

State of Rhode Island and Providence Plantations

Executive Summary

Fiscal Year 2010

Donald L. Carcieri, Governor

Executive Summary



State of Rhode Island and Providence Plantations

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

Donald L. Carcieri
Governor

9 March 2009

To the Honorable General Assembly:

The state and the nation face very challenging times. The 2010 Budget that I am recommending to the Rhode Island General Assembly reflects my commitment to provide governmental services in Rhode Island in an efficient and effective manner which is sustainable in the future. In order to lead state and local government towards that goal, I propose a revised FY2009 budget plan and a FY2010 budget plan that will:

- Allocate the federal stimulus money from the American Recovery and Reinvestment Act of 2009 in the most responsible and transparent way possible to stimulate our economy and retain and create jobs to get our people back to work;
- Reform of our public employee pension plans so that they are fair and sustainable;
- Help municipal officials to reduce costs at the local level to relieve the pressure to increase property taxes;
- Strengthen our safety net for our most vulnerable citizens by a careful and thoughtful implementation of the new Global Medicaid Waiver; and
- Reform our tax structure to make Rhode Island more business-friendly and competitive by phasing out the corporate income tax, modifying the personal income tax, and increasing the estate tax exemption amount.

The funding levels I am recommending for local governments will require them to make similar changes in their government operations, as we have done at the state level, and I have proposed legislation to help them do that. These changes are critical to create a structurally sound budget, one that is responsive to the needs of our citizens and is sustainable in the future.

I look forward to working with members of the General Assembly to address the major issues facing us.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Carcieri".

Donald L. Carcieri

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Overview

***Difficult Times
Call for
Difficult Decisions***

The State has projected structural deficits for several years. The Governor has recommended a series of actions during his administration in order to reduce and eventually eliminate the structural deficit. These recommendations have primarily been to reduce expenditures, as the Governor feels strongly that broad based tax increases will make Rhode Island less competitive and deter future economic growth. The FY 2010 budget continues to pursue the Governor's goal of bringing expenditures in line with underlying revenue growth. The Governor proposes additional pension reforms to lower costs and make public pensions more comparable to those in the private sector. Personnel costs have been reduced and State government will operate with fewer state and contract employees than in years past. The State's retiree health benefits have been modified to make it more affordable to the taxpayers and provide for more transparency on the cost of providing these benefits to current and future retirees. Gradual reforms are in development to change the way in which Medicaid services are procured and delivered. The Family Independence Program has been restructured to promote work participation and family units. With respect to local government spending, the Governor recommends legislation that will help local governments take control of their spending and be more accountable to their property taxpayers.

The national economy is in a crisis, facing the prospects of a deep and prolonged recession. Initiated by a freeze in the credit markets, home prices across the country have spiraled downward coupled with a drop in consumer confidence and decreased spending. As a result, the stock market has withdrawn to a level that has wiped out a decade of gains, and investors have seen personal and retirement income almost halved in a brief period. The national unemployment rate has reached levels not seen since the recession of 1983. As such, Congress proposed and on February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 ("ARRA"). The Act provides \$789 billion nationwide through spending programs, tax cuts, and other provisions.

***Federal Stimulus
Funds Included in
Governor's
Recommended FY 2009
and FY 2010 Budgets***

Over the life of the stimulus, it is estimated that the bill will provide over \$1.0 billion to Rhode Island, not including tax cuts for individuals and businesses. Based on formula-driven grants, the Governor has included \$252.1 million in the Revised FY 2009 budget and \$529.1 million in the FY 2010 budget. Potential competitive grant awards have not been included, and any grants awarded to Rhode Island will be budgeted at that time. The categories in the stimulus act that affect the Governor's Budget for FY 2009 and FY 2010 include:

- State Fiscal Stabilization Fund – ARRA provides grants to state governors for fiscal relief including funding for local schools and higher education, public safety, and other government organizations. The majority of the stabilization fund must be used for education and the balance is flexible for the Governor to allocate for fiscal relief. The Governor recommends \$55.0 million in the FY 2009 revised budget and \$55.0 million in the FY 2010 budget. The Governor will seek a waiver from the maintenance of effort requirements, and has recommended that the funds be allocated in FY 2009 to Higher Education (\$6.6 million), K-12 (\$38.3 million), and general purpose funds to the Station Fire settlement (\$10.0 million). In FY 2010, the Governor recommends that the funds be allocated to Higher Education (\$7.8 million), K-12 (\$37.2 million), and general purpose funds to relieve the state of distressed communities' aid (\$10.0 million).

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- Health – ARRA includes provisions for increased aid for state health mandates. Of the health categories receiving additional funding, the increased Federal Medicaid Assistance Percentage (FMAP) is especially important to the State. This is the federal cost-share of Medicaid and Foster Care and Adoption Assistance. The increased percentage rate paid by the federal government provides direct relief to general revenues. Again, the general revenue reduction in the FY 2009 and FY 2010 budget is largely driven by the provision of the American Reinvestment and Recovery Act (ARRA) establishing a temporary increase in the Federal Medicaid Assistance Percentage (FMAP), from 52.62 percent to 63.93 percent in (Federal) FY 2010. When applied to the applicable base Medicaid expenditures, the resultant increase in federal participation totals \$137.3 million in the FY 2009 revised budget and \$184.2 million in the FY 2010 budget, with appropriation of these additional federal funds allowing for withdrawal of an equivalent amount of general revenues in the Medicaid program.

Agency	FY 2009			FY 2010
	FY 2009 Original Supplemental Estimate of Enhanced Match	Final FY2009 Supplemental	Change	Governor's Recommended Enhanced Match
Department of Human Services	(\$19.5)	(\$95.0)	(\$75.5)	(\$129.0)
Department of Health	(0.1)	(0.1)	(0.0)	(0.1)
Department of Mental Health, Retardation	(6.3)	(35.2)	(29.0)	(45.6)
Department of Elderly Affairs	(0.2)	(0.7)	(0.5)	(0.9)
Department of Children, Youth, and Families	(1.5)	(6.3)	(4.8)	(8.5)
Total	(\$27.5)	(\$137.3)	(\$109.8)	(\$184.2)

- Human Services – ARRA provides additional grants for child care development, Head Start programs, community services, and child support enforcement. The Governor recommends \$3.0 million in the FY 2009 revised budget and \$13.9 million in the FY 2010 budget.
- Nutrition – ARRA includes additional funding for the Special Supplemental Nutrition Program for Women and Children (WIC) and the Supplemental Nutrition Assistance Program (SNAP). The Governor recommends \$8.1 million in the FY 2009 revised budget and \$35.9 million in the FY 2010 budget.
- Transportation – ARRA provides additional federal grants to state and local governments for transportation-related programs, including funding for federal highways, transit formula grants, fixed guide way modernization, surface transportation grants, competitive airport grants, and passenger rail grants. The Governor recommends \$20.0 million in the FY 2009 revised budget and \$97.4 million in the FY 2010 budget.

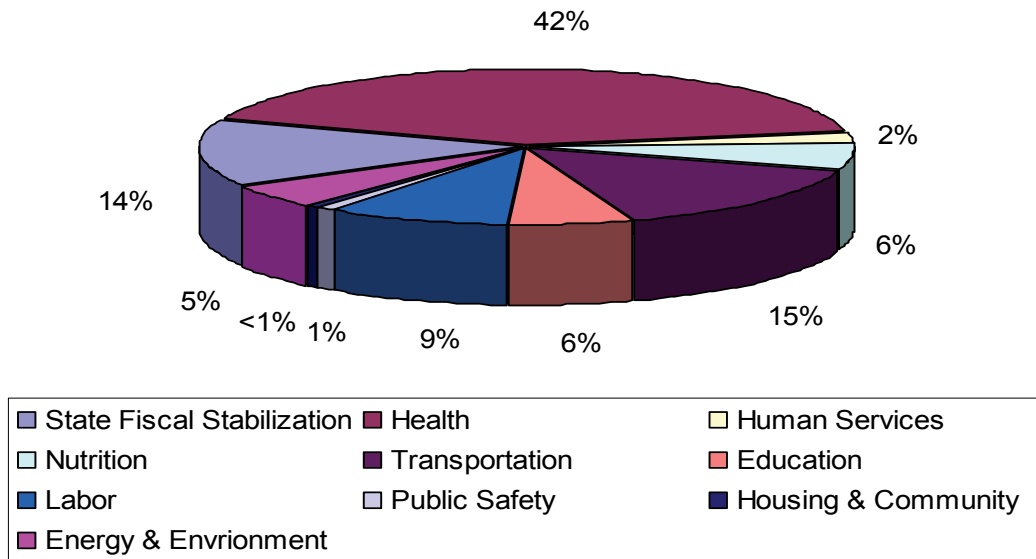
Overview

- Education – ARRA provides additional funding through existing K-12 federal-state programs. This includes Title I, Special Education, Education for Homeless Children & Youth, Teacher Incentive Fund, Impact Aid, and Vocational Rehabilitation. The Governor recommends \$215,641 in the FY 2009 revised budget and \$48.9 million in the FY 2010 budget.
- Employment & Labor Force – Additional grants for employment and labor force programs are included in the ARRA. These programs are the Workforce Investment Act (WIA), Employment Service, and Unemployment Insurance, which are all dedicated to aiding and training the unemployed. The Governor recommends \$17.1 million in the FY 2009 revised budget and \$54.8 million in the FY 2010 budget.
- Housing & Community Development – ARRA provides additional funding for existing state housing programs including the Community Development Block Grant, neighborhood stabilization grants, HOME funds, and public housing authorities. The Governor recommends \$270,594 in the FY 2009 revised budget and \$3.4 million in the FY 2010 budget.
- Energy & Environment – ARRA provides grants to the state for energy and environment improvements in three forms including the State Energy Program, Weatherization Assistance, and the Energy Efficiency and Conservation Block Grant. The Governor recommends \$7.0 million in the FY 2009 revised budget and \$33.0 million in the FY 2010 budget.
- Public Safety – ARRA provides additional funding for state justice programs including the Edward Byrne Memorial Justice Assistance Grant, the Violence against Women Grant, the Crime Victims Assistance Grant, the Internet Crimes against Children Grant, and the Operation and Maintenance – Army National Guard grant. The Governor recommends \$4.4 million in the FY 2009 revised budget and \$4.0 million in the FY 2010 budget.

While the ARRA provides needed relief during this time of fiscal stress, the use of one time money for ongoing expenditures will create a larger structural deficit for the State. It is important that an appropriate “exit strategy” be developed in order to address the fall off in federal revenues which will occur. The five-year financial projection will reveal the significance of the problem. The Governor’s recommendation for the stimulus funds over FY 2009 and FY 2010 are allocated by ARRA categories as follows:

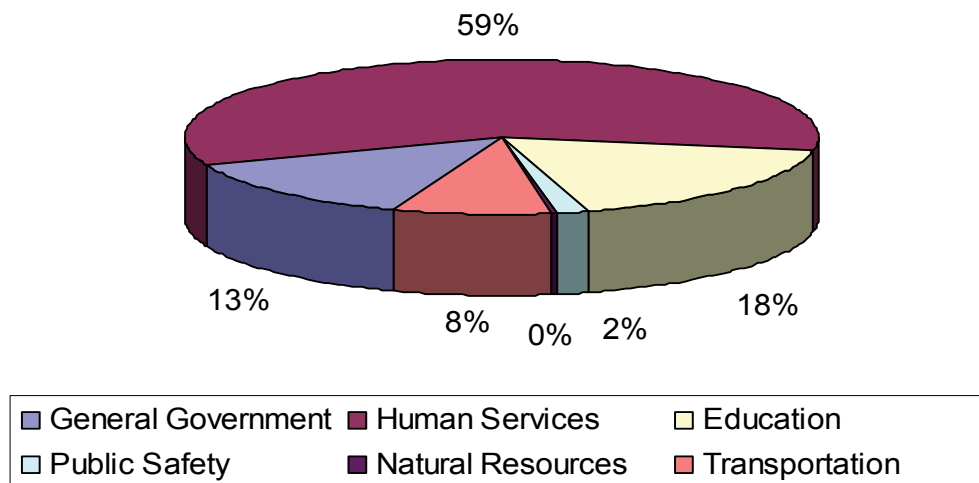
Overview

FY 2009 & FY 2010 Stimulus Allocation



The Governor recommends that the stimulus funds are budgeted in the FY 2009 revised budget in thirteen state agencies by function as follows:

FY 2009 Stimulus Agency Allocation

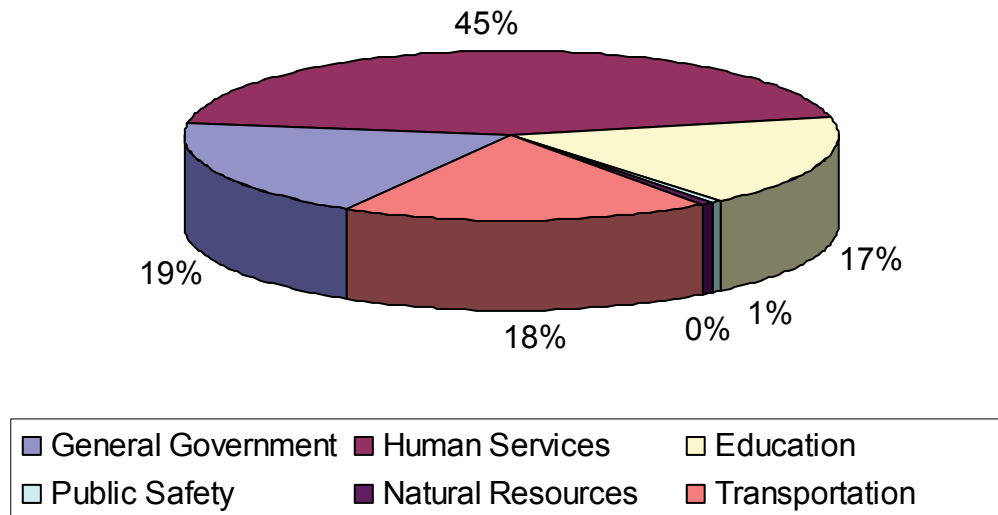


By far the largest amount of the federal stimulus funds is allocated to the Human Service agencies – \$148.4 million. Other categories of state agencies anticipating federal funds include: Education - \$45.1 million, General Government – \$33.6 million, Transportation – \$20.0 million, Public Safety – \$4.4 million, and Natural Resources – \$675,000.

Overview

For FY 2010, the Governor recommends that the stimulus funds are budgeted in fourteen state agencies by function as follows:

FY 2010 Stimulus Agency Allocation



In FY 2010, the Human Services agencies expect the most funding – \$234.3 million, followed by General Government agencies – \$99.4 million, Transportation – \$97.4 million, Education – \$92.3 million, Public Safety – \$3.8 million, and Natural Resources – \$2.0 million.

Of the federal funds anticipated to be received by Rhode Island for FY 2009 through FY 2011, an estimated \$164.2 million will be used for capital projects. The Department of Transportation and Military Staff spending is reflected in the State Budget, but the funds received and expended for clean water and drinking water projects are not. They are recorded in the Clean Water Finance Agency, a quasi-public agency of state government.

- Additional funds of \$137.1 million for the Department of Transportation for highway infrastructure investment, which will be spent over three years for fifty separate projects throughout the state including highway, road and bridge repair, pavement resurfacing as well as enhancement projects, such as lighting and drainage improvements. The Department is also expected to receive a total of \$612,000 in fixed guideway infrastructure grants, which are expected to be spent over two years starting in FY 2010.
- Additional funds of \$604,900 for roof replacement to the U.S. Property and Fiscal Office and window replacement to the Federal Maintenance Shop of the Warwick Armory, which is used by the Rhode Island National Guard.
- Additional funds of \$26.5 million for the Clean Water Finance Agency for both clean water and drinking water projects that will be selected from the State of Rhode Island’s priority project lists. At least 50.0 percent of grants must be devoted to subsidization in the form of loan principal forgiveness, negative interest loans, or grants. A total of 20.0 percent of grants should be devoted to projects that address green infrastructure, water or energy improvements, or other

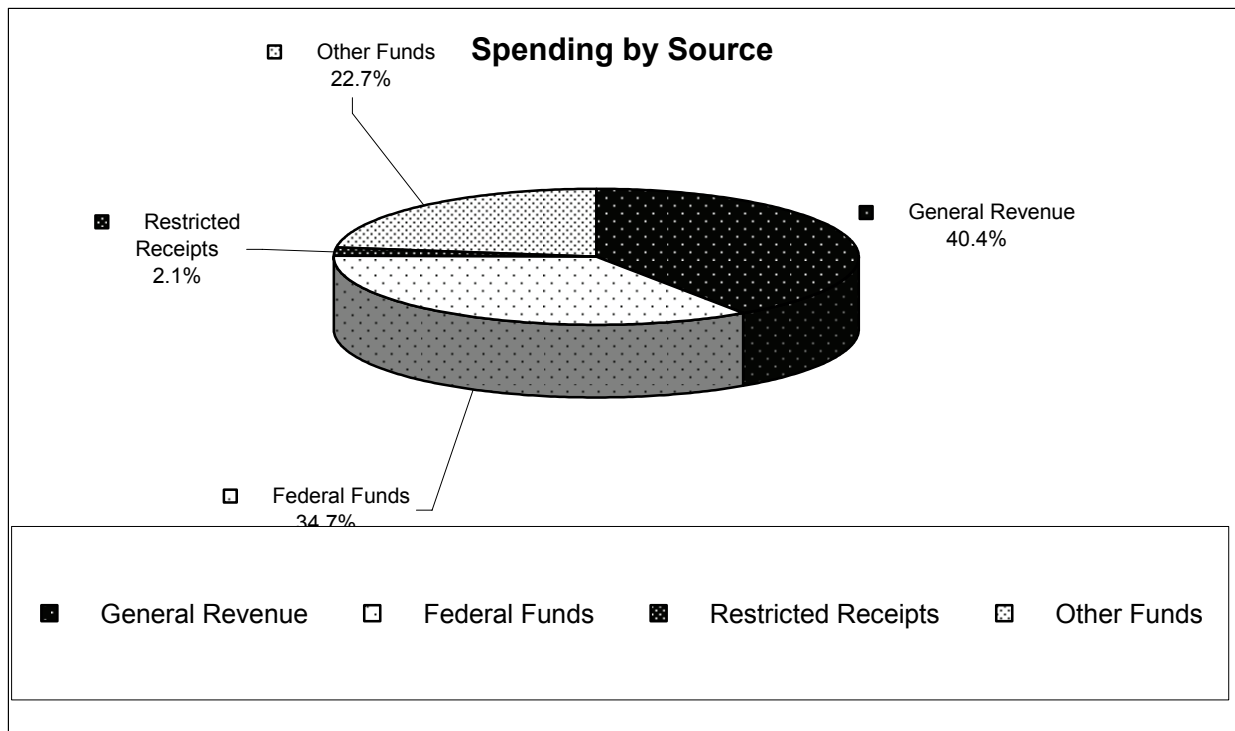
Overview

environmentally innovative activities. The grants cannot be used for the purchase of land or easements.

The Governor has certified Rhode Island's participation in the ARRA and thereby has assumed the responsibility that the funds are used to support activities that will create jobs and promote economic development. Further, the Governor, by Executive Order 09-04, has established the Office of Economic Recovery and Reinvestment within the Office of the Governor. The Office will be responsible for administering and complying with ARRA; establishing processes for identifying, evaluating, and tracking ARRA initiatives; and will be responsible for transparency, tracking, and reporting of the funds provided by the ARRA.

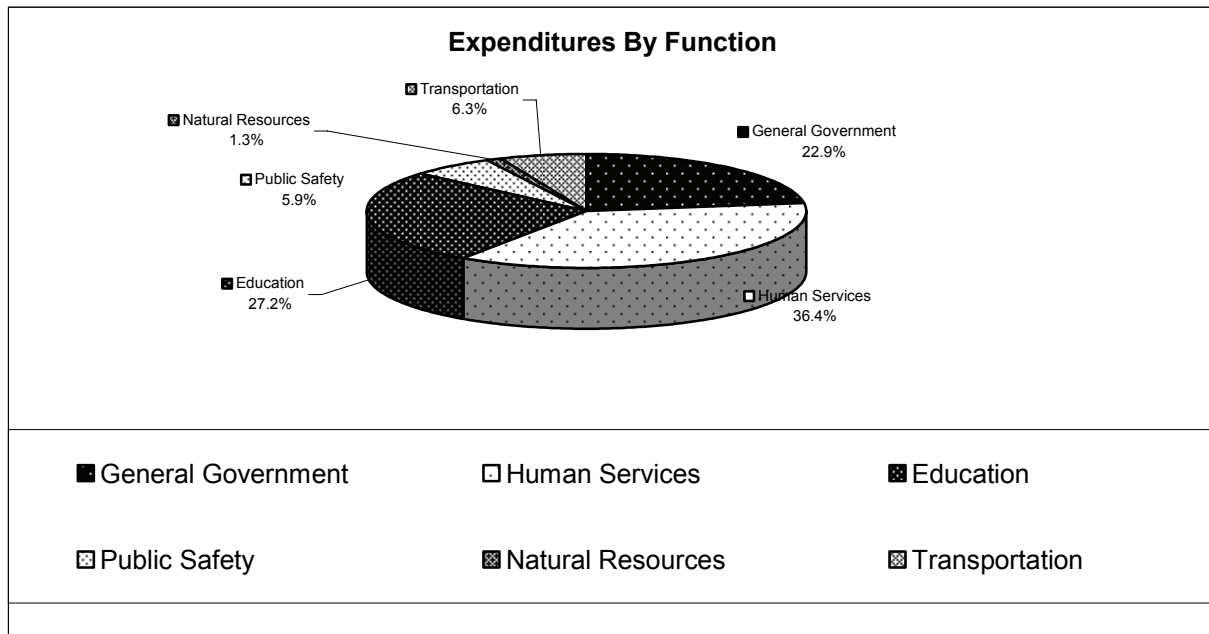
General revenue funded expenditures in FY 2010 total \$3.079 billion. This is \$197.1 million less than the FY 2009 enacted budget, a 6.0% reduction. All funds expenditures for FY 2010 are \$7.615 billion. Of this total, \$3.079 billion, or 40.4 percent, is from general revenue, \$2.644 billion, or 34.7 percent, from federal funds, \$1.729 billion, or 22.7 percent, from other sources, and \$158.2 million, or 2.1 percent, is from restricted or dedicated fee funds.

***Federal Stimulus
Helps Reduce State
General Revenue
Spending in FY2010 to
Less than in FY2009***

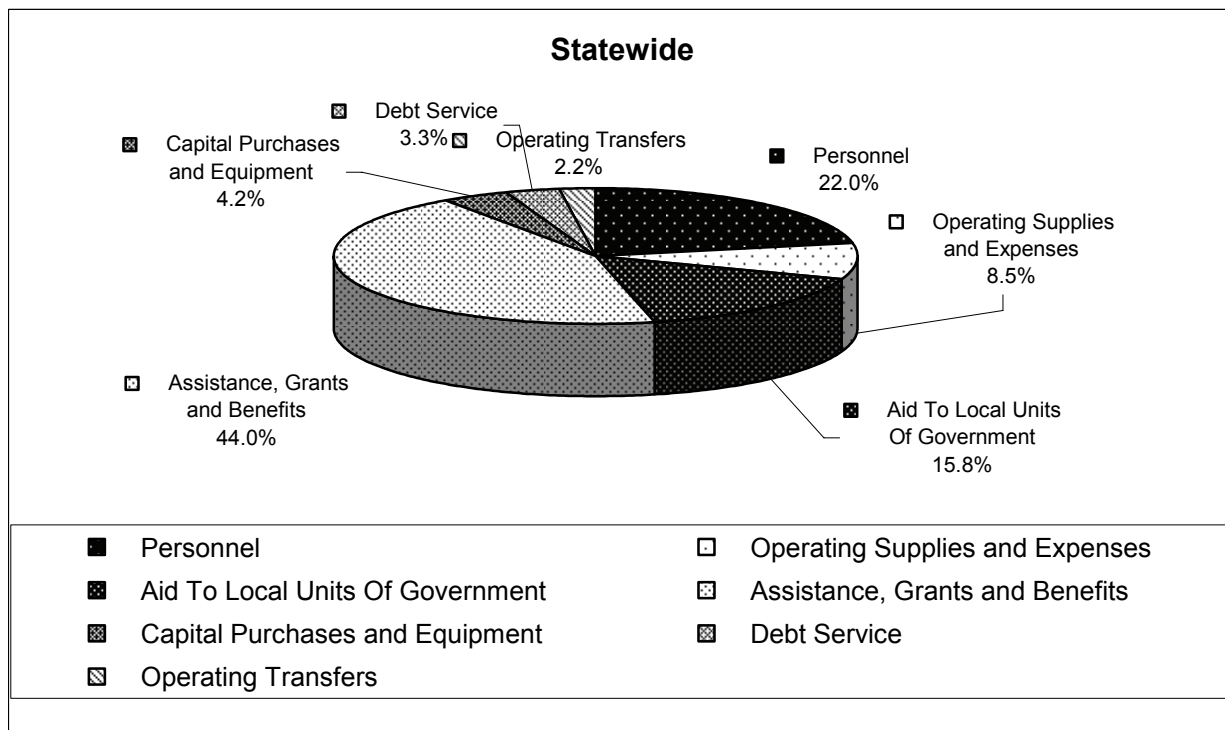


On a functional basis, the largest share of expenditures are made in the Human Services area, which comprises \$2.773 billion, or 36.4 percent of the total budget. This is followed by spending for Education of \$2.071 billion, which comprises 27.2 percent of all spending, and expenditures for General Government of \$1.744 billion, equaling 22.9 percent. Public Safety, Natural Resources and Transportation expenditures make up the balance, totaling \$1.026 billion, or 13.5 percent of the total budget.

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The second way to view expenditures is by major category. On this basis, the largest share of the FY 2010 budget is for assistance, grants and benefits equaling \$3.349 billion or 44.0 percent of the total. This is followed by personnel expenditures, which comprise 22.0 percent, or \$1.677 billion, and local aid expenditures, which make up 15.8 percent, or \$1.204 billion of the total budget. Expenditures for capital purchases and debt service total \$571.4 million or 7.5 percent, with the balance of spending used to finance operating expenditures and transfers of \$813.2 million, or 10.7 percent.



