





## State of Rhode Island and Providence Plantations

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Gina M. Raimondo  
Governor

January 16, 2020

To the Honorable General Assembly:

The Fiscal Year 2021 proposal contained within these pages brings us full circle to where we started when we worked together to establish nation-leading, innovative programs with the hope that they could help pull the State back from an economic crisis and ultimately deliver never-before-seen opportunities for Rhode Islanders.

And we did it. But you and I know that our work is never done; public service is not about taking victory laps. It's about protecting what is working and what is right for the people we serve, and it's about looking ahead to see what more we can do. So in considering initiatives for this year's budget cycle – and in the face of a nearly \$200 million deficit – it's important to reflect and determine how we can build successful programs to last beyond our years in office.

The Fiscal Year 2021 budget largely focuses on strengthening long-term investments in existing programs across government that are working every day for Rhode Islanders. That means building on our prior investments in job training and education, protecting our most vulnerable, caring for our environment, ensuring affordable healthcare, and investing and strengthening our middle class.

It is critical at this juncture to create more sustainability for our time-tested programs and policies. That includes programs like Real Jobs RI, which has served 6,500 Rhode Islanders with real-world training opportunities. Programs like this give employers a new sense of hope as we create a culture of workforce innovation and help bring our workers to the cutting edge of their respective industries. It is to that end that I propose to equip the Department of Labor and Training (DLT) with the resources it needs to give thousands more Rhode Islanders the tools to support themselves and their families as our economy evolves.

My focus remains on our responsibility to taxpayers. My budget gives every Rhode Islander a car tax cut and proposes a reduction in unemployment insurance taxes for a third year in a row. It also makes necessary investments to strengthen our child welfare system and meet our obligations to the children who are in our care. I asked my team to look carefully at both the Department of Children, Youth and Families (DCYF) and the Veterans Home budgets. Some of that work is continuing, but the proposal detailed in these pages reflects months of organizational review, as well as the latest caseload trends.

My Fiscal Year 2021 budget proposal focuses on two additional economic drivers: housing and education. The fact is that too many working families struggle to find secure housing. This year, I am proposing a housing bond and a permanent dedicated funding stream for affordable housing. Nearly every other state already has this, and we need a tested long-term solution. Education is one of the most paramount challenges we face today. We know we are not underinvesting; for the first time in a long time, we are fixing our school buildings, improving our curricula and staying the course with the Rhode Island Comprehensive Assessment System (RICAS). However, we will need to make difficult decisions to fix our underperforming schools, especially in our capital city. My budget proposal reflects additional capacity to transform the Rhode Island Department of Elementary and Secondary Education (RIDE) from a mostly compliance-focused organization to one of support for our school districts. It will take time to truly see the lasting impact of our decisions, but we must act as the steady hand in a constantly evolving and challenging education landscape.

Finally, we have a responsibility to ensure the highest level of transparency and accountability in the budgeting process. Today, I have proposed for your consideration line item veto provisions that will shine a light on government spending in ways we never have before. Should you approve this measure, I am proposing it not take effect until January 2023 – after the end of my term as Governor. I want to empower the public to hold every elected leader accountable and provide the opportunity for Rhode Islanders to be fully informed on the impactful decisions we are making in the budget process. This is good for our state and for the health of our democracy. Let's join the 44 other states across the country that use this tool and put the line item veto on the ballot this year.

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

- Increase funding for Rhode Island hospitals;
- Repeal the proposed transfers from quasi-public agencies;
- Increase funding for the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island; and
- Increase education funding formula categorical spending for high-cost special needs, career and technical education, and transportation.

We have a chance to do this right, put politics aside and strengthen our state together. I am proud of our accomplishments, and I hope you will join me in making sure our progress endures.

Sincerely,



Gina M. Raimondo  
Governor

# **Executive Summary**

# Executive Summary

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# Introduction

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The Fiscal Year 2021 budget continues critical investments in a wide range of programs across government that – through the collective efforts of the Governor and the General Assembly during the last five years – are working every day for Rhode Islanders. The State has already built a strong framework, which has lifted the economy to new heights: in 2019 alone, the State saw its unemployment rate hit a 30-year low of 3.5 percent and marked an all-time high for number of jobs based in Rhode Island at more than 500,000.

Sustainability is a key tenet of this proposal, which looks to protect the State’s progress by proposing responsible investments in high-impact programs while better aligning the State’s tax structure with the emerging shift toward a services-based economy.

## *Workforce & Economic Development*

Governor Raimondo proposes an expansion of one of the most successful workforce development programs in the State’s history: Real Jobs RI. Coupled with the Administration’s strong economic development and workforce efforts, this initiative has changed the way in which Rhode Island approaches talent pipeline development for burgeoning and dynamic industries within its borders. The Real Jobs RI program places new employees into immediate job openings, upskills current employees to remain competitive, and creates a steady stream of talent for the future. The program has served almost 6,500 people and benefitted 1,200 employers since its inception.

The Governor proposes investing a total of \$14.1 million in the program to expand its reach to thousands more Rhode Islanders and satisfy emerging employer demand. Included in the total funding is \$250,000 to create an apprenticeship program at the Department of Corrections with the goal of improving post-release employment outcomes. Supporting monies for the apprenticeship program also include \$300,000 in RI Capital Plan funds to retrofit the space for program needs.

To further augment the Real Jobs impact, the Governor also recommends statutory changes to subject large non-governmental, nonprofit organizations employing at least 1,000 employees to the Job Development Assessment. The estimated \$1.4 million resulting from that increase would be invested in Real Jobs RI, which directly benefits these large nonprofits and will help connect thousands more Rhode Islanders with the skills they need to compete in the workforce.

The Governor proposes continuing investments in the State’s key Commerce programs, including Rebuild RI, competitive cluster grants and others. The budget proposal includes an expansion of the Stay Invested in RI Wavemaker Fellowship to include STEM teachers. Established as one of many successful workforce initiatives during the Governor’s tenure, the fellowship program provides a financial incentive for graduates pursuing a career or starting a business in Rhode Island in technology, engineering, design, and other key sectors, by defraying student loan payments for up to four years.

Supporting individuals in the workforce is equally as important as creating job opportunities and cutting red tape. In her Fiscal Year 2021 proposal, the Governor proposes increasing the minimum wage from \$10.50 per hour to \$11.50 per hour.

The budget also increases the State Earned Income Tax Credit (EITC) percentage from 15 percent to 20 percent at 1 percent per year over five years, with the effective date of tax year 2021. The Department of Revenue estimates that 76,472 resident taxpayers would receive an average of \$23.25 each in tax relief in FY 2021, with a similar additional increment in each subsequent year.

## *Ballot Initiatives*

The Fiscal Year 2021 proposal includes **three ballot initiatives** – totaling about \$268.8 million – that deepen the State’s strategic long-term investments in key drivers of our economy, including:

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## Higher Education Bond – \$117.3 million

- *University of Rhode Island Fine Arts Center* – Provides \$57.3 million for repairs and construction of the Fine Arts Center on the University of Rhode Island (URI) Kingston campus in support of the educational needs of the musical, theatrical, visual and graphic arts disciplines by replacing/upgrading performance theaters, classrooms and offices.
- *Rhode Island College Science & Technology Renovation* – Provides \$38.0 million for the renovation and expansion of the Clarke Science building on the Rhode Island College campus, to improve the science and technology laboratories and facilities that support high-demand degree programs critical to the college’s mission of statewide workforce development.
- *Community College of Rhode Island Academic & Student Support Services* – Provides \$12.0 million to restore and enhance the academic and student support spaces and other infrastructure on the Community College of Rhode Island’s four campuses. Funds will go toward updating classroom and laboratory spaces, modernizing and renovating facilities, addressing repairs, improving safety and energy efficiency, and replacing outdated technology and equipment used for teaching and learning.
- *Center for Ocean Technology* – Provides \$10.0 million for the development of a Center for Ocean Innovation in collaboration with URI’s Graduate School of Oceanography, promoting cutting edge research and innovation, and solidifying Rhode Island’s leadership in the Blue Economy. The funds will support the construction, renovation, attaining and securing of facilities/spaces, as well as investment in infrastructure and equipment to support the creation, incubation, exploration, testing, prototyping, piloting, and deployment of undersea and other maritime technologies to create a “Smart Bay.”

## Housing and Infrastructure Bond – \$87.5 million

- *Affordable Housing* – Provides \$25.0 million to increase the availability of affordable housing through the redevelopment of existing structures and/or new construction.
- *Early Learning Facilities* – Provides \$15.0 million in matching funds to renovate and build more spaces for high-quality early learning opportunities, creating up to 1,500 new seats and improving the quality of up to 4,000 existing seats.
- *Quonset Pier* – Provides \$20.0 million for infrastructure projects that will support continued growth and modernization at the Port of Davisville. This investment will finance the Port master plan, including construction of a new Pier at Terminal 5, the rehabilitation of Pier 1, and dredging. These projects will position Davisville to accommodate offshore wind project cargo and logistics staging while continuing to support the Port’s existing businesses.
- *Industrial Site Development* – Provides \$21.5 million for industrial site development and economic revitalization. The funds will be allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.
- *Arts and Historic Infrastructure* – Provides \$5.0 million in infrastructure grants to Rhode Island’s two largest arts organizations, Trinity Repertory Company (the State Theater of Rhode Island) and the Rhode Island Philharmonic, and grant funding for smaller organizations through the Rhode Island State Council on the Arts (RISCA). Additionally, it provides \$1.0 million in funding through

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the Rhode Island Historical Preservation & Heritage Commission for infrastructure grants to historic properties.

## **Beach, Clean Water & Green Bond – \$64.0 million**

- *State Beaches & Parks* – Provides \$35.0 million for major capital improvements to State parks, beaches, and campgrounds, including the design, development, expansion, and renovation of new and existing facilities. Improvements may include a new facility at Goddard Park Beach; upgraded facilities, including new bathrooms at Brenton Point and Roger Wheeler, Scarborough and Misquamicut state beaches; and State campground improvements, such as new bathrooms and utility upgrades.
- *Local Recreation Grants* – Provides \$4.0 million for up to 80 percent matching grants for municipalities to acquire, develop, or rehabilitate local spaces to meet the growing needs for active recreational facilities.
- *Natural & Working Lands* – Provides \$3.0 million to protect working forest and farm lands throughout Rhode Island, including through the purchase of forest conservation easements, the purchase of development rights by the Agricultural Lands Preservation Commission, and the State Farmland Access Program.
- *Clean Water* – Provides \$15.0 million in state match funds to support clean water and drinking water infrastructure improvements. Clean water projects include wastewater collection and treatment upgrades, stormwater resilience improvements, combined sewer overflow initiatives, and other water quality protection activities. Drinking water projects include construction of water supply, treatment, and distribution infrastructure.
- *Municipal Resiliency* – Provides \$7.0 million in funding for up to 75 percent matching grants to municipalities for restoring and/or improving resiliency of vulnerable coastal habitats, and restoring rivers and stream floodplains. These funds are expected to leverage significant matching funds to support local programs to improve community resiliency and public safety in the face of increased flooding, major storm events, and environmental degradation.

## *Expanding Housing Opportunities*

Ensuring housing is affordable to Rhode Island’s workforce is the key to unlocking further economic growth and addressing Rhode Island’s housing shortage. In addition to the Housing and Infrastructure bond included in this proposal, the Governor recommends several initiatives to aggressively address the lack of housing affordable to workers:

- **Establishes a permanent funding stream for affordable and workforce housing.** The Governor recommends increasing the real estate conveyance tax on the portion of the value of real estate above \$500,000. Proceeds from the increase would be dedicated to a restricted receipts funding stream for affordable and workforce housing production and municipal housing development partnerships. The initiative is slated to add \$3.6 million in FY 2021 and \$7.9 million on an annualized basis to create another 250 affordable and workforce units annually.
- **Streamlines the housing policy governance structure.** The Governor recommends various governance reforms, including a modernization of the Housing Resources Commission and establishment of a new Housing Resources Coordinating Committee, as well as the codification of

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the role of the Office of Housing and Community Development in order to improve statewide coordination of housing policy, planning, and financing.

### *RItE Share Expansion & Healthcare*

Ensuring Rhode Islanders have access to high-quality Employer-Sponsored Insurance (ESI) is critical for our workforce and helps the sustainability of the State Medicaid program. Since 2001, Rhode Island has administered the RItE Share Premium Assistance Program, which helps thousands of eligible Rhode Islanders each year by paying the employee share of the cost of Employer-Sponsored Insurance (ESI). This includes an employee's portion of the premium, as well as the deductible, copays, and coinsurance when the employee accesses health care services.

RItE Share is a mandatory program for employees who qualify for Medicaid and have access to cost-effective ESI. However, the State does not currently have the mechanisms to enforce the participation requirement, which has resulted in low enrollment in the program. As of January 2020, there are fewer than 4,000 employees enrolled statewide.

The Fiscal Year 2021 budget proposes an expansion of RItE Share, maximizing participation in the program and shifting eligible participants away from more costly, traditional Medicaid. Under this plan, the State would require for-profit employers with at least 50 employees to report their ESI information to the Division of Taxation, which would provide it to the Executive Office of Health and Human Services (EOHHS). This will provide the tools necessary to significantly expand participation in the program. The proposal also assesses a penalty for employers that do not submit their forms by the deadline (\$2,500) or are in non-compliance (\$5,000).

Factoring in a six-month implementation period and the penalty, expansion and enforcement of the RItE Share program requirements are expected to save the State a net of \$5.0 million in general revenue and \$18.4 million in all funds in Fiscal Year 2021. The annualized estimated savings total \$10.1 million in general revenue and \$36.8 million in all funds.

### **Reform Efforts**

Rhode Island is committed to protecting the State's Medicaid system to ensure Rhode Islanders have access to critical health benefits when they need it. Healthcare needs to be affordable and on the cutting edge of innovation. To maintain those efforts, the Administration proposes to transition Medicaid Managed Care Organizations (MCOs) to full-risk, aligning payer and provider financial incentives. This initiative would continue to drive transformation in the healthcare sector and incentivizes both insurers and providers to help reduce unnecessary utilization and better manage care.

The Governor also recommends three revenue-neutral provisions to further safeguard the basic principles and patient protections of the Affordable Care Act (ACA) in Rhode Island:

- Ensuring coverage of the ACA's "**10 Essential Health Benefits**" in the individual and group markets so that everyone who has health insurance is guaranteed coverage for ambulatory services; emergency services; hospitalization; pre- and post-natal care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory tests; preventive services; and pediatric services. Currently, only eight of the 10 are covered under state law: rehabilitative and habilitative services and devices, and pediatric services (including oral and vision care) are not protected by state law.

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- **Restricting cost sharing for preventive services** on the individual and group markets to increase affordability of care for patients.
- **Prohibiting discrimination based on preexisting conditions** so that insurers cannot refuse to offer or renew coverage to patients based on their medical history. This is an essential pillar of the ACA that ensures stability in the individual market.

## Public Health

In the summer of 2019, the Centers for Disease Control and Prevention (CDC) reported it was investigating a national outbreak of vaping product use-associated lung injuries. Following these grave warnings from the federal government, Governor Raimondo issued an Executive Order directing the Rhode Island Department of Health (RIDOH) to issue emergency health regulations banning the sale of flavored Electronic Nicotine Delivery System (ENDS) products. According to the CDC, most youth ENDS users report using flavored products, and flavors are the primary reason youth report using ENDS.

The most recent data from the 2019 Youth Risk Behavior Survey (YRBS) highlights this alarming trend in Rhode Island:

- 10.2 percent of high school students now report frequent use of electronic vapor products. In 2017, only 3.7 percent of high school students reported frequent use. ("Frequent use" is use on 20 or more days in the 30 days before the survey.)
- 48.9 percent of high school students tried vape at least once.
- 30.1 percent of high school students in 2019 reported that they currently vape. In 2017, 20.1 percent of Rhode Island high school students reported current use. ("Current use" is use at least once in the last 30 days.)

The Governor recommends a comprehensive package on vape products, which codifies the ban on flavored vapes, reduces these products' availability to youth, provides tools for cessation and enforcement for RIDOH and sister agencies, and increases fees for selling tobacco products to underage youth.

The U.S. Congress recently passed a law raising the minimum age to purchase cigarettes and tobacco products from 18 years old to 21 years old. The Governor recommends codifying this in state law. The budget proposal also recommends increasing the cigarette excise tax by \$0.35 per pack (from \$4.25 to \$4.60) through a flat fee on cigarette distributors. In addition, the proposal includes the application of the 80 percent Other Tobacco Products (OTP) wholesale tax rate on liquid nicotine products and raising the cap on cigars from \$0.50 to \$0.80 per cigar. A portion of the revenues would be directed toward restricted receipt accounts for community behavioral health promotion and prevention funds. Currently, the State only charges sales tax on ENDS.

The Fiscal Year 2021 budget proposal also merges the cigarette and tobacco dealer registration process with the vape retailer registration process under the Division of Taxation to increase efficiency and compliance. This licensing structure, modeled after Connecticut's, would increase associated licensing and renewal fees, resulting in about \$250,000 in annual net revenue.

## *Education*

Under Governor Raimondo's leadership, it has been a priority of this Administration to tackle access to quality education for all students. Today, all-day kindergarten exists in every public elementary school, and the State has more than tripled the number of high-quality, nationally-ranked pre-kindergarten (RI Pre-K) classrooms in Rhode Island since she took office.

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The Fiscal Year 2021 budget proposal continues to support the groundwork for RI Pre-K expansion by adding \$4.5 million to increase the number of available public Pre-K seats for the State's littlest learners. This pairs the expansion with a plan to raise the tiered reimbursement rates for preschool services and child care providers serving infants and toddlers to better and more quickly incentivize quality improvements. The Governor also recommends establishing a permanent funding stream for RI Pre-K by integrating local education agency (LEA) Pre-K seats into the education funding formula. The proposal additionally calls for a \$15.0 million bond infrastructure investment to ensure there are enough high-quality early learning spaces to keep up with the demand. As the State looks to expand these early learning opportunities for children, building quality space for learning must complement any serious effort to strive toward expansion.

Excluding categorical funding, the FY 2021 education funding formula is fully funded and adds \$31.0 million year-over-year for Rhode Island's schools. The inclusion of Department-approved high-quality RI Pre-K classrooms brings that total increase to \$34.8 million over the enacted FY 2020 Budget. The budget proposal includes \$2.5 million in additional funding for Multilingual Learners (MLL) (formerly English Language Learners (ELL)), bringing the total annual funding in this categorical to \$7.5 million.

Educators across the State continue to identify student mental health as an increasing challenge in our schools. In response to requests by educators, the Governor proposes funding for additional mental health professionals in schools and mental health first aid professional development for teachers.

Critical education issues have emerged in the wake of the 2019 legislative session, but none more urgent than the state of Providence public schools. Following the release of a Johns Hopkins report detailing the dire conditions of the school district, the Rhode Island Department of Elementary and Secondary Education (RIDE) conducted an extensive community engagement process. Shortly thereafter, the State launched its intervention and began the process of bringing transformational change to capital city schools.

In December 2019, the globally-respected firm Ernst & Young LLP conducted a detailed, independent financial analysis of the Providence school district, which did not indicate the need for additional direct investments. However, the FY 2021 budget does expand capacity and support within RIDE to oversee the State's turnaround effort not just for PPSD, but districts across the state, along with its shift away from a compliance focus and toward district support and education reform.

Results from the 2019 Rhode Island Comprehensive Assessment System (RICAS) reinforce the magnitude of the challenge ahead: Just 12 percent of PPSD students in grades 3 through 8 met or exceeded expectations in Math, and 17 percent in English Language Arts. On the SAT, 15 percent of students met or exceeded expectations in Math and 25 percent in English Language Arts.

In higher education, Governor Raimondo paved the way for what we now know as the Rhode Island Promise Scholarship, a last-dollar scholarship that makes CCRI tuition-free for all recent Rhode Island high school graduates. Since the inception of Rhode Island Promise, CCRI has seen:

- A 136 percent increase in first-time, full-time student enrollment;
- A 171 percent increase in low-income student enrollment;
- A 185 percent increase in students of color enrolling;
- Four times more Rhode Islanders graduating in two years; and
- Nine times more students of color graduating in two years.

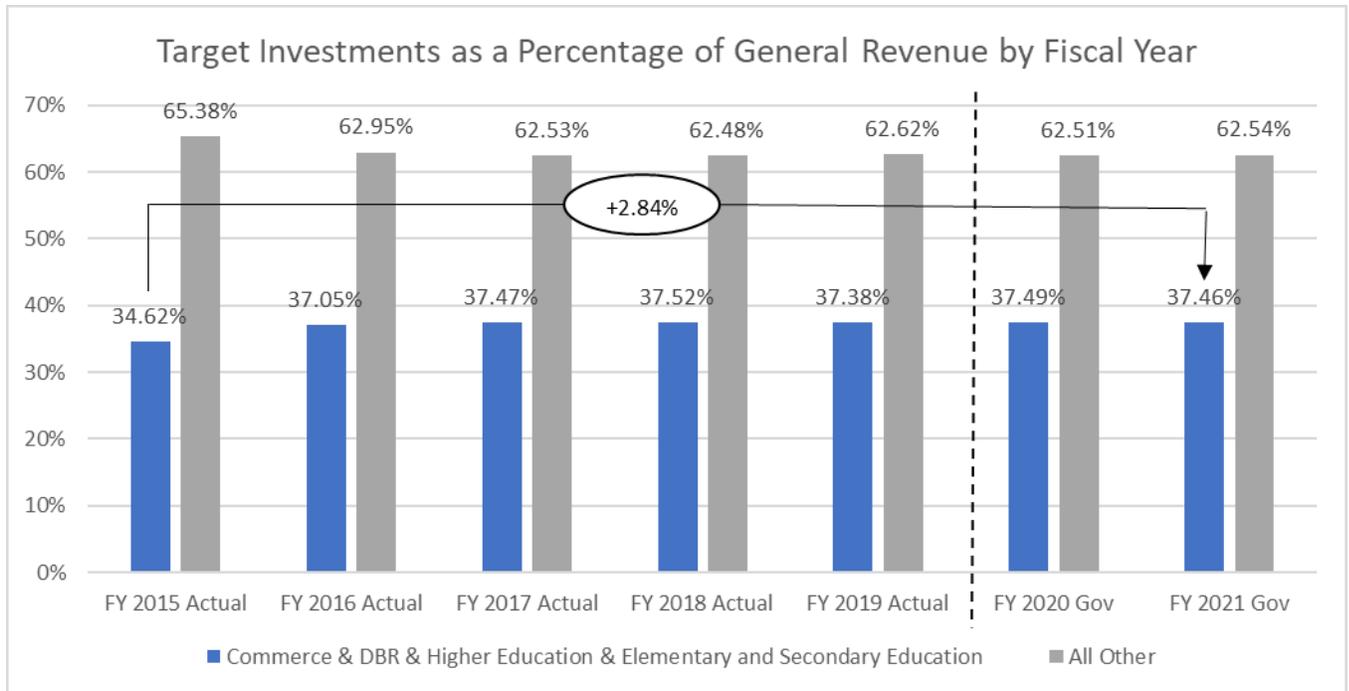
The FY 2021 budget proposes lifting the sunset and making the program permanent to help maintain the path to success for Rhode Island students.

# Expenditure Summary

The FY 2021 Recommended Budget addresses a projected operating deficit of approximately \$200 million, while investing in key areas to improve the State’s overall financial outlook. The FY 2021 Budget reflects ongoing improvements in the State’s overall financial condition over the past several years. FY 2019 closed with a surplus of \$30.5 million, representing the tenth year in a row the State has closed with a strong surplus. The following outlines the FY 2020 Revised and the FY 2021 Recommended Budgets as proposed by Governor Raimondo on January 16, 2020.

## Investment in Growth

The Raimondo Administration’s primary focus is ensuring state government stays the course and continues to invest in critical economic drivers that will foster growth and opportunity for Rhode Islanders years into the future. Investments such as education and workforce training, economic development, and infrastructure are key to attracting businesses, creating jobs and building a skilled workforce that can compete in up-and-coming industries.



## Expenditures by Source

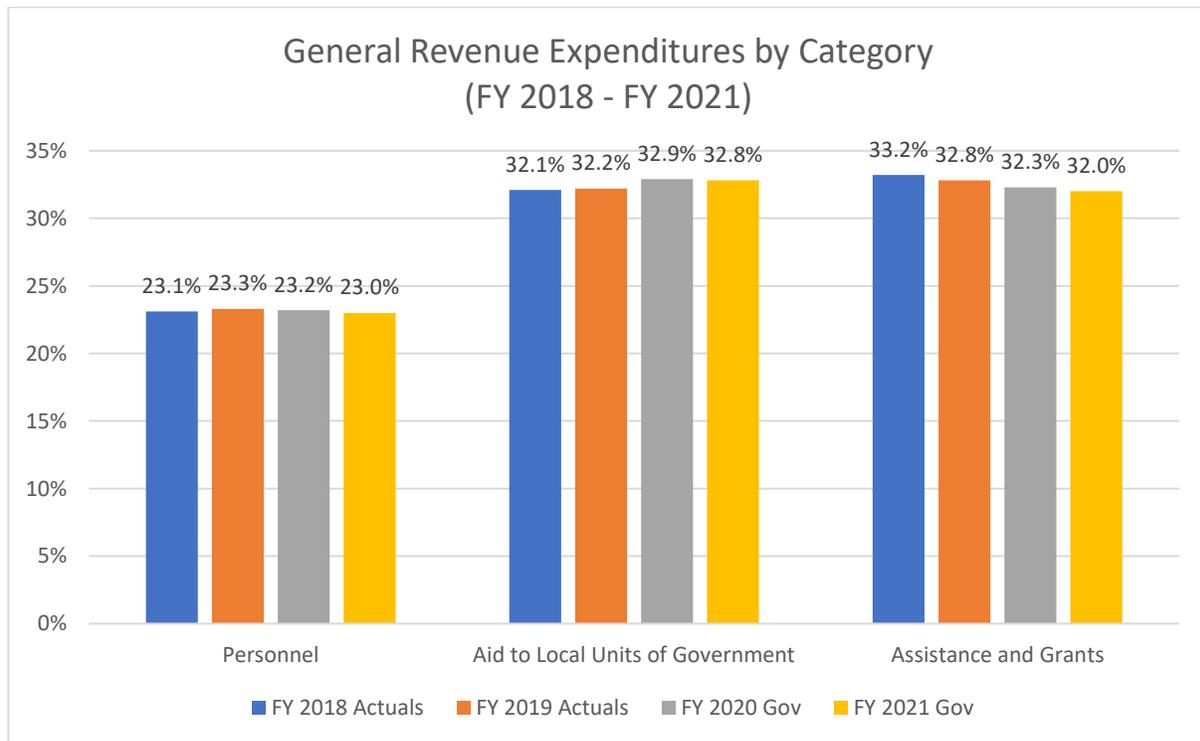
The following table shows state expenditures by source of funds. Statewide all fund expenditures for the revised FY 2020 budget total \$10.062 billion, an increase of \$91.1 million compared to the enacted level. Of this total, \$4.086 billion, or 40.6 percent, is from general revenue. All funds expenditures for FY 2021 are \$10.195 billion, an increase of \$224.4 million compared to the FY 2020 enacted level. Of this total, \$4.248 billion, or 41.7 percent, is from general revenue.

# Expenditure Summary

## Enacted and Proposed Expenditures by Source

Sources of Funds	FY 2020 Enacted	FY 2020 Revised	Change from Enacted	FY 2021 Recommended	Change from FY 2020 Enacted
General Revenue	\$4,077.6	\$4,086.3	\$8.7	\$4,247.8	\$170.2
Federal Funds	3,325.4	3,325.2	(0.2)	3,323.1	(2.2)
Restricted Receipts	311.4	383.2	71.9	348.9	37.5
Operating Transfers	237.6	258.0	20.4	207.5	(30.2)
Other Funds	2,018.6	2,009.0	(9.6)	2,067.7	49.1
<b>Total (millions)</b>	<b>\$9,970.6</b>	<b>\$10,061.8</b>	<b>\$91.1</b>	<b>\$10,195.0</b>	<b>\$224.4</b>

Expenditures are sorted into categories to group similar types of expenditures across departments. This chart further simplifies these categories into three areas that highlight the Administration’s continued focus on shifting resources from consumption to investment. Local aid has increased from 32.0 percent of general revenue spending in FY 2018 to 32.8 percent in FY 2021, driven by additional funding for local education, as well as the continued phase-out of the Motor Vehicle Excise Tax. Personnel expenditures have decreased from 23.1 percent of general revenues in FY 2018 to 23.0 percent in FY 2021. Meanwhile, spending on grants and benefits declined from 33.2 percent of general revenues in FY 2018 to 32.0 percent in FY 2021.



### Expenditures by Functional Unit of Government

The FY 2021 general revenue budget is up \$170.2 million compared to the Enacted Budget. The increases are primarily due to the following changes:

# Expenditure Summary

- General Government expenditures are up \$49.3 million; significant growth drivers include an additional \$10.5 million in reimbursements to cities and towns due to the motor vehicle excise tax phase-out, \$7.0 million for Real Jobs RI, and additional funding of \$22.5 million to support Commerce RI's Rebuild RI program.
- Health and Human Services expenditures increase by \$69.3 million due to additional funding for the Department of Children, Youth and Families to address current caseloads; additional funding in the Department of Human Services for child care and pre-k rates; and additional funding for operation of the Veterans' Home. This growth is constrained by several initiatives designed to bend the Medicaid cost curve.
- Education expenditures are up \$45.6 million due to funding the tenth year of the Education Aid Funding Formula, increased categorical funding including \$4.5 million more for Pre-K and \$2.5 million more for High-Impact Multi-lingual Learners, and increased funding for the State's share of teacher retirement costs.
- Public Safety expenditures are up \$3.5 million due to investments in new lawyers at both the Public Defender and Attorney General offices to address case backlogs; and funding for additional State Police troopers.
- Natural Resources expenditures are up \$2.5 million due to increased investment in state parks.

## General Revenue Appropriations by Function

Function	FY 2020 Enacted	FY 2020 Revised	Change from Enacted	FY 2021 Recommended	Change from FY 2020 Enacted
General Government	\$553.2	\$560.6	\$7.4	\$602.5	\$49.3
Health and Human Services	1,490.1	1,493.3	3.2	1,559.5	69.3
Education	1,487.5	1,490.3	2.9	1,533.0	45.6
Public Safety	500.3	495.6	(4.7)	503.8	3.5
Natural Resources	46.5	46.4	(0.1)	49.0	2.5
Transportation	-	-	-	-	-
<b>Total (millions)</b>	<b>\$4,077.6</b>	<b>\$4,086.3</b>	<b>\$8.7</b>	<b>\$4,247.8</b>	<b>\$170.2</b>

All funds expenditures by functional units total \$10.2 billion and include:

### General Government

Approximately 16.9 percent of all expenditures are for General Government, totaling \$1.719 billion. This 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.

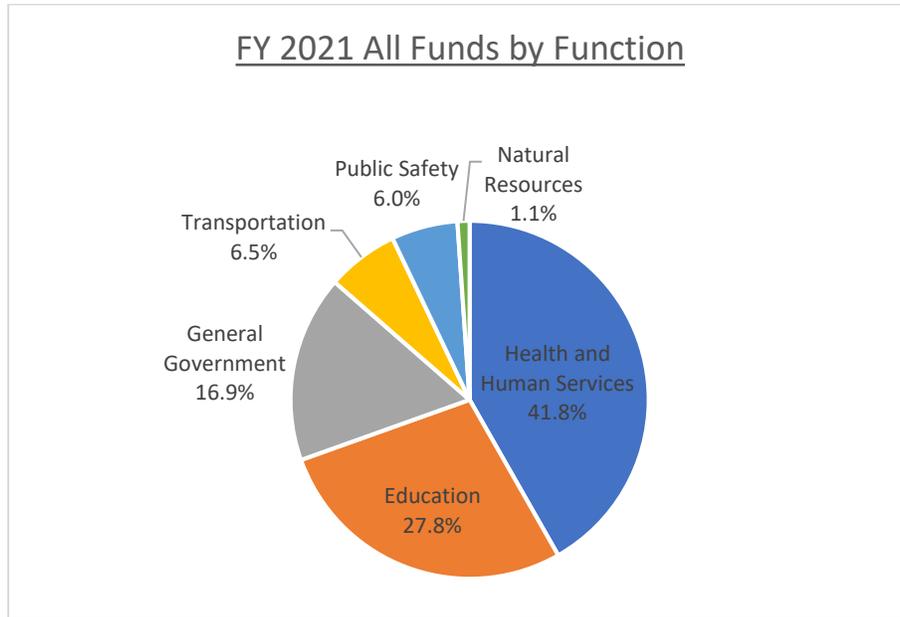
### Health and Human Services

Approximately 41.8 percent of all expenditures are for Health and Human Services, totaling \$4.258 billion. The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential supports, behavioral healthcare, and services for at-risk children, advocacy, and medical provider regulation.

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# Expenditure Summary

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## Education

Approximately 27.8 percent of all expenditures are for Education, totaling \$2.836 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

## Public Safety

Approximately 6.0 percent of all expenditures are for Public Safety, totaling \$613.5 million. Public Safety agencies provide law enforcement, adjudication, perform correction and rehabilitative services, and handle emergencies impacting Rhode Island's citizens.

## Natural Resources

Approximately 1.1 percent of all expenditures are for Natural Resources, totaling \$107.4 million. Agencies include the Department of Environmental Management (DEM and the Coastal Resources Management Council (CRMC). The DEM manages and protects Rhode Island's public and common natural assets, including land, air and water resources, while the CRMC seeks to preserve, protect and restore the coastal resources of the State.

## Transportation

Approximately 6.5 percent of all expenditures are for Transportation, totaling \$660.0 million. The Department maintains the State's transportation infrastructure.

Please see Appendix A-2 to see a breakdown of each functional unit by source.

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# Children's Budget

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As required under R.I.G.L. § 42-72.5(2), the following constitutes the FY 2021 Children's Budget prepared by the Rhode Island Children's Cabinet.

In 2015, Governor Raimondo re-convened the Children's Cabinet after working with the General Assembly to update the Cabinet's authorizing statutes. Pursuant to R.I.G.L. § 42-72.5, the Children's Cabinet was established within the executive branch and meets monthly to address issues relating to children's needs and services, with emphasis on those issues that cross departmental lines. By providing the overarching leadership necessary to improve the well-being of children and youth ages 0-24, the Children's Cabinet strives to set Rhode Island on a path toward a more stable and successful future.

## **FY 2021 Investments**

Governor Raimondo's FY 2021 recommended budget proposes investments that will ensure that Rhode Island's children and youth have a strong start in life, quality education experiences, and world-class higher education and job training opportunities. By investing in children and youth, Rhode Island will secure a bright future by ensuring long-term population health and building a 21<sup>st</sup> century workforce:

- *Increase Child Care Assistance Program (CCAP) Infant/Toddler Reimbursement Rates.* The Governor recommends an increase of \$1.8 million in general revenue to raise the reimbursement rates for child care providers serving infants and toddlers. Licensed child care providers are paid the maximum infant/toddler reimbursement in a tiered manner, reflective of the quality rating the provider has achieved within Rhode Island's quality rating system. The investment will bring the infant/toddler rates to the 25th percentile. The federal requirement is the 75th percentile.
- *Increase Child Care Assistance Program (CCAP) Preschool Reimbursement Rates.* The Governor recommends an increase of \$2.1 million in general revenue to raise the reimbursement rates for preschool services. Licensed child care providers are paid the maximum preschool reimbursement in a tiered manner, reflective of the quality rating the provider has achieved within the Rhode Island's quality rating system. The proposal is consistent with existing efforts by Governor Raimondo's administration to expand high-quality prekindergarten in Rhode Island and will bring the preschool rates half way to the 25th percentile, which is the federal requirement.
- *Family Home Visiting Expansion.* The Governor recommends an increase of \$650,000 in general revenue financing to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn. In January 2019, the Department of Health determined that family home visiting would qualify for a federal funding match under the Rhode Island Comprehensive Demonstration. Combined with the federal match, the Governor's recommended budget will increase total funding for family and home visiting by \$1.4 million.
- *First Connections Expansion.* The Governor recommends an increase of \$378,000 in general revenue financing to expand home visiting programs for pregnant women with the goal of healthier pregnancies, better birth outcomes, and better child outcomes, including school readiness. In January 2019, it was determined that First Connections qualifies for a federal funding match under the Rhode Island Comprehensive Demonstration. In total, the Governor's recommended budget will provide \$818,264 for the program.
- *Education Aid Funding Formula.* The Governor recommends fully funding Year 10 of the education aid funding formula, as well as legislative changes allowing approved Pre-K seats to be included in the formula. These changes result in an increase of \$34.8 million in general revenue, excluding state-schools (Davies Career and Technical School and the Metropolitan Career and Technical Center), compared to the enacted FY 2020 Budget. Of the increase, \$3.3 million is

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## Children's Budget

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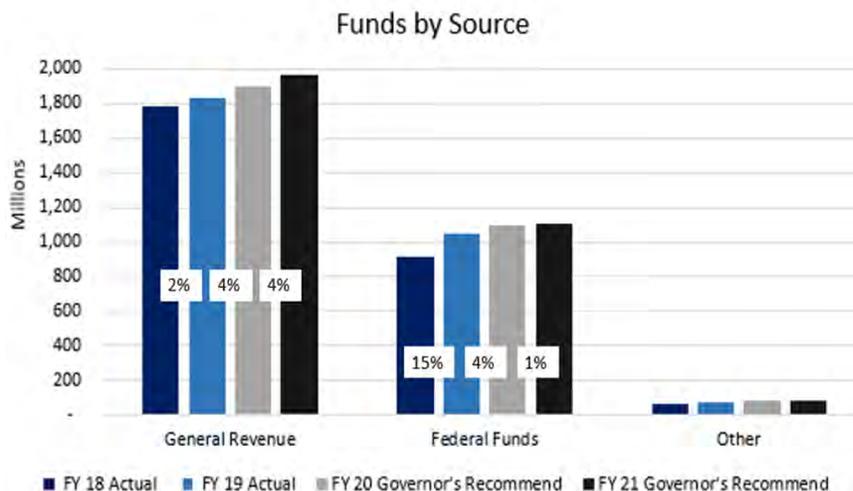
attributable to incorporating 358 Pre-K seats into the funding formula. The Local Education Agencies (LEAs) impacted by this change include Central Falls, Cranston, East Providence, Johnston, and Pawtucket.

- *Pre-K Categorical and RI Pre-K Expansion.* The Governor recommends a net increase of \$4.5 million in general revenue to expand RI Pre-K classrooms through the Early Childhood Education Categorical, as well as the aforementioned funding for seats shifted to the education aid funding formula. The Governor recommends legislative changes permitting Department-approved, high-quality Pre-K seats within LEAs be transitioned to the education aid funding formula in the year following the initial categorical award. Utilizing a braided funding model, this increase in funding will help support 2,170 RI Pre-K seats, an increase of 750 seats, a more than 50 percent increase over the prior year.
- *High-Impact Multilingual Learners (MLL) Categorical.* The Governor recommends an increase of \$2.5 million in general revenue financing for the Multilingual Learners (MLL) Categorical (formerly known as the English Language Learners (ELL) Categorical). This increases the total commitment of this categorical to \$7.5 million. The Governor also submitted legislative changes granting the Commissioner greater discretion to direct funding to ensure this investment is directed towards high-impact, data-driven programming that improves outcomes for multilingual learners.
- *School-Based Mental Health Services.* The Governor recommends \$590,000 in restricted receipt financing from the Opioid Stewardship Fund to provide mental health/behavioral health training, curricula, and other materials to allow more in-classroom and in-school training resources. Teachers have power to intervene immediately when a student shows signs of behavioral health challenges and can teach behavioral health skills directly to children and youth. Enhanced training will help teachers intervene more effectively.
- *School Resource Officer/Mental Health Categorical.* The Governor recommends an additional \$1.0 million in restricted receipts for the School Resource Officer (SRO) Categorical. This increase is financed by proceeds from the Opioid Stewardship Fund. The Governor recommends legislation to expand qualifying expenditures to include the hiring of new mental health professionals in schools, including student assistance counselors, school counselors, social workers, and psychologists. When compared to the anticipated expenditures of the original SRO Categorical, approximately \$1.5 million will be available in matching funds to LEAs for new mental health positions in FY 2021.
- *Rhode Island Promise Scholarship.* Included in the Office of Postsecondary Commissioner (OPC) budget, the Governor recommends a general revenue increase of \$257,439 for the continued support of Rhode Island Promise for recently graduated high school seniors that enroll at the Community College of Rhode Island. Total FY 2021 funding for this scholarship is \$7.2 million. Additionally, the Governor recommends removing the sunset of the Promise Scholarship; current law establishes that students graduating in the high school class of 2020 shall be the last to be eligible.
- *Continued Funding for Real Jobs Rhode Island.* The Governor recommends \$12.5 million in general revenue for the Real Jobs Rhode Island Program, which continues to support existing partnerships. The program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands, though the Children's Budget only applies to children and youth ages 0 to 24.

# Children's Budget

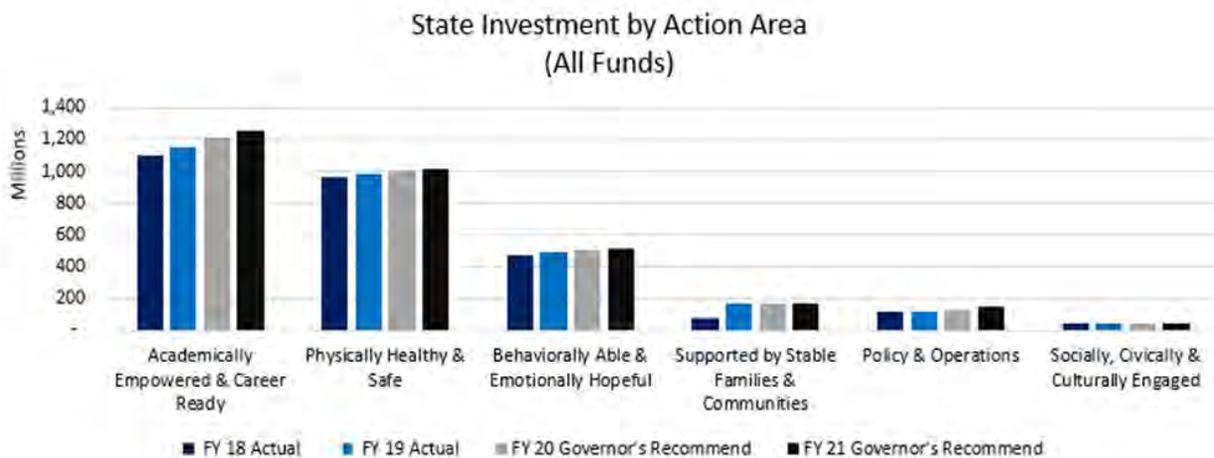
## Coordinated Budgeting

Per the strategic plan, the Children's Cabinet, with leadership from the Office of Management and Budget (OMB), analyzed Cabinet agency appropriations to identify and map investments supportive of the Cabinet's desired outcomes for children and youth. Through this mapping exercise, the Children's Cabinet will be better able to assess, align, and maximize investments in children, develop resource maps to track spending toward desired outcomes, and leverage resources across public and private sources to achieve shared goals.

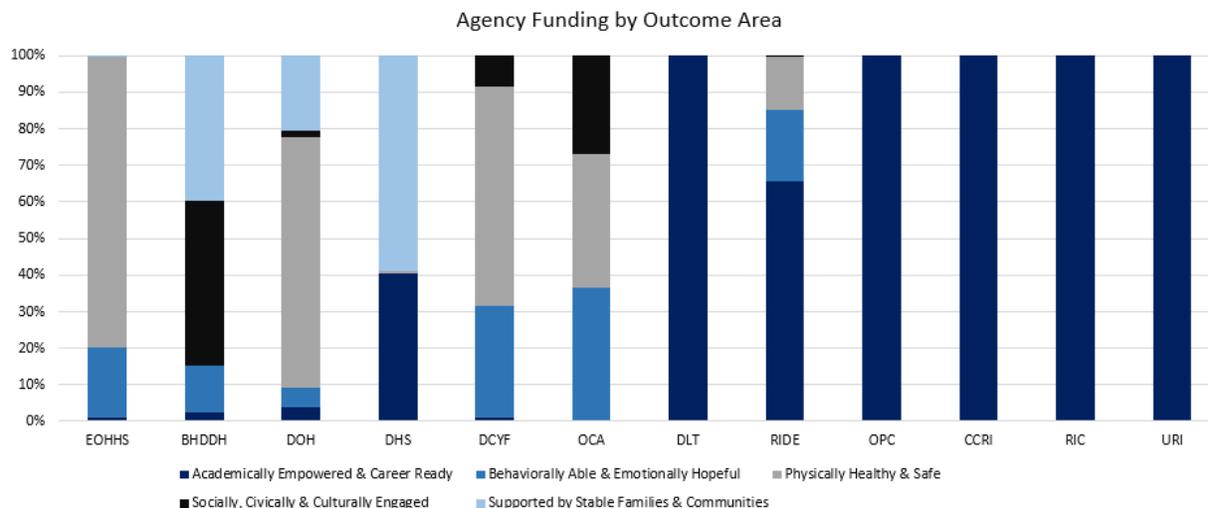


This year's budget analysis showed year-over-year growth in general revenue investments in key desired outcome areas for children and youth over the last four fiscal years. In FY 2021, the Governor recommends an investment of \$3.152 billion in children-and-youth-related spending. Over the course of this period, as seen in the graph (left) "Funds by Source," federal funding has tapered over recent years compared to general

revenue investments for children and youth, emphasizing the importance of state investments. The decrease in year-over-year growth in federal funding is due to the declines in key grants and appropriations received, including the federal funding for Pre-K at RIDE. The Children's Cabinet and individual agencies continue to work on leveraging additional federal funds, such as a recently secured \$27 million, three-year federal grant to support activities related to early childhood development and education.



