016 entitled, "A New Vision of Outdoor Recreation in Rhode Island." Funding will be directed to local recreation matching grants, state and local recreation programming (such as environmental education and events programming), and state capital funding for recreation-related acquisition and maintenance. Funding for this program is derived from the Governor's recommended increase to the cigarette tax by \$0.50 in FY 2018.
- *Local Agriculture and Seafood Act Grants.* The Governor's recommendation includes a \$100,000 Grant increase in general revenue financing for the Local Agriculture and Seafood Act (LASA) program, thereby doubling the funding for this program. The grants provide economic benefits to growing companies and are aligned with the Governor's food sector agenda. The Department consistently receives more applications than the program can fund with its existing appropriation. This expansion will allow more small businesses in the food sector to receive grants.
- *Minimum Wage Increase for Seasonals.* The Governor proposes a minimum wage increase from \$9.60 to \$10.50 per hour effective October 1, 2017 and includes additional funding of \$122,017 for the impact on the Department's seasonal recreational program for March through June of FY 2018.
- *Transfer of Eisenhower House.* The Governor recommends transferring the management of the Eisenhower House in Newport, RI from the Historical Preservation and Heritage Commission (HPHC) to the Department of Environmental Management. The HPHC has the responsibility for the management and operation of the Eisenhower House, a historic property owned by the State. The transfer involves moving 1.0 FTE position to the Department as well as the operating budget totaling \$150,000. In FY 2018, the Governor also recommends transferring the departmental receipts derived from the booking fees to a restricted receipt account within the Department totaling \$138,150 to support the operations and maintenance of the facility. The transfer will allow the State to better manage operations at all facilities at Fort Adams State Park.
- *Grants to Host Communities/Share of Beach Parking Fees.* The Governor recommends an additional \$62,500 in general revenue in order to pay the host communities for their portion of the

Natural Resources

beach parking fees, which are appropriations in the Department's budget. A statutory amendment was passed in the 16-H-7454 Appropriations Act which modified 42-17.1-9.1 to provide that from July 1, 2016 until October 1, 2016, the beach fees charged and collected would be equal to those in effect on June 20, 2011, which resulted in the lowering of beach parking fees to pre-FY 2011 levels. The Amendment also adjusted the distribution for the daily fees distributed to host communities in order to make them whole. The host community distribution changed to 27 from 16 percent. The DEM beach parking fees are collected in a departmental receipt account within the General Fund.

- *Federal Grant Funding.* The Governor's recommendation includes a \$3.0 million increase in federal funding primarily for new federal grant awards, including \$1.0 million for a grant dedicated to mitigating multispecies fishery disasters, \$560,000 for Great Swamp range expansion, \$309,425 for freshwater and marine boating access, and \$370,000 for a new port security grant.
- *Fort Adams Education and Recreation Center.* The Governor recommends \$2.3 million less in restricted receipt funding primarily for the Fort Adams Sailing Improvements/Mid-Park project. The project is being funded with RI Capital Plan Funds and private funding from Sail Newport. The change is a technical adjustment to the Department's budget to reflect the private funding as a direct match for the project rather than restricted receipts within the Department's budget.
- *Merchandising.* The Governor recommends an additional \$121,978 in restricted receipts for a new Merchandising Program, stemming from recommendations of the Outdoor Recreation Council's final report: "A Vision of Outdoor Recreation in Rhode Island." The report recommends the creation of a unified merchandising brand through collaboration between the state tourism campaign and recreation advocates. This funding will be derived from merchandise sales at state recreational areas managed by the Department. The proceeds will support a new FTE position and operating costs to run the new program, with surplus funds going to support the maintenance of our state parks.
- *RICAP Adjustments.* The Governor's recommendation makes adjustments to RICAP funding across projects for the Department, and includes an additional \$4.3 million primarily due to revised project schedule. These resulted in funding shifts from the revised FY 2017 Budget, to the FY 2018 Budget, including \$1.0 million for Dam Repair and \$2.5 million for the Natural Resources Office/Visitor's Center project.
- *DOT Recreational Projects.* The Governor recommends an additional \$268,449 in FY 2018 for DOT Recreational Projects, which continues funding for various state recreational area improvement projects.

Bureau of Environmental Protection

Within the Bureau of Environmental Protection, the Governor recommends FY 2018 appropriations of \$33.7 million, including \$13.8 million from general revenue, \$10.4 million from federal funds, \$9.3 million from restricted receipts, and \$164,734 from other funds. Relative to FY 2017 enacted levels, recommended general revenue financing decreases by \$80,893, federal fund financing increases by \$693,731, and restricted receipt financing increases by \$361,886, and other funds financing is unchanged, attributable to the following adjustments:

- *Additional Personnel.* The Governor's recommendation includes an additional \$175,056 in general revenue for 2.0 FTE positions within the division. Two Environmental Scientist positions will work on reducing storm water and other pollution into our waterways.

Natural Resources

- *Federal Grant Funding.* The Governor’s recommendation includes a \$693,731 increase in federal funding primarily for new federal grant awards and to reflect changes in federal grant spending based on revised schedules.
- *Restricted Receipt Funds.* The Governor recommends an additional \$361,886 in restricted receipt financing, which is projected to be available and includes an additional \$274,679 in Environmental Response funding.

Full-Time Equivalent Positions

The Governor recommends 400.0 FTE positions in the revised FY 2017 Budget and 403.0 FTE positions in the recommended FY 2018 Budget. Relative to the enacted 2017 level, the revised FY 2017 FTE authorization includes one additional FTE, and the FY 2018 authorization increases by 2.0 FTE positions.

COASTAL RESOURCES MANAGEMENT COUNCIL

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$2,313,282	\$2,410,069	\$2,452,438	\$2,500,547	\$2,558,332
Federal Funds	\$1,876,791	\$1,818,741	\$4,148,312	\$5,218,074	\$1,649,291
Restricted Receipts	\$180,733	\$194,623	\$250,000	\$250,000	\$250,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$298,374	\$0	\$471,775	\$471,775	\$775,000
Total Funding	\$4,669,180	\$4,423,433	\$7,322,525	\$8,440,396	\$5,232,623
FTE Authorization	29.0	29.0	29.0	29.0	29.0

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$8.4 million for the Coastal Resources Management Council, including \$2.5 million from general revenue, \$5.2 million from federal funds, \$250,000 from restricted receipts, and \$471,775 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$48,109, federal financing increases by \$1.1 million, restricted receipt financing is unchanged, and Rhode Island Capital Plan Fund financing is unchanged. The revised FY 2017 Budget is inclusive of assessed fringe benefit and other savings distributed to state agencies, which resulted in \$3,652 of general revenue savings allocated to the Coastal Resources Management Council.

- *Personnel Financing.* The Governor’s recommendation includes \$3.5 million from all funds for personnel expenditures for 29.0 FTE positions, an increase of \$42,810 from the enacted FY 2017 Budget. The recommendation includes \$2.3 million in general revenue financing, an increase of \$36,019 from the enacted FY 2017 Budget. The increase is due to slightly less projected turnover savings than originally budgeted.
- *Federal Grant Financing.* The Governor’s recommendation includes \$5.2 million in federal funds financing, an increase of \$1.1 million from enacted FY 2017 levels. The increase is primarily due to slight delays in various projects, resulting in the carry forward of funds from FY 2016, particularly for the Ninigret Pond dredging project and the Coastal Environmental Risk index project. Additionally, a new Shoreline Change Parcel grant was awarded from the U.S. Department of Housing and Urban Development.

Natural Resources

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$5.2 million for the Coastal Resources Management Council, including \$2.6 million from general revenue, \$1.6 million from federal funds, \$250,000 from restricted receipts, and \$775,000 from the Rhode Island Capital Plan Fund. Relative to FY 2017 enacted levels, recommended general revenue financing increases by \$105,894, federal financing decreases by \$2.5 million, restricted receipts financing is unchanged, and Rhode Island Capital Plan Fund financing increases by \$303,225. The recommended FY 2018 Budget is inclusive of medical benefit and other savings distributed to state agencies, which resulted in \$12,478 in general revenue savings allocated to the Coastal Resources Management Council.

- *Personnel Financing.* The Governor's recommendation includes \$3.6 million for personnel expenditures for 29.0 FTE positions, an increase of \$95,604 from the enacted FY 2017 Budget. The recommendation includes \$2.4 million in general revenue financing, an increase of \$93,804 from the enacted 2017 Budget. The increase is mostly due to the funding of an Ocean Engineer position previously used for turnover savings. The position is funded to be hired halfway through FY 2018.
- *Federal Grant Financing.* The Governor's recommendation includes \$1.6 million in federal grants, a decrease of \$2.5 million from enacted 2017 levels. The decrease is mainly due to the completion of the Ninigret Pond dredging grant, which is scheduled to finish in FY 2017.
- *Rhode Island Capital Plan Funds.* The increase in the FY 2018 Budget is due to the second year of funding for the Coastal Storm Risk Study project, a \$375,000 increase from the first year, and for a new project, the Narragansett Bay Special Area Management Plan, which will cost \$250,000 in FY 2018. The purpose of the Special Area Management Plan is to develop a set of policies to better protect the Narragansett Bay. These increases are offset by the South Coast Restoration Project that will finish in FY 2017 and no longer requires funding in FY 2018.

In addition to the above funding, the Governor recommends \$10.5 million in Certificates of Participation in FY 2018 to fund the state match for a federal project to construct a new confined aquatic disposal (CAD) cell that will contain non-biodegradable sediments that are displaced when the Army Corps of Engineers performs dredging in the Providence Harbor. The dredging has been deemed necessary by the Corps and was last performed more than ten years ago. The Certificates of Participation will be paid off in part from fees generated from the sale of extra space in the state's portion of the CAD cell to marinas and harbors that perform their own dredging projects and require disposal sites.

The Governor recommends 29.0 FTE positions in the revised FY 2017 Budget in the recommended FY 2018 Budget, which represents no change from the enacted FY 2017 level.

Transportation

Transportation

Summary

The transportation function provides for the maintenance and construction of quality infrastructure that reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation through its core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance) and 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 2017, the Intermodal Surface Transportation Fund is supported by 32.5-cents of Rhode Island's 34.0-cent per gallon gasoline tax. 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 gasoline tax collections estimates for FY 2017 and FY 2018 on a cent-per-gallon revenue yield. This yield is the basis for the development of budgets for the various gasoline tax-supported operations. For FY 2018, the gasoline tax is not estimated to increase by 1.0-cent based on the Consumer Price Index for all Urban Consumers (CPI-U), as the Office of Revenue Analysis does not predict enough growth to produce an increase.

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 from motor fuel sales to owners and/or operators of underground storage tanks has been used to support 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 RITBA, 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's share of the gasoline tax. Furthermore, starting in FY 2016, the gasoline tax will be adjusted biennially 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 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
DOT	21.75 ³	21.75	21.75	18.25 ⁶	19.25 ⁷	19.25	19.25 ⁸
RIPTA ¹	9.75 ⁴	9.75	9.75	9.75	9.75	9.75	9.75
RITBA	0.0	0.0	0.0	3.5	3.5	3.5	3.5
General Fund ¹	0.0 ³	0.0	0.0	0.0	0.0	0.0	0.0
DHS/DEA	1.0 ⁵	1.0	1.0	1.0	1.0	1.0	1.0 ⁹
Underground Storage Tank-DEM	0.5 ²	0.5	0.5	0.5	0.5	0.5	0.5
Total:	33.0	33.0	33.0	33.0	34.0	34.0	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 Department of Elderly Affairs are now sent to Department of Human Services.

⁶Starting in FY 2015, 3.5 cents of gasoline tax are distributed to the 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 the CPI-U.

⁸The Office of Revenue Analysis estimated that CPI-U growth will not be high enough to increase the gasoline tax for FY 2018.

⁹Of the 1.0-cent allocated to the Department of Human Services, 0.79-cent is transferred by the Department to RIPTA to support elderly and disabled transportation services. Starting in FY 2018, the Governor recommends that the 0.79-cents be transferred from the Department of Revenue directly to RIPTA instead of through Human Services.

In recent years, 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 Enacted Budget, increased registration and license fees and dedicated those new revenues to transportation purposes, namely as a piece of the state match used toward 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 Enacted Budget, allows for

Transportation

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 Enacted Budget, passed Article 21 – Relating to Transportation:

- Raised 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) is deposited into the Rhode Island 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 is deposited into the Highway Maintenance Account.
- Transferred 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 beginning in FY 2016.

While the passage of Article 21 was an important step to creating a state-funded program for transportation infrastructure and transit, during the 2015 General Assembly session, the Department of Transportation and the Governor's Administration put forward the RhodeWorks proposal to fund Rhode Island's transportation infrastructure needs for the next decade. Passed in early 2016, the plan includes the refinancing of existing Grant Anticipation Revenue Vehicle (GARVEE) debt to shift payments into the future and make \$120 million in federal funds more immediately available (during the first three years of the proposed program), as well as the issuance of \$300 million in new GARVEE bonds. Additionally, the plan includes the tolling of large commercial trucks beginning in FY 2018, resulting in an estimated \$45.0 million of revenue per year when implemented. The focus of the program is the reduction of the number of structurally deficient bridges in Rhode Island, from 22.0 percent in 2014 to 10.0 percent in 2025.

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. Requirements for a long-range plan and a short-term Transportation

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 anticipated achievements.

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. The impending shortfall of the fund was expected to occur in August 2014. However, the United State 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 short-term. After years of short-term fixes, on December 4, 2015, the President signed into law the Fixing America’s Surface Transportation (FAST) Act that authorizes federal highway, highway safety, transit, and rail programs for five-years from Federal Fiscal Year 2016 through FFY 2020. The FAST Act represents the first long-term comprehensive surface transportation legislation since the SAFETEA-LU Act in 2005. The FAST Act provides a moderate increase in funding compared to MAP-21, adjusting for inflation, while continuing to distribute the Federal-aid Highway program contract authority to State departments of transportation through formula programs. Per the FAST Act, Rhode Island stands to receive an additional \$100.0 million in Federal-aid Highway funding over the next five years.

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 set period from federal highway and transit funds. The development of 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. 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. Up until FY 2017, Rhode Island developed four-year TIPs, with the last one expiring on September 30, 2016. Moving forward, the State will develop a 10-year TIP, with updates and re-adoption each year. This approach increases the frequency of public participation and allows for more accurate planning. The first four years of the TIP will be fiscally constrained, meaning that the projects included may not exceed the anticipated funding that is reasonably expected to be available over the four-year time period. The FFY 2017 – 2025 TIP was passed on September 8, 2016.

DEPARTMENT OF TRANSPORTATION

Source Of Funds	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$267,656,266	\$254,067,959	\$272,409,980	\$271,544,359	\$275,390,062
Restricted Receipts	\$2,411,276	\$2,890,620	\$180,219	\$3,610,153	\$3,168,128
Other Funds	\$122,893,604	\$126,118,709	\$173,024,202	\$219,780,977	\$193,781,930
RI Capital Plan Fund	\$22,679,324	\$12,052,271	\$32,843,444	\$39,522,975	\$38,150,208
Total Funding	\$415,640,470	\$395,129,559	\$478,457,845	\$534,458,464	\$510,490,328
FTE Authorization	752.6	701.0	701.0	741.0	775.0

Transportation

FY 2017 Revised Budget

The Governor recommends revised FY 2017 appropriations of \$534.5 million for the Department of Transportation, including \$271.5 million from federal funds, \$219.8 million from other funds, \$39.5 million from the Rhode Island Capital Plan Fund, and \$3.6 million in restricted receipts. Relative to FY 2017 enacted levels, recommended federal funds decrease by \$865,621, Rhode Island Capital Plan Fund financing increases by \$6.7 million, while restricted receipts increase by \$3.4 million from enacted levels. Other funds increase by a total of \$46.8 million from enacted levels. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, Turnpike and Bridge Authority, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, 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 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 2017 is \$158.0 million, which represents the revised per-penny gasoline tax yield estimate of \$4,458,825, as well as a positive carry forward from FY 2016 of \$8.7 million.

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 \$45.9 million. In addition, the Department of Transportation 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 total general obligation debt service the Department of Transportation is responsible for paying in FY 2017 remained at the enacted level of \$47.8 million, as there was no change in the debt service schedule.

Due to projected deficits at RIPTA, the Governor recommends that debt service on outstanding RIPTA general obligation bonds be funded using \$1.2 million of general revenue in FY 2017 to supplement gas tax revenue previously used for debt service.

Through consolidation efforts over the years, the Department of Transportation finances employees through gas tax revenues and budgeted those positions within the Department of Administration. A total of \$3.7 million represents financing of human resources, purchasing, information technology, audit, and asset management positions that have been consolidated within the Department of Administration for employees who work at the Department of Transportation.

The revised estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2017 are \$110.2 million, which represents an increase of \$30.4 million from the enacted FY 2017 Budget due to a positive carry forward from FY 2016.

Central Management

Within the Central Management program, the Governor recommends revised FY 2017 appropriations of \$13.3 million, including \$8.7 million from federal funds and \$4.6 million from gas tax revenues. Relative to FY 2017 enacted levels, recommended federal financing increases by \$2.1 million, while gas tax revenue financing increases by \$2.0 million. The gas tax increase is largely due to salaries and wages for an additional 12.0 FTE positions as compared to enacted levels. These positions include policy and communications management staff that are part of a department-wide staff reorganization.

Transportation

Management and Budget

Within the Management and Budget program, the Governor recommends revised FY 2017 appropriations of \$4.1 million, entirely from gas tax revenues. Relative to FY 2017 enacted levels, recommended gas tax revenue financing increases by \$1.1 million. This is mostly due to information technology expenditures on a new financial management system.

Infrastructure-Engineering

Within the Infrastructure-Engineering program, the Governor recommends revised FY 2017 appropriations of \$377.5 million, including \$262.8 million from federal funds, \$75.8 million from gas tax revenues, \$32.7 million from the Rhode Island Capital Plan Fund, \$2.5 million from other funds, and \$3.6 million in restricted receipts. Relative to FY 2017 enacted levels, recommended federal financing decreases by \$3.0 million, gas tax revenues increase by \$3.6 million, Rhode Island Capital Plan Funds increase by \$5.4 million, other funds increase by \$41,771, and restricted receipt funds increase by \$3.4 million, attributable to adjustments detailed below.

- *Highway Improvement Program – Rhode Island Capital Plan Fund Financing.* 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 from the Rhode Island Capital Plan Fund. The trend to use Rhode Island Capital Plan Fund financing as a portion of the state match was accelerated in the enacted FY 2015 Budget, which contained \$27.7 million and even more so in the enacted FY 2016 Budget, which contained \$34.7 million of state match financing. The enacted FY 2017 Budget dropped back down to \$27.2 million. Based on unspent carry forward Rhode Island Capital Plan Fund financing in FY 2016, \$31.5 million will also be available in FY 2017. This carry forward will be programmed over the next six years; as such, only \$5.2 million of the carryforward is reflected in the Governor's FY 2017 revised recommendation. The Governor's total recommendation for the revised FY 2017 Budget is \$32.7 million.
- *Operating Transfer to Rhode Island Public Transit Authority (RIPTA).* The continued emphasis toward a more balanced multimodal transportation system extends to statewide mass transit programs as well. Operating assistance to RIPTA will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5-cent of the 1.0-cent Underground Storage Tank fee. The Governor recommends an operating transfer of \$44.4 million to RIPTA for operating assistance, which is an increase of \$2.1 million from the enacted FY 2017 Budget based on revised estimates to the per-penny gas tax yield.
- *Operating Transfer to Rhode Island Turnpike and Bridge Authority.* As referenced earlier, the General Assembly authorized the transfer of 3.5-cents of the gasoline tax to the Turnpike and Bridge Authority beginning in FY 2015 in place of toll revenues on the Sakonnet Bridge. For FY 2017, the Governor recommends an operating transfer of \$15.9 million to the Turnpike and Bridge Authority, which is an increase of \$759,654 from the enacted FY 2017 Budget based on revised estimates to the per-penny gas tax yield.
- *Federal Highway Administration Pledge to Trustee.* 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

Transportation

third parts of a three-part bond transaction that provided \$680.0 million in construction funds for five major infrastructure projects financed by two methods. The majority of the costs have been financed through Grant Anticipation Revenue Vehicle bonds (GARVEE). 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. The RhodeWorks 10-year plan includes a proposal to refinance GARVEE debt to shift payments into the future and make \$120.0 million in federal funds more immediately available. In FY 2016, an additional \$300.0 million in new GARVEE bonds was made available, which require only interest payments for the first nine years. As such, the Governor's recommendation reflects the refinancing of the GARVEE bonds. In terms of the operating budget, this reflects a significant decrease as compared to past budgets in terms of the GARVEE debt service. In typical years, the Department has committed roughly \$50.0 million in federal highway funds be used to pay the debt service. The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$19.1 million in the Governor's recommendation for the revised FY 2017 Budget, which is \$6.5 million more than enacted levels (to include the additional interest payments on the new issuances). The expense is reflected in the Department's operating budget as a federal fund source.

- *Operating Transfer – Motor Fuel Tax Revenue Bonds.* The gas tax-funded debt service on the Motor Fuel Tax revenue bonds totals \$8.7 million in the enacted FY 2017 Budget, which is paid using 2.0-cents of total gas tax revenues. The Governor recommends \$9.1 million in the revised FY 2017 Budget, based on revised estimates to the per-penny gas tax yield.
- *Restricted Receipts.* The Governor recommends \$3.6 million in the revised FY 2017 Budget, which is an increase of \$3.4 million from enacted levels. This revenue source comes from third-party reimbursements from municipal projects.

Infrastructure-Maintenance

Within the Infrastructure-Maintenance program, the Governor recommends revised FY 2017 appropriations of \$139.6 million, including \$110.2 million from the Rhode Island Highway Maintenance Account, \$22.4 million from gas tax revenues, \$6.8 million from the Rhode Island Capital Plan Fund, and \$150,000 from other funds. Relative to FY 2017 enacted levels, recommended Rhode Island Highway Maintenance Account revenues increase by \$30.4 million, gas tax revenues increase by \$9.8 million, Rhode Island Capital Plan Fund financing increases by \$1.3 million, while other funds remain at the enacted level, attributable to adjustments detailed below.

- *Maintenance Vehicles/Heavy Equipment Rental.* The Governor recommends \$2.0 million in gas tax funding for the rental of vehicles and heavy equipment for maintenance staff in the FY 2017 revised budget, which is \$1.7 million higher than enacted levels. The increase is due to the planned accelerated hiring of maintenance staff and additional maintenance projects that are part of RhodeWorks.
- *Infrastructure Projects.* The Governor recommends \$43.8 million in Highway Maintenance Account funding, which is \$12.0 million more than enacted levels, for various transportation capital projects. Approximately \$6.3 million of the increase is for immediate needs projects, which include emergency-type bridge and pavement projects. The other \$5.6 million of the

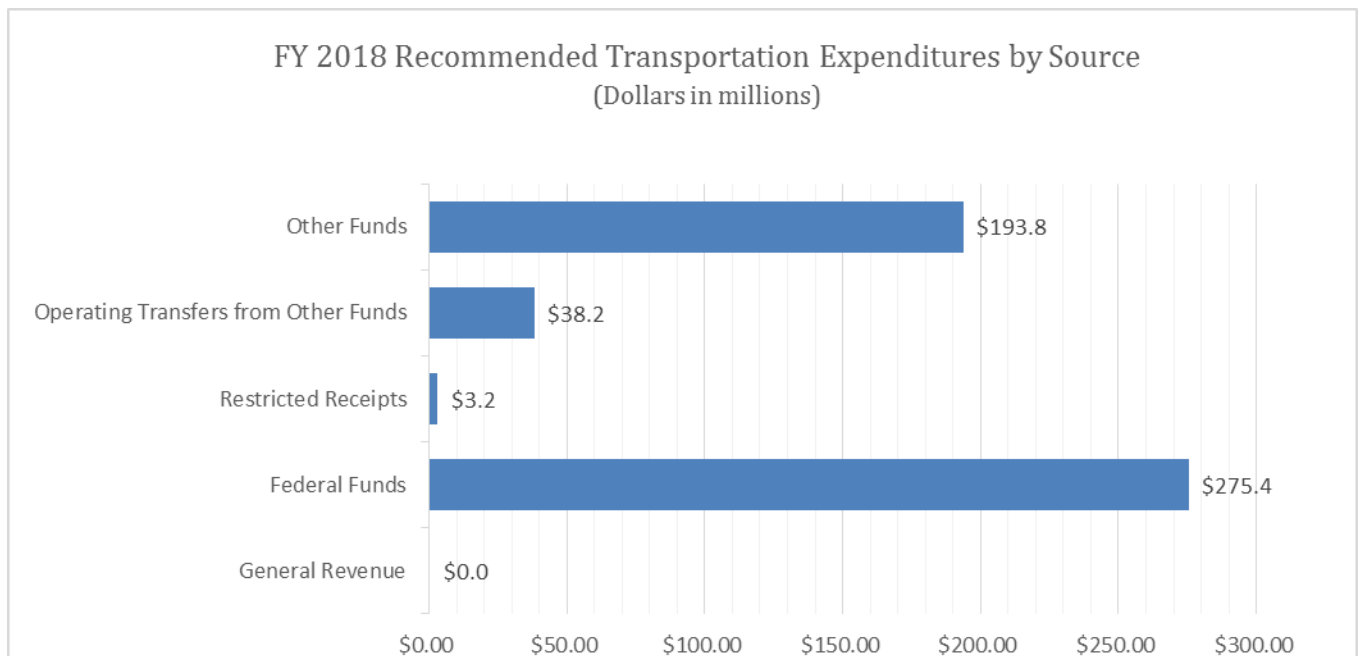
Transportation

increase is for non-emergency infrastructure projects that are part of the Department’s 10-year capital plan.

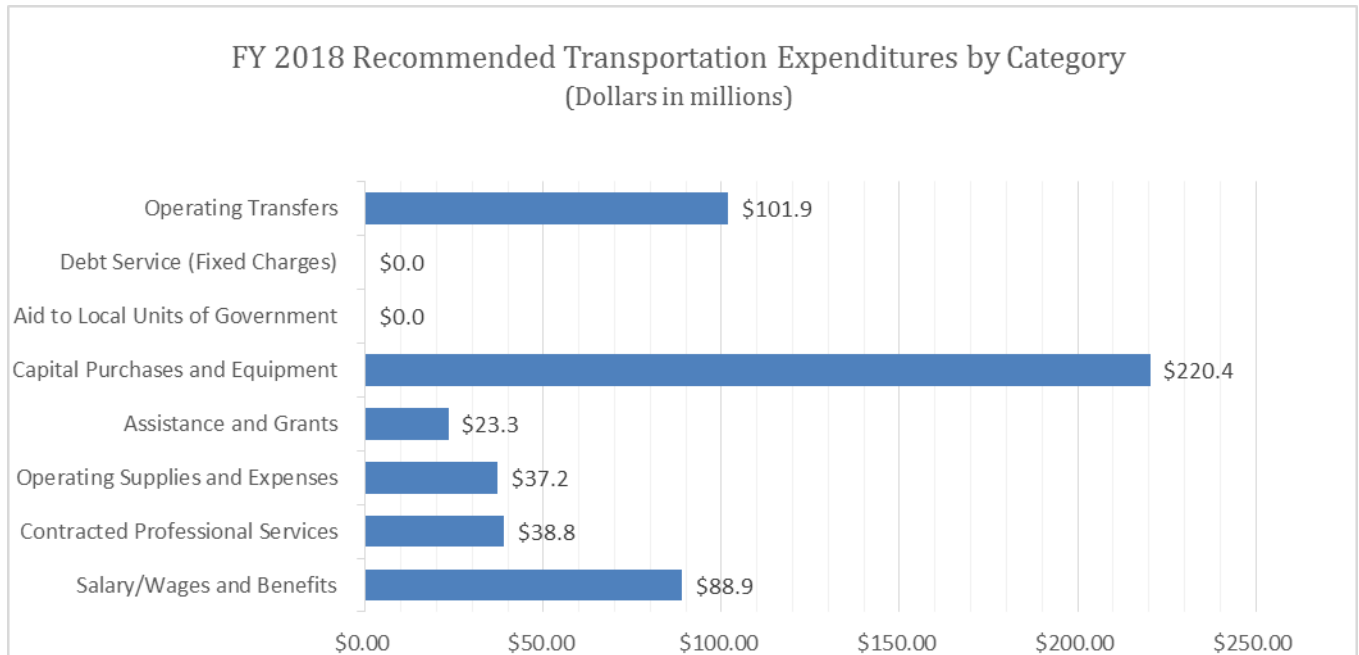
- *Maintenance Vehicle/Heavy Equipment Purchases.* The Governor recommends \$28.2 million in the revised FY 2017 Budget, which is \$26.2 million higher than enacted levels. The additional vehicles and equipment are required for the planned increase of maintenance staff as part of the RhodeWorks program.
- *Train Station and Maintenance Facility Improvements.* The Governor recommends \$6.8 million in Rhode Island Capital Plan Fund financing in the revised FY 2017 Budget for repairs and renovations to the Department of Transportation’s operated train stations and various maintenance and salt storage facilities. The increase from enacted levels is due to slightly delays in projects creating \$1.3 million in carryforward funds from FY 2016.