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Expenditures from general revenues total \$3.079 billion for FY 2010. By function, spending by Education agencies represent the largest share with expenditures, totaling \$1.049 billion, or 34.1 percent of the general revenue budget. This is followed by spending for human services, which totals \$1.071 billion, or 33.0 percent. General revenue expenditures for General Government and Public Safety comprise \$606.1 million (19.7 percent), and \$367.7 million (11.9 percent), respectively. Expenditures for Natural Resources comprise \$39.1 million, or 1.3 percent of total general revenue spending. Transportation expenditures are financed by dedicated gasoline taxes and are not a component of general revenue spending.

General revenue expenditures by category are primarily devoted to financing grants, local aid and personnel. The largest component is local aid expenditures of \$996.3 million, comprising 32.4 percent of total general revenue spending. Grant based expenditures of \$870.1 million represent 28.3 percent of total spending; personnel expenditures of \$836.5 million comprise 27.2 percent of the budget; operating expenditures and operating transfers total \$194.3 million, or 6.3 percent of the budget; and, capital expenditures and debt service total \$181.9 million, or 5.9 percent of the total general revenue budget.

***Education
Stabilization Funds
Provide Opportunity to
Partially Restore
General Revenue
Sharing***

The Governor's budget strategy for FY 2009 and FY 2010 incorporates the availability of new K-12 education federal stimulus funds and the desire to provide local government's officials more flexibility to manage efficiently and effectively. In the January FY 2009 Supplement Budget submission, the Governor recommended elimination of \$55.1 million in general revenue sharing. As a result of the ARRA, local school districts will receive \$38.3 million of unbudgeted federal funds in FY 2009. The Governor recommends a reduction in education aid of \$31.0 million, accompanied by restoration of \$31.0 million of the general revenue sharing in FY 2009. During FY 2009, municipalities would be required under the Governor's proposal to provide at least 25% of the restored general revenue sharing to support the local school budget. This minimum support level would increase depending upon a series of benchmarks relating to local support of the school budget. Based upon these measures, there would be at least \$12.6 million used to support school budgets. The remainder would be available for allocation at the city or town's discretion. For FY 2010, when local education authorities begin to receive increased Title I and IDEA funds, the Governor recommends a decrease in state education aid of \$37.0 million. There is no corresponding increase in general revenue sharing.

***Governor Proposes
Legislative Changes to
Help Local
Governments Achieve
Savings***

The recommended FY 2009 Supplemental Budget reduces local aid and education aid. The Governor recommends a legislative package to provide local governments with the tools to build budgets that are affordable for their taxpayers. The supplemental budget act contains articles to address local education issues and other municipal government issues which present budget challenges to local government managers.

• Relating to statewide school food services program - Article 17

This article amends chapter 60 of Title 16 to add a new section 16-60-7.5 entitled "Statewide School Food Services Program". This section authorizes the Department of Elementary and Secondary Education, acting in collaboration with the Department of Administration, to procure the services of a food services management company to service all districts and public schools in the state. The resulting statewide school food services agreement will provide all districts and public schools with

Overview

nutritious school meals, increased participation rates in federally-reimbursed child nutrition programs, cost efficiencies and other program improvements. Participation in the statewide program will be mandatory.

- **Relating to school bus monitors - Article 18**

This article amends 16-21-1 of the R.I.G.L. to relieve school districts of the current requirement to provide school bus monitors on buses transporting students in grades kindergarten through five (5) on all school bound and home bound routes.

- **Relating to statewide school health, vision and dental insurance program - Article 19**

This article amends R.I.G.L. 28-9.3-2 and 28-9.4-3 to remove from the scope of collective bargaining between certified teachers and other employees in the public school system of any city, town or regional school district the subjects of health, vision and dental benefits and health/dental insurance coverage. This article, under Section 16-60-7.4, establishes a Statewide Public School Employees Health, Vision and Dental Insurance Program which will be developed and implemented by the Department of Elementary and Secondary Education, in collaboration with the Department of Administration. The department will procure the services of health, vision and dental insurance carrier(s) to provide health, vision and dental insurance coverage to public school employees and new retirees. The terms of the state health, vision and dental care program, including provisions for billing rates, coverage, plan options, premiums, co-share and buy-back, shall be negotiated and established by a “Healthcare Advisory Council” to be established by the Department of Elementary and Secondary Education. The composition of the Council is specified in the Article. Some minimum provisions for the State Health and Dental Program are also established in the areas of co-sharing, buy-back/waivers, and double benefit coverage. Participation of districts is phased in according to the expiration dates of current collective bargaining agreements and existing contracts with health, vision, and dental insurance carriers. It requires municipal participation unless districts can document that the working rates for their plan would be less than the state plan.

In accordance with the healthcare data collection conducted by RIDE during FY 2007, districts will achieve savings of approximately \$17.1 million under this article as a result of competitive bidding, establishment of a limited number of common plan designs resulting in reduced administrative fees, as well as standard co-sharing and buy-back provisions.

- **Relating to statewide purchasing system and programs - Article 20**

This article repeals R.I.G.L. 16-5-34 entitled “Statewide purchasing system” in its entirety so that the provisions of this section can be removed from chapter 5 (which relates to “State Aid”) and placed in a more appropriate chapter of Title 16. The new Section, 16-60-7.3 “Statewide purchasing system and programs” is placed in chapter 60 (“Board of Regents for Elementary and Secondary Education”) and is amended to add language to clarify the authority of the Department of Elementary and Secondary Education, acting with the Department of Administration, to establish a statewide purchasing system for goods, supplies and services utilized by the public schools. Participation by public schools and districts is also made mandatory. This section also authorizes the Department of Elementary and Secondary Education to establish state-level purchasing and programs for statewide school transportation, food services management, and school employees’ healthcare and dental insurance.

- **Relating to school budget resolution - Article 21**

This article makes application of budget caps mandatory in court proceedings seeking additional school funding and creates a three member budget resolution panel to resolve a school budget

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impasse when state school or general revenue sharing aid is reduced. All other school budget resolution matters would continue to be resolved through the provisions of 16-21.4 relating to school budgets and the right to bring an action in Superior Court.

- **Relating to transportation of pupils - Article 22**

This article amends Sections 16-21-1, 16-21.1-7 and 16-21.1-8 to require that effective upon the implementation of the statewide system of transportation for special needs students and the eventual implementation of the transportation system for all students, each school committee must utilize the statewide transportation system unless it fulfills its transportation obligations primarily through the use of district-owned buses and district employees in which case it may continue to do so. This article also adds Section 16-21.1-9 to provide that management and oversight of the statewide transportation system shall be the responsibility of the department of elementary and secondary education. Should the Department of Elementary and Secondary Education deem outsourcing of the management function to be more efficient, an outside consultant will be retained. Analysis of data under this proposal reveals that approximately \$3.5 - \$5.0 million in savings will be achieved during the initial phase of this project and additional savings of \$8.0 - \$10.0 million will accrue as this is applied statewide, both in-district and out-of-district.

Additionally, an amendment to Section 16-21-1 adds subsection (c) which requires districts entering into transportation contracts pending implementation of the statewide transportation system to ensure that such contracts permit eventual participation in the statewide transportation system without penalty to the district. This article will allow districts to achieve cost savings through shared transportation services.

- **Relating to health and safety of pupils – school nurses - Article 23**

This article amends section 16-21-7 to require the Board of Regents to develop policies, procedures, and regulations to ensure a healthful school environment section and maintains the requirement that schools have nurses while section 16-21-8 repeals the need for school nurses to be certified as teachers.

- **Relating to teachers' tenure - Article 25**

This article amends Sections 16-13-2, 16-13-3, 16-13-4, 16-13-6, and 16-13-8, and changes the date for notice of teacher contract non-renewal from March 1st to June 1st. It also makes explicit a school committee's authority to lay off teachers in the event of budget deficiencies without a particular hearing for the teacher being laid off.

- **Relating to collective bargaining fiscal impact statements - Article 26**

This article amends sections 16-2-21.6 and 45-5-22 and requires towns, cities and school committees to post proposed collective bargaining agreements on the appropriate town or city website 30 days prior to contract ratification.

- **Relating to certified school teachers' arbitration act - Article 27**

This article amends section 28-9.3-1 to explicitly prohibit "work to rule" labor actions by certified public school teachers. It also imposes, in section 29-9.3-1.1 and 29-9.3-1.2, the loss of two days pay for each day of a strike and provides that a labor organization that promotes strikes shall lose its representational status and its ability to collect dues from its members for a period of three (3) years. Due process procedures for imposing these penalties are also established under section 28-9.3-1.3.

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- **Relating to intervention and support for failing schools - Article 28**

This article amends section 16-7.1-5 and 16-60-4, and enhances the Department of Education's authority, in school districts under progressive support and intervention, to assign teachers to positions where they are most needed without regard to collective bargaining contractual provisions. This Article also requires the Board of Regents to adopt criteria for fair, accurate, and objective employment evaluations for certified employee's of school districts.

- **Relating to school committees and superintendents- management rights of school committee- Article 29**

This article amends 16-2-9 and 16-2-9.5 to secure school committees management control over issues that are not appropriate for collective bargaining.

- **Relating to school and municipal realignment commission - Article 41**

This article creates a school realignment commission and a public safety and public works realignment commission. The commissions are modeled after the Base Closure and Realignment Commission framework used by the Federal government.

It creates a fourteen member school consolidation commission which includes five appointees of the Governor, four legislative appointments and four ex officio members. The Commission shall conduct a review of school realignment and recommend cost-sharing efficiencies, including the creation of regional and/or administrative services centers. The Commission shall demonstrate that its recommendations will result in long-term reductions of cost. In developing recommendations, the Commission shall consider infrastructure, physical plant, business operations and support services, the delivery of instructional programs, intra-local cooperation and other factors. The General Assembly shall reject or adopt the recommendations and adopt necessary legislation to place the recommendation on the November 2010 ballot for voter approval. Recommendations will be due by March 1, 2010. This act provides \$150,000 of appropriations in FY 2010 to support the Commission's work.

It also creates a fourteen member public safety and public works consolidation commission which includes seven appointees of the Governor, four legislative appointments and three ex officio members. The Commission will evaluate and make recommendations on public safety and public works consolidations where both lower long term cost, as well as more effective and efficient services will be basic criteria for consolidation recommendations. The General Assembly shall reject or adopt the recommendations and adopt necessary legislation to place the recommendation on the November 2010 ballot for voter approval. Recommendations will be due by March 1, 2010. The act provides \$150,000 of appropriations in FY 2010 to support the Commission's work.

- **Relating to firefighters' and municipal police manning - Article 43**

This article amends 28-9.1-4 and 28-9.2-4 by removing any issue(s) relating to minimum manning from the scope of issues which can be negotiated or arbitrated under the policemen's and firefighter's arbitration laws.

- **Relating to municipal health insurance cost sharing - Article 44**

As the cost of health insurance has escalated, municipalities have been unable to pass part of these cost increases along to employees. This has been the case especially with public safety employees, where binding arbitration has limited the capacity to negotiate changes in cost sharing. The 25% cost sharing requirement included in this Article is the standard cost sharing applicable to all Federal employees.

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- **Relating to municipal retirement - Article 45**

This article makes a variety of changes to municipal pension plans both for plans administered by the state and plans administered by municipalities. Changes include a reduction in disability pensions for those not totally disabled, years of service and age limitation eligibility for both regular and public safety employees, increased employee contributions, and mandatory cost sharing for retiree health insurance.

- **Relating to police officers and firefighters – injured on duty - Article 46**

This article limits injured on duty compensation for municipal police officers and firefighters, as well as state quasi-public agency fire fighting and law enforcement officers.

In continued pursuit of agency efficiencies and effectiveness, the Governor recommends the transfer of the Building Contractors' Registration and Licensing Board from Administration to Business Regulation, and the transfer of the Forensic Sciences Unit in the Department of Health to Public Safety. The Governor recommends transfer of the Local Government Assistance program from the Department of Administration to Municipal Finance in the Department of Revenue.

Transfer of Agency Functions

Reduction In State Workforce

The Governor recommends that Rhode Island State Government operate with fewer state employees and that several measures be taken to reduce the overall cost of the workforce. The enacted budget included 400 undesignated positions which were expected to be eliminated after October 1, 2008, when provisions relating to retiree health benefits changed. The State experienced significant attrition from retirement. Between May 1, 2008 and October 1, 2008, there were 1,396 state employees who were members of the Employees Retirement System who retired. The Governor recommends reductions in personnel in most agencies based upon the elimination of vacant positions. Overall, state employee full time equivalent positions have been reduced from the FY 2008 final enacted level of 15,688.7 to 14,465.8 in the FY 2009 revised budget, a reduction of 1,222.9 FTE positions. In FY 2010, because of the need to fill certain critical positions, particularly due to the implementation of the global Medicaid waiver and the receipt of federal stimulus funds resulting from passage of the American Recovery and Reinvestment Act, the Governor recommends an FTE level of 14,828.9, an increase of 363.1 from the FY 2009 revised budget, but a 859.8 FTE decrease from the FY 2008 revised budget.

Increased Resources for Transportation

The Governor recommends increased resources to the Transportation Function in the FY2009 revised and FY2010 budget. Starting in FY 2009, 0.5 of the State's 1.0 cent per gallon environmental protection regulatory fee collected by distributors of motor fuel when the product is sold to owners and/or operators of underground storage tanks is recommended to support the Rhode Island Public Transit Authority (RIPTA). Also, starting in FY 2010, the remaining cent currently dedicated to the General Fund is recommended for dedication to the Department of Transportation.

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Current Law Gasoline Tax Allocation (in cents)

Recipient	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
DOT	20.75	20.75	20.75	20.75	20.75	20.75	21.75 ⁴
RIPTA	6.55 ¹	6.25	7.25 ²	7.25	7.25	7.75 ³	7.75
General Fund	1.70 ¹	2.0	1.0 ²	1.0	1.0	1.0	0 ⁴
DEA	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Underground Storage Tank	1.0	1.0	1.0	1.0	1.0	0.5 ³	0.5
Total:	31.0	31.0	31.0	31.0	31.0	31.0	31.0

¹ Average rate for year

² One additional cent is recommended for RIPTA with an offsetting reduction in the allocation of gasoline tax directed to the general fund starting in FY 2006 to finance a market survey of non-transit users and a management study of the agency

³ Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee is recommended for allocation to RIPTA

⁴ Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund is recommended to finance Department of Transportation operations

***Negotiated Savings-
Uncompensated
Leave Day in FY2009,
COLA of 2.5% in
FY2010***

The Governor's recommendation includes one uncompensated leave day during FY 2009 for all non-union employees and members of unions that have ratified the memorandum of settlement agreement. This was the result of months of negotiation prior to the commencement of FY 2009. The decrease is equivalent to a 10 percent reduction in the bi-weekly payroll rate, excluding overtime, and will be effective for one pay period in June 2009. Employees will be credited one day of personal leave in the pay period in which the salary reduction occurs. Employees may request to discharge this additional leave day or elect cash payment for

that one day in the fiscal year beginning July 2010 and until June 30, 2012. Implementation of this measure will save \$1.9 million in salary costs, as well as associated fringe benefit costs. These savings are depicted within each department or agency. For FY 2010 the recommended budget includes a cost of living increase of 2.5 percent for state employees effective July 1, 2009.

Overview

The Governor's recommendation for employee medical insurance is based upon negotiated plan design changes and increased employee co-shares for FY 2009 and FY 2010 as shown below.

***Negotiated Savings-
Increasing Employee
Medical Co-Shares***

FY 2009 For Full Time Employees			
Effective the pay date Friday, August 8, 2008:			
Individual Plan \$45,000 to less than \$75,000	15%	Family Plan \$25,000 to less than \$35,000	11.5%
\$75,000 to less than \$90,000	18%	\$35,000 to less than \$45,000	12%
\$90,000 and above	25%	\$45,000 to less than \$75,000	15%
		\$75,000 to less than \$90,000	18%
		\$90,000 and above	25%

FY 2010 For Full Time Employees			
Effective July 1, 2009			
Individual Plan Less than \$45,000	15%	Family Plan less than \$45,000	13.5%
\$45,000 to less than \$90,000	20%	\$45,000 to less than \$90,000	20%
\$90,000 and above	25%	\$90,000 and above	25%

Effective the pay date, August 8, 2008, eligible part time employees (scheduled hours less than 35.0 for a 35.0 hour position or less than 40.0 for a 40.0 hour position) shall contribute toward the cost of health care coverage based on a percentage of premiums for either the individual or family plan as set forth below for medical insurance, dental benefits and/or vision/optical benefits. Said co-share percentages shall apply based on the employee's annualized total rate and shall be via payroll deductions.

FY 2009 for Part time Employees	
Effective the pay date Friday, August 8, 2008: Individual or Family Plan	
Less than \$55,000	15%
\$55,000 to less than \$90,000	20%
\$90,000 and above	35%

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FY 2010 for Part time Employees	
Effective July 1, 2010 Individual or Family Plan	
Less than \$90,000	20%
\$90,000 and above	35%

Effective November 23, 2008, the following co-pays were in effect:

- Primary Care office visit co-pay is \$10 (includes internal medicine, family practice, pediatrics and geriatrics);
- Emergency room co-pay to increase to \$100;
- Urgent Care co-pay to increase to \$35;
- Specialist office visit co-pay to increase to \$20 (includes all physicians other than primary care physicians);

The drug co-pay for a 31-day supply shall be as follows:

Tier 1	Tier 2	Tier 3
\$5.00	\$20.00	\$40.00

There is no separate co-pay arrangement for 60-day supplies or 100 units. Mail order network pharmacies provide a three month supply of a prescription drug for two co-payments, and the maximum fill is a three month supply.

State Employee and Teacher Pension Reform

The Governor proposed pension reform which was contained in Article 32 of the Supplemental Budget submitted in January 2009. The original proposal set forth in the budget article set a minimum retirement age of 59 for state employees and teachers, and would eliminate cost of living adjustments for state employees, teachers, judges and state police who retire after April 1, 2009. The Governor has submitted an amendment which would change the proposal such that those eligible to retire as of July 1, 2009 would not be impacted. It also modifies wage base for the pension benefit calculation for state police to be comparable to other state employees. It provides that public employees who receive a disability pension in accordance with 36-10-14 will either receive 66 2/3 percent or 50 percent of their allowance depending on a finding by the retirement board of whether the individual is entirely disabled from further employment. For State Police members who are not eligible to retire on July 1, 2009, the retirement allowance will be calculated based on “whole salary”, which is now defined as the average of the highest three (3) consecutive years of compensation. This change is consistent with the calculation for other public employees.

The savings for the revised FY 2009 and FY 2010 budget reflect this amendment to the Governor’s original pension reform proposal. The amendment was recommended because the savings to the plan and the resultant reduction in the unfunded liability are greater if employees eligible to retire remain on the payroll. This also would be preferred as there would be less disruption to state and local operations. Combining State Employees and Teachers, the savings from the amended bill in FY 2010 is \$76.4 million (\$32.4 for State Employees and \$44.0 for Teachers). This represents about a 23 percent reduction in combined contributions for ERSRI for state employees for FY 2010. The State of Rhode Island only achieves 40 percent of the savings for Teachers, since the cities and towns pay 60 percent of the cost for this group. Therefore, the savings for the State is about \$39.7 million, with the other \$25.2 million going

Overview

to the cities and towns. As discussed further below, the FY 2009 revised budget reflects no savings for state employees and \$42.1 million in savings for teachers.

State Employees Pension Reform

The Governor recommended savings in the FY 2009 Supplemental Budget in anticipation of an actuarial report. Within the recommended revised 2009 agency budgets, there was \$134.4 million budgeted statewide for state employee retirement contributions, prior to the proposed savings from the reduced contributions starting in February. The savings estimated for FY 2009 was budgeted as a negative appropriation in the Department of Administration. The General Revenue savings were \$25,942,333, Federal Funds savings are \$9,055,950. Restricted Receipt savings are \$1,966,166 and Other Funds savings are \$6,074,607. The amended FY2009 budget restores the funds in the Department of Administration budget for FY 2009, and for FY 2010 the reduced rate is applied to the benefit costs for employees in all agencies.

The reason the funds are restored for FY 2009 for state employees is that in analyzing the proposal, the actuary discovered complications. Article 4 of last year's budget modified the State's post-retirement medical benefits for all members who retired after October 1, 2008. In order to be grandfathered under the benefit structure that was in effect prior to that date, about 1,200 state employees retired between enactment of last year's budget and October 1, 2008. Because of these "Article 4" retirees, the actuary's estimate of the State's payroll for FY 2009 is down from an earlier estimate upon which the original contribution rate was determined. Due to the decrease in payroll, the Employees Retirement System is not collecting enough in amortization payments.

The following table shows the retirement contribution rates as determined for the FY 2009 budget. The Governor recommends no change in the FY 2009 contribution rate.

	FY 2009 Board Certified Rate	FY 2009 Rate Recommended February 2009	Estimated GR FY 2009 Savings (millions)	Estimated All Funds FY2009 Savings
State Employees	21.13%	21.13%	0	0
State Police	26.03%	26.03%	0	0
Judges	27.11%	27.11%	0	0
Total			0	0

The following table shows the retirement contribution rates as determined by the Retirement Board for the FY 2010 budget and those recommended by the Governor based upon the actuarial study. These savings reflect his amendment to grandfather those employees eligible to retire as of July 1, 2009.

	FY2010 Board Certified Rate	FY2010 Rate Recommended February 2009	Estimated GR FY 2010 Savings (millions)	Estimated All Funds FY 2010 Savings
State Employees	25.03%	20.77%	\$16.6	\$28.2
State Police	26.03%	0.92%	\$3.4	\$3.5
Judges	27.11%	17.68%	\$0.6	\$0.7
Total			\$20.6	\$32.4

Overview

Teachers Pension Reform

The savings for FY 2009 and FY 2010 reflect an amendment to the Governor's original pension reform proposal. The amendment is to grandfather those employees eligible to retire as of July 1, 2009. The amendment is being recommended because the savings to the plan and the reduction in the unfunded liability are greater. This also would be preferred as there would be less disruption to state and local operations if there was not a mass exodus of experienced employees.

The current rate of payroll for the Teacher Retirement system is 25.03 percent. The local share is 60 percent and the State's share is 40 percent, resulting in a local payroll rate of 14.86 percent and a state rate of 10.17 percent for all school districts, except for Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield, which have a local payroll rate of 14.21 percent and a state rate of 9.74 percent. For FY 2009, this would have resulted in total contributions of \$138,383,041 from local governments and \$94,714,215 from the state. Teachers would continue to contribute at 9.75 percent each biweekly payroll. The state share of the teacher retirement contribution is not reflected as a state personnel cost, but rather is reflected in local aid. The savings contained in the Governor's January supplemental budget were based on reducing the requirement to 25 percent of the rate determined by the actuary in June 2008 for the final five months of the fiscal year. The general revenue savings estimated were \$28,128,197. Local governments would have corresponding savings, and the Governor's budget recommended reducing state education aid expenditures by a corresponding amount. The local savings were estimated to be \$41,096,932.

For the amended budget article, the actuary indicates the savings from grandfathering in those eligible to retire as of July 1, 2009 for FY 2009 would be similar to the FY 2010 savings for Teachers since the Article 4 retiree impact on the teacher payroll is not significant. The 4.58 percent decrease in the contribution rate would be the same, with the employer contribution decreasing from 25.03 percent (current) to 20.45 percent (H 5019). The FY 2009 budget assumes a total Teacher payroll base of \$933.2 million, which produces savings of \$42.3 million in FY 2009. The \$42.1 million savings is the total savings for the State and the cities and towns. The State would receive \$18,379,814 and the local governments would save \$23,714,996. The FY 2010 budget assumes a total Teacher payroll base of \$975.2 million, which produces savings of \$44.0 million in FY 2010. The \$44.0 million savings is the total savings for the State and the cities and towns. The State would receive \$19,206,910 and the local governments would save \$24,786,802.

The following table shows the retirement contribution rates as determined by the Retirement Board for the FY 2009 budget and those recommended by the Governor based upon the actuarial study. These savings reflect his amendment to grandfather those employees eligible to retire as of July 1, 2009.

Teachers	FY 2009 Board Certified Rate	FY 2009 Rate Recommended February 2009	Estimated FY 2009 Savings (millions)
State Share	10.17%	8.18%	\$18.4
Local Share	14.86%	12.27%	\$23.7
Total	25.03%	20.45%	\$42.1

The following table shows the retirement contribution rates as determined by the Retirement Board for the FY 2010 budget and those recommended by the Governor based upon the actuarial study. These savings reflect his amendment to grandfather those employees eligible to retire as of July 1, 2009.

Overview

Teachers	FY 2010 Board Certified Rate	FY 2010 Rate Recommended February 2009	Estimated FY 2010 Savings (millions)
State Share	9.71%	7.72%	\$19.2
Local Share	14.17%	11.58%	\$24.8
Total	23.88%	19.30%	\$44.0

Medicaid Reform

The Governor proposed during the 2008 session of the General Assembly to redesign the state’s largest entitlement programs in order to secure long-term balance in the state’s expenditures. For Medicaid, the reform will convert the service delivery model from provider based to client-centered in programs in the Departments of Human Services, Children, Youth and Families, and Mental Health Retardation and Hospitals. The program will emphasize personal responsibility, home and community-based solutions, innovative delivery of services. Global Consumer Choice Compact Section 1115 Demonstration (i.e. the “Global Waiver”) will provide flexibility to the State to achieve these goals. In addition, the Global Waiver provides an opportunity for the State to qualify for Medicaid funding and achieve general revenue savings for Costs Not Otherwise Matchable, or “CNOM” items. These are formerly State-only programs that became eligible for federal financial participation under the provisions of the Global Consumer Choice Compact Section 1115 Demonstration (i.e. the “Global Waiver”). Note that a “CNOM” does not entail systemic savings, but rather a zero-sum shift of cost between sources of funding.