# Children's Budget



The analysis also demonstrated that investments in children and youth are allocated across several departments. This validated the ongoing value of coordination across agencies to leverage resources and ensure alignment to achieve shared goals.

## Children's Budget Scan Background

The budget analysis represented the second year of an initiative conducted as a partnership between the Children's Cabinet, OMB, and State agencies. The Children's Cabinet used the FY 2021 scan to explore funding streams being utilized for different key outcome areas and identify opportunities for collaboration across agencies on initiatives such as high-quality early childhood programs. The FY 2021 scan used the same protocols as the FY 2020 scan, and categorized investments by the desired outcome areas from the Children's Cabinet strategic plan.

These desired outcome areas include:

- *Physically Healthy & Safe.* Children live in safe and healthy living environments, develop appropriately, access high-quality healthcare services, and avoid harmful incidents and behaviors.
- *Behaviorally Able & Emotionally Hopeful.* Children with (or who are at risk of) behavioral health issues receive appropriate preventative supports, interventions, and treatment and make successful transitions.
- *Academically Empowered & Career Ready.* Children access high-quality early learning and development programs to be ready for elementary school; progress appropriately in school; access, afford and complete college; and prepare for and thrive in appropriate in-demand jobs.
- *Socially, Civically, and Culturally Engaged.* Children and youth engage positively with each other and their communities, avoid juvenile justice system involvement, and access community-based programming and supports.
- *Supported by Stable Families and Communities.* Children and families are supported by stable wages and housing and maintain stability during periods of unemployment or under-employment.

Agencies were asked to provide estimations and assumptions about budget items where some data was not readily available, such as the percent of program recipients who were children and youth ages 0-24. Figures include these estimations and assumptions and therefore should be regarded as directional rather than conclusive. It represents an initial review which must undergo further analysis and refinement to verify assumptions and ensure consistency across agencies. The Children's Cabinet and OMB will continue to refine this scan and related governance processes with the input of stakeholders moving forward.

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# Rhode Island's Economy

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## A Strong Rebound

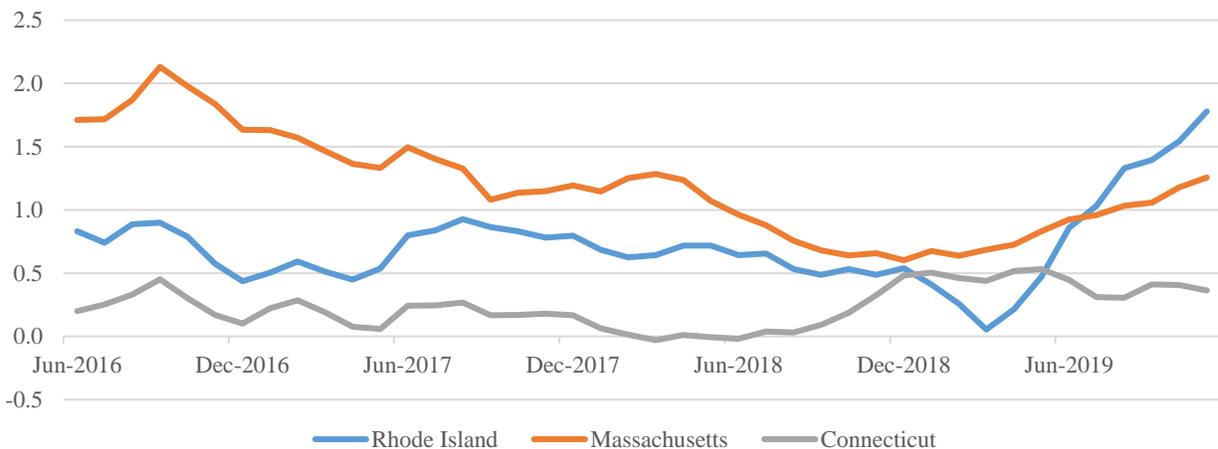
The state's economy has been expanding at a rapid pace for the past several quarters. Rhode Island payrolls have increased by approximately 10,700 positions on net over the past year, signaling a strong labor market and pushing the state's unemployment rate down to 3.5% in November. The jobless rate is tracking on par with the national rate and resting near its lowest level in the past three decades, indicating a tight labor market. Over the past year personal income has grown by 4.6%, higher than the national average, Massachusetts, and Connecticut. Wage and income growth are expected to continue to increase at a robust pace in FY 2020 and FY 2021.

Furthermore, the labor force has ticked upward over last year by roughly 1,000 workers, hovering around a five-year high as discouraged workers return to the labor force. Alternative measures of unemployment such as the U-6 rate, which measures marginally attached individuals in addition to unemployed, are also resting at post-recession lows.

Chart 1 below compares the three-month moving average growth in employment between Rhode Island, Massachusetts, and Connecticut. Rhode Island has recently surpassed its peers after lagging last year.

**Chart 1: Recent RI Growth Outpacing Neighbors**

Employment Growth, Percent



Source: Federal Reserve Economic Data / BLS

Meanwhile, the housing market has seen rapidly appreciating home prices, which has not translated into faster new-home construction activity to meet growing demand. There is some evidence that the pace of home price growth is tempering, but an uptick in new-home starts is necessary to satiate the demand for more affordable, entry-level construction. The current forecast suggests that new housing starts will hold steady for the foreseeable future.

# Rhode Island's Economy

## A Healthy Jobs Market Expected to Bolster Incomes

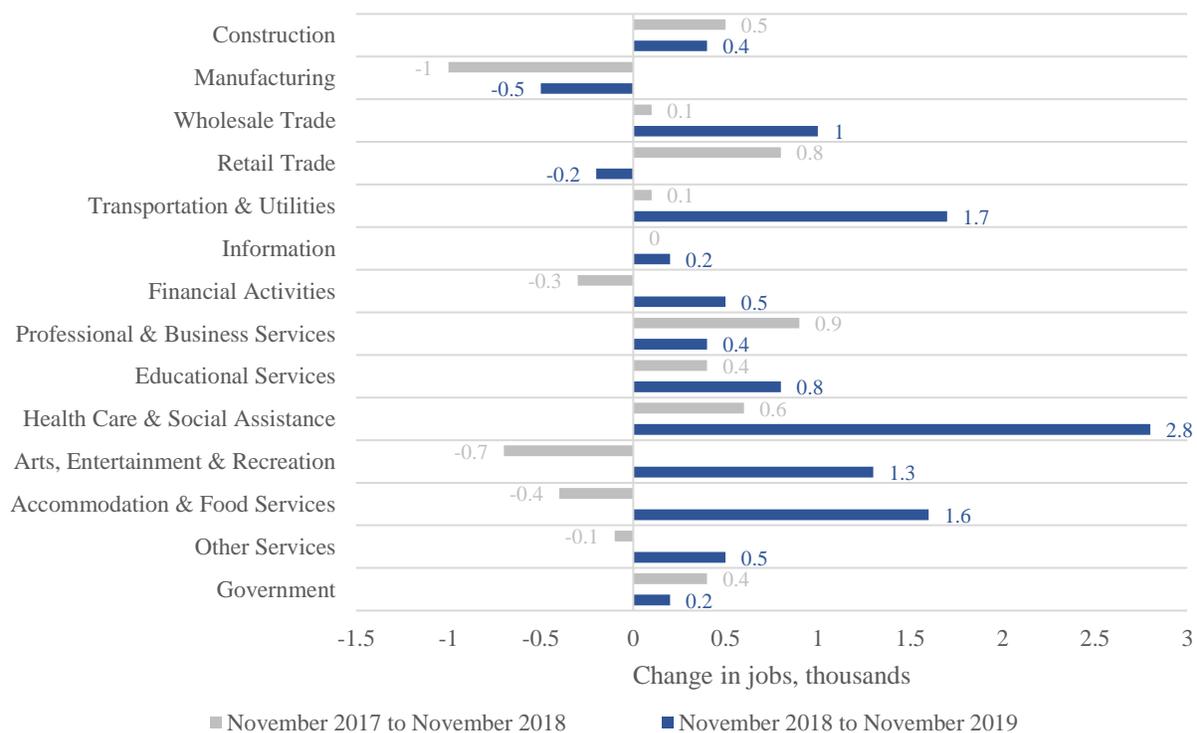
Payroll growth in Rhode Island is forecast to accelerate to 1.7% in FY 2020 which will exceed job growth at the national level, according to the most recent Consensus Economic Forecast. This is driven by the temporary employment of 300,000 part-time workers for the decennial census process as well as increased demand for services including healthcare and professional business services, especially lower-paid administrative support work.

The majority of jobs gains over the past year have been clustered in healthcare services, given the state's aging population, as well as food/accommodation services thanks partially to rising tourist flows. While manufacturing is still not adding to the jobs count, the pace of losses has attenuated over the past year, suggesting the industry may be closing in on a steady state. Although job growth is expected to slow over the coming years, a solid jobs market will put further upward pressure on hourly wages, driving up household earnings and better positioning consumers to spend more.

Chart 2 compares the year-over-year job growth for the state's industry categories at this point of the year versus the same point last year.

### Chart 2: Health Care Driving Job Growth

Year-Over-Year Change in Payroll Employment by Industry, Thousands



Source: DLT Labor Market Information

### Revisions to the Consensus Economic Forecast

The economic forecast adopted at the November 2019 Revenue Estimating Conference is shown below. This economic forecast assumes no national recession and no significant changes in federal tax, infrastructure, healthcare, or international trade policies.

## Rhode Island's Economy

<b>The November 2019 Consensus Economic Forecast</b>					
<b>Rates of Growth (%)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Nonfarm Employment	1.7	0.5	0.3	0.0	-0.2
Personal Income	4.2	3.8	3.9	3.8	3.9
Wage and Salary Income	5.1	4.2	4.1	4.0	3.9
Dividends, Interest and Rent	1.7	3.5	4.0	4.1	4.2
Personal Consumption	4.3	4.2	4.1	4.1	4.1
<b>Nominal Rates</b>					
Housing Starts (Ths.)	1.2	1.2	1.2	1.2	1.2
RI Unemployment Rate (%)	3.6	3.6	3.9	4.2	4.7
U.S. CPI-U (%)	2.2	1.8	2.2	2.6	2.4

The differences between the May 2019 and the November 2019 forecasts are shown below.

<b>Percentage Point Revisions from May 2019 to November 2019 Consensus Economic Forecasts</b>					
<b>Rates of Growth (%)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Non-Farm Employment	0.7	0.2	0.1	0.0	-0.2
Personal Income	0.1	-0.2	-0.2	0.0	0.2
Wage and Salary Income	1.0	0.3	0.1	0.0	-0.1
Dividends, Interest and Rent	-2.3	-1.8	-0.8	0.4	1.2
Personal Consumption	0.3	0.0	-0.2	0.0	0.3
<b>Nominal Rates</b>					
Housing Starts (Ths.)	0.0	0.0	-0.1	-0.1	-0.1
RI Unemployment Rate (%)	-0.3	-0.4	-0.4	-0.3	-0.2
U.S. CPI-U (%)	-0.2	-0.1	-0.3	0.3	0.0

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# Revenues

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The Governor’s recommended budget is based on estimated general revenues of \$4.197 billion in FY 2020 and \$4.355 billion in FY 2021. Annual estimated growth during FY 2020 and FY 2021 is 4.2 percent and 3.8 percent, respectively.

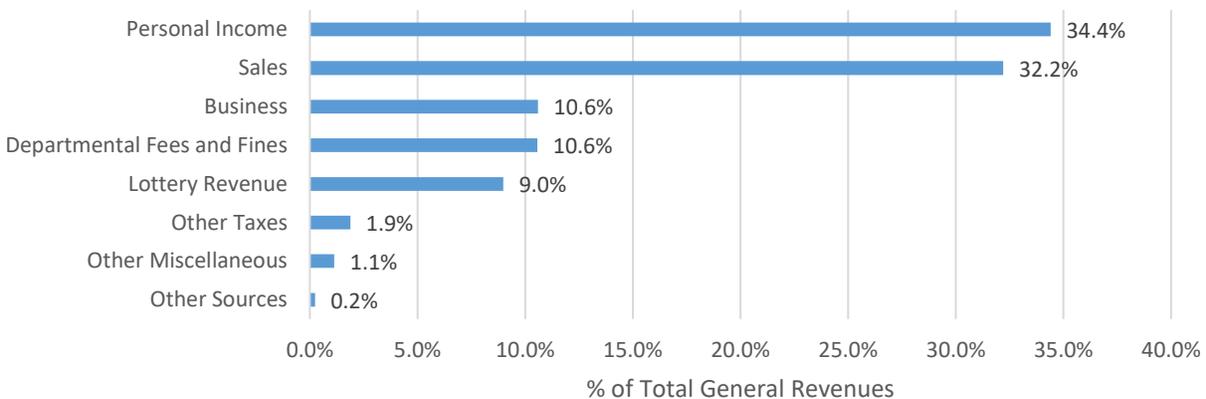
## FY 2020 Revised Revenues

The November 2019 Revenue Estimating Conference (REC) adopted revenue estimates that were \$0.1 million greater than the enacted FY 2020 revenue estimates. The Governor’s revised FY 2020 Budget recommends an increase of \$18.3 million in revenues over the amount adopted at the REC. (See *Changes to FY 2020 Enacted Revenue Estimates* in Appendix A.)

The recommended change to the FY 2020 adopted estimates is mainly attributable to transfers of excess public funds from two quasi-governmental agencies, transfers of excess funds in two funds related to the Department of Environmental Management, and a transfer of excess premium bond revenue.

After incorporating these changes, revenues for FY 2020 reflect 4.2 percent growth in total general revenues. Strong growth in sales and use tax revenue, combined with solid growth in personal income tax revenue, helps drive this overall growth rate. These positive revenue impacts are offset by expected declines in lottery receipts and corporate income tax revenue. Notable impacts to selected revenue categories in FY 2020 are described below.

## FY 2020 Revised General Revenues



### Personal Income Tax

Revised FY 2020 personal income tax revenues are estimated to grow at an annual rate of 3.4 percent. Much of this increase is due to a projected increase in withholding, which is expected to grow at an annual rate of 4.1 percent, in line with overall personal income growth. The labor market has reached full employment, putting upward pressure on household wages. FY 2019 saw a structural change in taxpayers making reduced estimated payments and higher final payments due to changes in incentives from federal tax reform. After a down year for estimated payments in FY 2019, the strong stock market is expected to drive growth in FY 2020. Revenue increases will be partially offset by additional refund payments.

### Sales and Use Taxes

FY 2020 revised sales and use tax revenue are projected to increase by 5.0 percent over final FY 2019 audited revenues. By itself, the state’s sale tax revenue is expected to grow by 5.8 percent in FY 2020. This growth is mainly due to strong consumer spending. Growth is further enhanced by targeted expansions of

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# Revenues

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the sales tax base, which now includes online purchases and digital downloads. The other main consumption taxes, the alcohol excise tax and cigarette excise tax, are expected to decline in FY 2020.

## Business Taxes

General business taxes are expected to increase in FY 2020 over final FY 2019 audited revenue by 0.7 percent. Corporate income tax revenue in FY 2019 was the highest in over ten years and is expected to decline in FY 2020 by 7.4 percent. FY 2019 revenue was bolstered by the federal Tax Cut and Jobs Act, which required corporations to repatriate and pay tax on foreign income. The absence of those one-time payments contributes to a decline in FY 2020. Declining corporate income tax revenue is offset by increases in the other business tax categories, mostly the insurance companies gross premiums tax.

## Lottery

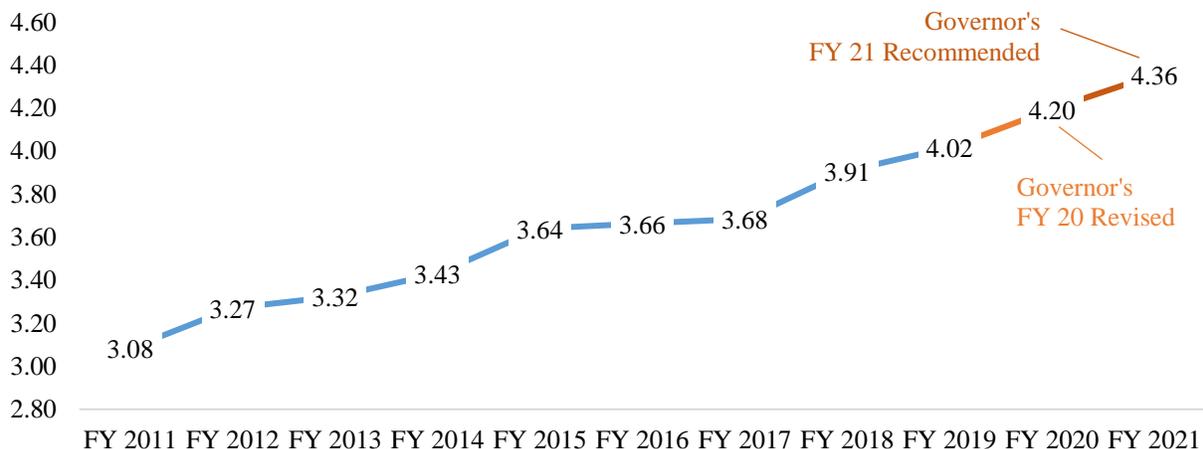
Lottery revenues in FY 2020 are impacted by two main events: (1) the opening of the Encore Casino in Everett, Massachusetts, and (2) the start of mobile sports betting. The beginning of FY 2020 saw a decline in table game and video lottery terminal revenue at the Twin River facility in Lincoln due to the opening of Encore. The impact of the Encore Casino is expected to contribute to an overall 5.1 percent decline in lottery receipts in FY 2020. Offsetting the impact from the Encore Casino is sports betting revenue, which is expected to contribute \$9.4 million in general revenue in FY 2020, and strong performance for the first full year of the Tiverton Casino.

## **FY 2021 Recommended Revenues**

The Governor's recommended FY 2021 revenues are comprised of \$4.242 billion of revenue estimated at the November 2019 REC for FY 2021 and \$113.7 million of recommended changes to these adopted estimates. Below are descriptions of selected FY 2021 revenue proposals. (A complete list is available in *Changes to FY 2021 Adopted Revenue Estimates* in Appendix A.)

## **General Fund Revenue: Recent History & Forecast**

Billions of Dollars



## Sales Tax Modernization

The Governor recommends continuing to modernize the state's sales tax by adding a collection of services to the sales tax base. These services are: updating the software as a service category to include computer system design; courier/messenger services; lobbying; hunting, trapping and shooting ranges; and interior design. Collectively, these items are expected to add \$14.1 million in sales tax revenue in FY 2021. The

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## Revenues

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Governor also recommends reimposing the state sales tax on wine and spirits, while simultaneously lowering alcohol excise taxes that were previously raised in FY 2014. This change was made in FY 2014 to attempt to increase sales of wine and spirits in the state, but the policy did not lead to the intended result and cost twice as much as projected. This change is anticipated to lower the sticker price of wine and spirits, but would also charge the sales tax on these items, as is done with beer. On net, restructuring the state's alcohol taxes is expected to yield \$9.1 million in revenue in FY 2021.

### Tobacco Taxes

The Governor's budget includes several items related to the taxation of tobacco products. The Governor recommends increasing the cigarette excise tax 35 cents to \$4.60 per pack and raising the cap on the other tobacco products tax per cigar from 50 cents to 80 cents, which together are expected to yield \$5.1 million in revenue in FY 2021. The Governor also recommends applying the other tobacco product tax (which is 80 percent of the wholesale price) to e-cigarettes and increasing the fees for tobacco and e-cigarette dealers. These two items are expected to yield \$0.7 million in revenue in FY 2021. In addition, the state's revenues are impacted by the federal law change which raises the age to purchase tobacco products from age 18 to 21. It is estimated that this change will decrease general revenue by \$3.7 million in FY 2021.

### Adult Use Marijuana Program

The FY 2021 budget includes the legalization of adult use marijuana. This legalization takes the form of a state-control model, similar to how liquor sales are regulated in New Hampshire and over a dozen states. The state would hire a contractor to acquire adult use marijuana and operate retail stores on the state's behalf. This regulatory approach will allow the state to control distribution, prevent youth consumption, and protect public health. Similar to the state lottery and gaming, the state will receive a share of retail sales revenue net of the wholesale cost of marijuana products. The state share is 61 percent, while the contractor would receive 29 percent, and municipalities would receive 10 percent. Regulatory and public health expenditures would be appropriated out of the state share of revenue. Net of those expenditures, the general revenue transfer from adult use marijuana is expected to be \$21.8 million in FY 2020.

### Health Care Reform

The Governor's FY 2021 budget includes several measures related to health care reform and public health that impact general revenue. There are two new fees from the Department of Health related to requests for public health data and enforcement activities regarding shellfish sanitation. The budget includes a fee change for emergency medical personnel, and a new penalty for employers who fail to submit information to the state's Rite Share program (which subsidizes employer-based insurance for Medicaid-eligible employees). The Governor also recommends new fines for people convicted of crimes related to substance use. Altogether, these items are expected to increase general revenue by \$1.5 million in FY 2021. There are other policy changes that decrease general revenue. The Governor recommends joining interstate medical licensing compacts for nurses, physicians, emergency medical personnel, psychologists, and physical therapists, which will reduce licensing fees in some of those professions. There are also general revenue impacts from some of the Medicaid reform initiatives which reduce health insurance gross premiums revenue. Together, these items are expected to decrease general revenue by \$1.3 million.

### Employment and Housing

There are three measures in the FY 2021 budget related to employment and housing that impact general revenue. The first is an increase of the state earned income tax credit (EITC) by one percentage point annually until the state EITC is 20 percent of the federal EITC (it currently sits at 15 percent). This is expected to reduce personal income tax revenue by \$1.1 million in FY 2021, with increasing impacts through FY 2026. The second is an initiative out of the Department of Labor and Training that will add staff to help ensure employers are properly collecting employment-related taxes and cracking down on employers who refuse to play by the rules. This effort is expected to yield \$4.2 million in FY 2021. Finally,

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## Revenues

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the Governor recommends modifying the real estate conveyance tax to add a new bracket for properties valued over \$500,000. The marginal revenue from this change, which is estimated to be \$3.5 million in FY 2021, will be allocated to a new restricted receipt account to support housing production and related initiatives (meaning there is no change to general revenue from this proposal). The budget also includes another change to the real estate conveyance tax: the exemption of affordable housing projects from the real estate conveyance tax after the project is transferred post-completion, which is expected to reduce general revenue in FY 2021 by \$0.1 million.

### Fee Changes

The FY 2021 budget includes several fee changes at four separate state agencies. The budget proposes to impose new penalties for late license and registration renewals or the failure to obtain an inspection certification at the Division of Motor Vehicles. There is also an increased fee for certified driving abstracts accessed by online subscribers. Altogether, these fees are expected to raise \$3.6 million in FY 2021. There are two fee changes from the Office of the State Fire Marshal at the Department of Business Regulation which would impact fees for inspections and plan reviews, which are expected to add \$0.6 million in general revenue. There are also two fee changes at the Department of Environmental Management. One change would require full product registration at current pesticide registration fees. The other initiative would establish new or increased fees for a variety of DEM permits, which will help speed up the permitting process. Together, these proposals would increase general revenue by \$0.9 million in FY 2021.

### Hotel Tax

The Governor recommends increasing the state portion of the hotel tax rate from 5 percent to 6 percent, effective July 1, 2020, and dedicating that increase to general revenue. This is expected to increase revenue by \$4.7 million.

### Hospital Licensing Fee

The Governor proposes restoring the hospital licensing fee to 6 percent of net patient-services revenue from the currently enacted level of 5 percent. This proposal would increase general revenue by \$32.3 million in FY 2021.

### Transfers

The Governor's budget recommends transfers of excess funds from six quasi-state agencies, for a total revenue impact of \$16.1 million in FY 2021.

### Miscellaneous

The Governor also recommends a variety of other general revenue changes. The FY 2021 budget establishes a new fee for applicants to the Sheriffs Training Academy. The budget also allocates \$1.7 million more in general revenue from settlement agreements entered into by the Attorney General. Altogether, these proposals are expected to result in a \$1.8 million increase to general revenue. Two initiatives related to the Division of Taxation are expected to generate \$5.8 million in general revenue for FY 2021: participation in a U.S. Department of the Treasury program to share data related to taxes owed, and a new 2 percent administrative fee on pass-through revenue collected and distributed by the Division. Finally, the budget recommends the transfer of Veterans Home board and support payments to a restricted receipt account, leading to a \$4.5 million decline in general revenue in FY 2021.

# Revenues

## General Revenue by Fiscal Year: Recent History and Forecast (In Millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	%	FY 2021	%
	Audited	Audited	Audited	Audited	Revised	Change	Budget	Change
Personal Income Tax	1,217.43	1,243.81	1,345.27	1,396.96	1,441.80	1,443.88	3.4%	1,496.98
General Business Taxes								
Corporations	134.91	119.29	127.67	155.11	143.70	-7.4%	154.84	7.8%
Public Utilities	103.06	90.40	109.59	101.61	104.00	2.3%	105.23	1.2%
Financial Institutions	21.10	22.19	29.18	21.15	24.40	15.4%	21.10	-13.5%
Insurance Companies	130.34	121.09	130.26	116.97	126.11	7.8%	128.74	2.1%
Bank Deposits	2.56	2.97	1.64	2.90	3.00	3.5%	3.00	0.0%
Health Care Provider	43.24	43.49	44.10	43.95	43.70	-0.6%	44.14	1.0%
Sales and Use Taxes								
Sales and Use	971.93	998.19	1,057.19	1,125.69	1,192.10	5.9%	1,269.45	6.5%
Motor Vehicle	39.69	26.02	20.82	1.03	1.80	73.9%	3.00	66.7%
Cigarettes	142.78	140.26	146.88	138.86	137.30	-1.1%	136.39	-0.7%
Alcohol	19.63	19.74	19.93	20.44	20.20	-1.2%	15.31	-24.2%
Other Taxes								
Estate and Transfer	70.03	85.43	51.40	48.02	63.40	32.0%	48.20	-24.0%
Racing and Athletics	1.06	1.16	1.08	1.15	1.20	4.2%	1.20	0.0%
Realty Transfer Tax	10.43	12.59	12.84	12.75	14.20	11.4%	14.66	3.3%
<b>Total Taxes</b>	<b>2,907.92</b>	<b>2,926.75</b>	<b>3,097.88</b>	<b>3,186.59</b>	<b>3,318.99</b>	<b>4.2%</b>	<b>3,442.24</b>	<b>3.7%</b>
Departmental Receipts	367.64	370.07	397.58	416.72	443.50	443.50	6.4%	456.41
Other Sources								
Other Miscellaneous	4.10	12.12	37.05	12.37	47.65	285.3%	31.59	-33.7%
Cannabis	369.76	362.70	364.97	397.32	377.10	-5.1%	395.50	4.9%
Lottery Receipts	*	*	*	*	*	-	21.12	-
Unclaimed Property	14.17	12.73	10.90	12.47	9.90	-20.6%	8.40	-15.2%
<b>Total General Revenues</b>	<b>3,663.59</b>	<b>3,684.36</b>	<b>3,908.38</b>	<b>4,025.47</b>	<b>4,197.14</b>	<b>4.3%</b>	<b>4,355.26</b>	<b>3.8%</b>

# **General Government**

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## **General Government**

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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.

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# General Government

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## Department of Administration

The Department of Administration provides supportive services to all Rhode Island departments and agencies for effective coordination and direction of state programs within the framework of a changing administrative and fiscal environment. The Department also provides policy direction for executive leadership in a variety of financial and administrative matters. It is responsible for the statewide implementation of policy decisions and delivery of services administered and supported by the State. The Department, headed by the Director of Administration, includes the programmatic functions of Central Management, Legal Services, Accounts and Control, Management and Budget, Purchasing, Auditing, Human Resources, Personnel Appeal Board, Capital Asset Management and Maintenance (DCAMM), Information Technology, Library and Information Services, Cybersecurity, Planning, General Appropriations, Debt Service Payments, Energy Resources, Construction Permitting, Approvals, and Licensing (CPAL), HealthSource RI (RI Health Benefits Exchange) and various Internal Services Programs.

### Department achievements and highlights during Governor Raimondo's tenure include:

- Modernized employee health care, which garnered a cost savings of about \$15 million per year, expanded plan offerings and incentivizes greater coordination of care.
- Established Internal Service Funds for human resources, capital asset management and maintenance, and information technology functions within government to allow for direct billing of services for greater transparency in expenditures.
- Eliminated 8,000 pages of unnecessary or duplicative government regulations in the largest regulatory overhaul the State has seen in at least 50 years.
- Enhanced the State's information technology capabilities and accountability by creating a strong governance structure and strengthening the State's capacity in areas such as applications, vendor management and cybersecurity.
- Announced a new offshore wind project – Revolution Wind – which further cements Rhode Island's status as an economic hub and staging area for the growing offshore wind industry on the northern Atlantic coast. The project is expected to create more than 800 jobs. Rhode Island also completed the Deepwater Wind Block Island Wind Farm, the nation's first offshore wind installation, during the Governor's tenure.
- Success of the state's health benefits exchange, HealthSource RI, has resulted in one of the lowest uninsured rates in the country at about 4 percent. Since its launch in 2013, the health exchange has improved and expanded access to coverage for Rhode Islanders while reducing its agency budget.
- In October 2018, exceeded the State government diversity hiring goal of 30 percent, originally set for 2020.

## Budget Highlights

### Enterprise Resource Planning System (ERP).

Replace decades-old legacy systems with a single, cloud-based data system to update and enhance statewide core business processes, including human resources, payroll, finance, and grants.

### Security Initiatives.

Makes additional investments in facilities and information security.

### Real Estate Portfolio Management.

Finances a real estate portfolio manager to oversee strategic planning and utilization of the State's real estate portfolio.

# General Government

DEPARTMENT OF ADMINISTRATION					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$189,889,755	\$174,086,181	\$206,638,425	\$208,871,535	\$214,958,218
Federal Funds	\$7,678,087	\$4,361,893	\$4,152,873	\$4,078,271	\$2,486,895
Restricted Receipts	\$30,686,532	\$13,988,611	\$24,412,178	\$45,320,414	\$38,839,448
Other Funds	\$47,334,801	\$44,271,470	\$43,276,728	\$42,921,876	\$47,795,604
RI Capital Plan Fund	\$38,963,198	\$29,721,199	\$49,400,572	\$49,514,651	\$38,633,000
<b>Total Funding</b>	<b>\$314,552,373</b>	<b>\$266,429,354</b>	<b>\$327,880,776</b>	<b>\$350,706,747</b>	<b>\$342,713,165</b>
<b>FTE Authorization</b>	<b>697.7</b>	<b>655.7</b>	<b>647.7</b>	<b>647.7</b>	<b>652.7</b>

## Full-Time Equivalent Positions

The Governor recommends 647.7 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 652.7 FTE positions in the FY 2021 Budget. Included in the additional positions recommended in FY 2021 are 4.0 FTE positions financed from the Information Technology Internal Service Fund.

### Proposed FY 2021 Budget Actions

- *Enterprise Resource Planning (ERP) System.* The Governor recommends \$1.5 million from general revenue for the development of a statewide enterprise resource planning system (ERP). The ERP will be a single data system that houses core Rhode Island finance and human resources functions, as well as other applications such as recruitment and grants. The ERP will replace current decades-old legacy systems, unify disparate business processes, and standardize processes and data. The financing will support 2.0 FTE Information Technology Project Manager positions, a contracted owner's representative, and specialized information technology consultants.
- *Information Technology Positions.* The Governor recommends 2.0 FTE positions, an additional Systems Support Technician III for the Division of Information Technology Infrastructure and Operations unit and an additional Administrator Management Information Systems for the Application/Development unit. The Governor recommends \$241,055 in additional Information Technology Internal Service Fund expenditures to support the salaries and benefits of the positions.
- *FY 2021 Information Technology Security Initiatives.* The Governor recommends an additional \$100,000 in Information Technology Internal Service Fund expenditures to support Rhode Island's ongoing information technology enterprise security initiatives, including privileged access management, database encryption, internet service provider (ISP) secondary connection, and combatting email fraud.
- *Payroll Internal Service Fund.* Recognizing the importance of promoting a more efficient and effective use of State resources, the Governor recommends allocating existing Accounts & Control staff who process payroll to the Human Resources Internal Service Fund. Furthermore, the Governor recommends charging all information technology-related payroll processing costs to the Human Resources Internal Service Fund. The Governor's recommended FY 2021 Budget includes general revenue savings of \$315,313 generated by an increase in cost recovery from non-general revenue sources and personnel savings.
- *Statewide Janitorial Services.* The Governor recommends an additional \$1.0 million in Facilities Management Internal Service Fund expenditures to provide coverage to newly online buildings, as

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## General Government

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well as more comprehensive and consistent delivery of janitorial services in line with industry best practices for agencies.

- *Real Estate Portfolio Manager Position.* The Governor recommends 1.0 FTE position to oversee strategic and real estate planning work for all state properties. The Governor's recommended FY 2021 Budget includes an additional \$146,949 from general revenue to support the salary and benefit costs of the position.
- *Security Infrastructure Replacement and Enhancement Projects.* The Governor recommends an additional \$257,000 in Facilities Management Internal Service Fund expenditures to maintain and improve the security of State facilities, which includes security system preventative maintenance and inspections, service and repair, and emergency services.
- *Debt Service.* The Governor recommends a net increase of \$5.0 million in debt service funding within the Department of Administration in the FY 2021 Budget, as compared to the FY 2020 enacted budget. This increase is due to several items, including: an increase of \$11.6 million to finance the final payment for the Job Guaranty Program (38 Studios) debt; the transfer of \$3.2 million to the University of Rhode Island and Rhode Island College based on recent debt issuances; a reduction in debt service on Certificates of Participation as payments on the 2011 issuance for Energy Conservation projects are completed; a reduction in the payment for Fidelity Job Rent Credits based on recent job counts (\$170,000); the elimination of the transfer of sales tax for Providence Place Mall debt, which was fully paid early in FY 2020 (\$3.6 million); a decrease in projected interest on the I-195 land acquisition debt based on recent interest rates (\$150,000); an increase for Convention Center Authority debt because one-time refinancing savings are no longer available; and an increase in funding for the Clifford Street Garage (Garrahy Courthouse) debt service to assure sufficient funding is available to cover the debt service due in FY 2021 (\$355,497).
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$834,061, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### **Proposed FY 2020 Budget Revisions**

- *Debt Service.* The Governor recommends a reduction of \$9.9 million in debt service funding within the Department of Administration in the revised FY 2020 Budget. This decrease is due to several items, including: the transfer of \$3.2 million to the University of Rhode Island and Rhode Island College based on recent debt issuances; a delay in the issuance of new general obligation bonds in FY 2020, resulting in the first debt service payment coming due in FY 2021 (\$3.9 million); a reduction in the payment for Fidelity Job Rent Credits based on recent job counts (\$170,000); the elimination of the transfer of sales tax for Providence Place Mall debt, which was fully paid early in FY 2020 (\$3.6 million); a decrease in projected interest on the I-195 land acquisition debt based on recent interest rates (\$350,000); and an increase in funding for the Clifford Street Garage (Garrahy Courthouse) debt service to assure sufficient funding is available to cover the debt service due this fiscal year (\$1.2 million).
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$7,667,928, which reflect lower medical rates due to rates developed by State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Department of Business Regulation

The Department of Business Regulation's primary function is to implement state laws mandating the regulation and licensing of designated businesses, professions, occupations and other specified activities.

The department is composed of seven divisions and Central Management, which includes the budget, regulatory standards, compliance and enforcement. The respective divisions are: Banking Regulation, Securities Regulation, Insurance Regulation, Building, Design and Fire Professionals, Commercial Licensing and Gaming and Athletics Licensing, the Office of the Health Insurance Commissioner, and the newly proposed Office of Cannabis Regulation. The Director of Business Regulation is appointed by the Governor and serves statutorily as the State Banking Commissioner, Commissioner of Insurance, Real Estate Administrator, Chief of Intoxicating Beverages, and State Boxing Commissioner.

The Department also houses other commissions including the Real Estate Commission, Real Estate Appraisal Board, Rhode Island Board of Accountancy, the Certified Constables' Board, and the Racing and Athletics Hearing Board.

The Department issues over 200,000 licenses and conducts administrative hearings involving issuances, administrative penalties, denials, suspensions and/or revocations.

### **Department achievements and highlights during Governor Raimondo's tenure include:**

- Worked with the Administration to put forth a small business package that eliminated or amended a number of unnecessary statutes, removed small application fees, and consolidated or eliminated fees for secondary business activities, including an extra licensing fee that restaurants previously paid in order to serve ice cream and other frozen desserts.
- Implemented a streamlined, online permitting process for 28 of the State's 39 cities and towns. The system has successfully moved municipalities' building, electrical, mechanical, plumbing, moving, and demolition permits into one easy-to-navigate online system, accessible by each community's website. Rhode Island is believed to be the only state in the country where state government is leading an effort to coordinate with municipalities and digitize their permitting processes. Since its launch in June 2016, nearly 200,000 permits and licenses have been processed.

## Budget Highlights

### **Adult-Use Marijuana.**

Creates State-control distribution framework to provide protections to individuals and to the community.

### **Affordable Care Act Protection.**

Preserves core features of the federal Affordable Care Act in the event of a repeal.

### **Bomb Squad.**

Ensures adequate staffing to maintain bomb squad accreditation.

### **Cost Trends Analysis.**

Continues critical work to support access to high-quality, affordable healthcare through greater transparency of healthcare performance and increased accountability by key stakeholders.

# General Government

DEPARTMENT OF BUSINESS REGULATION					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$10,534,356	\$16,364,148	\$17,896,681	\$17,815,293	\$18,670,217
Federal Funds	\$1,022,931	\$1,007,602	\$755,788	\$1,045,501	\$768,983
Restricted Receipts	\$3,145,496	\$5,130,698	\$7,144,829	\$7,030,407	\$10,389,044
Other Funds	\$0	\$64,921	\$71,199	\$70,412	\$73,013
RI Capital Plan Fund	\$0	\$359,056	\$495,160	\$440,661	\$200,000
<b>Total Funding</b>	<b>\$14,702,783</b>	<b>\$22,926,425</b>	<b>\$26,363,657</b>	<b>\$26,402,274</b>	<b>\$30,101,257</b>
<b>FTE Authorization</b>	<b>106.0</b>	<b>161.0</b>	<b>161.0</b>	<b>161.0</b>	<b>171.0</b>

## Full-Time Equivalent Positions

The Governor recommends 161.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 171.0 FTE positions in the FY 2021 Budget. Included in the additional positions recommended in FY 2021 is a net increase of 10.0 positions financed by restricted receipts.

### Proposed FY 2021 Budget Actions

- *State-Control Adult-Use Marijuana Distribution.* The Governor recommends \$3,216,792 in restricted receipts in the Office of Cannabis Regulation for State-control adult-use marijuana distribution. A State-control model for adult-use marijuana distribution would enhance the State's ability to control the marketplace, deter over-consumption, and mitigate problematic, profit-driven practices. This recommendation consists of 13.0 new FTE positions.
- *Behavioral Health Compliance and Enforcement.* The Governor recommends \$165,046 in restricted receipts from the Opioid Stewardship Fund for 1.0 FTE position within the Office of the Health Insurance Commissioner. This position will provide support related to behavioral health and opioid use treatment, as well as conduct mental health parity enforcement to improve compliance.
- *Affordable Care Act Protection.* The Governor recommends legislative changes to mitigate the potential impact on health coverage costs, consumer choice, and access in the event of the repeal of the federal Affordable Care Act. These consumer protections include coverage of the essential health benefits categories in the individual and small group markets. These changes do not exceed current federal law and policy and would only take effect upon the repeal of the federal Affordable Care Act.
- *Healthcare Cost Trend Analysis.* The Governor recommends \$154,000 in restricted receipts to support continued cost trends analysis work. This effort launched in 2018 to track healthcare spending across the State and establish an annual target. The funds would be collected through a \$1 per member per year assessment. The new assessment would apply to commercially-insured and self-insured, health-insured lives in the state. The funds would be used for contract data analytics resources to support the program.
- *Fire Marshal Bomb Squad.* The Governor recommends \$90,603 in general revenue for 1.0 FTE position in the Office of the State Fire Marshal to be financed with general revenue. This position is necessary to maintain FBI accreditation for the State Bomb Squad given that there are requirements on the minimum number of personnel.
- *Shift of Personnel Funding Source.* The Governor recommends a net shift of \$314,703 from restricted receipts to general revenue for 3.0 FTE positions in the Division of Building, Design &

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## General Government

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Fire Professionals in order to ensure continued availability of funds necessary to finance these positions.

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$391,727, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# General Government

## Executive Office of Commerce

The Executive Office of Commerce is authorized and established as the state’s lead agency for economic development throughout Rhode Island and serves as the principal agency of the executive branch of state government for managing the promotion of commerce and the economy within the State. The Secretary of Commerce, appointed by the Governor with the advice and consent of the Senate, oversees the Executive Office of Commerce. The Secretary is charged with coordinating a cohesive direction of the State’s economic development activities. The agency oversees the state's Office of Housing and Community Development, the Commerce Corporation (and all pass-through grant appropriations), the I-195 Redevelopment District Commission, the Department of Business Regulation and the Office of the Health Insurance Commissioner. From time to time, the Executive Office of Commerce is also tasked with facilitating other special governmental programs and initiatives.

### Office achievements and highlights during Governor Raimondo’s tenure include:

- From 2014 through 2017, the percentage point decrease in Rhode Island’s average annual unemployment rate was the largest in the nation.
- Since the beginning of Governor Raimondo’s Administration, 33 companies have relocated to or expanded in Rhode Island using the Qualified Jobs program, creating more than 3,300 new jobs.
- Created the first state-financed small business loan program in Rhode Island, providing more than 115 loans to small businesses that have traditionally had a difficult time accessing capital.
- Helping more than 820 STEM (Science, Technology, Engineering, and Mathematics) and design graduates repay their student loans so they can stay and work in Rhode Island through the Wavemaker Fellowship program.
- Developed the Innovation Voucher program, which allows companies to team up with the State’s universities and medical centers for their research and development (R&D) needs. During the recession, many companies were forced to lay off R&D staff. This hurt companies’ ability to bring new products to market and increase their revenues. So far, 64 local companies have benefited from this program, with a total of 80 total projects.

## Budget Highlights

### Housing Initiatives.

Creates a sustainable revenue source for affordable and workforce housing initiatives through a targeted increase in the real estate conveyance tax.

### Wavemaker Fellowship.

Expands to include public school teachers in high-need STEM fields.

### Small Business Assistance.

Adds \$250,000 for the Small Business Assistance program, which finances partnerships that help small businesses obtain financing.

EXECUTIVE OFFICE OF COMMERCE					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$32,403,452	\$30,235,022	\$28,181,129	\$28,179,484	\$44,264,097
Federal Funds	\$8,275,588	\$11,267,298	\$17,611,003	\$14,384,462	\$15,421,017
Restricted Receipts	\$6,662,699	\$4,312,991	\$4,754,319	\$4,754,167	\$8,255,911
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$2,527,719	\$7,425,000	\$9,450,000	\$9,450,000	\$12,510,000
<b>Total Funding</b>	<b>\$49,869,458</b>	<b>\$53,240,311</b>	<b>\$59,996,451</b>	<b>\$56,768,113</b>	<b>\$80,451,025</b>
<b>FTE Authorization</b>	<b>17.0</b>	<b>16.0</b>	<b>14.0</b>	<b>14.0</b>	<b>15.0</b>

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# General Government

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## Full-Time Equivalent Positions

The Governor recommends 14.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 15.0 FTE positions in the FY 2021 Budget.

### Proposed FY 2021 Budget Actions

- *Competitive Cluster Grants.* The Governor recommends an additional \$250,000 from general revenue for the Competitive Cluster Grants program, which provides Rhode Island businesses with startup and technical assistance grants.
- *I-195 Redevelopment Fund and I-195 Redevelopment District Commission.* The Governor recommends an additional \$1.0 million from general revenue for the I-195 Redevelopment Fund, which contributes to closing financing gaps on commercial development projects, and \$130,000 from general revenues in additional operating funds for the I-195 Redevelopment District Commission.
- *Small Business Assistance Program.* The Governor recommends an additional \$250,000 from general revenue for the Small Business Assistance program, which will continue to finance partnerships between the Rhode Island Commerce Corporation and private lending organizations to help businesses with fewer than 200 employees obtain financing.
- *Stay Invested in RI Wavemaker Fellowship.* The Governor recommends \$872,000 from general revenue for the Wavemaker Fellowship tax credit program for graduates of accredited institutions of higher education who receive an associate's, bachelor's or master's degree and who remain in, become a resident of, and are employed within the State in the fields of life, natural or environmental sciences; computer, information or software technology; engineering or industrial design; and medicine or medical device technology. The Governor also recommends an expansion of the tax credit program to include elementary and secondary Science, Technology, Engineering, and Mathematics (STEM) educators.
- *Rebuild RI.* Recognizing the importance of continued economic development efforts, the Governor recommends \$22.5 million from general revenue to finance the Rebuild RI Tax Credit program. Furthermore, the Governor recommends several changes to the program, including a reduction in the maximum project financing gap, an enhanced credit for infrastructure investments, an extension of the program sunset, and a total program cap increase from \$210.0 million to \$250.0 million. The credit program allows the State to incentivize catalytic development and redevelopment projects.
- *Site Readiness – Municipal Capacity Building.* The Governor recommends \$390,000 from general revenue for the Municipal Capacity Building pilot program, which will solidify and grow partnerships with target cities and towns participating in the Site Readiness Program by subsidizing the work of five Rhode Island Commerce Corporation fellows in five municipalities or regions across Rhode Island.
- *Polaris Succession Initiative.* The Governor recommends \$50,000 from general revenue in support of the Succession Initiative, a pilot program which will provide small existing Rhode Island manufacturers with the tools needed to transfer ownership to a new generation of business owners.
- *Real Estate Conveyance Tax.* The Governor recommends increasing the real estate conveyance tax on the portion of the value of real estate above \$500,000, to be used for a dedicated restricted receipts funding stream for affordable housing production and municipal housing development

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## General Government

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partnerships. When fully implemented this change is expected to bring in over \$7.0 million for affordable and workforce housing.