FY 2018 Recommended Budget

The Governor recommends FY 2018 appropriations of \$510.5 million for the Department of Transportation, including \$275.4 million from federal funds, \$193.8 million from other funds, \$38.2 million from the Rhode Island Capital Plan Fund, and \$3.2 million in restricted receipts. Relative to FY 2017 enacted levels, recommended federal funds increase by \$3.0 million, Rhode Island Capital Plan Fund financing increases by \$5.3 million, and restricted receipts increase by \$3.0 million from the enacted budget. Other funds for the Department of Transportation increase by a total of \$20.8 million from FY 2017 enacted levels. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, Turnpike and Bridge Authority, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, land sale proceeds, non-land surplus property revenues and other miscellaneous receipts.



Transportation



The total estimated receipts for the gasoline tax portion of the Intermodal Surface Transportation Fund in FY 2018 are \$147.7 million, which represents a gasoline tax yield estimate of \$4,545,480 per penny of the gasoline tax. The total estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2018 are \$86.9 million, which represents an increase of \$7.1 million from FY 2017 enacted levels. Rhode Island General Law 39-18.1-4 transfers 100.0 percent of all existing Department of Motor Vehicle (DMV) fees to the Highway Maintenance Account as of July 1, 2017. In FY 2017, the transfer amount is 75.0 percent, as Article 21 included a three-year phase-in schedule of all remaining DMV-related fees. This is offset by legislation passed by the 2016 General Assembly that lowers the registration fee for commercial trucks beginning on July 1, 2017. Based on current estimates, this will reduce the Highway Maintenance Account revenues by \$4.2 million in FY 2018.

Projected transfers to the Department of Administration to finance transportation-related general obligation bond debt service costs are estimated at \$39.4 million in FY 2018. This includes \$1.9 million through Build America Bond rebates that are used to reduce the amount of gasoline tax used for debt service. Total general obligation bond debt service the Department of Transportation is responsible for paying in FY 2018 decreases by \$6.6 million from the FY 2017 enacted level of \$45.9 million.

Similar to FY 2017 and due to projected deficits at RIPTA, the Governor recommends that debt service on outstanding RIPTA general obligation bonds be funded with \$1.6 million of general revenue in FY 2018 to supplement gas tax revenue generally used for debt service.

Through consolidation efforts over the years, the Department of Transportation finances employees through gas tax revenues and budgeted those positions within the Department of Administration. A total of \$3.8 million represents financing of Human Resources, Purchasing, Information Technology, Audit, and Asset Management positions that have been consolidated within the Department of Administration for employees who work at the Department of Transportation.

Transportation

Beginning in FY 2018, the Governor recommends transferring 0.5-percent of all collected receipts in the Highway Maintenance Account to the Department of Revenue. These funds will help offset personnel costs associated with the collection of fees in the Department of Motor Vehicles. In FY 2018, the estimated revenue transfer will be \$471,785.

Central Management

Within the Central Management program, the Governor recommends FY 2018 appropriations of \$11.6 million, including \$6.8 million from federal funds and \$4.8 million from gas tax revenues. Relative to FY 2017 enacted levels, recommended federal financing increases by \$145,757, while gas tax revenue financing increases by \$2.2 million. This is mainly due to the shifting of 12.0 FTE positions from other programs in the revised FY 2017 Budget, as well as two new incremental positions in FY 2018.

Management and Budget

Within the Management and Budget program, the Governor recommends FY 2018 appropriations of \$2.9 million, entirely from gas tax revenues. Relative to FY 2017 enacted levels, recommended gas tax revenues decrease by \$66,843, mostly due to the shifting of one FTE position to another program.

Infrastructure-Engineering

Within the Infrastructure-Engineering program, the Governor recommends FY 2018 appropriations of \$384.0 million, including \$268.6 million from federal funds, \$76.2 million from gas tax revenues, \$33.3 million from the Rhode Island Capital Plan Fund, \$2.7 million from other funds, and \$3.2 million in restricted receipts. Relative to FY 2017 enacted levels, recommended federal financing increases by \$2.8 million, gas tax revenues increase by \$4.0 million, Rhode Island Capital Plan Funds increase by \$6.0 million, other funds increase by \$173,125, and restricted receipt funds increase by \$3.0 million, attributable to adjustments detailed below.

- *Highway Improvement Program – Rhode Island Capital Plan Fund Financing.* The Governor’s FY 2018 recommendation includes \$32.5 million from the Rhode Island Capital Plan Fund for transportation projects that can be started in FY 2018 and directed to the Highway Improvement Program. The increase from the FY 2017 enacted budget is due to \$31.5 million in carryforward from FY 2016 that is spread across the next six years of the budget. Funding in FY 2018 is \$5.3 million higher than FY 2017 enacted levels.
- *Rhode Island Public Transportation Authority (RIPTA) – Rhode Island Capital Plan Fund Financing.* The Governor’s FY 2018 recommendation includes Rhode Island Capital Plan Funds for three different RIPTA capital projects. A total of \$90,000 is recommended in FY 2018 as the match to an ongoing transit and security enhancement project. Match funding in FY 2018 is also recommended for two new RIPTA projects: the Downtown Providence Transit Connector project (\$470,588), which will provide enhanced service through the heart of city; and the Downtown Pawtucket Bus Hub and Transit Corridor project (\$313,018), which will encompass the construction of a new bus hub and infrastructure adjacent to the future Pawtucket-Central Falls Train Station.
- *Federal Highway Administration Pledge to Trustee.* As described earlier, part of the RhodeWorks legislation included a refinancing of GARVEE debt to make \$120.0 million in federal funds more immediately available to the Department of Transportation. In addition, a total of \$300.0 million in GARVEE bonds was issued in 2016. The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$23.6 million in the Governor’s FY 2018 recommendation for the revised FY 2017 Budget, which is \$10.9 million more than enacted levels (to include the additional

Transportation

interest payments on the new issuances). The expense is reflected in the Department's operating budget as a federal fund source.

- *Operating Transfer to Rhode Island Public Transit Authority (RIPTA).* Operating assistance to RIPTA will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5-cent of the 1.0-cent Underground Storage Tank fee. In FY 2018, the Governor recommends an operating transfer of \$44.3 million to RIPTA for operating assistance, which is an increase of \$2.1 million from FY 2017 enacted levels. Outside of the Department of Transportation's budget, RIPTA also receives 0.79-cents of the 1.0-cent of the gas tax yield allocated to the Department of Human Services to support elderly and disabled transportation services. Beginning in FY 2018, the Governor recommends that this pass-through become a direct transfer from the Department of Revenue to more efficiently make available the funding for RIPTA.
- *Operating Transfer to Rhode Island Turnpike and Bridge Authority.* Operating assistance to the Turnpike and Bridge Authority will be financed from a 3.5-cent allocation of the gasoline tax. In FY 2018, the Governor recommends an operating transfer of \$15.9 million to the Turnpike and Bridge Authority for operating assistance, which is an increase of \$744,408 from FY 2017 enacted levels.
- *Operating Transfer – Motor Fuel Tax Revenue Bonds.* The gas-tax funded debt service on the Motor Fuel Tax revenue bonds totals \$9.1 million in FY 2018, which is paid using 2.0-cents of total gas tax revenues. This is a \$425,376 increase from FY 2017 enacted levels.
- *Personnel Costs.* The Governor recommends gasoline tax funding of \$6.7 million for salaries and wages in FY 2018, which is \$1.0 million more than FY 2017 enacted levels. The recommendation also includes \$48.2 million in federal funding, which is \$2.2 million higher than the enacted FY 2017 Budget. The increases are due to the addition of 21.0 FTE positions, some of which are transfers from another program. The new positions are mostly for new divisions in charge of project management, transit and stormwater drainage.

Infrastructure-Maintenance

Within the Infrastructure-Maintenance program, the Governor recommends FY 2018 appropriations of \$112.0 million, including \$86.4 million from the Rhode Island Highway Maintenance Account, \$20.6 million from gas tax revenues, \$4.8 million from the Rhode Island Capital Plan Fund, and \$150,000 from other funds. Relative to FY 2017 enacted levels, recommended Highway Maintenance Account revenues increase by \$6.6 million, gas tax revenues increase by \$7.8 million, Rhode Island Capital Plan Fund financing decreases by \$698,188, while other funds remain the same, attributable to adjustments detailed below.

- *Winter Maintenance Operations.* The Governor recommends a decrease of \$1.7 million from the enacted FY 2017 winter maintenance budget for a revised total of \$19.6 million. Costs include maintenance staff overtime, as well as 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 decrease in costs is due to the planned increase of maintenance staff, which will reduce the reliance on outside contractors for snow plowing.
- *Personnel Costs.* The FY 2018 Governor's recommendation includes \$26.1 million for personnel costs, which is \$2.7 million more than the enacted FY 2017 Budget. This is due to a different combination of types of FTE positions than in the enacted FY 2017 Budget leading to slightly

Transportation

higher salary and benefit costs, as well as an additional \$650,000 in overtime expenses for the additional work planned as part of RhodeWorks.

- *Road and Bridge Maintenance.* The FY 2018 Governor's recommendation includes \$64.3 million in Highway Maintenance Account funds for road and bridge maintenance, which is \$6.3 million higher than FY 2017 enacted levels. This is due to additional revenues from the final phase in the remaining Department of Motor Vehicles fees transferred from the General Fund that will be used for road and bridge maintenance.
- *Vehicle/Heavy Equipment Purchases.* FY 2018 recommended appropriations include \$6.8 million for the purchase of vehicles and heavy equipment for maintenance staff, which is \$4.7 million higher than FY 2017 enacted levels. Similar to the revised FY 2017 Budget recommendation, this increase is for vehicles for the additional maintenance staff and RhodeWorks projects in the pipeline.
- *Operating Transfer to Rhode Island Public Transit Authority (RIPTA) – 5.0 Percent Allocation.* Based on an estimated total of \$86.9 million expected to be deposited into the Highway Maintenance Account in FY 2018, RIPTA is scheduled to receive \$4.3 million of total available revenues, an increase of \$353,750 over the enacted FY 2017 Budget. The increase is a result of transferring 100 percent of all remaining Department of Motor Vehicle fees to the Highway Maintenance Account in FY 2018.
- *Train Station and Maintenance Facility Improvements.* In FY 2018, the Governor recommends \$4.8 million in Rhode Island Capital Plan Fund financing for repairs and renovations to state owned train stations and various maintenance and salt storage facilities. The decrease from the enacted FY 2017 Budget is due to the construction of the new Portsmouth Maintenance Facility, of which project spending will be \$1.7 million less in FY 2018 than in the enacted FY 2017 Budget.

The Governor recommends 741.0 FTE positions in the revised FY 2017 Budget, 40.0 more than the enacted FY 2017 level. Of note, the General Assembly reduced the Department's authorized FTE positions by 40.0 in the final enacted FY 2017 Budget, but the funding for these positions was preserved. In FY 2018, the Governor recommends 775.0 FTE positions or an increase of 74.0 authorized FTE positions from the FY 2017 enacted level. The increase in positions is part of the Department's re-organization, and reflects additional project managers, engineers and maintenance staff, as well as the creation of new divisions with the Department, including planning, stormwater drainage, transit, civil rights, external affairs, and safety.

Appendix A

Schedules

FY 2018 General Revenue Budget Surplus

	FY 2015 Audited ⁽¹⁾	FY 2016 Audited ⁽²⁾	FY 2017 Enacted ⁽³⁾	FY 2017 Revised ⁽⁴⁾	FY 2018 Recommend ⁽⁵⁾
Surplus					
Opening Surplus	\$67,806,737	\$168,038,072	\$123,283,301	\$167,818,206	\$78,032,073
Adjustment to Opening Surplus	13,794,502	-	-	-	-
Reappropriated Surplus	7,378,665	6,890,273	-	7,848,853	-
Subtotal	\$88,979,904	\$174,928,345	\$123,283,301	\$175,667,059	\$78,032,073
General Taxes	2,882,561,175	\$2,907,921,389	2,931,655,618	2,931,655,618	3,029,500,000
November REC Changes	-	-	-	41,444,382	-
Changes to the Adopted Estimates	-	-	-	-	38,571,692
Subtotal	\$2,882,561,175	\$2,907,921,389	\$2,931,655,618	2,973,100,000	3,068,071,692
Departmental Revenues	354,121,814	\$367,641,395	361,522,050	361,522,050	206,700,000
November REC Changes	-	-	-	3,277,950	-
Changes to the Adopted Estimates	-	-	-	(935,975)	168,287,001
Subtotal	\$354,121,814	\$367,641,395	\$361,522,050	363,864,025	\$374,987,001
Other Sources					
Other Miscellaneous	8,778,364	4,102,234	7,065,000	7,065,000	847,000
November REC Changes	-	-	-	124,000	14,131,021
Changes to the Adopted Estimates	-	-	-	733,093	-
Lottery	381,935,510	369,760,879	365,300,000	365,300,000	365,000,000
November REC Changes	-	-	-	(1,800,000)	-
Unclaimed Property	13,711,780	14,166,740	9,200,000	9,200,000	9,600,000
November REC Changes	-	-	-	1,800,000	-
Subtotal	\$404,425,654	\$388,029,853	381,565,000	382,422,093	389,578,021
Total Revenues	\$3,641,108,643	\$3,663,592,637	\$3,674,742,669	\$3,719,386,118	\$3,832,636,714
Transfer to Budget Reserve	(111,267,461)	(114,948,921)	(113,940,779)	(116,616,130)	(117,320,064)
Total Available	\$3,618,821,086	\$3,723,572,060	\$3,684,085,190	\$3,778,437,048	3,793,348,723
Actual/Enacted Expenditures	\$3,453,892,741	\$3,547,905,001	\$3,683,715,867	\$3,683,715,867	\$3,809,932,904
Reappropriations	-	-	-	7,848,853	-
Caseload Conference Changes	-	-	-	4,717,676	2,826,814
Other Changes in Expenditures	-	-	-	4,122,579	(20,050,730)
Total Expenditures	\$3,453,892,741	\$3,547,905,001	\$3,683,715,867	\$3,700,404,975	\$3,792,708,988
Total Ending Balances	\$164,928,345	\$175,667,059	\$369,323	\$78,032,073	\$639,735
Reappropriations	(6,890,273)	(7,848,853)	-	-	-
Free Surplus	\$168,038,072	\$167,818,206	\$369,323	\$78,032,073	\$639,735
Budget Reserve and Cash					
Stabilization Account	\$185,445,769	\$191,581,536	\$189,901,299	\$194,360,216	\$195,533,439

⁽¹⁾ Reflects the State Contoller's Final Audit Report dated January 5, 2016.

⁽²⁾ Reflects the State Contoller's Final Audit Report dated December 23, 2016.

⁽³⁾ Reflects the FY 2017 Budget enacted by the General Assembly and signed into law by the Governor on June 24, 2016.

⁽⁴⁾ Reflects the enacted revenues and expenditures for FY 2017 adjusted for revenue and caseload estimates adopted at the November 2016 Revenue and Caseload Estimating Conferences and any proposed legislative changes to modify adopted estimates.

⁽⁵⁾ Reflects the Governor's recommended FY 20218 budget, including results of the November 2016 Revenue and Caseload

Expenditures from All Funds

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommend
General Government					
Administration	\$415,448,655	\$349,623,351	\$391,952,283	\$400,715,432	\$391,158,286
Business Regulation	12,676,052	13,204,877	15,859,889	16,875,344	15,906,183
Executive Office Of Commerce (1)	203,145	73,415,799	79,415,044	79,503,826	76,792,843
Labor and Training	429,213,620	425,337,568	419,517,728	444,584,790	428,383,022
Revenue	449,017,632	458,777,131	485,517,596	491,757,112	501,141,263
Legislature	36,190,422	37,669,916	42,749,302	47,547,814	44,252,464
Lieutenant Governor	971,873	1,026,362	1,079,576	1,053,288	1,084,217
Secretary of State	7,691,503	7,518,125	10,937,570	10,534,006	9,350,797
General Treasurer	41,532,194	49,277,318	37,560,433	49,146,897	48,025,446
Board of Elections	4,656,136	1,714,512	1,982,707	2,068,676	1,548,735
Rhode Island Ethics Commission	1,579,038	1,546,331	1,653,383	1,631,610	1,665,873
Governor's Office	4,401,893	4,755,102	5,091,069	5,375,482	5,397,554
Commission for Human Rights	1,556,738	1,521,437	1,581,423	1,646,008	1,690,102
Public Utilities Commission	6,762,365	7,277,989	8,926,973	9,177,801	9,733,377
Subtotal - General Government	\$1,411,901,266	\$1,432,665,818	\$1,503,824,976	\$1,561,618,086	\$1,536,130,162
Health and Human Services					
Executive Office of Health & Human Services	2,334,650,460	2,360,301,137	2,398,192,585	2,489,033,653	2,466,045,748
Children, Youth, and Families	221,570,379	214,952,935	216,489,823	218,284,037	209,069,952
Health	111,422,584	128,882,069	162,884,652	169,940,915	171,168,076
Human Services	621,643,199	615,305,121	602,087,123	620,615,953	653,721,813
Behavioral Healthcare, Developmental Disabilities and Hospitals	375,214,014	378,574,897	385,632,555	401,089,576	394,366,931
Governor's Commission on Disabilities	1,215,102	429,998	685,423	778,020	842,190
Commission On Deaf and Hard of Hearing	430,792	455,950	587,746	590,650	627,910
Office of the Child Advocate	660,641	654,839	795,582	780,155	814,329
Office of the Mental Health Advocate	504,149	545,220	542,009	549,273	549,563
Subtotal - Human Services	\$3,667,311,320	\$3,700,102,166	\$3,767,897,498	\$3,901,662,232	\$3,897,206,512
Education					
Elementary and Secondary	1,232,188,487	1,289,122,639	1,353,972,840	1,358,110,571	1,398,479,535
Higher Education	1,047,360,269	1,082,232,546	1,161,281,203	1,137,268,264	1,187,999,008
RI Council on the Arts	2,387,241	2,995,774	3,030,538	3,731,796	3,072,310
RI Atomic Energy Commission	1,187,852	1,576,882	1,333,049	1,539,039	1,304,373
Higher Education Assistance Authority (3)	15,190,541	-	-	-	-
Historical Preservation and Heritage Comm.	5,446,730	2,972,449	2,803,698	3,218,083	2,538,339
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$2,303,761,120	\$2,378,900,290	\$2,522,421,328	\$2,503,867,753	\$2,593,393,565

Expenditures from All Funds

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommend
Public Safety					
Attorney General	30,936,848	29,455,187	35,142,783	46,080,121	44,129,197
Corrections	201,390,140	212,530,274	224,790,655	223,366,125	234,218,260
Judicial	109,785,453	113,538,723	117,067,369	120,252,202	121,038,254
Military Staff	15,544,752	15,372,292	23,177,316	20,996,945	38,177,942
Rhode Island Emergency Mng Agency (2)	14,535,853	18,635,772	23,994,138	22,158,553	-
Public Safety	117,204,896	114,278,534	119,972,144	142,334,521	142,343,112
Office Of Public Defender	10,902,222	11,380,521	11,897,202	11,866,028	12,438,055
Subtotal - Public Safety	\$500,300,164	\$515,191,303	\$556,041,607	\$587,054,495	\$592,344,820
Natural Resources					
Environmental Management	88,968,734	78,795,498	102,747,614	103,441,715	113,264,686
Coastal Resources Management Council	4,669,180	4,423,433	7,322,525	8,440,396	5,232,623
Subtotal - Natural Resources	\$93,637,914	\$83,218,931	\$110,070,139	\$111,882,111	\$118,497,309
Transportation					
Transportation	415,640,470	395,129,559	478,457,845	534,458,464	510,490,328
Subtotal - Transportation	\$415,640,470	\$395,129,559	\$478,457,845	\$534,458,464	\$510,490,328
Total	\$8,392,552,254	\$8,505,208,067	\$8,938,713,393	\$9,200,543,141	\$9,248,062,696

(1) New Agency effective February 1, 2015.

(2) In FY 2018, the Governor recommends merging the Rhode Island Emergency Management Agency into the Department of Public Safety.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

Expenditures from General Revenues

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Recommend	FY 2018 Recommend
General Government					
Administration	\$244,775,881	\$212,928,494	\$237,083,518	\$229,671,472	\$248,080,830
Business Regulation	8,556,174	8,174,920	10,583,452	10,621,228	11,115,093
Executive Office Of Commerce (1)	203,145	60,458,832	55,574,117	55,735,212	51,842,819
Labor and Training	8,553,272	8,382,043	8,212,636	8,139,796	8,751,313
Revenue	106,969,845	109,737,194	113,893,951	110,882,648	119,391,677
Legislature	34,865,422	36,219,919	41,052,730	45,936,290	42,522,507
Lieutenant Governor	959,864	1,026,362	1,079,576	1,053,288	1,084,217
Secretary of State	7,164,977	6,690,089	10,281,051	9,920,874	8,911,319
General Treasurer	2,400,368	2,271,575	2,736,231	2,733,044	2,698,692
Board of Elections	4,656,136	1,714,512	1,982,707	2,068,676	1,548,735
Rhode Island Ethics Commission	1,579,038	1,546,331	1,653,383	1,631,610	1,665,873
Governor's Office	4,401,947	4,755,102	5,091,069	5,375,482	5,397,554
Commission for Human Rights	1,225,335	1,242,374	1,258,128	1,247,603	1,258,074
Public Utilities Commission	-	-	-	-	-
Subtotal - General Government	\$426,311,404	\$455,147,747	\$490,482,549	\$485,017,223	\$504,268,703
Health and Human Services					
Executive Office of Health & Human Services	915,652,909	911,535,815	936,987,012	945,360,040	938,634,987
Children, Youth, and Families	158,285,858	154,742,352	151,773,764	156,296,331	149,855,862
Health	22,821,939	25,468,221	25,931,822	25,999,235	26,325,249
Human Services	94,560,297	96,094,578	97,636,314	93,147,617	95,725,491
Behavioral Healthcare, Developmental Disabilities and Hospitals	173,264,827	176,268,226	173,184,239	181,721,907	179,645,532
Governor's Commission on Disabilities	355,439	380,615	412,547	420,596	454,938
Commission On Deaf and Hard of Hearing	387,625	406,634	477,746	460,650	498,710
Office of the Child Advocate	613,552	643,280	650,582	635,541	669,708
Office of the Mental Health Advocate	504,149	545,220	542,009	549,273	549,563
Subtotal - Human Services	\$1,366,446,595	\$1,366,084,941	\$1,387,596,035	\$1,404,591,190	\$1,392,360,040
Education					
Elementary and Secondary	1,002,464,660	1,064,893,020	1,112,847,293	1,112,937,359	1,158,617,116
Higher Education	188,223,129	180,874,064	196,357,528	198,610,423	225,782,593
RI Council on the Arts	1,490,966	1,844,116	1,951,884	1,939,368	1,945,056
RI Atomic Energy Commission	872,139	908,285	981,100	979,682	982,157
Higher Education Assistance Authority (3)	147,000	-	-	-	-
Historical Preservation and Heritage Comm.	1,138,182	1,362,860	1,202,559	1,162,001	1,168,706
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$1,194,336,076	\$1,249,882,345	\$1,313,340,364	\$1,315,628,833	\$1,388,495,628

Expenditures from General Revenues

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Recommend	FY 2018 Recommend
Public Safety					
Attorney General	23,949,930	24,053,485	25,595,982	26,146,783	26,194,751
Corrections	196,162,110	208,284,387	211,700,506	213,349,798	216,818,823
Judicial	94,371,203	95,181,220	96,606,091	97,067,590	98,014,477
Military Staff	2,144,129	2,219,237	2,659,719	2,626,341	2,634,057
Rhode Island Emergency Mng Agency (2)	1,796,019	1,762,456	1,848,876	1,847,848	-
Public Safety	99,121,734	93,409,462	99,442,148	101,565,164	105,028,142
Office Of Public Defender	10,829,860	11,306,039	11,784,382	11,768,208	12,340,235
Subtotal - Public Safety	\$428,374,985	\$436,216,286	\$449,637,704	\$454,371,732	\$461,030,485
Natural Resources					
Environmental Management	36,110,396	38,163,784	40,206,777	38,295,450	43,995,800
Coastal Resources Management Council	2,313,282	2,410,069	2,452,438	2,500,547	2,558,332
Subtotal - Natural Resources	\$38,423,678	\$40,573,853	\$42,659,215	\$40,795,997	\$46,554,132
Transportation					
Transportation	-	-	-	-	-
Subtotal - Transportation	-	-	-	-	-
Total	\$3,453,892,738	\$3,547,905,172	\$3,683,715,867	\$3,700,404,975	\$3,792,708,988

(1) New Agency effective February 1, 2015.

(2) In FY 2018, the Governor recommends merging the Rhode Island Emergency Management Agency into the Department of Public Safety.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

Expenditures from Federal Funds

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Recommend	FY 2018 Recommend
General Government					
Administration	\$77,782,063	\$31,351,946	\$14,896,706	\$21,447,637	\$13,215,878
Business Regulation	2,216,757	3,073,024	1,100,710	2,011,396	892,213
Executive Office Of Commerce (1)	-	10,016,268	17,790,927	18,266,931	17,890,642
Labor and Training	35,913,567	39,141,911	38,451,580	49,186,947	35,459,683
Revenue	4,314,983	2,740,506	2,145,367	4,375,213	1,567,500
Legislature	-	-	-	-	-
Lieutenant Governor	9	-	-	-	-
Secretary of State	11,264	-	-	22,859	-
General Treasurer	649,120	741,266	952,881	905,808	890,337
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	(53)	-	-	-	-
Commission for Human Rights	331,403	279,063	323,295	398,405	432,028
Public Utilities Commission	81,792	107,180	104,669	128,000	129,225
Subtotal - General Government	\$121,300,905	\$87,451,164	\$75,766,135	\$96,743,196	\$70,477,506
Health and Human Services					
Executive Office of Health & Human Services	1,402,816,157	1,433,337,164	1,447,676,171	1,527,858,521	1,506,283,492
Children, Youth, and Families	59,824,300	57,416,767	60,409,483	57,877,731	55,015,159
Health	57,741,431	69,157,857	100,365,021	103,507,285	105,373,312
Human Services	520,276,560	511,615,020	497,644,896	519,019,535	550,132,608
Behavioral Healthcare, Developmental Disabilities and Hospitals	187,771,526	189,591,271	193,038,756	198,847,973	200,747,244
Governor's Commission on Disabilities	263,931	29,456	228,750	298,064	343,542
Commission On Deaf and Hard of Hearing	-	-	-	-	-
Office of the Child Advocate	47,089	11,559	145,000	144,614	144,621
Office of the Mental Health Advocate	-	-	-	-	-
Subtotal - Human Services	\$2,228,740,994	\$2,261,159,094	\$2,299,508,077	\$2,407,553,723	\$2,418,039,978

Expenditures from Federal Funds

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Recommend	FY 2018 Recommend
Education					
Elementary and Secondary	197,213,822	191,287,906	206,229,553	207,575,449	203,500,000
Higher Education	4,544,682	15,278,876	14,308,847	16,738,854	13,933,669
RI Council on the Arts	713,200	700,799	775,454	786,728	781,454
RI Atomic Energy Commission	89	336,542	32,422	228,863	-
Higher Education Assistance Authority (3)	7,375,001	-	-	-	-
Historical Preservation and Heritage Comm.	1,855,585	1,283,096	1,093,966	1,547,028	860,963
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$211,702,379	\$208,887,219	\$222,440,242	\$226,876,922	219,076,086
Public Safety					
Attorney General	1,903,112	2,034,144	1,692,545	3,351,007	1,779,505
Corrections	1,534,164	1,266,847	1,130,008	1,884,570	1,546,884
Judicial	3,142,537	3,595,600	3,254,091	3,948,329	3,411,144
Military Staff	12,353,422	12,090,517	17,497,797	16,660,113	27,717,460
Rhode Island Emergency Mng Agency (2)	12,622,540	16,741,641	20,094,466	17,946,354	-
Public Safety	5,986,537	7,133,596	9,292,391	12,131,031	29,249,442
Office Of Public Defender	72,362	74,482	112,820	97,820	97,820
Subtotal - Public Safety	\$37,614,674	\$42,936,827	\$53,074,118	\$56,019,224	\$63,802,255
Natural Resources					
Environmental Management	26,411,282	21,109,597	29,728,792	34,155,995	33,399,312
Coastal Resources Management Council	1,876,791	1,818,741	4,148,312	5,218,074	1,649,291
Subtotal - Natural Resources	\$28,288,073	\$22,928,338	\$33,877,104	\$39,374,069	\$35,048,603
Transportation					
Transportation	267,656,266	254,067,959	272,409,980	271,544,359	275,390,062
Subtotal - Transportation	\$267,656,266	\$254,067,959	\$272,409,980	\$271,544,359	\$275,390,062
Total	\$2,895,303,291	\$2,877,430,601	\$2,957,075,656	\$3,098,111,493	\$3,081,834,490

(1) New Agency effective February 1, 2015.