For FY 2010, the Department has also identified opportunities for reform within its Medicaid program, many of which will provide significant budgetary relief in FY 2010. Made possible in large part through the adoption of the Rhode Island Global Consumer Choice Compact Section 1115 Demonstration, these initiatives represent a singular departure from past practice with respect to both benefit design and administrative flexibility in Rhode Island’s program of medical assistance for the poor. Specifically, for FY 2010, the Governor recommends the following program realignments and benefit modifications, with the resulting general revenue savings displayed (pre-stimulus enhanced federal match estimates):

- Rebalancing Long Term Care (Nursing Home Diversion and Transition), \$5.7 million: Rebalancing long-term care is a core component of the Medicaid Global waiver; this includes efforts such as nursing home transition and diversion and increasing services and options offered through the home and community based care providers.
- Selective Contracting for Durable Medical Equipment, \$199,117: Rhode Island’s Medicaid program currently uses the Medicare fee schedule to reimburse 80 percent durable medical equipment expenditures. Medicare estimates that use of selective contracting for durable equipment would result significant savings (15 percent per annum).
- Selective Contracting for Shared Living, \$74,898: Shared Living arrangements will be procured through selective contracting to secure maximum value for the State, with an emphasis on quality, safety and price. Shared Living services are provided to adults with disabilities who are unable to live independently, as an alternative to institutional services such as nursing facilities.
- Selective Contracting for Outpatient Services, \$262,421: The Department will contract with a sole supplier for out-patient services (e.g., occupational therapy, physical therapy, laboratories, speech pathology, imaging, etc.) to the fee-for-service Medicaid population.
- Selective Contractive for Supportive Residential and Assisted Living, \$526,762: The flexibility the Global Waiver provides allows the Department of Human Services to pursue a selective

Overview

contracting strategy to purchase Medicaid-funded supportive residential and assisted living care settings – as a home and community based service – for a segment of the now SSI-D only group of beneficiaries. The providers selected under this initiative will be limited to charging \$700 per month for room and board with minimum personal need allowances of \$100.

- RIte Care- Elimination of Dental Benefits for Parents, \$525,277: This budget initiative eliminates dental coverage for approximately 38,000 RIte Care parents. Dental coverage is an optional benefit under the Medicaid state plan. This initiative does not include RIte Care children, pregnant women, children with special health care needs, children in substitute care, disabled adults, or the elderly.
- Mandatory Enrollment in Care Management Programs, \$2.0 million: There are approximately 2000 beneficiaries remaining in fee-for-service Medicaid, who will be transitioned into either the Rhody Health Partners or Connect Care Choice programs starting in July 2009.
- Intensive Management of High-Cost Cases, \$1.9 million: This initiative proposes to intensively manage high cost cases through an inter-agency workgroup. The primary focus of the workgroup will be to address the inpatient utilization of these individuals. Savings will be generated through decreased emergency room utilization; decreased inpatient hospital admissions and re-admissions, and increased ongoing care management.
- Hospital Reimbursement and Financing- Diagnosis Related Groups (DRG) Rate Reform), \$5.0 million: Rhode Island's current prospective payment methodology does not reflect the complex marketplace of today and does not support a balanced or rational utilization of health care services. Under this initiative, Rhode Island would move to a DRG system, benchmarking its hospital reimbursement payment to an average pay-to-cost ratio for in-patient services of 100 percent.
- Implementation of Acuity Rate Adjustments for Nursing Facilities, \$3.7 million: As part of rebalancing the long-term care system, an acuity rate adjustment for nursing facilities is necessary to ensure that institutions are compensated based on the actual acuity levels of patients residing in nursing home settings.
- Other Services Rate and Procurement Reform, \$1.8 million: The Department will pursue the generation of \$1.8 million in general revenue savings through a variety of procurement and rate reforms within the Medicaid program. Specific programmatic changes undertaken as part of this initiative are subject to the discretion of the Director of Human Services.
- Emergency Department Visit Benefit Redesign, \$1.5 million: This initiative will encourage hospitals to work more closely with primary care and behavioral health care providers to develop alternative treatment arrangements for Medicaid members who frequently use the Emergency Department.
- Program Integrity, \$1.0 million: The Governor recommends, several initiatives safeguarding the integrity of Departmental programs. The Department intends to (a) increase recoveries in such areas as casualty, third party liability, class action lawsuits against drug companies, and liens on estates; (b) establish on-line remittance advices; (c) utilize "lesser of" logic in the processing of other insurance claims; (d) modify to the pricing methodology for out-patient crossover dialysis claims.
- Shared Living - This initiative will encourage individuals to live in shared living arrangements rather than institutional settings. The Department of Mental health Retardation and Hospitals estimates \$3.0 million of savings in FY2010 from increased placements in shared living arrangements.

The Economy

Introduction

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

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

ECONOMIC FORECAST

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

The Revenue Estimating Conference incorporates a range of economic forecasts and economic information in making revenue estimates. During its November 2008 meeting, forecasts were presented by Moody's Economy.com and Global Insight. The Rhode Island Department of Labor and Training (DLT) also presented current employment and labor force trends. The conferees initially heard testimony from the economists from Global Insight and Moody's Economy.com on October 27, 2008. However, the conferees were concerned that the estimates of the economists had been prepared prior to the events in October 2008, and asked the economists to return on November 7, 2008 with more current estimates.

The economists derive their Rhode Island forecasts from their national models. Those national models, at both Global Insight and Moody's Economy.com, assumed a \$200 billion federal stimulus package having initial impact in the first quarter of calendar year 2009. The Revenue Estimating Conference adopted the economic forecast shown below on November 7, 2008 through a consensus process informed by the testimony of economists from two nationally recognized firms

As reported at the November 2008 Revenue Estimating Conference, Rhode Island's labor market began to feel the effects of recession as early as January of 2007. The Rhode Island Department of Labor and Training reported that the unemployment rate rose through the third quarter of CY 2008 reaching 8.8 percent in September. There was a year-over-year increase of 20,800 unemployed Rhode Islanders in September. Rhode Island establishment employment dropped steadily through the first three quarters of 2008, with an average decline of 10,500 jobs through the first nine months. Between September 2007 and September 2008, employment losses of -13,200 were incurred. The sector breakdown of these job losses were as follows: Manufacturing, -3,300; Other Services, -1,400; Trade, Transportation and Utilities, -2,900; Financial Activities, -1,400; Construction, -700; Professional and Business Services, -1,200; Government, -1,300; Leisure and Hospitality, -700; and Health Care and Social Assistance, -400. The sectors experiencing year-over-year gains were Information, +400 and educational services, +400. Clearly the economic downturn in Rhode Island is broad based.

The Economy

While there is no official measurement and dating of recessions at the state level, employment is usually used to gauge the cyclical status of the state economy. Total non-farm employment is expected to dip by 2.8 percent from 488,300 in FY 2008 to 474,000 in FY 2009. The principals anticipate further decline of 4,500 jobs in FY 2010 before non-farm employment recovers in FY 2011. Non-farm employment growth rates, however, are expected to increase at a decreasing rate beginning in FY 2013. Increases in total non-farm employment generally indicate that businesses are hiring as a result of expansion or that more people are employed. It should be noted that while adopted growth rates suggest a positive trend from FY 2011 through FY 2013, the adopted number of total non-farm employment during these years are significantly lower than those of May 2008 Conference Estimates.

The unemployment rate for FY 2010 is estimated to increase by 0.5 percent from 8.8 percent in FY 2009 to 9.3 percent in FY 2010. As recovery takes hold, Rhode Island's unemployment rate is expected to steadily decline from 8.5 percent in FY 2011 to 6.4 percent in FY 2014. Even at this lower rate, Rhode Island's unemployment rate will be significantly higher than the rates achieved in the early 2000s.

Personal income is expected to hit bottom at a 1.3 percent rate of growth in FY 2009 from 3.2 percent growth in FY 2008 before reaching a plateau in FY 2011. The November 2008 Conference estimates for personal income growth suggest a downward revision in FY 2009 through FY 2010. The adopted personal income growth rate is estimated to reverse in FY 2011 through 2013, averaging 4.6 percent growth from FY 2011 through FY 2013 up from an average of 4.4 percent growth. Likewise, estimates of dividend, interest and rental income are expected to decrease considerably in FY 2009 before bouncing back in FY 2010 through FY 2013. In terms of wage and salary income growth, it is estimated to slightly decline from FY 2009 through FY 2010 at 0.8 and 0.7 percent growth, respectively. Wage and salary income growth is expected to improve beginning in FY 2010 through FY 2012 before slightly decelerating at FY 2013, then sharply declining to 2.8 percent in FY 2014.

The CPI-U decreased to 2.5 percent in FY 2009 from 3.7 percent in FY 2008. Contributing to the estimated decrease was mainly due to declines in fuel oil and natural gas prices. The CPI-U is forecasted to decrease further in FY 2010 to a 1.0 percent inflation rate before rising to 2.5 percent in FY 2011. In FY 2012 through FY 2014, inflation is expected to be around 2.0 percent annually.

From FY 2009 through FY 2010, the interest rate on three month Treasury bills is expected to remain below 2.0 percent before rising to 3.3 percent in FY 2011 and approximately 4.5 percent in FY 2012 through FY 2014. The interest rate on ten year Treasury notes is expected to rise within a much narrower band than three month Treasury bills. Thus, for FY 2009 the interest rate on ten year Treasury notes are expected to be 3.9 percent rising to 5.2 percent in FY 2012 through FY 2014.

Consistent with the perspective discussed here in, the consensus economic forecast reflects the immediate adverse impacts of the nation's economic crisis in employment, income, and other coincidental economic indicators in the next six years. In particular, employment growth is expected to be negative in FY 2009 and FY 2010 before slowly rebounding in FY 2010. More rigorous employment growth is not expected to be attained until FY 2012 at the earliest. Personal income growth is expected to follow a similar pattern over this same period.

The Consensus economic forecast for the fiscal years 2009 through 2014 agreed upon by the conferees at the November 2008 Revenue Estimating Conference is shown in the following table.

The Economy

The November 2008 Consensus Economic Forecast						
Rates of Growth	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Total Employment	-2.8	-0.9	0.7	1.3	1.5	1.1
Personal Income	1.3	2.6	4.5	4.8	4.6	3.2
Wage and Salary Income	0.8	0.7	2.9	4.2	4.1	2.8
Dividends, Interest and Rent	0.3	4.0	5.8	5.2	6.0	4.2
Nominal Rates						
U.S. CPI-U	2.5	1.0	2.5	2.2	2.0	1.8
Unemployment Rate	8.8	9.3	8.5	7.4	6.8	6.4
Ten Year Treasury Notes	3.9	4.4	5.0	5.2	5.2	5.1
Three Month Treasury Bills	1.0	1.6	3.3	4.5	4.5	4.4

General Revenues

Introduction

The Governor's recommended budget is based on estimated general revenues of \$3.141 billion in FY 2009 and \$3.146 billion in FY 2010. Annual estimated growth during FY 2009 and FY 2010 is -8.4 percent and 0.2 percent, respectively. Estimated deposits of \$69.1 million and \$75.7 million will be made to the Budget Reserve and Cash Stabilization Fund during these fiscal years. The contributions to the Budget Reserve and Cash Stabilization Fund are funded by limiting annual appropriations to 97.8 percent of estimated revenues in FY 2009 and 97.6 percent of estimated revenues in FY 2010. The revenue estimates contained in the Governor's FY 2009 supplemental and FY 2010 recommended budgets are predicated upon the revenue estimates adopted at the November 2008 Consensus Revenue Estimating Conference (REC) and the Governor's recommended changes to the adopted general revenues.

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

FY 2009 Revised Revenues

The November 2008 REC revised the enacted FY 2009 revenue estimate down by \$233.6 million, a decrease of 7.0 percent. As shown in the *General Revenue Changes to Adopted Estimates* table in Appendix A of this document, the Governor's revised FY 2009 budget recommends an increase of \$27.9 million in revenues. This \$27.9 million in recommended changes to the FY 2009 adopted estimates breaks down as follows:

- \$3.7 million resulting from the increase in Health Care Insurers Gross Premiums Rate to 2.0 percent for nonprofit hospital service corporations, nonprofit medical service corporations, nonprofit dental service corporations, and health maintenance organizations;
- \$9.0 million resulting from the imposition of Health Care Insurance Gross Premiums Rate of 2.0 percent to previously exempted Managed Care Health plans, as identified in the Title XIX Program;
- \$7.2 million from increased cigarette excise tax of \$3.46 per pack of twenty cigarettes retaining minimum price mark-ups;
- \$777,827 in increased sales taxes resulting from the cigarette tax increase;
- \$3.2 million from increased fees associated with the reinstatement of motor vehicle registrations and titles (\$50.00 to \$250.00), the reinstatement of operator's licenses (\$75.00 to \$250.00), and any certificate of title transaction (\$25.00 to \$50.00);
- \$78,929 resulting from an increased fee of \$20.00 in the entry fee for access to Small and Consumer Claims Mediation Court;
- \$134,802 of grants and donations received from the National Council on Aging (NCOA) and the American Cancer Society;
- \$6.0 million resulting from the sale of property next to the Garrahy Courthouse for a parking garage to the Rhode Island Housing and Mortgage Finance Corporation
- \$883,246 as a result of transfer of Worker's Compensation Escrow Account for companies with defunct operations and of Dual Party Telecommunications Device for the Deaf (TDD) Phone Relay Service Escrow Account;

General Revenues

- \$250,000 from transferring the available cash from the JP Morgan Purchase Card rebate incentives; and
- A decrease of \$2.3 million from eliminating the Group Home provider tax of 6.0 percent of gross patient revenue, as part of the implementation of the New Global Medicaid Waiver.

FY 2009 Revised Revenues vs. FY 2008 Audited Revenues

Recommended revenues for FY 2009 are based upon a \$287.9 million decrease in total general revenues over audited FY 2008, or growth of -8.1 percent. Much of this decrease can be found in Other Miscellaneous Revenues, \$(158.1) million; Personal Income Taxes, \$(62.6) million; Business Corporate Taxes, \$(42.5) million; Sales and Use Taxes, \$(12.4) million; Inheritance and Gifts, \$(7.3) million; Health Care Provider Assessment, \$(6.6) million; Unclaimed Property Taxes, \$(6.1) million; and Lottery Receipts, \$(5.2) million. These decreases are partially offset by estimated increases in Insurance Companies Gross Premiums Taxes, of \$21.8 million; Cigarette taxes of \$12.1 million; and Public Utilities Gross Earnings Taxes of \$5.1 million.

Personal income tax collection continues to be the single largest source of state general revenues at 32.2 percent for FY 2009 despite anticipated sharp declines. Personal income tax collections are estimated to contract at an annual rate of 5.8 percent, or \$(62.6) million for FY 2009. Much of this decline is due to increased income tax refund payments of \$51.2 million, followed by a decrease in estimated payments of \$41.9 million; and withholding payments of \$3.8 million. The overall decline, however, is slightly offset by an estimated increase of \$34.2 million in final payments.

General Business Tax collections are projected to drop by \$22.1 million or -5.9 percent, due primarily to an estimated decrease in Business Corporations taxes of \$42.5 million; and Health Care Provider Assessments of \$6.6 million. The estimated foregone collection in Health Care Provider Assessment is due to an estimated savings of \$28.6 million resulting from the Department of Human Services' expenditure reduction plan, which includes the use of selective contracting for shared living arrangements and the adoption of an acuity-based rate-setting system for nursing homes thereby reducing the nursing home tax revenues by \$1.6 million. On the other hand, these decreases are partially offset by anticipated increases in Insurance Companies Gross Premiums taxes of \$21.8 million and Public Utilities gross earnings taxes of \$5.1 million. The \$21.8 million incremental revenue gain in Insurance Companies taxes is comprised of \$3.8 million from raising the current gross premiums tax rate from 1.75 percent to 2.0 percent for non-profit hospital service corporations, non-profit medical service corporations, non-profit dental service corporations, and health maintenance organizations. An additional \$9.0 million is expected from imposing the 2.0 percent tax rate on previously exempted Managed Care Health plans such as the Rite Care, Rhody Health, Substitute Care, and Children with Special Health Care Needs (CSHCN). The Financial Institutions tax is expected to yield \$2.0 million, an increase of \$169,730 over the \$1.8 million collected in FY 2008. A \$2.3 million decline in Health Care Provider Assessments is expected due to the elimination of the 6.0 percent Group Home provider tax, as applied to gross patient revenues of residential disability providers.

Sales and Use tax collections are projected to drop by \$12.4 million or -1.5 percent, over audited FY 2008 collections. Sales and Use taxes represent 26.5 percent of total general revenues in FY 2009. This decline is partially buffered by an estimated increase of \$777,827 as a result of raising the current cigarette excise tax by \$1.00 per pack of 20 cigarettes while retaining the minimum mark-up provisions. For FY 2009 sales and use tax collections are projected to be \$831.8 million.

General Revenues

Excise Taxes other than the sales and use tax are expected to increase by \$13.5 million or 7.7 percent in FY 2009 over audited FY 2008 collections due primarily to a projected increase in cigarette tax payments of \$12.1 million. The proposed increase in the cigarette tax from \$2.46 per pack to \$3.46 per pack makes up \$7.2 million of this increase. This amount already includes a one-time floor stock tax revenue gain. Motor vehicle receipts are expected to increase by 3.1 percent due in large part to anticipated additional collections of \$2.1 million from increasing the reinstatement fees for registrations and titles, from \$50.00 to \$250.00 and operator's licenses, from \$75.00 to \$250.00; and all certificate of title transactions, from \$25.00 to \$50.00.

Other taxes are projected to decrease \$10.1 million, or 20.8 percent in FY 2009 relative to audited FY 2008. Of the total decrease in Other Taxes, Racing and Athletics tax collections constitute a \$312,860 decrease, the Realty Transfer tax constitutes a \$2.4 million decrease, and Inheritance and Gift Taxes are expected to yield \$7.3 million less in FY 2009 than in audited FY 2008. This expected decrease in Inheritance and Gift Tax collections is due to the nature of the tax itself, which can be affected markedly by the passing of a single wealthy taxpayer. Racing and Athletic Taxes are expected to continue their downward trend in FY 2009 totaling \$2.5 million, a decrease of 11.1 percent from FY 2008 levels. Realty Transfer Taxes are expected to total \$7.8 million in FY 2009, a decrease of 23.7 percent from audited FY 2008 collections.

In the Governor's FY 2009 supplemental budget, Departmental Receipts are projected at \$331.7 million, a decrease of \$24.8 million from audited FY 2008 collections, or 7.0 percent. Departmental revenue enhancements include \$124,802 from a grant provided by the National Council on Aging, \$78,729 as a result of increasing the Small and Consumer Claims Mediation Entry Fee to \$50.00 from \$30.00, and \$10,000 from a one-time donation made by the American Cancer Society.

In addition to the above general revenue components, sharp declines are expected in FY 2009 for Other Miscellaneous general revenue category of \$(158.1) million; the Unclaimed Property Transfer to the general fund of \$(6.1) million; and the Lottery transfer to the general fund of \$(5.2) million. The Gas Tax Transfer to the general fund is forecasted to slightly decrease by \$38,745 in FY 2009.

For FY 2009, Other Miscellaneous general revenues are projected to decline by \$158.1 million. This decrease is due in large part to the inclusion of tobacco securitization proceeds worth \$124.0 million in FY 2008 that does not repeat in FY 2009. Nonetheless, this decrease is slightly mitigated by an anticipated increase of \$7.1 million due primarily to the selling of the property next to the Garrahy Courthouse for a parking garage to the Rhode Island Housing Mortgage and Finance Corporation.

FY 2010 Proposed Revenues

The Governor's recommended FY 2010 budget estimates general revenues of \$3.146 billion, an increase of 0.2 percent from the revised FY 2009 level. The Governor's recommendation is comprised of \$3.009 billion of revenue estimated at the November 2008 Revenue Estimating Conference and \$137.6 million of changes to the adopted estimates. These changes are shown in the schedule *General Revenue Changes to Adopted Estimates* located in Appendix A of this document.

The largest source of FY 2010 general revenues is the Personal Income Tax, with estimated receipts of \$1.013 billion, \$1.7 million more than the November 2008 REC estimate for FY 2010. This small increase is due primarily to the anticipated negative consequences of the American Recovery and Reinvestment Act of 2009 (ARRA) with respect to Personal Income Taxes. Of particular note, a total revenue reduction of \$5.1 million is estimated as a result of the following provisions contained in the ARRA: an increase of 5 percent in the earned income tax credit for filers with 3 or more children for tax

General Revenues

years 2009 and 2010, an increase of \$25.00 in weekly unemployment compensation and the deduction of the first \$2,400 of unemployment compensation from adjusted gross income for tax year 2009, and the deduction of the sales tax paid on purchases of new passenger automobiles and light-duty trucks between February 17, 2009 and December 31, 2009 from adjusted gross income. Each of these provisions effectively lowers taxable income. Personal Income Taxes are expected to comprise 32.2 percent of total general revenues in FY 2010.

Sales and Use Tax collections are expected to yield \$838.7 million in FY 2010, or \$2.7 million more than the level adopted at the November 2008 Revenue Estimating Conference for FY 2010. The \$2.7 million increase is expected to come from the increase in the price of cigarettes resulting from the cigarette tax increase from \$2.46 per pack to \$3.46 per pack. The Governor's FY 2010 recommended estimate signifies growth of 0.8 percent over the FY 2009 revised estimate. Sales and Use Taxes are anticipated to contribute 26.7 percent to total general revenues in FY 2010.

Motor Vehicle operator license and vehicle registration fees are forecasted to equal \$55.8 million in FY 2010, an increase of \$8.4 million over the November 2008 REC estimate. This increase is the result of the Governor's proposal regarding the increase in reinstatement fees for registrations and licenses and certificate of title fee increases. Motor Carrier Fuel Use Taxes are estimated to reach \$850,000 in FY 2010, the same as the November 2008 REC estimate. Cigarette tax revenues are expected to total \$144.2 million, or an increase of \$27.5 million, over the November 2008 REC estimate. This increase is the result of the Governor's proposal to increase cigarette excise tax by \$1.00. Alcohol Tax revenues are projected to increase by \$200,000 or 1.8 percent in FY 2010 from the revised FY 2009 estimate.

General Business taxes represent 10.7 percent of total general revenue collections in the FY 2010 budget year. Business Corporation Tax revenues are expected to yield \$96.3 million, a decrease of 14.5 million from the FY 2010 estimate agreed to at the November 2008 REC. This decrease is the result of the Governor's proposal to begin to phase out the Business Corporation tax over a five year period beginning on January 1, 2010. For FY 2010, the proposed tax rate decrease is to 7.5 percent, which is 1.5 percentage-points lower than the current business corporation tax.

Insurance Companies Gross Premiums taxes are projected to reach \$92.1 million in FY 2010. This amount includes \$78.5 million from the November 2008 Revenue Estimating Conference and \$13.6 million of additional revenues. The latter is expected to come from the Governor's proposal to impose the current gross premiums tax rate of 2.0 percent on non-profit hospital service corporations, non-profit medical service corporations, non-profit dental service corporations, and health maintenance organizations, and Title XIX Managed Care Health plans. Health Care Provider Assessments taxes are estimated to decrease by 19.9 percent, or \$9.3 million, over revised estimate for FY 2009. This reduction is due to the repeal of the group home provider tax and the rebasing of the nursing home provider tax as a result of the implementation of the Global Medicaid Waiver. Health Care Provider Assessments will comprise 1.2 percent of total general revenues in FY 2010.

All the other components of general business taxes excluding Business Corporations, Insurance Companies Gross Premiums, and Health Care Provider Assessments taxes are estimated at the levels adopted at the November 2008 Revenue Estimating Conference. Public Utilities Gross Earnings Taxes are estimated to increase by 2.2 percent or \$2.3 million and comprise 3.5 percent of general revenues. Financial Institution taxes are estimated to decline by \$1.0 million in FY 2010 over revised estimate for FY 2009. In FY 2010, Bank Deposit taxes are estimated to increase by 2.4 percent, or \$40,000, from the revised FY 2009 estimate.

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Inheritance and Gift Taxes are projected to decline by \$1.5 million over the \$28.5 million adopted at the November 2008 Revenue Estimating Conference. The source of this decrease is mainly due to the Governor's proposal to increase estate tax exemption amount to \$1.0 million from its current level of \$675,000. Realty Transfer Taxes are estimated at the same level adopted at the November 2008 Revenue Estimating Conference and the revised estimate for FY 2009, with anticipated collections of \$7.8 million. Racing and Athletics Taxes are also estimated at the level adopted at the November 2008 REC. This estimate represents a decline of \$200,000, or -8.0 percent, from the revised FY 2009 estimate. Total Racing and Athletics Taxes projected in FY 2009 is \$2.3 million. Other taxes will comprise 1.2 percent of total general revenues in FY 2010.

FY 2010 departmental receipts are expected to generate \$3.4 million more than the revised FY 2009 budget. Inclusive of the Governor's proposed changes to departmental receipts, total departmental revenues are expected to be \$335.1 million in FY 2010, or 10.7 percent of total general revenues. In the licenses and fees category, \$112.5 million is expected due primarily to the Governor's proposal to reinstate the Hospital Licensing fee for one year using the current rate of assessment of 4.78 percent and the current base of FY 2007 net patient revenues. The FY 2010 recommended departmental revenues figure includes the following proposals:

- \$111.4 million from reinstating the Hospital Licensing Fee;
- \$198,901 resulting from increasing the small and consumer claims mediation court entry fee by \$20.00;
- \$894,100 resulting from the increased fee of \$20.00 for Bureau of Criminal Identification background checks;
- \$25,000 from imposing a penalty for Late Renewal of Office of Food Protection Licenses;
- \$50,000 from the transfer of Purchase Card rebate incentives;
- \$124,802 of funding received from the National Council on Aging (NCOA);

The other sources component total of \$375.9 million in FY 2010 represents a decrease of \$10.7 million, or 2.8 percent, compared to the revised revenue estimate for FY 2009. The change in other sources of revenue affects only the Other Miscellaneous Revenues.