- *Housing Policy Governance*: The Governor recommends various governance reforms to improve statewide coordination of housing policy, planning, and financing.
- *Municipal Housing Development Partnership*. The Governor recommends a package of reforms modeled after the Massachusetts 40R program and financed with restricted receipts generated by the enhancement to the real estate conveyance tax in the amount of \$200,000 in FY 2021. The package includes an opt-in partnership program with municipalities to incentive market-rate residential development, provision of technical assistance and regulatory streamlining, and a program to offset municipal concerns about costs of supporting families with children by covering increased educational costs within incentive districts.
- *Commercial Property and Tangible Taxes*. The Governor recommends the creation of a Tangible Personal Property Tax Competitiveness Program at no cost in FY 2021 and \$2.5 million for FY 2022. The program would incentivize municipalities to reduce their tangible personal property tax rates to more competitive levels. The Governor also recommends enabling municipalities to establish uniform minimum filing thresholds and exemptions for tangible business or personal property. The Governor recommends \$85,000 to establish a commission to study commercial and tangible property taxes.
- *Executive Office of Commerce Deputy Secretary*. The Governor recommends the authorization of 1.0 FTE position and \$209,911 in accompanying salary and benefit costs in support of a Deputy Secretary in the Executive Office of Commerce, to support various housing initiatives and other economic development priorities.
- *Minority Entrepreneurship*. The Governor recommends \$150,000 in total general revenue financing to support minority entrepreneurship through assistance and grants provided to small businesses across the state.
- *International Trade & Export Programming*. The Governor recommends \$476,200 in total general revenue financing to support international trade and export programming.
- *Sunset Extensions*. The Governor recommends extending sunset provisions for various programs from December 31, 2020 to December 31, 2023.
- *Statewide Adjustments*. The Governor recommends statewide adjustments totaling \$211,101, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Department of Labor & Training

The Department of Labor and Training is the primary workforce agency responsible for the administration of a comprehensive array of employment and training services to Rhode Island's job seekers and business community. It executes programs and administers laws governing the following six program areas: Executive Management, Income Support, Workforce Development Services, Worker's Compensation, Workforce Regulation and Safety and the Labor Relations Board.

The Executive Management Program is responsible for strategic planning, policy and oversight to promote all departmental functions and to ensure the efficient and effective use of federal and state resources. The Income Support Program encompasses all functions and activities related to Unemployment Insurance (UI), Temporary Disability Insurance (TDI), Temporary Caregivers Insurance (TCI), and the Police and Fire Relief Fund.

The Workforce Development Program administers federal and state employment and training programs designed to help individuals find gainful employment and employers with skilled workers. The program includes the Governor's Workforce Board which was established to unify the governing mandates defined by both state and federal legislation and to institute common statewide policies, goals and strategies for the coordination of employment and training programs, employment-associated educational programs and related services for all system stakeholders. This alignment ensures strategies that create and address a demand-driven workforce agenda that is responsive to the needs of Rhode Island businesses. The Workers Compensation Program operates the State's Workers' Compensation System.

The Chief Judge Robert F. Arrigan Rehabilitation Center provides work hardening rehabilitation services for workers injured on the job. The Workers' Compensation Education unit educates and provides information to workers and employers regarding Workers' Compensation laws and regulations. The Workforce Regulation and Safety Program is responsible for enforcing laws relating to professional regulation, labor standards, occupational health and safety and certification of weights and measures. The Labor Relations Board is responsible for public sector bargaining unit determinations, collective bargaining elections, and investigations of charges of unfair practices.

### Department achievements and highlights during Governor Raimondo's tenure include:

- In November 2019, the total number of jobs based in Rhode Island was approximately 506,700, marking an all-time high.
- The State's unemployment rate hit a 30-year low of 3.5 percent in 2019.
- Trained and educated more than 6,200 Rhode Islanders through Real Jobs RI – the State's sector-based workforce and economic development platform that ensures businesses have the talented employees they need to compete and grow.

## Budget Highlights

### Real Jobs RI.

Expands funding from general revenue and the Job Development Fund (JDF) by \$8.7 million to support and grow existing partnerships that connect industry employers and key stakeholders while building alliances to address workforce demands.

### Minimum Wage.

Increases to \$11.50, effective October 1, 2020, to set Rhode Island on a path to remain competitive with neighbors while supporting workers.

### ACI Apprenticeship Program.

Establishes a Real Jobs RI apprenticeship program for the incarcerated population at the Adult Correction Institution (ACI) with the goal of improving post-release employment outcomes.

# General Government

- In 2018, launched the PrepareRI Internship Program, which has provided paid summer internships to nearly 500 rising high school seniors. Students can earn up to four college credits at no cost through this program. More than 75 local partner companies and organizations statewide have participated since its inception.

<b>DEPARTMENT OF LABOR AND TRAINING</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$12,876,544	\$15,403,217	\$14,679,932	\$14,673,124	\$22,922,142
Federal Funds	\$37,929,711	\$34,053,979	\$38,284,651	\$45,312,943	\$36,742,413
Restricted Receipts	\$29,479,713	\$33,482,928	\$30,022,846	\$36,379,619	\$33,283,256
Other Funds	\$345,003,052	\$350,841,570	\$366,026,666	\$362,828,191	\$371,787,362
RI Capital Plan Fund	\$206,165	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$425,495,185</b>	<b>\$433,781,694</b>	<b>\$449,014,095</b>	<b>\$459,193,877</b>	<b>\$464,735,173</b>
<b>FTE Authorization</b>	<b>428.7</b>	<b>409.7</b>	<b>390.7</b>	<b>390.7</b>	<b>395.7</b>

## Full-Time Equivalent Positions

The Governor recommends 395.0 FTE positions in the FY 2021 Budget, and 390.0 FTE positions in the revised FY 2020 Budget. The latter is a decrease of 0.7 from the enacted FY 2020 Budget. None of the additional positions in FY 2021 are financed by restricted receipts.

### Proposed FY 2021 Budget Actions

- *Continued Funding for Real Jobs Rhode Island.* The Governor recommends \$14.1 million in all funds for the Real Jobs Rhode Island Program, of which \$12.7 million consists of general revenue. The Real Jobs Rhode Island program continues to support and grow existing partnerships and add new ones. This demand-driven program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands. This amount is inclusive of the Jobs Development Fund expansion and training program at the Adult Correctional Institutions described below.
- *Job Development Fund Expansion.* The Governor recommends statutory changes to establish that nongovernmental, nonprofit organizations employing at least one thousand (1,000) employees shall be subject to the job development assessment. This change will increase restricted receipt revenues at the Department of Labor and Training by \$1.4 million.
- *Apprenticeship Program at Adult Correctional Institutions.* The Governor recommends \$250,000 in general revenue from the Real Jobs Rhode Island program to create an apprenticeship program at the Department of Corrections. This new program will provide the opportunity to improve post-release employment outcomes. This initiative is further supported by expenditures recommended at the Department of Corrections including \$200,000 in general revenue \$300,000 from the RI Capital Plan Fund.
- *Minimum Wage Increase.* The Governor recommends legislative changes to increase the minimum wage from \$10.50 per hour to \$11.50 per hour effective October 1, 2020.
- *Workplace Fraud Staff Enhancements.* The Governor recommends \$409,195 in general revenue to support 4.0 FTE positions related to misclassification and workplace fraud investigations and compliance enforcement at the Department in addition to legislative changes which increase

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## General Government

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various fines and penalties for violations of employee classification laws. These positions will significantly further current Misclassification Task Force investigation efforts and will assist in hearing administrative matters pertaining to labor standards, employee misclassification, and prevailing wage issues.

- *Grant – Year Up.* The Governor recommends \$250,000 in general revenue for the Governor’s Workforce Board to support Year Up. Year Up is a one-year, intensive training program that provides under-served young adults, ages 18-24, with a combination of hands-on skills development, coursework eligible for college credit, corporate internships, and wraparound support.
- *Interviewer for Adult Correctional Institutions.* The Governor recommends \$96,168 in general revenue to provide one-stop employment services at the Department of Corrections. This will fund a Principal Employment and Training Interviewer position to assist post-release employment at the Department of Corrections.
- *Management Consultants.* The Governor recommends \$347,146 in general revenue to support ongoing contracts with Hope Street LLC and Public Consulting Group to restructure the agency’s Business Affairs Office and develop standard financial practices across all programs. The Business Affairs Office is to be divided into different units: Budget Unit, Data Processing and Invoicing Unit, and Monitoring Unit.
- *South County Arrigan Center.* The Governor recommends \$583,364 in restricted receipts for the future expansion of the proposed South County Arrigan Center. The center is expected to begin operations in Spring of 2020 and will perform the same rehabilitation services as the Arrigan Center on Blackstone Boulevard in Providence, RI with the goal of providing closer access to services for Rhode Islanders in the southern part of the State.
- *Rhode Island Uninsured Employers Fund.* The Governor recommends \$940,000 in restricted receipts for settlement payments from the R.I. Uninsured Employers Fund. This fund was created and authorized in 2007 by RIGL § 28-53-7. The Worker’s Compensation Court collects filing fees and transfers them into the fund. These funds are used for costs and fees associated with an employee who is injured in the course of employment while working for an employer who fails to maintain a policy of workers’ compensation insurance. The Governor recommends expenditures for settlement payments now that a feasible amount has been accrued.
- *Apprenticeship Reform.* The Governor recommends legislative changes to reform Rhode Island’s apprenticeship laws related to specific trades professions to make them more understandable, improve compliance, and ensure harmonization with applicable federal regulations. The Governor also recommends that any school construction contract valued at over \$5.0 million have an apprenticeship program and bidders comply with certain apprenticeship requirements.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$186,614, which reflect lower medical rates due to rates developed by the State’s rate setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Proposed FY 2020 Budget Revisions

- *South County Arrigan Center.* The Governor recommends \$507,845 in restricted receipts for the future expansion of the proposed South County Arrigan Center. The center is expected to begin operations in Spring of 2020 and will perform the same rehabilitation services as the Arrigan Center on Blackstone Boulevard in Providence, RI with the goal of providing closer access to services for Rhode Islanders in the southern part of the State.
- *Rhode Island Uninsured Employers Fund.* The Governor recommends \$1.9 million in restricted receipts for settlement payments from the R.I. Uninsured Employers Fund. This fund was created and authorized in 2007 by RIGL § 28-53-7. The Worker's Compensation Court collects filing fees and transfers them into the fund. These funds are used for costs and fees associated with an employee who is injured in the course of employment while working for an employer who fails to maintain a policy of workers' compensation insurance. The Governor recommends expenditures for settlement payments now that a feasible amount has been accrued.

# General Government

## Department of Revenue

The Department of Revenue was established as a separate department within the executive branch of state government by the 2006 General Assembly and came into existence on July 1, 2006. The Department is headed by the Director of Revenue, who is appointed by the Governor, with the advice and consent of the Senate. The Department has seven programmatic functions, including the Office of the Director, Taxation, State Lottery, Division of Motor Vehicles, Revenue Analysis, Municipal Finance, and Collections.

### Department achievements and highlights during Governor Raimondo's tenure include:

- Launched and expanded the State's first sports betting operation, which is expected to produce \$9.4 million in Fiscal Year 2020 with the addition of a mobile betting option.
- Launched a Municipal Transparency Portal that improves local government financial reporting and allows for data comparison among municipalities and school districts.
- Expanded the Division of Motor Vehicles (DMV) customer reservation program for commercial driver license services.
- Created a unit to coordinate the collection of overdue fines, fees, and court judgments on behalf of state agencies. Through the Central Collections Unit (CCU), the Department has collected more than \$250,000 in delinquent debts owed to the State.

## Budget Highlights

### Expansion of Earned Income Tax Credit.

Expanding the Rhode Island Earned Income Tax Credit (EITC) to support working families. Increases the fully-refundable EITC from 15 percent to 20 percent of the federal credit over five years, beginning in tax year 2021.

### Motor Vehicle Excise Tax Phaseout.

Provides an additional \$10.5 million in tax relief in FY 2021 over the prior year. Extends the length of the phaseout while ensuring that all taxpayers in all municipalities continue to receive tax relief in each remaining year.

### Non-Mission, Non-Profit Property Tax Option.

Propose enabling legislation to provide cities and towns with the option to levy tax on non-mission property of tax-exempt, non-profit hospitals and universities.

DEPARTMENT OF REVENUE					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$148,430,073	\$179,734,169	\$216,254,237	\$214,537,942	\$229,096,871
Federal Funds	\$1,640,041	\$1,490,088	\$1,969,581	\$2,272,923	\$1,580,404
Restricted Receipts	\$2,089,078	\$1,957,888	\$3,605,253	\$3,705,613	\$5,559,629
Other Funds	\$360,435,969	\$394,023,256	\$421,358,173	\$435,711,933	\$435,845,214
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$512,595,161</b>	<b>\$577,205,401</b>	<b>\$643,187,244</b>	<b>\$656,228,411</b>	<b>\$672,082,118</b>
<b>FTE Authorization</b>	<b>529.5</b>	<b>604.5</b>	<b>602.5</b>	<b>602.5</b>	<b>611.5</b>

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# General Government

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## Full-Time Equivalent Positions

The Governor recommends 602.5 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 611.5 FTE positions in the FY 2021 Budget. Included in the additional positions recommended in FY 2021 is 1.0 FTE position financed from restricted receipts.

### Proposed FY 2021 Budget Actions

- *Commercial Driver License Road Test Administration.* The Governor recommends the transferring the administration of commercial driver licenses (CDL) road tests from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles (DMV). The Governor recommends \$138,726 from general revenue to support the salary and benefit costs associated with administering the CDL Road Test program at the DMV, and an additional 3.0 FTE positions, including 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III. Furthermore, the Governor recommends \$3,605 in various operating expenses, which will be offset by a \$37,500 reduction in general revenue-financed payments made by DMV to CCRI, and \$94,000 in expected general revenue from CDL road test fees.
- *License Plate Reissuance.* The Governor recommends an additional \$170,000 from general revenue for license plate reissuance, in compliance with R.I.G.L. § 31-3-33.
- *Real ID Staffing and Public Awareness Campaign.* The Governor recommends \$200,000 from general revenue for a public awareness campaign intended to educate Rhode Islanders about the federal mandate requiring states to adopt Real ID by October 2020. Furthermore, the Governor recommends the gradual reduction of DMV staffing associated with Real ID implementation by \$905,406 compared to the enacted FY 2020 Budget to reflect a drawdown in the staffing surge following the Real ID adoption deadline and alternative approaches to handling customer volume, including the Saturday hours initiative, described below.
- *Division of Motor Vehicles Saturday Hours.* The Governor recommends \$115,330 from general revenues for the Cranston Division of Motor Vehicles (DMV) location to open for four hours every other Saturday. The Governor recognizes that Saturday hours will provide improved customer service to all DMV customers in the form of reduced average wait times and schedule flexibility. Saturday hours will operate by appointment only and utilize an existing an online reservation system.
- *A2 Inspection Enforcement.* The Governor recommends the Division of Motor Vehicles collect suspension reinstatement fees incurred by failure to comply with State inspection requirements, similar to the practice in Massachusetts, Connecticut, New Hampshire and Maine. The Governor recommends the addition of 2.0 FTE positions to support the administration and collection of these fees, a Hearing Officer and Adjudication Representative, at a salary and benefits cost of \$166,313. The recommendation adds \$14,960 for financing information technology programming.
- *DMV Late Fee.* The Governor recommends adding a \$15 late fee for any license or registration that is renewed after its expiration date. This fee would encourage drivers to renew their licenses and registrations in a timely manner.
- *Division of Taxation Enforcement and Compliance.* To ensure education about, compliance with, and enforcement of various fines, fees, and sales tax changes, the Governor recommends \$676,676 in salary and benefit costs from general revenue to support additional staffing, as well as 2.0 FTE positions. Furthermore, the Governor recommends \$600,000 from general revenue to finance taxpayer outreach and education.

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## General Government

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- *Central Collections Unit.* The Governor recommends enhancing the capabilities of the Central Collections Unit to ensure the coordination of state agencies and quasi-governmental organizations.
- *Reforming State Aid.* The Governor recommends providing additional tools for municipalities to tax non-mission-related commercial property owned by large non-profit institutions, which would allow cities and towns to raise additional revenues. Furthermore, the Governor recommends that the state aid program Payment-In-Lieu-Of-Taxes (PILOT) be financed with \$46,089,504 from general revenues, which is the equivalent to the financing in the enacted FY 2020 Budget.
- *Motor Vehicle Excise Tax Phase-Out.* Recognizing the importance of maintaining a sustainable budget, the Governor recommends adjusting the Motor Vehicle Excise Tax Phase-Out schedule, and that it be financed with \$100,745,937 from general revenue, an increase of \$10,482,242 over the FY 2020 statewide reimbursement level. The Governor recommends a program in which all policy levers defined in current law continue to advance in each year, providing continuing tax relief to all taxpayers in every municipality.
- *Distressed Communities Relief Program.* The Governor recommends financing the Distressed Communities Relief Program at \$6,192,229 from general revenues in FY 2021.
- *Legal Services Position.* The Governor recommends 1.0 FTE position, a Deputy Chief of Legal Services, at a salary and benefits cost of \$93,907 in FY 2021. DOR has repeatedly hired outside counsel on various matters over the past five years, and this additional attorney will aid in the minimization of contracted legal service costs.
- *Individual Mandate FTE.* The Governor recommends 1.0 FTE Data Analyst position, financed from Individual Mandate Funds restricted receipts, to support the implementation and monitoring of individual mandate tax returns.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$1,444,363, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### **Proposed FY 2020 Budget Revisions**

- *Plate Reissuance.* The Governor recommends an increase of \$398,000 in general revenue to finance the start of plate reissuance in June 2020, in compliance with R.I.G.L. § 31-3-33.
- *Motor Vehicle Excise Tax Phase-Out.* The most current available vehicle valuation files suggest a decrease in Rhode Island's municipal aid in the form of Motor Vehicle Excise Tax Phase-out in the amount of \$4.0 million. The Governor recommends the adjustment be included in the revised FY 2020 Budget.

# General Government

## Legislature

The Rhode Island Legislature, the General Assembly, consists of two chambers. The Senate is comprised of 38 members. The House of Representatives is comprised of 75 members. The Office of the Speaker of the House, President of the Senate Staff, the Joint Committee on Legislative Affairs, the Legislative Council, the Fiscal Advisory Staff, the Office of the Auditor General, the Legislative Press and Public Information Bureau, State Government Internship Office, the Law Revision Office, the Research and Proofing Offices, and the Special Legislative Commissions assist the General Assembly in executing its constitutional role.

LEGISLATURE					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$37,831,305	\$39,348,617	\$43,804,101	\$50,963,049	\$45,075,055
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$1,450,774	\$1,449,997	\$1,832,014	\$1,805,761	\$1,839,182
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$39,282,079</b>	<b>\$40,798,614</b>	<b>\$45,636,115</b>	<b>\$52,768,810</b>	<b>\$46,914,237</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>

### Full-Time Equivalent Positions

The Governor recommends 298.5 FTE positions in the FY 2020 Revised Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Personnel Costs.* The Governor recommends an additional \$1.3 million from general revenue for estimated personnel costs, including a \$1.3 million increase for salary and benefit costs for the Joint Committee on Legislative Services program, which provides administrative support to the Legislature.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$194,951 which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### Proposed FY 2020 Budget Revisions

- *Reappropriation.* Pursuant to RIGL § 35-3-15(a), the Legislature received an FY 2020 reappropriation of \$9.7 million, yielding total FY 2020 general revenue resources of \$53.5 million. The Legislature requested a revised FY 2020 general revenue budget totaling \$51.1 million, \$2.5 million below this level. The Governor recommends funding as requested, net of a downward revision of \$92,705 for statewide adjustments.

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# General Government

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## Office of the Governor

The Executive Department, or Office of the Governor, is subject to election by the voters of Rhode Island. The Department is responsible for the enactment of reform and change in the state government for the betterment of the citizens of the state of Rhode Island. In accomplishing this task, the Department coordinates the services of a staff of professionals that oversee various responsibilities, including legislative affairs, communications, community engagement, legal affairs, policy, and boards and commissions. The Administration of Governor Gina M. Raimondo began on January 6, 2015.

<b>EXECUTIVE DEPARTMENT</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$5,481,059	\$5,624,462	\$6,093,211	\$6,086,325	\$6,580,157
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
<b>Total Funding</b>	<b>\$5,481,059</b>	<b>\$5,624,462</b>	<b>\$6,093,211</b>	<b>\$6,086,325</b>	<b>\$6,580,157</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>

### Full-Time Equivalent Positions

The Governor recommends 45.0 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

#### Proposed FY 2021 Budget Actions

- *Personnel Costs.* The Governor recommends an additional \$354,160 for estimated personnel costs to reflect adjustments and reduced turnover savings.
- *Contingency Fund.* The Governor recommends an additional \$100,000 for the Governor's Contingency Fund, which is used to support unforeseen expenses that may occur. The additional funding will bring the Contingency Fund back to a level consistent with past budgets.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$25,462, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Office of the Lieutenant Governor

The Lieutenant Governor was established as one of the five general offices subject to voter election under the Constitution of Rhode Island. The Office of the Lieutenant Governor is an organization within the Executive Department. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant Governor appoints members of the general public to serve on committees and commissions established by the General Assembly. Additionally, the Lieutenant Governor chairs and serves on various commissions and advisory boards. The Office of the Lieutenant Governor initiates legislation and has assumed advocacy and leadership roles in such areas as emergency management, veterans affairs, education, economic development, the environment, long-term care, healthcare and elderly affairs. The Office also serves as a liaison between citizens and state agencies.

OFFICE OF LIEUTENANT GOVERNOR					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,001,557	\$1,108,949	\$1,147,816	\$1,145,892	\$1,163,022
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
<b>Total Funding</b>	<b>\$1,001,557</b>	<b>\$1,108,949</b>	<b>\$1,147,816</b>	<b>\$1,145,892</b>	<b>\$1,163,022</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>

### Full-Time Equivalent Positions

The Governor recommends 8.0 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Legal Expenses.* An additional \$32,535 is included for legal services, along with an offsetting decrease to personnel expenditures to better align the agency budget with historical expenditures.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$3,123, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Secretary of State

The Secretary of State was established under the Rhode Island Constitution as one of the five general offices subject to voter election. As the custodian of State records, the Department plays a vital role in providing the public with basic information about the workings of State government. The Department consists of six programs and one internal service program.

SECRETARY OF STATE					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$8,832,367	\$9,796,149	\$9,533,255	\$9,489,047	\$9,883,628
Federal Funds	\$22,295	\$885,018	\$1,016,230	\$1,810,000	\$389,155
Restricted Receipts	\$427,255	\$449,989	\$451,672	\$456,043	\$502,410
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$103,610	\$0	\$0	\$0	\$170,000
<b>Total Funding</b>	<b>\$9,385,527</b>	<b>\$11,131,156</b>	<b>\$11,001,157</b>	<b>\$11,755,090</b>	<b>\$10,945,193</b>
<b>FTE Authorization</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>

### Full-Time Equivalent Positions

The Governor recommends 59.0 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *General Election Support.* The Governor recommends an additional \$655,000 in general revenue to support the general election. This includes \$585,000 for printing and staff costs and \$70,000 for postage and related costs.
- *Moving Expenses for State Archives.* The Governor recommends \$80,000 to finance moving expenses associated with relocating the State Archives. This includes \$26,667 each in general revenue, restricted receipts, and other funds.
- *Election Advertising.* The Governor recommends \$60,000 in general revenue for advertising related to the general election.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$46,905, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# General Government

## Office of the General Treasurer

The Office of the General Treasurer is established under the Rhode Island Constitution as one of the five general offices subject to election by the voters. The General Treasurer is the custodian of State funds, charged with the safe and prudent management of the State's finances. The General Treasurer serves on the State Investment Commission, the State Retirement Board, the Public Finance Management Board, the Rhode Island Housing and Mortgage Finance Corporation, the Higher Education Assistance Board, the Rhode Island Student Loan Authority, the State Properties Commission, and the Rhode Island Infrastructure Bank. Programs and Sub-Programs are defined to streamline the administration of various functions and resources. Under the control and guidance of the General Treasurer are: the Employees' Retirement System of Rhode Island, the administrative unit for participating public employee groups for both defined benefit and defined contribution plans; the Unclaimed Property Program which collects tangible and intangible abandoned property for the purpose of returning the property to its rightful owner; the Investments and Finance Division which provides investment and cash management services to state government, and issues and manages the State's general obligation debt; the CollegeBound Program (new to Treasury in 2016) and its contribution of fee revenue for state college assistance programs; the Business Office, which validates and distributes the State's imprest/benefit check payments, prints vendor and non-vendor checks, and reconciles a majority of the State's accounts to the financial institutions and the State Controller's records; and the Crime Victim Compensation Program which compensates crime victims for financial losses suffered as a result of a violent crime. Other areas under the Treasurer's responsibility include cooperation with the Executive Office of Health and Human Services in the ABLE savings program (Achieving A Better Life Experience Accounts) for tax free income growth for certain qualified disability expenditures; the care and management of the Abraham Touro Fund; and the Childhood Disease Fund.

OFFICE OF THE GENERAL TREASURER					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$2,819,265	\$2,926,332	\$3,037,551	\$2,965,993	\$2,991,420
Federal Funds	\$941,713	\$857,917	\$998,974	\$995,090	\$1,011,042
Restricted Receipts	\$38,675,476	\$37,665,681	\$37,955,257	\$37,828,125	\$39,984,107
Other Funds	\$640,181	\$595,648	\$663,859	\$631,729	\$640,424
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$43,076,635</b>	<b>\$42,045,578</b>	<b>\$42,655,641</b>	<b>\$42,420,937</b>	<b>\$44,626,993</b>
<b>FTE Authorization</b>	<b>89.0</b>	<b>89.0</b>	<b>89.0</b>	<b>89.0</b>	<b>89.0</b>

### Full-Time Equivalent Positions

The Governor recommends 89.0 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Crime Victim Compensation Program.* The Governor recommends statutory changes to reprioritize payments to the Crime Victim Compensation Program. These changes will maximize the federal matching funds for payments to victims of violent crimes.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$71,916, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Board of Elections

The Board of Elections (Board) supervises all elections and state and local referenda. The Board supervises the maintenance, preparation and delivery of voting equipment, election return forms, and other supplies used at polling places. It instructs and certifies all election officials assigned to polls and prepares and distributes poll worker guides and related materials. The Board also appoints, trains, and assigns bipartisan pairs of supervisors for the mail ballot program for institutionally confined persons. It certifies the results of all elections under its jurisdiction, including tabulating machine and mail ballot votes cast; conducts recounts; certifies results to the Secretary of State; issues certificates of election to candidates; and provides an official tabulation of returns.

The Board oversees voter registration and public education activities and provides all registration materials used in the state. It also trains and supervises all individuals who serve as statewide voter registration agents. The Board conducts voter registration drives throughout the State and at each institution of higher education in Rhode Island. It oversees and coordinates the registration of voters at other state agencies and departments as part of the National Voter Registration Act. The Board carries out the mandates of the Rhode Island Campaign Contributions and Expenditures Reporting Act (the “Act”). The Board oversees and monitors the campaign finance activities of candidates, political action committees, and state vendors. The Board’s responsibilities also include the development, printing, and distribution of forms required for candidate, committee, and vendor reports. It is also responsible for the publication of manuals describing and explaining the requirements set forth in the statutes. It reviews and makes available for inspection all reports filed, prepares summaries and an annual report, and is authorized to investigate suspected violations of the Act. The Board also oversees and administers the public financing of campaigns program for each of the State’s five general offices.

BOARD OF ELECTIONS					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,505,698	\$4,272,724	\$2,748,855	\$2,717,647	\$3,472,921
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
<b>Total Funding</b>	<b>\$1,505,698</b>	<b>\$4,272,724</b>	<b>\$2,748,855</b>	<b>\$2,717,647</b>	<b>\$3,472,921</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>

### Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *General Election Support.* The Governor recommends an additional \$486,498 to support the general election. This includes \$258,908 for seasonal employee and staff costs, and \$165,000 for delivery and printing costs.
- *Expenses Related to New Location.* An additional \$202,195 is included for expenses related to the agency’s new location. This is primarily composed of a \$183,333 increase in rent for the agency’s first full year occupying the facility – the FY 2020 financing reflects that the agency will only occupy the building for part of that year.

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## General Government

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- *E-Poll Book Contract Support.* The Governor recommends an additional \$57,000 to finance e-Poll book contract support, including inventory, maintenance, and programming.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$35,397, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Rhode Island Ethics Commission

The Rhode Island Ethics Commission was created as an independent, non-partisan division of Rhode Island Government by the voters of Rhode Island through a 1986 amendment to the Rhode Island Constitution. The Commission's constitutional authority includes adopting a Code of Ethics that applies to all state and municipal elected officials, appointed officials and public employees in such areas that expressly include, but are not limited to, conflicts of interest, confidential information, use of position, contracts with government agencies and financial disclosure. Its constitutional authority also includes the investigation and enforcement of alleged violations of the Code of Ethics and the imposition of penalties for noncompliance. The Ethics Commission administers and enforces a financial disclosure requirement for more than 4,000 public officials annually and makes such filings readily available for public inspection. It issues numerous written advisory opinions each year, maintains public contact with dozens of inquiring citizens each week, and provides regular training to state and municipal public officials and employees as to the requirements of the Code of Ethics. The nine-member Ethics Commission is appointed by the Governor, with a majority of its members nominated by legislative leaders. The staff of the Ethics Commission is headed by an Executive Director/Chief Prosecutor, who is hired by the Commission. The Ethics Commission's operations are funded solely with general revenue.

<b>RHODE ISLAND ETHICS COMMISSION</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,637,934	\$1,719,160	\$1,845,298	\$1,843,445	\$1,977,107
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
<b>Total Funding</b>	<b>\$1,637,934</b>	<b>\$1,719,160</b>	<b>\$1,845,298</b>	<b>\$1,843,445</b>	<b>\$1,977,107</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>

### Full-Time Equivalent Positions

The Governor recommends 12.0 FTE positions in the revised FY 2020 Budget and FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Outside Legal Counsel.* The Governor recommends \$80,000 in general revenue to finance outside legal counsel to support the Commission with litigation pending in Superior Court.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$8,999, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# General Government

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## Rhode Island Commission for Human Rights

The Rhode Island Commission for Human Rights enforces Rhode Island anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. The employment and public accommodation statutes prohibit discrimination based on race, color, sex, religion, age, sexual orientation and gender identity/expression, disability and ancestral origin. In addition to prohibiting discrimination on the aforementioned bases, the housing and credit statutes also prohibit discrimination based on marital, familial, and military statuses. The housing statute additionally prohibits discrimination on the basis of status as a victim of domestic abuse, housing status and association with members of a protected class. The delivery of services statute prohibits discrimination on the basis of disability. The employment law also prohibits employers from inquiring before a first interview, either via an employment application or otherwise, whether an applicant has been convicted of a crime; certain enumerated exceptions apply. The Commission’s major program activities include outreach and education, intake, investigation, conciliation and administrative hearings. Staff members perform outreach and education activities voluntarily and frequently after normal working hours. Intake involves the receipt and evaluation of inquiries. If the allegations present a prima facie case of discrimination, a formal charge of discrimination is prepared and forwarded to the respondent. Investigators conduct an impartial analysis of evidence obtained from both parties, compare all elements of the case and attempt to negotiate a resolution. Where resolution is not achieved, investigators make a recommendation on the merits of the charge to a Preliminary Investigating Commissioner (“PIC”). The PIC makes a formal ruling as to whether there is “Probable Cause” or “No Probable Cause” in respect to the allegations of the charge. A No Probable Cause ruling terminates proceedings at the Commission. Upon a “Probable Cause” ruling, the Commission attempts to conciliate the matter. The parties have the opportunity to elect that the matter be heard in Superior Court. Where conciliation is unsuccessful and the parties have elected to proceed at the Commission, an administrative hearing is conducted. At the administrative hearing, evidence is admitted and sworn testimony is heard before a Commissioner; a court stenographer also is present. The Commission renders a formal decision and order following an administrative hearing.

<b>RHODE ISLAND COMMISSION FOR HUMAN RIGHTS</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,273,387	\$1,298,536	\$1,353,591	\$1,350,221	\$1,452,747
Federal Funds	\$409,623	\$445,003	\$563,414	\$557,527	\$504,702
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$1,683,010</b>	<b>\$1,743,539</b>	<b>\$1,917,005</b>	<b>\$1,907,748</b>	<b>\$1,957,449</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>

### Full-Time Equivalent Positions

The Governor recommends 14.5 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$6,413, which reflect lower medical rates due to rates developed by the State’s rate-setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# General Government

## Public Utilities Commission

The Public Utilities Commission (PUC) comprises two distinct regulatory bodies: a three-member Commission (Commission) and the Division of Public Utilities and Carriers (Division). The Commission serves as a quasi-judicial tribunal with jurisdiction, powers, and duties to implement and enforce the standards of conduct under R.I.G.L. § 39-1-27.6. Its duties include holding investigations and hearings involving the rates, tariffs, tolls, and charges, and the sufficiency and reasonableness of facilities and accommodations of railroad, ferry boats, gas, electric distribution, water, telephone, telegraph, and pipeline public utilities, the location of railroad depots and stations, and the control of grade crossings, the revocation, suspension or alteration of certificates issued pursuant to R.I.G.L. § 39-19-4, appeals under R.I.G.L. § 39-1-30, petitions under R.I.G.L. § 39-1-31, and proceedings under R.I.G.L. § 39-1-32.

Through participation in the Energy Facility Siting Board, the Commission's chair also exercises jurisdiction over the siting of major energy facilities, pursuant to R.I.G.L. § 42-98. The Division, which is headed by an Administrator, who is not a Commissioner, exercises the jurisdiction, supervision, powers and duties not specifically assigned to the Commission, including the execution of all laws relating to public utilities and carriers and all regulations and orders of the Commission governing the conduct and charges of public utilities. The Division has exclusive jurisdiction over the rates, tariffs, tolls and charges, and the sufficiency, and reasonableness of facilities and accommodations of common carriers of property and passengers over the State's public roadways, pursuant to R.I.G.L. § 39-12, § 39-13, and § 39-14. Additionally, the Division supervises and regulates Community Antenna Television Systems (CATV) in Rhode Island; certifies all public utilities; and has independent regulatory authority over the transactions between public utilities and affiliates, and all public utility equity and debt issuances.

### Budget Highlights

#### Utility Restoration Act.

Protects consumers by establishing standards and penalties to ensure that gas and electric companies restore service quickly and safely following a significant outage.

PUBLIC UTILITIES COMMISSION					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$165,815	\$177,972	\$178,002	\$175,928	\$178,744
Restricted Receipts	\$8,848,412	\$8,947,201	\$11,204,978	\$11,193,996	\$11,479,490
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$9,014,227</b>	<b>\$9,125,173</b>	<b>\$11,382,980</b>	<b>\$11,369,924</b>	<b>\$11,658,234</b>
<b>FTE Authorization</b>	<b>54.0</b>	<b>53.0</b>	<b>52.0</b>	<b>52.0</b>	<b>54.0</b>

### Full-Time Equivalent Positions

The Governor recommends 52.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 54.0 FTE positions in the FY 2021 Budget. The additional positions recommended in FY 2021 consist of 2.0 FTE positions financed from restricted receipts.

### Proposed FY 2021 Budget Actions

- *Utility Restoration Act.* In response to the Aquidneck Island gas outage and the recent report from the Division of Public Utilities and Carriers (DPUC), this would establish standards to ensure that each gas and electric distribution company is sufficiently prepared to restore service to its customers in a safe and reasonably prompt manner after a significant outage or service interruption.

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## General Government

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It would allow the DPUC to impose fines and assess administrative penalties. There is no revenue impact, and no directly associated expenditures.

- *Public Utilities Engineering Specialist II.* The Governor recommends an increase of 1.0 FTE position in the DPUC to bring on an additional engineer to be financed with restricted receipts. This position would expand the agency's capacity to inspect and manage the integrity of utility infrastructure. Such proactive oversight may avert events similar to the major Aquidneck Island gas outage in January 2019. This position would also support the implementation of the Utility Restoration Act, described above, among other duties.
- *Public Utilities Analyst III.* The Governor recommends an increase of 1.0 FTE position in the Public Utilities Commission in the role of a public utilities analyst to be financed with restricted receipts. This position is needed to support effective regulatory proceedings in the wake of significant new policies related to renewable energy and energy efficiency. As the State engages in power sector transformation under Governor Raimondo's leadership, the Public Utilities Commission has seen an increase in the volume and complexity of utility rate cases, and additional analytical capacity will reduce future burdens on Rhode Island ratepayers.

# **Health and Human Services**

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## **Health and Human Services**

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

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# Health and Human Services

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## Executive Office of Health & Human Services

The Executive Office of Health and Human Services (EOHHS) serves as the principal agency of the Executive Branch of state government (R.I.G.L. § 42-7.2-2) responsible for overseeing the organization, finance and delivery of publicly funded health and human services.

In this capacity, EOHHS administers the state’s Medicaid program and provides strategic direction to Rhode Island’s four health and human services agencies: Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS and the agencies under its umbrella provide direct services to more than 300,000 Rhode Islanders. These agencies deliver an array of regulatory, protective and health promotion services to our communities.

In the course of its work, EOHHS strives to promote access, equity, health system transformation and continuous improvement as it works to help all Rhode Islanders live healthy, fulfilling lives.

### Department achievements and highlights during Governor Raimondo’s tenure include:

- Strengthened Rhode Island’s Medicaid system, achieving \$100 million in cost savings without significantly reducing benefits or restricting eligibility.
- Implemented the Independent Provider (IP) Model to increase workforce capacity and create a new delivery option for direct support services for seniors and individuals with developmental disabilities.
- By integrating data from more than 15 state sources, the Office’s data ecosystem analytics team is improving service delivery and studying population health trends to find timely solutions to pressing health and human service challenges, such as child maltreatment and the opioid epidemic.
- Leveraged more than \$30 million in federal grants to support key priorities in early childhood and behavioral health.
- Received a Medicaid waiver to fund recovery coaching services for people fighting opioid and other substance use disorders.

## Budget Highlights

### RItE Share

**Enhancements.** Maximize RItE Share enrollment to move employees onto Employer-Sponsored Insurance (ESI), projecting general revenue savings of \$5.0 million and \$10.1 million in FY 2022 and thereafter.

### MCO Full-Risk.

Transition Managed Care Organizations (MCOs) to full-risk, helping to drive transformation in the health care sector while incentivizing both insurers and providers to reduce unnecessary utilization and better manage care.

### Long-Term Services & Supports (LTSS)

#### Investment.

Provide \$1.0 million in general revenue financial incentives to take empty beds out of service and to repurpose the beds for other uses while rewarding nursing facilities that transition low-acuity Medicaid members to Home Care-Based Services settings.

# Health and Human Services

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$950,301,335	\$972,457,072	\$1,002,282,411	\$985,967,831	\$1,010,660,918
Federal Funds	\$1,546,083,323	\$1,601,101,956	\$1,664,521,164	\$1,623,177,530	\$1,631,999,073
Restricted Receipts	\$23,043,589	\$28,009,351	\$23,929,187	\$59,745,415	\$39,539,058
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$2,519,428,247</b>	<b>\$2,601,568,379</b>	<b>\$2,690,732,762</b>	<b>\$2,668,890,776</b>	<b>\$2,682,199,049</b>
<b>FTE Authorization</b>	<b>285.0</b>	<b>192.0</b>	<b>186.0</b>	<b>186.0</b>	<b>201.0</b>

## Full-Time Equivalent Positions

The Governor recommends 201.0 FTE positions in the FY 2021 Budget, an increase of 15.0 from the enacted FY 2020 Budget attributable to the following recommended budget actions:

- 1) An increase of 4.0 additional FTE positions within Central Management (Assistant Director of Financial and Contract Management, Interdepartmental Project Manager, Assistant Administrator of Financial Management and a Chief Data Analyst);
- 2) An increase of 4.0 FTE positions within Central Management by shifting 2.0 Senior Legal Counsel positions from the Department of Children, Youth and Families (DCYF), 1.0 Senior Legal Counsel position from the Department of Health (DOH) and 1.0 Deputy Care Licensing Lawyer from the Department of Human Services (DHS) to the Executive Office of Health and Human Services (EOHHS). Under the enacted budget, these 4.0 FTE positions are part those agency's FTE authorization level but have been financed by EOHHS through inter-agency transfers. The shift would increase EOHHS's FTE authorized level by 4.0 and will have no budget impact on EOHHS.
- 3) An increase of 2.0 additional FTE positions within Central Management related to the Unified Health Infrastructure Project, otherwise known as UHIP (Chief Family Health Systems and Senior Human Services Policy and Systems Specialist).
- 4) An increase of 2.0 additional FTE positions within Central Management related to the Adult Co-Pays for Select Services initiative (Interdepartmental Project Manager and Health Program Administrator).
- 5) An increase of 1.0 FTE Legal Counsel position within Central Management, which represents an FTE authorized shift from the Department of Behavioral Healthcare, Developmental Disability and Hospitals (BHDDH) to EOHHS.
- 6) An increase of 2.0 new Senior Legal positions from the Department of Children, Youth and Families. The Governor recommends 186.0 FTE positions in the revised FY 2020 Budget, representing no changes from the enacted FY 2020 Budget.

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# Health and Human Services

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## Proposed FY 2021 Budget Actions

### *Central Management*

- *Long-Term Services & Supports (LTSS) Investment.* The Governor Recommends providing \$1.0 million in general revenue financial incentives to take empty beds out of service and to repurpose the beds for other uses while rewarding nursing facilities transitioning the low-acuity Medicaid members to Home Care-Based Services settings.
- *Contracted Services.* The Governor recommends an increase of \$1.4 million in general revenue financing for various contracted services utilized by EOHHS such as enhancements to the Medicaid Management Information System (MMIS), creation of the Rhode Island Parent Information Network as part of the Rhody Health Options Redesign effort, actuarial and related services to support additional layers of risk adjustments, the transition to full risk, improving Managed Care Organization reporting and oversight, and helping meet new CMS requirements.
- *Clinical Evaluation.* The Governor includes \$180,000 in all funds including \$90,000 in general revenue financing in support of hiring a full-time contractual clinician with expertise in children's intellectual and developmental disabilities and children's behavioral health. A major focus of this clinician will be to assess the current structure of Rhode Island's home-based services model, conduct clinical oversight of the agencies involved, research best practices across the country, and develop a plan for restructuring the program to best meet the needs of the children EOHHS services.
- *Unified Health Infrastructure Project (UHIP) Reductions.* The Governor recommends a decrease of \$3.7 million in all funds including a decrease of \$422,284 from general revenue through various contract and operational reductions in UHIP.

### *Medical Assistance*

- *Caseload Conference (excluding the Disproportionate Share of Hospital (DSH) payment).* The Governor's recommended budget is predicated on the November 2019 Caseload Conference (CEC) estimate of \$934.3 million in general revenue in FY 2021, \$25.2 million less than the FY 2020 enacted level.
- *Caseload Conference (DSH payment).* The November 2019 CEC estimated \$77.8 million in all funds for the Disproportionate Share of Hospital (DSH) Payments in FY 2021 to reflect the impact of the phase-in of the payment reduction. Passage of the Affordable Care Act (ACA) included a phase-down of federal DSH payments made to states for uncompensated care. This phase-down was postponed by Congress in previous fiscal years; however, under current federal law, the scheduled reduction has an impact on state FY 2021 spending. Absent a further delay, the impact to Rhode Island hospitals is a \$64.5 million reduction in the payment, including \$30.6 million in state matching funds. As the guiding principles of the CEC must maintain all estimates under current law, the caseload estimate reflects this loss.

### *Adjustments to the Adopted Caseload Estimate:*

- *Hospital Restoration – DSH Payment.* The Governor recommends restoring financing for DSH Supplemental Payments at the FY 2020 enacted level of \$142.3 million in all funds, including \$67.0 million in general revenue matching funds with the assumption that Congress will continue to delay the reduction for the full year in FY 2021 based on past and current practices. As of the Rhode Island budget submission, Congress has delayed DSH reductions until May 23, 2020.