(2) In FY 2018, the Governor recommends merging the Rhode Island Emergency Management Agency into the Department of Public Safety.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

Expenditures from Restricted Receipts

	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018
	Actual	Actual	Enacted	Recommend	Recommend
General Government					
Administration (1)	\$20,553,583	\$29,970,285	\$34,263,955	\$42,293,091	\$33,095,338
Business Regulation	1,903,121	1,956,933	4,175,727	4,242,720	3,898,877
Executive Office Of Commerce (1)	-	2,681,142	4,750,000	4,750,000	4,159,382
Labor and Training	35,172,518	31,568,311	23,585,123	29,710,613	24,090,443
Revenue	1,718,666	3,591,584	5,947,043	5,033,373	3,962,015
Legislature	1,325,000	1,449,997	1,696,572	1,611,524	1,729,957
Lieutenant Governor	12,000	-	-	-	-
Secretary of State	478,183	397,868	556,519	440,273	439,478
General Treasurer	38,279,369	37,730,574	33,320,911	36,859,237	35,886,175
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	(1)	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	6,680,573	7,170,809	8,822,304	9,049,801	9,604,152
Subtotal - General Government	\$106,123,012	\$116,517,503	\$117,118,154	\$133,990,632	\$116,865,817
Health and Human Services					
Executive Office of Health & Human Services	16,181,394	15,428,158	13,529,402	15,815,092	21,127,269
Children, Youth, and Families	3,043,630	2,227,542	3,466,576	3,150,302	3,098,931
Health	30,856,883	34,255,991	36,587,809	40,434,395	39,469,515
Human Services	2,396,897	2,659,361	1,712,435	3,444,789	3,270,236
Behavioral Healthcare, Developmental Disabilities and Hospitals	9,873,915	7,497,635	8,435,824	6,909,155	6,909,155
Governor's Commission on Disabilities	6,633	19,927	44,126	59,360	43,710
Commission On Deaf and Hard of Hearing	43,167	49,316	110,000	130,000	129,200
Office of the Child Advocate	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
Subtotal - Human Services	\$62,402,519	\$62,137,930	\$63,886,172	\$69,943,093	\$74,048,016
Education					
Elementary and Secondary	28,575,427	28,738,364	30,186,994	30,330,048	29,454,419
Higher Education	632,650	636,787	1,022,720	1,517,568	2,173,990
RI Council on the Arts	-	-	-	25,000	-
RI Atomic Energy Commission	-	-	-	-	-
Higher Education Assistance Authority (3)	-	-	-	-	-
Historical Preservation and Heritage Comm.	377,082	126,202	427,175	429,200	427,700
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$29,585,159	\$29,501,353	\$31,636,889	\$32,301,816	\$32,056,109

Expenditures from Restricted Receipts

	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018
	Actual	Actual	Enacted	Recommend	Recommend
Public Safety					
Attorney General	5,080,406	3,185,088	7,554,256	16,164,801	16,004,941
Corrections	169,484	266,239	60,141	96,336	94,368
Judicial	10,923,799	9,754,423	11,682,187	13,132,527	12,512,633
Military Staff	211,281	52,864	337,300	132,000	129,500
Rhode Island Emergency Mng Agency (2)	117,294	131,675	861,046	448,112	-
Public Safety	6,601,587	7,709,586	4,452,070	19,742,691	1,168,707
Office Of Public Defender	-	-	-	-	-
Subtotal - Public Safety	\$23,103,851	\$21,099,875	\$24,947,000	\$49,716,467	\$29,910,149
Natural Resources					
Environmental Management	12,186,477	13,374,290	18,981,956	16,950,296	17,496,061
Coastal Resources Management Council	180,733	194,623	250,000	250,000	250,000
Subtotal - Natural Resources	\$12,367,210	\$13,568,913	\$19,231,956	\$17,200,296	\$17,746,061
Transportation					
Transportation	2,411,276	2,890,620	180,219	3,610,153	3,168,128
Subtotal - Transportation	\$2,411,276	\$2,890,620	\$180,219	\$3,610,153	\$3,168,128
Total	\$235,993,027	\$245,716,194	\$257,000,390	\$306,762,457	\$273,794,280

(1) New Agency effective February 1, 2015.

(2) In FY 2018, the Governor recommends merging the Rhode Island Emergency Management Agency into the Department of Public Safety.

(3) In FY 2016, the RIHEEA was moved under the Public Higher Education Budget.

Expenditures from Other Funds

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Recommend	FY 2018 Recommend
General Government					
Administration	\$72,337,128	\$75,372,626	\$105,708,104	\$107,303,232	\$96,766,240
Business Regulation	-	-	-	-	-
Executive Office Of Commerce (1)	-	259,557	1,300,000	751,683	2,900,000
Labor and Training	349,574,263	346,245,303	349,268,389	357,547,434	360,081,583
Revenue	336,014,138	342,707,847	363,531,235	371,465,878	376,220,071
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	37,079	430,168	100,000	150,000	-
General Treasurer	203,337	8,533,903	550,410	8,648,808	8,550,242
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-
Subtotal - General Government	\$758,165,945	\$773,549,404	\$820,458,138	\$845,867,035	\$844,518,136
Health and Human Services					
Executive Office of Health & Human Services	-	-	-	-	-
Children, Youth, and Families	416,591	566,274	840,000	959,673	1,100,000
Health	2,331	0	0	0	-
Human Services	4,409,445	4,936,162	5,093,478	5,004,012	4,593,478
Behavioral Healthcare, Developmental Disabilities and Hospitals	4,303,746	5,217,765	10,973,736	13,610,541	7,065,000
Governor's Commission on Disabilities	589,099	0	0	0	-
Commission On Deaf and Hard of Hearing	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
Subtotal - Human Services	\$9,721,212	\$10,720,201	\$16,907,214	\$19,574,226	\$12,758,478
Education					
Elementary and Secondary	3,934,578	4,203,349	4,709,000	7,267,715	6,908,000
Higher Education	853,959,808	885,442,819	949,592,108	920,401,419	946,108,756
RI Council on the Arts	183,075	450,859	303,200	980,700	345,800
RI Atomic Energy Commission	315,624	332,055	319,527	330,494	322,216
Higher Education Assistance Authority (2)	7,668,540	-	-	-	-
Historical Preservation and Heritage Comm.	2,075,881	200,291	79,998	79,854	80,970
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$868,137,506	\$890,629,373	\$955,003,833	\$929,060,182	\$953,765,742

Expenditures from Other Funds

	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Recommend	FY 2018 Recommend
Public Safety					
Attorney General	3,400	182,470	300,000	417,530	150,000
Corrections	3,524,382	2,712,801	11,900,000	8,035,421	15,758,185
Judicial	1,347,914	5,007,480	5,525,000	6,103,756	7,100,000
Military Staff	835,920	1,009,674	2,682,500	1,578,491	7,696,925
Rhode Island Emergency Mng Agency (3)	-	-	1,189,750	1,916,239	-
Public Safety (4)	5,495,038	6,025,890	6,785,535	8,895,635	6,896,821
Office Of Public Defender	-	-	-	-	-
Subtotal - Public Safety	\$11,206,654	\$14,938,315	\$28,382,785	\$26,947,072	\$37,601,931
Natural Resources					
Environmental Management	14,260,579	6,147,827	13,830,089	14,039,974	18,373,513
Coastal Resources Management Council	298,374	-	471,775	471,775	775,000
Subtotal - Natural Resources	\$14,558,953	\$6,147,827	\$14,301,864	\$14,511,749	\$19,148,513
Transportation					
Transportation	145,572,928	138,170,980	205,867,646	259,303,952	231,932,138
Subtotal - Transportation	\$145,572,928	\$138,170,980	\$205,867,646	\$259,303,952	\$231,932,138
Total	\$1,807,363,198	\$1,834,156,100	\$2,040,921,480	\$2,095,264,216	\$2,099,724,938

(1) New Agency effective February 1, 2015.

(2) In FY 2018, the Governor recommends merging the Rhode Island Emergency Management Agency into the Department of Public Safety.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

Full-Time Equivalent Positions

	FY 2015	FY 2016	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommend
General Government					
Administration	710.7	712.7	708.7	708.7	713.7
Business Regulation	98.0	98.0	97.0	106.0	106.0
Executive Office of Commerce	5.0	16.0	16.0	16.0	17.0
Labor & Training	410.0	409.5	409.5	436.2	433.7
Revenue	505.0	514.5	523.5	523.5	539.5
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	59.0	59.0	59.0
General Treasurer	83.0	84.0	88.0	87.0	87.0
Board Of Elections	11.0	11.0	12.0	12.0	12.0
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	50.0	50.0	51.0	54.0	57.0
Subtotal - General Government	2,307.7	2,330.7	2,342.7	2,380.4	2,402.9
Human Services					
Office of Health and Human Services	184.0	187.0	179.0	178.0	269.0
Children, Youth, and Families	672.5	672.5	629.5	628.5	616.5
Health	491.3	490.6	503.6	503.6	499.6
Human Services	959.1	959.1	937.1	937.1	838.1
Behavioral Healthcare, Developmental Disabilities, and Hospitals (1)	1,420.4	1,419.4	1,352.4	1,352.4	1,319.4
Office of the Child Advocate	6.0	6.0	6.0	7.0	7.0
Commission On the Deaf & Hard of Hearing	3.0	3.0	4.0	4.0	4.0
Governor's Commission on Disabilities	4.0	4.0	4.0	4.0	4.0
Office of the Mental Health Advocate	3.7	4.0	4.0	4.0	4.0
Subtotal - Human Services	3,744.0	3,745.6	3,619.6	3,618.6	3,561.6
Education					
Elementary and Secondary Education	158.4	151.4	139.1	139.1	139.1
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	344.4	337.4	325.1	325.1	325.1
Office of Postsecondary Commissioner Standard	14.0	24.0	26.0	26.0	36.0
URI Standard	1,882.7	1,882.7	1,915.7	1,915.7	1,915.7
RIC Standard	841.6	841.6	844.2	844.2	844.2
CCRI Standard	760.1	765.1	765.1	765.1	765.1
Higher Education - Total Non-Sponsored	3,498.4	3,513.4	3,551.0	3,551.0	3,561.0
RI Council On The Arts	6.0	8.6	8.6	8.6	8.6
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Higher Education Assistance Authority (2)	22.0	-	-	-	-
Historical Preservation and Heritage Commission	16.6	16.6	16.6	15.6	15.6
Subtotal - Education	3,896.0	3,884.6	3,909.9	3,908.9	3,918.9

Full-Time Equivalent Positions

	FY 2015	FY 2016	FY 2017 Enacted	FY 2017 Revised	FY 2018 Recommend
Public Safety					
Attorney General	236.1	236.1	235.1	235.1	235.1
Corrections	1,419.0	1,419.0	1,423.0	1,423.0	1,426.0
Judicial	723.3	724.3	723.3	723.5	723.5
Military Staff	85.0	92.0	92.0	92.0	92.0
Emergency Management	32.0	32.0	29.0	29.0	-
Public Safety	633.2	633.2	610.2	616.6	660.6
Office of the Public Defender	93.0	93.0	93.0	93.0	94.0
Subtotal - Public Safety	3,221.6	3,229.6	3,205.6	3,212.2	3,231.2
Natural Resources					
Environmental Management	399.0	399.0	399.0	400.0	403.0
Coastal Resources Management Council	29.0	29.0	29.0	29.0	29.0
Subtotal - Natural Resources	428.0	428.0	428.0	429.0	432.0
Transportation					
Transportation	752.6	752.0	701.0	741.0	775.0
Subtotal - Transportation	752.6	752.0	701.0	741.0	775.0
Total Standard	14,349.9	14,370.5	14,206.8	14,290.1	14,321.6
Higher Education Third Party*					
Office	1.0	1.0	1.0	1.0	1.0
CCRI	94.0	89.0	89.0	89.0	89.0
RIC	82.0	82.0	82.0	82.0	82.0
URI	573.8	573.8	573.8	573.8	573.8
Subtotal Third Party	750.8	745.8	745.8	745.8	745.8
Total Higher Education	4,249.2	4,259.2	4,296.8	4,296.8	4,306.8
Total Personnel Authorizations	15,100.7	15,116.3	14,952.6	15,035.9	15,067.4

*A total of 745.8 FTE positions in Higher Education in FY 2017 and FY 2018 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

(2) merged with Higher Education

General Revenues as Recommended

	FY 2015 Audited	FY 2016 Audited	FY 2017 Revised	FY 2018 Recommended
Personal Income Tax	\$ 1,227,581,960	\$ 1,217,429,575	\$ 1,267,600,000	\$ 1,316,950,000
General Business Taxes				
Business Corporations	147,979,089	134,908,997	167,500,000	167,550,000
Public Utilities Gross Earnings	103,950,349	103,062,420	104,100,000	105,500,000
Financial Institutions	22,743,284	21,095,888	21,000,000	22,100,000
Insurance Companies	120,264,561	130,344,054	139,500,000	134,419,046
Bank Deposits	2,259,880	2,555,974	2,500,000	2,500,000
Health Care Provider Assessment	44,125,338	43,236,332	42,400,000	42,869,727
Sales and Use Taxes				
Sales and Use	963,446,369	971,927,289	1,014,200,000	1,074,710,095
Motor Vehicle	49,117,001	39,691,836	13,100,000	-
Motor Fuel	(124,650)	(208,068)	-	-
Cigarettes	138,045,483	142,782,086	137,700,000	141,472,824
Alcohol	18,363,285	19,630,268	19,800,000	20,800,000
Controlled Substances	6,177	(54,365)	-	-
Other Taxes				
Estate and Transfer	34,202,383	70,028,952	31,000,000	25,600,000
Racing and Athletics	1,107,202	1,059,487	1,100,000	1,100,000
Realty Transfer	9,493,464	10,430,664	11,600,000	12,500,000
Total Taxes	\$ 2,882,561,175	\$ 2,907,921,389	\$ 2,973,100,000	\$ 3,068,071,692
Departmental Receipts	\$ 354,121,814	\$ 367,641,395	\$ 363,864,025	\$ 374,987,001
Taxes and Departmentals	\$ 3,236,682,989	\$ 3,275,562,784	\$ 3,336,964,025	\$ 3,443,058,693
Other Sources				
Other Miscellaneous	8,778,364	4,102,234	7,922,093	14,978,021
Lottery	381,935,510	369,760,879	363,500,000	365,000,000
Unclaimed Property	13,711,780	14,166,740	11,000,000	9,600,000
Other Sources	\$ 404,425,654	\$ 388,029,853	\$ 382,422,093	\$ 389,578,021
Total General Revenues	\$ 3,641,108,643	\$ 3,663,592,637	\$ 3,719,386,118	\$ 3,832,636,714

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 2017 Enacted Revenue Estimates

	FY 2017 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,249,175,346	\$ 18,424,654	\$ -	\$ 1,267,600,000
General Business Taxes				
Business Corporations	164,471,657	3,028,343	-	167,500,000
Public Utilities Gross	101,000,000	3,100,000	-	104,100,000
Financial Institutions	20,300,000	700,000	-	21,000,000
Insurance Companies	126,064,809	13,435,191	-	139,500,000
Bank Deposits	2,400,000	100,000	-	2,500,000
Health Care Provider	45,100,000	(2,700,000)	-	42,400,000
Sales and Use Taxes				
Sales and Use	1,017,043,806	(2,843,806)	-	1,014,200,000
Motor Vehicle	13,065,000	35,000	-	13,100,000
Motor Fuel	-	-	-	-
Cigarettes	139,600,000	(1,900,000)	-	137,700,000
Alcohol	19,770,000	30,000	-	19,800,000
Other Taxes				
Estate and Transfer	21,400,000	9,600,000	-	31,000,000
Racing and Athletics	1,100,000	-	-	1,100,000
Realty Transfer	11,100,000	500,000	-	11,600,000
Total Taxes	\$ 2,931,590,617	\$ 41,509,383	\$ -	\$ 2,973,100,000
Departmental Receipts	361,587,050	3,212,950	\$ (935,975)	363,864,025
Total Taxes and Departmentals	\$ 3,293,177,668	\$ 44,722,332	\$ (935,975)	\$ 3,336,964,025
Other Sources				
Other Miscellaneous	7,065,000	124,000	733,093	7,922,093
Lottery	365,300,000	(1,800,000)	-	363,500,000
Unclaimed Property	9,200,000	1,800,000	-	11,000,000
Other Sources	\$ 381,565,000	\$ 124,000	\$ 733,093	\$ 382,422,093
Total General Revenues	\$ 3,674,742,668	\$ 44,846,332	\$ (202,882)	\$ 3,719,386,118

Changes to FY 2018 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,316,200,000	\$ 750,000	\$ 1,316,950,000
General Business Taxes			
Business Corporations	172,300,000	(4,750,000)	167,550,000
Public Utilities Gross	105,500,000	-	105,500,000
Financial Institutions	22,100,000	-	22,100,000
Insurance Companies	135,400,000	(980,954)	134,419,046
Bank Deposits	2,500,000	-	2,500,000
Health Care Provider	43,500,000	(630,273)	42,869,727
Sales and Use Taxes			
Sales and Use	1,038,100,000	36,610,095	1,074,710,095
Motor Vehicle	-	-	0
Motor Fuel	-	-	0
Cigarettes	133,900,000	7,572,824	141,472,824
Alcohol	20,800,000	-	20,800,000
Other Taxes			
Estate and Transfer	25,600,000	-	25,600,000
Racing and Athletics	1,100,000	-	1,100,000
Realty Transfer	12,500,000	-	12,500,000
Total Taxes	\$ 3,029,500,000	\$ 38,571,692	\$ 3,068,071,692
Departmental Receipts	\$ 206,700,000	\$ 168,287,001	\$ 374,987,001
Total Taxes and Departmentals	\$ 3,236,200,000	\$ 206,858,693	\$ 3,443,058,693
Other Sources			
Other Miscellaneous	\$ 847,000	\$ 14,131,021	\$ 14,978,021
Lottery	365,000,000	-	365,000,000
Unclaimed Property	9,600,000	-	9,600,000
Other Sources	\$ 375,447,000	\$ 14,131,021	\$ 389,578,021
Total General Revenues	\$ 3,611,647,000	\$ 220,989,714	\$ 3,832,636,714

General Revenue Changes to Adopted Estimates

FY 2017	Governor Recommend
<u>Departmental Receipts</u>	
<i>Sales and Services</i>	
Delay motor vehicle plate reissuance from April 2017 to April 2018	\$ (935,975)
<i>Subtotal: Sales and Services</i>	\$ (935,975)
<i>Subtotal: Departmental Receipts</i>	\$ (935,975)
<u>Other Sources</u>	
<i>Other Miscellaneous Revenues</i>	
OAG: Transfer excess reserves from restricted account	\$ 401,323
DOA: Transfer excess refunding bond cost of issuance	67,400
DBR/DOH: Transfer excess revenues medical marijuana cardholder and plant tag fees	264,370
<i>Subtotal: Other Miscellaneous Revenues</i>	\$ 733,093
<i>Subtotal: Other Sources</i>	\$ 733,093
FY 2017 Total General Revenue Changes	\$ (202,882)

General Revenue Changes to Adopted Estimates

FY 2018	Governor Recommend
<u>Taxes</u>	
<u>Personal Income Tax</u>	
<i>Final Payments</i>	
DOR: Add 2.0 new FTE Revenue Agent and 2.0 new FTE Data Analyst positions to Taxation	\$ 750,000
<i>Subtotal: Personal Income Taxes</i>	\$ 750,000
<u>General Business Taxes</u>	
<i>Business Corporations Tax</i>	
Commerce: Redeemable manufacturing investment tax credit	\$ (3,250,000)
Commerce: Redeemable job training tax credit	(2,000,000)
DOR: Add 2.0 new FTE Revenue Agent and 2.0 new FTE Data Analyst positions to Taxation	500,000
<i>Subtotal: Business Corporation Tax</i>	\$ (4,750,000)
<i>Insurance Companies Gross Premiums Tax</i>	
Healthy Aging in the Community expenditure reductions	\$ (504,903)
Reduce Upper Payment Limit funding by 50 percent	(197,843)
Hospital payments managed care rate freeze	(236,067)
Managed care administrative cost reductions	(43,685)
Hospital rate cut of 1.0 percent	(51,725)
Increase wage rate for home health care workers	103,003
Reduce behavioral health inpatient rate	(49,734)
<i>Subtotal: Insurance Companies Gross Premiums Tax</i>	\$ (980,954)
<i>Health Care Provider Assessment</i>	
EOHHS: Nursing Home Payments Rate Freeze	\$ (630,273)
<i>Subtotal: Health Care Provider Assessment</i>	\$ (630,273)
<i>Subtotal: General Business Taxes</i>	\$ (6,361,227)
<u>Sales and Excise Taxes</u>	
<i>Sales and Use Tax</i>	
Increased sales tax from higher final retail price of cigarettes as a result of excise tax increase to \$4.25 per pack	\$ 1,144,633
Remote sellers sales tax reporting requirement	34,715,462
DOR: Add 2.0 new FTE Revenue Agent and 2.0 new FTE Data Analyst Positions to Taxation	750,000
<i>Subtotal: Sales and Use Tax</i>	\$ 36,610,095
<i>Cigarettes Excise Tax</i>	
Increase cigarette excise tax rate to \$4.25 per pack of 20 cigarettes eff August 1, 2017	\$ 6,544,616
Cigarette floor stock tax of \$0.50 per pack for all stock held as of 12:01 AM on August 1, 2017	1,028,208
<i>Subtotal: Cigarettes Excise Tax</i>	\$ 7,572,824
<i>Subtotal: Sales and Excise Taxes</i>	\$ 44,182,919
Subtotal: All Taxes	\$ 38,571,692
<u>Departmental Receipts</u>	
<i>Licenses and Fees</i>	
DOH: Reinststitute hospital licensing fee on hospital FY 2015 base year at 5.652 percent	\$ 168,958,671
DLT: Eliminate apprenticeship fee	(45,000)
RIHPHC: Transfer of Eisenhower House revenues to DEM restricted receipts account	(153,500)
<i>Subtotal: Licenses and Fees</i>	\$ 168,760,171

General Revenue Changes to Adopted Estimates

<i>Fines and Penalties</i>		
DLT: Increase employee misclassification penalty from \$500 to \$1,500	\$	100,000
DLT: Establish new penalty of 15 to 25 percent of wages owed (first offense) for employer wage and hour vic		150,000
DLT: Establish new penalty of \$250 per quarter for employer failure to maintain payroll records		300,000
DLT: Increase electrical trades violations penalty from a range of \$500-\$950 to a range of \$1,500-\$2,000	\$	100,000
<i>Subtotal: Fines and Penalties</i>	\$	650,000
<i>Sales and Services</i>		
Delay motor vehicle plate reissuance from April 2017 to April 2018	\$	(1,123,170)
<i>Subtotal: Sales and Services</i>	\$	(1,123,170)
<i>Subtotal: Departmental Receipts</i>	\$	168,287,001
<u><i>Other Sources</i></u>		
<i>Other Miscellaneous Revenues</i>		
DBR/DOH: Transfer excess revenues medical marijuana cardholder and plant tag fees	\$	670,641
Increase Public Utilities Commission Rent from \$13.81 per sq ft to \$19.75 per sq ft		160,380
Transfer of excess reserves from Rhode Island Health and Educational Building Corporation		1,200,000
Transfer of excess reserves from Rhode Island Turnpike and Bridge Authority		2,600,000
Transfer of excess reserves from Narragansett Bay Commission		2,500,000
Transfer of excess reserves from Rhode Island Resource Recovery Corporation		6,000,000
Transfer of excess reserves from Rhode Island Infrastructure Bank		1,000,000
<i>Subtotal: Other Miscellaneous Revenues</i>	\$	14,131,021
<i>Subtotal: Other Sources</i>	\$	14,131,021
FY 2018 Total General Revenue Changes	\$	220,989,714

Other Revenue Enhancements

**Governor
Recommend**

FY 2017

Restricted Receipts

OAG: Transfer excess reserves from restricted account \$ (401,323)
DBR/DOH: Transfer excess revenues from medical marijuana cardholder and plant tag fees (264,370)

Sub-Total Restricted Receipts \$ **(665,693)**

FY 2017 Total Non-General Revenue Changes \$ **(665,693)**

FY 2018

Restricted Receipts

DBR/DOH: Transfer excess revenues medical marijuana cardholder and plant tag fees \$ (670,641)
DEM: Transfer of Eisenhower House revenues from RIHPHC general revenues account \$ 153,500
DLT: Increase penalty for late filing of employer tax and withholding record reports to \$25 to \$200 \$ 125,000

Sub-Total Restricted Receipts \$ **(392,141)**

FY 2018 Total Non-General Revenue Changes \$ **(392,141)**

Appendix B
Changes to FY 2017

Changes to FY 2017 General Revenue Budget Surplus

	FY 2015 Audited ⁽²⁾	FY 2016 Audited ⁽²⁾	FY 2017 Enacted ⁽³⁾	FY 2017 Revised	Change From Enacted
Surplus					
Opening Surplus	\$67,806,737	\$168,038,072	\$123,283,301	\$167,818,206	\$44,534,906
Adjustment to Opening Surplus	13,794,502	-	-	-	-
Reappropriated Surplus	7,378,665	6,890,273	-	7,848,853	\$7,848,853
Subtotal	\$88,979,904	\$174,928,345	\$123,283,301	\$175,667,059	\$52,383,759
General Taxes	2,882,561,175	\$2,907,921,389	2,931,655,618	2,931,655,618	-
November REC Changes	-	-	-	41,444,382	41,444,382
Changes to the Adopted Estimates	-	-	-	-	-
Subtotal	\$2,882,561,175	\$2,907,921,389	\$2,931,655,618	2,973,100,000	41,444,382
Departmental Revenues	354,121,814	\$367,641,395	361,522,050	361,522,050	-
November REC Changes	-	-	-	3,277,950	3,277,950
Changes to the Adopted Estimates	-	-	-	(935,975)	(935,975)
Subtotal	\$354,121,814	\$367,641,395	\$361,522,050	363,864,025	\$2,341,975
Other Sources					
Other Miscellaneous	8,778,364	4,102,234	7,065,000	7,065,000	-
November REC Changes	-	-	-	124,000	124,000
Changes to the Adopted Estimates	-	-	-	733,093	733,093
Lottery	381,935,510	369,760,879	365,300,000	365,300,000	-
November REC Changes	-	-	-	(1,800,000)	(1,800,000)
Unclaimed Property	13,711,780	14,166,740	9,200,000	9,200,000	-
November REC Changes	-	-	-	1,800,000	1,800,000
Subtotal	\$404,425,654	\$388,029,853	381,565,000	382,422,093	\$857,093
Total Revenues	\$3,641,108,643	\$3,663,592,637	\$3,674,742,669	\$3,719,386,118	\$44,643,451
Transfer to Budget Reserve	(111,267,461)	(114,948,921)	(113,940,779)	(116,616,130)	(2,675,351)
Total Available	\$3,618,821,086	\$3,723,572,060	\$3,684,085,190	\$3,778,437,048	\$94,351,859
Actual/Enacted Expenditures	\$3,453,892,741	\$3,547,905,001	\$3,683,715,867	\$3,683,715,867	-
Reappropriations	-	-	-	7,848,853	\$7,848,853
Caseload Conference Changes	-	-	-	4,717,676	\$4,717,676
Other Changes in Expenditures	-	-	-	4,122,579	\$4,122,579
Total Expenditures	\$3,453,892,741	\$3,547,905,001	\$3,683,715,867	\$3,700,404,975	\$16,689,108
Total Ending Balances	\$164,928,345	\$175,667,059	\$369,323	\$78,032,073	\$77,662,749
Reappropriations	(6,890,273)	(7,848,853)	-	-	-
Free Surplus	\$168,038,072	\$167,818,206	\$369,323	\$78,032,073	\$77,662,749
Budget Reserve and Cash					
Stabilization Account	\$185,445,769	\$191,581,536	\$189,901,299	\$194,360,216	\$4,458,918

⁽¹⁾ Reflects the final FY 2016 budget enacted by the General Assembly and signed into law by the Governor on June 24, 2016.