The Governor's recommended FY 2010 budget for Other Miscellaneous Revenues is \$2.9 million lower than the revised FY 2009 level, a decrease of 12.1 percent. Other Miscellaneous Revenues are anticipated to generate \$20.9 million in FY 2010 an increase of \$11.1 million from the level adopted at the November 2008 Revenue Estimating Conference. The source of this increase primarily comes from the sales of two state-owned properties, the Aime Forand Building and Pastore Parcel.

Within the Gas Tax Transfer component, the Governor's FY 2010 budget shows a hundred percent change from the revised FY 2009 level. The Governor proposes the transfer of the \$0.01 of the Gas Tax allocation from the General Fund to the Department of Transportation, which totals \$4.5 million.

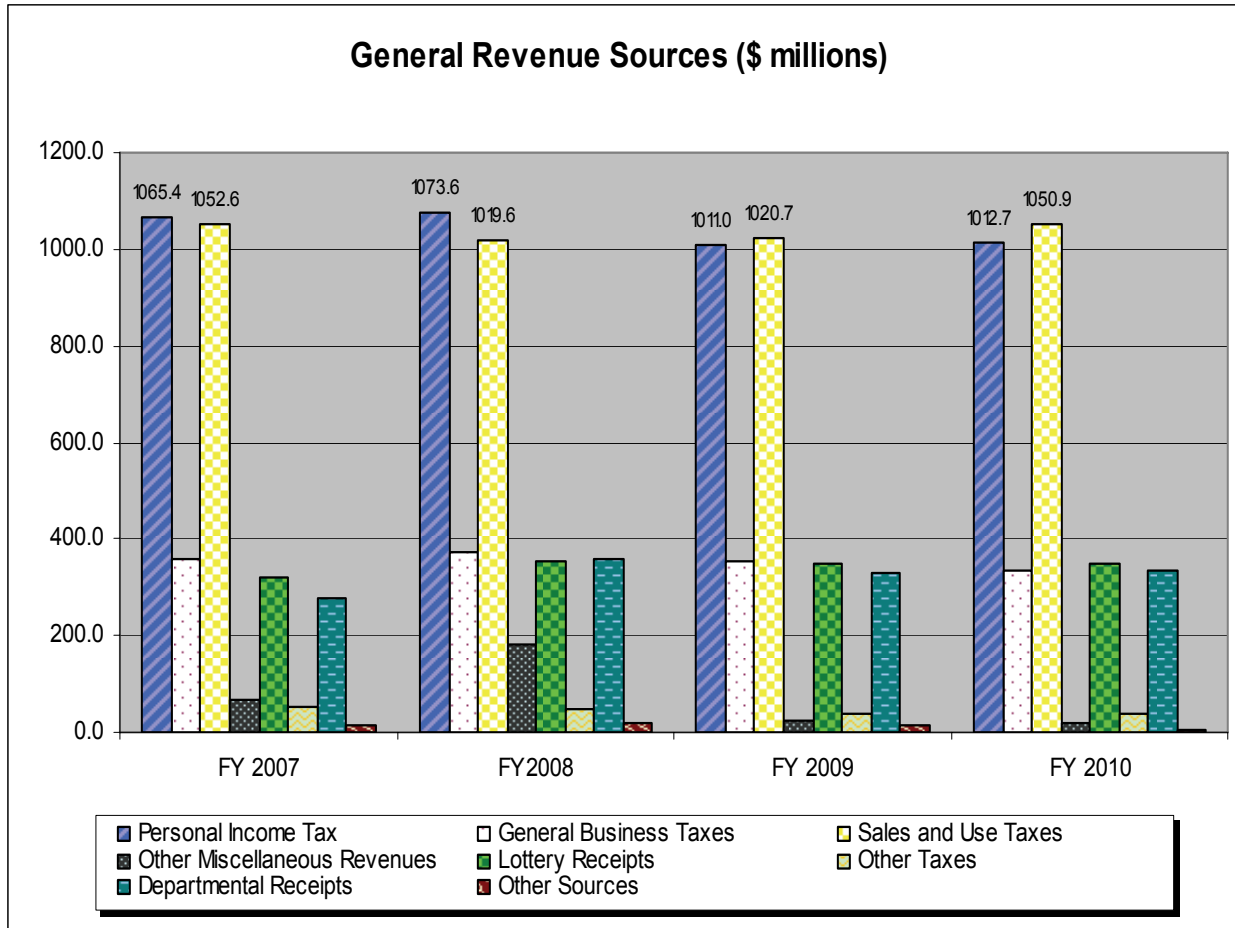
Within the Lottery category, the recommended FY 2010 budget is \$300,000 greater than the revised FY 2009 budget, an increase of 0.1 percent. The Governor recommends no changes from the November 2008 REC estimate for Lottery. In FY 2010, the Lottery Transfer is expected to be \$349.4 million and comprise 11.1 percent of total general revenues.

The final category of general revenue receipts is the Unclaimed Property transfer. In FY 2010, this transfer is expected to decrease by \$3.7 million, or 39.8 percent, from the revised FY 2009 estimate. The

General Revenues

Unclaimed Property transfer is projected to be \$5.6 million in FY 2010, and comprises 0.2 percent of all general revenues.

The chart below shows the sources of general revenues for the period FY 2007 – FY 2010. The values of the two major sources of general revenues, personal income taxes and sales and use taxes, are highlighted.



All Sources

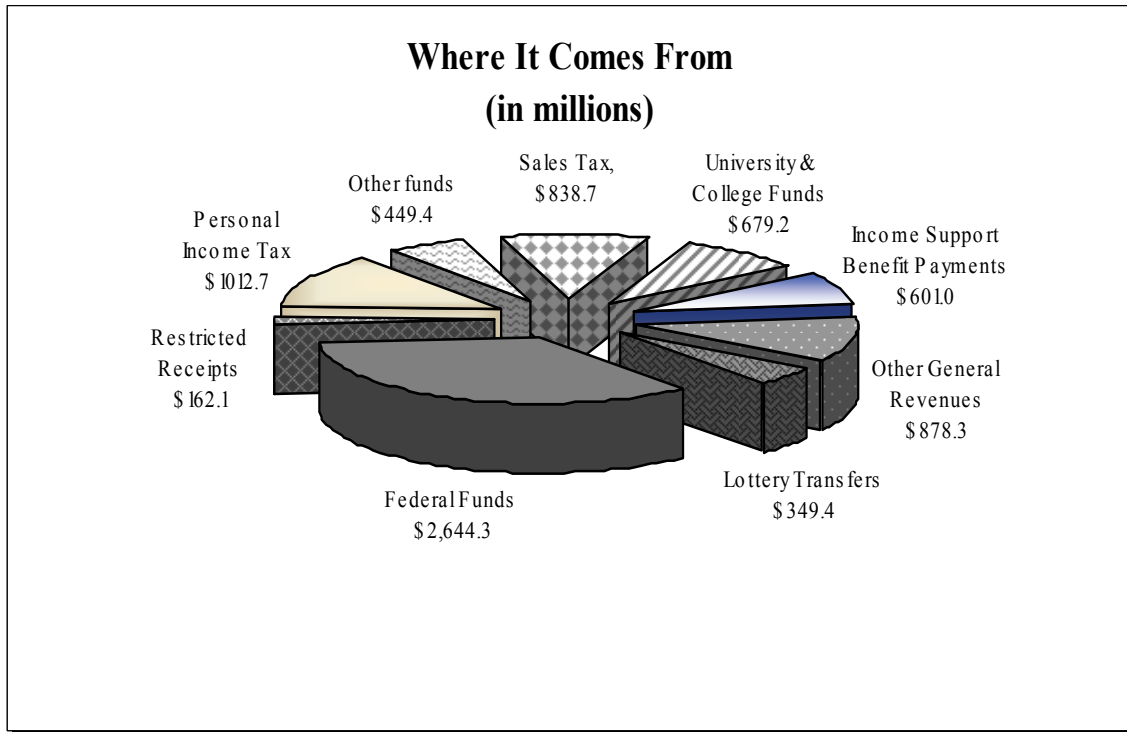
The total budget of \$7,615.1 million includes all sources of funds from which state agencies make expenditures.

Federal funds represent 34.7 percent of all funds. Over 64.1 percent of federal funds are expended for human services, primarily for Medicaid.

Income and Sales Taxes combined represent 24.3 percent of all revenue sources.

University and College Funds, and Income Support Benefit payments represent 8.9 percent, and 7.9 percent of the total, respectively.

Remaining services include: Other General Revenues (11.5 %); Lottery transfers (4.6 %); Restricted receipts (2.1 %); and Other funds (5.9 %).



All Expenditures

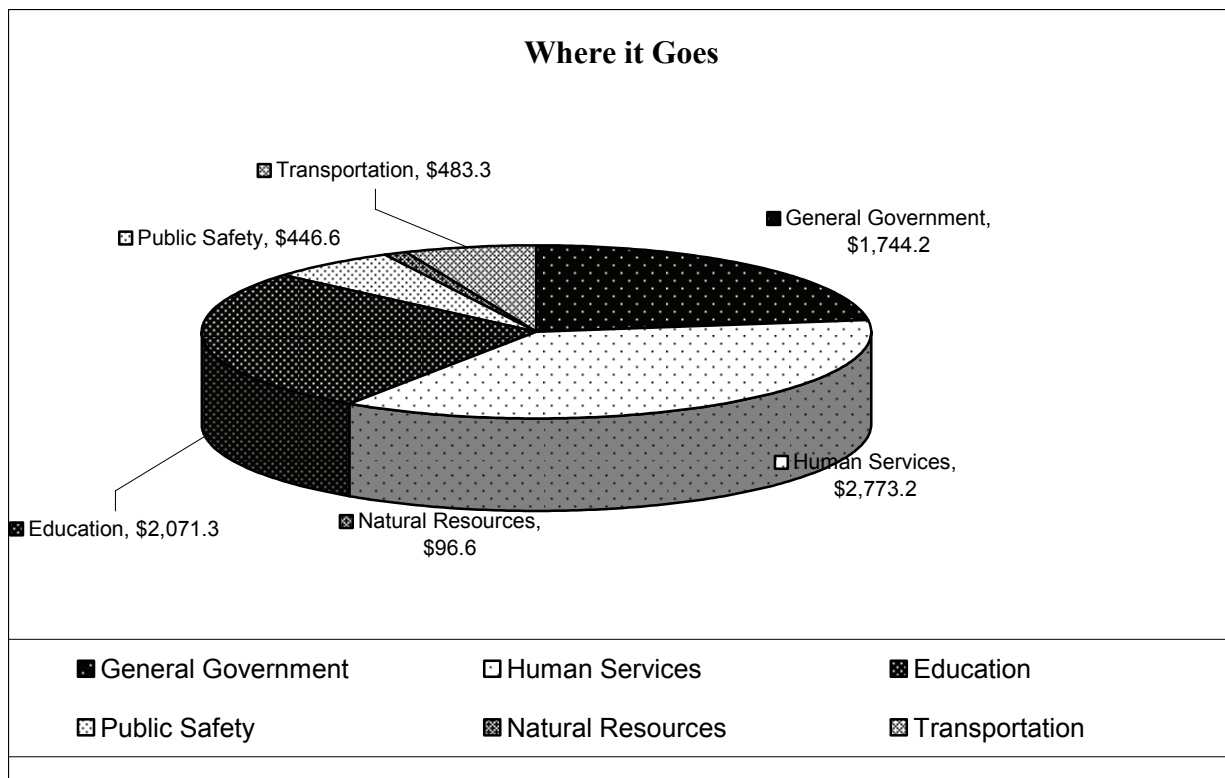
Approximately sixty-four percent of all expenditures are for human services and education programs. The budgets for the human service agencies total \$2.773 billion, or approximately thirty-six percent of all expenditures. These programs constitute the state's safety net.

Education expenditures comprise approximately twenty-seven percent of total expenditures, or \$2.071 billion. Of this total, \$1.017 billion represents funding for aid to local units of government. This is approximately forty-nine percent of all education expenditures, including higher education.

Approximately forty-three percent of the \$1.774 billion expended for general government is for grants and benefits to individuals. Most of these expenditures are for employment and training services or programs, including unemployment compensation.

Transportation expenditures comprise approximately six percent of the total budget and include funds for public transportation, as well as highway, road and bridge expenditures.

In total, expenditures from all funds are recommended to increase by 4.8 percent from the revised FY 2009 budget.



General Government

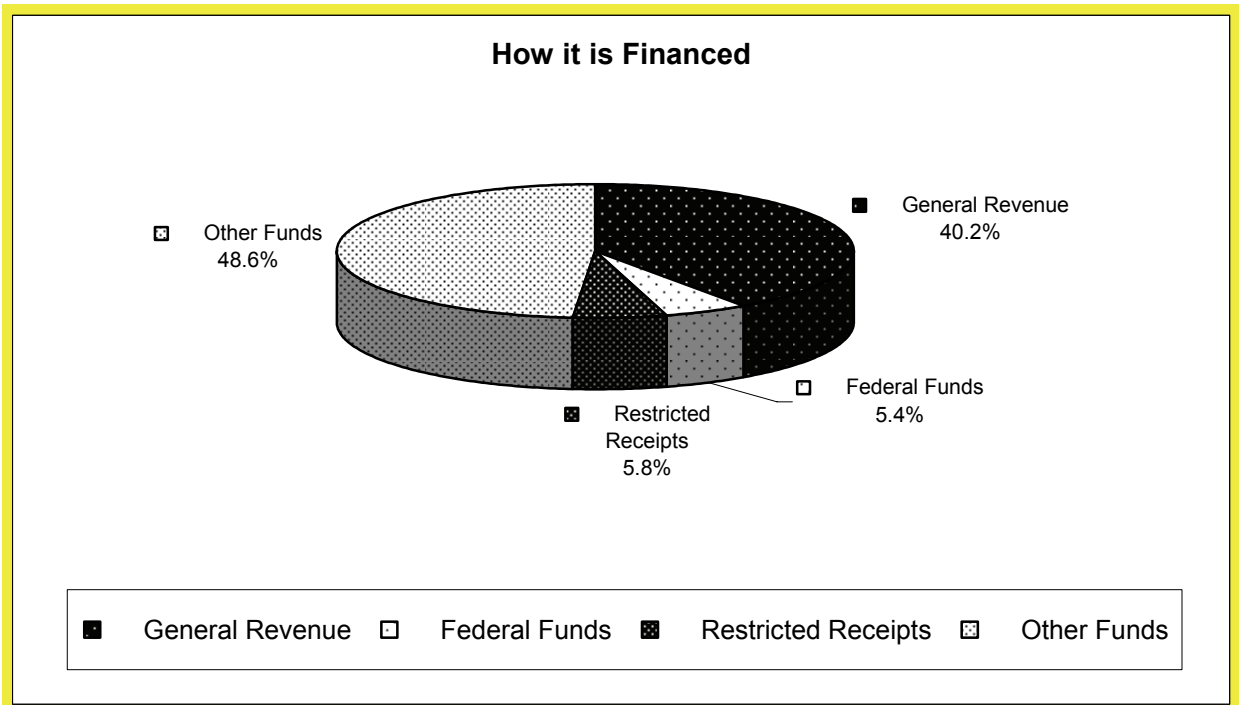
General Government

Summary

General Government includes agencies that provide general administrative services to all other state agencies, and those that perform state licensure and regulatory functions. It includes: most *elected officials*, including the Governor, Lieutenant Governor, General Treasurer, and the Legislature; *administrative agencies*, including the Department of Administration, the Department of Revenue, the Department of Labor and Training, and the Board of Elections; and *regulatory agencies*, including the Department of Business Regulation and the Public Utilities Commission. The Governor recommends 2,299.2 FTE positions in the revised FY 2009 budget and 2,374.6 FTE positions in FY 2010 within general government agencies.

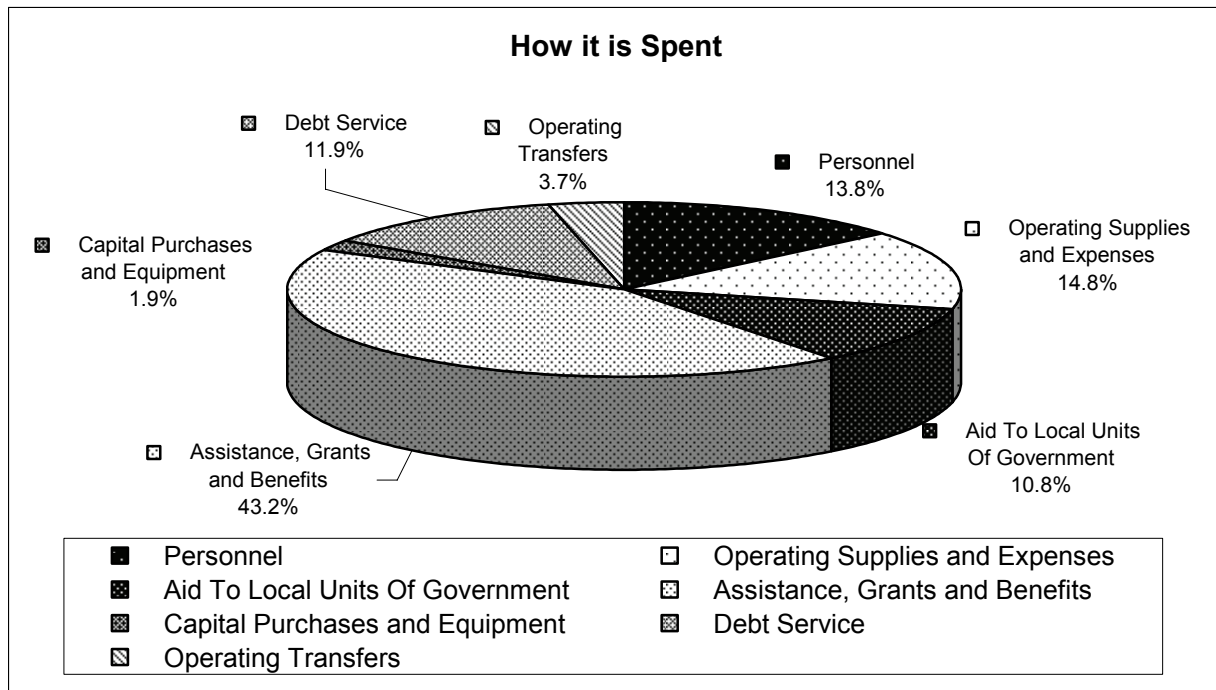
The FY 2009 revised budget for General Government agencies totals \$1.626 billion, including \$575.3 million in general revenue, \$143.4 million in federal funds, \$75.8 million in restricted receipts, and \$831.5 million in other funds. The revised budget from all fund sources for General Government agencies is \$227.0 million, or 16.2 percent, more than the FY 2009 enacted budget of \$1.399 billion. Of the \$1.626 billion recommended for FY 2009, \$675.3 million is for grants and benefits, \$261.5 million is for operating, \$231.8 million is for personnel, \$217.8 million is for local aid, \$178.9 million is for debt service, \$38.5 million is for capital, and \$22.2 million is for operating transfers.

For FY 2010, the Governor recommends expenditures of \$1.744 billion for General Government programs. The programs are financed with \$606.1 million of general revenues, \$187.4 million of federal funds, \$82.5 million of restricted receipts, and \$868.2 million of other funds. The FY 2010 recommendation for General Government agencies is \$345.2 million, or 24.7 percent, more than the FY 2009 enacted level.



General Government

Of the \$1.744 billion recommended for FY 2010, \$752.8 million is for grants and benefits, \$257.6 million is for operating, \$241.1 million is personnel, \$207.7 million is for debt service, \$187.8 million is for local aid, \$33.4 million is for capital, and \$63.8 million is for operating transfers. The General Government function represents 22.4 percent of the total budget for Rhode Island.



General revenue financing for General Government agencies in FY 2010 increases by \$36.9 million, or 6.5 percent, from the FY 2009 enacted level. This increase is primarily in the Department of Administration (\$37.2 million). Other notable changes include decreases in the Department of Revenue (\$1.5 million), the Department of Business Regulation (\$540,832), the Secretary of State (\$340,903) and the General Treasurer (\$63,468), offset by increases in the Department of Labor and Training (\$154,902), Governor’s Office (\$678,143), Board of Elections (\$337,267) and Lt. Governor (\$71,844).

In FY 2010, federal funds in General Government agencies increase by \$113.1 million, or 152.2 percent, from the FY 2009 enacted level. The change results from increases in the Department of Administration (\$57.4 million) and the Department of Labor and Training (\$56.7 million), offset by reductions in the Secretary of State (\$541,139) and the Board of Elections (\$662,344). Restricted receipts increase by \$9.9 million, or 13.7 percent, which includes increases of \$8.5 million in the Department of Administration, \$1.3 million in the Department of Business Regulation and \$409,036 in the Department of Labor and Training. Other funds increase by \$185.3 million, or 27.1 percent, from the FY 2009 enacted level. This change results from increases in the Department of Administration (\$21.1 million) and Department of Labor and Training (\$184.0), offset by decreases in the Department of Revenue of \$19.7 million.

The significant changes in federal and other funds within the Department of Labor and Training are primarily due to Rhode Island’s high unemployment and the receipt of additional resources under the American Recovery and Reinvestment Act of 2009.

General Government

The Rhode Island Department of Labor and Training's seasonally adjusted unemployment rate started at 6.3 percent in January of 2008 and has climbed every month since, including almost one full percent from December 2008 to January 2009, where it stands at 10.3 percent.

American Recovery and Reinvestment Act of 2009 funding of over \$53.0 million will directly benefit all of the currently 34,400 unemployed insured Rhode Islanders in FY 2009 and FY 2010. An additional \$7.7 million of unemployment benefits and \$8.4 million in extended unemployment benefits will be paid in FY 2009. In FY 2010, an additional \$16.9 million in benefits and \$20.3 million in extended benefits will be paid.

This funding stimulus is in the form of a federal \$25 a week additional compensation program for all weekly payments, starting the week of February 28, 2009. Rhode Island unemployment benefits for all programs, without including the additional \$25 stimulus, are estimated at \$374.4 million in FY 2009 and \$414.8 in FY 2010, an increase of 10.8 percent. The Rhode Island Unemployment Insurance Trust Fund, started 2008 with a \$168.0 million balance, but expects to be depleted shortly, requiring the need for an interest free federal borrowing of \$75 million, with more borrowing likely to follow in FY 2010. Rhode Island last borrowed federal funds for its trust fund solvency during the 1983 recession.

Department of Administration

The Governor recommends revised appropriations of \$647.4 million in FY 2009 for the Department of Administration, excluding internal service funds. This includes \$473.1 million in general revenue, \$81.6 million in federal funds, \$15.4 million in restricted receipts, and \$77.2 million in other funds.

The revised FY 2009 budget is \$86.5 million greater than the enacted budget. This includes an increase in general revenue appropriations of \$11.5 million, an increase in federal funds of \$47.6 million, an increase in restricted receipts of \$6.5 million, and an increase in other funds of \$20.8 million. Internal service funds within the Department of Administration increase \$32.5 million from \$336.6 million to \$369.1 million, primarily due to increased retiree health care costs and state employee severance pay.

The FY 2009 revised budget for the Department of Administration includes statewide increases totaling \$509,492, resulting from increased retiree health benefits of \$662,708, offset by savings from one uncompensated personal leave day equal to \$153,216.

Of the \$11.5 million increase in general revenue appropriations, core departmental programs realized savings of \$6.4 million from the enacted budget, while net increases of \$17.8 million were for offsetting statewide personnel savings, state aid, debt service, and other non-department specific programs. The major general revenue changes within core departmental programs include:

- Department-wide personnel savings of \$5.3 million as compared to the enacted budget. These savings derive from current vacancies and the elimination of non-essential positions. Each program in the Department realized personnel savings with the exception of the Sheriffs program, where additional mandatory overtime detail costs of \$730,000 outweighed the program's savings from vacancies.
- Additional funding of \$80,000 for interest projected to be owed to the federal government under the Cash Management Improvement Act (CMIA) for premature federal cash draw downs received by the State.

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- Savings in Human Resources of \$114,950 due to reduced operating expenditures of \$91,510 and reduced grants and benefits of \$50,000 due to grant funding relating to the Worksite Wellness initiative being transferred back to the Department of Health.
- Additional funding in Human Resources of \$114,000 for increased costs for legal mediation services.
- A reduction of \$1.1 million in general revenue funding in Capital Projects and Property Management as a result of the conversion of the Building Contractor's Registration and Licensing Board to restricted receipts in accordance with RIGL 5-69-9.
- Additional funding of \$90,762 in Capital Projects and Property Management for the first payment of a settlement in a lease dispute with Brown University. The balance of \$65,762 will be payable in FY 2010.
- Additional funding in Facilities Management of \$256,098 for contract services for increases in maintenance at the Pastore Center power plant, increased janitorial rates, and security detail requirements for the Department of Labor and Training.
- Savings in Facilities Management of \$1.2 million in operating expenditures, primarily attributable to the transfer of maintenance costs for the Juvenile Corrections Program to the Department of Children, Youth, and Families, the funding for which was included in the enacted budget of the Department of Administration.
- Net savings for utilities of \$831,811 at the Pastore Center and Capitol Hill complex based on the latest utility rates.
- Additional funding of \$1.1 million for the Division of Information Technology for the use of contract employees, which is offset by a reduction in personnel funding for full-time employees of \$1.8 million. The Division was planning to replace most contractors with full-time employees during FY 2009 and to accomplish this the enacted budget increased funding for full-time employees and reduced funding for contractors. However, the Division has experience significant delays in its ability to fill many full-time positions and thus has been required to keep contractors on staff for longer than anticipated.
- In addition, the Division of Information Technology will have savings of \$536,143 relating to the ongoing implementation of Rhode Island's new integrated financial system, known as RIFANS. As a result of other priorities, the Division has delayed the implementation of the Human Resources module.