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## Health and Human Services

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- *MCOs Full-Risk.* The Governor recommends an increase of \$15.7 million in all funds including an increase of \$5.4 million from general revenue to eliminate the current risk share arrangements with the health plans, which requires Rhode Island to share in the plans' gains and losses within certain corridors. Eliminating the risk share arrangement will result in additional risk margin being built into the FY 2021 capitation rates.
- *Ambulance Rates.* The Governor recommends an increase of \$2.2 million in all funds including an increase of \$790,395 from general revenue. This investment carries forward the FY 2020 investment EOHHS made to non-emergency medical transportation rates to ensure access to vital advanced life-support ambulance transport services.
- *Newborn Intensive Care Unit (NICU).* The Governor recommends moving NICU services from fee-for-service to managed care, where MCOs will provide utilization management services, resulting in an estimated 10 percent cost savings and helping increase access to Long-Acting Reversible Contraceptives (LARCs). The proposal generates savings of \$1.2 million in general revenue and \$1.3 million in federal funds.
- *Hospital Rate Freeze.* The Governor recommends that hospital payment rates be frozen for both inpatient and outpatient hospital services delivered under fee-for-service and managed care at the current level. The proposal generates savings of \$20.3 million on an all funds basis, which includes \$7.1 million in general revenue savings.
- *Eliminate Outpatient Upper Payment Limit (UPL).* The Governor recommends the elimination of these payments in FY 2021, for savings of \$1.5 million in general revenue and \$3.1 million in federal funds. UPL is a reimbursement mechanism that makes adjustments to increase resources to community hospitals by paying a rate that is equal to what Medicaid would pay for the same services.
- *Nursing Home Rates.* The Governor recommends a one percent cost of living adjustment (COLA) instead of an annual adjustment of rates based on a national index, generating savings of \$3.4 million in general revenue and \$4.1 million in federal funds.
- *Graduate Medical Education (GME).* The Governor recommends an increase of \$1.2 million in federal funds to go along with the state match of \$1.0 million, resulting in a \$2.2 million all funds supplemental payment to Rhode Island Hospital. CMS approved an EOHHS State Plan Amendment requesting federal financial participation for this payment, effective July 1, 2019.
- *Pharmacy.* The Governor recommends taking savings against FY 2021 capitation rates based on an Rx spend model, which identifies the most cost-effective drugs within therapeutic classes and shifts a portion of assumed utilization towards those drugs in order to incentivize the MCOs to achieve Rx savings. This proposal generates savings of \$497,726 in general revenue and \$1.0 million in federal funds.
- *RItE Share Enhancements.* The Governor recommends maximizing RItE Share enrollment to move employees onto employer-sponsored insurance (ESI), projecting general revenue savings of \$5.0 million (six months of FY 2021) and \$10.1 million in FY 2022 and thereafter. RItE Share provides Medicaid funding to cover the healthcare costs for an employee's ESI if it is deemed more cost effective than enrolling the employee in traditional Medicaid managed care. As part of the initiative and included in the net savings total, the Governor recommends including additional costs of \$600,000 in FY 2021 to help maximize RItE Share enhancement in order to achieve the substantial

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## Health and Human Services

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savings in the future year. A total of \$500,000 would be for system changes to RI Bridges and \$100,000 would be for a new contracted employee to handle the anticipated increase in the volume of work that would occur.

- *RIte Share Penalty.* As part of the RIte Share Enhancements initiative, the Governor recommends including an enforcement program similar to Massachusetts's Health Insurance Responsibility Disclosure (HIRD) form. To encourage employers to comply with the new RIte Share reporting requirements, the Governor recommends a non-compliance fee on for-profit employers with greater than 50 employees who do not report their ESI information on an annual basis. Once employers are notified that they meet the greater than 50 employee threshold, they will have 30 days to comply with the program and provide the Department of Taxation with the required ESI information. Employers will be assessed a \$2,500 penalty for late reporting and a \$5,000 penalty for failing to file or falsifying information. The fee will not be used to impose any new fines or penalties related to employers' ESI offerings, but instead only penalizes employers who falsify or fail to file any information. The Department of Taxation will operationalize the penalty and administer it annually by creating a new form specific for Rhode Island businesses. Taxation will share the information on this form with EOHHS so that employer ESI can be updated in the RIte Share system. The non-compliance fee is estimated to bring in \$165,675 in revenue beginning in FY 2021.
- *Adult Co-Pays for Select Services.* The Governor recommends instituting co-pays for adults for inpatient hospital stays and prescription drugs, in both managed care and fee-for-service. This proposal excludes institutionalized adults and disabled adults. The initiative will implement co-pays for adults as follows: \$1.00 for certain selected prescription drugs and \$3.65 for all other prescription drugs and \$3.00 per stays for inpatient hospital visits. Co-pays would not be charged to children, and services would not be withheld due to the inability to pay. In addition to the direct savings in FY 2021, co-pays are expected to generate additional savings due to a reduction in utilization for prescription drugs. The initiative would generate \$4.7 million in general revenue savings offset slightly through implementation costs of \$220,000 associated with the hiring of two new FTE positions; 1.0 Interdepartmental Manager and 1.0 Health Program Administrator (budgeted in the Central Management program).
- *Dual Care Management.* The Governor recommends accelerating expansion of a dual care pilot to help drive FY 2021 general revenue savings of \$401,725. Under the initiative, EOHHS can increase their ability to divert patients from nursing homes by modifying the current fee-for-service duals contract.
- *Fee-For-Service High Utilizers.* The Governor recommends achieving \$1.8 million in general revenue savings by engaging with a vendor to perform utilization management activities for members enrolled in Fee-for-Service (FFS) Medicaid. The effort will focus on targeting the most expensive members prior to enrollment in managed care, to control costs. The initiative projects achieving 6.5 percent in savings. The savings is net of \$250,000 in general revenue needed in contract expenses to help meet these initiatives.
- *RI Bridges Eligibility Optimization – Caseload Reductions.* Recent RI Bridges eligibility optimization has led to the termination of about 5,500 cases. The one-time RI Bridges update was not assumed in the 2019 November Caseload Estimating Conference, as the significant drop occurred in November. The FY 2021 estimate includes 12-months of savings through this one-time reduction which is largely attributable to two factors: Cases where terminations were held while notices were improved and cases where eligibility loss is due to income. The RI Bridges

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## Health and Human Services

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enhancements effectuated terminations and fixed a defect in notifications to ensure termination reason is specified. Additionally, terminations were not synced in Medicaid Management Information System (MMIS) until November since new notices had to be issued to ensure terminations were done in compliance with legal notification requirements. These enhancements and impacts to enrollment are expected to save \$13.3 million in general revenue financing over two years, including \$8.1 million in FY 2021.

- *Perinatal Doula Services.* The Governor recommends a \$94,802 general revenue increase to provide medical assistance healthcare for expectant mothers by establishing coverage and reimbursement rates for perinatal doula services. The savings is achieved from an expected reduction in cesarean births.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$33,353, which reflect lower medical rates due to rates developed by State's rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### Proposed FY 2020 Budget Revisions

#### *Medical Assistance*

- *Caseload Conference.* The Governor's recommended revised FY 2020 budget is based on the consensus estimate from the November 2019 Caseload Conference. General revenue costs are expected to decrease by \$11.2 million in FY 2020, matched with \$9.6 million of federal funds. The decrease is largely attributable to decreased expenditures in Managed Care primarily related to updated enrollment for those being treated for Hepatitis C and fewer children and parents enrolled in RIte Care than originally projected. Rhody Health Options also experienced fewer enrollees than had been anticipated.
- *Graduate Medical Education (GME).* The Governor recommends an increase of \$500,000 in federal funds and \$1.0 million, in enacted general revenue resulting in a \$1.5 million all funds supplemental payment to Rhode Island Hospital. CMS approved an EOHHS State Plan Amendment requesting federal financial participation for this payment, effective July 1, 2019.
- *RI Bridges Eligibility Optimization – Caseload Reductions.* Recent RI Bridges eligibility optimization has led to the termination of about 5,500 cases. The one-time RI Bridges update was not assumed in the 2019 November Caseload Estimating Conference as the significant drop occurred in November. The FY 2020 estimate includes eight months of savings through this one-time reduction which is largely attributable to two factors: Cases where terminations that were held while notices were improved and cases where eligibility loss is due to income. The RI Bridges enhancements effectuated terminations and fixed a defect in notifications to ensure termination reason is specified. Additionally, terminations were not synced in MMIS until November since new notices had to be issued to ensure terminations were done in compliance with legal notification requirements. These enhancements and impacts to enrollment are expected to save \$13.3 million in general revenue financing over two years, including \$5.2 million in FY 2020.

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# Health and Human Services

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## Department of Children, Youth and Families

The Department of Children, Youth and Families (DCYF) was established by the General Assembly in 1980 by merging children's programs previously administered by four different state departments. DCYF administers the operation of Child Welfare and Children's Protective Services, Community Services & Behavioral Health, and Juvenile Corrections. Rhode Island is one of a small group of states that integrates these three major public responsibilities for troubled children, youth and families in one agency.

Today, DCYF is an agency within the Executive Office of Health and Human Services (EOHHS) and works to ensure that vulnerable children and families are provided with the supports they need to succeed. Working to mobilize the human, physical and financial resources available, DCYF plans, develops and evaluates a statewide comprehensive and integrated program of services designed to ensure the opportunity for children to reach their full potential.

### Department achievements and highlights during Governor Raimondo's tenure include:

- Since 2015, the Department's intensive reforms have resulted in a 27 percent reduction in the number of youth placed in congregate care and a 42 percent reduction in the number of youth placed in out-of-state congregate care. This ongoing effort is one of many within the Department that helps to ensure children are placed in the best possible settings for their individual needs, health and safety.
- Helped stabilize families and prevent them from having further involvement with the State's child welfare system through the Department's Family Care Community Partnerships (FCCPs). Based on 2019 data, 94 percent of families remained in the community without requiring Department involvement within six months of their FCCP cases closing.
- Following national best practices and trends, led efforts to focus on prevention, diversion and strengthening re-entry supports within the juvenile justice system to help youth receive the right interventions at the right time. From Fiscal Year 2015 to Fiscal Year 2019, the average daily count of youths at the Rhode Island Training School dropped 44 percent, and youth on Juvenile Probation dropped 37 percent.
- Reduced the Department's frontline vacancy rate from 20 percent in 2018 to its current rate: 5 percent.

## Budget Highlights

### Foster Care Licensing and Training

**Enhancements.** Adds 14 new FTE positions in the licensing unit to recruit, train, license, sustain and support all foster parents, supporting the transition of youth in care to foster care.

### Female Youth Project.

Establishes two Psychiatric Residential Treatment Facilities (PRTF) for female youths in Rhode Island to increase the State's ability to service female youth with behavioral healthcare needs currently being served in out-of-State facilities.

### Supporting Safety Assessment

**Implementation.** Adds four Child Protective Investigators to lower caseloads and complete more screenings, resulting in decreased youth entering care.

# Health and Human Services

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$173,652,189	\$180,711,210	\$165,124,585	\$185,731,369	\$186,790,002
Federal Funds	\$60,989,212	\$65,129,697	\$59,986,948	\$66,785,484	\$72,705,588
Restricted Receipts	\$2,469,050	\$1,929,609	\$1,887,557	\$2,339,616	\$2,079,637
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$439,547	\$398,236	\$2,860,000	\$1,367,062	\$2,000,000
<b>Total Funding</b>	<b>\$237,549,998</b>	<b>\$248,168,752</b>	<b>\$229,859,090</b>	<b>\$256,223,531</b>	<b>\$263,575,227</b>
<b>FTE Authorization</b>	<b>612.5</b>	<b>631.5</b>	<b>621.5</b>	<b>642.5</b>	<b>640.5</b>

## Full-Time Equivalent Positions

The Governor recommends 640.5 FTE positions in the FY 2021 Budget, an increase of 19.0 FTE positions from the enacted FY 2020 Budget. The Governor recommends 642.5 FTE positions in the revised FY 2020 Budget, an increase of 21.0 FTE positions from the enacted FY 2020 Budget. The increase in both years represents 1.0 new Chief of Program Development for the Private Agency Foster Care Procurement initiative; 14.0 new positions for the Recruitment and Retention initiative including 10.0 new Social Case Worker II's, 1.0 new Principal Resource Specialist, 2.0 new Caseload Supervisor II's and 1.0 new Community Services Coordinator; 4.0 new Child Protective Investigators for the Supporting Safety Assessment Implementation initiative, and 2.0 new Paralegals for the Improving Child Advocacy and Casework Partnership initiative. The Governor recommends transferring 2.0 Senior Legal Counsel positions to the Executive Office of Health and Human Services in the FY 2021 Budget.

## Proposed FY 2021 Budget Actions

- Private Agency Foster Care Procurement.* The Governor recommends hiring a contract manager to assist the Department in renegotiating private agency foster care contracts in order to optimize placement supply and federal fund usage. Key components of contract reforms are: standardized family rates based on Level of Need (LON) and improved Medicaid claiming reflected under the Federal Funds Optimization initiative. This initiative aligns with the Department's goals to ensure proper placements for children based on their needs and promoting permanency to reduce length of time in care. The procurement is estimated to save \$525,763 in general revenue.
- Recruitment and Retention.* The Governor recommends 14 new FTEs to start in April of 2020 and to increase staffing in the licensing unit to recruit, train, license, sustain and support all foster parents. As a result of this increased support, DCYF anticipates \$2.5 million in savings from a shift in youth in care to foster care. This initiative also includes an increase in foster care rates.
- Federal Funding Optimization.* The Governor recommends savings of \$3.3 million to optimize non-general revenue sources of funding for the Department. This initiative would reduce general revenue costs associated with current processes, including Medicaid claiming, IV-E determinations through income and asset attestation and kinship licensure, cost allocation of probation workers and social security income eligibility.
- Supporting Safety Assessment Implementation.* The Governor recommends savings of \$341,801 by hiring 4.0 Child Protective Investigators to be filled in April 2020. Improving caseloads within the Child Welfare Division will lead to increased screenings and fewer youth entering care, resulting in savings.

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- *Improving Child Advocacy and Caseworker Partnership.* The Governor recommends \$77,457 of general revenue to hire 2.0 attorneys and 2.0 paralegals to allow for increased desk time for Trial Attorneys to prepare for court events, increased availability and influence when in court and decrease time to permanency.
- *DCYF Director's Salary.* The Governor recommends \$8,048 in general revenue to increase the Director of DCYF's salary to \$135,000, in order to be more competitive nationally and more in line with other Directors in RI state government.
- *Female Youth Project.* The Governor is proposing to establish two new Psychiatric Residential Treatment Facilities (PRTF) for female youths in RI to increase the State's ability to service female youth with behavioral healthcare needs that are currently being served in out-of-state facilities. The Governor recommends \$1.1 million of general revenue for a half year of implementation for this initiative.
- *Rhode Island Training School Educational Program.* As a result of a declining census, the demand for classroom and vocational education has decreased. From 2016 to 2018, the census has declined by 30 percent to 59 youth. This initiative involves revisiting the educational program at RITS to address the declining census. The Governor recommends savings of \$438,651 of general revenue.
- *RICHIST Replacement.* The Governor recommends COPS financing of \$17.0 million, matched with \$11.2 million of federal funds to replace the RICHIST system, the Department's child welfare IT system with a new modular data system.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a reduction of \$1,189,708, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### Proposed FY 2020 Budget Actions

- *Private Agency Foster Care Procurement.* The Governor recommends \$25,258 to hire an employee to help the Department undertake a renegotiation of private agency foster care contracts in order to optimize placement supply and federal fund usage. Key components of contract reforms are: standardized family rates based on Level of Need (LON) and improved Medicaid claiming reflected under the Federal Funds Optimization initiative.
- *Recruitment and Retention.* The Governor recommends savings of \$279,657. This initiative requests for 14 new FTE to start in April of 2020, to increase staffing in the licensing unit to recruit, train, license, sustain and support all foster parents. As a result of this increased support DCYF anticipates savings from a shift in youth in care to foster care.
- *Federal Funding Optimization.* The Governor recommends savings of \$0.3 million for this initiative. This initiative consists of a combination of initiatives to achieve these savings, including Medicaid claiming, income and asset attestation forms, kinship licensure, cost allocation of probation workers and social security income.
- *Supporting Safety Assessment Implementation.* The Governor recommends \$24,228. The Governor recommends hiring an additional four Child Protective Investigators. These positions are

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## Health and Human Services

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anticipated to be filed in April 2020. As a result, there will be lower caseloads, and in turn CPIs will be able to complete more screenings and less youth will enter care, resulting in savings.

- *Improving Child Advocacy and Caseworker Partnership.* The Governor recommends \$33,311 of general revenue to hire an additional two attorneys and two paralegals to improve child advocacy and promote caseworker partnership.
- *DCYF Director's Salary.* The Governor recommends \$1,875 of general revenue. This initiative seeks to increase the Director of DCYF's salary to \$135,000, in order to be more competitive nationally and more in line with other Directors in RI.
- *Rhode Island Training School Educational Program.* The Governor recommends savings of \$219,326 of general revenue. As a result of a declining census, the demand for classroom and vocational education has decreased. From 2016 to 2018, the census has declined by 30 percent to 59 youth, and there are 14 full-time teachers. This initiative involves revisiting the educational program at RITS to address the declining census.
- *Multisystemic Therapy.* For FY 2020, the Governor recommends that proceeds of the Opioid Stewardship Fund support both the expansion of various substance use programs currently under way and the inception of several new initiatives throughout the State. Within DCYF, the Governor recommends allocations totaling \$386,022 to finance the existing Multisystemic Therapy (MST) program which is an intensive family and community-based treatment for serious juvenile offenders with possible substance abuse issues and their families.

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# Health and Human Services

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## Department of Health

The mission of the Department of Health is to prevent disease and protect and promote the health and safety of the people of Rhode Island.

While the Department has made strides in achieving its statewide health goals, disparities persist, and for the first time in modern history the current generation of children may have a shorter life expectancy than their parents. Looking forward to its Healthy Rhode Island 2020 goals, the Department has four strategic objectives that will frame its work: reduce the burden of disease and disability in the population; encourage safe and healthy environments; ensure access for all to high quality health services; and promote healthy behaviors and practices.

### Department achievements and highlights during Governor Raimondo's tenure include:

- Established and invested more than \$13.5 million in community-led Health Equity Zones since 2015 and expanded the initiative to three more communities in 2019. There are now 10 Health Equity Zones across Rhode Island that are bringing together residents and community partners to address the root causes of health issues and build healthier, more resilient communities.
- Developed and launched a set of Statewide Health Equity Indicators to assess Rhode Island's progress toward advancing health equity and evaluate the impact of health equity initiatives.
- Co-led the Governor's Overdose Prevention and Intervention Task Force, charged with implementing an aggressive, multi-agency plan to reduce overdose deaths. Comprehensive, targeted public health interventions led to a 6.5 percent decrease in accidental drug overdose deaths between 2016 and 2018.
- Coordinated with state agencies and municipalities to respond to the threat of Eastern Equine Encephalitis (EEE) during the summer and fall of 2019. This effort included providing mosquito testing at the State Health Laboratories and lending expertise from the Department's Center for Acute Infectious Disease Epidemiology and Division of Environmental Health.
- Established Rhode Island as the third most vaccinated state in the country. Additionally, the State is ranked No. 1 for adult flu vaccination coverage and No. 2 for childhood flu vaccination coverage in the nation.

## Budget Highlights

### Adult-Use Marijuana.

Adds restricted receipts for food safety staffing and operations costs associated with the proposed adult-use marijuana initiatives.

### Shellfish Industry

**Growth.** Establish dockside and sampling program to standardize shellfish testing practices across the New England region.

### Family Home Visiting Expansion.

Adds general revenue financing with additional federal match to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn.

### Addressing Dangers of Vaping for Youth.

Recommends a comprehensive package on vape products, which codifies the ban on flavored vapes, reduces these products' availability to youth, provides tools for cessation and enforcement, and increases penalties for selling tobacco products to underage youth.

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- Under the direction of Governor Raimondo, implemented an emergency order that banned the sale of flavored e-cigarettes in Rhode Island in response to the growing public health crisis among young people. The Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), and the U.S. Surgeon General have all declared youth vaping use a national epidemic, pervasive in every state.

DEPARTMENT OF HEALTH					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$26,323,503	\$30,324,520	\$30,968,921	\$30,925,000	\$32,999,978
Federal Funds	\$93,523,083	\$97,671,699	\$105,815,939	\$110,723,265	\$104,298,145
Restricted Receipts	\$39,714,859	\$39,011,735	\$49,452,984	\$50,050,590	\$49,026,808
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$400,000	\$400,000	\$400,000
<b>Total Funding</b>	<b>\$159,561,445</b>	<b>\$167,007,954</b>	<b>\$186,637,844</b>	<b>\$192,098,855</b>	<b>\$186,724,931</b>
<b>FTE Authorization</b>	<b>506.6</b>	<b>514.6</b>	<b>499.6</b>	<b>499.6</b>	<b>540.6</b>

### Full-Time Equivalent Positions

The Governor recommends 540.6 FTE positions in the FY 2021 Budget, an increase of 41 from the enacted FY 2020 Budget, including 26.0 FTE positions financed from federal funds and 5.0 from restricted receipt funds. The Governor recommends 499.6 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- Vaping Products.* The Governor recommends a comprehensive package on vape products, which codifies the ban on flavored vapes, reduces these products availability to youth, provides tools for cessation and enforcement for RIDOH and sister agencies, and increases penalties for selling tobacco products to underage youth. The Department of Health will work closely with the Department of Revenue and Behavioral Healthcare, Developmental Disabilities, and Hospitals on this initiative.
- Promote Shellfish Industry Growth with New RI Dockside Sampling Program.* The Governor recommends imposing a fee on the shellfish industry to pay for a dockside and sampling program to standardize shellfish testing practices across the New England region. The new permit fees would generate \$366,138 in new revenues that would be used to finance the staffing and operations costs associated with providing sampling, lab testing, and administrative time for monitoring, documentation, and reporting extensive amounts of information required in the National Shellfish Sanitation Program (NSSP) Model Ordinance.
- Data Request Fee.* The Governor recommends imposing a new fee on data requests from the Department of Health's Center for Health Data and Analysis (CHDA). With the exception of public use files of hospital discharge data, CHDA does not charge for data requests but receives approximately 700 requests annually and external requestors represent approximately one-third of all data requests. These data are used to monitor health status and trends in natality, morbidity and mortality, identify risks and trends among specific population groups, and identify opportunities for policy development and decision-making. The fee would generate \$438,900 in revenues to be charged to for profit businesses only and would be used to increase CHDA's ability to analyze and the disseminate the datasets.

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## Health and Human Services

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- *Remove exemption on Professional Licensing for Emergency Medical Services (EMS) Personnel.* The Governor recommends removing the licensing fee exemption for municipal, volunteer, and non-profit Emergency Medical Services (EMS) professionals. The exemption currently equates to a loss of \$333,600 and \$23,120 per each three year and two-year licensing cycle, respectively. The new fee structure will standardize the licensing practice across various industries and better reflect the realities of EMS public and private compensation.
- *Licensure Compacts.* The Governor recommends joining five interstate licensing compacts to allow reciprocity or expedited licensing for the following professions: nurses, physicians, EMS personnel, physical therapists, and psychologists. Due to the licensees who reside in compact states no longer being required to be licensed in Rhode Island, the compact is estimated to decrease licensing fee revenue to the State by about \$59,331 and include \$12,000 in compact fees for the nurses and psychologist compacts.
- *Family Home Visiting Expansion.* The Governor recommends an increase of \$650,000 in general revenue financing to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn. In January of 2019, DOH family home visiting was approved for federal Medicaid matching funds under the Medicaid Rhode Island Comprehensive 1115 Demonstration Waiver. Combined with the federal match, the Governor's recommended budget will increase total funding for family and home visiting by \$1.4 million.
- *First Connections Expansion.* The Governor recommends an increase of \$378,000 in general revenue financing to expand home visiting programs for pregnant women with the goal of healthier pregnancies, better birth outcomes, and better child outcomes, including school readiness. In January of 2019, DOH family home visiting was approved for federal Medicaid matching funds under the Medicaid Rhode Island Comprehensive 1115 Demonstration Waiver. Combined with the federal match, the Governor's recommended budget will provide total financing for first connections of \$818,264.
- *Infectious Disease Prevention.* The Governor recommends an additional FTE position who will assist the Department of Health's efforts in educating HIV-positive individuals, connecting them to care and ensuring appropriate treatment. The position is part of the Governor's efforts to invest in prevention efforts to reverse the trend of rising rates of various sexually transmitted infectious diseases. An additional \$88,109 in restricted receipt funds is recommended to support the salary and benefit costs of the position.
- *Medical Examiner Vehicle Replacement.* The Governor recommends an increase of \$13,467 in general revenue financing for the purchase of a customized vehicle used by the State Medical Examiner's Office (OSME) to respond to the scene of deaths that fall within their jurisdiction.
- *Adult-Use Marijuana.* The Governor recommends \$643,372 in restricted receipts for food safety staffing and operations costs associated with the proposed adult-use marijuana initiative. The Department is expected to work closely with the Office of Cannabis Regulation in the Department of Business Regulation, the Department of Revenue, Department of Public Safety, and other health and human service agencies including the Executive Office of Health and Human Services and Behavioral Healthcare, Developmental Disabilities and Hospitals on this initiative.

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## Health and Human Services

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- *Opioid Stewardship Fund.* For FY 2021, the Governor recommends that proceeds of the Opioid Stewardship Fund support both the expansion of various substance use programs currently underway and the inception of several new initiatives throughout the state. Within the Department of Health, the Governor recommends allocations totaling \$58,326 from the Fund for a new FTE position to manage the finances for the new Fund.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$416,803, which reflect lower medical rates due to rates developed by State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# Health and Human Services

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## Department of Human Services

The Department of Human Services (DHS) operates programs that assist Rhode Island citizens who are in need. The programs and services are all designed to help families become strong, productive, healthy and independent; to help adults achieve their maximum potential; to ensure that children are safe, healthy, ready to learn, and able to reach their maximum potential; to honor, employ, and care for our state's veterans; and to assist elderly and persons with disabilities to enhance their quality of life, and to sustain their independence.

These programs and services include redesigned and innovative programs, which provide quality and accessible health care, child care, supportive services, and options for working parents as well as individuals and families. The Department strives to always provide high-quality and efficient services to its providers and customers.

The majority of the Department's budget is federally funded, which allows the State to enact statutes and regulations that utilize this funding to meet the needs of vulnerable Rhode Islanders.

The Department administers programs like TANF, a block grant program that allows the agency to assist families transitioning from cash assistance to employment. It also administers the Rhode Island Works (RIW) program -- enacted by the General Assembly in 2008 -- which encourages adult family members to work by offering benefits and support services. The Department continues to examine current policies to understand how they can be implemented in ways that achieve federal compliance while also maximizing revenue and services for citizens who need them.

### **Department achievements and highlights during Governor Raimondo's tenure include:**

- In conjunction with agency partners, led the State's efforts to secure a \$4.19 million federal Preschool Development Grant (PDG) to enhance the State's early childhood education programs.
- In July 2018, implemented tiered reimbursement rates for Child Care Assistance Program (CCAP) providers. Since then, more than 100 providers have improved their BrightStars ratings.
- Celebrated the inaugural class of adult Project Search interns, who graduated after hands-on lessons provided by helpers at Rhode Island Hospital and instructors from Goodwill Industries of Rhode Island.
- In 2019, the Department's Office of Rehabilitation Services (ORS) reduced the number of people on the Category 1 waitlist -- which consists of individuals with the most significant disabilities -- by 50 percent and placed them into services.
- Decreased wait times at the Department's Call Center by 38 percent and reduced in-person visits to regional family center lobbies by 12 percent in 2019.

## Budget Highlights

### **Rhode Island Works Updates.**

Allows 18-year-olds to remain a part of the program as long as they are enrolled in high school and increases the Temporary Assistance for Needy Families (TANF) clothing allowance from \$30 to \$100 per child.

### **Child Care Assistance Program Rate Increases.**

Increase in reimbursement rates for child care centers that provide preschool services and child care providers serving infants and toddlers.

### **Child Care for Low-Income Families in Higher Education.**

Provides \$200,000 to offer child care for dependents of low-income college students.

### **Veterans Home Funding.**

Increase resident income assessments from 80 percent to 100 percent and redirect all assessments to the Veteran's Home. Currently, only 20 percent of resident assessments are directed toward Veterans Home expenses. Increase the personal needs disregard for residents and eliminate resident co-pays for physical therapy and occupational therapy services.

# Health and Human Services

DEPARTMENT OF HUMAN SERVICES					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$100,775,120	\$113,957,594	\$92,178,627	\$92,200,297	\$117,884,921
Federal Funds	\$490,216,143	\$471,030,698	\$514,400,576	\$496,475,895	\$505,392,395
Restricted Receipts	\$3,658,462	\$4,491,317	\$26,750,699	\$25,146,367	\$7,251,930
Other Funds	\$4,368,800	\$4,606,754	\$4,598,478	\$4,428,478	\$4,428,478
RI Capital Plan Fund	\$234,200	\$147,340	\$415,000	\$282,660	\$265,000
<b>Total Funding</b>	<b>\$599,252,725</b>	<b>\$594,233,703</b>	<b>\$638,343,380</b>	<b>\$618,533,697</b>	<b>\$635,222,724</b>
<b>FTE Authorization</b>	<b>981.1</b>	<b>1020.1</b>	<b>1038.1</b>	<b>1038.1</b>	<b>1037.1</b>

## Full-Time Equivalent Positions

The Governor recommends 1037.1 FTE positions in the FY 2021 Budget, which is 1.0 position less than the enacted FY 2020 Budget due to the transfer of a of the Assistant Director for Legal Services to the Executive Office of Health and Human Services. The Governor recommends 1038.1 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget.

## Proposed FY 2021 Budget Actions

- *Caseload Conference.* The Governor’s FY 2021 Budget is predicated on the November 2019 Caseload Conference estimate of \$30.0 million in general revenue, \$1.4 million less than the FY 2020 enacted level.
- *Increase Child Care Assistance Program (CCAP) Infant/Toddler Reimbursement Rates.* The Governor recommends an increase of \$1.8 million in general revenue to raise the reimbursement rates for child care providers serving infants and toddlers. Licensed child care providers are paid the maximum infant/toddler reimbursement in a tiered manner, reflective of the quality rating the provider has achieved within Rhode Island's quality rating system. The investment will bring the Infant/Toddler rates to the 25<sup>th</sup> percentile. The federal requirement is the 75<sup>th</sup> Percentile.
- *Increase Child Care Assistance Program (CCAP) Preschool Reimbursement Rates.* The Governor recommends an increase of \$2.1 million in general revenue to raise the reimbursement rates for preschool services. Licensed child care providers are paid the maximum preschool reimbursement in a tiered manner, reflective of the quality rating the provider has achieved within Rhode Island's quality rating system. The proposal is consistent with existing efforts by Governor Raimondo’s Administration to expand high-quality RI Pre-K and will bring the preschool rates halfway to the 25<sup>th</sup> percentile, which is the federal requirement.
- *Child Care for Low-Income Families in Higher Education.* Consistent with ongoing efforts to improve access to public higher education, the Governor recommends that the agency provide child care assistance for the dependents of students actively enrolled in studies at a Rhode Island public institution of higher education. To offer this service to households at or below 180 percent of the Federal Poverty Level (FPL) would cost an estimated \$200,000 annually in general revenue.
- *Expand Rhode Island Works to Cover 18-Year-Olds Enrolled in High School.* The Governor recommends \$40,000 in federal funding to expand Rhode Island Works to allow 18-year-olds to remain a part of the program as long as they are enrolled in high school. Currently, an 18-year-old high school student can only remain in the program if they are expected to graduate before their 19<sup>th</sup> birthday.

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## Health and Human Services

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- *Increase Rhode Island Works Clothing Allowance.* The Governor recommends \$337,900 in federal funding to increase the Temporary Assistance for Needy Families (TANF) clothing allowance from \$30 to \$100 per child. The investment would more closely align Rhode Island with neighboring states, most of which provide significantly higher allowances.
- *Modify the Rhode Island Works Earned Income Disregard Exemption.* The Governor recommends \$200,000 in federal funding to allow adult members of the Rhode Island Works program who have remained in TANF compliance with their employment plans to have their earned income not counted against their benefits for a period of six months or until their family's total gross household income exceeds 180 percent FPL, or reaches its 48-month time limit, whichever is first.
- *Increase the State Grant to the Rhode Island Community Food Bank.* The Governor recommends an additional \$175,000 in general revenue to double the State's grant to the Rhode Island Community Food Bank. The investment is in response to new Supplemental Nutrition Assistance Program (SNAP) restrictions put in place on the federal level for the program.
- *Reduce the State grant to the Boys and Girls Club of Rhode Island.* The Governor recommends reducing the State grant to the Boys and Girls Club of Rhode Island by \$250,000 in general revenue. The Boys and Girls Club receives \$200,000 in federal funding from the Temporary Assistance for Needy Families (TANF) block grant.
- *Absenteeism Initiative.* The Governor recommends strengthening the sanctions for sick leave abuse at the Department, which would result in \$279,136 in savings for the State.

### *Veterans Services*

- *Redirect all Resident Income Assessments to the Veterans Home.* Currently, only 20 percent of resident income assessments are directed to the Veterans Home (approximately \$1.1 million) in the form of restricted receipts and 80 percent (\$4.4 million) is transferred to the general fund. The Governor recommends directing all resident income assessments to the Veterans Home to finance its operations.
- *Increase Resident Income Assessment.* R.I.G.L. § 30-24.10 currently sets the Veterans Home resident income assessment rate at 80 percent of net income. "The Governor recommends increasing the rate to 100 percent, which will increase revenue by \$1.2 million, but also increase the personal needs disregard for residents to \$300 per month (up from \$150 per month) and eliminate co-pays for residents collected for physical therapy and occupational therapy services. Taken together, the proposal will increase revenue by \$881,801 and result in a general revenue savings of an equal amount. The increase will standardize Veterans Home procedures to more closely align with the policies implemented at similar residential veterans' institutions in Massachusetts.
- *Improve Staffing Efficiency.* The Governor recommends \$575,000 in savings from more efficient staffing policies and procedures at the Veterans Home.
- *Collect on Outstanding Small Estate Probates.* The Governor recommends collecting the proceeds on the outstanding open estate probates above \$15,000. The proposal is estimated to generate \$280,000 in FY 21, which will be directed to the general fund.

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## Health and Human Services

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- *Reduce Cost of Contractual Services at the Veterans Home.* The Governor recommends \$450,000 in general revenue savings by revisiting the cost of these contractual services, including the janitorial contract.
- *Standardize Burial Costs at the Veterans Memorial Cemetery.* The Governor recommends charging the equivalent of the U.S. Department of Veterans Affairs plot allowance reimbursement rate to non-veterans. The fee would generate \$351,600, which would be directed to the general fund.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$991,773, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### **Proposed FY 2020 Budget Revisions**

#### *Cash Assistance Programs*

- *Caseload Conference.* The Governor's Revised FY 2020 Budget is predicated on the November 2019 Caseload Conference estimate of \$29.2 million in general revenue, \$1.3 million less than the FY 2020 enacted level.

#### *Veterans Services*

- *RI Veterans Home.* In the current year, the Governor recommends an increase of \$1.9 million in general revenue to support operations at the RI Veterans Home. The major drivers of this supplemental funding request include significant increases in contracted medical and janitorial services, as well as personnel costs above the FY 2020 enacted levels for general revenue. In FY 2019, the RI Veterans Home was able to leverage available balances of Veterans Home restricted receipts to support these heightened operating costs, which are no longer available. The Governor has charged the R.I. National Guard with conducting an operational review to ensure that service levels align with national standards and that operating costs align with appropriated resources in FY 2020.

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# Health and Human Services

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## Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

The Department has three major operational divisions: Behavioral Healthcare, Developmental Disabilities, and the state hospital system, known as Eleanor Slater Hospital. The Department is responsible for running a responsive, caring and efficient system of person-centered services. Wellness, inclusion, recovery and parity are the themes the agency uses to combat stigma and to move closer to an inclusive society. The Department works to create safe, affordable, integrated services for all Rhode Islanders, while collaborating with community partners to be champions of the people that need assistance in a timely, efficient and effective manner. Our mission is to ensure every door is the right door for care, while simultaneously working to make sure there is parity and that healthcare is equitable.

### Department achievements and highlights during Governor Raimondo's tenure include:

- Since opening in 2019, the Behavioral Health Link Triage & Call Center (BH Link) has received more than 6,500 calls and performed almost 1,700 crisis assessments. BH Link serves individuals experiencing a mental health or substance abuse crisis and fills a major gap in the behavioral health care system.
- Co-led the Governor's Opioid Overdose Prevention and Intervention Task Force, charged with implementing an aggressive, multi-agency plan to reduce opioid overdose deaths. This task force continues to take steps every day to combat the opioid crisis.
- Closed all sheltered workshops in Rhode Island as part of the State's commitment to the competitive supported employment model.
- Certified more than a dozen Centers of Excellence (COE) for Opioid Use Disorders to expand access to Medication-Assisted Treatment for those in recovery.
- With the Department of Labor and Training and partners, launched the Governor's Recovery-Friendly Workplace Initiative – supported by a \$4 million federal labor grant – to expand skills training and job opportunities for Rhode Islanders in recovery.

### Budget Highlights

#### **Recovery Housing and Program Investments.**

Expands the Recovery Housing program and increases restricted receipt funds to support core housing programs, particularly those with significant shortages.

#### **Funding for Substance Abuse Programs.**

Imposes a substance abuse education fee of \$250 for anyone who is convicted of a DUI or who refuses to submit a breathalyzer test and redirects existing fines to fund substance abuse prevention programs and student assistance programs for youth.

#### **Workforce Development.**

Invests in the overall human resource infrastructure of the I/DD provider network by increasing wages for both DD Direct Service Workers and other staff who support I/DD clients.

#### **Privatize RICLAS.**

Transfers RICLAS clients and properties to private Developmental Disability Organizations.

# Health and Human Services

<b>BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$190,690,753	\$191,570,579	\$196,381,240	\$195,276,093	\$207,783,433
Federal Funds	\$214,718,015	\$223,313,113	\$260,425,869	\$264,661,112	\$270,739,429
Restricted Receipts	\$5,529,182	\$5,817,033	\$6,088,347	\$7,496,246	\$8,134,011
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$4,798,555	\$2,153,878	\$300,000	\$318,796	\$400,000
<b>Total Funding</b>	<b>\$415,736,505</b>	<b>\$422,854,603</b>	<b>\$463,195,456</b>	<b>\$467,752,247</b>	<b>\$487,056,873</b>
<b>FTE Authorization</b>	<b>1319.4</b>	<b>1302.4</b>	<b>1189.4</b>	<b>1189.4</b>	<b>985.4</b>

## Full-Time Equivalent Positions

The Governor recommends 985.4 FTE positions in the recommended FY 2021 Budget, a decrease of 204.0 FTE positions from the enacted FY 2020 Budget, which includes a reduction of 204.0 FTE positions in the RICLAS program. The Governor recommends 1,189.4 FTE positions in the revised FY 2020 Budget, unchanged from the enacted FY 2020 Budget.

## Proposed FY 2021 Budget Actions

- Recovery Housing Expansion.* For FY 2021, the Governor recommends that proceeds of the Opioid Stewardship Fund support both the expansion of various substance use programs currently underway and the inception of several new initiatives throughout the state. Within the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, the Governor recommends allocations totaling \$200,000 to establish an expansion of the Recovery Housing program. This program would expand BHDDH's recovery housing subsidy program introducing an Oxford Housing model.
- Housing Options and Residential Treatment Programs.* For FY 2021, the Governor recommends that proceeds of the Opioid Stewardship Fund support both the expansion of various substance use programs currently underway and the inception of several new initiatives throughout the state. Within the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, the Governor recommends allocations totaling \$1.1 million from the Fund to support core housing programs, particularly those where there is a demonstrated need or significant shortages, including recovery housing and vouchers for people with history of SUD or risk of returning to use; support for inpatient residential treatment programs to meet significant shortages of in-state, non-hospital residential treatment programs, particularly for youth (for whom access is most severely limited).
- BH Link Continuation.* For FY 2021, the Governor recommends that proceeds of the Opioid Stewardship Fund support both the expansion of various substance use programs currently underway and the inception of several new initiatives throughout the State. Within the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, the Governor recommends allocations totaling \$550,000 from the Fund for the continuation of BH Link. This funding will support operating expenses for Behavioral Health Link to cover non-federally reimbursable and other miscellaneous expenses.
- Adult Use Marijuana.* The Governor recommends \$530,762 in restricted receipts to facilitate new substance abuse prevention, treatment and workforce development initiatives related to adult-use marijuana. The Department is expected to work closely with the Office of Cannabis Regulation in

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## Health and Human Services

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the Department of Business Regulation, the Department of Revenue, and other health and human service agencies.

- *Impose a New Fee Associated with DUI's to Finance BHDDH Substance Abuse Programs.* The Governor recommends imposing a substance abuse education fee of \$250 effective January 1, 2020 for anyone who is convicted of a DUI or refusal to submit a breathalyzer test. Funds are estimated to total \$220,016 in FY 2021 and \$440,032 on a recurring basis and will be allocated to BHDDH to fund substance abuse prevention and student assistance programs for youth.
- *Redirect Funds from General Fund to BHDDH for Certain Civil Fines Imposed for Controlled Substances to Finance Substance Abuse and Student Assistance Programs for Youth.* The Governor recommends redirecting several civil fines for marijuana related offenses to BHDDH to fund substance abuse and student assistance programs for youth effective July 1, 2020. The governor also recommends additional changes to how the funding is managed including requiring that all drug awareness programs be approved by BHDDH; mandating that BHDDH create a reporting criteria for municipalities receiving funding for substance abuse prevention programs; and expanding the program which covers junior high and middle schools to include high schools. Funds are estimated to total \$249,653.
- *Privatize RICLAS.* The Governor recommends savings of \$2.9 million of general revenue. This initiative proposes to shift operations of the current RICLAS programs to private Developmental Disability Organizations.
- *Developmental Disabilities Residential Rebalancing.* The Governor recommends the continuation of the DD residential rebalancing initiative in FY 2021 and includes savings worth \$795,940. The Department continues to implement this initiative that began in FY 2018, which seeks to reduce overall residential group home census in an effort to move forward in allowing clients alternatives to more community-based placements such as shared living.
- *Developmental Disability Rate Increase: Expand Access to Integrated Community Settings for I/DD Clients through a Director Service Worker Workforce Wage Increase.* The Governor recommends \$1.0 million in general revenue and \$2.2 million all funds effective January 1, 2020, to increase Developmental Disability rates to provide an investment in the overall human resource infrastructure of the I/DD Provider network by increasing wages for both DD Direct Service Workers and other staff who support I/DD clients, such as front-line supervisors, job developers and coaches, coordinator or clinical/professional staff.
- *Developmental Disability Caseload Estimates:* Caseload data for the past six months of FY 2021 reveals that growth has not been as high as assumed in the BHDDH caseload budget request for FY 2021. The Governor recommends an assumption of 1.5 percent caseload growth for FY 21 which results in a \$1.0 m savings in general revenue and \$2.2 m all funds
- *Overtime- Absenteeism.* The Governor recommends general revenue savings of \$313,770 in overtime from stringent enforcement of sick leave use policies at the Department aimed at reducing the fraudulent discharge and abuse of sick time.
- *Elanor Slater Hospital Community Alternatives.* The Governor recommends \$3.0 million of general revenue. The community alternative for behavioral health needs initiative will contain future costs and assist in rebalancing of the system by shifting utilization towards the least restrictive settings for Medicaid members with high-acuity behavioral health needs. This initiative

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## Health and Human Services

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requires that the behavioral health provider community has the capacity to support the additional populations to secure smooth transitions from high-cost inpatient setting to a lower-cost community setting.

- *Hospital Reorganization.* The Eleanor Slater Hospital is currently undergoing a reorganization and consolidation of its operations. Forensic psychiatric patients have been relocated from the Pinel building into the Adolph Meyer building and the newly renovated Roosevelt Benton building. General and geriatric psychiatric patients will be consolidated into the Regan building. The Regan Hospital is undergoing a major renovation to improve hospital facilities and services, bring an older facility into compliance with modern hospital standards, and enhance the patient service delivery and care. The Governor's budget recommends \$12.0 million of Certificates of Participation (COPs) to complete this project. The enacted FY 20 budget included \$44.2 million all funds, including \$22.0 million in COPs and \$20.0 million in RICAP funds.
- *Asset Forfeiture.* This proposal would scoop unused funding and redirect it towards the general fund. BHDDH has difficulty spending these funds due to other available non general revenue funding sources for treatment. The Governor recommends changing the statute to program areas which would benefit from these funds such as prevention services.
- *Community Residential Supports.* The Governor recommends a total of \$500,000 in general revenues for the Threshold program, \$300,000 of which will be directed to the Behavioral Healthcare program and \$200,000 directed to the Developmental Disabilities program. The Thresholds program provides safe affordable community housing options for behavioral healthcare and developmentally disabled clients. The Governor also recommends a total of \$100,000 for the Access to Independence program within the Developmental Disabilities program which supports the financing of home modifications for individuals with developmental disabilities.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$325,524, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### **Proposed FY 2020 Budget Actions**

- *Opioid Stewardship Fund.* In the FY 2020 Revised Budget, the Governor recommends \$200,000 from the Opioid Stewardship Fund be utilized for the Recovery Housing Program at the Department of Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, with an equivalent amount of general revenue savings recognized in the Behavioral Healthcare Services program.

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# Health and Human Services

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## Office of the Child Advocate

The Office of the Child Advocate is charged with fulfilling a statutory mandate to protect the legal, civil and special rights of all children and youth involved in the care of the Department of Children, Youth, and Families (DCYF). In so doing, the Office strives to improve conditions and circumstances through monitoring, compliance, and advocacy. The office is staffed with 10.0 authorized Full-Time Equivalent (FTE) positions. The office is responsible for oversight of children under DCYF care and yearly monitoring site visits of group-homes and residential programs in the State. The Office also provides direct legal representation for a portion of children voluntarily placed in State care. The Office reviews and monitors systematic and individual issues related to residents at the Rhode Island Training School. It provides direct oversight and on-site visits on a weekly basis. The Office of the Child Advocate also files Victim Compensation claims for children who have been physically and/or sexually assaulted and are in the care of the State.