⁽²⁾ Reflects the State Controller's Preliminary Audit Report dated August 31, 2016.

⁽³⁾ Reflects the FY 2017 Budget enacted by the General Assembly and signed into law by the Governor on June 24, 2016.

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
<u>General Government</u>					
Administration					
Central Management	2,660,785	388,428			
Personnel-Salary & Benefits			(3,190)	(209,485)	
Contracted Services					
Operating Supplies & Expenses					
Assistance & Grants					
Capital Purchases & Equipment					
	2,660,785	388,428	(3,190)	(209,485)	2,836,538
Accounts & Control	4,147,433				
Personnel-Salary & Benefits			(6,160)	(41,867)	
Contracted Professional Services					
Operating Supplies & Expenses					
Capital Purchases & Equipment					
	4,147,433	-	(6,160)	(41,867)	4,099,406
Office of Management and Budget	8,535,107				
Personnel-Salary & Benefits			(10,320)	388,667	
Contracted Professional Services					
Operating Supplies & Expenses				56,381	
Capital Purchases & Equipment					
	8,535,107	-	(10,320)	445,048	8,969,835
Purchasing	2,860,722				
Personnel-Salary & Benefits			(4,346)	157,483	
Contracted Professional Services					
Operating Supplies & Expenses				(1,223)	
Capital Purchases & Equipment				1,223	
	2,860,722	-	(4,346)	157,483	3,013,859
Human Resources	7,783,906				
Personnel-Salary & Benefits			(11,860)	54,256	
Contracted Professional Services				71,794	
Operating Supplies & Expenses				(20,850)	
Capital Purchases & Equipment					
	7,783,906	-	(11,860)	105,200	7,877,246
Personnel Appeal Board	133,419				
Personnel-Salary & Benefits			(151)	11,984	
Contracted Professional Services					
Operating Supplies & Expenses					
	133,419	-	(151)	11,984	145,252
Legal Services	2,185,988				
Personnel-Salary & Benefits			(2,961)	(179,292)	
Contracted Professional Services				230,000	
Operating Supplies & Expenses					
Assistance & Grants					
Capital Purchases & Equipment					
	2,185,988	-	(2,961)	50,708	2,233,735
Capital Asset Management and Maintenance	34,693,189	162,319			
Personnel-Salary & Benefits			(16,702)	139,836	
Contracted Professional Services				252,440	
Operating Supplies & Expenses				(1,474,784)	
Capital Purchases & Equipment					
	34,693,189	162,319	(16,702)	(1,082,508)	33,756,298
Information Technology	21,840,562				

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Personnel-Salary & Benefits			(26,055)	153,902	
Contracted Professional Services				154,577	
Operating Supplies & Expenses				(306,065)	
Assistance & Grants					
Capital Purchases & Equipment					
	21,840,562	-	(26,055)	2,414	21,816,921
Library and Information Services	1,342,819				
Personnel-Salary & Benefits			(1,190)		
Contracted Professional Services					
Operating Supplies & Expenses					
	1,342,819	-	(1,190)	-	1,341,629
Planning	1,341,758				
Personnel-Salary & Benefits			(1,425)	(264,762)	
Contracted Professional Services				48,800	
Operating Supplies & Expenses					
Assistance & Grants (Housing Resources Commission)					
Capital Purchases & Equipment					
	1,341,758	-	(1,425)	(215,962)	1,124,371
Energy	-				
				-	-
Construction, Permitting, Appeals & Licensing	1,823,455	130,000			
Personnel-Salary & Benefits			(2,860)	221,197	
Contracted Professional Services				(30,000)	
Operating Supplies & Expenses				7,500	
	1,823,455	130,000	(2,860)	198,697	2,149,292
General	15,256,349			(2,274)	
	15,256,349	-	-	(2,274)	15,254,075
Personnel and Operational Reforms	(1,966,421)			1,000,000	
	(1,966,421)	-	-	1,000,000	(966,421)
Debt Service Payments	130,523,966			(8,354,968)	
Debt Service Payments					
	130,523,966	-	-	(8,354,968)	122,168,998
RI Health Benefits Exchange	2,625,841				
	2,625,841			-	2,625,841
The Office of Diversity, Equity and Opportunity	1,294,640				
Personnel-Salary & Benefits			(1,665)	(68,453)	
Contracted Professional Services				1,217	
Operating Supplies & Expenses				(1,142)	
	1,294,640	-	(1,665)	(68,378)	1,224,597
Total	237,083,518	680,747	(88,885)	(8,003,908)	229,671,472
Business Regulation					
Central Management	1,325,909				
Personnel-Salary & Benefits			(1,957)	33,317	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Contracted Professional Services				26,002	
Operating Supplies & Expenses	1,325,909	-	(1,957)	12,300	1,395,571
Insurance Regulation	3,993,494	13,725		71,619	
Personnel-Salary & Benefits			(5,932)	(194,254)	
Contracted Professional Services				-	
Operating Supplies & Expenses	3,993,494	13,725	(5,932)	(194,254)	3,807,033
Office of the Health Commissioner	1,449,061				
Personnel-Salary & Benefits			(1,485)	48,895	
Contracted Professional Services				(35,000)	
Operating Supplies & Expenses	1,449,061	-	(1,485)	(13,895)	1,447,576
Board of Accountancy	6,000				
Operating Supplies & Expenses					
Contracted Professional Services	6,000	-	-	-	6,000
Banking	1,818,673	32,322			
Personnel-Salary & Benefits			(2,669)	(86,522)	
Operating Supplies & Expenses	1,818,673	32,322	(2,669)	32,322	1,761,804
Securities	1,079,028	13,725			
Personnel-Salary & Benefits			(1,464)	(116,393)	
Contracted Professional Services	1,079,028	13,725	(1,464)	-	974,896
Commercial Licensing, Racing & Athletics	638,207				
Personnel-Salary & Benefits			(1,345)	235,240	
Operating Supplies & Expenses	638,207	-	(1,345)	235,240	872,102
Board of Design Professionals	273,080				
Personnel-Salary & Benefits	273,080	-	(469)	83,635	356,246
			(469)	83,635	
Total	10,583,452	59,772	(15,321)	(6,675)	10,621,228
Executive Office of Commerce					
Central Management	1,200,198				
Personnel-Salary & Benefits	-		(2,011)	44,320	
Operating Supplies and Expenses	-			10,792	
Capital Purchases and Expenses	-			2,250	
	1,200,198	-	(2,011)	57,362	1,255,549
Housing and Community Development	617,205				
Personnel-Salary & Benefits			(957)	(7,381)	
Operating Supplies and Expenses				4,966	
	617,205	-	(957)	(2,415)	613,833
Quasi-Public Appropriations	11,856,714	69,116		40,000	
	11,856,714	69,116	-	40,000	11,965,830
Economic Development Initiatives Fund	36,900,000				

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
	36,900,000	-	-	-	36,900,000
Commerce Programs	5,000,000				
	5,000,000				5,000,000
Total	55,574,117	69,116	(2,968)	94,947	55,735,212
Labor and Training					
Central Management	120,134				
Personnel-Salary & Benefits			(176)	15,376	
Contracted Professional Services				5	
Operating Supplies and Expenses				(717)	
Grants and Benefits				(4)	
Capital Purchases and Expenses				(491)	
	120,134	-	(176)	14,169	134,127
Workforce Development Services	704,517				
Personnel-Salary & Benefits					
Contracted Professional Services					
Operating Supplies and Expenses					
Grants and Benefits					
	704,517	-	-	-	704,517
Workforce Regulation and Safety	2,825,411				
Personnel-Salary & Benefits			(4,010)	-	
Contracted Professional Services				-	
Operating Supplies and Expenses				-	
Grants and Benefits				23	
Tardy and Interest Transfer				(2,777)	
Capital Purchases and Expenses				(5,312)	
	2,825,411	-	(4,010)	(8,066)	2,813,335
Income Support	4,160,083				
Personnel-Salary & Benefits			(143)	1,624	
Contracted Professional Services				43	
Operating Supplies and Expenses				(8,772)	
Grants and Benefits				(67,861)	
Capital Purchases and Expenses				(1,706)	
	4,160,083	-	(143)	(76,672)	4,083,268
Labor Relations Board	402,491				
Personnel-Salary & Benefits			(650)	4,007	
Contracted Professional Services				480	
Operating Supplies and Expenses				(3,772)	
Grants and Assistance				(7)	
Capital Purchases and Expenses				2,000	
	402,491	-	(650)	2,708	404,549
Total	8,212,636	-	(4,979)	(67,861)	8,139,796
Legislature	41,052,730	6,270,101			
Legislature					
Personnel-Salary & Benefits			(50,536)	(679,777)	
Contracted Professional Services				356,400	
Grants and Assistance				-	
Operating Supplies and Expenses				(2,143,742)	
Capital Purchases and Expenses				1,131,114	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Total	41,052,730	6,270,101	(50,536)	(1,336,005)	45,936,290
Office of the Lieutenant Governor	1,079,576				
Personnel-Salary & Benefits			(1,464)	(24,824)	
Operating Supplies and Expenses/Capital					
Total	1,079,576	-	(1,464)	(24,824)	1,053,288
Secretary of State					
Administration	3,539,219				
Personnel-Salary & Benefits			(4,114)	29,418	
Contracted Professional Services				(83,784)	
Operating Supplies and Expenses				(189,082)	
Capital Purchases and Equipment				10,681	
	3,539,219	-	(4,114)	(232,767)	3,302,338
Corporations	2,192,627				
Personnel-Salary & Benefits			(2,632)	(78,249)	
Contracted Professional Services					
Operating Supplies and Expenses				7,030	
Capital Purchases and Equipment					
	2,192,627	-	(2,632)	(71,219)	2,118,776
State Archives	133,721				
Personnel-Salary & Benefits				(49,305)	
Operating Supplies and Expenses				2,734	
	133,721	-	-	(46,571)	87,150
Elections	3,377,103				
Personnel-Salary & Benefits			(630)	226	
Contracted Professional Services				(151,000)	
Operating Supplies and Expenses				32,057	
Capital Purchases and Equipment				-	
	3,377,103		(630)	(118,717)	3,257,756
State Library	554,149				
Personnel-Salary & Benefits			(668)	78,959	
Contracted Professional Services				1,925	
Operating Supplies and Expenses				(4,213)	
Capital Purchases and Equipment				(1)	
	554,149		(668)	76,670	630,151
Office of Public Information	484,232				
Personnel-Salary & Benefits			(611)	28,011	
Contracted Professional Services				10,000	
Operating Supplies and Expenses				3,071	
Capital Purchases and Equipment					
	484,232		(611)	41,082	524,703
Total	10,281,051	-	(8,655)	(351,522)	9,920,874
Office of the General Treasurer					
Treasury	2,507,779				
Personnel-Salary & Benefits			(2,854)	(67,689)	
Contracted Professional Services				85,000	
Operating & Capital				(26,761)	
	2,507,779	-	(2,854)	(9,450)	2,495,475
Crime Victim Compensation Program	228,452				
Personnel-Salary & Benefits			(333)	3,450	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Operating Supplies and Expenses	228,452		(333)	6,000 9,450	237,569
Total	2,736,231	-	(3,187)	-	2,733,044
Board of Elections					
Board Of Elections	1,982,707	11,500			
Personnel-Salary & Benefits			(1,360)	(105,226)	
Contracted Professional Services				53,905	
Operating Supplies and Expenses				113,550	
Capital				13,600	
Total	1,982,707	11,500	(1,360)	75,829	2,068,676
R I Ethics Commission					
RI Ethics Commission	1,653,383				
Personnel-Salary & Benefits			(2,325)	(27,948)	
Contracted Professional Services				8,000	
Operating Supplies and Expenses				-	
Capital Purchases and Equipment				500	
Total	1,653,383	-	(2,325)	(19,448)	1,631,610
Office of the Governor					
Personnel-Salary & Benefits	4,841,069		(7,587)		
Operating /Contracted Services					
Capital Purchases and Equipment					
Contingency Fund	250,000	292,000	-		
Total	5,091,069	292,000	(7,587)	-	5,375,482
Commission for Human Rights					
Personnel-Salary & Benefits	1,258,128		(1,611)	-	
Contract Professional Services				(700)	
Operating Supplies and Expenses				(8,214)	
Total	1,258,128	-	(1,611)	(8,914)	1,247,603
Department of Revenue					
Director of Revenue	1,147,047				
Personnel-Salary & Benefits			(1,950)	77,751	
Operating Supplies and Expenses					
Capital Purchases and Equipment	1,147,047		(1,950)	77,751	1,222,848
Office of Revenue Analysis	806,836				
Personnel-Salary & Benefits			(1,234)	2,142	
Contract Professional Services					
Capital Purchases and Equipment	806,836		(1,234)	2,142	807,744
Office of Municipal Finance	3,053,887				
Personnel-Salary & Benefits			(2,851)	52,099	
Contracted Professional Services					
Operating Supplies and Expenses				(5,801)	
Other Grants					
Capital Purchases and Equipment					
Aid to Local Units of Gov't	3,053,887	-	(2,851)	46,298	3,097,334

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Taxation	20,294,329				
Personnel-Salary & Benefits			(27,819)	184,681	
Contracted Professional Services				(76,859)	
Operating Supplies and Expenses					
Other Grants					
Capital Purchases and Equipment					
	20,294,329	-	(27,819)	107,822	20,374,332
Motor Vehicles	20,518,390				
License Plate Reissuance	3,150,000			(3,000,000)	
Personnel-Salary & Benefits			(21,558)	(209,204)	
Contracted Professional Services					
Operating Supplies & Expenses			11,850	(129,890)	
Other Grants					
Capital Purchases & Equipment					
Operating Transfers					
	23,668,390	-	(9,708)	(3,339,094)	20,319,588
State Aid	64,923,462	137,340	-		
Property Revaluation Program	64,923,462	137,340	-	-	65,060,802
Total	113,893,951	137,340	(43,562)	(3,105,081)	110,882,648
Sub-Total General Government	490,482,549	7,520,576	(232,440)	(12,753,462)	485,017,223
<u>Human Services</u>					
Office of Health and Human Services					
Central Management	32,544,387				
Personnel-Salary & Benefits			(19,864)	55,946	
MMIS, EVV, and Predictive Modeling Contracts		258,064		112,288	
Operating Supplies/Equipment				(9,538)	
Other Grants and Benefits				(93,250)	
Capital Purchases & Equipment				(9,500)	
Unified Health Infrastructure Project (UHIP)			(133)	43,650	
	32,544,387	258,064	(19,997)	99,596	32,882,050
Medical Assistance					
Managed Care- Nov CEC	294,797,721			103,087	
Hospitals- Nov CEC	94,223,146			3,681,845	
Nursing Facilities- Nov CEC	87,653,283			(693,183)	
Home & Community Based Services- Nov CEC	33,104,210			(5,394,890)	
Other Services- Nov CEC	45,710,484			10,184,859	
Pharmacy - Nov CEC	57,379,065			1,825,577	
Rhody Health- Nov CEC	291,574,716			(1,671,930)	
	904,442,625	-	-	8,035,365	912,477,990
	936,987,012	258,064	(19,997)	8,134,961	945,360,040
Children, Youth, and Families					
Central Management	7,074,378				
Personnel-Salary & Benefits			(6,918)	(182,256)	
Contracted Professional Services				38,333	
Operating Supplies & Capital Purchases				(12,613)	
Grants and Benefits				1,147	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
	7,074,378	-	(6,918)	(155,389)	6,912,071
Children's Behavioral Health	5,004,800				
Personnel-Salary & Benefits			(2,608)	181,472	
Contracted Professional Services				(305,396)	
Operating Supplies & Capital Purchases				(17,655)	
Grants and Benefits				286,879	
	5,004,800	-	(2,608)	145,300	5,147,492
Juvenile Corrections	24,927,098				
Personnel-Salary & Benefits			(26,454)	(1,755,724)	
Contracted Professional Services				(15,161)	
Operating Supplies & Capital Purchases			(1,975)	(40,213)	
Grants and Benefits				92,282	
	24,927,098	-	(28,429)	(1,718,816)	23,179,853
Child Welfare	114,567,488				
Personnel-Salary & Benefits			(36,026)	448,482	
Contracted Professional Services				298,233	
Operating Supplies & Capital Purchases				(430,001)	
Other Grants and Benefits				6,008,739	
	114,567,488	-	(36,026)	6,325,453	120,856,915
Higher Education Incentive Grants	200,000		-	-	
	200,000		-	-	200,000
Total	151,773,764	-	(73,981)	4,596,548	156,296,331
Health					
Central Management	-		-		
Personnel-Salary & Benefits					
Contract Professional Services				100,000	
Operating Supplies and Expense Assistance and Grants				-	
	-	-	-	100,000	100,000
Community Health and Equity	1,530,102				
Personnel-Salary & Benefits			(1,419)	(68,765)	
Contract Professional Services				47,050	
Operating Supplies and Expense Assistance and Grants				41,552	
Capital Purchases and Equipment				(15,103)	
Overtime				-	
	1,530,102	-	(1,419)	4,734	1,533,417
Environmental Health	5,169,143				
Personnel-Salary & Benefits			(7,130)	(46,182)	
Contracted Professional Services				59,000	
Operating Expenditures				(5,576)	
Capital Purchases and Equipment Assistance and Grants				-	
Overtime				(10,873)	
	5,169,143	-	(7,130)	(3,631)	5,158,382
Health Laboratories and Medical Examiner	10,028,498				
Personnel-Salary & Benefits			(12,083)	91,558	
Contracted Professional Services				88,927	
Operating Supplies and Expenses				20,048	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Capital Purchases and Equipment				27,000	
Overtime	10,028,498	-	(12,083)	-	10,243,948
Customer Service	6,363,621				
Personnel-Salary & Benefits			(8,890)	(39,158)	
Contracted Professional Services				117,803	
Operating Expenditures				10,529	
Assistance and Grants				-	
Capital Purchases and Equipment				(8,092)	
Overtime				-	
	6,363,621	-	(8,890)	81,082	6,435,813
Policy, Information and Communications	937,935				
Personnel-Salary & Benefits			(930)	(297,696)	
Contracted Professional Services				3,114	
Operating Expenditures				13,805	
Assistance and Grants				-	
Capital Purchases and Equipment				2,000	
Overtime				-	
	937,935	-	(930)	(278,777)	658,228
Preparedness, Response, Infectious Disease & ES	1,902,523				
Personnel-Salary & Benefits			(2,135)	(10,540)	
Contracted Professional Services				(1,500)	
Operating Expenditures				(3,801)	
Assistance and Grants				-	
Capital Purchases and Equipment				(15,100)	
Overtime				-	
	1,902,523	-	(2,135)	(30,941)	1,869,447
Total	25,931,822	-	(32,587)	100,000	25,999,235
Human Services					
Central Management	4,852,023				
Personnel- Salary & Benefits			(275)	(1,527,803)	
Contracted Professional Services				104,900	
Operating Supplies & Capital Purchases				669	
Assistance and Grants				-	
	4,852,023	-	(275)	(1,422,234)	3,429,514
Child Support Enforcement	3,314,623				
Personnel- Salary & Benefits			(2,922)	147,002	
Operating Supplies & Capital Purchases			(2,132)	(66,633)	
Assistance and Grants				-	
Contracted Professional Services				(456,349)	
	3,314,623	-	(5,054)	(375,980)	2,933,589
Individual and Family Support	18,596,622				
Personnel- Salary & Benefits			(19,109)	2,125,063	
Operating Supplies & Capital Purchases			(2,586)	945,791	
Other Contracted Professional Services				509,193	
Other Assistance and Grants				494,159	
Unified Health Infrastructure Project (UHIP)				-	
Operating Transfers				-	
	18,596,622	-	(21,695)	4,074,206	22,649,133

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Veterans' Affairs	20,704,694				
Personnel- Salary & Benefits			(23,787)	(99,086)	
Operating Supplies & Capital Purchases			(6,767)		
Assistance and Grants					
Contracted Professional Services				99,076	
	20,704,694	-	(30,554)	(10)	20,674,130
Health Care Eligibility	8,527,641				
Personnel- Salary & Benefits			(8,448)	(1,522,918)	
Operating Supplies & Capital Purchases				(44,299)	
Assistance and Grants					
Contracted Professional Services				42,438	
UHIP					
	8,527,641	-	(8,448)	(1,524,779)	6,994,414
S.S.I. Program	18,496,913				
S.S.I. Program- Nov CEC				3,347	
	18,496,913	-		3,347	18,500,260
Rhode Island Works	14,747,241				
Child Care				(4,886,622)	
	14,747,241	-		(4,886,622)	9,860,619
State Funded Programs	1,582,800				
General Public Assistance- Nov CEC				28,800	
	1,582,800			28,800	1,611,600
Elderly Affairs	6,813,757				
Personnel-Salary & Benefits			(2,127)	(275,863)	
Contracted Professional Services				(17,017)	
Operating Supplies & Capital Purchases				(2,282)	
Assistance and Grants				(22,110)	
	6,813,757	-	(2,127)	(317,272)	6,494,358
Total	97,636,314	-	(68,153)	(4,420,544)	93,147,617
Behavioral Health, Developmental Disabilities & Hospitals					
Central Management	1,097,743				
Personnel-Salary & Benefits			(2,402)	537,791	
Contracted Professional Services				750	
Operating Supplies and Expenses				8,497	
Grants and Benefits				44	
Capital Purchases and Equipment				600	
	1,097,743	-	(2,402)	547,682	1,643,023
Hosp. & Community System Support	1,474,964				
Personnel-Salary & Benefits			(3,054)	581,748	
Contracted Professional Services				(140)	
Operating Supplies and Expenses				(3,183)	
Grants and Benefits				(50)	
Capital Purchases and Equipment				(250)	
	1,474,964	-	(3,054)	578,125	2,050,035

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Services. for the Developmentally Disabled	119,651,536				
Personnel-Salary & Benefits			(21,761)	1,645,530	
Contracted Professional Services				(72,634)	
Operating Supplies and Expenses			2,220	(48,315)	
Assistance and Grants				851,891	
Capital Purchases and Equipment				7,000	
	119,651,536		(19,541)	2,383,472	122,015,467
Behavioral Healthcare Services	2,015,777				
Personnel-Salary & Benefits			(3,230)	236,117	
Contracted Professional Services				(6,950)	
Operating Supplies and Expenses				(6,750)	
Assistance and Grants				1,983,440	
Capital Purchases and Equipment				-	
	2,015,777	-	(3,230)	2,205,857	4,218,404
Hosp. & Community Rehab. Services	48,944,219				
Personnel-Salary & Benefits			(53,631)	1,968,647	
Contracted Professional Services				374,443	
Operating Supplies and Expenses			1,654	341,305	
Assistance and Grants				218,106	
Capital Purchases and Equipment				235	
	48,944,219	-	(51,977)	2,902,736	51,794,978
Total	173,184,239	-	(80,204)	8,617,872	181,721,907
Office of the Child Advocate	650,582				
Personnel- Salary & Benefits			(957)	(13,260)	
Contracted Professional Services				(824)	
Operating Supplies and Expenses					
Capital Purchases and Equipment					
Total	650,582	-	(957)	(14,084)	635,541
Commission on Deaf and Hard of Hearing	477,746				
Personnel- Salary & Benefits			(604)	(18,573)	
Contracted Professional Services				(2,200)	
Operating Supplies and Expenses				4,281	
Total	477,746	-	(604)	(16,492)	460,650
Governor's Commission on Disabilities	412,547				
Personnel-Salary & Benefits			(580)	9,164	
Contracted Professional Services				(535)	
Operating Supplies and Expenses					
Grants					
Capital Purchases and Equipment				-	
Total	412,547	-	(580)	8,629	420,596
Office of the Mental Health Advocate	542,009				
Personnel-Salary & Benefits			(829)	4,105	
Contracted Professional Services				150	
Capital Purchases and Equipment		2,223		1,000	
Operating Supplies and Expenses		-		615	
Total	542,009	2,223	(829)	5,870	549,273

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Sub-Total Human Services	1,387,596,035	260,287	(277,892)	17,012,760	1,404,591,190
<u>Education</u>					
Elementary and Secondary Education					
State Education Aid	845,855,695				
Funding Formula					
Non-Public Textbooks					
Group Home Aid				68,000	
Operating Supplies and Expenses					
	845,855,695	-	-	68,000	845,923,695
School Housing Aid	80,000,000				
	80,000,000		-	-	80,000,000
Teachers' Retirement	99,076,582				
	99,076,582	-	-	-	99,076,582
RI School for the Deaf	6,326,744				
Personnel-Salary & Benefits			(8,558)	(43,373)	
Contracted Professional Services					
Operating Supplies and Expenses			(15,602)		
Capital Purchases and Equipment Assistance and Grants					
	6,326,744	-	(24,160)	(43,373)	6,259,211
Central Falls School District	39,100,578				
	39,100,578	-	-	-	39,100,578
Davies Career & Technical School	12,590,093				
Personnel-Salary & Benefits			(21,560)	-	
Contracted Professional Services				-	
Operating Supplies and Expenses				21,560	
	12,590,093	-	(21,560)	21,560	12,590,093
Met. Career & Tech. School	9,342,007				
	9,342,007	-	-	-	9,342,007
Administration of the Comp. Education Strategy	20,555,594				
Personnel-Salary & Benefits			(19,851)	109,450	
Contracted Professional Services					
Operating Supplies and Expenses				-	
Assistance and Grants					
Capital Purchases and Equipment					
Aid to Locals					
	20,555,594		(19,851)	109,450	20,645,193
Total	1,112,847,293	-	(65,571)	155,637	1,112,937,359
Higher Education					
Office of Postsecondary Commissioner	6,298,407				
Personnel-Salary & Benefits				53,475	
	6,298,407	-	-	53,475	6,351,882
University of Rhode Island					
General Revenues	75,616,226			-	
State Crime Lab	1,071,393			-	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Debt Service	13,182,679			2,303,038	
	89,870,298	-	-	2,303,038	92,173,336
Rhode Island College					
General Revenues	46,996,330				
Debt Service	2,565,254			(55,863)	
Personnel-Salary & Benefits	49,561,584	-	-	(55,863)	49,505,721
Community College of Rhode Island					
General Revenues	48,936,035				
Debt Service	1,691,204			(47,755)	
	50,627,239	-	-	(47,755)	50,579,484
Total	196,357,528	-	-	2,252,895	198,610,423
RI Council On The Arts	1,951,884				
Personnel-Salary & Benefits		-	(1,111)	(29,553)	
Operating Supplies and Expenses				18,010	
Assistance & Grants				138	
Total	1,951,884	-	(1,111)	(11,405)	1,939,368
RI Atomic Energy Commission	981,100				
Personnel-Salary & Benefits			(1,418)	5,368	
Contracted Professional Services					
Operating Supplies and Expenses				(5,368)	
Capital Purchases and Equipment					
Total	981,100	-	(1,418)	-	979,682
RI Historical Preservation & Heritage Commission	1,202,559				
Personnel-Salary & Benefits			(1,582)	12,965	
Contracted Professional Services				(3,450)	
Operating Supplies and Expenses				(45,121)	
Capital Purchases and Equipment				(3,370)	
Total	1,202,559	-	(1,582)	(38,976)	1,162,001
Sub-Total Education	1,313,340,364	-	(69,682)	2,358,151	1,315,628,833
<u>Public Safety</u>					
Attorney General					
Criminal	15,675,925		(29,513)		
Personnel-Salary & Benefits				297,024	
Contracted Professional Services				33,606	
Operating Supplies and Expenses				(71,910)	
	15,675,925	-	(29,513)	258,720	15,905,132
Civil	5,135,543	32,206	(11,473)		
Personnel-Salary & Benefits				2,343	
Contracted Professional Services				258,902	
Operating Supplies and Expenses				(13,767)	
Capital Purchases and Equipment				(1,053)	