The FY 2009 enacted budget for the Department of Administration included negative appropriations totaling \$90.9 million in all funds, \$50.2 million in general revenue. The first of these negative appropriations (\$60.6 million all funds, \$33.4 million general revenue) was for savings in personnel costs projected to be achieved as a result of negotiations with state employee unions on items such as health benefit co-pays and uncompensated leave days. The second of these negative appropriations (\$30.5 million all funds, \$16.0 million general revenue) was for savings from permanent position eliminations as a result of retirements. The FY 2009 enacted budget assumed that 400 non-critical positions would be eliminated upon the incumbent's retirement. These negative appropriations were to be allocated to each agency by the State Budget Office after enactment of the FY 2009 budget. This allocation is reflected in the revised FY 2009 budget recommendations and results in a net increase to the Department of Administration's general revenue budget of \$44.7 million. The department's share of the personnel

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savings was \$3.4 million and its share of position eliminations was \$1.9 million. Negative appropriations were also included for federal funds, \$15.0 million; restricted receipts, \$3.1 million; and other funds, \$22.8 million.

Local aid funding decreases in the revised FY 2009 budget by \$28.8 million. This includes a decrease of \$24.1 million in General Revenue Sharing from \$55.1 million to \$31.0 million. The revised budget also includes a reduction of \$4.2 million for the Motor Vehicle Excise Tax Phase-out program, which is the result of final vehicle valuations being less than projected, thereby reducing the amount that the state has to reimburse municipalities. The Payment-in-Lieu-of-Taxes (PILOT) program decreases by \$186,558 to reflect actual payments made in FY 2009. Library Construction Aid decreases by \$178,282, which brings funding in line with actual commitments for FY 2009.

The FY 2009 revised budget also includes additional funding of \$1.1 million for the teacher's retiree health subsidy. The enacted budget included \$479,502 for this subsidy based on the fund balance and projected claims. Recent analysis has determined that this amount will be insufficient to properly fund requirements under the pay-as-you-go method.

Debt service adjustments account for a reduction of \$5.2 million in general revenue appropriations, decreasing from \$141.6 million to \$136.4 million. This reduction is the result of several factors. The largest component of the decrease is the result of savings of \$5.2 million in debt service on tax anticipation notes (TANS), which are used to finance state expenditures in advance of receipts from taxes. These savings are based on actual debt service requirements from the \$350.0 million TANS issue completed in November 2009 and are the result of a lower than projected interest rate, premium received on the issuance and interest earnings on the borrowed funds.

Savings on TANS debt service are offset by additional funding of \$3.0 million for the Convention Center Authority to cover operating deficits and debt service costs. The Authority plans to undertake a debt refinancing to eliminate an interest-rate SWAP instrument. The results of this refinancing may provide for some expenditure relief if a restructuring is successful.

The Department of Administration's enacted budget included general revenue savings of \$560,942 based on a proposal to consolidate equipment maintenance contracts from multiple manufacturers and third parties into one comprehensive program for all state agencies. Although a provider has been chosen to develop such a program and a baseline study is underway, the anticipated savings are restored in the revised budget and no savings are assumed in agency budgets because it is uncertain where savings will occur and also to encourage participation in the voluntary program. It is believed that if agencies are allowed to keep any savings generated from this program and redirect them to higher priority needs, they will be more inclined to participate. Savings were also budgeted in federal funds, \$253,130; restricted receipts, \$182,434; and other funds, \$182,434, all of which are also restored in the revised budget.

Net of the \$15.0 million increase attributable to the statewide personnel and position elimination savings described above, federal funds increase by \$32.6 million from the FY 2008 enacted level. The majority of this increase, \$31.4 million, is in the Office of Energy Resources, primarily due to changes in funding for the Low Income Home Energy Assistance Program (LIHEAP) of \$24.1 million. This is comprised of \$25.7 million for the new FY 2009 award and \$8.4 million for an emergency contingency fund, offset by a reduction of \$11.7 million in the FY 2008 award to reflect the actual balance remaining.

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Due to passage of the American Recovery and Reinvestment Act of 2009, the Department of Administration anticipates additional federal funding of \$16.6 million in FY 2009. These stimulus funds will be budgeted as follows:

- \$10.0 million for the Station Fire Fund. A settlement in this amount was agreed to by the plaintiffs and the State of Rhode Island in the lawsuit stemming from the Station Nightclub Fire of 2003. The Governor recommends paying this settlement in the revised budget with Rhode Island's share of federal fiscal stabilization funding.
- \$270,594 for Homelessness Prevention, which can be used for rental assistance, housing relocation, and stabilization services.
- \$3.1 million in additional funds in the Office of Energy Resources for renewable energy and energy efficiency programs; and \$2.5 million in additional funds for weatherization assistance programs.
- \$657,500 for the Low Income Energy Efficiency Appliance Rebate Program, which provides rebates to eligible residential consumers who purchase energy efficient appliances.

Net of the \$3.1 million increase attributable to the statewide personnel and position elimination savings described above, restricted receipts increase by \$3.4 million due to several factors. First, bond premium and estimated interest earnings on TANS result in an increase of \$870,894 and are budgeted to pay debt service on the TANS. Second, a reduction of \$1.1 million for debt service on the new Registry of Motor Vehicles computer system debt authorization. Although the project is proceeding on schedule, the debt has not been issued as of the submission of the FY 2009 supplemental budget and thus, no debt service will be due in this fiscal year. This debt service will be funded from a surcharge being imposed on all Registry transactions and received into a restricted receipt account in the Department of Administration, where all debt service costs are budgeted. Third, increased funding of \$3.8 million in the Office of Energy Resources is primarily attributable to anticipated receipts under the Regional Greenhouse Gas Initiative program, whereby the State of Rhode Island will receive funds from the sale of allowances on greenhouse gas emissions. Finally, an increase of \$1.0 million as a result of the conversion of the Building Contractor's Registration and Licensing Board from general revenue funded to restricted receipts.

Net of the \$22.8 million increase attributable to the statewide personnel and position elimination savings described above, other funds decrease by a net of \$2.0 million, as a result of several factors. First, a reduction of \$5.0 million in debt service on transportation bonds, which is funded by a transfer from the Department of Transportation's gas tax revenues. Second, an increase of \$3.1 million in Facilities Management due to the reallocation of costs for centralized services among various funding sources. Finally, there is a net increase of \$479,730 for capital projects funded from the Rhode Island Capital Plan Fund. This increase is comprised of several significant changes, including the carry over of \$2.5 million for the Neighborhood Opportunities Program; a reduction of \$3.8 million for the renovation of the Amie Forand Building to house the Registry of Motor Vehicles to be more in line with project timelines, and an increase of \$1.5 million to fund renovations and relocation of staff at the Pastore Center.

The Governor recommends a total of 845.6 FTE positions in the FY 2009 revised budget, a decrease of 110.2 FTE positions from the enacted level of 955.8 FTE positions. This includes a reduction of 26.2 FTE positions for the Department's share of the allocation of the 400.0 FTE positions to be eliminated subsequent to retirements early in FY 2009. In addition, the Department of Administration's FY 2009 revised budget request eliminated all vacant positions as of the time of submission in accordance with instructions. The majority of

General Government

these positions were not restored in the Governor's recommendations for FY 2009. FTE positions were also reduced in the Department due to transfers to other state agencies including: 2.0 FTE positions to the Office of the Governor; 1.0 FTE position to the Office of Health and Human Services; and 2.0 FTE positions to the Department of Transportation.

The Governor recommends total expenditures for FY 2010 of \$685.1 million for the Department of Administration, excluding internal service funds. This includes \$498.9 million in general revenues, \$91.3 million in federal funds, \$17.4 million in restricted receipts, and \$77.4 million in other funds.

Overall, the FY 2010 budget recommendation is an increase of \$124.2 million from the enacted FY 2009 budget. This includes an increase in general revenue of \$37.2 million, an increase in federal funds of \$57.4 million, an increase in restricted receipts of \$8.5 million, and an increase in other funds of \$21.1 million. Internal service funds within the Department of Administration increase \$51.8 million from \$336.6 million to \$388.5 million.

The FY 2010 budget for the Department of Administration includes statewide adjustments netting to \$5.4 million, including adjustments for a 2.5 percent cost of living increase, medical benefit inflation, Election Day Holiday, benefit assessments, retirements, retirement rates, retiree health benefits, and energy costs. This excludes the adjustment for the Department's share of the non-retirement personnel savings.

Of the \$37.2 million increase in general revenue appropriations, core departmental programs realized net savings of \$794,674 from the FY 2009 enacted budget, while net increases of \$36.4 million were for offsetting statewide personnel savings, state aid, debt service, and other non-department specific programs. The major general revenue changes within core departmental programs include:

- Department-wide net personnel savings of \$615,142 as compared to the FY 2009 enacted budget. These savings are a result of current vacancies and the elimination of non-essential positions. The Department achieved these personnel savings despite increases for a 2.5 percent cost of living adjustment and \$1.3 million in general revenue added for 33.0 new FTE positions required to effectively facilitate the statewide use of federal stimulus funds. The largest increase in personnel from the enacted budget was in the Sheriffs program, where additional FTE positions were needed to cover mandatory court room details and overtime at an additional general revenue cost of \$1.6 million from the enacted budget.
- Additional funding of \$80,000 for interest projected to be owed to the federal government under the Cash Management Improvement Act (CMIA) for premature federal cash draw downs received by the State.
- Savings of \$72,000 for contract services in Capital Projects and Property Management due to the elimination of funding for financial and IT services.
- Additional funding of \$65,762 in Capital Projects and Property Management to pay the final installment in a lease dispute settlement with Brown University.
- A reduction of \$214,090 in Statewide Planning due to the transfer of the Local Government Assistance Program to the Department of Revenue, Division of Municipal Finance.
- Additional funding in Facilities Management of \$378,869 for contract services for increases in maintenance at the Pastore Center power plant, increased janitorial rates, and security detail requirements for the Department of Labor and Training.

General Government

- Savings in Facilities Management of \$1.2 million in operating expenditures, primarily attributable to the transfer of maintenance costs for the Juvenile Corrections Program to the Department of Children, Youth, and Families, the funding for which was included in the enacted budget of the Department of Administration.
- Net savings for utilities of \$3.0 million at the Pastore Center and Capitol Hill complex based on the projected utility rates.
- Additional funding of \$135,000 in the Division of Information Technology for the Technology Initiative Fund to implement changes to the Division of Taxation's e-filing system.

As described above, the FY 2009 enacted budget for the Department of Administration included negative appropriations totaling \$90.9 million in all funds, \$50.2 million in general revenue for statewide personnel savings. These negative appropriations were allocated to each agency by the State Budget Office and reflected in the FY 2009 revised budget recommendations. These same changes carry over to FY 2010 and result in a net increase to the Department of Administration's general revenue budget of \$44.7 million. Negative appropriations in federal funds, \$15.0 million; restricted receipts, \$3.1 million; and other funds, \$22.8 million were also eliminated.

Local aid funding decreases in the FY 2010 budget by \$58.8 million. This includes the elimination of \$55.1 million for the General Revenue Sharing program. The FY 2010 budget level funds the Motor Vehicle Excise Tax Phase-out program at the FY 2009 revised budget level of \$135.3 million, which is a reduction of \$4.2 million from the FY 2009 enacted level. This reduction was based on the result of final vehicle 2008 valuations being less than projected, thereby reducing the amount that the state has to reimburse municipalities. The FY 2010 funding assumes no change in vehicle valuations.

The Governor recommends level funding the Payment-in-Lieu-of-Taxes (PILOT) program at the FY 2009 revised funding level, a decrease of \$186,558 from the enacted level.

The Governor recommends an increase of \$571,500 for the Property Valuation program, which reimburses communities for statistical updates and/or revaluations of real property required to be conducted by state law.

The Governor recommends fully funding the Library Construction Aid program at \$3.0 million, based on outstanding agreements, an increase of \$223,560 from the FY 2009 enacted level. State Library Aid is level funded at the FY 2009 enacted level of \$8.8 million.

The Governor recommends level funding the Distressed Communities Relief program at \$10.4 million, but shifts \$10.0 million from general revenue to federal fiscal stabilization funds to be received by Rhode Island under the American Recovery and Reinvestment Act.

Debt service adjustments account for a net increase of \$16.1 million in general revenue appropriations, increasing from \$141.6 million to \$157.8 million. This is the result of several major changes to the enacted budget including:

- Additional funding of \$3.7 million for General Obligation Debt Service based on outstanding debt and projected issuances for FY 2010.
- An additional \$4.9 million for Certificates of Participation primarily due to previously authorized

General Government

new issuances for the School for the Deaf, Energy Conservation projects at the Pastore and Zambarano Campuses, and the balance of the Information Technology initiative authorized by the 2007 General Assembly.

- Additional funding of \$3.0 million for the Convention Center Authority to cover operating deficits and debt service costs.
- Additional funding of \$22.5 million for the issuance of \$200.0 million to fund Historic Tax Credits as required by 2008-H 8016 Substitute A as enacted by the General Assembly, subsequently modified by 2008-H 7390 Substitute A.
- Savings of \$12.6 million for Refunding Bond Authority debt service as this debt is paid off in FY 2010.
- Savings of \$5.2 million in debt service on tax anticipation notes (TANS), which are used to finance state expenditures in advance of receipts from taxes. Funding for FY 2010 is based on actual costs incurred for a \$350.0 million TANS issuance in FY 2009. Debt service and related issuance costs are projected to be about equal in FY 2010.

As described above, the Department of Administration's enacted budget included all fund savings of \$1.8 million based on a proposal to consolidate equipment maintenance contracts from multiple manufacturers and third parties into one comprehensive program for all state agencies. As in the FY 2009 revised budget, these savings are eliminated in FY 2010.

Net of the \$15.0 million increase attributable to the statewide personnel and position elimination savings described above, federal funds increase by \$42.4 million from the FY 2008 enacted level. The majority of this increase, \$17.6 million, is in the Office of Energy Resources, primarily due to changes in funding for the Low Income Home Energy Assistance Program (LIHEAP). This is comprised of \$15.0 million for the new FY 2010 award and \$4.6 million for weatherization offset by a reduction of \$11.7 million in the FY 2008 award as that grant year is closed out.

Due to passage of the American Recovery and Reinvestment Act of 2009, the Department of Administration anticipates additional federal funding of \$44.4 million in FY 2010. These stimulus funds will be budgeted as follows:

- \$10.0 million for the Distressed Communities Relief Fund. The Governor recommends paying this fund with Rhode Island's FY 2010 share of federal fiscal stabilization funding.
- \$1.4 million in additional funds for the Community Development Block Grant.
- \$2.0 million for Homelessness Prevention, which can be used for rental assistance, housing relocation, and stabilization services.
- \$20.0 million in additional funds in the Office of Energy Resources for renewable energy and energy efficiency programs and \$9.0 million in additional funds for weatherization assistance programs.
- \$2.0 million for the Low Income Energy Efficiency Appliance Rebate Program, which provides rebates to eligible residential consumers who purchase energy efficient appliances.

General Government

Net of the \$3.1 million increase attributable to the statewide personnel and position elimination savings described above, restricted receipts increase by \$5.4 million due to several factors. First, bond premium and estimated interest earnings on TANS result in an increase of \$870,894 and are budgeted to pay debt service on the TANS. Second, an increase of \$1.1 million for debt service on the new Registry of Motor Vehicles computer system debt authorization based on an anticipated issuance in late FY 2009. Third, increased funding of \$4.9 million in the Office of Energy Resources is primarily attributable to anticipated receipts under the Regional Greenhouse Gas Initiative program, whereby the State of Rhode Island will receive funds from the sale of allowances on greenhouse gas emissions.

Net of the \$22.8 million increase attributable to the statewide personnel and position elimination savings described above, other funds decrease by a net of \$1.7 million, as a result of several major changes. First, an increase of \$3.4 million in Facilities Management due to the reallocation of costs for centralized services among various funding sources. Second, a net decrease of \$5.7 million for capital projects funded from the Rhode Island Capital Plan Fund. This decrease is comprised of several significant changes, including the decrease of \$8.9 million for the Division of Information Technology's Operations Center project, which is expected to be completed in FY 2009, elimination of the \$2.5 million for the Neighborhood Opportunities Program, and an increase of \$5.9 million for the renovation of the Amie Forand Building to house the Registry of Motor Vehicles to be more in line with project timelines.

The Governor recommends a total of 888.6 FTE positions in the FY 2010 budget, a decrease of 67.2 FTE positions from the FY 2009 enacted level of 955.8 FTE positions. The Department of Administration's 2010 budget includes the transfer of 9.0 FTE positions for the Building Contractor's Registration and Licensing Board to the Department of Business Regulation and 3.0 FTE positions for the Local Government Assistance Program to the Department of Revenue. The 2010 budget for the Department of Administration also includes an increase of 33.0 FTE positions and funding for federal stimulus-related positions.

Department of Business Regulation

The Governor recommends a revised FY 2009 budget of \$11.1 million, including \$9.3 million in general revenue, \$87,641 in federal funds, and \$1.7 million in restricted receipts. General revenues decrease \$810,821 from the enacted level, reflecting current services adjustments, and the following statewide adjustments: savings from one uncompensated leave day for all state employees, \$21,483; and increased retiree health benefits, \$101,154. The Governor recommends 91.0 FTE positions in FY 2009, a reduction of six vacant positions and \$863,687 in personnel savings from the Department, including the Boards for Design Professionals. Federal funds increase \$87,641 for a grant to the Office of the Health Insurance Commissioner to study quality of high risk pool insurance. Restricted receipts increase a net \$162,317, including increases of \$237,277 in Insurance Regulation, primarily for costs of rate assessment, and decreases of \$64,960 in Commercial Licensing for licensing activities.

For FY 2010, the Governor recommends \$12.4 million, including \$9.6 million in general revenue and \$2.9 million in restricted receipts. General revenues decrease \$540,832 from the FY 2009 enacted level. The Governor recommends a total of 103.0 FTE positions in FY 2010, a program increase of 6.0 FTE positions from the enacted level, and an increase in personnel funding from the enacted level of \$567,059. Personnel costs increase \$207,748 due to the 2.5 percent cost of living adjustment for state employees, funding for retiree health benefits in FY 2010 increases \$265,183, offset by reduced trend growth in medical benefits saving \$25,737, and adjustments for retirement rates cause a net decrease of \$37,589. Restricted receipts increase \$1.3 million from the FY 2009 enacted level primarily due to the

General Government

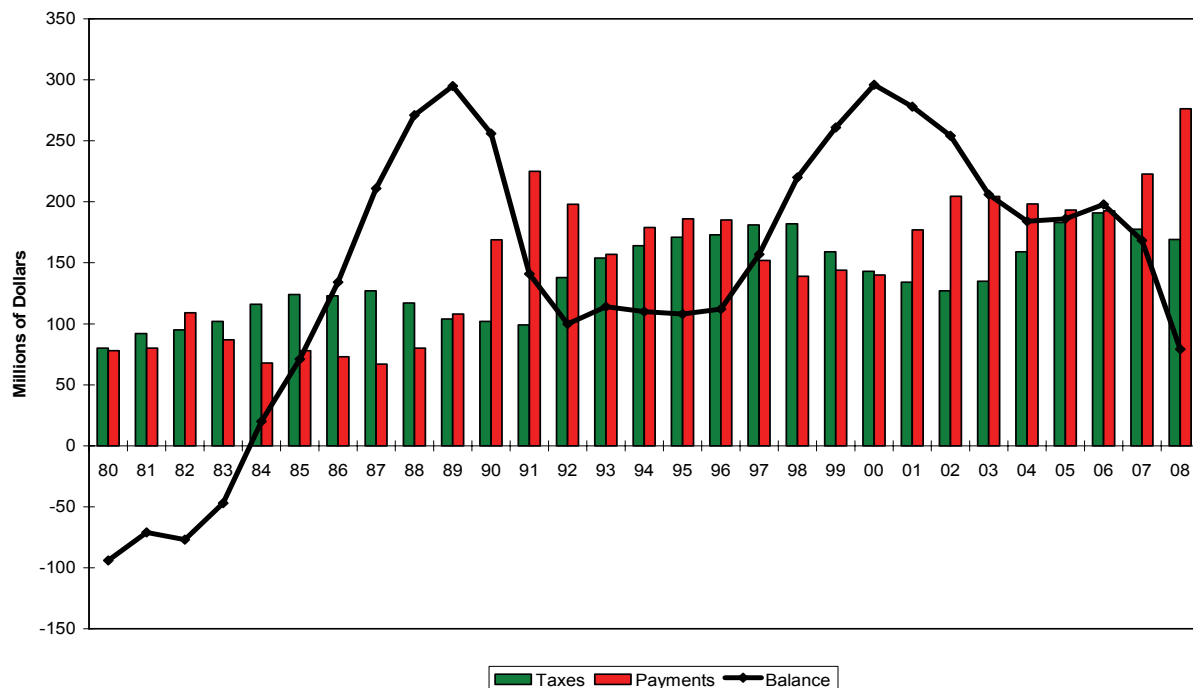
recommendation of the Governor for the transfer of the Building Contractors' Registration and Licensing Board from the Department of Administration to the Department of Business Regulation in FY 2010.

Department of Labor and Training

The Governor recommends revised FY 2009 expenditures of \$648.3 million for the Department of Labor and Training, including \$6.7 million in general revenue, \$56.6 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$17.1 million, \$24.7 million in restricted receipts, and \$560.3 million in other funds. General revenues increase a net \$182,988 from the enacted budget, reflecting personnel savings of \$125,478, operating savings of \$129,609, statewide retiree health benefits increases of \$29,813, and Police and Fire benefit increases of \$409,017. The Governor recommends 395.3 FTE positions in FY 2009, a reduction of 11.9 FTE positions from the enacted level.

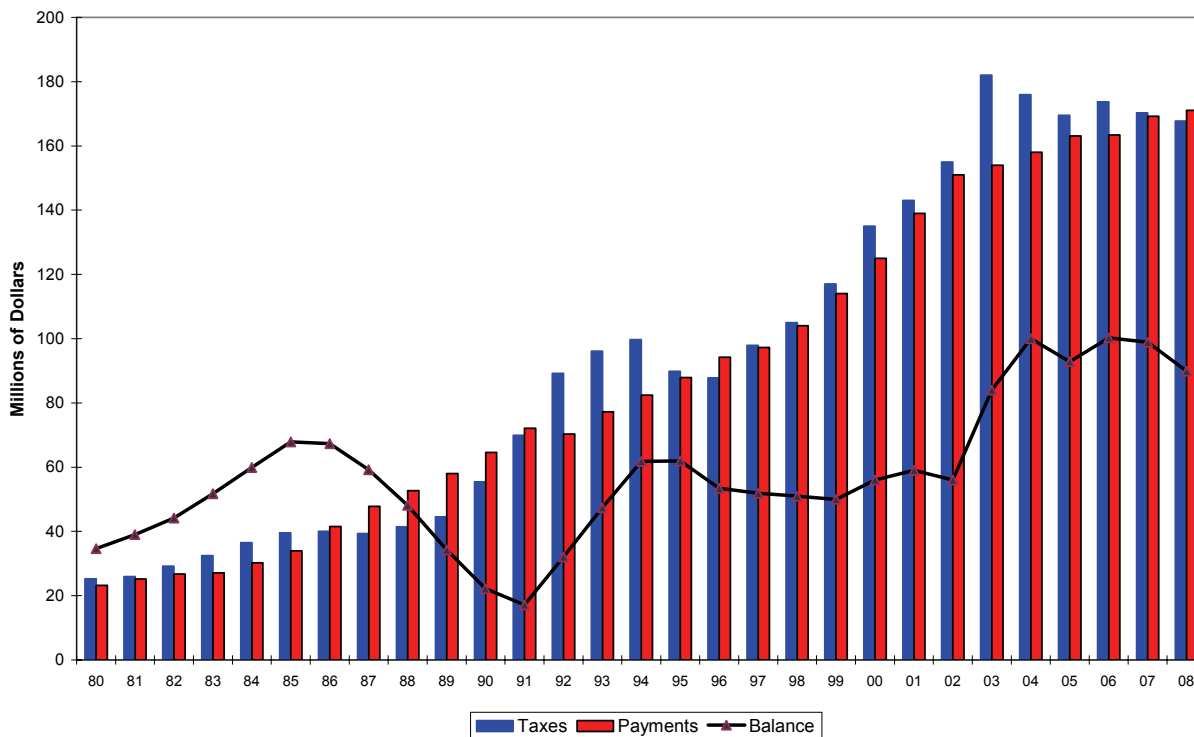
The recent fund balance trends for both the Employment Security Trust Fund and the Temporary Disability Insurance (TDI) Trust Fund are shown in the graphs below. It should be noted that Rhode Island's Employment Security Fund is in a declining condition due to the second highest unemployment rate in the country as of the end of calendar year 2008. At that time, the Employment Security Trust Fund and the TDI Trust Fund had balances of approximately \$79.0 million and \$90.0 million, respectively. These balances represent decreases of \$89.0 million (53.0 percent) and \$19.0 million (20.0 percent) in 2008, respectively. Revised estimates project a depleted unemployment benefits trust fund in mid-March 2009, and expected borrowing from the federal Department of Labor through June 1, 2009 of \$75 million, including \$30 million in March, \$35 million in April, and \$10 million in May. This borrowing is interest free through December 31, 2010 and paid back with employer contributions, as available.

**Unemployment Insurance Fund Activity
1980 - 2008**



General Government

Temporary Disability Insurance Fund Activity
1980 - 2008



For FY 2010, the Governor recommends \$726.1 million for the Department of Labor and Training including \$6.7 million in general revenue, \$92.3 million in federal funds, \$25.3 million in restricted receipts, and \$601.8 million in other funds. This is an increase of \$241.3 million over the FY 2009 enacted budget, and includes \$154,902 more general revenue, \$56.7 million more federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$54.8 million, \$409,036 more in restricted receipts, and \$183.2 million more other funds. Personnel current services and adjustments, including assessed fringe benefits, and capital and operations are a net increase of \$247,884, of which \$241,119 is in Police and Fire benefits. Personnel cost of living and benefits and energy increases, offset by retiree vacancies result in net savings of \$136,220. Statewide adjustments for retirement and retiree health benefit rates, offset by health benefit costs, total an additional \$43,238.