<b>OFFICE OF THE CHILD ADVOCATE</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$703,984	\$815,011	\$986,701	\$970,275	\$1,063,237
Federal Funds	\$243,721	\$143,008	\$247,356	\$179,201	\$184,799
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$947,705</b>	<b>\$958,019</b>	<b>\$1,234,057</b>	<b>\$1,149,476</b>	<b>\$1,248,036</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

### Full-Time Equivalent Positions

The Governor recommends 10.0 FTE positions in the FY 2021 Budget and Revised FY 2020 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$2,271, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Health and Human Services

## Governor’s Commission on Disabilities

The Commission consists of 18 volunteer Commissioners appointed by the Governor and numerous volunteers who serve on several committees. The Accessibility Committee develops the state’s 504/Americans with Disabilities Act (ADA) Transition Plan, which removes access (physical and communication) barriers in state-owned buildings, schools, colleges, beaches, and parks. This committee oversees the ADA accessibility training and services, as well as monitoring accessibility to state and local government services, including elections. The Disability Business Enterprises Committee certifies small businesses owned by person(s) with a disability to receive preferential points when bidding on state contracts for goods and services. The Employment Committee oversees the ADA employment training and services. The committee promotes both work and work incentives. The committee also plans an annual employment conference in October (National Disability Employment Awareness Month). The Legislation Committee conducts forums to find out the concerns of people with disabilities and their families during the last full week in July. The Public Awareness Committee develops and oversees a broad public awareness campaign aimed at the adoption of state government policies that will ensure people with disabilities are afforded opportunities to exercise all the rights and responsibilities accorded to citizens of this state. The State Coordinating Committee on Disability Rights steers the State to carry out disability rights laws. The Hearing Board’s members decide if discrimination was caused by access barriers (R.I.G.L. § 42-87). If so, the Board can order corrective action and award damages.

GOVERNOR’S COMMISSION ON DISABILITIES					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$444,657	\$864,209	\$1,055,069	\$1,080,665	\$1,107,632
Federal Funds	\$254,817	\$280,462	\$458,689	\$389,455	\$400,000
Restricted Receipts	\$10,701	\$22,950	\$44,901	\$66,677	\$111,163
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$710,175</b>	<b>\$1,167,621</b>	<b>\$1,558,659</b>	<b>\$1,536,797</b>	<b>\$1,618,795</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>

### Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2021 Budget and FY 2020 Revised Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Celebration of the 30<sup>th</sup> Anniversary of the Americans with Disabilities Act.* The Governor recommends \$45,000 in general revenue to celebrate the 30th anniversary of the signing of the Americans with Disabilities Act (ADA). The agency has planned community building events that would draw on several public and private institutions to celebrate the ADA.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling an increase of \$2,885, which reflect lower medical rates due to rates developed by the State’s rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Health and Human Services

## Rhode Island Commission of the Deaf & Hard of Hearing

The Rhode Island Commission on the Deaf and Hard of Hearing is a service-providing, coordinating, and advocating entity committed to promoting an environment in which more than 200,000 Rhode Island citizens who are deaf or hard of hearing are afforded equal opportunity in all aspects of their lives. The RICDHH is independent of any existing agency or department within the State, according to R.I. General Laws § 23-1.8-2. The legislative mandates of the Commission include engagement and advocacy to promote accessibility of services, as well as providing general training and technical assistance on various topics –such as technology, accommodations, culture, legal, education – related to deaf and hard of hearing issues.

COMMISSION ON THE DEAF & HARD OF HEARING					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$428,285	\$447,102	\$533,338	\$524,519	\$537,816
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$72,061	\$73,905	\$130,000	\$131,807	\$62,454
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$500,346</b>	<b>\$521,007</b>	<b>\$663,338</b>	<b>\$656,326</b>	<b>\$600,270</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>

### Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2021 Budget and revised FY 2020 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$10,575, which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# Health and Human Services

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## Office of the Mental Health Advocate

The Office of the Mental Health Advocate is a law office comprised of three full-time attorneys and one administrative assistant. The Office accomplishes its mission by providing legal representation and advocacy related to several issues unique to persons living with mental illness. These include representation at Civil Commitment Proceedings and Petitions for Instruction regarding substituted consent for medication; housing retention, including defending tenants from eviction proceedings; and monitoring and ensuring right to treatment for forensic patients, or persons involved in the criminal justice system who are deemed incompetent to stand trial, not guilty by reason of insanity, or who need specialized services that are not available in a correctional setting. The Office also engages in legislative advocacy, community outreach, education, and collaboration in promoting policies and practices conducive to improving the mental health system and combating stigmatization and discrimination associated with mental illness. The Office also provides consultation to members of the Bar regarding clients with mental health issues and responds to inquiries where direct representation cannot be provided by referral to appropriate services, legal or otherwise.

<b>OFFICE OF THE MENTAL HEALTH ADVOCATE</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$629,731	\$578,693	\$602,411	\$619,370	\$630,982
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
<b>Total Funding</b>	<b>\$629,731</b>	<b>\$578,693</b>	<b>\$602,411</b>	<b>\$619,370</b>	<b>\$630,982</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>

### Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2021 Budget and revised FY 2020 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a reduction of \$3,275, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# **Education**

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## **Education**

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The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education (Office of the Postsecondary Commissioner, the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island), the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, and the Rhode Island Historical Preservation and Heritage Commission.

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# Education

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## Department of Elementary and Secondary Education

The role of the Department of Elementary and Secondary Education is to ensure that all Rhode Island students are ready for success in college, careers, and life. The Department works with schools and districts across the state to support world-class talent in our classrooms, foster excellence in learning for our students, and engage communities so that everyone has a voice in public education.

The challenges the State faces in education are significant, but with these challenges come an opportunity. Rhode Island has a strong foundation in place and is well positioned to follow through on a long-term vision that will ensure high-quality educational opportunities for all students.

In 2018, the U.S. Department of Education approved Rhode Island's State Plan under the Every Student Succeeds Act (ESSA). This comprehensive plan, shaped with input from educators, state leaders, parents and students, has been nationally recognized for its approach to holding schools accountable, making data transparent and accessible, and engaging communities in meaningful ways. With the ESSA plan as RIDE's guidepost, the Department is shifting from an organization focused on compliance to a more nimble and responsive system that is focused on support.

### Department achievements and highlights during Governor Raimondo's tenure include:

- After extensive community engagement, launched the State's intervention in Providence public schools and began the process of bringing transformational change to our capital city schools.
- More than tripled the number of high-quality, nationally-ranked pre-kindergarten classrooms in Rhode Island and instituted universal full-day kindergarten across Rhode Island.
- Effectively transitioned to the Rhode Island Comprehensive Assessment System (RICAS) and PSAT/SAT for state assessments, providing a clear, transparent, and sustainable measure of student progress for years to come.
- Created a new report card platform that makes education data more transparent and accessible to families and the public at large.
- Led a comprehensive overhaul of teacher certification regulations, including doubling the practical experience requirement for teacher candidates, allowing for reciprocity with Massachusetts and Connecticut, and requiring ongoing professional learning for all teachers.
- Began implementing a five-year, \$1 billion capital program to rebuild Rhode Island's elementary and secondary school buildings.

## Budget Highlights

### RI Pre-K Expansion.

Increase investment by \$4.5 million to support 750 additional RI Pre-K seats, which will constitute more than a 50 percent increase in seats over the prior year.

### Multilingual Learners (MLL).

Provide \$2.5 million increase to what was formerly known as the English Language Learners (ELL) categorical, while making changes empowering the Education Commissioner to direct funds to high-impact supports.

### PK-12 Funding Formula.

Increase funding for PK-12 education by \$34.8 million – of which \$3.3 million is driven by allowing LEAs to include state-approved RI Pre-K seats in their enrollment count.

### School System Support.

\$1.0 million in additional resources for the Department to move beyond compliance to become a more dynamic organization that is focused on providing education support.

### Mental Health Support.

Maintain \$1.0 million of current funding for School Resource Officer categorical while adding \$1.6 million of new funds to support school-based mental and behavioral health services.

# Education

- 100 percent of Rhode Island public schools now offer computer science education opportunities to their students.
- Increased career education programming for high school students by more than 60 percent, and increased access to advanced coursework and early college experiences by more than 150 percent.

<b>ELEMENTARY AND SECONDARY EDUCATION</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,161,321,686	\$1,186,515,425	\$1,239,252,258	\$1,238,976,176	\$1,283,925,871
Federal Funds	\$184,284,805	\$207,170,775	\$213,293,458	\$224,414,365	\$225,341,900
Restricted Receipts	\$30,921,135	\$38,321,218	\$37,427,492	\$40,978,695	\$44,184,864
Other Funds	\$358,826	\$1,301,448	\$459,000	\$459,000	\$559,000
RI Capital Plan Fund	\$2,853,068	\$3,155,857	\$650,000	\$1,224,857	\$1,450,000
<b>Total Funding</b>	<b>\$1,379,739,520</b>	<b>\$1,436,464,723</b>	<b>\$1,491,082,208</b>	<b>\$1,506,053,093</b>	<b>\$1,555,461,635</b>
<b>FTE Authorization</b>	<b>325.1</b>	<b>321.1</b>	<b>325.1</b>	<b>325.1</b>	<b>334.1</b>

## Full-Time Equivalent Positions

The Governor recommends 325.1 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 334.1 FTE positions in the FY 2021 Budget. Included in the additional positions recommended in FY 2021 are 2.0 positions financed from restricted receipts.

## Proposed FY 2021 Budget Actions

### Administration of the Comprehensive Education Strategy

- *School System Support.* The Governor recommends an increase of \$1.0 million, of which \$623,961 is from general revenues and \$402,735 is from restricted receipts, to allow the Department to be a more dynamic and supportive organization, expanding its role beyond compliance. This initiative includes general revenue financing for 3.0 FTE positions, and the restricted receipts are attributable to anticipated charitable donations.
- *Advanced Coursework Network.* The Governor recommends an increase of \$200,000 in Permanent School Fund financing to expand access to the Advanced Coursework Network. The Network is used for students in participating districts throughout Rhode Island to take advantage of courses that are not offered in their home school district.
- *RI Pre-K Support.* The Governor recommends an increase of \$145,892 in general revenue financing for 1.0 FTE position to assist with the expansion of high-quality RI Pre-K programing. This position will provide technical assistance, programming assistance, and conduct facility visits.
- *Curriculum.* The Governor recommends an increase of \$297,608 in general revenue financing for 2.0 FTE positions to work with Local Education Authorities (LEAs) in defining high-quality curriculum and establishing high-quality learning. One position will also be charged with the development of social studies standards.
- *WIDA ACCESS Tests.* The Governor recommends an increase of \$115,000 in general revenue financing to provide adequate support for the WIDA ACCESS test. Purchased by the Department, this assessment evaluates English language proficiency. This increase is necessary to keep pace with the increasing multilingual learner student population in the State.

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## Education

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- *School-Based Mental Health Services.* The Governor recommends \$590,000 in restricted receipt financing from the Opioid Stewardship Fund to provide mental health/behavioral health training, curricula, and other materials to allow more in-classroom and in-school training resources. Teachers have power to intervene immediately when a student shows signs of a behavioral health challenges and teach behavioral health skills directly to children and youth. Enhanced training will help teachers intervene more effectively.
- *School Construction.* The Governor recommends an increase of \$226,872 in restricted receipts financing to support the School Building Authority, bringing the funded FTE total to 6.0 FTE positions. These positions are necessary as school construction demand has significantly increased as a result of a \$250-million school construction bond approved by voters in November 2018. Additionally, the Governor recommends legislative changes to allow for sustainable financing of School Building Authority operations through fees on debt issued on behalf of LEAs by the Rhode Island Health and Educational Building Corporation.
- *PrepareRI Support.* The Governor recommends an increase of \$145,892 in general revenue financing for 1.0 FTE position to support the PrepareRI program. This position will be charged with all cross-agency coordination and project management associated with the program.

### Education Aid / State School Support

- *Funding Formula Aid.* The Governor recommends fully funding Year-10 of the Education Aid Funding Formula as well as legislative changes allowing approved Pre-K seats to be counted in the formula. These changes result in an increase of \$34.8 million in general revenue – excluding Davies Career and Technical School and the Metropolitan Career and Technical Center – compared to the enacted FY 2020 Budget. Of the increase, \$3.3 million is attributable to incorporating 358 pre-K seats into the funding formula. The LEAs impacted by this change are Central Falls, Cranston, East Providence, Johnston, and Pawtucket.
- *Pre-K Categorical and RI Pre-K Expansion.* The Governor recommends a net increase of \$4.5 million in general revenue to increase the number of Rhode Island Pre-K classrooms through the Early Childhood Education Categorical as well as funding for seats shifted to the Education Aid Funding Formula, as described above. The Governor recommends legislative changes requiring Department-approved, high-quality RI Pre-K seats within LEAs be transitioned to the Education Aid Funding Formula in the year following the initial categorical award. Utilizing a braided funding model that leverages additional federal funds, this increase will help support 2,170 Pre-K seats, an increase of 750 seats or 52.8 percent in FY 2021 over the prior year.
- *High-Impact Multilingual Learners Categorical.* The Governor recommends an increase of \$2.5 million in general revenue financing for the Multilingual Learners categorical. This increases the total commitment of this categorical to \$7.5 million. The Governor also submitted legislative changes granting the Commissioner greater discretion to direct funding to high-quality, data driven programming proven to improve outcomes for multilingual learners.
- *School Resource Officer/Mental Health Categorical.* The Governor recommends an additional \$1.0 million in restricted receipts for the School Resource Officer (SRO) categorical. This increase is financed by proceeds from the Opioid Stewardship Fund. The Governor recommends legislation to expand qualifying expenditures to include the of hiring of new mental health professionals, including student assistance counselors, school counselors, psychologists, and social workers. When compared to the anticipated expenditures of the original SRO categorical, approximately \$1.5 million will be available to LEAs for additional SRO and mental health positions in FY 2021.

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## Education

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This recommendation comes from the Criminal justice working group Juvenile and Criminal Justice Working Group that the Governor convened this fall.

- *Group Home Beds.* Pursuant to RIGL §§ 16-7-22 and 16-64-1.1, the Governor recommends a decrease of \$183,171 in general revenue to reflect the net impact of increased beds in Bristol-Warren and decreased beds in Cranston, Portsmouth, and Providence.
- *Central Falls.* Captured within “Funding Formula Aid,” the Governor recommends total general revenue financing of \$43.1 million for the Central Falls School District, an increase of \$1.6 million compared to the enacted level.
- *Davies Career and Technical High School.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$13.8 million for Davies Career and Technical High School. This represents a general revenue increase of \$76,139 compared to the enacted level.
- *Metropolitan Career & Technical Center.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$9.3 million for the Metropolitan Career and Technical Center. This total is consistent with the enacted level.
- *Rhode Island School for the Deaf.* Funded outside of the funding formula, the Governor recommends total general revenue financing of \$6.6 million for Rhode Island School for the Deaf. This total represents a general revenue decrease of \$161,328 compared to the enacted level. This total includes a \$235,000 reduction attributable to the Audiology Billing initiative mentioned below.
- *Audiology Billing.* The Governor recommends a general revenue decrease of \$235,000 of general revenue financing along with accompanying legislation transferring the responsibility for conduction hearing screenings from the RI School for the Deaf to LEAs. It is already permissible for LEAs to conduct hearing screenings under current Rhode Island Department of Health regulations. LEAs will also have the opportunity to enter a fee-for-service agreement with the school to have the school continue to perform this function on the LEA’s behalf.

### Teachers’ Retirement

- *Defined Benefit and Defined Contribution Plans.* The Governor recommends an increase of \$6.0 million in FY 2021 compared to the enacted level to accommodate a projected wage increase of 2.5 percent for eligible teachers.

### School Construction Aid

- *Traditional Housing Aid / School Building Authority.* The Governor recommends financing consistent with the enacted level, \$80.0 million.

### Statewide

- *Statewide Savings.* The Governor recommends statewide adjustments totaling a decrease of \$75,860, which reflect lower medical rates due to rates developed by the State’s rate setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# Education

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## Proposed 2020 Budget Actions

### Education Aid / State School Support

- *School Resource Officer Categorical Decrease.* The Governor recommends a decrease of \$675,000 in general revenue for the School Resource Officer Categorical Aid program. This program provides funding to Local Education Authorities to reimburse half of the salary and benefits expenses of school resource officers. The recommended funding level of \$325,000 reflects the actual state expenditures on this program, which are lower than the \$1.0 million originally provided in the FY 2020 Enacted Budget.
- *Central Falls Aid Increase.* The Governor recommends additional aid funding to the Central Falls School District of \$500,000 in general revenue for the remainder of FY 2020. This funding is needed to provide educational services to an influx of new students that were not anticipated in the March 2019 student population projections.

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# Education

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## Higher Education

### Office of the Postsecondary Education Commissioner

The Commissioner of Postsecondary Education is the state’s higher education executive officer. In fulfilling this role, the Office of the Postsecondary Education Commissioner (OPC) works closely with the presidents of the state higher education institutions.

### Office achievements and highlights during Governor Raimondo’s tenure include:

- Released “Skilled Workers Ahead: Postsecondary Attainment in Rhode Island,” the State’s roadmap to ensure 70 percent of working-age Rhode Islanders have a postsecondary degree or other credential of value by 2025.
- Launched the “FAFSA Dash” to increase the Free Application for Federal Student Aid (FAFSA) participation among high school seniors. Rhode Island ranked eighth in the country for the highest percentage of high school seniors completing the form during the 2018-2019 FAFSA cycle. The State was also named one of the most improved states for FAFSA completion among high school seniors by the National College Access Network (NCAN).
- Served more than 3,000 students in credit-bearing and workforce development courses at the Westerly Education Center in 2019. Now a self-sustaining facility, the higher education center launched several new courses this year to align with in demand workforce training needs in 2020. The State is slated to extend the higher education center model to a location in northern Rhode Island, making job training and higher education opportunities more accessible for Rhode Islanders.
- Secured a grant of about \$400,000 from the Lumina Foundation to help build infrastructure that will promote accessibility and completion of postsecondary education and training. This includes the development of an online portal to help adults explore related opportunities.
- In 2019, the Community College of Rhode Island was named the nation’s two-year college of the year by *Education Dive: Higher Ed*.

### University of Rhode Island

The University of Rhode Island is the State’s flagship research university. The University is committed to enriching the lives of its students through its land, sea, and urban grant traditions. URI is the only public institution in Rhode Island offering undergraduate, graduate, and professional students the distinctive educational opportunities of a major research university. The University’s undergraduate, graduate, and professional education, research, and outreach serve Rhode Island and beyond. Students, faculty, staff, and alumni are united in one common purpose: to learn and lead together. Embracing Rhode Island’s heritage of independent thought, the University values: creativity and scholarship; diversity, fairness, and respect; engaged learning and civic involvement; and intellectual and ethical leadership.

## Budget Highlights

### RI Promise Scholarship.

Provide continued support for existing students and eliminate the program sunset to ensure continued availability for graduating classes beyond 2020.

### CCRI Advising Support.

Provide general revenue support for an additional three advisors. Students who meet with advisors on a regular basis are more likely to stay in college and graduate more quickly than students who do not. This is evidenced with the success of RI Promise students, who must meet with an advisor upon enrolling.

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# Education

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## Rhode Island College

As a leading regional public college, Rhode Island College personalizes higher education of the finest quality for undergraduate and graduate students. The College offers vibrant programs in arts and sciences, business and professional disciplines within a supportive, respectful and diverse community. Dedicated faculty engage students in learning, research, and career attainment, and innovative curricula and co-curricular opportunities foster intellectual curiosity and prepare an educated citizenry for responsible leadership.

## Community College of Rhode Island

The Community College of Rhode Island is the state's public, comprehensive associate degree-granting institution. The Community College provides affordable access to higher education at locations throughout the state. The institution's primary mission is to offer recent high school graduates and returning adults the opportunity to acquire the knowledge and skills necessary for intellectual, professional, and personal growth through an array of academic, career, and lifelong learning programs. CCRI meets the wide-ranging educational needs of its diverse student population, building on its rich tradition of excellence in teaching and its dedication to all students with the ability and motivation to succeed. CCRI sets the high academic standards necessary for transfer and career success, champions diversity, responds to community needs, and contributes to the State's economic development and workforce.

<b>HIGHER EDUCATION</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$220,928,014	\$233,580,831	\$243,650,858	\$246,847,417	\$244,404,094
Federal Funds	\$13,878,878	\$7,973,800	\$8,000,000	\$8,240,807	\$8,255,837
Restricted Receipts	\$2,564,075	\$2,500,159	\$3,828,720	\$3,663,175	\$3,189,566
Other Funds	\$910,129,342	\$913,942,679	\$956,706,129	\$951,250,332	\$987,800,458
RI Capital Plan Fund	\$25,805,884	\$32,984,980	\$35,801,515	\$46,078,258	\$28,969,137
<b>Total Funding</b>	<b>\$1,173,306,193</b>	<b>\$1,190,982,449</b>	<b>\$1,247,987,222</b>	<b>\$1,256,079,989</b>	<b>\$1,272,619,092</b>
<b>FTE Authorization</b>	<b>4307.8</b>	<b>4394.3</b>	<b>4384.3</b>	<b>4384.3</b>	<b>4385.3</b>

## Full-Time Equivalent Positions

The Governor recommends 4,353.3 FTE positions for the three institutions of higher education in the FY 2021 Budget and the 2020 Revised Budget which is unchanged from the enacted FY 2020 level. Individual FTE position totals for the proposed FY 2021 Budget are as follows:

- University of Rhode Island: 2,555.0
- Rhode Island College: 949.2
- Community College of Rhode Island: 849.1

For the Office of the Postsecondary Commissioner (OPC), the Governor recommends 31.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 32.0 positions in FY 2021. The additional 1.0 FTE position recommended in FY 2021 is financed from restricted receipts in support of the Northern Rhode Island Higher Education Center.

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# Education

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## Proposed FY 2021 Budget Actions

### Office of the Postsecondary Commissioner

- *Dual and Concurrent Enrollment.* The Governor recommends an increase of \$887,751 in other funds above the enacted level for Dual and Concurrent Enrollment programs. Both programs allow students to take college level courses either taught at their local high school (Concurrent Enrollment) or at Rhode Island's institutions of public higher education (Dual Enrollment).
- *Northern Rhode Island Higher Education Center.* The Governor recommends an additional 1.0 FTE position for the Northern Rhode Island Education Center, increasing the total authorized FTE level to 8.0 FTE positions. This allocation is shared between both the Northern Rhode Island and Westerly Higher Education Centers, and these positions are self-financed with restricted receipts generated from the centers' own revenues. This will be the first position dedicated to the opening of the center in northern Rhode Island.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$12,291, which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### Institutional Operations

- *Current Services.* The Governor recommends a general revenue increase of \$1.1 million compared to the enacted level. This increase is attributable to anticipated personnel increases for the three institutions to maintain their current operational capacity. Increases include but are not limited to cost of living adjustments (COLAs) and changes to personnel benefit rates. Total general revenue increases include:
  - University of Rhode Island: \$463,085
  - Rhode Island College: \$332,770
  - Community College of Rhode Island: \$260,488
- *Rhode Island Promise Scholarship.* Included in the Office's budget, the Governor recommends a general revenue increase of \$257,439 for the continued support of Rhode Island Promise for recently graduated high school seniors that enroll at the Community College of Rhode Island. Total FY 2021 funding for this scholarship is \$7.2 million. Additionally, the Governor recommends removing the sunset of the Promise Scholarship; current law establishes that students graduating in the high school class of 2020 shall be the last to be eligible.
- *CCRI Advising Support.* The Governor recommends a general revenue increase of \$268,995 in general revenue financing for three additional student advisors. There is no recommended increase to the Community College's authorized FTE cap.

### Debt Service

- *University of Rhode Island.* The Governor recommends a general revenue increase of \$16,966 above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule at the University.

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# Education

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- *Rhode Island College.* The Governor recommends a general revenue decrease of \$474,574 below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for Rhode Island College.
- *Community College of Rhode Island.* The Governor recommends a general revenue decrease of \$411,085 below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for the Community College.

### **Proposed FY 2020 Budget Revisions**

- *University of Rhode Island and Rhode Island College.* The Governor recommends a general revenue shift totaling \$3.2 million for general obligation bond debt service for the University of Rhode Island and Rhode Island College. This funding represents a reallocation of enacted resources from the Department of Administration's Debt Service program, and does not constitute a statewide increase.

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# Education

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## Rhode Island Council on the Arts

The Rhode Island State Council on the Arts (RISCA) was established in 1967. RISCA achieves its mission by distributing grants and offering technical assistance and support to artists, arts organizations, schools, community centers, social service organizations, and local governments. RISCA employs a variety of methods to carry out its work, including grant-making, strategic partnerships, and public outreach.

<b>RHODE ISLAND COUNCIL ON THE ARTS</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,919,769	\$1,977,428	\$2,004,748	\$1,993,137	\$2,056,961
Federal Funds	\$671,367	\$690,648	\$762,500	\$743,422	\$828,776
Restricted Receipts	\$7,950	\$5,776	\$45,000	\$45,000	\$15,000
Other Funds	\$313,073	\$347,651	\$626,000	\$595,000	\$602,750
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$2,912,159</b>	<b>\$3,021,503</b>	<b>\$3,438,248</b>	<b>\$3,376,559</b>	<b>\$3,503,487</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>

### Full-Time Equivalent Positions

The Governor recommends 8.6 FTE positions in the FY 2021 Budget and in the revised FY 2020 Budget, unchanged from the enacted FY 2020 budget.

### Proposed FY 2021 Budget Actions

- *Workforce Development in the Arts.* The Governor recommends \$40,000 from general revenue in continued support of a program focused on workforce development in the arts industry. This program partners with community organizations and institutions of higher education to provide a four-month program for young adults centered around arts-specific business training. The participants apprentice at local arts-based organizations and complete a culminating project.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$8,207 which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# Education

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## Rhode Island Atomic Energy Commission

The Rhode Island Nuclear Science Center (RINSC) is located at the University of Rhode Island, Bay Campus, in Narragansett. The RINSC operates a 2-MWth research reactor and provides laboratories and classrooms for research and educational programs for the University of Rhode Island (URI) and other colleges and universities in Rhode Island and throughout New England. The RINSC has operated on a daily basis without incident since 1962, providing medical, biological, environmental, and materials research, offering educational programs, and supporting commercial activities benefiting the citizens of Rhode Island. Much of the research and educational activities are funded by grants from federal agencies. In addition, the staff administers the radiation safety program for the University of Rhode Island under an agreement with the University, providing partial financial support for three staff members.

RHODE ISLAND ATOMIC ENERGY COMMISSION					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$982,299	\$1,018,455	\$1,059,094	\$1,055,815	\$1,064,567
Federal Funds	\$28,948	\$0	\$0	\$0	\$7,936
Restricted Receipts	\$0	\$10,075	\$99,000	\$25,036	\$99,000
Other Funds	\$267,484	\$271,594	\$287,000	\$292,806	\$299,276
RI Capital Plan Fund	\$77,649	\$49,903	\$50,000	\$50,097	\$50,000
<b>Total Funding</b>	<b>\$1,356,380</b>	<b>\$1,350,027</b>	<b>\$1,495,094</b>	<b>\$1,423,754</b>	<b>\$1,520,779</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>

### Full-Time Equivalent Positions

The Governor recommends 8.6 FTE positions in the FY 2021 Budget and in the revised FY 2020 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$4,290, which reflect lower than projected healthcare rates and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# Education

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## Rhode Island Historical Preservation and Heritage Commission

The Rhode Island Historical Preservation and Heritage Commission is the State office for historic preservation and for sponsorship of State heritage activities. It is Rhode Island's only statewide preservation program to identify and protect historic buildings, districts, and archeological sites. The Commission is responsible for developing a state historical preservation plan, and for survey and planning activities which provide for in-depth studies of each city and town to identify, evaluate, and record sites, structures, districts, and objects of historical, architectural, cultural, or archeological significance to the State. The Commission sponsors and/or coordinates heritage festivals, heritage seminars, conferences and symposia, and publishes scholarly and popular works relating to the social, political, and cultural development of the State. It also coordinates programs with other private or public groups or agencies to meet the cultural needs of Rhode Island's citizens. The Commission also develops and implements programs for the preservation of historic resources. Federal and state projects are reviewed by the Commission to assess their effect on specific cultural resources. The Commission administers programs of financial assistance, which include grants, loans, and tax credits for restoration projects. A wide range of information and technical assistance is provided to citizens who own historic properties or are interested in preserving the heritage of their neighborhood and community. The Commission certifies municipal historic district zoning programs, which must meet minimum standards, and annually administers funds to these "certified local governments."

<b>HISTORICAL PRESERVATION AND HERITAGE COMMISSION</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,031,076	\$1,191,271	\$1,488,293	\$1,464,425	\$1,598,029
Federal Funds	\$794,495	\$721,863	\$557,028	\$566,643	\$563,476
Restricted Receipts	\$67,462	\$29,972	\$421,439	\$422,100	\$422,100
Other Funds	\$90,995	\$144,886	\$128,570	\$142,307	\$146,624
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$1,984,028</b>	<b>\$2,087,992</b>	<b>\$2,595,330</b>	<b>\$2,595,475</b>	<b>\$2,730,229</b>
<b>FTE Authorization</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>

### Full-Time Equivalent Positions

The Governor recommends 15.6 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$120,787 which reflect lower than projected healthcare rates and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# **Public Safety**

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## **Public Safety**

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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 included in public safety are 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, and the Municipal Police Training Academy).

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# Public Safety

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## Office of the Attorney General

The Office of the Attorney General is established under the Rhode Island Constitution as one of the five general officers subject to election by the voters. As the State’s central legal agency, the Attorney General is responsible for the prosecution of all felony criminal cases, misdemeanor appeals, and misdemeanor cases brought by state law enforcement action in the various district courts. The Attorney General initiates legal action to protect the interests of the citizens of Rhode Island regarding compliance with the Open Meetings Act and the Access to Public Records Act, and protection of the public from deceptive business practices and anti-trust violations. Additionally, the Attorney General provides legal advice to State officers and represents all agencies, departments, and commissions in litigation. The State Bureau of Criminal Identification, the central repository for all criminal records in the State, is operated and maintained by the Attorney General. The Office of Attorney General is divided into four programs: Criminal, Civil, Bureau of Criminal Identification, and General.

OFFICE OF THE ATTORNEY GENERAL					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$25,296,491	\$25,581,021	\$28,675,203	\$28,633,277	\$30,054,511
Federal Funds	\$21,612,204	\$12,936,592	\$3,552,999	\$7,006,860	\$2,913,491
Restricted Receipts	\$673,265	\$5,367,335	\$909,516	\$1,030,364	\$1,145,852
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
<b>Total Funding</b>	<b>\$47,731,960</b>	<b>\$44,034,948</b>	<b>\$33,287,718</b>	<b>\$36,820,501</b>	<b>\$34,263,854</b>
<b>FTE Authorization</b>	<b>235.1</b>	<b>237.1</b>	<b>239.1</b>	<b>239.1</b>	<b>247.1</b>

### Full-Time Equivalent Positions

The Governor recommends 247.1 FTE positions in the recommended FY 2021 Budget and 239.1 FTE positions in the revised FY 2020 Budget. The FY 2021 position recommendation is 8.0 FTE positions above the enacted FTE cap and includes five Staff Attorney I’s and three Paralegals.

### Proposed FY 2021 Budget Actions

- *Criminal Division—Special Victims Unit Attorneys (2) and Paralegal (1).* The Governor recommends 3.0 additional FTE positions and \$299,397 in additional general revenue for the Criminal Division Special Victims Unit (SVU) to support the hiring of two Staff Attorney Is and one paralegal. These positions will provide additional resources to the SVU, which seeks justice in some of the Office’s most challenging and complex cases, including child abuse and molestation, domestic violence, sexual assault, and elder abuse. By funding additional positions, the Governor’s recommendation will enable the unit to stay on top of its increasing caseloads while continuing to provide strong representation in all cases and do preventive work in the elder abuse sector.
- *Civil Division—Attorneys (2) and Paralegals (2).* The Governor recommends 4.0 additional FTE positions and \$378,056 in additional general revenue for the Civil Division to support the hiring of two Staff Attorney Is and two paralegals. These positions will provide additional resources to the Civil Division, which is responsible for prosecuting civil and criminal actions that protect Rhode Islanders and often generates significant monetary recoveries for the State and its citizens. The revenues that the State brings in from large, multi-state cases are largely contingent on the amount

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## Public Safety

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of work that can contributed to the case; by increasing funding for the Civil Division, the Governor's recommendation will enable it to secure greater monetary recoveries for the State.

- *Additional Civil Litigation Funding.* The Governor recommends \$350,000 in additional civil litigation funding to support the Civil Division's anticipated increased participation in large, multi-state actions. Complex litigation costs that this funding will support include expert witnesses, eDiscovery, and legal software solutions and support. All the recommended resource increases for the Civil Division are expected to lead to greater returns from the Unit's participation in affirmative litigation.
- *Intake/Diversion Attorney.* The Governor recommends 1.0 additional FTE position and \$110,369 in additional funding for the Criminal Division to support the hiring of one Staff Attorney I, whose time will be split between the Intake Unit and the Diversion Court. The attorney will both help to manage the burdensome caseloads at the Intake Unit and serve as the primary attorney assigned to the newly-created Diversion Court to ensure adequate coverage and support, and to move cases forward efficiently.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$129,025, which reflect lower medical rates due to rates developed by the State's rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

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# Public Safety

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## Department of Corrections

The Rhode Island Department of Corrections provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the department but has independent programmatic decision-making authority. Other major functions performed by the Department of Corrections include serving other state, municipal, and non-profit agencies through the Central Distribution Center, performance of all grounds maintenance activities at the Pastore Center and other public grounds, and the operation of Correctional Industries, which provides work opportunities for inmates and services to governmental agencies and non-profit organizations, ranging from printing to modular workstation furniture construction and installation.

In FY 2020, Governor Raimondo convened a Juvenile and Criminal Justice Working Group to study barriers to reentry and make recommendations to improve support for incarcerated populations and reduce recidivism. Initiatives include: expansion of preventive healthcare services and creation of a detox unit at the adult correctional institutions; transfer of the discharge planning unit from a contracted service to an in-house service; creation of a new apprenticeship program to prepare a cohort of incarcerated people for post-release employment; reentry partnership with the Department of Labor & Training to connect incarcerated people with post-release employment opportunities, and develop housing placements for Rhode Islanders who are high utilizers of homeless services.

### Department achievements and highlights during Governor Raimondo's tenure include:

- In partnership with the Governor's Overdose Prevention and Intervention Task Force, implemented a unique, nation-leading Medication-Assisted Treatment (MAT) program at its facilities, providing evidence-based addiction and overdose prevention treatment. Every day in 2019, 350 inmates on average received MAT, an increase from 200 in 2018. Upon their release, 90 percent of MAT recipients attended a first appointment at community treatment centers.
- In 2019, began implementing a \$649,338 Bureau of Justice Second Chance Act grant to provide re-entry services for probation violators from Providence and Kent counties with co-occurring mental and substance use disorders.
- Received a \$100,000 grant from the Lumina Foundation to partner with the Office of the Postsecondary Commissioner (OPC) and the Department of Labor and Training (DLT) to create trainings and programs that will support efforts to increase post-secondary certification attainment for inmates and re-entering learners.

## Budget Highlights

### Expansion of Preventive Healthcare Services.

Increase focus of resources on preventive care, leading to the reduction of Department-financed hospital stays, emergency room visits, and crisis medical care. Includes creation of a detox unit at the Adult Correctional Institutions.

### Focus on Reduced Recidivism.

Continued support of initiatives to reduce recidivism, including a new apprenticeship program to prepare incarcerated people for post-release employment and a re-entry partnership with the Department of Labor & Training (DLT) to connect incarcerated people with post-release employment opportunities.

### Expand Medication Assisted Treatment.

Utilize funding from the Opioid Stewardship Fund to finance the expansion of the highly successful Medication Assisted Treatment (MAT) Program, as well as its transition to a new "medication first" approach in which MAT would be offered immediately to people whose stays in the ACI may not be long enough to support traditional induction into MAT.

# Public Safety

DEPARTMENT OF CORRECTIONS					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$231,528,875	\$235,714,454	\$242,088,059	\$238,288,920	\$242,109,240
Federal Funds	\$835,705	\$1,356,241	\$2,010,944	\$2,533,346	\$2,059,771
Restricted Receipts	\$59,329	\$46,800	\$59,369	\$3,531,961	\$960,082
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$4,313,321	\$10,263,470	\$13,453,328	\$22,880,000	\$6,300,000
<b>Total Funding</b>	<b>\$236,737,230</b>	<b>\$247,380,965</b>	<b>\$257,611,700</b>	<b>\$267,234,227</b>	<b>\$251,429,093</b>
<b>FTE Authorization</b>	<b>1435.0</b>	<b>1416.0</b>	<b>1411.0</b>	<b>1411.0</b>	<b>1423.0</b>

## Full-Time Equivalent Positions

The Governor recommends 1423.0 FTE positions in the FY 2021 Budget, which is 12.0 FTE positions more than the enacted FY 2020 Budget. In FY 2021, an additional 7.0 FTE positions are recommended to bring Department discharge planning services in-house, an additional 3.0 FTE positions are recommended to improve preventive care offerings at the Healthcare Services program, an additional 1.0 FTE position is recommended to establish a reentry-focused partnership with the Department of Labor & Training, and an additional 1.0 FTE position is recommended to establish a Real Jobs RI registered apprenticeship program at the Department. The Governor recommends 1411.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget.

## Proposed FY 2021 Budget Actions

- *Overtime Savings—Non-Correctional Officer.* The Governor’s recommendation includes savings of \$612,376 from the elimination of all non-Correctional Officer overtime. Reducing the use of this overtime, which is generally utilized for clerical support, is aligned with updated statewide policies that mandate stricter scrutinization of overtime use and restriction to necessary situations only.
- *Overtime Savings—Absenteeism Initiative.* The Governor’s recommendation includes savings of \$982,907 in Correctional Officer overtime from stringent enforcement of sick leave use policies at the Department aimed at reducing the fraudulent discharge and abuse of sick time in the uniform ranks.
- *Module Closures.* Due to projected decreases in the incarcerated population, the Governor recommends increasing the savings assumed for module closures at the Intake Service Center to full-year savings for two double modules. This initiative will generate \$972,754 in net savings from overtime reductions. Also due to projected decreases in the incarcerated population, the Governor recommends an eight-month closure of a full module at the Medium Security facility. The population is expected to continue to decrease in FY 2021, in accordance with state and national trends. The Governor’s recommendation includes only eight months of closure in order to allow for reopening of the module in the event of population spikes. This initiative will generate \$780,270 in net savings from overtime reductions.
- *High Security Facility Savings.* The Governor recommends the closure of two 12-person modules at the High Security Center through the transfer of 24 incarcerated individuals to out-of-state facilities and acceptance of 24 out-of-state who could be housed at their actual classification levels. As a result, the Department will be able to reduce its use of the High Security Center, which is its costliest facility. It is common for individuals whose classification level would allow them to be housed at a lower-security facility to be incarcerated at the High Security Center due to enemy issues. This initiative will generate \$777,292 in net savings due from overtime reductions.

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- *Correctional Officer Academy—Timeline Adjustment.* The Governor’s recommendation includes an additional \$500,000 in general revenue to support the adjustment of the start time for the planned FY 2021 Correctional Officer Academy. This additional general revenue will finance the increased salary and benefits costs that the agency will incur when the Academy start time is moved from March 2021 to September 2020, assuming that 59 CO recruits are hired immediately upon graduation from the Academy on December 1, 2020. This initiative will help improve workplace climate at the Department by mitigating ongoing staffing issues.
- *Inmate Population Savings—Per Capita Cost Adjustments.* The Governor’s recommendation includes savings of \$655,925 on inmate-driven expenditures, based on a projected incarcerated population of 2,549 people. The following expenditures will have realized savings: medical services; laboratory testing; food; kitchen, janitorial, and program supplies; and clothing and linens.
- *Healthcare Savings—Reduction in Off-Site Crisis Care.* The Governor’s recommendation includes funding of \$498,848 to support the hiring of 4.0 additional FTE positions, including one Health Program Administrator to manage a detox unit at the adult correctional facility, one Health Program Administrator to serve as a practice manager, one CO-Hospital Case Manager, and one Data Analyst I. The hiring of these FTE positions will allow the Department’s Healthcare Services program to better focus its time and resources on preventive care and efficient management of medical issues, thereby reducing the incidence of Department-funded hospital stays, emergency room visits, and crisis medical care. The Governor’s recommendation also includes \$633,970 in savings on Correctional Officer overtime, as well as \$165,900 in savings on medical expenditures, because the allocation of additional resources to the Healthcare Services program is expected to lead to the elimination of 27.7 percent of emergency room/hospital trips per year. A net savings of \$301,022 is projected from this initiative.
- *Medical Parole Updates & Geriatric Parole.* The Governor’s recommendation includes \$150,000 in savings from an expansion of the medical parole statute to include a geriatric parole provision. The provision would allow for the release of elderly incarcerated people whose age and infirmity greatly reduce the risk that they pose to public safety, even if they do not have a terminal illness. This change will generate savings on inmate-driven expenditures and medical expenditures. The statute would allow eligible incarcerated people over the age of 65 who have served the lesser of 10 years or 75% of their sentence to be considered for geriatric parole.
- *Transfer of Discharge Planning to DOC.* The Governor’s recommendation includes \$595,000 in funding to support 7.0 additional FTE positions, including one Community Corrections Assessment Coordinator and six Community Corrections Assessment Analysts, to staff a new Discharge Planning office within the Transition Unit. This additional expenditure will be offset by \$88,350 in turnover savings for the seven new employees and \$515,000 from the elimination of the current discharge planning contract. This is a net budget neutral proposal. Discharge planning at the Department has historically been plagued by vendor issues that have led to deficient service delivery. By bringing the contract in-house, the Department will be able to deliver services on an uninterrupted continuum, increase the number of incarcerated people leaving the facility with a discharge plan, enhance the program’s effectiveness, and better monitor the process.
- *Creation of Apprenticeship Program.* The Governor’s recommendation includes \$200,000 in additional funding to support the creation of a Real Jobs RI-style apprenticeship within the adult correctional facilities. \$110,336 of this allocation will support the hiring of 1.0 FTE position to manage the apprenticeship program in collaboration with the Department of Labor and Training, and the remaining \$87,664 will finance instructor contracts and other ancillary program costs. The apprenticeship program will serve a pilot cohort of 25-30 incarcerated people, allowing them to earn a relevant certificate in either construction or manufacturing. This initiative will improve post-

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## Public Safety

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release employment opportunities for some of Rhode Island's highest-risk citizens, while also meeting the growing demand of businesses in the State. The Governor's recommendation also includes a reduction in the scope of work of the existing license plate shop at the Department, in order to better direct resources to evidence-based employment programming.

- *Re-entry Partnership with the Department of Labor and Training.* The Governor's recommendation includes \$116,728 in funding to support the hiring of 1.0 additional FTE position, a Coordinator of Employment & Training Programs, to work in partnership with a Department of Labor and Training employee. These employees will help contract vendors and the incarcerated population to navigate through the DOC system and connect incarcerated people with post-release employment opportunities. This initiative will allow for better collaboration between the two Departments and ultimately lead to improved outcomes for the reentering population and a reduced recidivism rate.
- *Work Release Fee Structure Change.* The Governor's recommendation includes additional revenue of \$18,800 resulting from an uptick in participation in the Minimum Security Work Release program due to a change in the structure of fees levied on work release participants. The current work release fee is 30 percent of each participant's gross pay; the Governor proposes a change in the structure to 30 percent of each participant's net pay. It is estimated that this proposal will incentivize approximately nine additional incarcerated people to participate in work release, filling the work release module to its capacity of 25 people. The additional estimated revenue is net of the expected revenue loss when the fee is lowered for the sixteen existing participants.
- *340B Savings Reinvestment:* In FY 2020, the Department became a 340B covered entity, making them eligible to access reduced pharmaceutical pricing under a federal program that requires manufacturers to offer reduced prices to certain healthcare organizations. The Department's participation in this program is expected to result in \$1.5 million in savings in FY 2021. The Governor's recommendation reinvests that savings in healthcare services costs, including preventive care. Reinvestment of 340B savings is a national best practice followed by almost all covered entities.
- *Expand Medication Assisted Treatment.* In FY 2021, the Governor recommends that proceeds of the Opioid Stewardship Fund be used to support both the expansion of various existing substance abuse treatment programs and the creation of several new initiatives throughout Rhode Island. The Governor recommends \$846,628 in Opioid Stewardship funding for the Department of Corrections. This allocation will finance the Medication Assisted Treatment (MAT) Program, with funding being used to match the current demand for treatment and to transition to a new "medication first" approach. Under a "medication first" structure, MAT will be offered the night of commitment to people whose stays in the ACI may not be long enough to support traditional induction into MAT.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$2,763,955, which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

### Proposed FY 2020 Budget Actions

- *Individualized Treatment/Recovery Services.* In the FY 2020 Revised Budget, the Governor recommends \$1.6 million from the Opioid Stewardship Fund be utilized for Individualized Treatment/Recovery Services at the Department of Corrections, with an equivalent amount of general revenue savings recognized in the Institutional Based Rehabilitation/Population

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## Public Safety

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Management program. Treatment and recovery services are individualized and directed at inmates accepting responsibility for both their crime and recovery. The program has the dual goal of relapse prevention and reduction of criminal recidivism.

- *Assessments.* In the FY 2020 Revised Budget, the Governor recommends \$1.8 million from the Opioid Stewardship Fund be utilized for Assessments at the Department of Corrections, with an equivalent amount of general revenue savings recognized in the Institutional Based Rehabilitation/Population Management program. This program provides intake assessments, counseling, clinicians, and discharge planning for incarcerated people with substance abuse disorder. The Anchor Recovery Center is a partner and provides co-occurring treatment, primary care, housing, employment, and education services for incarcerated people in the various steps of incarceration and treatment (pre-treatment, treatment, recovery, and post-release).