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
	5,135,543	32,206	(11,473)	246,425	5,402,701
Bureau of Criminal Identification	1,758,215		(2,944)	(115,482)	
Personnel-Salary & Benefits				326	
Contracted Professional Services				4,221	
Operating Supplies and Expenses					
	1,758,215	-	(2,944)	(110,935)	1,644,336
General	3,026,299	10,418	(8,398)		
Personnel-Salary & Benefits				158,358	
Contracted Professional Services				(336)	
Operating Supplies and Expenses				8,273	
	3,026,299	10,418	(8,398)	166,295	3,194,614
Total	25,595,982	42,624	(52,328)	560,505	26,146,783
Corrections					
Central Management	10,179,627		(11,291)		
Personnel-Salary and Benefits				(275,646)	
Contracted Professional Services				(64,713)	
Legal Services				236,921	
Assistance and Grants				(5,000)	
Operating Supplies and Expenses				52,999	
Capital Purchases and Equipment				(14,400)	
	10,179,627	-	(11,291)	(69,839)	10,098,497
Parole Board	1,338,481		(2,010)		
Personnel-Salary and Benefits				96,150	
Contracted Professional Services				(11,009)	
Operating Supplies and Expenses				(830)	
	1,338,481	-	(2,010)	84,311	1,420,782
Custody and Security	133,857,240		(164,705)		
Personnel-Salary and Benefits				(1,073,758)	
RIBCO Arbitration Settlement				3,875,998	
SCAAP Adjustment to federal funds				(178,861)	
Contracted Professional Services				(17,997)	
Operating Supplies and Expenses				(263,331)	
Capital Purchases and Equipment				19,628	
Grants-Inmate Payroll				212,655	
	133,857,240	-	(164,705)	2,574,334	136,266,869
Institutional Support	15,822,911		(8,823)		
Personnel-Salary and Benefits				(266,640)	
Contracted Professional Services				(51,902)	
Operating Supplies and Expenses				(132,340)	
Capital Purchases and Equipment					
	15,822,911	-	(8,823)	(450,882)	15,363,206
Institutional Based Rehab/Pop Management	11,599,533		(9,715)		
Personnel-Salary and Benefits				154,564	
Transfer of MMAT program to BHDDH				(2,000,000)	
Contracted Professional Services				(40,368)	
Operating Supplies and Expenses				19,558	
Capital Purchases and Equipment					
	11,599,533	-	(9,715)	(1,866,246)	9,723,572

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Healthcare Services	21,909,573		(15,877)		
Personnel-Salary and Benefits				(33,699)	
Contracted Professional Services				108,527	
Contracted Prof. Services Lab Testing				53,000	
Medical Contracts				998,689	
Operating Supplies and Expenses				166,189	
	21,909,573		(15,877)	1,292,706	23,186,402
Community Corrections	16,993,141		(23,281)		
Personnel-Salary and Benefits				323,751	
Contracted Professional Services				(1,912)	
Operating Supplies and Expenses				(13,902)	
Capital Purchases and Equipment				12,673	
	16,993,141	-	(23,281)	320,610	17,290,470
Total	211,700,506	-	(235,702)	1,884,994	213,349,798
Judiciary					
Supreme Court	27,510,065		(43,487)		
Personnel-Salary and Benefits				570,235	
All Other Operating				308,985	
All Other Consultant				107,880	
Judges Pensions/Other grants				(2,000)	
Defense of Indigents	3,784,406			-	
	31,294,471	-	(43,487)	985,100	32,236,084
Superior Court	22,807,060		(30,345)		
Personnel-Salary and Benefits				118,650	
Contracted Professional Services				5,100	
Operating Supplies and Expenses				(27,573)	
Judges Pensions/Other grants				19,798	
	22,807,060	-	(30,345)	115,975	22,892,690
Family Court	21,495,610		(29,317)		
Personnel-Salary and Benefits				(1,047,266)	
Contracted Professional Services				40,100	
Operating Supplies and Expenses				(12,785)	
Judges Pensions/Other grants				(2,911)	
	21,495,610	-	(29,317)	(1,022,862)	20,443,431
District Court	11,865,905		(17,431)		
Personnel-Salary and Benefits				566,157	
Contracted Professional Services				45,000	
Operating Supplies and Expenses				(25,829)	
Judges Pensions/Other grants				(5,898)	
	11,865,905	-	(17,431)	579,430	12,427,904
Traffic Tribunal	9,018,180		(12,281)		
Personnel-Salary and Benefits				(78,151)	
Contracted Professional Services				20,000	
Operating Supplies and Expenses				(2,256)	
Judges Pensions/Other grants				(2,500)	
	9,018,180	-	(12,281)	(62,907)	8,942,992
Judicial Tenure and Discipline	124,865		(188)	(188)	124,489
	124,865		(188)	(188)	124,489
Total	96,606,091	-	(133,049)	594,548	97,067,590

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Military Staff					
National Guard	2,659,719	25,366			
Personnel-Salary and Benefits			(1,300)	(16,646)	
Contracted Professional Services				(13,407)	
Operating Supplies and Expenses			(56,444)	(15,983)	
Assistance and Grants				(1,400)	
Capital Purchases and Equipment				46,436	
Total	2,659,719	25,366	(57,744)	(1,000)	2,626,341
Emergency Management	1,848,876				
Personnel-Salary and Benefits			(1,028)	(11,937)	
Contracted Professional Services				11,937	
Total	1,848,876	-	(1,028)	-	1,847,848
Public Safety					
Central Management	1,407,618				
Personnel-Salary and Benefits			(2,540)	251,722	
Contracted Professional Services				101,767	
Operating Supplies and Expenses				99,853	
Capital Purchases and Equipment				13,326	
	1,407,618	-	(2,540)	466,668	1,871,746
E-911 Emergency Telephone System	5,699,440				
Personnel-Salary and Benefits			(5,951)	(55,349)	
Contracted Professional Services					
Operating Supplies and Expenses			(4,162)	(30,114)	
Capital Purchases and Equipment				30,000	
	5,699,440	-	(10,113)	(55,463)	5,633,864
State Fire Marshal	3,248,953				
Personnel-Salary and Benefits			(3,292)	107,220	
Contracted Professional Services					
Operating Supplies and Expenses				53,432	
Capital Purchases and Equipment					
	3,248,953	-	(3,292)	160,652	3,406,313
Security Services	23,162,912				
Personnel-Salary and Benefits			(17,192)	475,639	
Contracted Professional Services					
Operating Supplies and Expenses				(43,886)	
Assistance & Grants					
Capital Purchases and Equipment					
	23,162,912	-	(17,192)	431,753	23,577,473
Municipal Police Training Academy	263,746				
Personnel-Salary and Benefits			(326)	88	
Contracted Professional Services					
Operating Supplies and Expenses				(727)	
	263,746	-	(326)	(639)	262,781
State Police	65,659,479				
Personnel-Salary and Benefits			(6,803)	1,253,896	
Contracted Professional Services				(9,000)	
Operating Supplies and Expenses			1,585	(86,170)	
State Trooper Pensions/ Assistance & Grants					
Capital Purchases and Equipment					
	65,659,479	-	(5,218)	1,158,726	66,812,987

Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Distribution of Statewide Savings	Other Projected Changes	FY 2017 Projected Expenditures
Total	99,442,148	-	(38,681)	2,161,697	101,565,164
Office Of Public Defender	11,784,382		(16,174)		
Personnel-Salary and Benefits					
Contracted Professional Services					
Operating Supplies and Expenses					
	11,784,382	-	(16,174)	-	11,768,208
Sub-Total Public Safety	449,637,704	67,990	(534,706)	5,200,744	454,371,732
<u>Natural Resources</u>					
Environmental Management					
Office of the Director	5,165,334				
Personnel-Salary and Benefits			(1,034)	275,930	
Contracted Professional Services				300	
Operating Supplies and Expenses				75,976	
Microsoft 365 licenses					
	5,165,334	-	(1,034)	352,206	5,516,506
Natural Resources	21,124,014				
Personnel-Salary and Benefits			(25,842)	(135,165)	
Contracted Professional Services				12,130	
Operating Supplies and Expenses/Capital Purchases			(15,948)	116,579	
Assistance & Grants: Payments to Host Communities				58,522	
Capital Purchases and Equipment				(2,425)	
	21,124,014	-	(41,790)	49,641	21,131,865
Environmental Protection	13,917,429				
Personnel-Salary and Benefits			(17,606)	(252,807)	
Operating Supplies and Expenses/Capital Purchases				(437)	
Assistance & Grants				(1,999,500)	
	13,917,429	-	(17,606)	(2,252,744)	11,647,079
Total	40,206,777	-	(60,430)	(1,850,897)	38,295,450
Coastal Resources Management Council					
Personnel-Salary and Benefits	2,452,438				2,500,547
Environmental Services	2,306,313		(3,652)	39,671	2,342,332
Other Contracted Professional Services	-			15,000	15,000
Operating Supplies and Expenses/Capital Purchases	140,770			(2,110)	138,660
	5,355			(800)	4,555
Total	2,452,438	-	(3,652)	51,761	2,500,547
Sub-Total Environment	42,659,215	-	(64,082)	(1,799,136)	40,795,997
Statewide General Revenue Total	3,683,715,867	7,848,853	(1,178,802)	10,019,057	3,700,404,975

Table 2 - Summary of Changes to FY 2017 Enacted General Revenue Expenditures

	FY 2017 Enacted	Reappropriation	Distribution of Statewide Medical Savings	Other Projected Changes	Total Projected Changes	FY 2017 Projected Expenditures	Change From Enacted (Surplus)/Deficit
General Government							
Administration	237,083,518	680,747	(88,885)	(8,003,908)	(7,412,046)	229,671,472	(7,412,046)
Business Regulation	10,583,452	59,772	(15,321)	(6,675)	37,776	10,621,228	37,776
Labor and Training	8,212,636	-	(4,979)	(67,861)	(72,840)	8,139,796	(72,840)
Department of Revenue	113,893,951	137,340	(43,562)	(3,105,081)	(3,011,303)	110,882,648	(3,011,303)
Legislature	41,052,730	6,270,101	(50,536)	(1,336,005)	4,883,560	45,936,290	4,883,560
Lieutenant Governor	1,079,576	-	(1,464)	(24,824)	(26,288)	1,053,288	(26,288)
Secretary of State	10,281,051	-	(8,655)	(351,522)	(360,177)	9,920,874	(360,177)
General Treasurer	2,736,231	-	(3,187)	-	(3,187)	2,733,044	(3,187)
Board of Elections	1,982,707	11,500	(1,360)	75,829	85,969	2,068,676	85,969
Rhode Island Ethics Commission	1,653,383	-	(2,325)	(19,448)	(21,773)	1,631,610	(21,773)
Governor's Office	5,091,069	292,000	(7,587)	-	284,413	5,375,482	284,413
Commission for Human Rights	1,258,128	-	(1,611)	(8,914)	(10,525)	1,247,603	(10,525)
Executive Office of Commerce	55,574,117	69,116	(2,968)	94,947	161,095	55,735,212	161,095
Public Utilities Commission	-	-	-	-	-	-	-
Subtotal - General Government	490,482,549	7,520,576	(232,440)	(12,753,462)	(5,465,326)	485,017,223	(5,465,326)
Human Services							
Office of Health & Human Services	936,987,012	258,064	(19,997)	8,134,961	8,373,028	945,360,040	8,373,028
Children, Youth, and Families	151,773,764	-	(73,981)	4,596,548	4,522,567	156,296,331	4,522,567
Health	25,931,822	-	(32,587)	100,000	67,413	25,999,235	67,413
Human Services	97,636,314	-	(68,153)	(4,420,544)	(4,488,697)	93,147,617	(4,488,697)
Behavioral Healthcare, Developmental Disabilities & Hosp	173,184,239	-	(80,204)	8,617,872	8,537,668	181,721,907	8,537,668
Office of the Child Advocate	650,582	-	(957)	(14,084)	(15,041)	635,541	(15,041)
Comm. on Deaf & Hard of Hearing	477,746	-	(604)	(16,492)	(17,096)	460,650	(17,096)
Governor's Commission on Disabilities	412,547	-	(580)	8,629	8,049	420,596	8,049
Office of the Mental Health Advocate	542,009	2,223	(829)	5,870	7,264	549,273	7,264
Subtotal - Human Services	1,387,596,035	260,287	(277,892)	17,012,760	16,995,155	1,404,591,190	16,995,155
Education							
Elementary and Secondary	1,112,847,293	-	(65,571)	155,637	90,066	1,112,937,359	90,066
Higher Education	196,357,528	-	-	2,252,895	2,252,895	198,610,423	2,252,895
RI Council on the Arts	1,951,884	-	(1,111)	(11,405)	(12,516)	1,939,368	(12,516)
RI Atomic Energy Commission	981,100	-	(1,418)	-	(1,418)	979,682	(1,418)
Historical Preservation & Heritage Comm	1,202,559	-	(1,582)	(38,976)	(40,558)	1,162,001	(40,558)
Subtotal - Education	1,313,340,364	-	(69,682)	2,358,151	2,288,469	1,315,628,833	2,288,469
Public Safety							
Attorney General	\$25,595,982	42,624	(\$52,328)	560,505	550,801	26,146,783	550,801
Corrections	211,700,506	-	(235,702)	1,884,994	1,649,292	213,349,798	1,649,292
Judicial	96,606,091	-	(133,049)	594,548	461,499	97,067,590	461,499
Military Staff	2,659,719	25,366	(57,744)	(1,000)	(33,378)	2,626,341	(33,378)
Emergency Management	1,848,876	-	(1,028)	-	(1,028)	1,847,848	(1,028)
Public Safety	99,442,148	-	(38,681)	2,161,697	2,123,016	101,565,164	2,123,016
Office Of Public Defender	11,784,382	-	(16,174)	-	(16,174)	11,768,208	(16,174)
Subtotal - Public Safety	449,637,704	67,990	(534,706)	5,200,744	4,734,028	454,371,732	4,734,028
Environmental Management	40,206,777	-	(60,430)	(1,850,897)	(1,911,327)	38,295,450	(1,911,327)
Coastal Resources Management Council	2,452,438	-	(3,652)	51,761	48,109	2,500,547	48,109
Subtotal - Natural Resources	42,659,215	-	(64,082)	(1,799,136)	(1,863,218)	40,795,997	(1,863,218)
Total	3,683,715,867	7,848,853	(1,178,802)	10,019,057	16,689,108	3,700,404,975	16,689,108

Appendix C
Aid to Cities and
Towns

Formula Aid to Cities and Towns

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 2017 revised budget is funded at \$42.0 million and the FY 2018 proposed budget at \$45.2 million which fully funds the aid program at 27.0 percent in FY 2018. 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 an appropriation of \$12.4 million in FY 2017 revised and is level funded for FY 2018 proposed. The town of Johnston is qualifying for the Distressed Communities Relief Fund in FY 2018. In a year that a municipality newly enters the aid program, it receives 50 percent of current law requirements the first year it qualifies. The city of Cranston is falling out of the program for FY 2018. When any community falls out of the Distressed Communities Relief Fund, it shall receive a one-time payment of 50 percent of the prior year requirement exclusive of any reduction for first year qualification.

The FY 2018 proposed budget continues to provide funding for the **Property Valuation Statistical Update Program**, which partially reimburses cities and towns for legislatively mandated real property valuation statistical updates on a per parcel basis. Funding for FY 2017 revised is estimated at \$559,901. The proposed FY 2018 funding is \$937,228 for the estimated cost of reimbursement and will be updated as communities' contract for statistical update services are received.

Funding for **Aid to Local Libraries** is at \$9.4 million in FY 2017 revised and level funded in FY 2018 proposed. In addition, funding for library construction aid is provided at \$2.2 million in FY 2017 revised and \$2.3 million in FY 2018 proposed 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 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 in the FY 2017 revised and FY 2018 proposed budgets to support this program is \$10.0 million. Data used to determine distribution amounts for FY 2017 revised are an estimate based on FY 2016 data and will be updated once finalized motor vehicle tax rolls are processed in the spring of 2017. Data used to determine distribution amounts for the FY 2018 proposed budget is an estimate based on FY 2016 data and will change once finalized December 31, 2016 motor vehicle tax rolls are received and processed in the fall of 2017.

The **Public Service Corporation Tax** is for certain 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 disbursements for FY 2017 revised total \$13.6 million. FY 2018 proposed is a level funded estimate based on FY 2017 data and will change once 12/31/16 tax data is received and processed in the spring of 2017.

Formula Aid to Cities and Towns

The 1986 General Assembly enacted the **Local Hotel 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 2017 revised, a combined amount is provided at \$10.5 million. For the FY 2018 proposed budget, the amount is estimated to be \$10.7 million. Effective July 1, 2015, the hotel tax base was expanded to include the rental of rooms by online travel companies and hosting platforms; and the rental of vacation homes by realtors and home owners. Data from FY 2016 on include revenues from these expansions.

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 \$27.2 million in FY 2017 revised and \$28.9 million in FY 2018 proposed.

Summary of Formula Aid to Cities and Towns

	FY 2015 Actual	FY 2016 Actual	FY 2017 Revised	FY 2018 Recommend
Public Service Corporation Tax	14,265,427	13,014,620	13,559,647	13,559,647
Meals and Beverage Tax	23,647,015	25,177,125	27,197,299	28,896,396
Hotel Tax (2.25%)	7,416,513	9,667,861	10,507,585	10,660,564
Payment In Lieu of Taxes (PILOT)	40,080,409	40,080,409	41,979,103	45,205,606
Total Miscellaneous Aid	85,409,364	87,940,015	93,243,634	98,322,213
Incentive Aid	5,029,724	4,999,098	137,340	-
Total Incentive State Aid to Cities and Towns	5,029,724	4,999,098	137,340	-
Dist. Comm. - General Appropriation	10,384,458	10,384,458	12,384,458	12,384,458
Total Distressed Communities Aid	\$10,384,458	\$10,384,458	\$12,384,458	\$12,384,458
Motor Vehicle Tax Phase-out Program ¹	10,000,000	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	\$10,000,000
Subtotal Formula Aid - All Sources	\$110,823,546	\$113,323,571	\$115,765,432	\$120,706,671
Percent Change from prior year	7.70%	2.26%	2.15%	4.27%
Resource Sharing & Library Aid ²	8,773,398	8,773,398	9,362,072	9,362,072
Library Construction Aid	2,331,590	2,663,300	2,223,220	2,320,288
Total Library Aid	11,104,988	11,436,698	11,585,292	11,682,360
Property Revaluation Program	696,500	1,384,250	559,901	938,200
Total Other Aid	\$696,500	\$1,384,250	\$559,901	\$938,200
Total Aid	\$122,625,034	\$126,144,519	\$127,910,625	\$133,327,231
Percent Change from prior year	7.00%	2.87%	1.40%	4.23%

¹ Amounts for the Motor Vehicle Excise Tax represent final payments due each community based upon the exemption amounts in effect for the 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 2017 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	FY 2017 Total Appropriated State Aid
Barrington	15,995		374,284	217,477	607,756.36
Bristol	954,792		185,859	94,294	1,234,945
Burrillville	145,198		165,414	200,798	511,410
Central Falls	24,507	223,894	30,523	96,208	375,132
Charlestown			51,221	44,097	95,319
Coventry			244,374	244,791	489,165
Cranston	5,322,139	1,341,001	595,274	1,005,084	8,263,498
Cumberland	135		287,647	247,485	535,268
East Greenwich	434,980		134,295	81,417	650,692
East Providence	248,601	817,097	422,447	501,297	1,989,442
Exeter			52,087	92,110	144,197
Foster			34,462	72,955	107,416
Glocester			78,763	102,420	181,183
Hopkinton			36,298	69,295	105,592
Jamestown			115,055	22,042	137,097
Johnston			122,211	422,637	544,847
Lincoln			210,541	198,583	409,124
Little Compton			36,397	12,896	49,293
Middletown			147,598	63,006	210,603
Narragansett			153,079	60,810	213,889
Newport	1,357,719		417,539	77,989	1,853,247
New Shoreham			88,318	6,714	95,032
North Kingstown	1,737		293,678	185,691	481,106
North Providence		1,032,992	192,234	389,770	1,614,996
North Smithfield			78,789	177,990	256,780
Pawtucket	554,958	1,523,936	384,468	794,500	3,257,863
Portsmouth			116,931	84,669	201,600
Providence	30,137,743	5,604,286	1,284,092	1,882,415	38,908,536
Richmond			27,268	65,687	92,955
Scituate			104,517	68,633	173,151
Smithfield	710,097		298,995	255,759	1,264,851
South Kingstown	198,218		225,653	139,730	563,601
Tiverton			116,085	59,170	175,255
Warren			57,784	92,183	149,967
Warwick	1,712,951		739,844	964,536	3,417,332
Westerly	159,333		318,145	216,507	693,985
West Greenwich			32,312	54,390	86,702
West Warwick		891,916	162,630	231,779	1,286,325
Woonsocket		949,336	181,300	402,183	1,532,819
Subtotal	\$41,979,103	\$12,384,458	\$8,598,411	\$10,000,000	\$72,961,972
Reappropriation of FY 2016					
Funds to be distributed in FY					
2017					
Johnston ⁽²⁾					137,340
Statewide Reference Library Resource Grant			701,052		701,052
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,223,220		2,223,220
Total	\$41,979,103	\$12,384,458	\$11,585,292	\$10,000,000	\$76,086,193

(1) Estimate as of 6/22/16. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2016.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2017 Enacted Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾⁽²⁾	Meals and Beverage Tax ⁽²⁾	FY 2017 Total Shared Taxes State Aid	FY 2017 Total Shared & Appropriated Aid
Barrington	209,719	4,840	183,483	398,042	1,005,799
Bristol	289,577	59,677	448,119	797,373	2,032,318
Burrillville	207,376	1,543	225,587	434,507	945,916
Central Falls	249,834	1,029	134,887	385,751	760,883
Charlestown	100,263	91,778	166,672	358,714	454,033
Coventry	450,490	109,954	447,344	1,007,788	1,496,953
Cranston	1,038,680	17,681	1,951,012	3,007,373	11,270,872
Cumberland	436,817	-	512,209	949,027	1,484,295
East Greenwich	168,882	4,480	688,240	861,602	1,512,294
East Providence	607,219	57,809	1,026,268	1,691,296	3,680,738
Exeter	85,909	514	104,093	190,516	334,713
Foster	59,761	248	18,070	78,080	185,496
Glocester	126,732	3,873	81,879	212,484	393,667
Hopkinton	104,846	953	54,912	160,711	266,303
Jamestown	70,086	58,021	106,505	234,613	371,710
Johnston	373,181	11,474	619,808	1,004,463	1,549,311
Lincoln	274,218	124,518	919,942	1,318,677	1,727,801
Little Compton	44,943	40,638	50,513	136,094	185,387
Middletown	207,028	909,244	741,717	1,857,988	2,068,592
Narragansett	203,230	367,009	664,961	1,235,200	1,449,089
Newport	316,689	2,447,367	2,358,218	5,122,274	6,975,522
New Shoreham	11,497	383,715	361,084	756,296	851,328
North Kingstown	339,927	118,283	578,417	1,036,627	1,517,733
North Providence	414,648	1,029	371,726	787,403	2,402,399
North Smithfield	155,854	4,327	276,302	436,483	693,262
Pawtucket	918,089	64,679	861,293	1,844,060	5,101,923
Portsmouth	223,391	39,705	204,191	467,287	668,887
Providence	2,298,821	2,165,580	5,616,810	10,081,211	48,989,747
Richmond	98,461	5,087	157,029	260,577	353,532
Scituate	134,071	7,416	77,943	219,430	392,581
Smithfield	276,509	182,560	773,057	1,232,126	2,496,977
South Kingstown	393,252	233,690	869,329	1,496,271	2,059,872
Tiverton	203,475	9,739	240,947	454,161	629,416
Warren	135,886	6,384	308,112	450,382	600,349
Warwick	1,056,511	1,255,940	3,029,183	5,341,634	8,758,966
Westerly	292,589	661,737	908,162	1,862,488	2,556,473
West Greenwich	78,764	109,220	155,967	343,951	430,652
West Warwick	372,833	132,307	385,132	890,273	2,176,598
Woonsocket	529,588	63,190	563,603	1,156,381	2,689,200
Subtotal	\$13,559,647	\$9,757,240	\$27,242,729	\$50,559,616	\$123,521,587
Reappropriation of FY 2016					
Funds to be distributed in FY					
2017					
Johnston ⁽³⁾					137,340
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,223,220
Total	\$13,559,647	\$9,757,240	\$27,242,729	\$50,559,616	\$126,645,808

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2017 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	FY 2017 Total Appropriated State Aid
Barrington	15,995		374,284	217,477	607,756.36
Bristol	954,792		185,859	94,294	1,234,945
Burrillville	145,198		165,414	200,798	511,410
Central Falls	24,507	223,894	30,523	96,208	375,132
Charlestown			51,221	44,097	95,319
Coventry			244,374	244,791	489,165
Cranston	5,322,139	1,341,001	595,274	1,005,084	8,263,498
Cumberland	135		287,647	247,485	535,268
East Greenwich	434,980		134,295	81,417	650,692
East Providence	248,601	817,097	422,447	501,297	1,989,442
Exeter			52,087	92,110	144,197
Foster			34,462	72,955	107,416
Glocester			78,763	102,420	181,183
Hopkinton			36,298	69,295	105,592
Jamestown			115,055	22,042	137,097
Johnston			122,211	422,637	544,847
Lincoln			210,541	198,583	409,124
Little Compton			36,397	12,896	49,293
Middletown			147,598	63,006	210,603
Narragansett			153,079	60,810	213,889
Newport	1,357,719		417,539	77,989	1,853,247
New Shoreham			88,318	6,714	95,032
North Kingstown	1,737		293,678	185,691	481,106
North Providence		1,032,992	192,234	389,770	1,614,996
North Smithfield			78,789	177,990	256,780
Pawtucket	554,958	1,523,936	384,468	794,500	3,257,863
Portsmouth			116,931	84,669	201,600
Providence	30,137,743	5,604,286	1,284,092	1,882,415	38,908,536
Richmond			27,268	65,687	92,955
Scituate			104,517	68,633	173,151
Smithfield	710,097		298,995	255,759	1,264,851
South Kingstown	198,218		225,653	139,730	563,601
Tiverton			116,085	59,170	175,255
Warren			57,784	92,183	149,967
Warwick	1,712,951		739,844	964,536	3,417,332
Westerly	159,333		318,145	216,507	693,985
West Greenwich			32,312	54,390	86,702
West Warwick		891,916	162,630	231,779	1,286,325
Woonsocket		949,336	181,300	402,183	1,532,819
Subtotal	\$41,979,103	\$12,384,458	\$8,598,411	\$10,000,000	\$72,961,972
Reappropriation of FY 2016					
Funds to be distributed in FY					
2017					
Johnston ⁽²⁾					137,340
Statewide Reference Library Resource Grant			701,052		701,052
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,223,220		2,223,220
Total	\$41,979,103	\$12,384,458	\$11,585,292	\$10,000,000	\$76,086,193