The increase in other funds is for the Income Support Program for unemployment benefits (\$175.2 million) and temporary disability administration and benefits (\$8.7 million), and for the Central Management program for the Center General Building roof (\$787,370), with a decrease in the Workforce Development Services program for Reed Act funds of \$1.5 million, to be spent in FY 2009 to access interest free borrowing of federal funds for the benefits trust fund. While projections for FY 2010 are uncertain, the trust fund may be depleted again in the summer of 2009 with total borrowing in FY 2010, if drawn down at the same rate as in the February, 2008 to February, 2009 timeframe, as high as \$111.5 million.

General Government

The Governor recommends a FY 2010 FTE authorization of 396.3 FTE positions for the Department of Labor and Training, the revised FY 2009 level plus the transfer of 1.0 FTE position from the Executive Office of Health and Human Services.

Department of Revenue

In the 2006 Session, the General Assembly created the new Department of Revenue, comprised primarily of programs transferred from the Department of Administration. These programs include the Office of Municipal Finance (formerly Property Valuation), the Division of Taxation, the Registry of Motor Vehicles, and the Lottery. New programs created within this department include the Director of Revenue and the Office of Revenue Analysis.

The Governor recommends \$230.8 million in expenditures for the Department of Revenue in the FY 2009 revised budget, including \$33.5 million in general revenue, \$2.7 million in federal funds, \$799,483 of restricted receipts, and \$193.8 million in other funds. This includes a decrease of \$4.3 million or 11.4 percent in general revenue, including \$4.4 million in personnel from additional turnover savings due to delays in filling positions, freezing vacant positions, and various statewide adjustments. The statewide adjustments include reductions of \$59,315 for one uncompensated personal leave day for all state employees, offset by an increase of \$270,152 for retiree health benefits. Federal funds increase by \$804,502 or 42.5 percent due to the carry forward of several grants in the Registry of Motor Vehicles. Restricted receipts decrease by \$126,180 or 13.6 percent as a result of indirect cost recovery funds being less than projected in the enacted budget. Other funds decrease by \$14.7 million or 7.0 percent, primarily due to an estimated reduction in the Lottery collections, which translates into lower commission payments and other expenses at the Lottery Division.

One major change recommended in the FY 2009 revised budget is the closing of the West Warwick and Westerly branches of the Registry of Motor Vehicles as of December 31, 2008. No personnel savings are involved in the closures, however, costs are avoided by transferring personnel to existing branches. Work continues on a capital project to renovate the Forand Building at the Pastore Government Center in Cranston to house the main branch of the Registry. The Governor recommends funding of \$1.7 million from the Rhode Island Capital Plan Fund in FY 2009.

The Governor recommends \$227.9 million in expenditures from all funds for the Department of Revenue in FY 2010, including \$36.4 million in general revenue, \$1.9 million in federal funds, \$845,292 of restricted receipts, and \$188.8 million in other funds. This represents an all funds decrease of \$21.2 million from the enacted FY 2009 budget. This includes decreases in general revenue expenditures of \$1.5 million, or 3.9 percent, primarily due to positions remaining vacant in FY 2010. Federal funds increase by \$49,144, or 2.6 percent, due to the continuation of several federal grants received by the Registry of Motor Vehicles. Restricted receipts decrease \$80,371, or 8.7 percent, due again to indirect cost recovery funds included in the FY 2009 enacted budget not projected to be available. Other funds decrease by \$19.7 million, or 9.5 percent. As with the revised FY 2009 budget, this change is primarily due to an estimated reduction in Lottery collections, which have a corresponding impact on Lottery expenditures. Personnel expenditures total \$37.3 million, a decrease of \$1.6 million, or 4.2 percent. This decrease includes a reduction in health benefit rates of \$91,186, a net decrease in retirement rates of \$8,645, offset by an increase in retiree health benefits of \$284,255, and an increase for a 2.5 percent cost of living adjustment for state employees totaling \$611,861.

General Government

Major changes recommended in the FY 2010 budget include:

- Registry of Motor Vehicles - Close the Warren branch, with no decrease in FTE positions, however, costs will be avoided by shifting positions to other Registry branches. The Governor also recommends \$11.4 million from the Rhode Island Capital Plan Fund to continue the capital project to renovate the Forand Building at the Pastore Government Center in Cranston to house the main branch of the Registry, with an anticipated completion in FY 2011.
- Transfer the Local Government Assistance Office to the Office of Municipal Finance from the Department of Administration's Division of Statewide Planning. This includes 3.0 FTE positions and total funding of \$339,698.

The Governor recommends 410.0 FTE positions in FY 2009, a decrease of 54.0 FTE positions from the enacted FY 2009 level. In FY 2010, the Governor recommends 424.0 FTE positions, a decrease of 40.0 FTE positions from the FY 2009 enacted level, but an increase of 14.0 FTE positions from the revised FY 2009 level. The FY 2009 decrease is due to the elimination of vacancies, including 1.0 FTE position in the Director's Office, 1.0 FTE position in the Office of Revenue Analysis, 1.0 FTE position in the Office of Municipal Finance, twenty-five (25.0) FTE positions in Taxation, and twenty-five (25.0) FTE positions in the Registry of Motor Vehicles. In FY 2010, the decrease is due to the eliminated positions, offset by restoration of 1.0 FTE position in the Office of Municipal Finance, the transfer of 3.0 FTE positions with the Office of Local Government Assistance, and in Taxation, the restoration of 10.0 FTE positions.

Legislature

The Governor's revised FY 2009 budget for the Legislature is \$35.0 million, including \$33.5 million in general revenue and \$1.5 million in restricted receipts. The Governor recommends a general revenue reduction of \$647,867 from the enacted budget. The savings are due to reductions in funding for the department's 8.1 FTE vacancies as of the date of the budget submission, a reduction in capital purchases and equipment in each program, and reduced health care costs due to increased medical co-share payments as directed by the Legislative leadership. These savings are slightly offset by increases in retiree health for Legislators, increased contract professional services for the General Assembly, as well as increased operating expenses in various programs. Further, the Governor recommends the withdrawal of the reappropriation of \$1.7 million from FY 2008, which was requested under legislative grants as part of the revised budget submission.

For FY 2010, the Governor recommends \$37.2 million, including \$35.6 million in general revenue and \$1.6 million in restricted receipts. The general revenue increase of \$812,810 from the FY 2009 enacted budget is primarily a result of the 2.5 percent cost of living adjustment planned for FY 2010. As with the FY 2009 revised budget, funding was reduced for vacant positions and for capital equipment, offset by increased operating costs in various programs and retiree health costs for Legislators.

The Governor recommends 289.8 FTE positions in FY 2009 and FY 2010, a reduction of 8.1 FTE positions from the FY 2009 enacted level of 297.9 FTE.

General Government

Office of the Lieutenant Governor

The Governor's revised FY 2009 budget for the Office of the Lieutenant Governor is \$860,771 from general revenue. The recommendation is a decrease of \$40,647 from the enacted budget, reflecting reductions of \$26,573 to bring personnel funding in line with current requirements, and \$14,074 for operating and capital expenses. Personnel costs include the following statewide adjustments: savings from one uncompensated personal leave day for all state employees, \$2,845; and a statewide increase in retiree health benefits of \$9,412.

For FY 2010, the Governor recommends \$973,262 from general revenue. This is \$71,844 greater than the enacted budget and includes an increase of \$85,677 for personnel requirements, partially offset by a reduction of \$13,833 for operating and capital expenses. Personnel costs include a 2.5 percent cost of living adjustment for state employees totaling \$19,186, a decrease in employee medical benefit costs to reflect a 2.0 percent decline of \$2,253, increased funding for retiree health benefits of \$10,702, and a statewide increase in retirement costs totaling \$486.

The Governor recommends 7.0 FTE positions in revised FY 2009 and 8.0 FTE positions in FY 2010, no change from the enacted FY 2009 level.

Secretary of State

The Governor's revised FY 2009 budget for the Secretary of State is \$7.1 million, including \$6.4 million in general revenue, \$296,287 in federal funds, and \$413,076 in restricted receipts. General revenues increase \$100,383 from the enacted budget and federal funds decrease \$244,852. An increase of \$298,376 in general revenue is primarily due to the depletion of federal Help America Vote Act (HAVA) funding. The Governor recommends financing the payment of Rhode Island's optical scan voting equipment service and maintenance contract, which is split between the Board of Elections and the Office of the Secretary of State, with the remaining HAVA funds. The increase in general revenue is primarily due to the transfer of other ongoing HAVA expenditures from the Secretary of State's federal account to the general revenue account. These increases are offset by a \$200,175 recommended decrease in personnel costs within the Administration and Corporations division associated with a recommended reduction in FTE positions. A reallocation of \$80,762 in expenses from restricted receipts to general revenue is due to lower than anticipated revenues expected to sustain the Historical Records Trust Fund restricted receipt account in the State Archives program. The Governor recommends 55.0 FTE positions in FY 2009, 2.0 FTE positions less than the enacted level.

For FY 2010, the Governor recommends \$7.3 million, including \$6.0 million in general revenue and \$474,338 in restricted receipts. It is estimated that there will be no federal HAVA funds available in FY 2010. The general revenue decrease of \$340,903 from the enacted FY 2009 budget is primarily due to \$906,159 less for printing costs in a non-election year, offset by an increase of \$598,754 for ongoing HAVA-related expenses to be transferred to general revenues from federal HAVA funding. In order to address expenditure forecasts statewide in excess of enacted appropriations, the Governor proposes transferring the cost for the preparation of voting documents to municipalities in all cases when only a city or town election is involved or only a special election regarding a local question or local candidate is involved. This initiative is estimated to save \$55,000 and eliminating the requirement of printing local ballot questions on distinctive colored background will save approximately \$40,000 in general revenue in future elections. The Governor recommends 56.4 FTE positions for FY 2010, 0.6 FTEs less than the enacted FY 2009 level.

General Government

Office of the General Treasurer

The Governor recommends a revised FY 2009 budget of \$28.2 million for the Office of the General Treasurer, including \$2.5 million in general revenue, \$1.1 million in federal funds, \$24.5 million in restricted receipts, and \$196,194 in other funds. The revised budget for all funds represents a decrease of 10.3 percent from the enacted level. Changes to the enacted budget consist of reductions in the following sources of funding: \$97,833 in general revenue, \$69,592 in federal funds, \$3.0 million in restricted receipts, and \$57,181 in other funds.

Of the reduction in general revenue, \$112,355 is associated with savings from agency specific adjustments, which is partially offset by \$14,522 of increases for statewide adjustments. Agency specific general revenue reductions include turnover savings of \$84,279, operating savings of \$26,798, and capital purchases and equipment savings of \$1,278. The statewide adjustments consist of increased costs associated with pay-as-you-go funding for retiree health benefits, \$20,860; and savings from one uncompensated leave day, \$6,338. Of the reduction in restricted receipt expenditures, \$3.2 million is associated with the change in liability for the Unclaimed Property program.

For FY 2010, the Governor recommends total expenditures of \$31.2 million, which includes \$2.5 million from general revenue, \$1.3 million from federal funds, \$27.2 million from restricted receipts, and \$202,290 from other funds. General revenue expenditures decrease by \$63,468 compared to the FY 2009 enacted budget, which include the following changes: decreases of \$37,706 for payroll costs, \$24,484 for operating costs, and \$1,278 for capital purchases and equipment. A net decrease in restricted receipt expenditures of \$337,054 in FY 2010 compared to the FY 2009 enacted budget includes an increase of \$2.5 million in the State Retirement System and a decrease of \$2.8 million in Unclaimed Property. The increase in the State Retirement System is largely due to \$2.4 million recommended to upgrade the computer system. The decrease in Unclaimed Property is largely due to the change in the State's year-end liability. Federal funds expenditures increase by \$123,459 in FY 2010 compared to the FY 2009 enacted budget, primarily due to a new \$186,000 Crime Victim Assistance Program grant funded from federal stimulus monies.

The Governor recommends an authorized FTE level of 83.0 positions in both FY 2009 and FY 2010. The FY 2009 and FY 2010 recommendations include FTE reductions of 3.0 positions from the FY 2009 enacted level of 86.0 FTE positions.

Board of Elections

The Governor's revised FY 2009 budget for the Board of Elections is \$2.0 million, including \$1.6 million in general revenues and \$495,270 in federal funds. The recommendation includes an increase of \$39,816 to general revenue appropriations and a decrease of \$167,074 in federal funds. The decrease in federal funds is due to the depletion of federal Help America Vote Act (HAVA) funding. The Governor recommends financing the payment of Rhode Island's optical scan voting equipment service and maintenance contract, which is split between the Board of Elections and the Office of the Secretary of State, with the remaining HAVA funds. It is estimated that there will be no federal HAVA funds available after FY 2009. The increase in general revenues is primarily due to the transfer of other ongoing HAVA expenditures from the Board's federal account to the general revenue account. The increase includes \$128,231 more for contracted professional services and \$60,005 more for operating. These increases are offset by a \$148,720 decrease in personnel primarily due to turnover savings, as well as \$35,000 in

General Government

savings due to fewer temporary election staff being hired for the Presidential Election than originally anticipated.

For FY 2010, the Governor recommends \$1.9 million in general revenue. General revenue increases \$337,267 from the enacted FY 2009 budget primarily due to the transfer of an additional \$495,270 from the federal HAVA account to cover the optical scan voting equipment service and maintenance contract offset by decreases associated with savings in a non-election year, including \$168,334 less for personnel, primarily for poll worker stipends, and \$20,000 less for voter manual printing costs.

The Governor recommends 12.0 FTE positions in FY 2009 and FY 2010, 2.0 FTE positions less than the enacted budget.

Rhode Island Ethics Commission

The Governor recommends a revised FY 2009 budget for the Rhode Island Ethics Commission of \$1.4 million composed entirely of general revenue. This is \$4,141 greater than the FY 2009 enacted level. The recommendation includes reductions of \$8,638 for turnover savings, offset by increases of \$9,609 for statewide adjustments. Statewide reductions include \$4,263 for one uncompensated leave day, offset by \$13,872 in increased retiree health benefits. An increase of \$6,000 for contract services is partially offset by a decrease of \$2,830 in operating expenditures.

For FY 2010, the Governor recommends \$1.4 million composed entirely of general revenue. The general revenue increase of \$32,421 from the enacted FY 2009 budget reflects increases required for salary, employee benefits, and contract services of \$30,046, combined with an increase in operating and capital expenses of \$2,375. Personnel costs include a cost of living adjustment for state employees of 2.5 percent totaling \$26,638, a statewide increase for retiree health benefits of \$14,245, an increase in retirement rates of \$647, and a statewide decrease of \$2,345 for a 2.0 percent decline in medical health insurance costs.

The Governor recommends the enacted level of 12.0 FTE positions in FY 2009 and FY 2010.

Office of the Governor

The Governor's revised FY 2009 budget for the Office of the Governor is \$5.4 million from general revenue. The recommendation is an increase of \$264,745 from the enacted budget due to increased personnel costs of \$257,822, capital purchases of \$4,000, and statewide retiree health benefits of \$52,947. The increase in personnel costs is primarily due to two positions that were transferred to the Governor's Office from the Department of Administration in the revised budget request, as well as additional costs for positions vacated early in the fiscal year that were not funded in the enacted budget. These increases are slightly offset by savings in contract services of \$24,000 and operating expenditures of \$26,024.

For FY 2010, the Governor recommends \$5.8 million in general revenue, an increase of \$678,143 from the FY 2009 enacted budget. The majority of the change is due to increased personnel costs of \$724,093. This increase is due to the transfers to the Governor's Office described above, changes in the statewide retiree health costs, and increased capital purchases of \$4,000, as well as a 2.5 percent cost of living adjustment for personnel in FY 2010. In addition, the FY 2010 budget includes the transfer of 3.0 FTE positions and general revenue funding of \$480,254 from the Executive Office of Health and Human Services. These new staff positions will be responsible for monitoring and reporting on funds received by the State of Rhode Island from the American Recovery and Reinvestment Act. These additional costs are

General Government

slightly offset by savings in contract services of \$24,000 and operating expenditures of \$25,950. The Governor recommends level funding the Governor's Contingency Fund at \$500,000 in FY 2010.

The Governor recommends 39.0 FTE positions in FY 2009 and 42.0 FTE positions in FY 2010. This represents no change from the enacted budget of 39.0 FTE positions in FY 2009 and an increase of 3.0 FTE positions from the enacted budget in FY 2010.

Rhode Island Commission for Human Rights

The Governor's revised FY 2009 budget for the Rhode Island Commission for Human Rights is \$1.4 million, including \$932,418 in general revenue and \$472,455 in federal funds. This is \$21,905 or 1.6 percent more than the level authorized in the FY 2009 enacted budget. It consists of \$59,241 less in general revenue and \$81,146 more in federal funds. The principal reason for the decrease in general revenue expenditures is due to the redistribution of statewide personnel savings enacted in the Department of Administration for later allocation to state agencies. The Commission's share of these savings was \$65,520 or 0.4 FTE position, which the Commission retained by shifting costs to federal funds. The increase in federal funds is due primarily to this shift from general revenues, coupled with current service adjustments for employee steps and longevity increases, as well as increases in the rates from those included in the FY 2009 enacted budget for assessed fringe benefits and retiree health. The change in employee salary and benefits expenditures was \$71,688. Enacted general revenue expenditures for stenographic services were also shifted to federal funding for partial savings in general revenue.

For FY 2010, the Governor recommends total expenditures of \$1.4 million, including \$1.0 million in general revenue and \$408,505 in federal funds. Compared to the FY 2009 enacted authorization, the FY 2010 recommended budget is \$41,779 more, which consists of increases in general revenue and federal funds expenditures of \$24,583 and \$17,196 respectively. The increase in general revenue represents current service adjustments for payroll costs, including a cost of living adjustment of 2.5 percent and revised working rates for retirement, retiree health, assessed fringe benefits and medical benefits. The increase in federal funds expenditures is attributable partially to similar current service adjustments for payroll costs, which total \$8,672 and shift of financing of contract service (stenographic and other legal services) costs from general revenue to federal funds.

The Governor recommends 14.5 FTE positions in the FY 2009 revised budget and in FY 2010, the same level authorized in the FY 2009 enacted budget.

Public Utilities Commission

The Governor recommends revised FY 2009 expenditures of \$6.8 million for the Public Utilities Commission. This funding is comprised of \$102,659 in federal funds and \$6.7 million in restricted receipts. This recommendation is \$20,520 less than the enacted budget and consists of \$2,112 more federal funds and \$22,632 less restricted receipts. The net reduction in restricted receipt expenditures is attributable to personnel savings arising from normal attrition, retirement and one uncompensated leave day. While the Governor's revised FY 2009 recommended full time equivalent (FTE) positions did not change from the FY 2009 enacted level of 44.0 FTE positions, the replacement costs for positions vacated early in the fiscal year were less than the funding authorized in the enacted budget. The increase in federal funds expenditures is due to rate increases in employee benefits costs for assessed fringe and retiree health benefits from those reflected in the FY 2009 enacted budget.

General Government

For FY 2010, the Governor recommends total expenditures of \$7.0 million, consisting of \$103,600 in federal funds and \$6.9 million in restricted receipts. This reflects an increase of \$143,317, or 2.1 percent, from the FY 2009 enacted budget. The change from the FY 2009 enacted level consists of \$3,053 more federal funds and \$140,264 more restricted receipts. The increase in restricted receipts over FY 2009 enacted level reflects primarily current service adjustments for employee salaries and benefits, which total \$130,264. It includes a cost of living adjustment of 2.5 percent, coupled with employee steps and longevity increases. Finally, the increase in FY 2010 over the FY 2009 enacted level for restricted receipt expenditures also reflects \$10,000 more for office supplies and expenses.

The Governor's recommends 44.0 FTE positions in the FY 2009 revised budget, which is unchanged from the FY 2009 enacted level. The recommended FTE positions for FY 2010 are unchanged from the FY 2009 revised level. It should be noted that the Governor did not recommend adding the two FTE positions required by PL 2002, Chapter 144 (2002-H-7786B), which would have increased the FTE position recommendations in both fiscal years to 46.0 FTE positions. Related savings based on the agency's revised FY 2009 and FY 2010 requests were \$130,141 and \$273,998, respectively.

Rhode Island Commission on Women

The Governor recommends a revised FY 2009 budget for the Rhode Island Commission on Women of \$108,337 in general revenue. This reflects an increase of \$1,169 from the FY 2009 enacted level. This addition is related to current service adjustments in personnel expenses, which are slightly offset by savings in operating expenses. The FY 2009 revised budget includes savings of \$251 for one uncompensated leave day.

In FY 2010, the Governor recommends a general revenue budget of \$109,462, representing a \$2,254 increase from the FY 2009 enacted budget, which finances the current service costs for one staff position and associated operating costs. Personnel costs include a 2.5 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits. Continued financing is provided for the Woman of the Year banquet.

The Governor recommends 1.0 FTE position for FY 2009 and FY 2010, consistent with the enacted budget.

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Human Services

Human Services

Summary

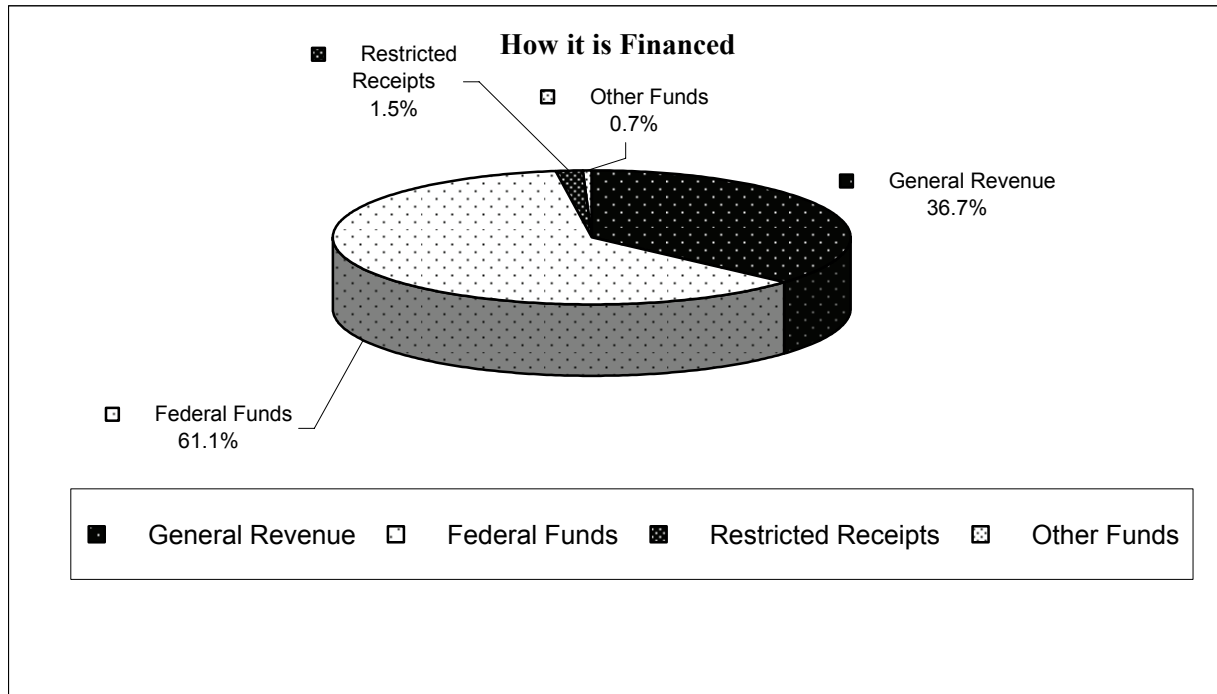
The Human Services function of state government engages in a broad spectrum of activities including, but not limited to, income supports, client subsidies, case management and residential supports, and medical regulation, prevention, treatment, and rehabilitation services.

For FY 2009, the Governor recommends a revised all funds budget of \$2.727 billion. Of this total, \$1.073 billion is general revenue, \$1.597 billion in federal funds, \$41.9 million in restricted receipts, and \$14.1 million in other funds. This includes a reduction of \$105.8 million in general revenues, an increase of \$216.7 million in federal funds, a decrease of \$604,689 in restricted receipts and a decrease of \$3.1 million in other funds. The Governor recommends 3,474.1 full-time equivalent positions in the FY 2009 revised budget, a reduction of 351.2 FTE positions from the enacted budget. For FY 2010, the Governor recommends 3,585.1, a reduction of 240.2 FTE positions from enacted levels, but an increase of 111.0 FTE positions from the revised FY 2009 budget.