# Public Safety

## Judiciary Department

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of last resort, the Superior Court is the court of general jurisdiction, and the Family, District, Traffic Tribunal, and Workers' Compensation courts are courts of limited jurisdiction. The entire system in Rhode Island is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction. The Chief Justice of the Supreme Court is the executive head of the Rhode Island Judiciary and has authority over the judicial budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the State Court Administrator has control of judicial appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

JUDICIARY DEPARTMENT -					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$97,037,829	\$99,950,290	\$105,213,960	\$105,318,280	\$106,383,394
Federal Funds	\$3,222,742	\$3,055,636	\$3,144,740	\$3,470,252	\$3,494,140
Restricted Receipts	\$11,023,981	\$10,581,559	\$13,007,786	\$12,942,436	\$13,010,232
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$4,908,006	\$6,163,378	\$6,126,073	\$4,967,944	\$3,600,000
<b>Total Funding</b>	<b>\$116,192,558</b>	<b>\$119,750,863</b>	<b>\$127,492,559</b>	<b>\$126,698,912</b>	<b>\$126,487,766</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>723.3</b>	<b>726.3</b>	<b>726.3</b>	<b>726.3</b>

### Full-Time Equivalent Positions

The Governor recommends 726.3 FTE positions in the FY 2021 Budget and in the revised FY 2020 Budget. The recommendations are consistent with the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Defense of Indigents.* The Governor recommends an increase of \$150,551 for the Defense of Indigent Persons Fund as a one-time expense for the transfer of up to 70 cases from the Office of the Public Defender to the Indigent Defense panel. This will support the timely adjudication of the large influx of unprosecuted cases discovered by the new Attorney General administration. This financing is not expected to be required after FY 2021.
- *Turnover Savings.* The Governor recommends turnover savings of \$4.7 million, or approximately 5.7 percent across all relevant salary and benefits categories. The Judiciary's initial total general revenue salary and benefits request was \$88.3 million, up from \$82.9 million in the FY 2020 revised submission. Including the Governor's recommended turnover, total salary and benefits financing at the agency will be \$83.5 million, approximately \$400,000 less than the current services level of salary and benefits funding but significantly greater than the agency's actual FY 2019 expenditures of \$76.7 million.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$331,281, which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Public Safety

## Military Staff

The agency is directed by the Adjutant General who is appointed by the Governor. The Adjutant General is nominated as a Major General by the President and confirmed by the United States Senate. The Adjutant General directs the establishment, operation, organization and maintenance of the military forces of the State, composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard and State Historic Militia. The National Guard Program budget is financed with approximately 26 percent general revenue and state capital funds and 74 percent federal funds, as well as direct federal funding for active duty guardsmen, services, and construction costs. Additionally, there exists between the State of Rhode Island and National Guard Bureau (NGB) a legal contract referred to as the Master Cooperative Agreement (MCA). The MCA provides for State support for the Federal mission in the form of employment of State personnel, the purchase of goods and services through State vendors, and provides a readied, state-of-the-art trained military force. The State is obligated through the MCA to match the federal funds with general revenues as a condition of the grant. Military training is 100% federally financed. The Rhode Island National Guard is authorized in excess of 3,300 members (2,178 in the Army National Guard, 1,136 in the Air National Guard). National Guard installations located in Rhode Island include fourteen armories, three air bases, two training sites, and ten support buildings and shops including one Army Aviation Support Facility (AASF), four Organizational Maintenance Shops (OMS) and one Combined Support Maintenance Shop (CSMS). Federal equipment housed and secured at these facilities is valued in excess of \$500 million dollars. The estimated annual economic impact on the State attributed to National Guard programs exceeds \$238 million dollars.

MILITARY STAFF					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$2,976,112	\$2,836,265	\$3,219,493	\$2,914,664	\$3,227,916
Federal Funds	\$20,708,420	\$27,534,473	\$34,354,996	\$33,913,980	\$34,984,059
Restricted Receipts	\$38,728	\$34,908	\$55,000	\$55,000	\$55,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$3,078,487	\$5,900,638	\$3,519,471	\$5,755,643	\$700,000
<b>Total Funding</b>	<b>\$26,801,747</b>	<b>\$36,306,284</b>	<b>\$41,148,960</b>	<b>\$42,639,287</b>	<b>\$38,966,975</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>	<b>96.0</b>

### Full-Time Equivalent Positions

The Governor recommends 96.0 FTE positions in the FY 2021 Budget, an increase of 4.0 from the enacted FY 2020 Budget. The Governor recommends 92.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Deputy Director Position.* The Governor recommends \$157,564 in general revenue for the Deputy Director position. The Adjutant General assumed the State Homeland Security Advisor role; therefore, a Deputy Director is recommended to assist in the newly extended roles of the Rhode Island Military Staff.
- *Firefighter Increase.* The Governor recommends \$311,642 in federal funds for an additional 3.0 Quonset firefighter positions. The additional positions would put Military Staff in compliance with U.S. Department of Defense fire safety standards.
- *Injured-on-Duty Savings.* The Governor recommends the allocation of \$114,838 in savings associated with a statewide initiative to reduce injured-on-duty (IOD) costs. Projected statewide

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## Public Safety

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savings were included in the Department of Administration's enacted budget and this change allocates a share of these savings to the Rhode Island Military Staff due to employees previously on IOD either returning to work or obtaining a disability pension.

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$27,906, which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Public Safety

## Rhode Island Emergency Management Agency

The Rhode Island Emergency Management Agency is responsible for establishing, sustaining, and coordinating the resources of the Federal, State, local governments, non-governmental organizations, and the private sector to effectively meet the challenges faced during a natural and/or man-made incident. This will be accomplished by the Director through the Governor’s authority under R.I.G.L § 30-15. The organization’s primary goal is to create and oversee a statewide system with an all hazards approach to emergency management and homeland security. The Agency is also responsible to strengthen the 32 core capabilities outlined by the National Preparedness Goal as established by Presidential Policy Directive 8 to reduce loss of life and property within the State of Rhode Island during natural and/or man-made incidents. The Agency and the State Emergency Operation Center (SEOC) will provide a central location from which all state government at any level can provide interagency coordination and executive decision-making in support of any regional incident or local response. This will be done by: information collection and evaluation, executive decision-making, priority setting, management, coordination and tracking of resources, and interoperable communication facilitation to support any overall response efforts.

<b>RHODE ISLAND EMERGENCY MANAGEMENT AGENCY</b>					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$1,881,904	\$2,276,138	\$2,364,647	\$2,362,651	\$2,901,055
Federal Funds	\$10,590,168	\$15,703,893	\$9,295,523	\$13,874,981	\$8,018,360
Restricted Receipts	\$251,022	\$375,925	\$468,005	\$634,687	\$553,132
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$1,494,414	\$1,494,414	\$1,494,414	\$1,494,414	\$1,744,414
<b>Total Funding</b>	<b>\$14,217,508</b>	<b>\$19,850,370</b>	<b>\$13,622,589</b>	<b>\$18,366,733</b>	<b>\$13,216,961</b>
<b>FTE Authorization</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>

### Full-Time Equivalent Positions

The Governor recommends 32.0 FTE positions in the FY 2021 Budget and FY 2020 Revised Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Investing in the Code RED System.* The Governor recommends \$277,750 in general revenue to finance the maintenance of the Code RED system. Code RED is an emergency response notification system, which sends public safety-related alerts via the Emergency Alert System (EAS), the National Oceanic and Atmospheric Administration (NOAA), and other public alerting systems.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$177,622, which reflect lower medical rates due to rates developed by the State’s rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Public Safety

## Department of Public Safety

The Department of Public Safety includes the Central Management Office, E-911 Uniform Emergency Telephone System, Security Services, Municipal Police Training Academy, and the State Police.

### Department achievements and highlights during Governor Raimondo's tenure include:

- In June 2019, graduated the most diverse State Police class in Rhode Island's history. Of the 37 graduates, 14 are members of minority groups and seven are women. During the Governor's tenure, State Police also recruited one of the largest, most diverse pools of candidates for the State Police Training Academy in state history. At least 44 percent of the 1,403 applicants were women and/or members of minority groups.
- Launched the Hope Initiative, the first statewide program that partnered state and local law enforcement officers with substance use disorder professionals to proactively reach out and help people at risk of opioid addiction and overdose.
- Through increased federal grant funding, created a Traffic Safety Unit within State Police dedicated to reducing impaired driving and alcohol-related crashes.

## Budget Highlights

### E-911 Telecommunication Line Upgrades.

Uses E-911 Surcharge Fees to finance fiber optic cable upgrades, increasing the capacity for emergency dispatchers to send critical data to first responders.

### Consolidate State Police Barracks.

Finances construction of a new barracks to accommodate the consolidation of the Wickford and Hope Valley barracks.

### Adult-use Marijuana.

Adds \$500,000 in restricted receipts for new public safety initiatives related to adult-use marijuana.

DEPARTMENT OF PUBLIC SAFETY					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$100,929,838	\$103,724,264	\$105,918,952	\$105,267,826	\$105,726,368
Federal Funds	\$10,676,653	\$16,020,609	\$19,986,405	\$24,843,073	\$17,354,609
Restricted Receipts	\$1,304,821	\$505,802	\$6,136,198	\$6,348,890	\$9,389,065
Other Funds	\$3,598,508	\$2,096,376	\$2,791,801	\$2,203,732	\$2,203,515
RI Capital Plan Fund	\$338,450	\$908,797	\$3,375,000	\$3,197,570	\$982,000
<b>Total Funding</b>	<b>\$116,848,270</b>	<b>\$123,255,848</b>	<b>\$138,208,356</b>	<b>\$141,861,091</b>	<b>\$135,655,557</b>
<b>FTE Authorization</b>	<b>611.6</b>	<b>564.6</b>	<b>593.6</b>	<b>593.6</b>	<b>598.6</b>

### Full-Time Equivalent Positions

The Governor recommends 598.6 FTE positions in the FY 2021 Budget, which includes seven Troopers who graduated from the 2019 Rhode Island State Police Trooper Training Academy and the elimination of Staff Attorney VII and Public Information Officer positions. The Governor recommends 593.6 FTE positions in the revised FY 2020 Budget, unchanged from the enacted FY 2020 Budget.

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# Public Safety

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## Proposed FY 2021 Budget Actions

- *Rhode Island State Police Training Academy.* The Governor recommends \$1.2 million in all funds, including \$424,371 in general revenue, to finance a new Rhode Island State Police Training Academy. The training academy will consist of a class of 25 recruits and begin in June 2021.
- *Upgrade E-911 Telecommunication Lines to a Fiber Optic System.* The Governor recommends \$750,000 from E-911 Surcharge Fees to upgrade the E-911 telecommunication lines from the current copper wiring to fiber optic cable. The new cable will enhance the reliability of the emergency communication network and increase the capacity for emergency dispatchers to send pertinent data to first responders. The project is estimated to cost a total of \$3.0 million and would bring Rhode Island's emergency telecommunication system into compliance with Next Generation 911 standards as required by the Federal Communications Commission (FCC) and National Emergency Numbering Association.
- *Consolidated State Police Southern Barracks.* The Governor recommends \$35.0 million in Certificates of Participation to construct a new barracks in the southern part of the state. Once completed, the State Police will close the Wickford and Hope Valley barracks and transfer all operations to the new southern barracks.
- *Adult-Use Marijuana.* The Governor recommends \$500,000 in restricted receipts to facilitate new public safety initiatives related to adult-use marijuana. The Division of the State Police will work closely with the Office of Cannabis Regulation in the Department of Business Regulation, the Department of Revenue, and health and human service agencies on this initiative.
- *Exeter Reimbursement.* The Governor recommends the transfer of \$441,310 from general revenue to restricted receipts for the Town of Exeter to fund the full-time support of its public safety needs. Exeter is the only municipality in Rhode Island without a local police force and State Police respond to all calls for service.
- *Overtime Reductions.* The Governor recommends a general revenue decrease of \$50,000 in overtime savings related to the Sheriffs being called upon to provide security for out-of-state detainees who are receiving treatment at Rhode Island hospitals. Currently, Rhode Island Sheriffs must guard detainees until they are discharged from the hospital and taken back into custody by the arresting agency. Proposed legislation will extend temporary limited emergency police power to allow out-of-state law enforcement officials to guard their detainees during these scenarios.
- *Sheriffs Training Academy Application Fee.* The Governor recommends the establishment of a \$50 application fee to the Sheriffs' Training Academy to support the cost of conducting the academies.
- *Injured-on-duty Adjustments.* The Governor recommends the allocation of \$141,1167 in savings associated with a statewide initiative to reduced injured-on-duty (IOD) costs. Projected statewide savings were included in the Department of Administration's enacted budget and this change allocates a share of these savings to the Department Public Safety due to employees previously on IOD either returning to work or obtaining a disability pension.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$197,519, which reflect lower medical rates due to rates developed by the State's rate setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Public Safety

## Office of the Public Defender

The Office of the Public Defender is statutorily mandated to represent indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District, and Family courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The office carries out a single program: representation of indigents. Within this program are activities associated with adult and juvenile criminal matters; termination of parental rights; and dependency and neglect petitions filed by the Department of Children, Youth and Families (DCYF). The Office offers appellate representation in the Rhode Island Supreme Court in those areas in which it offers trial-level representation. Assisting the attorneys who deliver the primary service of the Office is a support staff of social workers, investigators, interpreters, information technology staff, intake staff and clerical staff. The Public Defender is appointed by the Governor with the advice and consent of the Senate for a six-year term.

OFFICE OF PUBLIC DEFENDER					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$11,583,210	\$11,940,555	\$12,824,871	\$12,798,836	\$13,386,423
Federal Funds	\$63,638	\$28,702	\$75,665	\$75,665	\$75,665
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$11,646,848</b>	<b>\$11,969,257</b>	<b>\$12,900,536</b>	<b>\$12,874,501</b>	<b>\$13,462,088</b>
<b>FTE Authorization</b>	<b>93</b>	<b>95</b>	<b>96</b>	<b>96</b>	<b>99</b>

### Full-Time Equivalent Positions

The Governor recommends 99.0 FTE positions in the recommended FY 2021 Budget, which is 3.0 positions above the enacted FTE cap. The Governor recommends 96.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Additional Assistant Public Defender IV Positions:* The Governor recommends 3.0 additional FTE Assistant Public Defender IV positions, supported by an additional \$338,778 in general revenue in FY 2021. This will provide necessary resources to handle excessive caseload levels, which threaten the Office’s ability to fulfill statutory and constitutional mandates. Although the Office is constitutionally required to provide effective representation – which legally includes investigating every case – its caseload size has jeopardized the quality of representation that it is able to provide. The Governor believes authorizing these 3.0 positions is critical to fulfilling the Office’s constitutional obligations.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$53,571, which reflect lower medical rates due to rates developed by the State’s rate-setting consultant that were below initial Budget Office projections; adjustments to overtime financing; and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# **Natural Resources**

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## **Natural Resources**

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The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council. 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.

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# Natural Resources

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## Department of Environmental Management

The Department of Environmental Management is charged with ensuring residents have equal access to environmental benefits and preventing any segment of the state’s population from bearing a disproportionate share of environmental risks and pollution. It ensures all residents and visitors will have the opportunity to enjoy a diverse mix of well-maintained, scenic, and accessible facilities and outdoor recreation opportunities and that the state’s natural habitats are managed to maintain species biodiversity. The Department ensures air, water, and land resources are restored and managed to protect public health and ecological integrity. The Department actively fights against climate change, through both mitigation and adaptation efforts. The Department promotes economic opportunity that conserves the state’s resources and maintains Rhode Island’s high quality of life for a sound economy. One of the top cross-cutting priorities of the Department is improving customer service. This includes training for all staff and development of improved systems and feedback. A critical component of this effort is the Department’s LEAN government initiative, which is aimed at reducing waste, standardizing processes, and producing clear, predictable, and reliable regulations.

### Department achievements and highlights during Governor Raimondo’s tenure include:

- Spearheaded the passage of two green economy bonds to provide more than \$82 million in investments for clean water infrastructure, resiliency, recreation, land cleanup, farmland, and open space acquisition. The two bond issues, which were overwhelmingly approved by voters – 68 percent in 2016 and 79 percent in 2018 – promote public health, create green jobs, advance renewable energy goals, and increase access to outdoor recreational opportunities across the State.
- Strengthened the State’s preparedness for and response to climate change by implementing the Resilient Rhode Island Act, which established the Executive Climate Change Coordinating Council (EC4) to assess, integrate, and coordinate climate change efforts among State agencies. Included in that effort are goals to reduce emissions, fortify wastewater infrastructure and implement coastal resilience projects, and prepare for the effects of climate change.
- As part of the Governor’s initiative to invest in and improve our state parks, beaches, and campgrounds — which attract more than 9 million visitors a year and support over 3,700 jobs — launched a convenient online option for Rhode Islanders and visitors to purchase season beach parking passes; increased accessibility to the State’s parks and beaches; upgraded visitor experience by offering more programs for children; provided free sunscreen at more than 20 parks and beaches; increased trash collection; and significantly upgraded facilities, including constructing new facilities at Lincoln Woods State Park.
- Developed and executed a statewide food strategy, “Relish Rhody,” aimed at preserving and growing the agriculture and fisheries industries, enhancing the climate for food and beverage

## Budget Highlights

### **Parks Investments.**

Reinvests parks revenue into critical parks staffing and maintenance, which complements the proposed bond to upgrade beach and park facilities.

### **Expedited Permitting.**

Implements service-driven fees to expedite processing time and provide case management services within the Bureau of Environmental Protection.

### **Ocean State Climate Adaptation and Resilience Fund (OSCAR).**

Provides funding to protect and enhance natural systems, and to improve resilience to rising sea levels, financed by an increase in the fee charged on oil importers.

### **Local Agriculture and Seafood Act (LASA) Grants.**

Increases support for grant program targeting small agricultural businesses.

# Natural Resources

businesses, and ensuring food security for all Rhode Islanders. Fostered innovation and supported food system partners by providing more than \$1.1 million in grants through the Farm Viability and Local Agriculture and Seafood Act.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$40,345,594	\$41,449,798	\$43,623,975	\$43,542,012	\$46,259,572
Federal Funds	\$20,537,647	\$20,965,162	\$32,309,520	\$32,166,793	\$32,114,651
Restricted Receipts	\$13,975,142	\$12,221,760	\$16,060,848	\$17,189,655	\$16,628,124
Other Funds	\$686,125	\$443,980	\$1,859,555	\$1,844,179	\$1,845,247
RI Capital Plan Fund	\$4,856,538	\$2,141,063	\$8,265,000	\$8,788,048	\$5,550,000
<b>Total Funding</b>	<b>\$80,401,046</b>	<b>\$77,221,763</b>	<b>\$102,118,898</b>	<b>\$103,530,687</b>	<b>\$102,397,594</b>
<b>FTE Authorization</b>	<b>400.0</b>	<b>395.0</b>	<b>394.0</b>	<b>394.0</b>	<b>405.0</b>

## Full-Time Equivalent Positions

The Governor recommends 394.0 FTE positions in the revised FY 2020 Budget, which is unchanged from the enacted FY 2020 Budget, and 405.0 FTE positions in the FY 2021 Budget.

### Proposed FY 2021 Budget Actions

- Parks and Recreational Investments.* The Governor recommends an increase of \$648,685 in general revenue in the Division of Parks and Recreation. This includes an increase of 6.0 FTE positions, composed of three maintenance technicians, a plumber, a clerk, and a civil engineer. It also includes a \$150,000 increase for building maintenance and repairs and a \$150,000 increase for grounds maintenance. This increase ensures that additional investments in State parks keep pace with recent growth in recreation fee revenue. This proposed investment complements the Governor’s bond proposal to upgrade beach and park facilities.
- Improving Permitting Efficiency.* The Governor recommends an increase of 5.0 FTE positions in the Bureau of Environmental Protection. The five new Environmental Engineer I positions would improve the efficiency of the permitting process and enhance the agency’s focus on customer service by expediting permit processing times and providing case manager services for applicants with complex needs. The Governor recommends new performance-driven fees, in addition to increases in certain existing fees to bring costs in line with neighboring states.
- Local Agriculture and Seafood Act Grants (LASA).* The Governor recommends an increase of \$150,000 to expand grant support to local agricultural businesses through the successful LASA program.
- Mosquito Abatement.* The Governor recommends an increase of \$41,984 in general revenue to offset lost federal funding, allowing the agency to again hire three seasonal employees to set mosquito traps and collect specimens for testing.
- Minimum Wage Increase.* The Governor recommends an increase of \$151,343 in general revenue to finance increased compensation for seasonal employees – primarily beaches and parks staff – as a result of the proposed minimum wage increase.
- Ocean State Climate Adaptation and Resilience Fund.* The Governor recommends an increase of \$1.9 million in restricted receipts to finance resiliency projects by raising the fee on oil imports.

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## Natural Resources

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- *Commercial Fishing License Modernization.* The Governor recommends an increase of \$81,025 in restricted receipts by updating the structure of commercial fishing licensure. This would allow more flexibility for members of the fishing industry, as well as provide revenue necessary to support marine fisheries operations.
- *Fish and Wildlife Fees.* The Governor recommends an increase to Fish and Wildlife license and permit fees. The \$62,482 in new restricted receipts revenue would finance the match for federal funds that support Rhode Island projects, including wildlife restoration and habitat management.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$384,489, which reflect lower medical rates due to rates developed by the State's rate setting-consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# Natural Resources

## Coastal Resources Management Council

Rhode Island law mandates the Coastal Resources Management Council (CRMC) to preserve, protect, develop and, where possible, restore the coastal resources of the State. The council is administered by 16 appointed representatives from the public and from State and local governments and staffed by professional engineers, biologists, environmental scientists, and marine resource specialists. The public is given regular opportunities at public hearings to comment on the management of State coastal resources. The council carries out its permitting, enforcement and planning functions primarily through its management programs. Coastal Resources Management Plans are considered to be the environmental management “blueprint” for coastal zone management in the State and are drafted to meet federal mandates. Special Area Management Plans address specific issues associated with designated management areas. Municipal Harbor Management Plans address issues at the municipal level regarding the management of activities occurring in, or on, the waters of a town. The CRMC is closely involved with the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce in a series of initiatives to improve the management of the State’s coastal resources. In 1996, legislation authorized the CRMC as the lead agency (including permitting and planning activities) for dredging and aquaculture, as well as transferring certain freshwater wetlands and permitting responsibility from the Department of Environmental Management (DEM) to the council. The CRMC oversees the Coastal Habitat Restoration Program to include and is charged with developing a Marine Resources Development Plan and an Ocean Special Area Management plan. The CRMC is also the lead agency on siting of off-shore windfarms, the first of which in the United States was built off the coast of New Shoreham.

COASTAL RESOURCES MANAGEMENT COUNCIL					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$2,470,459	\$2,650,012	\$2,883,195	\$2,870,443	\$2,740,539
Federal Funds	\$2,704,146	\$3,988,909	\$1,557,735	\$2,556,655	\$1,575,694
Restricted Receipts	\$101,300	\$265,000	\$250,000	\$250,000	\$250,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$21,125	\$628,451	\$530,000	\$705,424	\$475,000
<b>Total Funding</b>	<b>\$5,297,030</b>	<b>\$7,532,372</b>	<b>\$5,220,930</b>	<b>\$6,382,522</b>	<b>\$5,041,233</b>
<b>FTE Authorization</b>	<b>29.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>

### Full-Time Equivalent Positions

The Governor recommends 30.0 FTE positions in the revised FY 2020 Budget and in the FY 2021 Budget, unchanged from the enacted FY 2020 Budget.

### Proposed FY 2021 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$12,402, which reflect lower medical rates due to rates developed by the State’s rate-setting consultant that were below initial Budget Office projections and adjustments in financing for facilities maintenance, human resources, and information technology internal service fund charges.

# **Transportation**

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# Department of Transportation

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## Department of Transportation

The Rhode Island Department of Transportation, under the leadership of a director appointed by the Governor, serves as the steward of a statewide multimodal transportation network, consisting of 2,900 lane miles of roadway, 1,175 bridges, five rail stations, and over 60 miles of bike and pedestrian paths.

The Department of Transportation 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 division engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

In addition to the traditional highway construction/maintenance activities, the Department has considerable responsibility for intermodal transportation. This includes planning, developing, and implementing projects in the areas of transit, rail, water, bicycle, and pedestrian transportation in addition to responsibilities for air quality planning and coordination for all transportation projects. These tasks include supervision of all planning, design, construction, and upgrading activities associated with the implementation of the ten-year plan within the Transportation Improvement Program (TIP), which is updated annually.

The Department of Transportation oversees the Rideshare and Fringe Parking programs and administration of rail modernization funding, and coordinates with the Rhode Island Public Transit Authority (RIPTA) on capital development and operations. Departmental goals include: execution of the approved ten-year plan with project prioritization based on an asset management approach; annual updates to the ten-year plan; building and maintaining a culture of accountability; training and development of the Project Management Division; ensuring projects are completed on time and on budget; adoption of industry best practices; increasing in-house maintenance personnel; providing employees with opportunities to enhance their level of preparedness and performance; maintaining and building a safe, efficient and comfortable state roadway network to help facilitate economic development; and continuing efforts to foster innovation and promote mobility for people and goods through a balanced, multi-modal transportation system.

### Department achievements and highlights during Governor Raimondo's tenure include:

- Led the execution of the landmark 2016 RhodeWorks legislation, which will replace 150 structurally deficient bridges and repair an additional 500. The Department has initiated about 200 road and bridge projects, totaling nearly \$2 billion.

## Budget Highlights

**New Federal Transportation Funds.** During calendar year 2019, the U.S. Congress made available an additional \$124.2 million for RIDOT bridge and highway projects, outside of formula funding and discretionary grant programs. The Governor recommends these resources be committed to replace the Henderson Bridge that crosses the Seekonk River, the Cranston Viaduct that crosses I-95, and a set of related structures.

### University of Rhode Island Bus Hub.

In November 2019, RIPTA was awarded \$8.0 million in discretionary Federal Transportation Administration funds to design and construct a new transit hub at the URI Kingston campus. The Governor recommends that state matching funds be provided in part through the RI Capital Plan Fund.

# Department of Transportation

- Received more than \$300 million in grants and other funding to begin significant bridge reconstruction work targeting spans, including the Henderson Bridge, the Washington Bridge, the Providence Viaduct North, the Huntington Viaduct, and bridges along the Route 37 corridor.
- Launched an autonomous-vehicle pilot program, which transports about 130 people per day between the Providence Train Station and Olneyville. This micro-shuttle provides the Department and the autonomous-vehicle industry with valuable real-world lessons and data on this emerging technology.
- Collaborated with stakeholders in Providence to develop a multi-hub bus system to improve intermodal connections, particularly at the soon-to-be remodeled Providence Train Station. The goal is the creation of a modern, decentralized network of hubs instead of one central hub and to address concerns focused on safety, operations, pedestrian movement, and security in Kennedy Plaza. The new multi-hub system – in conjunction with the Rhode Island Public Transit Authority’s (RIPTA) Downtown Transit Corridor project – will help increase ridership.
- Started a successful seasonal ferry service between Providence and Newport that has sold more than 160,000 tickets in its first four years.
- Completed the largest Department reorganization in its history, transitioning to a best-practice project management structure. The Department went from having about 50 percent of its projects being on time and on budget to more than 90 percent being on time and on budget.

DEPARTMENT OF TRANSPORTATION					
Source of Funds	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$241,762,901	\$287,308,363	\$325,075,495	\$337,759,470	\$340,744,098
Restricted Receipts	\$1,620,091	\$2,626,919	\$3,007,550	\$2,656,328	\$2,656,328
Other Funds	\$169,558,951	\$211,077,944	\$281,609,776	\$266,274,025	\$280,310,594
RI Capital Plan Fund	\$40,517,778	\$47,326,060	\$39,080,695	\$40,338,542	\$36,301,346
<b>Total Funding</b>	<b>\$453,459,721</b>	<b>\$548,339,286</b>	<b>\$648,773,516</b>	<b>\$647,028,365</b>	<b>\$660,012,366</b>
<b>FTE Authorization</b>	<b>775.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>800.0</b>

## Full-Time Equivalent Positions

The Governor recommends 800.0 FTE positions in the FY 2021 budget, an increase of 45.0 from the enacted FY 2020 budget. The Governor recommends 755.0 FTE positions in the revised FY 2020 budget, no change from the enacted FY 2020 budget.

## Proposed FY 2021 Budget Actions

- *Additional Construction Personnel.* The Governor recommends 23.0 additional FTE positions in the Infrastructure Engineering program. Primarily these are engineers, who will oversee critical bridge and highway projects. In addition, one Data Analyst, one Bridge Safety Inspector and one Construction Management Resident will provide technical support.
- *Additional Maintenance Personnel.* The Governor recommends 20.0 additional FTE positions for the Infrastructure Maintenance program. Of these, 13.0 are Highway Maintenance Operators, 3.0 are engineers, one Bridge Maintenance Worker, one Electrical Inspector and one Landscape Technician. One of the mandates of the RhodeWorks initiatives is to keep vital infrastructure in a

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## Department of Transportation

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state of good repair with prudent and cost-effective maintenance routines. Taking on more of these operations through in-house staff rather than contracted services reduces total costs. This has been most apparent to date in the Winter Maintenance division.

- *Additional Support Personnel.* The Governor recommends 2.0 additional FTE positions in the Central Management program. One will support the communications team as a Public Relations Specialist through the increased scope and complexity of infrastructure projects like the Northbound I-95 Viaduct, the 6/10 Interchange and the Washington Bridge. The second new position will be an Administrator for Real Estate to oversee and make best use of the agency's real estate portfolio with a book value of approximately \$186 million.
- *New Federal Funds for Transportation.* In February 2019 and again in December 2019, the U.S. Congress made available additional Federal Highway Administration funding for Rhode Island bridge rehabilitation efforts and smaller amounts for other transportation uses. These total \$124.2 million. The funds are distinct from the federal formula funding which relies primarily on Highway Maintenance Account proceeds as state matching funds. The Raimondo Administration recommends these resources be committed to replace the East Providence Henderson Bridge that crosses the Seekonk River, the Cranston Huntington Viaduct Bridge that crosses I-95, and a set of smaller related bridge structures.
- *Motor Fuel Revenue Bond Issuance.* The Governor recommends a new issuance of motor fuel tax revenue bonds secured by the residual of two cents of gas tax dedicated to debt service for a 2003 issuance. The Raimondo Administration estimates bond proceeds of \$56.4 million, with a par value of \$64.2 million. These funds would largely serve as state match for newly available Federal Highway Administration funding. The balance of the bond proceeds would support the I-95 Northbound Viaduct project. When the 2019 Assembly approved a new GARVEE issuance to fund this project, the matching ratio of state funds was expected to be 90/10. With the July award of the federal discretionary INFRA grant of \$60 million, the project matching ratio changed to 80/20, requiring an additional \$25 million of state funds.
- *URI Bus Hub.* In November 2019, RIPTA announced the award of \$8.0 million in Federal Transit Administration (FTA) discretionary funds. The Governor recommends additional RI Capital Plan Funds to finance the state match for two projects. The enacted FY 2020 Budget financed a new public transit hub at the Community College of Rhode Island Knight Campus with \$260,000 in RI Capital Plan Funds over FY 2020 and FY 2021. The Governor recommends new state funds of \$1,350,000 to match the balance of the discretionary grant and finance the construction of a new public transit hub at the URI Kingston campus. \$850,000 of the new funds are from the RI Capital Plan Fund and would finance the construction of facilities, and \$500,000 of the new funds are from the Highway Maintenance Account and would finance the purchase of additional vehicles to expand public transit in South County. URI is contributing \$400,000 in bond proceeds through the RI Health and Educational Building Corporation in addition to the land value for the project site.
- *Replacement Bus Fleet.* The Governor recommends \$3.1 million of Highway Maintenance Account proceeds match \$12.5 million in Federal Transit Administration funding to finance the purchase of 34 replacement public transit fleet buses. 24 buses will serve fixed-routes, and ten will operate in flexible service areas.
- *Bridge Fund Transfers.* The Governor recommends that toll revenue for those gantry locations which have realized capital project completion be transferred from the Bridge Replacement,

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## Department of Transportation

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Reconstruction and Maintenance Fund to the Intermodal Surface Transportation Fund for use in ongoing infrastructure projects including the 6/10 Interchange. Funds may only be transferred out once the immediate needs of the gantry location bridges have been met, including toll operations and bridge maintenance. The Governor's Administration estimates the funds available for transfer in FY 2020 at \$6.0 million in FY 2020 and \$40.1 million in FY 2021. While these proceeds may not serve as state match until other conditions are met, they can be deployed on projects eligible under Title 23, United States Code.

- *GARVEE Debt Service.* The 2019 Assembly authorized a new Grant Anticipation Revenue Vehicle ("GARVEE") bond issuance of \$200 million, secured by anticipated Federal Highway Administration receipts. The Governor recommends that \$16.0 million be appropriated in FY 2021 for debt service related to both the new issuance and existing bonds.

### Proposed FY 2020 Budget Revisions

- *Stormwater Management.* The Governor recommends \$3.2 million of Highway Maintenance Account proceeds be reappropriated to the Office of Stormwater Management. In prior years the Office has catalogued existing drainage infrastructure. In FY 2021, the Department will begin capital improvements to the State's stormwater management systems, as mandated by a 2017 Environmental Protection Agency consent decree.
- *Reorganization Efficiencies.* Since the implementation of RhodeWorks, the Department of Transportation has increased staffing in Maintenance, Construction and back office functions, without adding office space. Instead, the Governor recommends the Department continue to reorganize workspaces within the State Office Building. FY 2019 ended with a balance forward of \$9.7 million in gas tax. The Governor recommends \$1,150,000 of these resources finance improvements to the workspaces, including cubicles and other modular furnishings.
- *Winter Operations.* The Governor recommends an increase of \$233,383 in gas tax to finance winter operations. The surplus from the relatively minor winter of FY 2019 will be distributed between FY 2020 and FY 2021 winter maintenance efforts.
- *e-Procurement.* The Governor recommends \$265,000 of gas tax proceeds fund the Department of Transportation adoption of the new e-Procurement system. The statewide system will be integrated with the information systems in use at the Department for improved functionality and user experience.
- *Transportation Fund Reappropriations.* The Governor recommends statutory language clarifying authority to reappropriate unspent state transportation funds in the subsequent fiscal year. Multi-year projects funded by the Rhode Island Capital Plan Fund customarily have Appropriations Act language enabling automatic reappropriation of unspent, unencumbered prior year funds. This allows projects to move forward, especially during the late summer and early fall which are prime construction seasons. R.I.G.L. § 35-3-15 includes a similar provision for general revenue appropriations. The Governor recommends that language be added to Article 1 to allow transportation agencies to use previously appropriated gas tax, highway maintenance account funds and other monies in the Intermodal Surface Transportation Fund and Bridge Replacement, Reconstruction and Maintenance Fund.
- *Build America Bonds Refunding.* The Raimondo Administration refunded \$80.0 million of outstanding general obligation bonds at a lower interest rate in December 2019. Going forward,

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## Department of Transportation

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that will reduce the amount of gas fuel tax committed to debt service. The Governor recommends FY 2020 gas tax savings of \$369,149 and FY 2021 gas tax savings of \$5.4 million. These savings allow additional resources of \$3.1 million to be directed to public transit bus replacement in FY 2021.

- *P&W Track Usage Fees.* The Governor recommends that some activity of the RI Public Rail Corporation be reflected within the Department of Transportation's budget. Specifically, the Governor's Administration estimates \$110,000 in restricted receipts in FY 2020 and FY 2021 consisting of usage fees from the Providence and Worcester Railroad ("P&W").



# **Appendix A**

## **Schedules**



## FY 2021 General Revenue Budget Surplus

	FY 2018 Audited	FY 2019 Audited	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
<b>Surplus</b>					
Opening Surplus	\$61,660,230	\$52,525,379	\$25,464,117	\$30,502,912	\$24,842,778
Adjustment to Opening Surplus	-	-			
Reappropriated Surplus	10,338,899	10,057,409	-	10,296,451	-
Subtotal	<b>\$71,999,129</b>	<b>\$62,582,788</b>	<b>\$25,464,117</b>	<b>\$40,799,363</b>	<b>\$24,842,778</b>
<b>General Taxes</b>	3,097,875,408	3,186,592,310	3,278,927,018	3,278,927,018	3,413,000,000
Revenue Est. Conference Changes	-			38,372,982	
Changes to the Adopted Estimates	-			1,689,028	29,236,729
Subtotal	<b>3,097,875,408</b>	<b>3,186,592,310</b>	<b>3,278,927,018</b>	<b>3,318,989,028</b>	<b>3,442,236,729</b>
<b>Departmental Revenues</b>	397,579,143	416,720,527	\$448,451,653	\$448,451,653	\$410,000,000
Revenue Est. Conference Changes	-			(4,951,653)	
Changes to the Adopted Estimates	-				46,406,327
Subtotal	<b>\$397,579,143</b>	<b>\$416,720,527</b>	<b>\$448,451,653</b>	<b>\$443,500,000</b>	<b>\$456,406,327</b>
<b>Other Sources</b>					
Other Miscellaneous	37,054,016	12,367,090	28,650,000	28,650,000	14,700,000
Revenue Est. Conference Changes	-			2,350,000	
Changes to the Adopted Estimates	-			16,652,000	16,892,708
Lottery	364,974,286	397,321,087	412,800,000	412,800,000	395,500,000
Revenue Est. Conference Changes	-			(35,700,000)	-
Changes to the Adopted Estimates	-	-	-	-	-
Office of Cannabis Regulation Transfer	-	-	-	-	21,121,786
Unclaimed Property	10,901,582	11,578,604	9,900,000	9,900,000	8,400,000
Revenue Est. Conference Changes	-				
Subtotal	<b>412,929,884</b>	<b>421,266,781</b>	<b>451,350,000</b>	<b>434,652,000</b>	<b>456,614,494</b>
<b>Total Revenues</b>	<b>\$3,908,384,435</b>	<b>\$4,024,579,618</b>	<b>\$4,178,728,671</b>	<b>\$4,197,141,028</b>	<b>\$4,355,257,550</b>
<b>Transfer to Budget Reserve and Cash</b>					
<b>Stabilization Account</b>	<b>(119,101,340)</b>	<b>(122,313,150)</b>	<b>(126,125,784)</b>	<b>(126,829,318)</b>	<b>(131,403,010)</b>
<b>Total Available</b>	<b>3,861,282,224</b>	<b>3,964,849,256</b>	<b>4,078,067,004</b>	<b>4,111,111,073</b>	<b>4,248,697,318</b>
Actual/Enacted Expenditures	\$3,798,699,436	\$3,924,049,893	\$4,077,594,991	\$4,077,594,991	\$4,247,805,059
Reappropriations (from prior year)				10,296,451	
Caseload Conference Changes				(12,492,517)	
Other Changes in Expenditures				10,869,370	
<b>Total Expenditures</b>	<b>\$3,798,699,436</b>	<b>\$3,924,049,893</b>	<b>\$4,077,594,991</b>	<b>\$4,086,268,295</b>	<b>\$4,247,805,059</b>
<b>Total Ending Balances</b>	<b>\$62,582,788</b>	<b>\$40,799,363</b>	<b>\$472,013</b>	<b>\$24,842,778</b>	<b>\$892,259</b>
Reappropriations (to following year)	(10,057,409)	(10,296,451)	-	-	-
<b>Free Surplus</b>	<b>\$52,525,379</b>	<b>\$30,502,912</b>	<b>\$472,013</b>	<b>\$24,842,778</b>	<b>\$892,259</b>
<b>Budget Reserve and Cash</b>					
<b>Stabilization Account</b>	<b>\$198,502,233</b>	<b>203,855,250</b>	<b>210,209,639</b>	<b>211,382,197</b>	<b>219,005,016</b>

## Expenditures from All Funds

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>General Government</b>					
Administration	\$314,552,373	\$266,429,346	\$327,880,776	\$350,706,747	\$342,713,165
Business Regulation	14,702,783	22,926,405	26,363,657	26,402,274	30,101,257
Executive Office Of Commerce	49,869,458	53,240,307	59,996,451	56,768,113	80,451,025
Labor and Training	425,495,185	433,781,681	449,014,095	459,193,876	464,735,172
Revenue	512,595,161	577,205,390	643,187,244	656,228,411	672,082,118
Legislature	39,282,079	40,798,616	45,636,115	52,768,810	46,914,237
Lieutenant Governor	1,001,557	1,108,950	1,147,816	1,145,892	1,163,022
Secretary of State	9,385,527	11,131,155	11,001,157	11,755,090	10,945,193
General Treasurer	43,076,635	42,045,579	42,655,641	42,420,937	44,626,993
Board of Elections	1,505,698	4,272,724	2,748,855	2,717,647	3,472,921
Rhode Island Ethics Commission	1,637,934	1,719,158	1,845,298	1,843,445	1,977,107
Governor's Office	5,481,059	5,624,462	6,093,211	6,086,325	6,580,157
Commission for Human Rights	1,683,010	1,743,538	1,917,005	1,907,748	1,957,449
Public Utilities Commission	9,014,227	9,125,176	11,382,980	11,369,924	11,658,234
<b>Subtotal - General Government</b>	<b>\$1,429,282,686</b>	<b>\$1,471,152,486</b>	<b>\$1,630,870,301</b>	<b>\$1,681,315,239</b>	<b>\$1,719,378,050</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	\$2,519,428,247	\$2,601,568,367	\$2,690,732,762	\$2,668,890,776	\$2,682,199,049
Children, Youth, and Families	237,549,998	248,168,746	229,859,090	256,223,531	263,575,223
Health	159,561,445	167,007,948	186,637,844	192,098,855	186,724,931
Human Services	599,252,725	594,233,698	638,343,380	618,533,697	635,222,724
Behavioral Healthcare, Developmental Disabilities and Hospitals	415,736,505	422,854,608	463,195,456	467,752,247	487,056,873
Governor's Commission on Disabilities	710,175	1,167,624	1,558,659	1,536,796	1,618,797
Commission On Deaf and Hard of Hearing	500,346	521,004	663,338	656,326	600,270
Office of the Child Advocate	947,705	958,016	1,234,057	1,149,476	1,248,036
Office of the Mental Health Advocate	629,731	578,695	602,411	619,370	630,982
<b>Subtotal - Human Services</b>	<b>\$3,934,316,877</b>	<b>\$4,037,058,707</b>	<b>\$4,212,826,997</b>	<b>\$4,207,461,074</b>	<b>\$4,258,876,886</b>
<b>Education</b>					
Elementary and Secondary	\$1,379,739,520	\$1,436,464,712	\$1,491,082,208	\$1,506,053,093	\$1,555,461,635
Higher Education	39,894,341	36,138,126	42,714,187	40,816,003	41,554,909
University of Rhode Island	779,189,323	797,419,006	837,035,616	851,408,791	857,178,397
Rhode Island College	194,386,983	197,043,404	201,797,383	196,769,241	202,639,184
Community College of Rhode Island	159,839,672	160,350,662	166,379,212	167,102,113	171,268,902
RI Council on the Arts	2,912,159	3,021,495	3,438,248	3,376,559	3,503,487
RI Atomic Energy Commission	1,356,380	1,350,029	1,495,094	1,423,754	1,520,779
Historical Preservation and Heritage Comm.	1,984,028	2,087,994	2,595,330	2,595,475	2,730,229
<b>Subtotal - Education</b>	<b>\$2,559,302,406</b>	<b>\$2,633,875,429</b>	<b>\$2,746,537,278</b>	<b>\$2,769,545,029</b>	<b>\$2,835,857,522</b>

## Expenditures from All Funds

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>Public Safety</b>					
Attorney General	\$47,731,960	\$44,034,941	\$33,287,718	\$36,820,501	\$34,263,854
Corrections	236,737,230	247,380,967	257,611,700	267,234,227	251,429,093
Judicial	116,192,558	119,750,845	127,492,559	126,698,912	126,487,766
Military Staff	26,801,747	36,306,285	41,148,960	42,639,287	38,966,975
Emergency Management	14,217,508	19,850,361	13,622,589	18,366,733	13,216,961
Public Safety	116,848,270	123,255,841	138,208,356	141,861,091	135,655,557
Office Of Public Defender	11,646,848	11,969,257	12,900,536	12,874,501	13,462,088
<b>Subtotal - Public Safety</b>	<b>\$570,176,121</b>	<b>\$602,548,498</b>	<b>\$624,272,418</b>	<b>\$646,495,252</b>	<b>\$613,482,294</b>
<b>Natural Resources</b>					
Environmental Management	\$80,401,046	\$77,221,757	\$102,118,898	\$103,530,687	\$102,397,594
Coastal Resources Management Council	5,297,030	7,532,373	5,220,930	6,382,522	5,041,233
<b>Subtotal - Natural Resources</b>	<b>\$85,698,076</b>	<b>\$84,754,130</b>	<b>\$107,339,828</b>	<b>\$109,913,209</b>	<b>\$107,438,827</b>
<b>Transportation</b>					
Transportation	\$453,459,721	\$548,339,293	\$648,773,516	\$647,028,365	\$660,012,366
<b>Subtotal - Transportation</b>	<b>\$453,459,721</b>	<b>\$548,339,293</b>	<b>\$648,773,516</b>	<b>\$647,028,365</b>	<b>\$660,012,366</b>
<b>Total</b>	<b>\$9,032,235,887</b>	<b>\$9,377,728,542</b>	<b>\$9,970,620,338</b>	<b>\$10,061,758,168</b>	<b>\$10,195,045,945</b>