(1) Estimate as of 6/22/16. Subject to change once finalized motor vehicle tax rolls are processed in the spring of 2017.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2017 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾⁽²⁾	Meals and Beverage Tax ⁽²⁾	FY 2017 Total Shared Taxes State Aid	FY 2017 Total Shared & Appropriated Aid
Barrington	209,719	1,131	182,745	393,595	1,001,351
Bristol	289,577	49,785	472,049	811,411	2,046,356
Burrillville	207,376	-	201,219	408,594	920,004
Central Falls	249,834	125	129,109	379,068	754,201
Charlestown	100,263	59,564	167,344	327,171	422,490
Coventry	450,490	113,054	412,792	976,335	1,465,500
Cranston	1,038,680	19,411	1,898,481	2,956,573	11,220,071
Cumberland	436,817	-	501,532	938,350	1,473,618
East Greenwich	168,882	1,750	717,530	888,162	1,538,854
East Providence	607,219	59,733	1,016,671	1,683,623	3,673,066
Exeter	85,909	62	106,243	192,213	336,410
Foster	59,761	174	18,993	78,928	186,345
Glocester	126,732	2,689	79,817	209,239	390,421
Hopkinton	104,846	1,189	55,281	161,317	266,909
Jamestown	70,086	24,558	97,881	192,526	329,623
Johnston	373,181	9,784	619,224	1,002,189	1,547,037
Lincoln	274,218	120,139	830,688	1,225,044	1,634,168
Little Compton	44,943	7,586	60,643	113,172	162,465
Middletown	207,028	975,936	768,356	1,951,320	2,161,923
Narragansett	203,230	203,610	704,121	1,110,961	1,324,850
Newport	316,689	2,872,545	2,399,673	5,588,908	7,442,155
New Shoreham	11,497	702,190	382,472	1,096,158	1,191,190
North Kingstown	339,927	94,827	588,906	1,023,660	1,504,767
North Providence	414,648	28	368,893	783,570	2,398,566
North Smithfield	155,854	3,742	332,869	492,465	749,244
Pawtucket	918,089	50,975	860,137	1,829,201	5,087,064
Portsmouth	223,391	23,632	243,377	490,400	692,000
Providence	2,298,821	2,270,366	5,570,941	10,140,128	49,048,664
Richmond	98,461	4,579	149,928	252,968	345,923
Scituate	134,071	7,829	67,860	209,760	382,911
Smithfield	276,509	196,653	833,263	1,306,426	2,571,277
South Kingstown	393,252	210,758	883,165	1,487,174	2,050,775
Tiverton	203,475	1,290	239,276	444,041	619,296
Warren	135,886	2,109	377,395	515,390	665,357
Warwick	1,056,511	1,369,291	2,872,428	5,298,230	8,715,562
Westerly	292,589	706,203	924,908	1,923,700	2,617,685
West Greenwich	78,764	120,834	145,540	345,138	431,839
West Warwick	372,833	151,535	368,425	892,793	2,179,118
Woonsocket	529,588	67,917	547,126	1,144,631	2,677,450
Subtotal	\$13,559,647	\$10,507,585	\$27,197,299	\$51,264,531	\$124,226,502
Reappropriation of FY 2016					
Funds to be distributed in FY 2017					
Johnston ⁽³⁾					137,340
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,223,220
Total	\$13,559,647	\$10,507,585	\$27,197,299	\$51,264,531	\$127,350,723

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2017 Revised vs. FY 2017 Enacted

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	Total Appropriated Difference
Barrington	-	-	-	-	-
Bristol	-	-	-	-	-
Burrillville	-	-	-	-	-
Central Falls	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Exeter	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	-	-	-	-
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warren	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Greenwich	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Subtotal	\$0	\$0	\$0	\$0	\$0
Reappropriation of FY 2016					
Funds to be distributed in FY					
2017					
Johnston (2)					-
Statewide Reference Library Resource Grant			-		-
Grant-In-Aid to Institutional Libraries			-		-
Library Construction Reimbursement			-		-
Total	\$0	\$0	\$0	\$0	\$0

(1) Estimate as of 6/22/16. Subject to change once finalized motor vehicle tax rolls are processed in the spring of 2017.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2017 Revised vs. FY 2017 Enacted

City or Town	Public Service Corporation Tax	Hotel Tax (1)(2)	Meals and Beverage Tax (2)	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	(3,709)	(739)	(4,448)	(4,448)
Bristol	-	(9,892)	23,930	14,038	14,038
Burrillville	-	(1,543)	(24,369)	(25,912)	(25,912)
Central Falls	-	(904)	(5,779)	(6,682)	(6,682)
Charlestown	-	(32,214)	671	(31,543)	(31,543)
Coventry	-	3,100	(34,553)	(31,453)	(31,453)
Cranston	-	1,730	(52,531)	(50,801)	(50,801)
Cumberland	-	-	(10,677)	(10,677)	(10,677)
East Greenwich	-	(2,730)	29,290	26,560	26,560
East Providence	-	1,924	(9,597)	(7,672)	(7,672)
Exeter	-	(452)	2,150	1,697	1,697
Foster	-	(74)	923	849	849
Glocester	-	(1,184)	(2,062)	(3,246)	(3,246)
Hopkinton	-	236	369	606	606
Jamestown	-	(33,463)	(8,624)	(42,087)	(42,087)
Johnston	-	(1,690)	(584)	(2,274)	(2,274)
Lincoln	-	(4,379)	(89,254)	(93,633)	(93,633)
Little Compton	-	(33,052)	10,130	(22,922)	(22,922)
Middletown	-	66,692	26,640	93,332	93,332
Narragansett	-	(163,398)	39,160	(124,239)	(124,239)
Newport	-	425,179	41,455	466,633	466,633
New Shoreham	-	318,474	21,388	339,862	339,862
North Kingstown	-	(23,456)	10,489	(12,966)	(12,966)
North Providence	-	(1,001)	(2,833)	(3,833)	(3,833)
North Smithfield	-	(584)	56,566	55,982	55,982
Pawtucket	-	(13,703)	(1,156)	(14,859)	(14,859)
Portsmouth	-	(16,074)	39,186	23,112	23,112
Providence	-	104,786	(45,869)	58,917	58,917
Richmond	-	(508)	(7,101)	(7,609)	(7,609)
Scituate	-	412	(10,083)	(9,671)	(9,671)
Smithfield	-	14,093	60,206	74,299	74,299
South Kingstown	-	(22,933)	13,835	(9,097)	(9,097)
Tiverton	-	(8,449)	(1,671)	(10,120)	(10,120)
Warren	-	(4,275)	69,282	65,007	65,007
Warwick	-	113,352	(156,755)	(43,404)	(43,404)
Westerly	-	44,466	16,746	61,212	61,212
West Greenwich	-	11,614	(10,427)	1,187	1,187
West Warwick	-	19,228	(16,708)	2,520	2,520
Woonsocket	-	4,726	(16,477)	(11,751)	(11,751)
Subtotal	\$0	\$750,345	(\$45,430)	\$704,915	\$704,915
Reappropriation of FY 2016 Funds to be distributed in FY 2017 Johnston (3)					-
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					-
Total	\$0	\$750,345	(\$45,430)	\$704,915	\$704,915

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2018 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption (1)	FY 2018 Total Appropriated State Aid
Barrington	16,157		380,070	217,477	613,704.16
Bristol	1,035,981		187,103	94,294	1,317,378
Burrillville	97,322		170,118	200,798	468,238
Central Falls	25,295	225,398	27,075	96,208	373,976
Charlestown			50,815	44,097	94,912
Coventry			238,140	244,791	482,931
Cranston	5,287,952	1,341,001	582,746	1,005,084	8,216,783
Cumberland	135		285,364	247,485	532,984
East Greenwich	459,869		132,321	81,417	673,607
East Providence	243,053		415,613	501,297	1,159,963
Exeter			52,931	92,110	145,041
Foster			34,371	72,955	107,326
Glocester			77,938	102,420	180,358
Hopkinton			35,323	69,295	104,618
Jamestown			126,828	22,042	148,870
Johnston		601,333	124,168	422,637	1,148,138
Lincoln			203,414	198,583	401,997
Little Compton			35,067	12,896	47,963
Middletown			145,593	63,006	208,599
Narragansett			191,652	60,810	252,462
Newport	1,405,248		411,403	77,989	1,894,640
New Shoreham			74,303	6,714	81,017
North Kingstown	1,712		282,085	185,691	469,488
North Providence		1,030,137	202,114	389,770	1,622,021
North Smithfield			78,305	177,990	256,295
Pawtucket	554,958	1,539,903	409,155	794,500	3,298,516
Portsmouth			113,853	84,669	198,522
Providence	33,303,459	5,797,634	1,265,199	1,882,415	42,248,707
Richmond			26,001	65,687	91,688
Scituate			104,815	68,633	173,448
Smithfield	718,669		294,639	255,759	1,269,067
South Kingstown	204,036		218,810	139,730	562,576
Tiverton			123,043	59,170	182,213
Warren			56,598	92,183	148,781
Warwick	1,690,561		739,962	964,536	3,395,059
Westerly	161,199		318,791	216,507	696,497
West Greenwich			33,299	54,390	87,689
West Warwick		924,370	162,506	231,779	1,318,655
Woonsocket		924,681	186,880	402,183	1,513,744
Subtotal	\$45,205,606	\$12,384,458	\$8,598,411	\$10,000,000	\$76,188,475
Statewide Reference Library Resource Grant			701,052		701,052
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,322,059		2,322,059
Total	\$45,205,606	\$12,384,458	\$11,684,131	\$10,000,000	\$79,274,195

(1) Estimate as of 1/6/17. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2017.

Fiscal Year 2018 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax (1)	Hotel Tax (2) (3)	Meals and Beverage Tax (3)	FY 2018 Total Shared Taxes State Aid	FY 2018 Total Shared & Appropriated Aid
Barrington	209,719	1,131	194,161	405,011	1,018,715
Bristol	289,577	53,444	501,539	844,560	2,161,938
Burrillville	207,376	-	213,789	421,165	889,403
Central Falls	249,834	125	137,175	387,134	761,110
Charlestown	100,263	59,523	177,798	337,584	432,496
Coventry	450,490	116,310	438,580	1,005,379	1,488,311
Cranston	1,038,680	19,577	2,017,085	3,075,342	11,292,126
Cumberland	436,817	-	532,865	969,682	1,502,667
East Greenwich	168,882	1,160	762,356	932,398	1,606,006
East Providence	607,219	59,170	1,080,186	1,746,574	2,906,537
Exeter	85,909	28	112,880	198,816	343,857
Foster	59,761	182	20,180	80,123	187,449
Glocester	126,732	2,805	84,803	214,341	394,698
Hopkinton	104,846	1,209	58,735	164,790	269,407
Jamestown	70,086	24,426	103,996	198,509	347,379
Johnston	373,181	10,256	657,909	1,041,345	2,189,483
Lincoln	274,218	125,321	882,583	1,282,122	1,684,119
Little Compton	44,943	7,593	64,431	116,968	164,931
Middletown	207,028	987,413	816,358	2,010,799	2,219,398
Narragansett	203,230	206,281	748,109	1,157,621	1,410,082
Newport	316,689	2,876,320	2,549,588	5,742,597	7,637,238
New Shoreham	11,497	716,245	406,366	1,134,108	1,215,124
North Kingstown	339,927	98,053	625,697	1,063,677	1,533,165
North Providence	414,648	12	391,939	806,600	2,428,621
North Smithfield	155,854	3,925	353,664	513,443	769,738
Pawtucket	918,089	49,731	913,872	1,881,692	5,180,208
Portsmouth	223,391	24,415	258,582	506,388	704,910
Providence	2,298,821	2,314,376	5,918,974	10,532,171	52,780,879
Richmond	98,461	4,803	159,294	262,558	354,246
Scituate	134,071	7,866	72,100	214,037	387,485
Smithfield	276,509	202,292	885,319	1,364,121	2,633,188
South Kingstown	393,252	215,664	938,339	1,547,254	2,109,830
Tiverton	203,475	1,290	254,224	458,989	641,202
Warren	135,886	937	400,972	537,795	686,576
Warwick	1,056,511	1,386,595	3,051,877	5,494,983	8,890,043
Westerly	292,589	731,517	982,690	2,006,796	2,703,292
West Greenwich	78,764	124,254	154,633	357,650	445,339
West Warwick	372,833	156,602	391,441	920,876	2,239,531
Woonsocket	529,588	69,712	581,307	1,180,607	2,694,351
Subtotal	\$13,559,647	\$10,660,564	\$28,896,396	\$53,116,606	\$129,305,081
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,322,059
Total	\$13,559,647	\$10,660,564	\$28,896,396	\$53,116,606	\$132,390,801

(1) Estimate as of 1/6/17 based on FY 2017 data and will change once 12/31/16 data is received and processed in the spring of 2017.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

Changes in Formula Aid - FY 2018 Proposed vs. FY 2017 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	Total Appropriated Difference
Barrington	162	-	5,786	-	5,948
Bristol	81,189	-	1,244	-	82,433
Burrillville	(47,876)	-	4,704	-	(43,172)
Central Falls	788	1,504	(3,448)	-	(1,156)
Charlestown	-	-	(406)	-	(406)
Coventry	-	-	(6,234)	-	(6,234)
Cranston	(34,187)	-	(12,528)	-	(46,715)
Cumberland	-	-	(2,283)	-	(2,283)
East Greenwich	24,889	-	(1,974)	-	22,915
East Providence	(5,548)	(817,097)	(6,834)	-	(829,479)
Exeter	-	-	844	-	844
Foster	-	-	(91)	-	(91)
Glocester	-	-	(825)	-	(825)
Hopkinton	-	-	(975)	-	(975)
Jamestown	-	-	11,773	-	11,773
Johnston	-	601,333	1,957	-	603,290
Lincoln	-	-	(7,127)	-	(7,127)
Little Compton	-	-	(1,330)	-	(1,330)
Middletown	-	-	(2,005)	-	(2,005)
Narragansett	-	-	38,573	-	38,573
Newport	47,529	-	(6,136)	-	41,393
New Shoreham	-	-	(14,015)	-	(14,015)
North Kingstown	(25)	-	(11,593)	-	(11,618)
North Providence	-	(2,855)	9,880	-	7,025
North Smithfield	-	-	(484)	-	(484)
Pawtucket	-	15,967	24,687	-	40,654
Portsmouth	-	-	(3,078)	-	(3,078)
Providence	3,165,716	193,348	(18,893)	-	3,340,172
Richmond	-	-	(1,267)	-	(1,267)
Scituate	-	-	298	-	298
Smithfield	8,572	-	(4,356)	-	4,216
South Kingstown	5,818	-	(6,843)	-	(1,025)
Tiverton	-	-	6,958	-	6,958
Warren	-	-	(1,186)	-	(1,186)
Warwick	(22,390)	-	118	-	(22,272)
Westerly	1,866	-	646	-	2,512
West Greenwich	-	-	987	-	987
West Warwick	-	32,454	(124)	-	32,330
Woonsocket	-	(24,655)	5,580	-	(19,075)
Subtotal	\$3,226,503	\$0	\$0	\$0	\$3,226,503
Reappropriation of FY 2016 Funds to be distributed in FY 2017					
Johnston (2)					(137,340)
Statewide Reference Library Resource Grant			-		-
Grant-In-Aid to Institutional Libraries			-		-
Library Construction Reimbursement			98,839		98,839
Total	\$3,226,503	\$0	\$98,839	\$0	\$3,188,002

(1) Estimate as of 1/6/17. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2017.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 2018 Proposed vs. FY 2017 Revised

City or Town	Public Service Corporation Tax (1)	Hotel Tax (2) (3)	Meals and Beverage Tax (3)	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	11,417	11,417	17,364
Bristol	-	3,659	29,490	33,149	115,582
Burrillville	-	-	12,571	12,571	(30,601)
Central Falls	-	-	8,066	8,066	6,910
Charlestown	-	(41)	10,454	10,413	10,007
Coventry	-	3,256	25,788	29,044	22,811
Cranston	-	166	118,604	118,770	72,054
Cumberland	-	-	31,332	31,332	29,049
East Greenwich	-	(590)	44,826	44,236	67,152
East Providence	-	(564)	63,514	62,951	(766,528)
Exeter	-	(34)	6,637	6,603	7,447
Foster	-	8	1,187	1,195	1,104
Glocester	-	116	4,986	5,102	4,277
Hopkinton	-	19	3,454	3,473	2,498
Jamestown	-	(131)	6,115	5,984	17,756
Johnston	-	471	38,685	39,156	642,446
Lincoln	-	5,183	51,896	57,078	49,952
Little Compton	-	7	3,789	3,796	2,466
Middletown	-	11,477	48,002	59,479	57,474
Narragansett	-	2,671	43,989	46,659	85,232
Newport	-	3,775	149,915	153,690	195,083
New Shoreham	-	14,055	23,894	37,950	23,935
North Kingstown	-	3,226	36,791	40,016	28,399
North Providence	-	(16)	23,046	23,030	30,055
North Smithfield	-	183	20,795	20,978	20,494
Pawtucket	-	(1,245)	53,735	52,491	93,144
Portsmouth	-	784	15,205	15,988	12,910
Providence	-	44,010	348,033	392,043	3,732,215
Richmond	-	224	9,366	9,590	8,323
Scituate	-	38	4,239	4,277	4,575
Smithfield	-	5,639	52,056	57,696	61,912
South Kingstown	-	4,906	55,174	60,080	59,055
Tiverton	-	-	14,948	14,948	21,906
Warren	-	(1,172)	23,577	22,405	21,220
Warwick	-	17,304	179,449	196,753	174,481
Westerly	-	25,314	57,782	83,096	85,608
West Greenwich	-	3,420	9,092	12,512	13,499
West Warwick	-	5,066	23,017	28,083	60,413
Woonsocket	-	1,796	34,181	35,976	16,901
Subtotal	\$0	\$152,979	\$1,699,097	\$1,852,076	\$5,078,579
Reappropriation of FY 2016 Funds to be distributed in FY 2017 Johnston (4)					(137,340)
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					98,839
Total	\$0	\$152,979	\$1,699,097	\$1,852,076	\$5,040,078

(1) Estimate as of 1/6/17 based on FY 2017 data and will change once 12/31/16 data is received and processed in the spring of 2017.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(4) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, 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 \$1.171 billion from all sources of funds, of which \$1.138 billion is from general revenue, in the recommended FY 2018 Budget. Total general revenue financed education aid increases by \$45.5 million from the revised FY 2017 Budget, or 4.2 percent. Total Education Aid is defined to include local public schools, School for the Deaf, Davies Career and Technical School, charter schools, Central Falls School District, the Metropolitan Career and Technical School, support for the State's share of Teacher Retirement and School Housing Aid programs, the textbook expansion program, school breakfast program, aid to the recovery high school, and state support for the E-Rate program.

Fiscal year 2018 represents year seven 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) are 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 – (\$9,163 per student in FY 2018) 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 – (\$3,665 per student in FY 2018) 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, the most recently assessed community property values, and the most recent 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, regional district bonuses, and in FY 2017 two new categoricals for English learners and charter density support. A Central Falls Stabilization Fund was also created to assure that appropriate funding is available to support the district, due to concerns regarding

Education Aid to Local Governments

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. In addition, in FY 2017 the Governor created supplemental funds (stabilization funds) for both Davies Career and Technical High School and the Met School, also discussed in further detail below.

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 2018, the seventh year of formula implementation, the transition periods for underfunded districts will be complete, with three additional years for overfunded districts.

Working Group to Review the Permanent Education Foundation Aid Formula

On October 22, 2015, Governor Gina M. Raimondo issued Executive Order 15-16, establishing the Funding Formula Working Group. The group organized its deliberations around three areas of review: (1) the degree to which the funding formula is meeting the needs of all students and schools, (2) ensuring formula fairness between school types, and (3) the degree to which the formula incorporates best practices in educational funding, efficiency, and innovation. The group issued a draft report on January 14, 2016, including 20 consensus recommendations, with some that would affect the amount of education aid distributed by the state and others that would affect how the local payment of education aid (which is remitted by sending districts to public schools of choice) is calculated.

Conclusions of the Working Group:

English Learners. The working group found that English Learners (ELs) have unique needs and their services are more extensive than general education ones. Further, the group found that while ELs will benefit from additional support through the funding formula, this support should not come at the expense of other educational programs. This led to the establishment of the EL categorical which totals \$2.5 million from general revenue in FY 2018.

Density Aid. The working group found that “fixed and marginal costs are real issues for all schools. Enrollment change affects marginal costs; precipitous or sustained enrollment decline can make this effect significant.” Further, the working group found that student movement to public schools of choice has an effect on school budgets because it results in the transfer of both the state and local funding from the sending school to the new school. This led to the establishment of the Density Aid categorical which totals \$938,900 from general revenue in FY 2018.

High Cost Special Education Categorical. The working group found that “there are wide differences in students’ special education needs and an associated variability in the costs.” Further, the group found that “high-cost special education services have a significant impact on school budgets” and that Rhode Island should consider providing additional support for districts with high-cost special education students. This led to bolstering the High Cost Special Education categorical which totals \$4.5 million in general revenue for FY 2018.

Differences in Expense Profiles of Traditional Districts and Public Schools of Choice. The working group found that “the differences in expenses between charter public schools and traditional districts are largely the result of differences in fundamental nature, regulations, or statute. The differences, in and of themselves, cannot be used as a basis for qualitative judgment of practice.” Further, the group concurred “with the House Study Commission in finding that the critical categories that require adjustment are: (1) pre-school screening and services; (2) ages 18-to-21 pupil services; (3) nonpublic-school services; (4) career & technical education costs; (5) expenses associated with out-of-district placement; (6) retiree health expenses; (7) debt service; and (8) rental costs. The latter two are associated almost exclusively

Education Aid to Local Governments

with charter public schools while the preceding six are associated almost exclusively with traditional districts.” The results of this finding led to the General Assembly passing a new calculation to be used by local districts. Known as “differentiated costs”, local districts are now able to retain either 7.0 percent or a subsequent higher percentage due to the unique costs borne by public schools with respect to charter or state schools.

State School Stabilization Funds. The working group found that “expenditure data indicate that free-standing career & technical education centers unaffiliated with a district are one of the most expensive delivery models. Though more expensive, these centers can provide unique benefits to students.” Towards this end, the Governor recommends categorical Stabilization Funds for the William M. Davies Career and Technical High School and the Metropolitan Regional Career and Technical Center. In FY 2018, the Governor recommends \$3.8 million in total stabilization funding for the two state schools.

The following sections summarize changes to the various aid categories that comprise total FY 2018 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 2018, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and Group Home Aid, increases by \$42.5 million over the revised FY 2017 Budget. The recommended FY 2018 Budget includes a reduction of \$756,863 in Group Home Aid to reflect updated group home bed census figures as of December, 31 2016, when compared to the revised FY 2017 Budget.

One of the primary drivers for the 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.

Moreover, the FY 2018 recommendation continues with year five 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 five current sending communities, Central Falls, Cranston, North Providence, Providence, and Warwick, will see a reduction in state education aid for these 138 students. The Urban Collaborative increases in the Governor’s recommendation by \$275,504 to a total of \$1.4 million in FY 2018. Finally, as required by RIGL 16-7.2-6(d), additional funding for the Central Falls Stabilization Fund is included in the Governor’s FY 2018 Budget. In FY 2018 the Governor recommends \$6.8 million for Central Falls Stabilization Fund, an increase of \$250,726 from the revised FY 2017 Budget, to cover costs outside of those calculated by the education aid funding formula. This is the fourth 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 \$29.1 million in general revenue for FY 2018 (including the proposed stabilization funds for both Davies and the Met), which constitutes an increase of \$868,733 from the revised FY 2017 Budget. Only Davies and the Met fall under the funding formula.

Education Aid to Local Governments

Non-Distributed Aid

Non-distributed aid in FY 2018 increases by \$526,675 from the revised FY 2017 Budget, from \$25.9 million to \$26.4 million. Non-Distributed aid includes the following categories of aid in FY 2018: English learner categorical, density aid, early childhood categorical, transportation categorical, high cost special education categorical, career and technical categorical, nonpublic schools textbook reimbursements, school breakfast funds, recovery high school aid, and the Telecommunications Access (E-Rate) program.

Categorical Funds – Density Aid. The Governor recommends \$938,900 for the density aid categorical, given to districts with greater than or equal to 5.0 percent public school of choice enrollment. This represents a reduction of \$553,325 from general revenue, compared to the FY 2017 enacted (and revised) level. The density aid categorical was designed to decrease over a three year period with a sunset on the completion of FY 2019.

Categorical Funds – English Learners. The Governor recommends \$2.5 million for EL categorical fund, calculated at the level of 10.0 percent of the Core Instruction Amount, applied to students in the most intensive ELs programs. The funds may only be used on evidence-based programs that benefit ELs and its usage will be monitored by the Department of Elementary and Secondary Education. The FY 2018 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount. The Governor recommends the permanence of this categorical.

Categorical Funds – High Cost Special Education. The Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2018, consistent with the FY 2017 enacted (and revised) level. The high cost special education categorical provides financial support to districts that are serving students with extraordinary needs.

Categorical Funds – Early Childhood. The Governor recommends \$6.2 million for the early childhood categorical fund in FY 2018, which is \$1.1 million greater than the FY 2017 enacted (and revised) level. The early childhood education categorical is used to increase access to high quality pre-kindergarten programs. Early childhood categorical funds are distributed through a competitive process for high-quality programs. This increase is part of the overall plan to triple the number of state-sponsored high quality pre-kindergarten classrooms by 2019 and leverages \$6.2 million in federal funds.

Categorical Funds – Transportation. The Governor recommends \$6.4 million for the transportation categorical fund in FY 2018, consistent with the FY 2017 enacted (and revised) level. The transportation categorical is used to reimburse districts for a portion of the cost of transporting students outside their districts. Districts must participate in the statewide transportation system to be eligible. Reimbursement for regional district transportation accounts for approximately half of the categorical.

Categorical Funds – Career and Technical. The Governor recommends \$4.5 million for the career and technical categorical fund in FY 2018, consistent with the FY 2017 enacted (and revised) level. The career and technical categorical fund is used to support start-up for new programs and to offset the higher than average per pupil costs associated with existing career and technical programs. Twenty-one LEAs receive funding from this categorical in varying amounts ranging from an annual average of \$405,000 for free-standing centers to an annual average of \$25,000 for single programs embedded in comprehensive high schools.

E-Rate. The Governor recommends \$400,000 from general revenue for the state E-Rate program in FY 2018, consistent with the FY 2017 enacted (and revised) level. This initiative prevents LEAs from having to allocate additional local resources towards internet services in order to maintain current services. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.

Education Aid to Local Governments

School Breakfast: Per R.I.G.L. 16-8-10.1, all public schools are required to provide a breakfast program and the Department of Education provides a subsidy for each breakfast served to students. The Governor recommends \$270,000 from general revenue for this purpose in FY 2018, consistent with the enacted (and revised) FY 2017 Budget.

Nonpublic Schools – Textbook Reimbursement: Per R.I.G.L. 16-23-3.1, the Department is required to reimburse LEAs for the cost of providing English/language arts and history/social studies textbooks to students in grades K-12 attending nonpublic schools. The Governor recommends \$240,000 from general revenue for this purpose in FY 2018, consistent with the enacted (and revised) FY 2017 Budget.

Recovery High School. The Governor recommend \$500,000 for the State’s recovery high school, consistent with the enacted (and revised) FY 2017 Budget. The high school provides individualized programs to students recovering from substance abuse, supporting both personal recovery and academic achievement.

Other Aid

Other aid in FY 2018 increases by \$1.6 million from general revenue when compared to the revised FY 2017 Budget, increasing from \$179.1 million to \$180.7 million. Other aid includes School Construction Aid and contributions to the Teacher Retirement program.

School Construction. Within the School Housing Aid program, the Governor recommends FY 2018 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal School Housing Aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2. Both subprograms are consistent with the revised FY 2017 Budget.

Teacher Retirement. Within the Teacher Retirement program, the Governor recommends FY 2018 appropriations of \$100.7 million from general revenue, which is \$1.7 million more than the FY 2017 enacted level. Per RIGL 16-16-22, the state funds 40 percent of the employer’s share of retirement contributions on behalf of teachers who are members of the Teacher’s Retirement System.