For FY 2009, the Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve maximum potential and self-sufficiency. The social and economic needs of clients continue to be provided by the Executive Office and Health and Human Services and the Departments of Children, Youth, and Families, Elderly Affairs, Health, Human Services, and Mental Health, Retardation, and Hospitals. The Governor is committed to preventing child abuse and neglect by intervening for and on behalf of abused and neglected children and youths and rehabilitating delinquent youth through education and training. The dual role of advocacy and education continues to be provided by agencies including Human Rights, Office of the Child Advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

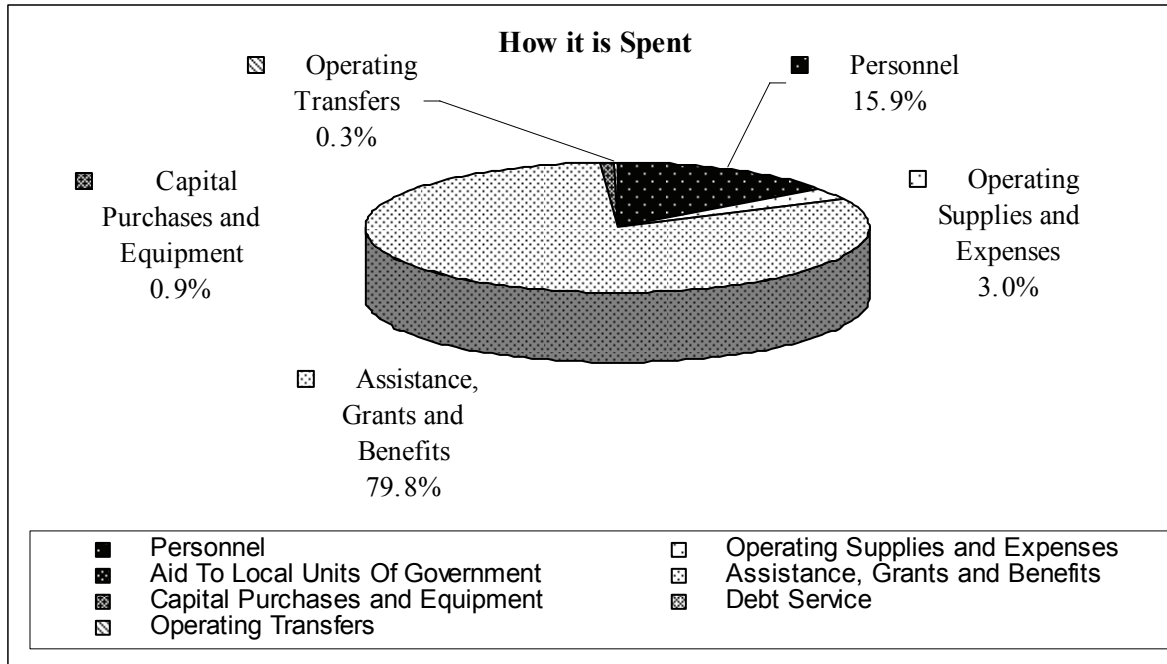
The Governor's proposed funding level of \$2.773 billion for FY 2010 protects services for the state's most vulnerable populations, including the elderly, children and families, medically needy, mentally ill, developmentally disabled, deaf and hard of hearing, and persons with physical disabilities. This proposal consists of \$1.017 billion in general revenue, \$1.694 billion in federal funds, \$42.2 million in restricted receipts, and \$19.1 million in other funds. The recommendation constitutes 36.4 percent of the total proposed expenditures for the state. Social services block grants and cash and medical assistance programs constitute the major sources of federal funding. The chart below displays funding by source for the Governor's FY 2010 recommendation for the human service agencies and departments.

Human Services



The Governor's FY 2010 recommendation includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals, and grant funding for non-governmental agencies. The operating costs associated with the administration of these social services programs are also included. Personnel, which includes purchased services, accounts for \$411.9 million, or 14.9 percent, of all expenditures programmed for human services. Other operating expenditures are recommended at \$83.8 million, or 3.0 percent of proposed total human services expenditures, with capital projects slated for \$19.4 million, or 0.7 percent. Grants and benefits expenditures of \$2.250 billion account for the largest outflow of identified resources, reflecting 81.2 percent of the total human services function. The chart below shows the outflows of all resources by category of expenditure for the human services function.

Human Services



Executive Office of Health and Human Services

The Governor's revised FY 2009 budget for the Executive Office of Health and Human Services is \$8.8 million, including \$3.8 million in general revenue, \$4.3 million in federal funds, and \$672,162 in restricted receipts. The recommendation includes a decrease of \$1.4 million in general revenue appropriations, partly reflecting a setback in the transfer of FTE from the five outlying human service agencies. These positions were budgeted in the Executive Office of Health and Human Services effective July 1, 2008; however, unexpected delays resulted in many of the position transfers being completed as late as January 1, 2009. A total of 7.1 FTE have been eliminated from the enacted level due to retirements and a statewide reduction in personnel. Other adjustments to the FY 2009 revised budget include savings of \$12,888 in general revenue for one uncompensated leave day, a statewide increase to the rate of assessed fringe benefits, and an increase of \$130,000 for unanticipated legal expenses. The Governor recommends 85.1 FTE positions in FY 2009.

For FY 2010, the Governor recommends \$9.3 million, including \$3.4 million in general revenue, \$4.5 million of federal funds, and \$1.3 million of restricted receipts. A portion of the general revenue decrease of \$1.8 from the enacted FY 2009 budget is related to the reduction of FTE positions in the FY 2009 revised budget. An additional decrease of 12.0 FTE is recommended for FY 2010 due to the elimination of two vacant positions and the transfer of 10.0 FTE to other state agencies. Personnel costs include a 2.5 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits. The recommended FTE ceiling for FY 2010 is 73.1 FTE positions.

Human Services

Department of Children, Youth and Families

The Governor recommends \$250.1 million in the revised FY 2009 budget for the Department of Children, Youth and Families, including \$162.1 million in general revenue, \$84.5 million in federal funds, \$2.3 million in restricted receipts, and \$1.2 million in other funds. The Governor's revised budget includes a net increase of \$24.9 million in general revenue expenditures, which represents a 15.4 percent increase over the enacted budget.

In October of 2007, the Department contracted with a consultant group to perform a time study that would be used in developing a new methodology in billing Medicaid. The outcome of this study concluded that the Department needed to update the percentages of time it used to bill the Medicaid and Title IV-E programs for children placed in residential services, which results in an increase of \$18.7 million in general revenue expenditures in FY 2009.

As part of the FY 2008 budget, a total of \$86.4 million (all funds) was moved from the Department of Children, Youth and Families to the Department of Human Services as part of the Managed Care Initiative. This included both residential and hospital-based funding. After the transfer had occurred, it was determined that the residential facilities did not lend themselves to a managed care model. The portion of this shift in funding representing residential facilities is transferred back to Children, Youth and Families in the revised FY 2009 budget. The total general revenue transfer is \$17.8 million, of which \$1.6 million is in Juvenile Corrections and \$16.2 million is in the Child Welfare Program.

Other contributing factors to the increase in general revenue funding are:

- Costs associated with services provided to the 18 and older population increase by \$2.3 million due to a larger population being served than had been previously estimated.
- An increase of \$494,258 for purchased services, mostly for legal expenses in the Central Management program and security and clerical services in the Child Welfare program.
- Operating expenses in the Juvenile Corrections program account for an addition of \$433,761, which includes \$256,967 for food at the Rhode Island Training School. This increase reflects the agency not realizing the full savings assumed in the enacted budget that was associated with lower operating costs at the new training school.
- An increase of \$2.1 million in general revenue for overtime at the Rhode Island Training School. Overtime was substantially reduced in the FY 2009 enacted budget due to program reductions and the restructuring of services within the program. Delays in the opening of the new Rhode Island Training School for Youth have caused some of the program changes to be postponed causing the overtime hours for the current fiscal year at the Rhode Island Training School to be consistent with historical expenditures.

The Department has restructured programs into a more community-based system of support. The goal of the restructuring is to deliver more children's services in the home and community settings, giving the children, guardians, and community the benefit of inclusion in the rehabilitative process, and to allow the development of more natural supports. For FY 2009 revised, the success of reprogramming of Children's Behavioral Health Services, Juvenile Corrections, and the Child Welfare programs has produced an additional general revenue reduction of approximately \$2.9 million in grants and benefits from the enacted level.

Human Services

The Governor's recommendation includes a general revenue savings of \$3.9 million in personnel expenses, of which approximately \$3.7 million was recognized by the department to achieve its share of the personnel savings appropriated in the Department of Administration in the FY 2009 enacted budget. This recommendation includes a total of 694.0 FTE for FY 2009 and the following reductions from the enacted level:

- A decrease of \$3.1 million in general revenues for additional turnover and costs associated with positions vacated during the first quarter of the fiscal year.
- A savings of \$155,998 in general revenue for one uncompensated leave day.
- The Child Welfare program reduced its overtime by \$685,411. This decrease is the result of better time management, reprogramming, and the utilization of flextime hours.

The Department of Children, Youth, and Families submitted a corrective action plan for unachievable savings that had been programmed into the enacted budget. The plan included total general revenue savings of \$1.9 million. This plan included a reduction of \$518,605 in personnel savings related to additional turnover associated with leaves and delays in hiring, a decrease of \$1.3 million for the conversion of 75 group home and 15 shelter beds into high end foster care slots, and a savings of \$47,283 for the implementation of a new federal law on guardianships and the conversion of eligible general revenue expenditures to IV-E expenditures.

In FY 2009, a reduction of \$2.1 million in general revenue is associated with the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible (CNOM's) for Medicaid financing. These savings are attributed to the diversion of residential services for at risk youth into a more community-based approach.

The Governor recommends general revenue savings of \$6.3 million in FY 2009, attributable to the increase in the federal Medicaid and Title IVE match rate under the American Recovery and Reinvestment Act.

The Governor recommends total expenditures of \$247.8 million in FY 2010 for the Department of Children, Youth and Families. This is comprised of \$158.7 million in general revenue, \$85.5 million in federal funds, \$2.2 million in restricted receipts, and \$1.4 million in other funds. The recommended FY 2010 general revenue budget increases by \$21.6 million from the enacted FY 2009 budget.

This recommendation includes a total of 700.0 FTE positions, or 6.0 FTE positions more than the revised FY 2009 recommendation. The additional positions will be responsible for the implementation and management of programming changes related to the statewide Medicaid Waiver and account for an increase of \$484,208 in general revenue. Personnel costs include a 2.5 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits.

The Governor's FY 2010 recommendation remains relatively consistent with the revised FY 2009 proposal. Major increases from the FY 2009 enacted budget for the Department of Children, Youth and Families include \$18.4 million for the transfer of managed care services from the Department of Human Services; \$18.7 million associated with Medicaid rate changes; \$2.3 million for the 18 and older population; and \$1.6 million for overtime at the Rhode Island Training School for Youth.

Human Services

The Governor's recommendation for FY 2010 includes a continuation of the following program savings initiatives included in the revised FY 2009 budget proposal:

- an annualized savings of \$2.8 million for the agency's corrective action plan items;
- an \$8.5 million general revenue decrease for the federal Medicaid stimulus rate increase; and;
- a \$4.1 million decrease in general revenues associated with the Department of Children, Youth, and Families' CNOM reductions.

The FY 2010 recommendation incorporates savings of \$739,213 for personnel, \$685,582 for overtime in the Child Welfare Program, and \$3.2 million for grants and benefits due to the restructuring of the programs within the agency.

Department of Elderly Affairs

The Governor recommends a revised budget for FY 2009 of \$34.2 million for the Department of Elderly Affairs. Expenditures are comprised of \$13.9 million in general revenue, \$14.7 million in federal funds, \$970,000 in restricted receipts and \$4.6 million in gas tax receipts. This revised level is \$602,357 more than the enacted FY 2009 budget and consists of \$2.2 million less general revenue, \$2.4 million more federal funds and \$350,000 more restricted receipts. Major changes by source of funding from the FY 2009 enacted budget include the following:

General Revenue

- A decrease of \$397,039 for payroll cost savings due to position vacancies arising from normal attrition and retirements.
- An increase of \$612,404 to finance the costs for a provider rate increase as mandated by the Perry/Sullivan Act, consisting of \$157,554 for the Co-pay/Day Care program; \$249,219 for the Core-Medicaid Waiver program and \$205,631 for the Co-pay/Home Care program.
- A decrease of \$1.3 million for anticipated cost savings related to the approval and execution of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid financing, which include savings of: \$309,831 for elderly and disabled transportation services for general and special medical and adult day care trips; \$441,031 for Co-pay Day Care services; and \$594,776 for Co-pay Home Care services.
- A decrease and shift of \$350,000 in pharmaceutical benefit costs from general revenue to the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) rebates restricted receipts account, due to available resources from the prior fiscal year.
- A decrease in general revenue of \$663,022 for eligible Medicaid costs due to an increase in the federal percentage rate as authorized in the American Recovery and Reinvestment Act (Federal Stimulus) Act of 2009.

Federal Funds

- An increase of \$364,126 in direct and indirect service costs for Title III Older Americans Act (OAA) funding due to an unspent balance from the prior fiscal year.

Human Services

- An increase of \$149,027 for increased and available funding from the Administration on Aging for the creation of a system of dementia care for persons with Alzheimer's disease and their families.
- An increase of \$1.6 million for eligible Medicaid programs and population, including a general revenue offset related to the approval and implementation of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid financing, which would be financed under the terms and conditions of the waiver. The programs that become eligible for financing under the waiver include: a) elderly and disabled transportation services for general and special medical and adult day care trips - \$309,831; b) Co-pay Day Care services - \$441,031; and c) Co-pay Home Care services - \$594,776.
- An increase of \$132,990 due to available and increased funding from the Centers for Medicare and Medicaid Services to develop innovative methods for the administration of Medicare and Medicaid.

Restricted Receipts

- An increase of \$350,000 in the RIPAE restricted receipts account due to an unspent and available balance from the prior fiscal year, which offsets a similar decrease in general revenue outlay.

The Governor recommends expenditures of \$33.2 million for FY 2010, which includes \$11.7 million in general revenue, \$16.5 million in federal funds, \$392,115 in restricted receipts, and \$4.6 million in other funds. This proposed level of funding is \$409,848 less than the level authorized in the FY 2009 enacted budget. It comprises \$4.4 million less general revenue, \$4.2 million more federal funds and \$227,885 less restricted receipts. The major changes contained in the Governor's proposed spending plan when compared to the FY 2009 original budget, include the following:

General Revenue

- A net decrease of \$469,885 for payroll cost due primarily to position vacancies. This net decrease also reflects adjustments for salary and benefits cost of living adjustments (COLA) of 2.5 percent, working rate revisions for health benefits, retirement, retiree health and assessed fringe benefits.
- A net decrease of \$855,404 for the elimination of the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program.
- An increase of \$154,223 to adjust for price level changes for in-home services equal to 7.5 percent of the FY 2009 enacted level.
- An increase of \$458,181 to finance the costs for a provider rate increase as mandated by the Perry/Sullivan Act, consisting of \$157,554 for the Co-pay/Day Care program; \$249,219 for the Core-Medicaid Waiver program and \$51,408 for the Co-pay/Home Care program.
- A decrease of \$2.3 million for anticipated cost savings related to the approval and implementation of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid financing, which include savings of: \$619,662 for elderly and disabled transportation services for general and special medical and adult day care trips; \$793,956 for Co-pay Day Care services; and \$1.3 million for Co-pay Home Care services.
- A decrease of \$223,380 due to a shift to adult day care service recipients in the co-pay program that arises from a rate increase.

Human Services

- A decrease of \$0.9 million due to an offsetting increase in federal funds expenditures due to an increase in the federal participation (Federal Medicaid Assistance Percentage) rate included in the American Recovery and Reinvestment Act of 2009.

Federal Funds

- An increase of \$281,122 in direct and indirect service costs for Title III Older Americans Act (OAA) Part B funding due to anticipated federal outlay from the Administration on Aging of the US Department of Health and Human Services whose objective is to insure that seniors receive appropriate services to remain independent for as long as possible.
- A decrease of \$187,021 due primarily to the expiration of funding under authority of the Special Programs for the Aging – Title IV and Title II Discretionary Projects, which seeks to enhance the quality of life for seniors.
- An increase of \$3.0 million for eligible Medicaid programs and population, including a general revenue offset related to the approval and implementation of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid financing, which would be financed under the terms and conditions of the waiver. The programs that become eligible for financing under the waiver include: a) elderly and disabled transportation services for general and special medical and adult day care trips - \$619,662; b) Co-pay Day Care services – \$793,956; and c) Co-pay Home Care services - \$1.3 million.
- An increase of \$137,626 due to available and increased funding from the Centers for Medicare and Medicaid Services to develop innovative methods for the administration of Medicare and Medicaid.
- An increase of \$1.3 million due to passage of the American Recovery and Reinvestment Act of 2009, which supplements or finances new programs related to Title III – congregate meals (\$215,000), Title III – home-delivered meals (\$185,000), elder case management (\$59,962) and core Medicaid waiver (\$822,446).

Restricted Receipts

- A decrease of \$227,885 due to the elimination of the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program.

The Governor recommends an FTE positions ceiling of 32.0 FTE positions in the FY 2009 revised budget, which is 3.0 FTE positions less than the level originally authorized in the FY 2009 enacted budget and reflects program staffing reductions attributable primarily to retirements. For FY 2010, the Governor recommends 31.0 FTE positions, which are 3.0 FTE positions less than the level authorized in the FY 2009 budget act and represent program staffing reduction due primarily to retirements.

Department of Health

The Governor recommends total expenditures of \$133.9 million in the FY 2009 revised budget, including \$30.8 million in general revenue, \$78.2 million in federal funds, \$24.7 million in restricted receipts and \$231,425 in other funds. This represents a net increase of \$7.8 million from FY 2009 enacted budget, including \$1.5 million less general revenue, \$10.0 million more federal funds, \$768,613 less restricted receipts and \$102,015 more other funds.

Human Services

Major changes in general revenue expenditures from the FY 2009 enacted budget include the following:

- (\$0.4 million) – Cost savings for the commencement and establishment of a health information exchange protocol that would allow the exchange of health information between recipients and providers of healthcare services.
- \$0.3 million – additional costs to finance medico-legal services for pathologists, including forensic pathologists and X-ray technicians and histologists.
- (\$0.7 million) – Cost savings for payroll due to retirements and normal attrition.
- \$0.1 million – additional costs to augment staffing levels at the health laboratories due to staff retirements.
- (\$0.2 million) – Cost savings for various health laboratory supplies to balance operating costs with available statewide resources.
- (\$0.2 million) – Cost savings for various grantee services related to tobacco use prevention, education and awareness.
- \$0.1 million – additional costs due to grant funding from the National Council on Aging receipted as general revenues and the objective of which, is to expand a chronic disease self management program statewide for persons sixty and over.
- (\$0.2 million) – Cost savings for the deferral of the purchase and acquisition of National Disease Surveillance System (NDSS) software to track and report on up to 86 communicable diseases.
- (\$0.3 million) – Cost savings due to the approval of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid.
- \$0.2 million – additional costs due to changes (from 3.86 to 5.62 percent) in the working rate for other post-employment benefits (retiree health).

Major changes to FY 2009 enacted federal funds expenditures include:

- \$1.6 million: additional costs for public health emergency preparedness due to available and increased funding from the Centers for Disease Control.
- \$0.6 million additional costs for national bioterrorism hospital preparedness due to available and increased funding from the Health Resources and Services Administration.
- \$0.1 million additional costs for injury prevention and control from the Centers for Disease Control.
- \$0.3 million: new costs for the prescription drug monitoring program due to new funding from the Bureau of Justice Assistance.
- \$0.2 million: additional costs for indoor radon assessment and abatement due to available and increased funding from the Office of Air and Radiation in the Indoors Environment Division of the US Environmental Protection Agency (EPA).
- \$0.1 million: additional costs for public water system supervision due to available and increased funding from the Office of Water of the US EPA.
- \$0.15 million: additional costs for early detection and screening for cervical and breast cancer due to available and increased funding from the Centers for Disease Control and Prevention.

Human Services

- \$0.2 million: additional costs for inspections of healthcare facilities to ensure compliance with federal regulatory health and safety standards due to available and increased funding from the Centers for Medicare and Medicaid Services.
- \$0.1 million: additional costs for DNA backlogged cases due to available and increased funding from the National Institute of Justice of the US Department of Justice.
- \$0.2 million: new costs for a collaborative work with RTI, an independent, nonprofit, research and development organization, to develop and test solutions for the privacy and security of interstate health information exchange.
- \$1.7 million: additional costs for the special supplemental food program for women, infants and children due to increase funding from the Food and Nutrition Service of the US Department of Agriculture.
- \$0.3 million: additional costs for childhood lead poisoning prevention and surveillance of blood lead levels in children due to available and increase funding from the Centers for Disease Control and Prevention.
- \$1.5 million: additional costs for various Centers for Disease Control programs to control communicable, chronic diseases and disorders and other preventable health conditions due to available and increased funding from the Centers for Disease Control.
- \$0.1 million: additional costs to improve cancer screening and diagnosis for adults under funding from the National Institutes of Health of the US Department of Health and Human Services.
- (\$0.1 million): reduced costs for comprehensive school health programs due to decreased funding from the Centers for Disease Control and Prevention.
- \$0.1 million: increased costs to establish and maintain human immunodeficiency virus (HIV) prevention programs due to available and increased funding from the Centers for Disease Control and Prevention.
- \$0.2 million: increased costs to establish and maintain human immunodeficiency virus (HIV) prevention programs under the Ryan White legislation due to available and increased funding from the Health Resources and Services Administration.
- \$0.1 million: increased costs to improve the health status of the citizens and residents of Rhode Island through the Preventive Health Block Grant due to available and increased funding from the Centers for Disease Control and Prevention.

Major changes to FY 2009 enacted restricted receipts expenditures include:

- \$1.2 million: increased expenditures from indirect cost recoveries due to available resources from the prior year and increased assessments from increased federal funding.
- \$0.1 million: increased costs for licensing and regulatory due to available and increased assessments for regulatory services related to radiation control, clinical laboratory specialists, nonalcoholic bottled beverages, drinks and juices, athletic trainers, electrolysis hearing aid dealers and fitters and tanning facilities.
- (\$0.3 million): cost savings for managed care regulation due to lower billings for time spent for certification and oversight of health plans and utilization review agencies.

Human Services

- (\$0.5 million): additional costs for newborn screening due to available and increased billings for newborns, who are screened for hearing loss, developmental risks and other inherited conditions.

For FY 2010, the Governor recommends total expenditures of \$134.1 million for the Department of Health. This includes \$30.6 million from general revenue, \$78.4 million from federal funds, \$24.8 million from restricted receipts and \$231,412 from other funds. This level of funding is \$8.0 million or 6.3 percent more than the FY 2009 enacted budget. This increased level of funding consists of \$1.7 million less general revenue, \$6.3 million more federal funds, \$701,090 less restricted receipts and \$102,002 more other funds.

Major changes to general revenue expenditures in FY 2010 compared to the FY 2009 enacted budget include the following:

- \$1.7 million: net cost increase for payroll, including a 2.5 percent cost of living adjustment (COLA) for wages and benefits; changes in the working rates for retirement, retiree health, health benefits and assessed fringe benefits; program expansion of full time equivalent (FTE) positions in State Medical Examiner, Health Laboratories, Environmental and Health Services Regulation, and Community and Family Health and Equity; salary and benefit adjustments for the positions of State Medical Examiner, Deputy Medical Examiner, and Assistant Medical Examiner; transfer of 5.5 FTE positions from the Executive Office of Health and Human Services (EOHHS).
- (\$0.4 million): cost savings related to the shift to RIHEBC revenue bonds to finance the cost of a health information exchange (HIE), including electronic medical records (EMR) and electronic prescribing.
- (\$0.1 million): cost savings for reduced contract medico-legal services, including forensic pathologists
- (\$0.1 million): cost savings for reduced contract services in Environmental & Health Services Regulation.
- (\$0.3 million): cost savings for operating supplies and expenses in Environmental & Health Services Regulation, Health Laboratories, Community & Family Health & Equity and Infectious Disease and Epidemiology.
- \$0.1 million: cost increase for contract services to offset the loss in laboratory staffing due to retirements.
- \$0.1 million: cost increase for Choices for Self Care Challenge Grant due to grant funding from the National Council on Aging received as general revenues.
- (\$0.6 million): cost savings due to the approval of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid.
- (\$1.5 million): reduced cost for the transfer of the Forensics Sciences unit of the Health Laboratory to the Department of Public Safety.
- (\$0.1 million): cost savings due to a change in the source of financing legal service costs related to reviews for certificate of need (CON), change in effective control, and initial licensure. The legal service costs provided by in-house and contract legal counsel will be billed to the entities requesting such reviews.

Human Services

Major increases to federal funds expenditures compared to the enacted FY 2009 budget include the following:

- \$0.3 million: additional costs for public health emergency preparedness due to an anticipated increase in funding from the Centers for Disease Control.
- \$0.6 million: cost increase due to the implementation of the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid.
- \$1.0 million: cost increase due to implementation of the Rhode Island Global Consumer Choice Compact Demonstration Waiver, which would finance a health information exchange (HIE).
- \$0.1 million: additional costs for injury prevention and control from the Centers for Disease Control.
- \$0.2 million: new costs for the prescription drug monitoring program due to new funding from the Bureau of Justice Assistance.
- \$0.1 million: additional costs for public water system supervisions due to available and increased funding from the Office of Water of the US EPA.
- \$0.2 million: additional costs for inspections of healthcare facilities to ensure compliance with federal regulatory health and safety standards due to available and increased funding from the Centers for Medicare and Medicaid Services.
- (\$0.2 million): reduced cost due to the transfer of the Forensics Sciences unit to the Department of Public Safety.
- \$0.2 million: new costs for a collaborative work with RTI, an independent, nonprofit, research and development organization, to develop and test solutions for the privacy and security of interstate health information exchange.
- \$1.7 million: additional costs for the special supplemental food program for women, infants and children due to increase funding from the Food and Nutrition Service of the US Department of Agriculture.
- \$0.3 million: additional costs for childhood lead poisoning prevention and surveillance of blood lead levels in children due to available and increase funding from the Centers for Disease Control and Prevention.
- \$1.5 million: additional costs for various Centers for Disease Control programs to control communicable, chronic diseases and disorders and other preventable health conditions due to available and increased funding from the Centers for Disease Control.
- 0.1 million: additional costs to improve cancer screening and diagnosis for adults under funding from the National Institutes of Health of the US Department of Health and Human Services.
- \$0.1 million: additional costs for Medicaid direct and indirect program costs for family health, primary care and AIDS under expected funding formula in FY 2010.
- \$0.1 million: increased costs to establish and maintain human immunodeficiency virus (HIV) prevention programs under the provisions of Ryan White due to available and increased funding from the Health Resources and Services Administration.
- (\$0.1 million): reduced costs for comprehensive school health programs due to decreased funding from the Centers for Disease Control and Prevention.

Human Services

- \$0.1 million: increased costs to establish and maintain human immunodeficiency virus (HIV) prevention programs due to available and increased funding from the Centers for Disease Control and Prevention.
- (\$0.2 million): reduced costs for various Centers for Disease Control programs to control communicable, chronic diseases and disorders and other preventable health conditions due to an anticipated reduced balance forward funds from the previous fiscal year.