## Expenditures from General Revenues

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>General Government</b>					
Administration	\$189,889,755	\$174,086,174	\$206,638,425	\$208,871,535	\$214,958,218
Business Regulation	10,534,356	16,364,135	17,896,681	17,815,293	18,670,217
Executive Office Of Commerce	32,403,452	30,235,018	28,181,129	28,179,484	44,264,097
Labor and Training	12,876,544	15,403,229	14,679,932	14,673,124	22,922,142
Revenue	148,430,073	179,734,158	216,254,237	214,537,942	229,096,871
Legislature	37,831,305	39,348,616	43,804,101	50,963,049	45,075,055
Lieutenant Governor	1,001,557	1,108,950	1,147,816	1,145,892	1,163,022
Secretary of State	8,832,367	9,796,151	9,533,255	9,489,047	9,883,628
General Treasurer	2,819,265	2,926,334	3,037,551	2,965,993	2,991,420
Board of Elections	1,505,698	4,272,724	2,748,855	2,717,647	3,472,921
Rhode Island Ethics Commission	1,637,934	1,719,158	1,845,298	1,843,445	1,977,107
Governor's Office	5,481,059	5,624,462	6,093,211	6,086,325	6,580,157
Commission for Human Rights	1,273,387	1,298,537	1,353,591	1,350,221	1,452,747
Public Utilities Commission	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$454,516,752</b>	<b>\$481,917,643</b>	<b>\$553,214,082</b>	<b>\$560,638,997</b>	<b>\$602,507,602</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	\$950,301,335	\$972,457,067	\$1,002,282,411	\$985,967,831	\$1,010,660,918
Children, Youth, and Families	173,652,189	180,711,202	165,124,585	185,731,369	186,789,998
Health	26,323,503	30,324,530	30,968,921	30,925,000	32,999,978
Human Services	100,775,120	113,957,577	92,178,627	92,200,297	117,884,921
Behavioral Healthcare, Developmental Disabilities and Hospitals	190,690,753	191,570,579	196,381,240	195,276,093	207,783,433
Governor's Commission on Disabilities	444,657	864,214	1,055,069	1,080,665	1,107,634
Commission On Deaf and Hard of Hearing	428,285	447,101	533,338	524,519	537,816
Office of the Child Advocate	703,984	815,011	986,701	970,275	1,063,237
Office of the Mental Health Advocate	629,731	578,695	602,411	619,370	630,982
<b>Subtotal - Human Services</b>	<b>\$1,443,949,557</b>	<b>\$1,491,725,976</b>	<b>\$1,490,113,303</b>	<b>\$1,493,295,419</b>	<b>\$1,559,458,918</b>
<b>Education</b>					
Elementary and Secondary	\$1,161,321,686	\$1,186,515,420	\$1,239,252,258	\$1,238,976,176	\$1,283,925,871
Higher Education	13,945,549	15,925,725	16,509,011	16,507,680	16,805,575
University of Rhode Island	101,094,721	109,956,806	115,225,106	118,264,683	115,705,157
Rhode Island College	54,095,652	55,266,131	58,020,333	58,178,646	57,878,556
Community College of Rhode Island	51,792,092	52,432,170	53,896,408	53,896,408	54,014,806
RI Council on the Arts	1,919,769	1,977,423	2,004,748	1,993,137	2,056,961
RI Atomic Energy Commission	982,299	1,018,455	1,059,094	1,055,815	1,064,567
Historical Preservation and Heritage Comm.	1,031,076	1,191,271	1,488,293	1,464,425	1,598,029
<b>Subtotal - Education</b>	<b>\$1,386,182,844</b>	<b>\$1,424,283,402</b>	<b>\$1,487,455,251</b>	<b>\$1,490,336,970</b>	<b>\$1,533,049,522</b>

## Expenditures from General Revenues

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>Public Safety</b>					
Attorney General	\$25,296,491	\$25,581,013	\$28,675,203	\$28,633,277	\$30,054,511
Corrections	231,528,875	235,714,453	242,088,059	238,288,920	242,109,240
Judicial	97,037,829	99,950,274	105,213,960	105,318,280	106,383,394
Military Staff	2,976,112	2,836,261	3,219,493	2,914,664	3,227,916
Emergency Management	1,881,904	2,276,135	2,364,647	2,362,651	2,901,055
Public Safety	100,929,838	103,724,264	105,918,952	105,267,826	105,726,368
Office Of Public Defender	11,583,210	11,940,555	12,824,871	12,798,836	13,386,423
<b>Subtotal - Public Safety</b>	<b>\$471,234,259</b>	<b>\$482,022,955</b>	<b>\$500,305,185</b>	<b>\$495,584,454</b>	<b>\$503,788,907</b>
<b>Natural Resources</b>					
Environmental Management	\$40,345,594	\$41,449,791	\$43,623,975	\$43,542,012	\$46,259,572
Coastal Resources Management Council	2,470,459	2,650,012	2,883,195	2,870,443	2,740,539
<b>Subtotal - Natural Resources</b>	<b>\$42,816,053</b>	<b>\$44,099,803</b>	<b>\$46,507,170</b>	<b>\$46,412,455</b>	<b>\$49,000,111</b>
<b>Transportation</b>					
Transportation	-	-	-	-	-
<b>Subtotal - Transportation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>	<b>\$3,798,699,465</b>	<b>\$3,924,049,779</b>	<b>\$4,077,594,991</b>	<b>\$4,086,268,295</b>	<b>\$4,247,805,060</b>

## Expenditures from Federal Funds

	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021
	Actual	Actual	Enacted	Revised	Recommend
<b>General Government</b>					
Administration	\$7,678,087	\$4,361,890	\$4,152,873	\$4,078,271	\$2,486,895
Business Regulation	1,022,931	1,007,599	755,788	1,045,501	768,983
Executive Office Of Commerce	8,275,588	11,267,298	17,611,003	14,384,462	15,421,017
Labor and Training	37,929,711	34,053,953	38,284,651	45,312,942	36,742,412
Revenue	1,640,041	1,490,091	1,969,581	2,272,923	1,580,404
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	22,295	885,017	1,016,230	1,810,000	389,155
General Treasurer	941,713	857,916	998,974	995,090	1,011,042
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	409,623	445,001	563,414	557,527	504,702
Public Utilities Commission	165,815	177,974	178,002	175,928	178,744
<b>Subtotal - General Government</b>	<b>\$58,085,804</b>	<b>\$54,546,738</b>	<b>\$65,530,516</b>	<b>\$70,632,644</b>	<b>\$59,083,354</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	\$1,546,083,323	\$1,601,101,951	\$1,664,521,164	\$1,623,177,530	\$1,631,999,073
Children, Youth, and Families	60,989,212	65,129,699	59,986,948	66,785,484	72,705,588
Health	93,523,083	97,671,689	105,815,939	110,723,265	104,298,145
Human Services	490,216,143	471,030,710	514,400,576	496,475,895	505,392,395
Behavioral Healthcare, Developmental Disabilities and Hospitals	214,718,015	223,313,118	260,425,869	264,661,112	270,739,429
Governor's Commission on Disabilities	254,817	280,462	458,689	389,455	400,000
Commission On Deaf and Hard of Hearing	-	-	-	-	-
Office of the Child Advocate	243,721	143,005	247,356	179,201	184,799
Office of the Mental Health Advocate	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$2,406,028,314</b>	<b>\$2,458,670,635</b>	<b>\$2,605,856,541</b>	<b>\$2,562,391,942</b>	<b>\$2,585,719,429</b>
<b>Education</b>					
Elementary and Secondary	\$184,284,805	\$207,170,771	\$213,293,458	\$224,414,365	\$225,341,900
Higher Education	13,878,878	7,973,797	8,000,000	8,240,807	8,255,837
University of Rhode Island	-	-	-	-	-
Rhode Island College	-	-	-	-	-
Community College of Rhode Island	-	-	-	-	-
RI Council on the Arts	671,367	690,646	762,500	743,422	828,776
RI Atomic Energy Commission	28,948	-	-	-	7,936
Historical Preservation and Heritage Comm.	794,495	721,865	557,028	566,643	563,476
<b>Subtotal - Education</b>	<b>\$199,658,493</b>	<b>\$216,557,078</b>	<b>\$222,612,986</b>	<b>\$233,965,237</b>	<b>\$234,997,925</b>

## Expenditures from Federal Funds

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>Public Safety</b>					
Attorney General	\$21,612,204	\$12,936,592	\$3,552,999	\$7,006,860	\$2,913,491
Corrections	835,705	1,356,245	2,010,944	2,533,346	2,059,771
Judicial	3,222,742	3,055,635	3,144,740	3,470,252	3,494,140
Military Staff	20,708,420	27,534,480	34,354,996	33,913,980	34,984,059
Emergency Management	10,590,168	15,703,886	9,295,523	13,874,981	8,018,360
Public Safety	10,676,653	16,020,606	19,986,405	24,843,073	17,354,609
Office Of Public Defender	63,638	28,702	75,665	75,665	75,665
<b>Subtotal - Public Safety</b>	<b>\$67,709,530</b>	<b>\$76,636,146</b>	<b>\$72,421,272</b>	<b>\$85,718,157</b>	<b>\$68,900,095</b>
<b>Natural Resources</b>					
Environmental Management	\$20,537,647	\$20,965,162	\$32,309,520	\$32,166,793	\$32,114,651
Coastal Resources Management Council	2,704,146	3,988,910	1,557,735	2,556,655	1,575,694
<b>Subtotal - Natural Resources</b>	<b>\$23,241,793</b>	<b>\$24,954,072</b>	<b>\$33,867,255</b>	<b>\$34,723,448</b>	<b>\$33,690,345</b>
<b>Transportation</b>					
Transportation	\$241,762,901	\$287,308,367	\$325,075,495	\$337,759,470	\$340,744,098
<b>Subtotal - Transportation</b>	<b>\$241,762,901</b>	<b>\$287,308,367</b>	<b>\$325,075,495</b>	<b>\$337,759,470</b>	<b>\$340,744,098</b>
<b>Total</b>	<b>\$2,996,486,835</b>	<b>\$3,118,673,036</b>	<b>\$3,325,364,065</b>	<b>\$3,325,190,898</b>	<b>\$3,323,135,247</b>

## Expenditures from Restricted Receipts

	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021
	Actual	Actual	Enacted	Revised	Recommend
<b>General Government</b>					
Administration	\$30,686,532	\$13,988,613	\$24,412,178	\$45,320,414	\$38,839,448
Business Regulation	3,145,496	5,130,695	7,144,829	7,030,407	10,389,044
Executive Office Of Commerce	6,662,699	4,312,991	4,754,319	4,754,167	8,255,911
Labor and Training	29,479,713	33,482,929	30,022,846	36,379,619	33,283,256
Revenue	2,089,078	1,957,889	3,605,253	3,705,613	5,559,629
Legislature	1,450,774	1,450,000	1,832,014	1,805,761	1,839,182
Lieutenant Governor	-	-	-	-	-
Secretary of State	427,255	449,987	451,672	456,043	502,410
General Treasurer	38,675,476	37,665,681	37,955,257	37,828,125	39,984,107
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	8,848,412	8,947,203	11,204,978	11,193,996	11,479,490
<b>Subtotal - General Government</b>	<b>\$121,465,435</b>	<b>\$107,385,988</b>	<b>\$121,383,346</b>	<b>\$148,474,145</b>	<b>\$150,132,477</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	\$23,043,589	\$28,009,349	\$23,929,187	\$59,745,415	\$39,539,058
Children, Youth, and Families	2,469,050	1,929,608	1,887,557	2,339,616	2,079,637
Health	39,714,859	39,011,729	49,452,984	50,050,590	49,026,808
Human Services	3,658,462	4,491,318	26,750,699	25,146,367	7,251,930
Behavioral Healthcare, Developmental Disabilities and Hospitals	5,529,182	5,817,033	6,088,347	7,496,246	8,134,011
Governor's Commission on Disabilities	10,701	22,949	44,901	66,677	111,163
Commission On Deaf and Hard of Hearing	72,061	73,904	130,000	131,807	62,454
Office of the Child Advocate	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$74,497,904</b>	<b>\$79,355,889</b>	<b>\$108,283,675</b>	<b>\$144,976,718</b>	<b>\$106,205,061</b>
<b>Education</b>					
Elementary and Secondary	\$30,921,135	\$38,321,214	\$37,427,492	\$40,978,695	\$44,184,864
Higher Education	1,977,455	1,909,415	3,134,496	3,037,234	2,556,166
University of Rhode Island	-	-	-	-	-
Rhode Island College	-	-	-	-	-
Community College of Rhode Island	590,746	559,499	633,400	642,100	655,700
RI Council on the Arts	7,950	5,776	45,000	45,000	15,000
RI Atomic Energy Commission	-	10,076	99,000	25,036	99,000
Historical Preservation and Heritage Comm.	67,462	29,972	421,439	422,100	422,100
<b>Subtotal - Education</b>	<b>\$33,564,748</b>	<b>\$40,835,951</b>	<b>\$41,760,827</b>	<b>\$45,150,165</b>	<b>\$47,932,830</b>

## Expenditures from Restricted Receipts

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>Public Safety</b>					
Attorney General	\$673,265	\$5,367,336	\$909,516	\$1,030,364	\$1,145,852
Corrections	59,329	46,800	59,369	3,531,961	960,082
Judicial	11,023,981	10,581,557	13,007,786	12,942,436	13,010,232
Military Staff	38,728	34,908	55,000	55,000	55,000
Emergency Management	251,022	375,927	468,005	634,687	553,132
Public Safety	1,304,821	505,800	6,136,198	6,348,890	9,389,065
Office Of Public Defender	-	-	-	-	-
<b>Subtotal - Public Safety</b>	<b>\$13,351,146</b>	<b>\$16,912,328</b>	<b>\$20,635,874</b>	<b>\$24,543,338</b>	<b>\$25,113,363</b>
<b>Natural Resources</b>					
Environmental Management	\$13,975,142	\$12,221,761	\$16,060,848	\$17,189,655	\$16,628,124
Coastal Resources Management Council	101,300	265,000	250,000	250,000	250,000
<b>Subtotal - Natural Resources</b>	<b>\$14,076,442</b>	<b>\$12,486,761</b>	<b>\$16,310,848</b>	<b>\$17,439,655</b>	<b>\$16,878,124</b>
<b>Transportation</b>					
Transportation	\$1,620,091	\$2,626,915	\$3,007,550	\$2,656,328	\$2,656,328
<b>Subtotal - Transportation</b>	<b>\$1,620,091</b>	<b>\$2,626,915</b>	<b>\$3,007,550</b>	<b>\$2,656,328</b>	<b>\$2,656,328</b>
<b>Total</b>	<b>\$258,575,766</b>	<b>\$259,603,831</b>	<b>\$311,382,120</b>	<b>\$383,240,349</b>	<b>\$348,918,183</b>

## Expenditures from Other Funds

	FY 2018	FY 2019	FY 2020	FY 2020	FY 2021
	Actual	Actual	Enacted	Revised	Recommend
<b>General Government</b>					
Administration	\$86,297,999	\$73,992,669	\$92,677,300	\$92,436,527	\$86,428,604
Business Regulation	-	423,977	566,359	511,073	273,013
Executive Office Of Commerce	2,527,719	7,425,000	9,450,000	9,450,000	12,510,000
Labor and Training	345,209,217	350,841,570	366,026,666	362,828,190	371,787,361
Revenue	360,435,969	394,023,252	421,358,173	435,711,933	435,845,214
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	103,610	-	-	-	170,000
General Treasurer	640,181	595,648	663,859	631,729	640,424
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$795,214,695</b>	<b>\$827,302,116</b>	<b>\$890,742,357</b>	<b>\$901,569,452</b>	<b>\$907,654,616</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	\$0	\$0	\$0	\$0	\$0
Children, Youth, and Families	439,547	398,236	2,860,000	1,367,062	2,000,000
Health	-	-	400,000	400,000	400,000
Human Services	4,603,000	4,754,094	5,013,478	4,711,138	4,693,478
Behavioral Healthcare, Developmental Disabilities and Hospitals	4,798,555	2,153,878	300,000	318,796	400,000
Governor's Commission on Disabilities	-	-	-	-	-
Commission On Deaf and Hard of Hearing	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$9,841,102</b>	<b>\$7,306,208</b>	<b>\$8,573,478</b>	<b>\$6,796,996</b>	<b>\$7,493,478</b>
<b>Education</b>					
Elementary and Secondary	\$3,211,894	\$4,457,307	\$1,109,000	\$1,683,857	\$2,009,000
Higher Education	10,092,459	10,329,190	15,070,680	13,030,282	13,937,331
University of Rhode Island	678,094,602	687,462,200	721,810,510	733,144,108	741,473,240
Rhode Island College	140,291,331	141,777,273	143,777,050	138,590,595	144,760,628
Community College of Rhode Island	107,456,834	107,358,993	111,849,404	112,563,605	116,598,396
RI Council on the Arts	313,073	347,651	626,000	595,000	602,750
RI Atomic Energy Commission	345,133	321,498	337,000	342,903	349,276
Historical Preservation and Heritage Comm.	90,995	144,886	128,570	142,307	146,624
<b>Subtotal - Education</b>	<b>\$939,896,321</b>	<b>\$952,198,998</b>	<b>\$994,708,214</b>	<b>\$1,000,092,657</b>	<b>\$1,019,877,245</b>

## Expenditures from Other Funds

	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommend
<b>Public Safety</b>					
Attorney General	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Corrections	4,313,321	10,263,470	13,453,328	22,880,000	6,300,000
Judicial	4,908,006	6,163,379	6,126,073	4,967,944	3,600,000
Military Staff	3,078,487	5,900,637	3,519,471	5,755,643	700,000
Emergency Management	1,494,414	1,494,414	1,494,414	1,494,414	1,744,414
Public Safety	3,936,958	3,005,171	6,166,801	5,401,302	3,185,515
Office Of Public Defender	-	-	-	-	-
<b>Subtotal - Public Safety</b>	<b>\$17,881,186</b>	<b>\$26,977,070</b>	<b>\$30,910,087</b>	<b>\$40,649,303</b>	<b>\$15,679,929</b>
<b>Natural Resources</b>					
Environmental Management	\$5,542,663	\$2,585,043	\$10,124,555	\$10,632,227	\$7,395,247
Coastal Resources Management Council	21,125	628,451	530,000	705,424	475,000
<b>Subtotal - Natural Resources</b>	<b>\$5,563,788</b>	<b>\$3,213,494</b>	<b>\$10,654,555</b>	<b>\$11,337,651</b>	<b>\$7,870,247</b>
<b>Transportation</b>					
Transportation	\$210,076,729	\$258,404,010	\$320,690,471	\$306,612,567	\$316,611,940
<b>Subtotal - Transportation</b>	<b>\$210,076,729</b>	<b>\$258,404,010</b>	<b>\$320,690,471</b>	<b>\$306,612,567</b>	<b>\$316,611,940</b>
<b>Total</b>	<b>\$1,978,473,821</b>	<b>\$2,075,401,896</b>	<b>\$2,256,279,162</b>	<b>\$2,267,058,626</b>	<b>\$2,275,187,455</b>

## Full-Time Equivalent Positions

	FY 2018	FY 2019	FY 2020 Enacted	FY 2020 Revised	FY 2021
<b>General Government</b>					
Administration	696.7	655.7	647.7	647.7	652.7
Business Regulation	106.0	161.0	161.0	161.0	171.0
Executive Office of Commerce	17.0	16.0	14.0	14.0	15.0
Labor & Training	428.7	409.7	390.7	390.7	395.7
Revenue	529.5	604.5	602.5	602.5	611.5
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	59.0	59.0	59.0	59.0	59.0
General Treasurer	89.0	89.0	89.0	89.0	89.0
Board Of Elections	12.0	13.0	13.0	13.0	13.0
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	54.0	53.0	52.0	52.0	54.0
<b>Subtotal - General Government</b>	<b>2,369.9</b>	<b>2,438.9</b>	<b>2,406.9</b>	<b>2,406.9</b>	<b>2,438.9</b>
<b>Human Services</b>					
Office of Health and Human Services	285.0	192.0	186.0	186.0	201.0
Children, Youth, and Families	612.5	631.5	621.5	642.5	640.5
Health	506.6	514.6	499.6	499.6	540.6
Human Services	981.1	1,020.1	1,038.1	1,038.1	1,037.1
Behavioral Healthcare, Developmental Disabilities, and Hospitals	1,319.4	1,302.4	1,189.4	1,189.4	985.4
Office of the Child Advocate	8.0	10.0	10.0	10.0	10.0
Commission On the Deaf & Hard of Hearing	4.0	4.0	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	4.0	4.0	4.0	4.0	4.0
<b>Subtotal - Human Services</b>	<b>3,724.6</b>	<b>3,682.6</b>	<b>3,556.6</b>	<b>3,577.6</b>	<b>3,426.6</b>
<b>Education</b>					
Elementary and Secondary Education	139.1	135.1	139.1	139.1	148.1
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
<b>Elementary Secondary Education - Total</b>	<b>325.1</b>	<b>321.1</b>	<b>325.1</b>	<b>325.1</b>	<b>334.1</b>
Office of Postsecondary Commissioner Standard	37.0	35.0	30.0	30.0	31.0
URI Standard	1,915.7	1,932.2	1,932.2	2,197.2	2,197.2
RIC Standard	850.2	873.2	873.2	873.2	873.2
CCRI Standard	765.1	765.1	760.1	760.1	760.1
<b>Higher Education - Total Standard</b>	<b>3,568.0</b>	<b>3,605.5</b>	<b>3,595.5</b>	<b>3,860.5</b>	<b>3,861.5</b>
RI Council On The Arts	8.6	8.6	8.6	8.6	8.6
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Historical Preservation and Heritage Commission	15.6	15.6	15.6	15.6	15.6
<b>Subtotal - Education</b>	<b>3,925.9</b>	<b>3,959.40</b>	<b>3,953.40</b>	<b>4,218.40</b>	<b>4,228.4</b>

## Full-Time Equivalent Positions

	FY 2018	FY 2019	FY 2020 Enacted	FY 2020 Revised	FY 2021
<b>Public Safety</b>					
Attorney General	235.1	237.1	239.1	239.1	247.1
Corrections	1,435.0	1,416.0	1,411.0	1,411.0	1,423.0
Judicial	723.3	723.3	726.3	726.3	726.3
Military Staff	92.0	92.0	92.0	92.0	96.0
Emergency Management	32.0	32.0	32.0	32.0	32.0
Public Safety	611.6	564.6	593.6	593.6	598.6
Office of the Public Defender	93.0	95.0	96.0	96.0	99.0
<b>Subtotal - Public Safety</b>	<b>3,222.0</b>	<b>3,160.0</b>	<b>3,190.0</b>	<b>3,190.0</b>	<b>3,222.0</b>
<b>Natural Resources</b>					
Environmental Management	400.0	395.0	394.0	394.0	405.0
Coastal Resources Management Council	29.0	30.0	30.0	30.0	30.0
<b>Subtotal - Natural Resources</b>	<b>429.0</b>	<b>425.0</b>	<b>424.0</b>	<b>424.0</b>	<b>435.0</b>
<b>Transportation</b>					
Transportation	775.0	755.0	755.0	755.0	800.0
<b>Subtotal - Transportation</b>	<b>775.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>800.0</b>
<b>Total Standard</b>	<b>14,446.4</b>	<b>14,420.9</b>	<b>14,285.9</b>	<b>14,571.9</b>	<b>14,550.9</b>
<b>Higher Education Third Party*</b>					
Office of Postsecondary Commissioner	1.0	1.0	1.0	1.0	1.0
CCRI	89.0	89.0	89.0	89.0	89.0
RIC	76.0	76.0	76.0	76.0	76.0
URI	573.8	622.8	622.8	357.8	357.8
<b>Subtotal Third Party</b>	<b>739.8</b>	<b>788.8</b>	<b>788.8</b>	<b>523.8</b>	<b>523.8</b>
<b>Total Higher Education</b>	<b>4,307.8</b>	<b>4,394.3</b>	<b>4,384.3</b>	<b>4,384.3</b>	<b>4,385.3</b>
<b>Total Personnel Authorizations</b>	<b>15,186.2</b>	<b>15,209.7</b>	<b>15,074.7</b>	<b>15,095.7</b>	<b>15,074.7</b>

## General Revenues as Recommended

	FY 2018 Audited	FY 2019 Audited	FY 2020 Enacted	FY 2020 Revised	FY 2021 Recommended
<b>Personal Income Tax</b>	\$ 1,345,272,113	\$ 1,396,962,571	\$ 1,426,800,000	\$ 1,443,878,222	\$ 1,496,976,740
<b>General Business Taxes</b>					
Business Corporations	127,674,418	155,110,673	164,000,000	143,700,000	154,840,000
Public Utilities Gross Earnings	109,594,153	101,612,604	103,200,000	104,000,000	105,230,000
Financial Institutions	29,176,929	21,145,195	24,400,000	24,400,000	21,100,000
Insurance Companies	130,261,721	116,968,195	119,675,238	126,110,806	128,743,971
Bank Deposits	1,638,592	2,899,581	3,000,000	3,000,000	3,000,000
Health Care Provider Assessment	44,099,790	43,945,864	45,418,233	43,700,000	44,139,806
<b>Sales and Use Taxes</b>					
Sales and Use	1,057,189,921	1,125,687,845	1,180,433,548	1,192,100,000	1,269,450,005
Motor Vehicle	20,821,761	1,034,994	3,000,000	1,800,000	3,000,000
Cigarettes	146,877,686	138,859,128	135,000,000	137,300,000	136,385,869
Alcohol	19,928,711	20,436,502	21,400,000	20,200,000	15,307,060
Controlled Substances	15,466	10,429			
<b>Other Taxes</b>					
Estate and Transfer	51,401,550	48,019,188	38,000,000	63,400,000	48,200,000
Racing and Athletics	1,081,031	1,151,342	1,100,000	1,200,000	1,200,000
Realty Transfer	12,841,566	12,748,199	13,500,000	14,200,000	14,663,278
<b>Total Taxes</b>	<b>\$ 3,097,875,408</b>	<b>\$ 3,186,592,309</b>	<b>\$ 3,278,927,019</b>	<b>\$ 3,318,989,028</b>	<b>\$ 3,442,236,729</b>
<b>Departmental Receipts</b>	<b>\$ 397,579,143</b>	<b>\$ 416,720,527</b>	<b>\$ 448,451,653</b>	<b>\$ 443,500,000</b>	<b>\$ 456,406,327</b>
<b>Taxes and Departmentals</b>	<b>\$ 3,495,454,551</b>	<b>\$ 3,603,312,836</b>	<b>\$ 3,727,378,672</b>	<b>\$ 3,762,489,028</b>	<b>\$ 3,898,643,056</b>
<b>Other Sources</b>					
Other Miscellaneous	37,054,016	12,367,090	28,650,000	47,652,000	31,592,708
Lottery	364,974,286	397,321,087	412,800,000	377,100,000	395,500,000
Cannabis					21,121,786
Unclaimed Property	10,901,582	11,578,604	9,900,000	9,900,000	8,400,000
<b>Other Sources</b>	<b>\$ 412,929,884</b>	<b>\$ 421,266,781</b>	<b>\$ 451,350,000</b>	<b>\$ 434,652,000</b>	<b>\$ 456,614,494</b>
<b>Total General Revenues</b>	<b>\$ 3,908,384,435</b>	<b>\$ 4,024,579,617</b>	<b>\$ 4,178,728,672</b>	<b>\$ 4,197,141,028</b>	<b>\$ 4,355,257,550</b>

## Changes to FY 2020 Enacted Revenue Estimates

	FY 2020 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 1,426,800,000	\$ 15,000,000	\$ 2,078,222	\$ 1,443,878,222
<b>General Business Taxes</b>				
Business Corporations	\$ 164,000,000	\$ (20,300,000)	\$ -	\$ 143,700,000
Public Utilities Gross	103,200,000	800,000	-	104,000,000
Financial Institutions	24,400,000	-	-	24,400,000
Insurance Companies	119,675,238	6,824,762	(389,194)	126,110,806
Bank Deposits	3,000,000	-	-	3,000,000
Health Care Provider	45,418,233	(1,718,233)		43,700,000
<b>Sales and Use Taxes</b>				
Sales and Use	\$ 1,180,433,548	\$ 11,666,452	\$ -	\$ 1,192,100,000
Motor Vehicle	3,000,000	(1,200,000)		1,800,000
Cigarettes	135,000,000	2,300,000	-	137,300,000
Alcohol	21,400,000	(1,200,000)	-	20,200,000
<b>Other Taxes</b>				
Estate and Transfer	\$ 38,000,000	\$ 25,400,000	\$ -	\$ 63,400,000
Racing and Athletics	1,100,000	100,000	-	1,200,000
Realty Transfer	13,500,000	700,000	-	14,200,000
<b>Total Taxes</b>	<b>\$ 3,278,927,019</b>	<b>\$ 38,372,981</b>	<b>\$ 1,689,028</b>	<b>\$ 3,318,989,028</b>
<b>Departmental Receipts</b>	448,451,653	(4,951,653)	\$ -	443,500,000
<b>Total Taxes and Departmentals</b>	<b>\$ 3,727,378,672</b>	<b>\$ 33,421,328</b>	<b>\$ 1,689,028</b>	<b>\$ 3,762,489,028</b>
<b>Other Sources</b>				
Other Miscellaneous	\$ 28,650,000	\$ 2,350,000	\$ 16,652,000	\$ 47,652,000
Lottery	412,800,000	(35,700,000)		377,100,000
Unclaimed Property	9,900,000	-	-	9,900,000
<b>Other Sources</b>	<b>\$ 451,350,000</b>	<b>\$ (33,350,000)</b>	<b>\$ 16,652,000</b>	<b>\$ 434,652,000</b>
<b>Total General Revenues</b>	<b>\$ 4,178,728,672</b>	<b>\$ 71,328</b>	<b>\$ 18,341,028</b>	<b>\$ 4,197,141,028</b>

## Changes to FY 2021 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 1,495,700,000	\$ 1,276,740	\$ 1,496,976,740
<b>General Business Taxes</b>			
Business Corporations	\$ 153,100,000	\$ 1,740,000	\$ 154,840,000
Public Utilities Gross	105,000,000	230,000	105,230,000
Financial Institutions	21,100,000		21,100,000
Insurance Companies	129,500,000	(756,029)	128,743,971
Bank Deposits	3,000,000	-	3,000,000
Health Care Provider	44,500,000	(360,194)	44,139,806
<b>Sales and Use Taxes</b>			
Sales and Use	\$ 1,239,800,000	\$ 29,650,005	\$ 1,269,450,005
Motor Vehicle	3,000,000		3,000,000
Cigarettes	133,600,000	2,785,869	136,385,869
Alcohol	20,600,000	(5,292,940)	15,307,060
<b>Other Taxes</b>			
Estate and Transfer	\$ 48,200,000	\$ -	\$ 48,200,000
Racing and Athletics	1,200,000	-	1,200,000
Realty Transfer	14,700,000	(36,722)	14,663,278
<b>Total Taxes</b>	<b>\$ 3,413,000,000</b>	<b>\$ 29,236,729</b>	<b>\$ 3,442,236,729</b>
<b>Departmental Receipts</b>	\$ 410,000,000	\$ 46,406,327	\$ 456,406,327
<b>Total Taxes and Departmentals</b>	<b>\$ 3,823,000,000</b>	<b>\$ 75,643,056</b>	<b>\$ 3,898,643,056</b>
<b>Other Sources</b>			
Other Miscellaneous	\$ 14,700,000	\$ 16,892,708	\$ 31,592,708
Lottery	395,500,000		395,500,000
Office of Cannabis Regulation Transfer		21,121,786	21,121,786
Unclaimed Property	8,400,000	-	8,400,000
<b>Other Sources</b>	<b>\$ 418,600,000</b>	<b>\$ 38,014,494</b>	<b>\$ 456,614,494</b>
<b>Total General Revenues</b>	<b>\$ 4,241,600,000</b>	<b>\$ 113,657,550</b>	<b>\$ 4,355,257,550</b>

# General Revenue Changes to Adopted Estimates

FY 2021	Governor Recommend
<b><u>Taxes</u></b>	
<b><u>Personal Income Tax</u></b>	
<b><i>Final Payments</i></b>	
Correction to Reflect Gross Contingency Fee Revenue (Currently Net of Expenditures)	\$ 1,809,278
Increase Rhode Island Earned Income Tax Credit to 16 percent of Federal Credit	(1,132,538)
<b><i>Subtotal: Final Payments</i></b>	<b>\$ 676,740</b>
<b><i>Withholding</i></b>	
Revenue Recapture Resulting from U.S. Treasury Offset Program	\$ 600,000
<b><i>Subtotal: Withholding</i></b>	<b>\$ 600,000</b>
<b><i>Subtotal: Personal Income Tax</i></b>	<b>\$ 1,276,740</b>
<b><u>General Business Taxes</u></b>	
<b><i>Business Corporations Tax</i></b>	
Revenue Recapture Resulting from U.S. Treasury Offset Program	\$ 1,740,000
<b><i>Subtotal: Business Corporations Tax</i></b>	<b>\$ 1,740,000</b>
<b><i>Public Utilities Gross Earnings</i></b>	
Revenue Recapture Resulting from U.S. Treasury Offset Program	\$ 230,000
<b><i>Subtotal: Public Utilities Gross Earnings</i></b>	<b>\$ 230,000</b>
<b><i>Insurance Companies Gross Premiums</i></b>	
<b><i>Personal Property and Casualty Insurance Companies</i></b>	
Revenue Recapture Resulting from U.S. Treasury Offset Program	\$ 20,000
<b><i>Subtotal: Personal Property and Casualty Insurance Companies</i></b>	<b>\$ 20,000</b>
<b><i>Health Maintenance Organizations</i></b>	
Reduction in Caseload Due to Optimization in RI Bridges	(604,226)
Eliminate Risk Sharing with Managed Care Organizations	314,000
Move Neonatal Intensive Care Services to Managed Care	451,226
Freeze Hospital Rates	(377,040)
Nursing Home Rate Reduction of 1 percent	(20,107)
Incentivize Managed Care Organizations to Utilize Cost-Effective Drugs	(30,752)
Ambulance Rate Increase	44,349
Maximize RIte Share Enrollment	(380,000)
Institute Co-Pays for Adults for Inpatient Hospital Stays and Prescription Drugs	(178,014)
Establish Coverage for Perinatal Doula Services	4,535
<b><i>Subtotal: Health Maintenance Organizations</i></b>	<b>\$ (776,029)</b>
<b><i>Subtotal: Insurance Companies Gross Premiums Tax</i></b>	<b>\$ (756,029)</b>
<b><i>Health Care Provider Assessment</i></b>	
<b><i>Nursing Homes</i></b>	
Nursing Home Rate Reduction of 1 percent	\$ (356,566)
Expand Dual Care Management Program, Increase Nursing Home Diversion	(58,628)
Revenue Recapture Resulting from U.S. Treasury Offset Program	55,000
<b><i>Subtotal: Nursing Homes</i></b>	<b>\$ (360,194)</b>
<b><i>Subtotal: Health Care Provider Assessment</i></b>	<b>\$ (360,194)</b>
<b><i>Subtotal: General Business Taxes</i></b>	<b>\$ 853,777</b>
<b><u>Sales and Excise Taxes</u></b>	
<b><i>Sales and Use Tax</i></b>	

## General Revenue Changes to Adopted Estimates

Impose Sales Tax on Computer Systems Design Services	\$	7,894,178
Impose Sales Tax on Courier and Messenger Services		4,070,500
Impose Sales Tax on Lobbying Services		692,982
Impose Sales Tax on Hunting, Trapping, Shooting Ranges		818,036
Impose Sales Tax on Interior Design Services		628,089
Reimpose Sales Tax on Wine and Spirits		14,432,605
Revenue Recapture Resulting from U.S. Treasury Offset Program		2,155,000
Impact of Federal Increase in Minimum Age to Buy Tobacco to 21 - Cigarettes		(280,388)
Impact of Federal Increase in Minimum Age to Buy Tobacco to 21 - OTP		(72,390)
Impact of Federal Increase in Minimum Age to Buy Tobacco to 21 - E-Cigs		(674,670)
Decreased Sales Tax from Cigarette Excise Tax Increase to \$4.60 per Pack		(13,938)
<b>Subtotal: Sales and Use Tax</b>	<b>\$</b>	<b>29,650,005</b>
<b>Cigarettes Excise Tax</b>		
<b>Cigarettes</b>		
Revenue Recapture Resulting from U.S. Treasury Offset Program	\$	45,000
Impact of Federal Increase in Minimum Age to Buy Tobacco to 21 - Cigarettes		(1,833,305)
Increase Cigarette Excise Tax by 35 cents to \$4.60 Per Pack		3,289,966
Cigarette Floor Stock Tax		1,047,725
<b>Subtotal: Cigarettes</b>	<b>\$</b>	<b>2,549,386</b>
<b>Other Tobacco Products</b>		
Revenue Recapture Resulting from U.S. Treasury Offset Program	\$	75,000
Impact of Federal Increase in Minimum Age to Buy Tobacco to 21 - OTP		(827,310)
Impose Other Tobacco Products Tax on E-liquid Nicotine Products		251,414
Increase Maximum per Cigar Tax to \$0.80		737,379
<b>Subtotal: Other Tobacco Products</b>	<b>\$</b>	<b>236,483</b>
<b>Subtotal: Cigarettes Excise Tax</b>	<b>\$</b>	<b>2,785,869</b>
<b>Alcohol Excise Tax</b>		
Reduce Excise Tax on High Proof Spirits to \$3.75 and Still Wine to \$0.60 per Gallon	\$	(5,292,940)
<b>Subtotal: Alcohol Excise Tax</b>	<b>\$</b>	<b>(5,292,940)</b>
<b>Subtotal: Sales and Excise Taxes</b>	<b>\$</b>	<b>27,142,934</b>
<b>Other Taxes</b>		
<b>Real Estate Conveyance Tax</b>		
Exempt Affordable Housing Transfers from Controlling Interest Transfer Tax	\$	(36,722)
<b>Subtotal: Real Estate Conveyance Tax</b>	<b>\$</b>	<b>(36,722)</b>
<b>Subtotal: Other Taxes</b>	<b>\$</b>	<b>(36,722)</b>
<b>Subtotal: All Taxes</b>	<b>\$</b>	<b>29,236,729</b>
<b>Departmental Receipts</b>		
<b>Licenses and Fees</b>		
DHS: Restore Hospital Licensing Fee Rate to 6 percent of Net-Patient Revenue	\$	32,308,294
DBR: Increase All Tiers of Fire Marshal Plan Review Fee Schedule		540,852
DBR: Increase Fire Marshal Inspection Fee from \$100 to \$250		13,950
DBR: Office of Cannabis Regulation License Fees Related to Adult Use Marijuana		699,000
DEM: Require Alternate Brand Names to Pay \$200 Pesticide Registration Fee		334,800
DEM: Expedited Permitting Revenues		599,212

## General Revenue Changes to Adopted Estimates

DMV: Increase Certified Driving Records Abstracts Fee from \$16 to \$20 For Online Subscribers		660,000
DMV: Impose A2 Inspection Enforcement Fee of \$100		1,832,100
DMV: Impose \$15 Fee for Late License and Registration Renewals		1,136,025
DMV: Transfer Commercial Driver's License Road Test from Community College of Rhode Island to DMV		94,000
DOR: Implement E-Cigarette/Tobacco Regulatory Licensing Fee of \$400		402,500
Revenue Recapture Resulting from U.S. Treasury Offset Program (Tobacco Dealers)		80,000
DOH: Join Interstate Licensing Compact for Nurses, EMS, Psychologists		(59,331)
DOH: Impose a Data Request Fee		438,900
DOH: Remove License Fee Exemption for Municipal, Volunteer, and Not-for-Profit EMT/EMT-Cardiac/Paramedic Licensees		333,600
DOH: Create New License for Surf Clam Processors and Impose Fee		366,138
DPS: Establish a \$50 Application Fee for the Division of Sheriffs Training Academy		13,000
	<b>Subtotal: Licenses and Fees</b>	<b>\$ 39,793,040</b>
<b><i>Fines and Penalties</i></b>		
Judiciary: New Fee for Driving Under the Influence/Refused Breathalyzer	\$	220,016
EOHHS: Impose Penalty for RIte Share Program Noncompliance		165,675
DLT: Workplace Tax Compliance Initiative		4,245,742
	<b>Subtotal: Fines and Penalties</b>	<b>\$ 4,631,433</b>
<b><i>Sales and Services</i></b>		
DHS: Transfer Veterans Home Board & Support Payments to Restricted	\$	(4,452,366)
	<b>Subtotal: Sales and Services</b>	<b>\$ (4,452,366)</b>
<b><i>Miscellaneous</i></b>		
Attorney General: Increased Settlements	\$	1,700,000
Implement New State Share at 16.7 percent of Increased State Hotel Tax (6 percent)		4,734,220
	<b>Subtotal: Miscellaneous</b>	<b>\$ 6,434,220</b>
	<b>Subtotal: Departmental Receipts</b>	<b>\$ 46,406,327</b>
<b><u>Other Sources</u></b>		
<b><i>Other Miscellaneous Revenues</i></b>		
Transfer of Excess Reserves from the Rhode Island Resource Recovery Corporation	\$	5,000,000
Transfer Excess Reserves from Rhode Island Student Loan Authority		2,000,000
Transfer Excess Reserves from Rhode Island Health & Educational Building Corporation		1,000,000
Transfer Excess Reserves from Rhode Island Infrastructure Bank		5,000,000
Transfer Excess Reserves from Narragansett Bay Commission		2,000,000
Transfer Funds from Rhode Island Housing to Support Housing Programs		1,093,375
Recapture 2 percent of Local Pass-Through Revenue to Offset Taxation Administrative Cost		799,333
	<b>Subtotal: Other Miscellaneous Revenues</b>	<b>\$ 16,892,708</b>
<b><i>Office of Cannabis Regulation Transfer</i></b>		
Adult Use Marijuana Revenue, State Share Net of Expenditures	\$	21,121,786
	<b>Subtotal: Office of Cannabis Regulation Transfer</b>	<b>\$ 21,121,786</b>
	<b>Subtotal: Other Sources</b>	<b>\$ 38,014,494</b>
<b>FY 2021 Total General Revenue Changes</b>	<b>\$</b>	<b>113,657,550</b>

**Appendix B**  
**Five-Year Financial**  
**Projection**

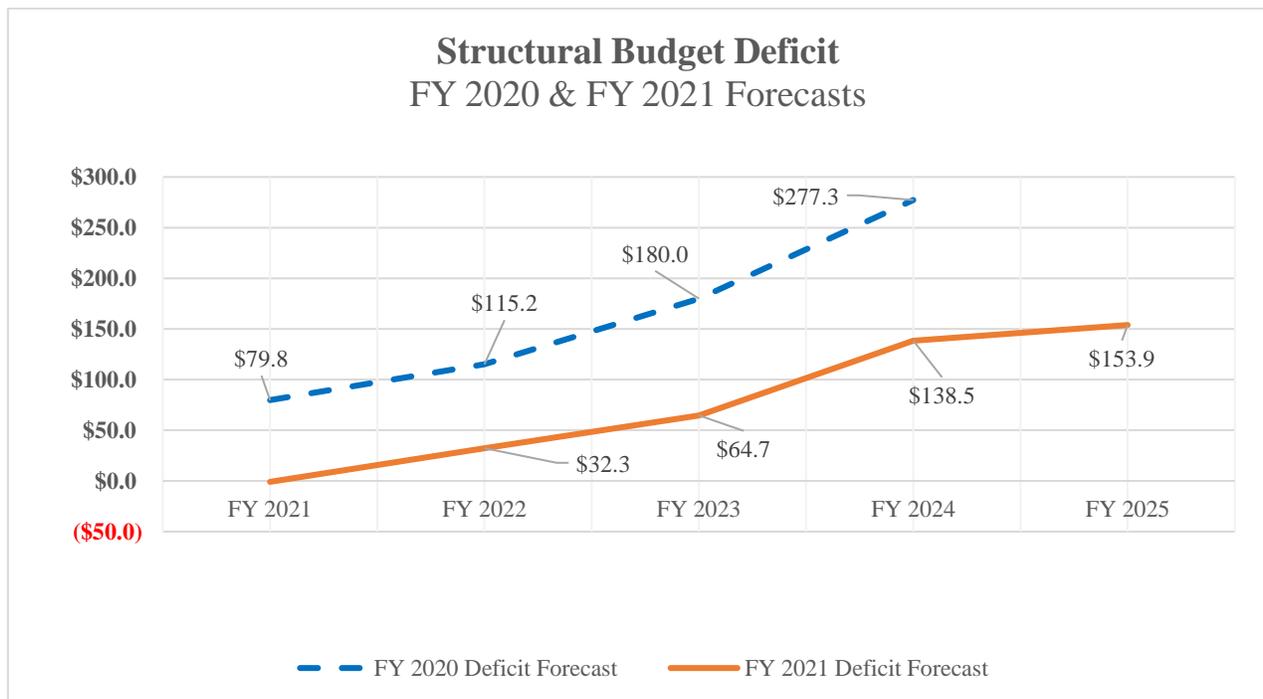
# FY 2021 – FY 2025 Overview

## Summary

This five-year financial projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws. It includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2025. 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 from those projected. Many of these risks, such as national economic and business conditions, and 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 2021 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2025. In percentage terms, the deficits are projected to range from 0.7 percent of spending in FY 2022 to 3.2 percent of spending in FY 2025. 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 2.3 percent over this same period.