FY 2018 Education Aid Increases (Decreases) From the Revised FY 2017 Budget (General Revenue)

Formula Aid: \$40,001,065, attributable to the following:

- Formula Aid (Traditional Districts & Charters): \$43,050,368
- Central Falls School District: (\$1,720,444)
- Metropolitan Career and Technical School: (\$625,068)
- Davies Career and Technical School: (\$703,791)

Categorical Funds: \$526,675, attributable to the following:

- Early Childhood: \$1,080,000
- Density Aid – Public School of Choice: (\$553,325)

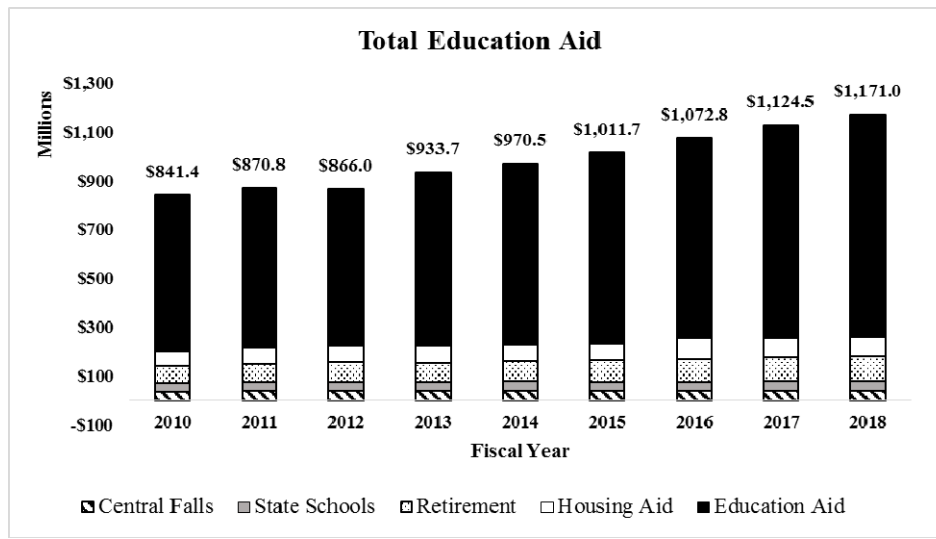
Other changes: \$4,995,303, attributable to the following:

- Davies Supplemental Funding: \$1,471,756
- Met School Supplemental Funding: \$625,068
- Central Falls Transition Fund: \$1,971,170
- Teachers’ Retirement: \$1,583,404
- Group Home Funding: (\$756,863)
- School for the Deaf: \$100,768

Education Aid to Local Governments

Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2010 to FY 2018, from all sources of funds. 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).



School Construction Aid

School Construction Aid provides school districts and charter schools with a reimbursement for approved and completed school construction, repair, and renovation projects supported by bonds or capital reserve funds. This aid is provided in order to guarantee adequate school housing for all public-school children in the State and to prevent the cost of school housing from interfering with the effective operation of the schools. The program proposes support of school-district building and infrastructure needs based on reimbursement of successfully completed locally funded capital projects. The reimbursement is linked to district wealth, with poorer communities receiving a higher reimbursement than wealthy districts. In FY 2017, these range from 35.0 percent to 96.3 percent. By statute, the charter school construction state reimbursement is set at 30 percent, below the traditional district minimum of 35.0 percent.

From July 1, 2011 through May 1, 2015, there was a moratorium on new approvals with the exception of projects necessitated by immediate health and safety. The moratorium expired on May 1, 2015. There is no additional projected impact for fiscal year 2018 as a result of the ending of the moratorium, as this aid is only paid on projects completed by June 30 of the prior fiscal year. Typically, larger projects take two to four years from approval to completion; thus, any significant impact from lifting the moratorium is not expected until fiscal year 2019 or after.

The 2015 General Assembly established a School Building Authority (SBA) at the Department of Elementary and Secondary Education to ensure equitable and adequate school housing for all public school children. The SBA within the Department oversees and manages the school housing aid program and the SBA capital fund. The fund is administered by the RI Health and Educational Building Corporation (RIHEBC). Upon transfer of the funding from the Department of Elementary and Secondary Education, RIHEBC holds the funds in trust until they are ready for release to the appropriate LEA.

Education Aid to Local Governments

The Governor recommends FY 2018 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, consistent with the enacted (and revised) level in FY 2017.

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, was financed over twenty years, as was the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement included an adjustment to accommodate the deferred liability.

Furthermore, in past fiscal years 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. As of FY 2018, as well as future years, this discrepancy will no longer exist.

The Governor recommends FY 2018 appropriations of \$100.7 million from general revenue for the Teacher's Retirement program, \$1.6 million greater than the enacted (and revised) level in FY 2017.

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	28.51%	11.25%	7.76%	19.01%	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%
2017	26.88%	13.18%	9.95%	23.13%	3.75%
2018	26.88%	13.24%	9.89%	23.13%	3.75%
2019	27.26%	13.45%	10.06%	23.51%	3.75%

*Adjusted for deferral liability

- Defined Contribution Retirement Plan

Required Contribution		<u>Employer Share*</u>			Teacher Share
<u>Rate of Payroll</u>		Local (60%)	State (40%)	Subtotal	
2017 and 2018	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2017 and 2018 (Non-Social Security-eligible position)	10.0% to 10.5%	2.6% to 2.9%	0.4% to 0.6%	3.0% to 3.5%	7.0%

*For teachers with less than 20 years of service as of June 30, 2012 the employer contribution varies from 1.0% to 1.5% (for Social Security eligible positions). Teachers with 20+ years of service have no further contributions, employer or employee, as of July 1, 2015.

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 Actual	\$88,625,881
2016 Actual	\$91,610,186
2017 Revised	\$99,076,582
2018 Recommended	\$100,659,986

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 including the various categorical funds, some of which are distributed on a monthly basis and others that are not distributed in regular intervals, but according to their own set of rules. "Other Aid" consists of allocations for School Housing Aid and State contributions to the Teachers' Retirement Fund.

Education Aid to Local Units of Government

	FY 2017 Revised		FY 2018 Recommend		Difference
Distributed LEA Aid					
Barrington	\$ 5,215,104		\$ 5,140,662		\$ (74,442)
Bristol/Warren	14,848,749		14,426,344		(422,405)
Burrillville	13,064,180		13,461,230		397,050
Central Falls (1)	39,100,578		39,351,304		250,726
Chariho District	153,282		114,962		(38,321)
Charlestown	1,687,921		1,653,819		(34,102)
Coventry	22,803,573		23,679,222		875,649
Cranston	54,874,851		58,205,934		3,331,083
Cumberland	17,659,354		18,516,317		856,963
East Greenwich	2,626,313		2,526,160		(100,153)
East Providence	32,795,264		35,833,412		3,038,148
Exeter/W Greenwich	5,348,737		5,055,987		(292,750)
Foster	1,163,998		1,154,658		(9,340)
Foster/Glocester	4,743,256		4,644,083		(99,173)
Glocester	2,502,877		2,381,051		(121,826)
Hopkinton	5,386,069		5,290,965		(95,104)
Jamestown	438,902		456,869		17,967
Johnston	15,770,318		18,383,733		2,613,415
Lincoln	11,026,313		12,145,000		1,118,687
Little Compton	413,267		397,961		(15,306)
Middletown	8,468,713		8,239,609		(229,104)
Narragansett	2,114,201		2,100,131		(14,070)
New Shoreham	110,826		117,208		6,382
Newport	10,905,411		11,646,067		740,656
North Kingstown	10,846,006		10,695,802		(150,204)
North Providence	19,733,044		21,842,350		2,109,306
North Smithfield	6,068,223		5,969,391		(98,832)
Pawtucket	83,146,873		88,312,842		5,165,969
Portsmouth	4,620,438		4,419,194		(201,244)
Providence	231,757,337		241,729,475		9,972,138
Richmond	4,840,982		4,637,363		(203,619)
Scituate	3,711,978		3,573,621		(138,357)
Smithfield	5,771,607		6,207,913		436,306
South Kingstown	7,247,513		6,769,483		(478,030)
Tiverton	6,230,844		6,477,570		246,726
Warwick	37,775,481		38,579,488		804,007
West Warwick	23,016,375		24,228,708		1,212,333
Westerly	8,724,889		8,970,783		245,894
Woonsocket	56,109,085		58,751,334		2,642,249
Subtotal (1) (2)	\$ 782,822,732		\$ 816,088,002		\$ 33,265,270

Education Aid to Local Units of Government

	FY 2017 Revised		FY 2018 Recommend		Difference
Distributed LEA Aid- Charter Schools					
ACE (Textron)	2,350,612	\$	2,429,807	\$	79,195
Achievement First	7,220,957		9,162,172		1,941,215
Beacon Charter School	2,353,075		2,750,059		396,984
Blackstone Academy	3,107,898		3,686,292		578,394
Compass School	485,495		459,614		(25,881)
Greene School	1,064,990		1,153,580		88,590
Highlander	5,015,986		5,490,953		474,967
Hope Academy	1,027,078		1,392,650		365,572
International Charter School	3,031,448		3,122,371		90,923
Kingston Hill Academy	592,656		577,544		(15,112)
Learning Community	6,121,487		6,228,060		106,574
New England Laborers	1,148,339		1,173,734		25,395
Nowell Academy	1,615,892		2,434,969		819,077
Nurses Institute	2,542,959		2,675,058		132,099
Paul Cuffee Charter School	7,941,388		8,024,610		83,222
RIMA Blackstone Valley	13,436,200		16,096,050		2,659,850
RISE Mayoral Academy	868,551		1,368,632		500,081
Segue Institute for Learning	2,720,353		2,816,751		96,398
Southside Elementary	757,281		1,025,100		267,819
Times 2 Academy	7,545,985		7,661,020		115,035
Trinity Academy	2,187,349		2,213,575		26,226
Village Green	2,041,748		2,238,583		196,835
Subtotal	\$ 75,177,727	\$	84,181,184	\$	9,003,457
Urban Collaborative (RIGL 16-3.1-11)	\$ 1,115,290	\$	1,390,794	\$	275,504
Subtotal	\$ 859,115,749	\$	901,659,980	\$	42,544,231
Non-Distributed Aid					
Textbook Expansion	\$ 240,000	\$	240,000	\$	-
School Breakfast	270,000		270,000		-
Telecommunications Access	400,000		400,000		-
Early Childhood Demonstration	5,160,000		6,240,000		1,080,000
Transportation Categorical	6,351,360		6,351,360		-
High Cost Special Ed Categorical	4,500,000		4,500,000		-
Career and Tech Categorical	4,500,000		4,500,000		-
English Learner Categorical	2,494,939		2,494,939		-
Density Fund - Choice Schools	1,492,225		938,900		(553,325)
Subtotal	\$ 25,408,524	\$	25,935,199	\$	526,675

Education Aid to Local Units of Government

	FY 2017 Revised		FY 2018 Recommend		Difference
State Schools					
Metropolitan School (1)	\$ 9,342,007	\$	9,342,007	\$	-
School for the Deaf	6,259,211		6,359,979		100,768
Davies School (1)	12,590,093		13,358,058		767,965
Subtotal (1)	\$ 28,191,311	\$	29,060,044	\$	868,733
 Other Aid					
Teachers' Retirement	\$99,076,582	\$	100,659,986	\$	1,583,404
School Housing Aid (3)	80,000,000		80,000,000		-
Subtotal	\$ 179,076,582	\$	180,659,986	\$	1,583,404
Total	\$ 1,091,792,166	\$	1,137,315,209	\$	45,523,043

(1) Includes Stabilization Funds in FY 2017 of \$6.8 million for Central Falls, \$3.0 million for Davies, and \$0.8 million for the Met.

(2) Non-Charter LEAs include Group Home Aid within district distributed aid.

(3) Includes the School Building Authority Capital Fund

Appendix E
Personnel
Statewide Summary

Personnel

Statewide Summary

<u>Distribution by Category</u>	<u>FY 2017</u>		<u>FY 2018</u>	
	FTE Positions	Cost	FTE Positions	Cost
Classified	9,407.0	576,731,214	9,378.0	581,139,522
Unclassified	2,484.2	185,608,687	2,486.7	187,640,555
Nonclassified	3,155.0	244,908,379	3,185.5	251,707,106
Program Reductions/Reconciliations	(10.3)	(142,751)	17.2	(6,360,694)
Overtime	-	63,774,624	-	59,101,203
Turnover	-	(60,978,892)	-	(43,271,514)
Cost Allocation from Other Programs	97.6	19,168,581	88.5	17,236,125
Cost Allocation to Other Programs	(97.6)	(19,168,581)	(88.5)	(17,236,125)
Interdepartmental Transfers	-	-	-	-
Road Construction (Public Safety)	-	2,061,108	-	2,061,108
Salaries	15,035.9	\$1,011,962,369	15,067.4	\$1,032,017,286
Benefits				
Retirement		207,727,849		210,734,734
Health Benefits		196,961,865		209,497,901
FICA		77,257,443		78,592,463
Retiree Health		51,389,579		53,031,051
Other		16,867,190		18,901,606
Holiday Pay		8,656,062		7,971,340
Payroll Accrual		4,655,471		4,838,072
Salaries and Benefits	15,035.9	\$1,575,477,828	15,067.4	\$1,615,584,453
Cost per FTE Position		104,781		107,224
Temporary and Seasonal		80,085,204		80,161,336
Statewide Benefit Assessment		42,460,097		42,358,509
Worker's Compensation		29,561,886		30,913,090
Payroll Costs	15,035.9	\$1,727,585,015	15,067.4	\$1,769,017,388

Personnel

Statewide Summary

	<u>FY 2017</u>		<u>FY 2018</u>	
Purchased Services		Cost		Cost
Medical Services		16,748,228		16,649,249
Design & Engineering Services		48,982,681		47,097,025
Training & Educational Services		50,266,551		43,351,586
Buildings and Grounds Maintenance		6,561,188		6,718,405
Information Technology		95,386,376		27,225,462
Legal Services		6,114,143		5,086,255
Management & Consultant Services		89,766,135		75,645,973
Clerical & Temporary Services		5,271,453		5,288,004
Other Contract Services		15,579,487		15,442,794
University/Colleges Services		16,904,204		15,766,654
Total		\$351,580,446		\$258,271,407
Total Personnel	15,035.9	\$2,079,165,461	15,067.4	\$2,027,288,795

	<u>FY 2017</u>		<u>FY 2018</u>	
<u>Distribution by Source of Funds</u>	FTE	Cost	FTE	Cost
General Revenue	7,928.4	963,256,956	7,954.1	974,051,918
Federal Funds	2,734.6	499,654,523	2,670.4	419,518,494
Restricted Receipts	437.0	110,603,118	439.6	111,954,498
Internal Service Funds	76.1	8,086,861	77.0	8,471,516
Other Special Funds	3,951.6	497,564,003	3,977.2	513,292,369
Subtotal	15,127.7		15,118.2	
Reconcile to FTE Auth.	(91.8)		(50.8)	
Total: All Funds	15,035.9	\$2,079,165,461	15,067.4	\$2,027,288,795

Appendix F
Five-Year Financial
Projection

FY 2017 – FY 2021 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.

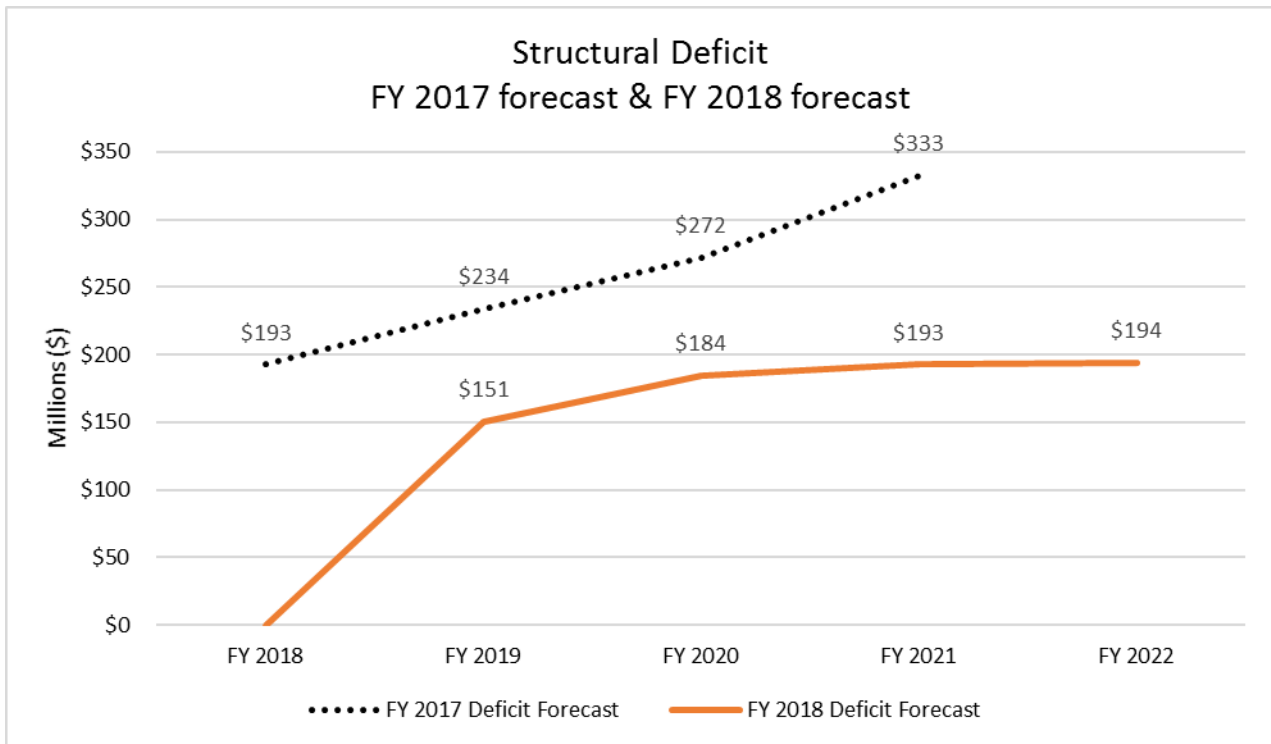
The five-year financial projection includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2022. Also included are tables that provide detail on the planning values used in these projections. The planning values reflect policy assumptions, as well as 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 2018 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2022. The operating deficits by fiscal year are as follows: \$150.6 million in FY 2019, \$184.1 million in FY 2020, \$192.6 million in FY 2021, and \$194.1 million in FY 2022. In percentage terms, the deficits are projected to range from 3.8 percent of spending in FY 2019 to 4.6 percent of spending in FY 2022. The expenditure-side of the budget is estimated to increase at an average annual rate of 2.7 percent from the FY 2017 base to FY 2022. 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 2.5 percent over this same period.

In the FY 2018 Budget Act, the Governor proposes a fiscally responsible change to the excise tax on motor vehicles. The recommended proposal includes a reduction in the valuation assigned to motor vehicles, from the current 100 percent of “clean retail value” to 70 percent. This reduction in the assessed value of motor vehicles will decrease local car taxes paid by most residents by an estimated \$58.0 million beginning in FY 2019. The Governor’s proposal would appropriate increased state aid to municipalities beginning in FY 2019, so that local cities and towns are not forced to absorb revenue shortfalls initiated by the state. In contrast to a full phase-out of the car tax, this proposal gives the state the ability to meet its other financial obligations while delivering meaningful tax relief. Even with this additional commitment of resources by the Governor, the structural deficit is lower than previous projections.

FY 2017 – FY 2021 Overview



Revenues

The revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2018 general revenue changes to the estimates adopted at the November 2016 Revenue Estimating Conference. Overall revenues are expected to grow from \$3.833 billion in FY 2018 to \$4.152 billion in FY 2022. This is an increase of \$319.1 million, or 8.3 percent more revenues than in the FY 2018 recommended budget.

Lottery transfers to the State general fund are expected to remain flat between FY 2018 and FY 2022. The lottery transfer projection incorporates the opening of a new gaming facility in Tiverton in FY 2019. This facility will include both the operation of video lottery terminals and table games. The opening of the Tiverton gaming facility is expected to result in an increase to the lottery transfer of \$33.3 million in FY 2019, \$42.7 million in FY 2020, \$47.9 million in FY 2021, and \$47.9 million in FY 2022. The five-year forecast also incorporates other changes to projected lottery transfer revenues: a \$2.6 million revenue loss in FY 2017 from increased gaming competition in the region; a \$2.4 million revenue gain in FY 2018 predicated on the opening of a 200 room hotel at Twin River in March 2018, and a \$50.5 million revenue loss in FY 2019 when Massachusetts’ resort casinos are expected to open in Springfield and Everett. For the FY 2020 to FY 2022 period, Rhode Island gaming revenues are expected to stabilize showing very modest declines as the southern New England gaming market approaches its saturation point.

The five-year projection anticipates average annual general revenue growth of approximately 2.2 percent over the FY 2018 through FY 2022 period, based upon the adopted November 2016 Revenue Estimating Conference forecast for the Rhode Island economy and the Governor’s recommended changes to adopted revenues. The forecasts underlying the five-year projection assumes that Rhode Island’s economy will continue its modest rate of growth for FY 2018 through FY 2020. This is reflected in non-farm employment growth rates of 0.5, 0.3, and 0.4 percent respectively for these three fiscal years. The underlying forecast in FY

FY 2017 – FY 2021 Overview

2018 anticipates growth for nominal wages and salaries and nominal personal income of 4.3 percent and 4.0 percent respectively, while the forecast projects growth in dividends, interest and rent income of 3.2 percent in FY 2018 and 5.2 percent in FY 2019. The state's unemployment rate is projected to decrease from 5.4 percent in FY 2018 to 5.3 percent in FY 2019 and FY 2020.

FY 2018 shows a doubling of general revenue growth when compared to FY 2017 from 1.5 percent to 3.0 percent. General revenue growth remains positive but moderates for the FY 2019 to FY 2022 period at approximately 2.0 percent annually, as the Rhode Island economy reaches a steady-state growth path and resort casinos come online in Massachusetts. The effect of Massachusetts-based gaming facilities is expected to be less impactful than in previous five-year revenue forecasts based on the resiliency of Rhode Island gaming facilities in the face of increased competition and the opening of a new casino in Tiverton

Personal income is forecasted to grow at an average annual rate of 4.2 percent over the FY 2018 – FY 2022 period. Non-farm employment is anticipated to grow at an average annual rate of 0.4 percent and wage and salary disbursements at an average annual rate of 4.3 percent over the same period. Dividends, interest and rent payments are forecasted to grow at an average annual rate of 4.4 percent over the FY 2018 – FY 2022 period, the strongest growth of any personal income component.

There are several potential weaknesses to the economic forecast. First, the modest bounce-back in payrolls in Rhode Island's manufacturing sector in the past three years may have run its course. Going forward, declines in Rhode Island manufacturing employment are expected to resume and persist through the end of the decade. Second, Rhode Island's slow population and labor-force growth could prove to be a significant drag on economic growth. These forecasts do not take into account any impact of the Governor's proposals in the FY 2018 Budget to improve Rhode Island's manufacturing sector.

Professional business services payrolls are expected to average 2.3 percent annual growth between FY 2018 and FY 2022. This growth, however, will be concentrated in the administrative and support and waste management and remediation subsector. As a result, although the number of new jobs created could be high, the wages paid in this subsector are a fraction of the professional, scientific, and technical services subsector. This could dampen wage growth over the forecast period. The healthcare sector, however, is expected to return to its status as a stable source of new jobs for Rhode Islanders.

As part of the FY 2018 Budget, the Governor recommends a statutory change that requires remote sellers to report, to both consumers and the Division of Taxation, all purchases made in a given year. This tax reporting requirement is expected to increase compliance with existing law as it pertains to use tax owed on purchases from remote sellers. This policy is projected to result in an increase of \$34.7 million in FY 2018 sales and use tax revenue, with further growth in the out-years of the forecast. Average annual growth in sales and use taxes over the next five years was revised from 1.9 percent to 2.3 percent. Most of this growth is from taxes expected from remote sellers as more online transactions are expected.

Expenditures

Expenditure side risks must also be noted within the five-year projection. There are initiatives contained in the Governor's FY 2018 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 recurring risk to the five-year forecast relates to medical services inflation, utilization, and technological

FY 2017 – FY 2021 Overview

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 these costs have been accelerating. This impacts both the costs incurred for the clients the state serves 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 2022. The forecast also assumes that state employees will continue to share in the cost of medical insurance premiums and 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 that 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 status of the Affordable Care Act at the federal level and the impact any changes will have on state expenditures for medical services to Medicaid eligible and other citizens.

Personnel and Other Operations

The wage projections contained in the personnel estimates include cost of living adjustments provided to certain employee unions in recent years, but assume no specific broad based cost of living adjustments for the state workforce. As a proxy for step and educational incentive increases and potential pay adjustments in years subsequent to current collective bargaining contracts, annual increases of 2.0 percent have been included for FY 2019 and thereafter. In FY 2018, salary costs are projected to grow 2.0 percent compared to the revised FY 2017 Budget. This is followed by estimated increases of 2.0 percent in each fiscal year through FY 2022.

The forecast reflects employee cost sharing that will continue to offset health insurance costs in FY 2018 and throughout the forecast period. Average employee cost sharing of 20.0 percent of medical premium cost in FY 2018 and thereafter is projected. Gross medical cost increases for health care premiums are expected to grow 5.5 percent annually on average throughout the forecast period.

Although pension reform legislation enacted in the fall of 2011 has had a major impact on personnel costs since its enactment, pension rates are projected to increase over the forecast period. According to actuarial projections by Gabriel, Roeder, Smith and Company, the annual required contribution rate for state employees is expected to increase from 24.87 percent in FY 2018 to 26.94 percent in FY 2022. 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 \$104.7 million in FY 2018 to \$122.2 million in FY 2022, reflecting growth of \$17.4 million in retirement costs, an average increase of 3.9 percent a year.

Personnel and operating costs continue to be constrained during FY 2018. The current five year forecast assumes \$1.158 billion of personnel and operating costs in FY 2018 and an average growth of 2.1 percent over the five year interval, resulting in an estimated cost of \$1.258 billion in FY 2022, an increase of \$100.2 million.

Grants and Benefits

Grants and Benefits are projected to increase by an average of 3.8 percent annually from FY 2018 to FY 2022. This growth rate results in an increase of \$200.1 million in this category of spending over the five year horizon. The growth rates used in the five year forecast were derived from Medicaid expenditure projections released by the Centers for Medicaid and Medicare Services (CMS) in July 2016, as well as Budget Office estimates based on CPI-U for medical services and historical spending patterns in Rhode Island. Several projections under this section also use the CPI-U, particularly with respect to programs of

FY 2017 – FY 2021 Overview

(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 2018.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 2.7 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) payments 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 3.0 percent per year on average until FY 2022. Incorporated into the FY 2018 expenditure base for managed care are various proposals in the Governor's recommended FY 2018 Budget. In the Medical Assistance program, the Governor recommends a \$78.6 million reduction to the Caseload Estimating Conference's (CEC) adopted funding level from all sources of funds, or \$40.6 million from general revenue. This is achieved through various policy actions designed to contain the Medicaid program's expenditure growth in both FY 2018 and subsequent years.

Similarly, cost trends in institutional long term care include an average annual growth rate of 4.1 percent from FY 2018 through FY 2022. For home and community based long-term care, the growth rate over the forecast horizon is estimated at 5.2 percent.

Five-year estimates also reflect a schedule of increasing federal "clawback" assessment charges for Part D Medicare benefits to dually eligible Medicaid clients.

The five year financial projection for Medical Assistance expenditures incorporate 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. Under PPACA, full federal financing of Medicaid services for the expanded eligibility population elapsed 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 enacted budget includes general revenue financing for the state's increasing share of these costs. Total funding of \$176.5 million spanning the projection period of FY 2019 through FY 2022 is estimated to be needed 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 \$106.0 million in FY 2018 to \$125.6 million in FY 2022, which equates to an average annual growth rate of 4.4 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

FY 2017 – FY 2021 Overview

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 2018 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 \$84.9 million to \$93.6 million between FY 2018 and FY 2022. This increase of \$8.7 million over the five year period, equates to an average annual growth rate of 2.5 percent. The Governor's FY 2018 Budget recommendation for services provided by the Department of Children Youth and Families incorporates implementation of comprehensive reforms and reprocurement of many of the services the Department provides to children and families. The reprocurement is designed to allow the department substantial flexibility in service utilization, depending on its actual requirements. Through the reprocurement, the department was able to reduce spending in areas of low need and reinvest savings into new services designed to help find a permanent home for children more quickly.