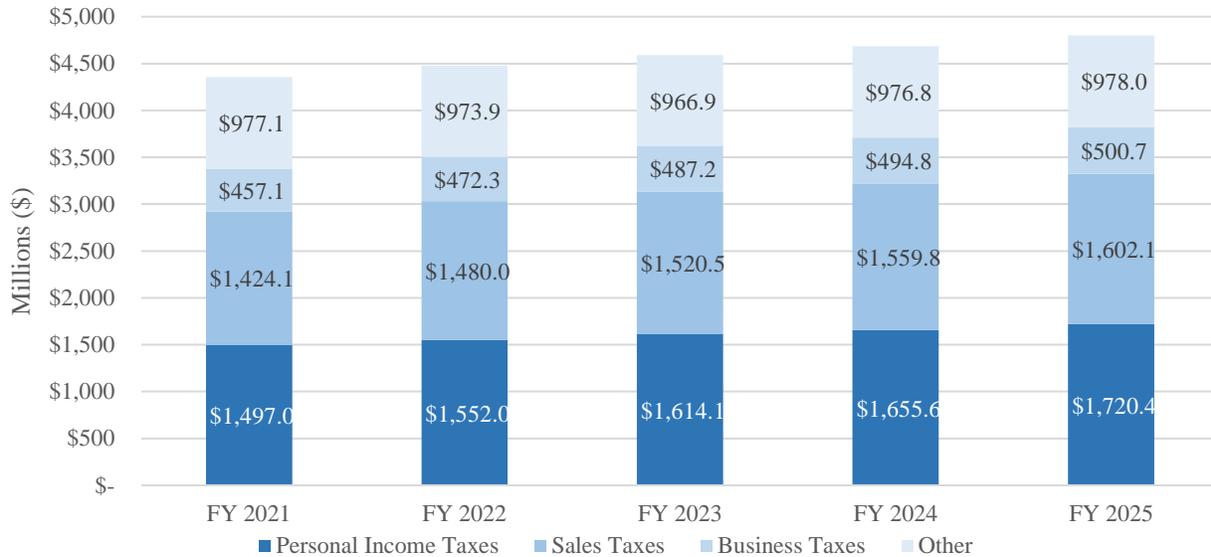


## Revenues

The revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2021 general revenue changes to the estimates adopted at the November 2019 Revenue Estimating Conference (REC). Overall revenues are expected to grow from \$4.355 billion in FY 2021 to \$4.801 billion in FY 2025.

# FY 2021 – FY 2025 Overview

## FY 2021 - FY 2025 Revenue Forecast



**Personal Income Taxes:** The five-year projected personal income tax revenues are estimated to grow by an average of 3.5 percent annually over this period. Low unemployment and a strong stock market have led to strong growth in personal income tax revenue. Employment growth is expected to flatten by the end of the forecast period, but the tight labor market is expected to keep wage growth around 4.0 percent. Withholding taxes, the largest component of personal income taxes, are expected to grow by 4.4 percent in FY 2022, with annual growth around 3.7 percent by FY 2025.

**Sales Taxes:** Average growth across all sales and use taxes is estimated at 3.0 percent annually over FY 2022 through FY 2025. Personal consumption expenditure growth is expected to remain strong, with FY 2020 growth at 4.3 percent, and annual growth around 4.0 percent through FY 2025. The tight labor market is expected to increase wages, which in turn drives consumer spending. This growth in spending is the main driver of strong sales tax growth. There are also base expansions, both in previous fiscal years and in the Governor’s Recommended FY 2021 budget, that help drive growth. Finally, the proposed cigarette tax increase, taxation of e-cigarettes, and the reduction of excise taxes on alcohol coupled with the return of sales tax on wine and spirits in FY 2021 drive additional growth. These impacts go from partial-year impacts to full-year impacts in FY 2022, which supports continued growth in FY 2022 of 3.9 percent, declining to around 2.7 percent in the subsequent years.

**Business Taxes:** Average growth across all business taxes is estimated at 2.3 percent annually over FY 2022 through FY 2025. The largest component of business taxes, corporate income tax, is expected to see a strong rebound in FY 2021 after a decline in FY 2020. This strong corporate income tax growth is expected to continue through FY 2023. A similar pattern is expected in the other business taxes, contributing to an overall growth rate in business taxes of 1.2 percent by FY 2025.

**Other Taxes/Other Sources:** The largest single category in other sources of revenue is the lottery transfer, which is expected to grow at 4.9 percent in FY 2021. Over the remaining years of the forecast, the annual average growth is expected to be -0.1 percent. The long-term trend in lottery revenue has been downward, with increased competition from Massachusetts casinos drawing away patrons. MGM Springfield opened in August 2018, and a new casino in Everett, MA opened in June 2019. In FY 2021, the first full year of mobile sports (combined with the second full year of on-site sports betting) and strong performance from the new

# FY 2021 – FY 2025 Overview

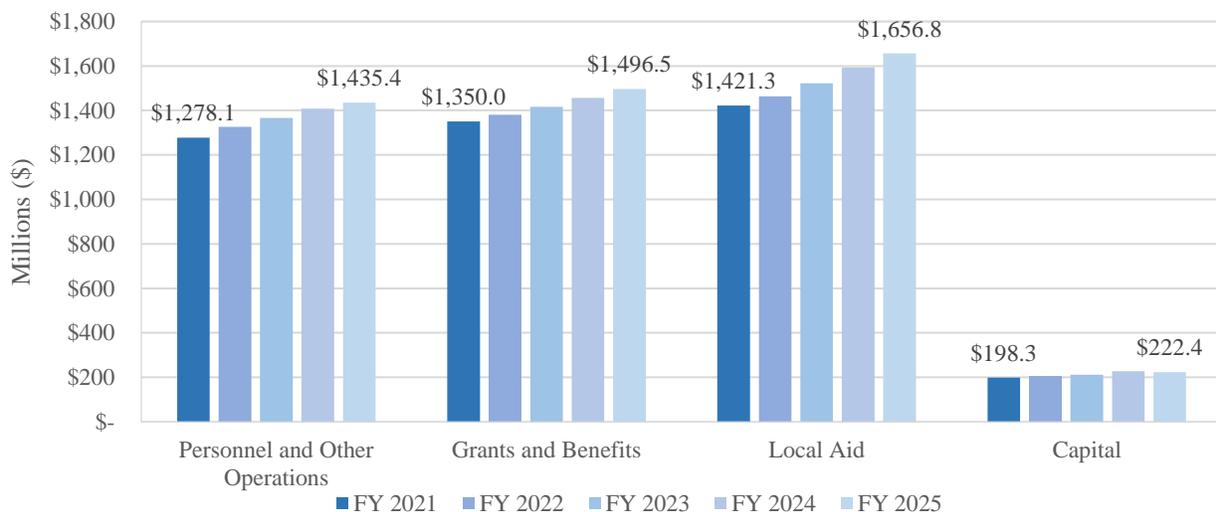
Tiverton Casino helps boost revenue. Over the FY 2022 through FY 2025 period, lottery revenues are essentially flat as long-term trends reassert themselves.

The Governor’s FY 2021 Recommended Budget also includes revenue generated by state-run adult use marijuana sales. Sales are expected to start in the last half of FY 2021, generating \$21.1 million in general revenue (net of regulatory expenditures and revenue sharing with municipalities and any contractors employed by the state). The forecast assumes a full year of sales in FY 2022 and also greater regulatory and public health costs that offset some of the additional revenue. Adult use marijuana is expected to generate \$39.6 million in general revenue in FY 2022 and grow around 3.0 percent annually after that.

## Expenditures

The expenditure projections contained in the five-year forecast incorporate the Governor’s FY 2021 proposed expenditures. Overall expenditures are expected to grow by 13.3 percent from \$4.248 billion in FY 2021 to \$4.811 billion in FY 2025.

### FY 2021 - FY 2025 Expenditure Forecast



### *Personnel and Other Operations*

The current five-year forecast assumes 12.3 percent average growth with \$1.278 billion of personnel and operating costs in FY 2021 and \$1.435 billion in FY 2025. Salary costs are projected to grow 9.8 percent from FY 2021 to FY 2025.

The forecast reflects employee cost sharing of 20.0 percent of medical premium cost that will continue to offset health insurance costs in FY 2021 and throughout the forecast period. Gross medical cost increases for health care premiums are expected to grow at 5.8 percent annually on average throughout the forecast period.

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 \$118.7 million in FY 2021 to \$138.9 million in FY 2025, reflecting growth of \$20.1 million in retirement costs, an average increase of 4.0 percent a year.

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## **FY 2021 – FY 2025 Overview**

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### *Grants and Benefits*

Grants and benefits are projected to increase by an average of 10.4 percent from \$1.350 billion in FY 2021 to \$1.497 billion in FY 2025. This growth rate results in an increase of \$146.5 million in this category of spending over the five-year horizon. This forecast assumes that major federal block grants for major programs such as Rhode Island Works program and the Child Care Assistance Program will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect for FY 2021.

The forecast projects that programs administered by the Executive Office of Health and Human Services and the Department of Human Services, primarily Medicaid, will experience average growth of 2.7 percent annually, rising from \$1.010 billion in FY 2021 to \$1.121 billion in FY 2025. 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 February 2019. The forecast also incorporates state and federal policy changes.

There are four main policy changes that impact the health and human services program forecast. The first is a federal policy change in how funding for the Children's Health Insurance Program (CHIP) is divided between the state and federal government. From federal fiscal year (FFY) 2016 through FFY 2020, the federal government assumed a higher share of the cost of CHIP. These rates will revert in FFY 2021, which is expected to cost the state around \$10 million annually starting (there is a three-quarter impact in FY 2021 and a full year impact in FY 2022). The other policy changes represent items in the Governor's FY 2021 budget. The State plans to end risk sharing for Medicaid managed care organizations, which had required the state the share in those MCOs gains and losses. This is expected to increase state spending by \$5.4 million in the budget year and the following year but save the state \$5.3 million annually starting in FY 2023. The budget proposes expanding the dual care management program to increase diversion from nursing homes, saving \$0.4 million in FY 2021 and \$1.4 million annually starting in FY 2022. Finally, the FY 2021 budget proposes an expansion of the RIte Share program, which helps subsidize employer-sponsored insurance in lieu of those employees enrolling in Medicaid. This is expected to save the state \$5.1 million in Medicaid costs in FY 2021 and \$10.1 million annually starting in FY 2022.

There are several programs within health and human services spending that have cost trends above the average for the overall categories. Hospital spending is expected to experience average annual growth of 5.5 percent from FY 2022 through FY 2025. Cost trends in institutional long-term care include an average annual growth rate of 4.7 percent from FY 2022 through FY 2025. For home care, the growth rate over the forecast horizon is estimated at 6.1 percent.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 2.4 percent annually. 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 are forecasted to grow at an average rate of 0.5 percent throughout the five-year period.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from \$121.6 million in FY 2021 to \$137.0 million in FY 2025. The forecast estimates savings from the privatization of Rhode Island Community Living and Supports (RICLAS) of \$2.9 million in FY 2021, increasing to \$3.9 million in savings annually starting in FY 2022. The forecast also includes the impact of the end of the enhanced federal match for "Health Homes," which is a mechanism to achieve conflict-free case management. Beginning in FY 2022 there are two quarters of the fiscal year in which the enhanced match for program services expires resulting in an additional need for \$1.0 million compared to FY 2021. Future years result in an additional \$5.1 to \$5.4 million through FY 2025.

Cost trends for general revenue state match expenditures to the Medicaid, Title IV-E, and other grant

# FY 2021 – FY 2025 Overview

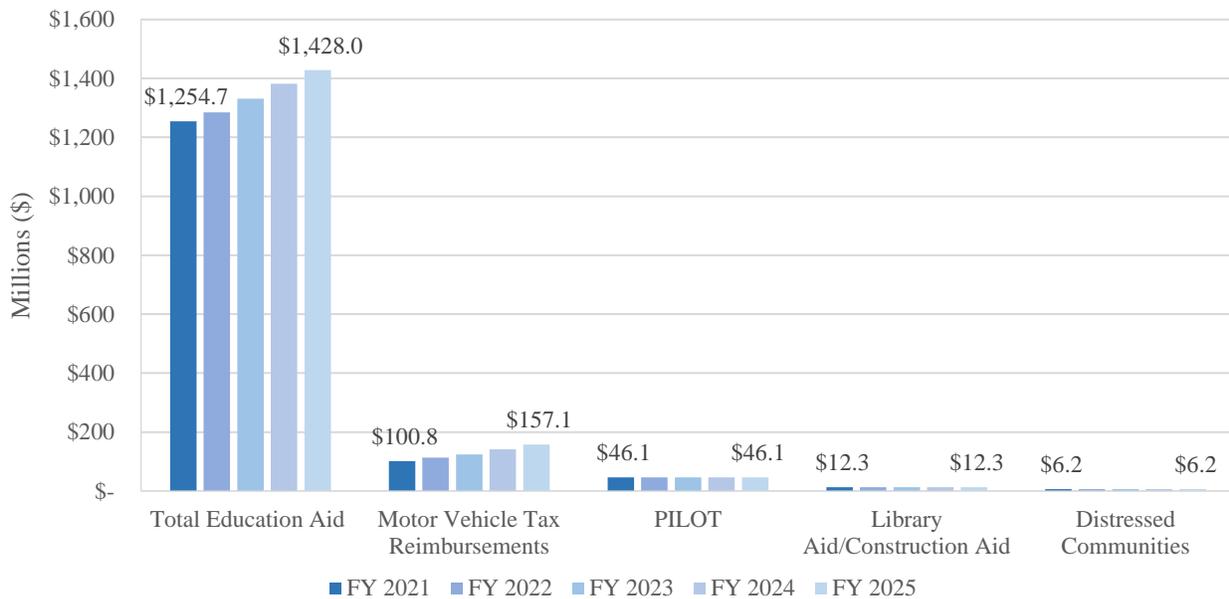
programs in the Department of Children Youth and Families are projected to grow from \$107.5 million to \$117.0 million between FY 2021 and FY 2025, an increase of 8.8 percent.

There are several factors that could significantly impact expenditures health and human services spending during the forecast period. These include changes in federal policy; 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.

## Local Aid

The current five-year forecast assumes 16.6 percent total growth with \$1.421 billion of local aid in FY 2021 and \$1.657 billion in FY 2025.

### FY 2021 - FY 2025 Local Aid Expenditure Forecast



Of the five largest local aid categories, three are expected to be level funded over the next five years: Payment in Lieu of Taxes (PILOT), Distressed Communities Aid, and Library Aid/Library Construction Aid. The forecast also includes other categories of local aid: the Property Revaluation Program, the Central Falls Pension Plan, and Tangible Personal Property Reimbursement. This final item is a proposal in the Governor’s FY 2021 Recommended Budget. The impacts from this proposal are assumed to be \$2.5 million in FY 2023 and \$5.0 million in FY 2024 and beyond.

Within the category Total Education Aid, the Education Aid program is expected to increase from \$990.1 million in FY 2021 to \$1.079 billion in FY 2025. This growth is a direct result of the education aid funding formula, which is nearing the end of its original a ten-year transition period. Districts that stood to gain money completed their seven-year transition period in FY 2018, while losing districts will gradually continue to lose funding through FY 2021. FY 2021 is the final year of the transition period. The five-year forecast assumes annual growth of the base educational aid funding formula of 2.0 percent from FY 2022 through FY 2025. In addition, the forecast assumes an added \$3.0 million annually in base formula aid as pre-kindergarten seats transition into the funding formula over time, starting in FY 2022. Another cost driver of total aid is the School Construction Aid Program. This forecast assumes a further bond issuance to support this program.

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## **FY 2021 – FY 2025 Overview**

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State contributions for teachers' retirement are projected to increase from \$118.4 million in FY 2021 to \$146.0 million in FY 2025. The forecast uses the FY 2019 actual growth of 5.4 percent as the assumed annual growth through FY 2025.

The total aid for the Motor Vehicle Excise Tax Phase-Out program is estimated to be \$100.8 million in FY 2021, \$112.6 million in FY 2022, \$124.4 million in FY 2023, \$141.4 million in FY 2024, and \$157.1 million in FY 2025.

### ***Capital***

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2021 – FY 2025 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations is projected to increase from \$198.3 million in FY 2021 to \$222.4 million in FY 2025, an increase of 12.1 percent.

Growth in debt service is driven by its largest component, General Obligation Bonds. This category is expected to increase by 41.6 percent, from \$108.7 million in FY 2021 to \$153.9 million in FY 2025. Debt service associated with the School Construction Aid Program bond is a significant factor in this increase. This growth is offset by decreases to debt service related to EDC Job Creation Guaranty, debt for the Historic Tax Credit program, and Performance Based debt.

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.

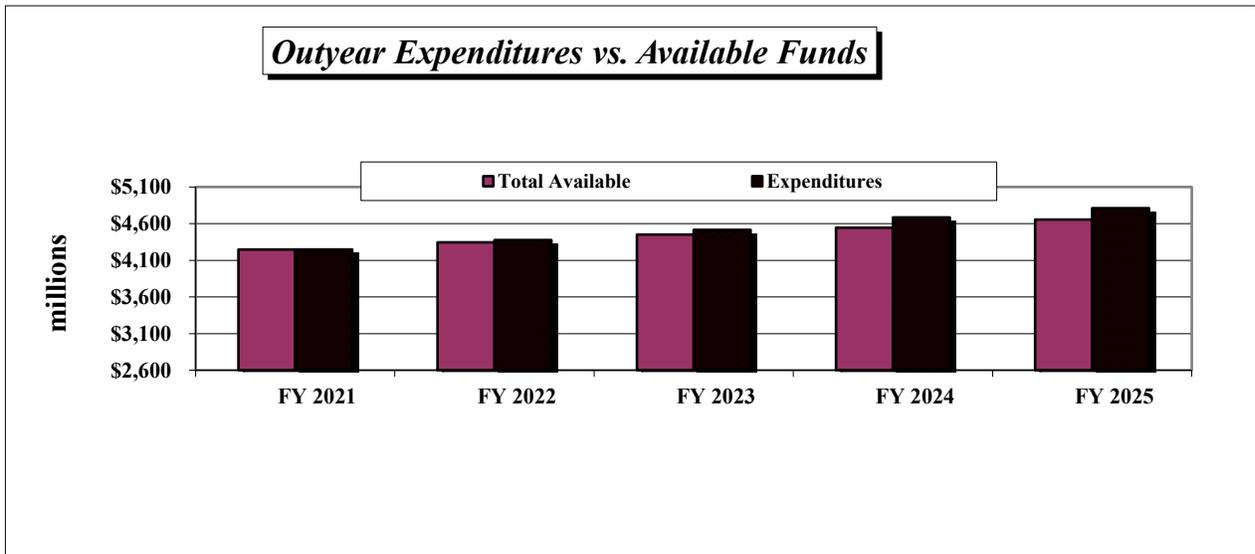
### ***Risks***

Expenditure-side risks must also be noted within the five-year projection. There are initiatives contained in the Governor's FY 2021 Budget that set the expenditure base at a lower level and therefore changes would need to be made if these initiatives are not adopted by the General Assembly. 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.

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 toward 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.

# General Revenue Outyear Estimates FY 2021 - FY 2025

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Opening Surplus <sup>(1)</sup></b>	<b>\$24.8</b>	<b>\$0.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Plus:</b>					
Taxes and Departmentals	3,898.6	4,023.9	4,132.9	4,229.6	4,340.8
Other Sources (incl. Lottery)	456.6	454.4	455.8	457.5	460.4
Budget Stabilization Fund	(131.4)	(134.4)	(137.7)	(140.6)	(144.0)
<b>Total Available</b>	<b>4,248.7</b>	<b>4,344.8</b>	<b>4,451.1</b>	<b>4,546.4</b>	<b>4,657.2</b>
<b>Minus Expenditures</b>	<b>4,247.8</b>	<b>4,376.2</b>	<b>4,515.8</b>	<b>4,685.0</b>	<b>4,811.1</b>
<b>Equals Ending Balance</b>	<b>\$0.9</b>	<b>(\$31.4)</b>	<b>(\$64.7)</b>	<b>(\$138.5)</b>	<b>(\$153.9)</b>
<i>Operating Surplus or Deficit</i>	<i>(\$23.9)</i>	<i>(\$32.3)</i>	<i>(\$64.7)</i>	<i>(\$138.5)</i>	<i>(\$153.9)</i>
Budget & Cash Stabilization Balance	\$218.1	\$212.9	\$217.0	\$221.9	\$226.1
 <b>Rhode Island Capital Fund</b>	 <i>140.8</i>	 <i>127.4</i>	 <i>130.1</i>	 <i>130.5</i>	 <i>115.6</i>
Capital Projects Disbursements					



<sup>(1)</sup> 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 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Personal Income Tax</b>	\$ 1,496,976,740	\$ 1,552,017,753	\$ 1,614,127,036	\$ 1,655,640,109	\$ 1,720,379,540
<b>General Business Taxes:</b>					
Business Corporations	154,840,000	164,555,148	175,512,537	176,170,673	178,989,113
Public Utilities	105,230,000	107,524,594	108,163,746	108,809,253	109,366,651
Financial Institutions	21,100,000	19,862,182	19,522,612	21,463,570	21,758,224
Insurance Companies	128,743,971	132,008,597	134,387,861	137,408,054	138,395,344
Bank Deposits	3,000,000	3,096,547	3,042,260	2,987,974	2,933,688
Health Care Provider	44,139,806	45,235,154	46,576,205	47,943,337	49,291,126
<b>General Business Taxes</b>	\$ 457,053,777	\$ 472,282,221	\$ 487,205,220	\$ 494,782,862	\$ 500,734,147
<b>Sales and Use Taxes:</b>					
Sales and Use	1,269,450,005	1,330,472,841	1,373,378,597	1,415,086,985	1,459,425,704
Motor Vehicle	3,000,000	2,983,610	3,011,030	3,038,036	3,064,726
Cigarettes	136,385,869	132,520,412	129,746,611	127,091,540	124,668,311
Alcohol	15,307,060	14,068,241	14,345,557	14,622,540	14,938,877
Controlled Substances	-	-	-	-	-
<b>Sales and Use Taxes</b>	\$ 1,424,142,934	\$ 1,480,045,104	\$ 1,520,481,795	\$ 1,559,839,101	\$ 1,602,097,619
<b>Other Taxes:</b>					
Estate and Transfer	48,200,000	42,841,651	40,156,545	40,774,475	41,398,553
Racing and Athletics	1,200,000	1,207,691	1,216,720	1,221,170	1,224,977
Realty Transfer Tax	14,663,278	14,662,698	15,012,819	15,362,939	15,713,060
<b>Other Taxes</b>	\$ 64,063,278	\$ 58,712,040	\$ 56,386,083	\$ 57,358,584	\$ 58,336,590
<b>Total Taxes</b>	\$ 3,442,236,729	\$ 3,563,057,119	\$ 3,678,200,135	\$ 3,767,620,656	\$ 3,881,547,896
Total Departmental Receipts	456,406,327	460,858,738	454,734,808	461,938,497	459,235,562
<b>Taxes and Departmentals</b>	\$ 3,898,643,056	\$ 4,023,915,857	\$ 4,132,934,943	\$ 4,229,559,152	\$ 4,340,783,458
<b>Other Sources</b>					
Other Miscellaneous	31,592,708	12,891,231	12,969,683	13,049,344	13,126,234
Lottery Commission Receipts	395,500,000	393,320,716	393,271,264	392,550,305	393,159,144
Office of Cannabis Regulation Transfer	21,121,786	39,588,992	40,778,509	41,860,354	42,926,502
Unclaimed Property	8,400,000	8,577,299	8,799,754	10,005,854	11,210,507
<b>Other Sources</b>	\$ 456,614,494	\$ 454,378,238	\$ 455,819,211	\$ 457,465,857	\$ 460,422,387
<b>Total General Revenues</b>	\$ 4,355,257,550	\$ 4,478,294,095	\$ 4,588,754,153	\$ 4,687,025,009	\$ 4,801,205,845

## General Revenue Outyear Estimates - Percentage Changes

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Personal Income Tax</b>	<b>3.7%</b>	<b>3.7%</b>	<b>4.0%</b>	<b>2.6%</b>	<b>3.9%</b>
<b>General Business Taxes:</b>					
Business Corporations	7.8%	6.3%	6.7%	0.4%	1.6%
Public Utilities	1.2%	2.2%	0.6%	0.6%	0.5%
Financial Institutions	-13.5%	-5.9%	-1.7%	9.9%	1.4%
Insurance Companies	2.1%	2.5%	1.8%	2.2%	0.7%
Bank Deposits	0.0%	3.2%	-1.8%	-1.8%	-1.8%
Health Care Provider	1.0%	2.5%	3.0%	2.9%	2.8%
<b>General Business Taxes</b>	<b>2.7%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>1.6%</b>	<b>1.2%</b>
<b>Sales and Use Taxes:</b>					
Sales and Use	6.5%	4.8%	3.2%	3.0%	3.1%
Motor Vehicle	66.7%	-0.5%	0.9%	0.9%	0.9%
Motor Fuel	*	*	*	*	*
Cigarettes	-0.7%	-2.8%	-2.1%	-2.0%	-1.9%
Alcohol	-24.2%	-8.1%	2.0%	1.9%	2.2%
Controlled Substances					
<b>Sales and Use Taxes</b>	<b>5.4%</b>	<b>3.9%</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.7%</b>
<b>Other Taxes:</b>					
Estate and Transfer	-24.0%	-11.1%	-6.3%	1.5%	1.5%
Racing and Athletics	0.0%	0.6%	0.7%	0.4%	0.3%
Realty Transfer Tax	3.3%	0.0%	2.4%	2.3%	2.3%
<b>Other Taxes</b>	<b>-18.7%</b>	<b>-8.4%</b>	<b>-4.0%</b>	<b>1.7%</b>	<b>1.7%</b>
<b>Total Taxes</b>	<b>3.7%</b>	<b>3.5%</b>	<b>3.2%</b>	<b>2.4%</b>	<b>3.0%</b>
<b>Total Departmental Receipts</b>	<b>2.9%</b>	<b>1.0%</b>	<b>-1.3%</b>	<b>1.6%</b>	<b>-0.6%</b>
<b>Taxes and Departmentals</b>	<b>3.6%</b>	<b>3.2%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>2.6%</b>
<b>Other Sources</b>					
Other Miscellaneous	-33.7%	-59.2%	0.6%	0.6%	0.6%
Lottery Commission Receipts	4.9%	-0.6%	0.0%	-0.2%	0.2%
Office of Cannabis Regulation Transfer	*	87.4%	3.0%	2.7%	2.5%
Unclaimed Property	-15.2%	2.1%	2.6%	13.7%	12.0%
<b>Other Sources</b>	<b>5.1%</b>	<b>-0.5%</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.6%</b>
<b>Total General Revenues</b>	<b>3.8%</b>	<b>2.8%</b>	<b>2.5%</b>	<b>2.1%</b>	<b>2.4%</b>

# General Revenue Outyear Expenditure Estimates

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>State Operations</b>					
Personnel and Contract Services	\$1,049,560,000	\$1,076,270,000	\$1,109,620,000	\$1,142,410,000	\$1,171,060,000
Other State Operations/Capital	228,530,000	233,470,000	239,610,000	245,290,000	250,910,000
Impact of Initiatives/Other Changes	-	15,950,000	16,520,000	19,820,000	13,420,000
<b>Subtotal</b>	<b>\$1,278,090,000</b>	<b>\$1,325,690,000</b>	<b>\$1,365,750,000</b>	<b>\$1,407,520,000</b>	<b>\$1,435,390,000</b>
<b>Grants and Benefits</b>					
<b>Executive Office of Health and Human Services &amp; Department of Human Services</b>					
Hospitals	23,100,000	24,120,000	25,490,000	26,940,000	28,630,000
Managed Care	497,340,000	509,790,000	515,030,000	526,690,000	538,400,000
Nursing Care	170,410,000	177,150,000	185,910,000	195,240,000	204,790,000
Home Care (HCBS)	38,200,000	40,560,000	43,040,000	45,640,000	48,360,000
Other Medicaid	55,840,000	51,810,000	52,900,000	54,100,000	55,300,000
Pharmacy	350,000	380,000	400,000	420,000	450,000
DEA Medicaid/CNOM	3,510,000	3,720,000	3,950,000	4,190,000	4,440,000
Cash Assistance- RIW/CCAP/GPA	14,280,000	14,590,000	14,970,000	15,330,000	15,680,000
Cash Assistance - SSI	18,890,000	18,980,000	19,080,000	19,170,000	19,270,000
Clawback	74,520,000	76,130,000	78,140,000	79,990,000	81,820,000
DSH	66,950,000	68,400,000	70,200,000	71,860,000	73,510,000
ACA- MA Population Expansion	46,210,000	47,120,000	48,110,000	49,200,000	50,300,000
<b>Department of Children Youth &amp; Families</b>					
Children & Family Services	107,460,000	109,580,000	111,890,000	114,420,000	116,960,000
<b>Department of Behavioral Healthcare, Developmental Disabilities &amp; Hospitals</b>					
Developmental Disabilities-Private	121,590,000	123,980,000	130,850,000	133,920,000	137,010,000
<b>Rhode Island Promise Scholarship</b>	<b>7,230,000</b>	<b>7,230,000</b>	<b>7,230,000</b>	<b>7,230,000</b>	<b>7,230,000</b>
<b>Other Grants and Benefits</b>	<b>104,160,000</b>	<b>106,410,000</b>	<b>109,210,000</b>	<b>111,800,000</b>	<b>114,360,000</b>
<b>Subtotal</b>	<b>\$1,350,040,000</b>	<b>\$1,379,950,000</b>	<b>\$1,416,400,000</b>	<b>\$1,456,140,000</b>	<b>\$1,496,510,000</b>
<b>Local Aid</b>					
Education Aid	1,254,650,000	1,285,150,000	1,330,580,000	1,381,680,000	1,427,980,000
Motor Vehicle Tax Reimbursements	100,750,000	112,630,000	124,420,000	141,450,000	157,110,000
PILOT	46,090,000	46,090,000	46,090,000	46,090,000	46,090,000
Distressed Communities	6,190,000	6,190,000	6,190,000	6,190,000	6,190,000
Fiscal Oversight Reimbursement	0	0	0	0	0
Library Aid	9,560,000	9,560,000	9,560,000	9,560,000	9,560,000
Library Construction Aid	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Property Revaluation Prgm	1,120,000	1,500,000	420,000	920,000	1,870,000
Central Falls Pension Plan	280,000	260,000	250,000	280,000	280,000
Tangible Personal Property Reimbursement	0	0	2,500,000	5,000,000	5,000,000
<b>Subtotal</b>	<b>\$1,421,340,000</b>	<b>\$1,464,080,000</b>	<b>\$1,522,710,000</b>	<b>\$1,593,870,000</b>	<b>\$1,656,780,000</b>
<b>Capital</b>					
<i>Debt Service</i>					
General Obligation	108,660,000	124,090,000	131,420,000	144,930,000	154,060,000
Historic Tax Credit Program	19,400,000	19,410,000	19,410,000	19,410,000	9,890,000
EDC Job Creation Guaranty/Other	14,960,000	3,190,000	2,440,000	4,140,000	4,140,000
COPS/Other Leases	28,280,000	36,730,000	36,740,000	35,870,000	31,250,000
Convention Center Debt	24,200,000	22,140,000	20,010,000	22,130,000	22,120,000
Performance Based	2,820,000	950,000	950,000	950,000	950,000
<b>Subtotal</b>	<b>\$198,320,000</b>	<b>\$206,510,000</b>	<b>\$210,970,000</b>	<b>\$227,430,000</b>	<b>\$222,410,000</b>
<b>Expenditures</b>	<b>\$4,247,790,000</b>	<b>\$4,376,230,000</b>	<b>\$4,515,830,000</b>	<b>\$4,684,960,000</b>	<b>\$4,811,090,000</b>

# General Revenue Outyear Planning Values

<b>Estimates and Growth</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Personal Income (billions) [1]</b>	\$64.0	\$66.4	\$69.0	\$71.7	\$74.6
<i>Change</i>	3.2%	3.9%	3.8%	3.9%	4.1%
<b>Nonfarm Employment (thousands) [1]</b>	508.0	509.7	509.9	508.7	507.9
<i>Change</i>	-0.2%	0.3%	0.0%	-0.2%	-0.2%
<b>CPI-U (U.S.) [1]</b>	2.36%	2.16%	2.63%	2.37%	2.29%
<b>Personal Income Tax [2]</b>	3.7%	3.7%	4.0%	2.6%	3.9%
<b>Business Corporation Tax [2]</b>	7.8%	6.3%	6.7%	0.4%	1.6%
<b>Provider Tax [2]</b>	1.0%	2.5%	3.0%	2.9%	2.8%
<b>Sales Tax [2]</b>	6.5%	4.8%	3.2%	3.0%	3.1%
<b>Other Taxes and Departmentals [3]</b>	3.6%	3.2%	2.7%	2.3%	2.6%
<b>Salaries and Fringe Benefits</b>					
Salary COLA/Steps/Longevity - [7]	2.36%	2.16%	2.63%	2.37%	2.29%
Medical Benefits Cost Growth [12]	4.85%	5.38%	5.74%	6.04%	5.88%
Retiree Health Rates [8]	5.87%	5.87%	5.87%	5.87%	5.87%
State Employees Retirement Rates [9]	27.54%	28.01%	28.68%	29.46%	29.34%
<b>Home Health Care</b>					
Expenditure Growth [4]	7.00%	6.19%	6.09%	6.04%	5.96%
<b>Nursing Home Care</b>					
Expenditure Growth [5]	4.42%	4.54%	4.94%	5.02%	4.90%
<b>Managed Care</b>					
Expenditure Growth [6]	2.38%	1.98%	2.11%	2.26%	2.22%
<b>Other Medicaid</b>					
Expenditure Growth [6]	2.38%	1.98%	2.11%	2.26%	2.22%
<b>DCYF Services</b>					
Expenditure Growth [6]	2.38%	1.98%	2.11%	2.26%	2.22%
<b>BHDDH- DD</b>					
Expenditure Growth [6]	2.38%	1.98%	2.11%	2.26%	2.22%
<b>Pharmacy</b>					
Expenditure Growth [10]	7.55%	6.34%	6.15%	6.14%	6.11%
<b>Hospital Care</b>					
Expenditure Growth [11]	5.76%	4.40%	5.70%	5.67%	6.28%

[1] November 2019 Consensus Economic Forecast based on IHS Market Rhode Island Forecast adopted at the November 2019 REC.

[2] Growth in estimates for FY 2021 as adopted at the November 2019 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2022 - FY 2024.

[3] Growth in estimates for FY 2021 as adopted at the November 2019 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.

[4] CMS National Health Expenditure Projections, February 2019, Home Health Care: State

[5] CMS National Health Expenditure Projections, February 2019, Nursing Home Care: State

[6] CMS National Health Expenditure Projections, February 2019, National Health Expenditures-Private Health Insurance as proxy with 50 percent policy adjustment

[7] Personnel Growth based on CPI-U; no specific COLA is assumed except for FY 2021 (annualized) as recently ratified, but it is expected there will be some COLA's awarded over

[8] State of Rhode Island Budget Office Estimate consistent with current actuarial rate.

[9] Estimate of actuarially required contribution based upon a % of payroll (GRS Valuation Report,

[10] CMS National Health Expenditure Projections, February 2019, Prescription Drugs: State

[11] CMS National Health Expenditure Projections, February 2019, Hospital Care: State Medicaid

[12] CMS National Health Expenditure Projections, February 2019, State and Local Government, Employer contributions to private health insurance premiums.

**Appendix C**  
**Statewide**  
**Personnel Summary**

# Personnel

## Statewide Summary

	FY 2020		FY 2021	
	FTE	Cost	FTE	Cost
Classified	9,128.5	604,297,378	9,072.5	614,812,288
Non-Classified	3,422.7	289,873,882	3,430.7	297,875,034
Unclassified	2,544.5	203,605,475	2,571.5	208,093,159
<b>Subtotal</b>	<b>15,095.7</b>	<b>1,097,776,735</b>	<b>15,074.7</b>	<b>1,120,780,481</b>
Transfer Out		(2,901,061)		(3,214,543)
Transfer In		2,901,061		3,214,543
Regular Wages		0		1,720,114
Salaries Adjustment		(3,392,242)		734,915
Correctional Officers' Briefing		1,780,909		1,789,768
Overtime		239,900		239,900
Overtime (1.5)		81,490,630		69,983,746
Overtime: Contractual		1,722,926		1,757,087
Seasonal/Special Salaries/Wages		94,347,989		95,795,506
Turnover		(32,738,477)		(34,823,271)
<b>Total Salaries</b>		<b>1,241,228,370</b>		<b>1,257,978,246</b>
<b>Benefits</b>				
Contract Stipends		3,438,590		3,466,341
FICA		82,551,615		84,581,184
Health Benefits		186,276,915		197,537,259
Holiday		8,566,669		9,081,588
Other		5,137,698		8,142,040
Payroll Accrual		6,040,247		6,163,774
Retiree Health		61,688,177		55,909,698
Retirement		254,011,347		268,960,535
Workers Compensation		571,694		618,078
<b>Subtotal</b>		<b>608,282,952</b>		<b>634,460,497</b>
<b>Total Salaries and Benefits</b>	<b>15,095.7</b>	<b>1,849,511,322</b>	<b>15,074.7</b>	<b>1,892,438,743</b>
<b>Cost Per FTE Position (Excluding Temporary and Seasonal)</b>		<b>122,584</b>		<b>125,604</b>
Statewide Benefit Assessment		40,357,065		41,218,324
<b>Payroll Costs</b>	<b>15,095.7</b>	<b>1,889,868,387</b>	<b>15,074.7</b>	<b>1,933,657,067</b>

# Personnel

## Statewide Summary

	FY 2020		FY 2021	
	FTE	Cost	FTE	Cost
<b>Purchased Services</b>				
Buildings and Ground Maintenance		10,917,475		9,975,273
Clerical and Temporary Services		6,163,047		6,260,835
Design and Engineering Services		51,939,442		51,826,736
Information Technology		75,783,879		95,829,385
Legal Services		7,824,557		8,288,858
Management & Consultant Services		110,097,912		84,446,657
Medical Services		20,793,766		20,185,783
Other Contracts		27,069,826		28,132,277
Training and Educational Services		61,775,936		61,528,778
University and College Services		24,768,793		24,173,278
<b>Subtotal</b>		<b>397,134,632</b>		<b>390,647,860</b>
<b>Total Personnel</b>	<b>15,095.7</b>	<b>2,287,003,019</b>	<b>15,074.7</b>	<b>2,324,304,927</b>
<b>Distribution by Source of Funds</b>				
General Revenue		1,014,007,904		1,068,119,550
Federal Funds		480,904,759		477,275,329
Restricted Receipts		183,760,101		148,593,247
Operating Transfers from Other Funds		6,722,925		7,188,583
Other Funds		601,607,330		623,128,217
<b>Total All Funds</b>		<b>2,287,003,019</b>		<b>2,324,304,927</b>

# **Appendix D**

## **The Budget Process**

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# The Budget Process: A Primer

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The purpose of this primer is to clarify the annual budget and appropriations processes.

**Appropriation Process.** According to Article IX, Section 15 of the Rhode Island Constitution, and Sections 35-3-7 and 35-3-8 of Rhode Island General Laws, the Governor must present spending recommendations to the General Assembly. *The Governor's Budget* reflects recommended 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 General Assembly, 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 currently entitled *Fiscal Year 2021 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.

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 Office of Management and Budget. 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 2021 is the fiscal year commencing on July 1, 2020 and ending June 30, 2021). The *current fiscal year* is the one which ends the coming June. The *actual fiscal years* are the years which concluded on June 30 of the two previous years. The *budget year* refers to the next fiscal year, which begins the July 1 following the submission of the Governor's Budget for that fiscal year. Finally, the term *out-years* refer to any fiscal years beyond the budget year and is often used in the context of the state's 5-year Capital Improvement Plan.

By law, *The Budget* must record two actual fiscal years of spending, as well as the Governor's revised spending recommendations for the current fiscal year, and the Governor's full recommendations for the budget year.

**Revenue Estimates and Caseload Estimates.** Receipt estimates for the current year and budget year are those adopted by the State Revenue Estimating Conference, as adjusted by any changes recommended by the Governor.

The State Revenue Estimating Conference was created by the 1990 General Assembly to provide the Governor and the Assembly with estimates of general revenues. It is composed of the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor, with the chair rotating among the three. It must meet no less than twice per year, in November and May, and can be convened at any other time by call of 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 consensus medical assistance (Medicaid) expenditures and caseload estimates for various programs of cash assistance, upon which the Governor's budget for these programs shall be based, and the appropriations by the assembly shall be made.

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# The Budget Process: A Primer

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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, in conjunction with the Office of Management and Budget and included in *The Governor's Budget*.

**Classification of State Spending.** The State of Rhode Island classifies state spending by function of government, category of expenditure, and source of funds

**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 Governor's Budget*: General Government, Health and Human Services, Education, Public Safety, Natural Resources, and Transportation.

The following explains the six functions of government included in *The Governor's Budget*.

*General Government* includes the administrative, policymaking, and regulatory functions of state government. Certain elected officials (Governor, Lieutenant Governor, General Treasurer, Secretary of State), the General Assembly (Legislature), and the Department of Administration are agencies that perform an administrative and/or policymaking 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 the general revenue collection activities of the state and administers the State Lottery.

*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 various support programs for Rhode Island's senior citizens at the Office of Healthy Aging. The Executive Office of Health and Human Services centrally coordinates the legal, budgetary, and policymaking activities of the Health and Human Services agencies.

The *Education* function provides various educational services and educational policy coordination on behalf of Rhode Islanders. The Department of Elementary and Secondary Education, the Office of the Postsecondary Commissioner, and the three state institutions of higher education provide direct education services under the aegis of the Board of Education and the Board of Trustees for the University of Rhode Island

*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 *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, including overtime.

*Contract Professional Services* includes services purchased from outside contractors and vendors.

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## The Budget Process: A Primer

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*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 education agencies budgeted within the Department of Elementary and Secondary Education is the largest segment of this category, followed by state aid to municipalities budgeted at the Department of Revenue.

*Assistance and Grants* constitute transfer payments, various subsidies, and healthcare/medical benefits to individuals or community agencies.

*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 most capital improvements, supported by other forms of financing (i.e. debt instruments), are generally found in the *Capital Budget*.

*Debt Service* includes periodic payments of principal and interest on short term tax anticipation notes, long term general obligation bonds, certificates of participation, and university/college revenue bonds.

*Operating Transfers* include inter-fund and inter-agency transfers of financial resources.

**Source of Funds.** Frequent reference is made in *The Governor's 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 funds.

General revenue receives the most attention in the budget because it is the largest of the "uncommitted" revenue sources available to finance the operations of state government. It is also the fund source to which most general tax receipts are credited. The General Assembly 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 General Assembly 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.

**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 percentage points 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. For FY 2015 and thereafter, the spending is limited to 97.0 percent of revenues and the budget reserve fund is capped at 5.0 percent of resources.

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## The Budget Process: A Primer

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**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 30<sup>th</sup> of that year. Revenues are estimated based on 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 based on "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.

**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.

In the spring and early summer, budget instructions and allocations ("targets") are distributed by the Office of Management and Budget to state agencies. At those times, agencies are instructed by the Office of Management and Budget 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 Office of Management and Budget.

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 Office of Management and Budget review agency budget requests. The Office of Management and Budget 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 Office of Management and Budget 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 Office of Management and Budget compiles the individual recommendations, aggregates them, and prepares *The Governor's Budget*

The Governor's budget recommendations traditionally are incorporated in one consolidated Appropriations Act, which also includes articles containing any statutory changes which would be required to implement the Governor's budget. In some budget cycles, two separate consolidated Appropriations Acts are submitted to the Generally Assembly; the first containing revised appropriations for the current fiscal year and the second presenting appropriations for the budget year.

The following table summarizes the **budget calendar** during the budget cycle:

Mid-July	Capital Budget Requests due to Office of Management and Budget.
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 Office of Management and Budget.
Late Sept./Early Oct.	Budget requests of Agencies with enacted all funds budget of over \$10.0 million due to Office of Management and Budget.

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## The Budget Process: A Primer

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Oct./Nov.	Agency Meetings to review Budget Recommendations.
Late Dec./Early Jan.	Gubernatorial Decisions on current year supplement and budget year recommendations.
3 <sup>rd</sup> Thursday in January	Statutory date for current-year Governor's Supplemental Appropriation bill submitted to Legislature.
3 <sup>rd</sup> Thursday in January	Statutory date for budget-year Governor's Budget Recommendation bill submitted to Legislature.

**Consideration by House of Representatives and Senate.** The Appropriations Act(s) are introduced into the House of Representatives 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 six 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. The Appropriation Act(s) are reprinted to reflect the recommendations of the full committee. The bill is then presented to the full House of Representatives, 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. Once the Act (or Acts) is presented and approved by the full Senate, the Governor has three options: 1) sign the Act into law, 2) veto the Act, 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 chamber.

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OPEB Board (Chair)  
Tobacco Settlement Financing Corp (Chair)  
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State Employee Retirement Board

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Coastal Resources Management Council  
Department of Environmental Management  
Office of the Governor  
Office of the Lieutenant Governor  
Public Utilities Commission  
Secretary of State  
Narragansett Bay Water Quality  
Commission  
Resource Recovery Corporation  
RI Health and Educational Building  
Corporation

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Department of Business Regulation  
Department of Labor and Training  
Office of the General Treasurer  
Rhode Island Ethics Commission  
Capital Center Commission  
Housing Resources Commission  
RI Convention Center Authority  
RI Housing and Mortgage Finance Corporation  
RI Infrastructure Bank

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Department of Environmental Management  
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RI Historical Preservation and Heritage Commission  
RI Industrial Facilities Corporation  
RI Industrial-Recreational Building Authority  
RI Student Loan Authority

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Department of Health  
Governor's Commission on Disabilities  
Office of the Child Advocate  
Office of the Mental Health Advocate  
Rhode Island Council on the Arts  
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Department of Business Regulation  
Department of Labor and Training  
Office of the General Treasurer  
Rhode Island Ethics Commission  
Capital Center Commission  
Housing Resources Commission  
RI Convention Center Authority  
RI Housing and Mortgage Finance  
Corporation  
RI Infrastructure Bank

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