Also included under the Grants category are scholarship funds within the Office of the Post-Secondary Commissioner, including funding for the Governor's *Rhode Island Promise* initiative that will guarantee two years of free tuition to eligible students at the three Rhode Island public higher education institutions. All 2017 Rhode Island high school graduates who enroll full-time at the Community College of Rhode Island will be eligible beginning in the fall of 2017. Those students who enroll at Rhode Island College or the University of Rhode Island will receive a scholarship for tuition and fees for their junior and senior years. Students will be required to stay on track toward finishing their degrees on time to remain eligible. The recommended FY 2018 includes funding of \$10.0 million to begin this initiative, which is estimated to increase in cost in FY 2020 to \$18.0 million and in FY 2021 to \$30.0 million, as the junior and senior year students begin to benefit from the program.

Local Aid

Local aid expenditures include: Education Aid; Municipal Incentive Aid; Motor Vehicle Tax Reimbursements; Payment in Lieu of Taxes (PILOT); Distressed Communities; Fiscal Oversight Reimbursement; Library Aid; Library Construction Aid; the Property Revaluation Program; and the Central Falls Pension Plan.

The Distressed Communities, Fiscal Oversight Reimbursement, and Library Aid are level funded over the period; Distressed Communities at \$12.4 million, Fiscal Oversight at \$130,000, and Library Resource Sharing Aid at \$9.4 million.

Changes in Library Construction Aid, the Property Revaluation program, and contributions to the new Central Falls pension plan are forecasted based on proposed schedules from the responsible programs. The PILOT program is estimated to increase based on growth in real estate values. The five year forecast projects growth of \$7.0 million over the forecast period, an average growth rate of 3.7 percent.

In the FY 2018 Budget Act, the Governor proposes legislation to change the way vehicles are valued by local communities for taxation purposes. The Governor's plan would limit the value of a vehicle to seventy percent (70.0%) of the clean retail value as determined by the Vehicle Value Commission. Under the Governor's proposed plan, the State would reimburse communities for the loss of tax revenue from this reduction in values. This is estimated to cost \$58.0 million beginning in FY 2018, growing to over \$62.0

FY 2017 – FY 2021 Overview

million by FY 2022. The Motor Vehicle Excise Tax Reimbursement program base funding of \$10.0 million continues to be funded over the forecast period to reimburse municipalities for the minimum \$500 exemption required under current state law.

Education Aid is expected to increase by a total of \$44.8 million from the FY 2018 base level of \$1,132.1 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. FY 2018 is the seventh year of the transition period and thus all gaining communities will reach a more steady state of aid in this year. Losing communities will still see adjustments to their aid through FY 2021. The five year forecast assumes annual growth of about 1.0 percent from FY 2019 through FY 2022, after several years of growth in excess of 4.0 percent.

The five year forecast maintains categorical funding streams at the enacted FY 2018 levels. Although some categorical programs have received increased funding in recent years, there is no statutory requirement to provide annual increases and thus any additional funding has been subject to recommendation by the Governor through the annual budget process.

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. Growth in the formula is estimated to be approximately \$8.7 million per year for FY 2019 through FY 2022, in contrast to previous years with growth of over \$40.0 million per year.

State contributions for teachers' retirement increase by \$10.3 million, from \$100.7 million in FY 201 to \$111.0 million in FY 2022. Projections for future required employer contributions to the teachers' retirement fund reflect average annual growth of 2.5 percent from FY 2019 through FY 2022, which is based on the projected CPI-U growth during this period. Housing aid, which reimburses communities for part of the debt incurred for new school construction is projected to remain at the FY 2018 enacted level of \$70.9 million, assuming the minimum state share ratio remains at 35.0 percent over the next five years. The School Building Authority Capital Fund is financed at \$9.1 million throughout the forecast horizon, level funding with the proposed FY 2018 level. Combined, this program provides \$80.0 million towards school construction projects annually.

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2018 – FY 2022 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations is projected to increase from \$175.3 million in FY 2018 to \$188.0 million in FY 2022, an increase of \$11.3 million. Debt service financing in FY 2018 is \$33.5 million higher than FY 2017, primarily due the restructuring of general obligation bond debt in FY 2016. This restructuring resulted in savings of approximately \$64.0 million in FY 2016 and \$36.2 million in FY 2017, but then debt service costs increase above what they would have been by \$5.8 million in FY 2019, by \$15.0 million in FY 2020 and by \$6.6 million in FY 2021, exclusive of new issuances of debt. Other debt service increases are attributable to the issuance of debt for the Historic Tax Credit program, and annual issuance of voter approved and newly recommended general obligation bonds. These increases are offset over the next five years as certain debts are paid off.

The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's

FY 2017 – FY 2021 Overview

recommended FY 2018 - 2022 Capital Budget. Interest rates for fixed rate general obligation bonds to be issued to fund projects are projected at between 4.5 percent and 5.0 percent. Historic Tax Credit debt is projected to be issued at 4.5 percent over nine years in in 2018. Projected amortization schedules are found in the exhibits contained in Appendix C of the Capital Budget document.

Debt service for the Historic Structures Tax Credit stabilization program decreases by \$11.3 million in FY 2019 as the first issuance of this debt is paid off. Performance based obligations remain at \$7.0 million through FY 2021, declining to \$1.0 million in FY 2022. Debt service on certificates of participation decrease by \$2.6 million from \$28.4 million in FY 2018 to \$27.2 million in FY 2022. Current debt service projections include full issuance of all COPS authorization, as well as newly proposed authorizations. Convention Center debt service remains relatively stable over the five year period.

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.

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 FY 2021, declining to \$1.0 million in FY 2022. The FY 2018 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 \$3.6 million debt service through FY 2021.

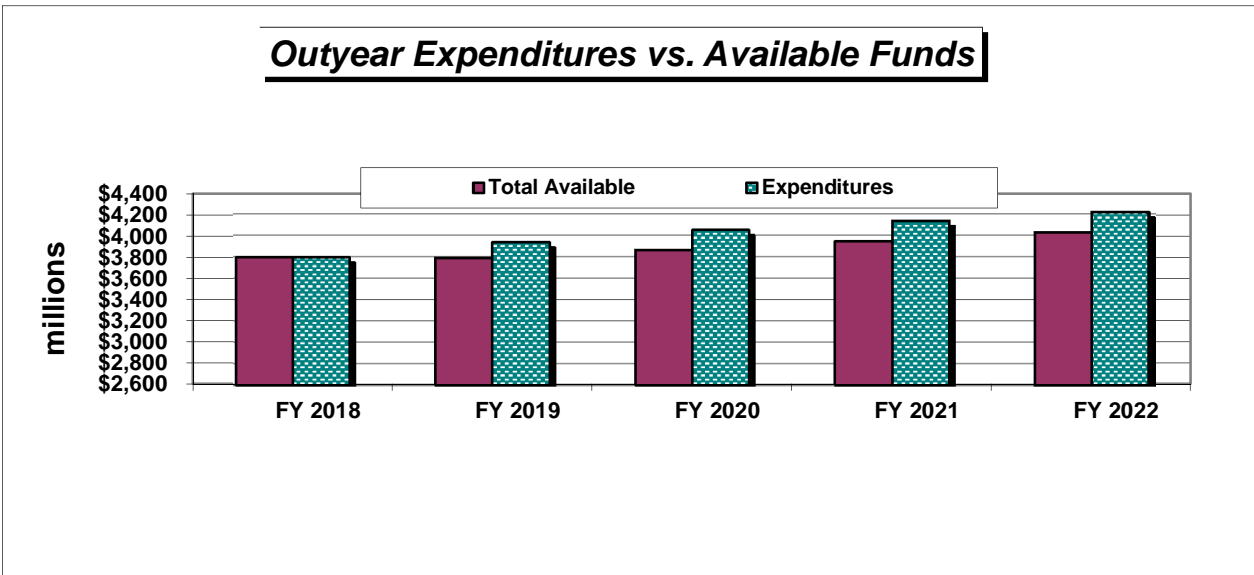
Conclusion

Overall, the Governor's recommended FY 2018 budget reduces projected out-year deficits. Compared to FY 2017 projections the FY 2018 budget shrinks the projected FY 2019 deficit by 37 percent from \$234 million to \$148 million. Decreases in later years are also substantial, with the FY 2020 deficit declining 32 percent and FY 2021 dropping 42 percent. These declines are even more substantial if the car tax reimbursement is not included.

These projected declines in the out-year deficits are mostly attributable to four reasons. First, growth in the second and third quarters of calendar year 2016 was strong – leading to a strong November revenue estimate and strong economic growth projections for later years. Second, the planned opening of the Tiverton Casino and delays in Massachusetts gaming has improved the revenue forecast for gaming revenue in Rhode Island. Also, FY 2018 is the last year of projected substantial (over \$40 million) increases to the K-12 funding formula. Finally, the addition of remote seller sales tax revenue helps improve sales tax revenue growth rates over the forecast horizon. While more work remains to be done, the Governor's budget makes progress in closing Rhode Island's structural deficit.

General Revenue Outyear Estimates FY 2018 - FY 2022

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Opening Surplus ⁽¹⁾	\$78.0	\$0.6	\$0.0	\$0.0	\$0.0
Plus:					
Taxes and Departmentals	3,443.1	3,533.6	3,609.1	3,686.7	3,773.1
Other Sources (incl. Lottery)	389.6	369.2	376.0	379.7	378.5
Budget Stabilization Fund	(117.3)	(117.1)	(119.6)	(122.0)	(124.6)
Total Available	3,793.3	3,786.3	3,865.6	3,944.4	4,027.1
Minus Expenditures	3,792.7	3,936.3	4,049.7	4,136.9	4,221.3
Equals Ending Balance	\$0.6	(\$150.0)	(\$184.1)	(\$192.6)	(\$194.1)
<i>Operating Surplus or Deficit</i>	<i>(\$77.4)</i>	<i>(\$150.6)</i>	<i>(\$184.1)</i>	<i>(\$192.6)</i>	<i>(\$194.1)</i>
Budget & Cash Stabilization Balance	\$195.5	\$195.2	\$199.3	\$203.3	\$207.6
RI Capital Fund Balance	\$19.6	4.7	(\$0.8)	\$2.1	\$22.3
Rhode Island Capital Fund					
<i>Capital Projects Disbursements</i>	<i>\$182.4</i>	<i>\$132.4</i>	<i>\$121.0</i>	<i>\$115.0</i>	<i>\$100.1</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 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Income Tax	\$ 1,316,950,000	\$ 1,350,926,462	\$ 1,394,110,000	\$ 1,442,748,443	\$ 1,491,434,037
General Business Taxes:					
Business Corporations	167,550,000	183,705,658	190,900,258	194,641,678	201,592,625
Public Utilities	105,500,000	106,818,718	108,195,327	109,571,936	110,948,545
Financial Institutions	22,100,000	21,522,319	19,424,820	19,359,850	19,434,180
Insurance Companies	134,419,046	146,817,766	145,012,895	147,657,401	149,028,865
Bank Deposits	2,500,000	2,534,320	2,616,320	2,698,321	2,780,321
Health Care Provider	42,869,727	44,253,366	45,747,966	46,717,935	48,811,755
General Business Taxes	\$ 474,938,773	\$ 505,652,148	\$ 511,897,586	\$ 520,647,120	\$ 532,596,292
Sales and Use Taxes:					
Sales and Use	1,074,710,095	1,108,041,756	1,134,080,002	1,157,297,224	1,179,829,673
Motor Vehicle	*	*	*	*	*
Motor Fuel	*	*	*	*	*
Cigarettes	141,472,824	137,182,101	133,544,573	130,083,705	126,793,261
Alcohol	20,800,000	21,836,153	22,272,573	22,730,300	23,235,052
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	\$ 1,236,982,919	\$ 1,267,060,010	\$ 1,289,897,148	\$ 1,310,111,229	\$ 1,329,857,985
Other Taxes:					
Inheritance and Gift	25,600,000	23,785,502	23,511,537	23,918,387	25,318,897
Racing and Athletics	1,100,000	1,118,144	1,131,060	1,146,281	1,162,732
Realty Transfer Tax	12,500,000	13,119,344	13,412,451	14,034,931	14,641,274
Other Taxes	\$ 39,200,000	\$ 38,022,990	\$ 38,055,048	\$ 39,099,599	\$ 41,122,903
Total Taxes	\$ 3,068,071,692	\$ 3,161,661,611	\$ 3,233,959,782	\$ 3,312,606,391	\$ 3,395,011,217
Total Departmental Receipts	374,987,001	371,897,813	375,182,232	374,045,072	378,129,952
Taxes and Departmentals	\$ 3,443,058,693	\$ 3,533,559,424	\$ 3,609,142,014	\$ 3,686,651,463	\$ 3,773,141,169
Other Sources					
Other Miscellaneous	14,978,021	1,648,644	1,620,562	1,570,969	1,570,969
Lottery Commission Receipts	365,000,000	357,733,650	364,263,900	367,796,000	365,400,000
Unclaimed Property	9,600,000	9,834,973	10,088,791	10,331,037	11,576,728
Other Sources	\$ 389,578,021	\$ 369,217,267	\$ 375,973,253	\$ 379,698,006	\$ 378,547,697
Total General Revenues	\$ 3,832,636,714	\$ 3,902,776,691	\$ 3,985,115,267	\$ 4,066,349,469	\$ 4,151,688,865

General Revenue Outyear Estimates - Percentage Changes

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Income Tax	4.1%	3.9%	2.6%	3.2%	3.5%	3.4%
General Business Taxes:						
Business Corporations	24.2%	0.0%	9.6%	3.9%	2.0%	3.6%
Public Utilities	1.0%	1.3%	1.2%	1.3%	1.3%	1.3%
Financial Institutions	-0.5%	5.2%	-2.6%	-9.7%	-0.3%	0.4%
Insurance Companies	7.0%	-3.6%	9.2%	-1.2%	1.8%	0.9%
Bank Deposits	-2.2%	0.0%	1.4%	3.2%	3.1%	3.0%
Health Care Provider	-1.9%	1.1%	3.2%	3.4%	2.1%	4.5%
General Business Taxes	9.6%	-0.4%	6.5%	1.2%	1.7%	2.3%
Sales and Use Taxes:						
Sales and Use	4.3%	6.0%	3.1%	2.3%	2.0%	1.9%
Motor Vehicle	-67.0%	-100.0%	*	*	*	*
Motor Fuel	0.0%	*	*	*	*	*
Cigarettes	-3.6%	2.7%	-3.0%	-2.7%	-2.6%	-2.5%
Alcohol	0.9%	5.1%	5.0%	2.0%	2.1%	2.2%
Controlled Substances						
Sales and Use Taxes	0.9%	4.4%	2.4%	1.8%	1.6%	1.5%
Other Taxes:						
Inheritance and Gift	-55.7%	-17.4%	-7.1%	-1.2%	1.7%	5.9%
Racing and Athletics	3.8%	0.0%	1.6%	1.2%	1.3%	1.4%
Realty Transfer Tax	11.2%	7.8%	5.0%	2.2%	4.6%	4.3%
Statewide Property Tax						
Other Taxes	-46.4%	-10.3%	-3.0%	0.1%	2.7%	5.2%
Total Taxes	2.2%	3.2%	3.1%	2.3%	2.4%	2.5%
Total Departmental Receipts	-1.0%	3.1%	-0.8%	0.9%	-0.3%	1.1%
Taxes and Departmentals	1.9%	3.2%	2.6%	2.1%	2.1%	2.3%
Other Sources						
Gas Tax Transfers	*	*	*	*	*	*
Other Miscellaneous	93.1%	89.1%	-89.0%	-1.7%	-3.1%	0.0%
Lottery Commission Receipts	-1.7%	0.4%	-2.0%	1.8%	1.0%	-0.7%
Unclaimed Property	-22.4%	-12.7%	2.4%	2.6%	2.4%	12.1%
Other Sources	-1.4%	1.9%	-5.2%	1.8%	1.0%	-0.3%
Total General Revenues	1.5%	3.0%	1.8%	2.1%	2.0%	2.1%

General Revenue Outyear Expenditure Estimates

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
State Operations					
Personnel and Contract Services	\$958,560,000	\$983,030,000	\$1,007,640,000	\$1,032,970,000	\$1,059,650,000
Other State Operations	199,920,000	202,420,000	205,050,000	207,510,000	210,000,000
Impact of Initiatives/Other Changes	-	(7,064,000)	(10,545,000)	(10,975,000)	(10,975,000)
Subtotal	\$1,158,480,000	\$1,178,386,000	\$1,202,145,000	\$1,229,505,000	\$1,258,675,000
Grants and Benefits					
Executive Office of Health and Human Services & Department of Human Services					
Hospitals	22,080,000	23,440,000	25,040,000	26,690,000	28,290,000
Managed Care	570,040,000	586,570,000	602,270,000	618,230,000	640,660,000
Nursing Care	82,820,000	85,820,000	89,030,000	92,300,000	95,520,000
Home Care (HCBS)	34,380,000	36,100,000	38,020,000	40,090,000	42,140,000
Other Medicaid	42,340,000	44,190,000	46,230,000	48,270,000	50,220,000
Pharmacy	0	0	0	0	0
DEA Medicaid/CNOM	3,450,000	3,620,000	3,810,000	4,020,000	4,230,000
Cash Assistance- RIW/CCAP/GPA	16,030,000	16,430,000	16,860,000	17,260,000	17,680,000
Cash Assistance - SSI	18,450,000	18,640,000	18,820,000	19,010,000	19,200,000
Clawback	64,740,000	66,360,000	68,080,000	69,720,000	71,390,000
DSH	67,830,000	69,520,000	71,330,000	73,040,000	74,790,000
ACA- MA Population Expansion	27,470,000	33,240,000	39,380,000	48,510,000	55,410,000
Department of Children Youth & Families					
Children & Family Services	84,900,000	87,030,000	89,290,000	91,430,000	93,630,000
Department of Behavioral Healthcare, Developmental Disabilities & Hospitals					
Developmental Disabilities-Private	105,950,000	110,560,000	115,660,000	120,780,000	125,660,000
Other Grants and Benefits					
	105,700,000	109,300,000	117,060,000	123,680,000	127,410,000
Subtotal	\$1,246,180,000	\$1,290,820,000	\$1,340,880,000	\$1,393,030,000	\$1,446,230,000
Local Aid					
Education Aid	1,132,080,000	1,142,120,000	1,153,020,000	1,164,350,000	1,176,890,000
Municipal Incentive Aid	0	0	0	0	0
Motor Vehicle Tax Reimbursements	10,000,000	68,000,000	69,510,000	70,940,000	72,400,000
PILOT	45,210,000	46,880,000	48,570,000	50,410,000	52,180,000
Distressed Communities	12,380,000	12,380,000	12,380,000	12,380,000	12,380,000
Fiscal Oversight Reimbursement	130,000	130,000	130,000	130,000	130,000
Library Aid	9,360,000	9,360,000	9,360,000	9,360,000	9,360,000
Library Construction Aid	2,320,000	2,310,000	3,760,000	3,680,000	3,220,000
Property Revaluation Prgm	940,000	1,630,000	690,000	1,000,000	1,560,000
Central Falls New Pension Plan	310,000	290,000	290,000	280,000	260,000
Subtotal	\$1,212,730,000	\$1,283,100,000	\$1,297,710,000	\$1,312,530,000	\$1,328,380,000
Capital					
<i>Debt Service</i>					
General Obligation	86,540,000	102,570,000	116,320,000	109,360,000	117,030,000
Historic Tax Credit Program	31,110,000	19,820,000	19,820,000	19,830,000	19,830,000
EDC Job Creation Guaranty/Other	650,000	1,100,000	12,320,000	12,290,000	0
COPS/Other Leases	28,440,000	31,910,000	31,930,000	30,320,000	27,160,000
Convention Center	21,570,000	21,570,000	21,550,000	23,040,000	23,030,000
Performance Based	7,000,000	7,000,000	7,000,000	7,040,000	950,000
Subtotal	\$175,310,000	\$183,970,000	\$208,940,000	\$201,880,000	\$188,000,000
Expenditures	\$3,792,700,000	\$3,936,276,000	\$4,049,675,000	\$4,136,945,000	\$4,221,285,000
Difference to data tab					
Difference	\$92,295,000	\$143,576,000	\$113,399,000	\$87,270,000	\$84,340,000
	2.49%	3.79%	2.88%	2.15%	2.04%

General Revenue Outyear Planning Values

Estimates and Growth	FY2018	FY2019	FY2020	FY 2021	FY 2022
Personal Income (billions) [1]	\$57.4	\$59.9	\$62.4	\$65.0	\$67.6
<i>Change</i>	4.0%	4.3%	4.3%	4.1%	4.1%
Nonfarm Employment (thousands) [1]	494.3	496.0	497.8	499.0	500.9
<i>Change</i>	0.5%	0.3%	0.4%	0.2%	0.4%
CPI-U (U.S.) [1]	2.50%	2.50%	2.60%	2.40%	2.40%
Personal Income Tax [2]	3.9%	2.6%	3.2%	3.5%	3.4%
Business Corporation Tax [2]	0.0%	9.6%	3.9%	2.0%	3.6%
Provider Tax [2]	1.1%	3.2%	3.4%	2.1%	4.5%
Sales Tax [2]	6.0%	3.1%	2.3%	2.0%	1.9%
Gasoline Tax [3]	-0.1%	-0.6%	-1.1%	-1.5%	-1.6%
Other Taxes and Departmentals [4]	-0.5%	0.7%	-0.3%	0.1%	0.7%
Salaries and Fringe Benefits					
Salary COLA/Steps/Longevity - [9]	2.00%	2.00%	2.00%	2.00%	2.00%
Medical Benefits Cost Growth [15]	5.50%	5.80%	5.35%	5.30%	5.60%
Retiree Health Rates [10]	5.98%	5.98%	5.98%	5.98%	5.98%
State Employees Retirement Rates [11]	24.87%	25.75%	26.11%	26.50%	26.94%
Home Health Care					
Expenditure Growth [5]	5.45%	5.01%	5.31%	5.45%	5.11%
Nursing Home Care					
Expenditure Growth [6]	3.38%	3.63%	3.74%	3.67%	3.49%
Managed Care					
Expenditure Growth [8]	5.50%	5.80%	5.35%	5.30%	5.60%
Other Medicaid					
Expenditure Growth [7]	9.15%	8.70%	9.23%	8.86%	8.08%
DCYF Services					
Expenditure Growth [7]	9.15%	8.70%	9.23%	8.86%	8.08%
BHDDH- MR/DD					
Expenditure Growth [7]	9.15%	8.70%	9.23%	8.86%	8.08%
Pharmacy					
Expenditure Growth [12]	7.39%	7.57%	8.22%	8.23%	7.29%
Hospital Care					
Expenditure Growth [14]	6.67%	6.17%	6.80%	6.60%	5.99%

[1] November 2016 Consensus Economic Forecast based on IHS Markit Rhode Island Forecast adopted at the November 2016 Revenue

[2] Growth in estimates for FY 2018 as adopted at the November 2016 REC inclusive of the Governor's proposals, Budget Office estimated

[3] Office of Revenue Analysis projection for FY 2018. FY 2019 - FY 2022 period based on United States Energy Information Agency's Annual

[4] Growth in estimates for FY 2018 as adopted at the November 2016 REC for total general revenues inclusive of the Governor's proposals, excluding personal income taxes, business corporations taxes, health care provider assessment, sales and use taxes and other sources.

[5] CMS National Health Expenditure Projections, July 2016, Home Health Care: State Medicaid

[6] CMS National Health Expenditure Projections, July 2016, Nursing Home Care: State Medicaid

[7] CPI-U Medical Care, 2010-2015 Average applied to Budget Office Estimated CPI-U Growth for FY 2019 - FY 2022

[8] CMS National Health Expenditure Projections, July 2016, Total Health Expenditures: Private Health Insurance as proxy. Adjusted for

[9] No broad based COLA assumed in forecast; steps only; longevity increases no longer apply.

[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. 201\6)

[12] CMS National Health Expenditure Projections, July 2016, Prescription Drugs: State Medicaid

[13] Step increases only; longevity increases no longer apply.

[14] CMS National Health Expenditure Projections, July 2016, Hospital Care: State Medicaid

[15] CMS National Health Expenditure Projections, July 2016, State and Local Government, Employer contributions to private health insurance

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 2017). 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

The Budget Process: A Primer

meet no less than twice per year, in November and May, and can be convened at any other time by call of 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.

The Budget Process: A Primer

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

The Budget Process: A Primer

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

The Budget Process: A Primer

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*

The Budget Process: A Primer

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.

Office of Budget

Suzanne Amerault**Programming Services Officer**

Personnel Actions
Employee Contract Tracking
Office Management
Official Statement

Ronald Bickham II**Budget Analyst I**

Department of Business Regulation
Department of Labor and Training
Commission for Human Rights
Rhode Island Infrastructure Bank
Rhode Island Resource Recovery Corporation
Narragansett Bay Water Quality Commission

Andres Blanco**Programmer Analyst Manager**

Network Database Management
Information Processing Liaison
Technical Support
Web Page

Carmela Corte**Supervising Budget Analyst**

Executive Office of Commerce
Department of Environmental Management
Housing Resources Commission
Capital Center Commission
Rhode Island Commerce Corporation
Rhode Island Industrial Facilities Corporation
Rhode Island Industrial Recreational Building
Authority
I-195 Commission
Quonset Development Corporation

Brian Daniels**Deputy Budget Officer**

Governor's Office
Commission on the Deaf and Hard of Hearing
Office of the Mental Health Advocate

Lucas Dieter**Budget Analyst I**

Department of Health
Department of Human Services

Dezeree Hodish**Budget Analyst I**

Legislature
Board of Elections
Secretary of State
Department of Public Safety

Storm Lawrence**Budget Analyst I**

Rhode Island Council on the Arts
Historical Preservation and Heritage Commission
Rhode Island Atomic Energy Commission
Department of Elementary and Secondary
Education

Dennis A. Michaud**Budget Analyst II**

Office of the Attorney General
Department of Corrections
Public Utilities Commission
Judicial
Office of the Public Defender

Thomas Mullaney**Executive Director/State Budget Officer**

Capital Development, Planning and
Oversight Commission (Chair)
OPEB Board (Chair)
Tobacco Settlement Financing Corp (Chair)
State Investment Commission
State Employee Retirement Board
Information Statement

Daniel R. Orgel**Supervising Budget Analyst**

Higher Education
Student Loan Authority
Rhode Island Health and Educational Building
Corporation

John Raymond**Supervising Budget Analyst**

Department of Behavioral Healthcare,
Developmental Disabilities and Hospitals
Office of Health and Human Services
Caseload Estimating

Office of Budget

Kimberly Reynolds**Senior Budget Analyst**

Department of Administration
Department of Revenue
Lieutenant Governor
Convention Center Authority
Rhode Island Housing and Mortgage Finance
Corporation

Sharon R. Savicki**Administrative Officer**

RIFANS - Purchasing
Fiscal Note Database

Evelyn Shapiro**Budget Analyst I**

Department of Transportation
Coastal Resources Management Council
Rhode Island Ethics Commission
Rhode Island Airport Corporation
Rhode Island Public Transit Authority
Rhode Island Turnpike and Bridge Authority

Steven Smalley**Budget Analyst I**

Department of Children, Youth & Families
Governor's Commission on Disabilities
Office of the Child Advocate
NASBO Surveys

Gregory B. Stack**Supervising Budget Analyst**

Military Staff
RI Emergency Management Agency
Office of the General Treasurer
Ethics Commission
Appropriations Act
Assessed Fringe Benefit Fund

Office of Management and Budget

Jonathan Womer, Director
Maria Guilmette, Confidential Secretary

Office of Regulatory Reform

Erik Godwin, Director, Regulatory Reform
Derrick Pelletier, Chief of Research & Analysis
Matthew McCabe, Chief of Research & Analysis
Abby McQuade, Prin. Economic & Policy Analyst
Robert Valenti, Economist
Amanda Clark, Sr. Mgmt. and Methods Analyst
Nancy Scarduzio, Small Business Ombudsman

Office of Performance Management

Benjamin Shaffer, Director Performance Management
Andrew Manca, Chief, Program Development, Lean
Andrew Braca, Sr. Mgmt. and Methods Analyst
Dylan Daniels, Performance Management Analyst
Luke Koushmaro, Performance Management Analyst
Christopher Piotrowski, Performance Mgmt. Analyst

A Special Thanks To:

Paul Dion, Ph.D., Office of Revenue Analysis
Marilyn Mcconaghy, Department of Revenue
Neena Savage, Division of Taxation

Daniel Majcher, Office of Legal Services
Cheryl Asquino, Office of Legal Services
Andrew Marcaccio, Office of Legal Services