Major changes to FY 2010 restricted receipts expenditures compare to FY 2009 enacted levels include the following:

- (\$1.4 million): decrease from indirect cost recoveries due to a change in the method of accounting for internal service fund charges formerly appropriated and now accounted for by direct revenue transfer to the Department of Administration.
- \$0.2 million: increased costs for licensing and regulatory due to available and increased assessments for regulatory services related to radiation control, clinical laboratory specialists, nonalcoholic bottled beverages, drinks and juices, athletic trainers, electrolysis hearing aid dealers and fitters and tanning facilities.
- \$0.1 million: cost increase for the state revolving fund administration (drinking water) due to increased administrative funds from the Clean Water Finance Agency (CWFA).
- (\$0.3 million): cost savings for managed care regulation due to lower billings for time spent for certification and oversight of health plans and utilization review agencies.
- \$0.1 million: cost increase due to the establishment of a new restricted receipts account that would track and record legal service costs of in-house and contract legal counsels participating in reviews for certificate of need (CON), change in effective control (CEC) and initial licensure (IL).
- \$0.5 million: additional costs for newborn screening due to available and increased billings for newborns, who are screened for hearing loss, developmental risks and other inherited conditions. Fee increases, which are achieved via regulation, are attached to national price level changes (CPI).

The increase in other funds of \$102,002, when the Governor's recommended expenditures are compared to the FY 2009 enacted level, is due primarily to anticipated available balance forward funds from FY 2009, which would finance the environmental health study of the airport from funds provided to the Health Department from the Rhode Island Airport Corporation.

The Governor's revised FY 2009 full time equivalent (FTE) positions recommendation is 409.6 FTE positions, which is 3.9 full time equivalent (FTE) positions less than the ceiling authorized in the FY 2009 enacted budget. For FY 2010, the Governor recommends 414.6 FTE positions, which are 1.1 FTE positions more than the original ceiling enacted for FY2009. This net change from the FY 2009 original enacted level reflects FTE positions for program expansions recommended by the Governor.

Human Services

Department of Human Services

The Governor recommends total expenditures of \$1.820 billion for the revised FY 2009 budget of the Department of Human Services. This is comprised of general revenues totaling \$674.3 million, federal funds of \$1.137 billion, restricted receipts of \$7.9 million, and other fund expenditures of \$257,500. Relative to FY 2009 enacted levels, recommended general revenue financing decreases by \$92.9 million, or 12.1 percent, while federal financing increases by \$137.6 million, or 13.8 percent. The general revenue reduction in the revised budget is largely driven by the provision of the American Reinvestment and Recovery Act (ARRA) establishing a temporary increase in the Federal Medicaid Assistance Percentage (FMAP), from 52.59 percent to 63.89 percent in (Federal) FY 2009. When applied to the applicable base Medicaid expenditures of the Department, the resultant increase in federal participation totals \$95.0 million for FY 2009, with appropriation of these additional federal funds allowing for withdrawal of an equivalent amount of general revenues from the Medicaid program (also known as the Medical Benefits program).

The November 2008 Caseload Estimating Conference adopted an additional \$37.0 million for the Medical Benefits program in FY 2009. The following expenditure changes to this program are incremental to those adopted by the Conferees.

Although the ARRA avails the Department of significant fiscal relief in both FY 2009 and FY 2010, Human Services has undertaken a series of corrective actions to resolve fiscal imbalances within the State budget. Due to its predominance in the Department's program budget structure, the majority of these initiatives concern the Department's Medicaid program. For FY 2009, these include, but are not limited to, the following (with associated general revenue savings displayed):

- A reduction in managed care administrative costs, \$395,020.
- A reduction in service to CEDARR family centers, \$576,436.
- A (5 percent) rate and service reduction for Early Intervention, \$157,088.
- A rate reduction for home-based therapeutic services, \$591,296.
- A (5 percent) rate reduction for neonatal intensive care unit services, \$312, 863.
- A reduction in non-emergency transportation rates and the use of more cost-efficient modes of transport, \$250,000.
- A (10 percent) reduction in reimbursement rates paid to out of state hospitals for Medicaid services, \$173,850.
- The removal of the inpatient portion of supplemental payments to hospitals under the terms of the upper payment limit (UPL), \$3.1 million.

Also included in the FY 2009 revised budget for the Department are general revenue reductions for Costs Not Otherwise Matchable, or "CNOM" items. These are formerly State-only programs that became eligible for federal financial participation under the provisions of the Global Consumer Choice Compact Section 1115 Demonstration (i.e. the "Global Waiver"). Note that a "CNOM" **does not entail systemic savings**, but rather a zero-sum shift of cost between sources of funding. For FY 2009 revised, the following CNOM programs (and associated general revenue savings) were identified: General Public Assistance (Medical), \$500,000; Early Intervention, \$800,000; Home Modification, \$26,285; Personal Care Attendants, \$46,670; Adaptive Telephone, \$15,977; Social Services for the Blind, \$72,752.

The Governor recommends other adjustments to the Department's plan of general revenue expenditure in FY 2009 throughout a multitude of programs. Personnel financing decreases by \$3.8 million from the

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enacted level, reflecting high levels of attrition in the current year, coupled with a constrained plan for the rehiring of FTE positions. Financing for operating expenses and contract services increase by \$755,942, and contract service expenditures decrease by \$86,675. Staffing authorizations decrease by 109.8 FTE positions, from 994.4 FTE positions to 884.6 FTE positions.

FY 2010

The Governor recommends total expenditures of \$1.876 billion for the FY 2010 budget of the Department of Human Services. This is comprised of general revenues totaling \$642.1 million, federal funds of \$1.225 billion, restricted receipts of \$8.3 million, and other fund expenditures of \$125,000. Relative to FY 2009 enacted levels, recommended general revenue financing decreases by \$125.2 million, or 16.3 percent, while federal financing increases by \$225.6 million, or 22.5 percent. Again, the general revenue reduction in the revised budget is largely driven by the provision of the American Reinvestment and Recovery Act (ARRA) establishing a temporary increase in the Federal Medicaid Assistance Percentage (FMAP), from 52.63 percent to 63.93 percent in (Federal) FY 2010. When applied to the applicable base Medicaid expenditures of the Department, the resultant increase in federal participation totals \$129.0 million for FY 2010, with appropriation of these additional federal funds allowing for withdrawal of an equivalent amount of general revenues from the Medicaid program.

The November 2008 Caseload Estimating Conference adopted an additional \$79.3 million for the Medical Benefits program in FY 2010. The following expenditure changes to this program are incremental to those adopted by the Conferees.

To a great extent, many of the programs of corrective action pursued in the FY 2009 revised budget will continue unabated in FY 2010 (with associated general revenue savings displayed):

- A reduction in managed care administrative costs, \$948,048.
- A reduction in service to CEDARR family centers, \$1.4 million.
- A (5 percent) rate and service reduction for Early Intervention, \$377,011.
- A rate reduction for home-based therapeutic services, \$1.4 million.
- A (5 percent) rate reduction for neonatal intensive care unit services, \$750,871.
- A reduction in non-emergency transportation rates and the use of more cost-efficient modes of transport, \$1.0 million.
- A (10 percent) reduction in reimbursement rates paid to out of state hospitals for Medicaid services, \$521,550.
- The removal of the inpatient and outpatient portion of supplemental payments to hospitals under the terms of the upper payment limit (UPL), \$13.3 million.
- The withdrawal of state-only hospital payments for unqualified uncompensated care, \$3.4 million.

The Department will also continue the implementation of the “Costs Not Otherwise Matchable” initiatives in FY 2010, resulting in the following general revenue savings:

- General Public Assistance (Medical) \$1.0 million
- Early Intervention, \$1.6 million
- Home Modification, \$52,570
- Personal Care Attendants, \$93,340
- Adaptive Telephone, \$31,954
- Social Services for the Blind, \$138,003

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For FY 2010, the Department has also identified multiple opportunities for reform within its Medicaid program, many of which will provide significant budgetary relief in FY 2010. Made possible in large part through the adoption of the *Rhode Island Global Consumer Choice Compact Section 1115 Demonstration* (often referred to as the “Global Medicaid Waiver”), these initiatives represent a singular departure from past practice with respect to both benefit design and administrative flexibility in Rhode Island’s program of medical assistance for the poor. Specifically, for FY 2010, the Governor recommends the following program realignments and benefit modifications, with the resulting general revenue savings displayed (pre-stimulus):

- Rebalancing Long Term Care (Nursing Home Diversion and Transition), \$5.7 million: Rebalancing long-term care is a core component of the Medicaid Global waiver; this includes efforts such as nursing home transition and diversion and increasing services and options offered through the home and community based care providers.
- Selective Contracting for Durable Medical Equipment, \$199,117: Rhode Island’s Medicaid program currently uses the Medicare fee schedule to reimburse 80 percent durable medical equipment expenditures. Medicare estimates that use of selective contracting for durable equipment would result significant savings (15 percent per annum).
- Selective Contracting for Shared Living, \$74,898: Shared Living arrangements will be procured through selective contracting to secure maximum value for the State, with an emphasis on quality, safety and price. Shared Living services are provided to adults with disabilities who are unable to live independently, as an alternative to institutional services such as nursing facilities.
- Selective Contracting for Outpatient Services, \$262,421: The Department will contract with a sole supplier for out-patient services (e.g., occupational therapy, physical therapy, laboratories, speech pathology, imaging, etc.) to the fee-for-service Medicaid population.
- Selective Contractive for Supportive Residential and Assisted Living, \$526,762: The flexibility the Global Waiver provides allows the Department of Human Services to pursue a selective contracting strategy to purchase Medicaid-funded supportive residential and assisted living care settings – as a home and community based service – for a segment of the now SSI-D only group of beneficiaries. The providers selected under this initiative will be limited to charging \$700 per month for room and board with minimum personal need allowances of \$100.
- RIte Care- Elimination of Dental Benefits for Parents, \$525,277: This budget initiative eliminates dental coverage for approximately 38,000 RIte Care parents. Dental coverage is an optional benefit under the Medicaid state plan. This initiative **does not include** RIte Care children, pregnant women, children with special health care needs, children in substitute care, disabled adults, or the elderly.
- Mandatory Enrollment in Care Management Programs, \$2.0 million: There are approximately 2000 beneficiaries remaining in fee-for-service Medicaid, who will be transitioned into either the Rhody Health Partners or Connect Care Choice programs starting in July 2009.
- Intensive Management of High-Cost Cases, \$1.9 million: This initiative proposes to intensively manage high cost cases through an inter-agency workgroup. The primary focus of the workgroup will be to address the inpatient utilization of these individuals. Savings will be generated through decreased emergency room utilization; decreased inpatient hospital admissions and re-admissions, and increased ongoing care management.
- Hospital Reimbursement and Financing- Diagnosis Related Groups (DRG) Rate Reform), \$5.0 million: Rhode Island’s current prospective payment methodology does not reflect the complex marketplace of today and does not support a balanced or rational utilization of health care services. Under this initiative, Rhode Island would move to a DRG system, benchmarking its

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hospital reimbursement payment to an average pay-to-cost ratio for in-patient services of 100 percent.

- Implementation of Acuity Rate Adjustments for Nursing Facilities, \$3.7 million: As part of rebalancing the long-term care system, an acuity rate adjustment for nursing facilities is necessary to ensure that institutions are compensated based on the actual acuity levels of patients residing in nursing home settings.
- Other Services Rate and Procurement Reform, \$1.8 million: The Department will pursue the generation of \$1.8 million in general revenue savings through a variety of procurement and rate reforms within the Medicaid program. Specific programmatic changes undertaken as part of this initiative are subject to the discretion of the Director of Human Services.
- Emergency Department Visit Benefit Redesign, \$1.5 million: This initiative will encourage hospitals to work more closely with primary care and behavioral health care providers to develop alternative treatment arrangements for Medicaid members who frequently use the Emergency Department.
- Program Integrity, \$1.0 million: The Governor recommends, several initiatives safeguarding the integrity of Departmental programs. The Department intends to (a) increase recoveries in such areas as casualty, third party liability, class action lawsuits against drug companies, and liens on estates; (b) establish on-line remittance advices; (c) utilize “lesser of” logic in the processing of other insurance claims; (d) modify to the pricing methodology for out-patient crossover dialysis claims.

To foster the efficient and effective implementation of the restructuring of the State’s Medicaid program under the auspices of the Global Medicaid Waiver, the Governor recommends the addition of 45.0 FTE positions to the FY 2010 departmental personnel roster. These positions include several top-level program and financial management positions, a State Medicaid Director, a Deputy Medicaid Director, and various line staff positions for the purpose of eligibility determination and case management.

The Governor’s FY 2010 recommendations for the programs of cash assistance administered by the Department of Human Services are as follows:

- Rhode Island Works (formerly the Family Independence Program): Total Financing of \$100.8 million, consisting of \$18.3 million in general revenues, reflecting caseloads as adopted by the November 2008 Consensus Caseload Estimating Conference.
- Supplemental Security Income Program (SSI): Total financing of \$22.1 million, consisting entirely of general revenues, reflecting caseloads as adopted by the November 2008 Consensus Caseload Estimating Conference. This estimate accommodated the provisions of Article 26 of the FY 2009 Appropriations Act, which authorized a reduction to Rhode Island’s supplement of federal SSI payments by the amount of the federal COLA, or 5.8 percent.
- General Public Assistance (GPA): *Bridge Program*: \$608,880 in general revenues, consistent with adopted caseload levels. *Burials*: \$480,000 in general revenues, consistent with adopted caseload levels. *GPA Hardship Contingency Fund*: \$478,000 in general revenues, consistent with Article 25 of the FY 2010 Appropriations Act.

The Governor recommends staffing authorizations of 954.6 FTE positions in FY 2010, reflecting an increase of 70.0 FTE relative to FY 2009 revised levels. This increase includes the addition of: (a) the aforementioned 45.0 FTE positions supporting Global Waiver implementation and (b) 25.0 FTE positions

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designed to fortify line staff support in several departmental programs, particularly within the area of eligibility determination.

Department of Mental Health, Retardation, and Hospitals

The Governor's revised FY 2009 budget for the Department of Mental Health, Retardation, and Hospitals totals \$477.8 million, including \$186.7 million in general revenue, \$278.5 million in federal funds, \$5.3 million in restricted receipts, and \$7.3 million in other funds. On an all funds basis, the \$477.8 million revised budget is \$20.3 million more than the FY 2009 enacted budget of \$457.5 million, consisting of the following changes: increases of \$55.8 million in federal funds, of which \$35.2 million is associated with the federal American Recovery and Reinvestment Act of 2009, \$668,101 in restricted receipts; and decreases of \$32.7 million in general revenue and \$3.4 million in other funds.

On an all funds basis, changes in the FY 2009 revised budget include: reductions of \$9.8 million in personnel costs, \$1.5 million in operating costs, \$3.7 million in capital purchases and equipment, and \$485,610 in operating transfers; and an increase of \$35.7 million for grants and benefits. Of the \$35.7 million increase in grants and benefits, \$24.8 million is in the Developmental Disabilities program, \$4.6 million is in the Hospital program, \$3.5 million is in the Integrated Mental Health program, and \$3.0 million is in the Substance Abuse program. Other reductions in grants and benefits totaling \$129,295 are reflected in the Central Management and the Hospital Support programs.

For FY 2009, the Governor recommends an authorized FTE level of 1,352.4 FTE positions, which is 182.2 FTE positions less than the enacted level of 1,534.6 FTE positions. Major programmatic funding changes and program initiatives for FY 2009, excluding statewide changes, are described below:

For the *Central Management program*, the Governor recommends expenditures of \$1.1 million from all funds, which is \$1.0 million less than the enacted budget of \$2.1 million. The revised budget reflects decreases of \$631,315 for payroll, \$26,855 for contract services, \$90,854 for operating, and \$287,513 for contract services; and an increase of \$14,553 for capital purchases and equipment.

For the *Hospital and Community Support Program*, the Governor recommends a reduction of \$707,937 from all funds, including decreases of \$465,031 for payroll, \$18,111 for contract services, \$68,881 for operating costs, and \$177,163 for capital purchases and equipment; and an increase of \$158,218 for grants and benefits. The federal stimulus program will allow the Department to increase federal expenditures for the Community Facilities Fire Code project by an additional \$136,969 in FY 2009; this will allow the Department to bring an additional 10 to 15 group homes into compliance with new fire code this year.

For the *Services for the Developmentally Disabled Program*, the Governor recommends an increase of \$21.6 million from all funds, including increases of \$32.2 million in federal funds and \$668,101 from restricted receipts; and decreases of \$10.9 million from general revenues and \$325,000 from other funds. The revised budget reduces expenditures for personnel by \$3.1 million, capital purchases by \$351,943, and operating transfers by \$485,610; and increases grants and benefits by \$24.9 million and operating costs by \$666,774. The increase in grants and benefit expenditures is the result of \$10.3 million of unachieved savings from all funds from the Buy RItE initiative and \$19.8 million of unachieved savings from all funds from the original Medicaid Global Waiver initiative. Some of the initiatives begun in FY 2009, which will result in significant savings in FY 2009 and FY 2010, include the following:

- Annual 4.3% Rate Reduction
- Increase Supported Living/Shared Living Arrangements

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- Medicaid Waiver Costs Not Otherwise Matchable (CNOM) savings for Day Habilitation, Less than 24-hour Supports, and Client Job Training Placement programs.

The federal stimulus program will allow the Department to shift \$20.9 million of Services for the Developmentally Disabled program costs from general revenue to federal funds.

Effective May 1, 2009, the Governor recommends eliminating the provider tax on Developmental Disabilities Program group homes and Eleanor Slater Hospital Intermediate Care Facility-Mental Health (ICFMR) group homes, because the provider tax will no longer be in compliance with federal regulation. The Health Care Provider Assessment was allowed only under the State's previous Medicaid waiver and was unique to Rhode Island.

For the *Integrated Mental Health Program*, the Governor recommends total expenditures of \$80.2 million, including \$33.1 million of general revenue, \$46.5 million of federal funds, and \$650,000 of other funds for RICAP projects. The revised budget reduces expenditures for salaries and benefits by \$316,627, operating costs by \$1.9 million, and capital purchases by \$6,700; and increases expenditures for grants and benefits by \$3.5 million and contract services by \$181,822. The FY 2009 budget restores \$4.2 million of unachieved savings from all funds from the original Medicaid Global Waiver initiative. Some of these costs are offset by other initiatives, including:

- Rate and Contract Reductions
- Medicaid Waiver CNOM savings for Community Mental Health, Community Medication Assistance, and Inpatient Non-Hospital Care Programs
- Pharmaceutical provider buyback of excess medication
- Supportive Housing Program

In the Integrated Mental Health Program, the Department will accrue general revenue savings of \$5.8 million from the federal stimulus program by shifting costs to federal funds.

For the *Hospital and Community Rehabilitation Services Program*, the Governor recommends total expenditures of \$102.1 million, which is \$3.4 million less than the enacted budget of \$105.5 million. The revised budget adjusts funding levels for the failed Housekeeping and Dietary Privatization initiatives by increasing payroll funding for housekeeping and dietary staff, and eliminating funding budgeted for these contract services. The major changes include: increases of \$3.1 million for salaries and benefits \$145,274 for operating costs, and \$4.5 million for grants and assistance; and decreases of \$8.3 million for contract purchases and \$2.9 million for capital purchases. The FY 2009 revised budget includes several savings initiatives, including:

- Increase capability of Medicaid Management Information System to process Medicare crossover claims and, therefore, maximize federal reimbursement
- Expanded Medicaid eligibility for criminal justice population

The federal stimulus program will allow the Department to shift \$7.9 million of *Hospital and Community Rehabilitation Services Program* costs from general revenue to federal funds.

For the *Substance Abuse Program*, the Governor recommends expenditures of \$31.9 million from all funds, including \$13.0 million in general revenue, \$18.6 million in federal funds, \$90,000 in restricted

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receipts, and \$200,000 in other funds. The revised budget is \$2.3 million more than the enacted budget of \$29.6 million and includes several general revenue savings initiatives, including:

- Medicaid Waiver CNOM savings for Community Programs
- Increase methadone co-pays by \$3.00 per week
- Reduce purchases of contract services
- Modify provider payment structure

The federal stimulus program will allow the Department to shift \$382,212 of *Substance Abuse Program* costs from general revenue to federal funds.

The Governor's FY 2010 recommendation totals \$470.6 million, including \$168.8 million of general revenue, \$284.3 million of federal funds, \$5.2 million of restricted receipts, and \$12.3 million of other funds. The general revenue portion of the budget reflects a decrease of \$50.6 million, or 23.1 percent, from the FY 2009 enacted budget. The Governor's FY 2010 budget continues the restructuring of the Department in order to manage and control the growth in state expenditures for FY 2010 and beyond. The FY 2010 budget continues the initiatives begun in FY 2009 to restructure the Department and reduce the growth of expenditures. These initiatives, and other new initiatives, include the following:

- Maximize Medicaid Waiver CNOM savings
- Modify provider payment system to a partial fee-for-service structure
- Begin the replacement of antiquated computer technology as recommended by the Division of Information Technology (DOIT), including the replacement of aging computers with inadequate software
- Initiate Development of Developmental Disabilities Management Information
- As federal funds become available, initiate the development of an Electronic Medical Records System for the Eleanor Slater Hospital System.

Department-wide, the federal stimulus program will allow the shift of \$45.7 million of costs from general revenue to federal funds in FY 2010.

The Governor's FY 2010 budget adds a net of 43.0 FTE positions to the Department compared to the FY 2009 revised budget, including increases of 6.0 positions to assist with implementing the Medicaid Waiver and 40.0 positions to staff the Eleanor Slater Hospital system; and a decrease of 3.0 FTE associated with the elimination of the Treatment Alternatives to Street Crime Program. The additional 40.0 FTE positions recommended for the Eleanor Slater Hospital system are to ensure the appropriate level of staffing is available for hospital patients. The recommended FTE level of 1,395.4 positions for FY 2010 is 139.2 positions less than the FY 2009 enacted budget.

For FY 2010, the Governor recommends eliminating the Treatment Alternatives to Street Crime Program in the Substance Abuse program for a general revenue savings of \$233,977. The Governor also recommends eliminating the Central Laundry and Central Pharmacy internal services program in FY 2010. Eleanor Slater Hospital is the primary recipient of services from both of these internal service programs, and both functions will be merged into the Hospital system.

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Governor's Commission on Disabilities

The Governor recommends revised expenditures of \$946,391 for FY 2009. This consists of \$387,862 in general revenue, \$135,851 in federal funds, \$411,551 from the Rhode Island Capital Plan Fund, and \$11,127 in restricted receipts. The revised funding level is \$34,406 more than the FY 2009 enacted level, and consists of a general revenue decrease of \$25,789, a federal funds decrease of \$53,918, and a restricted receipts increase of \$2,562. The general revenue and federal funds decrease reflects personnel savings associated with the elimination of 0.6 FTE and the delay in filling an ADA Coordinator position. The FY 2009 revised budget includes savings of \$797 in general revenue for one uncompensated leave day.

The Governor recommends total expenditures of \$926,400 in FY 2010, including \$366,450 in general revenue, \$174,949 in federal funds, \$10,001 in restricted receipts, and \$375,000 from the Rhode Island Capital Plan Fund. The recommended general revenue funding in FY 2010 is \$47,201 less than the FY 2009 enacted level, which is related to the elimination of 0.6 FTE position. Personnel costs include a 2.5 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits.

The recommended FTE ceiling for FY 2009 and FY 2010 is 4.0 FTE positions.

Commission on the Deaf and Hard of Hearing

The Governor's revised FY 2009 budget for the Commission on the Deaf and Hard of Hearing is \$371,300, consisting solely of general revenue, to finance the Commission's personnel, operating, and interpreter referral services. This represents an overall increase of \$2,493, or 0.7 percent, from the FY 2009 enacted level. The adjustment is attributable to minor modifications to personnel to reflect higher fringe benefit rates and one uncompensated leave day, a reduction of \$2,375 to the Commission's operating expenditures, and a \$5,000 downward rebasing for contracted professional services.

For FY 2010, the Governor recommends \$380,146 in general revenue, which again provides the resources necessary to support the Commission's current operations. This represents an increase of \$11,339, or 3.1 percent, from the FY 2009 enacted level of \$368,807. This recommendation is consistent with that for FY 2009, but also includes a net upward adjustment of \$2,349 for statewide changes to employee benefit rates for retiree health, retirement, and medical benefits. Staffing authorizations remain level at 3.0 FTE positions.

Office of the Child Advocate

The Governor's revised FY 2009 budget for the Office of the Child Advocate is \$554,997, including \$514,442 in general revenue and \$40,555 in federal funds. The general revenue appropriation in the revised FY 2009 budget is \$5,215 less than the enacted budget of \$519,657, reflecting agency specific reductions of \$8,880, most of which are associated with turnover savings of \$8,358, and statewide adjustment increases of \$3,665. The statewide adjustments consist of savings from one uncompensated leave day for all state employees, \$1,835; and increased costs associated with pay-as-you-go funding for retiree health benefits, \$5,500.

For FY 2010, the Governor recommends total expenditures \$588,148, including \$547,048 in general revenue and \$41,100 in federal funds. The general revenue increase of \$27,391 compared to the FY 2009 enacted budget includes a \$31,635 increase for personnel costs and a \$4,244 decrease for operating costs.

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Personnel costs include a 2.5 percent cost of living adjustment for state employees, and decreases for retirement and pay-as-you-go funding for retiree health benefits.

The Governor recommends an authorized FTE level of 5.7 positions in FY 2009 and FY 2010.

Office of the Mental Health Advocate

The Governor recommends revised FY 2009 general revenue expenditures of \$440,483, an increase of \$9,312 from the enacted level of \$431,171. The increase is primarily attributable to the following statewide adjustments: increased costs associated with pay-as-you-go funding for retiree health benefits, \$4,755; and savings from one uncompensated leave day for all state employees, \$1,419. The supplemental recommendation finances the operation of the Office of the Mental Health Advocate at the current service level.

The Governor recommends total FY 2010 general revenue expenditures of \$448,423, reflecting full funding for agency current services and an increase of \$17,252 over the enacted FY 2009 budget. The general revenue increase of \$17,252 compared to the FY 2009 enacted budget includes a \$17,352 increase for personnel costs and a \$100 decrease for operating costs. Personnel costs include a 2.5 percent cost of living adjustment for state employees and pay-as-you-go funding for retiree health benefits.

The Governor recommends the enacted staffing authorization of 3.7 FTE positions for both FY 2009 and FY 2010.

Education

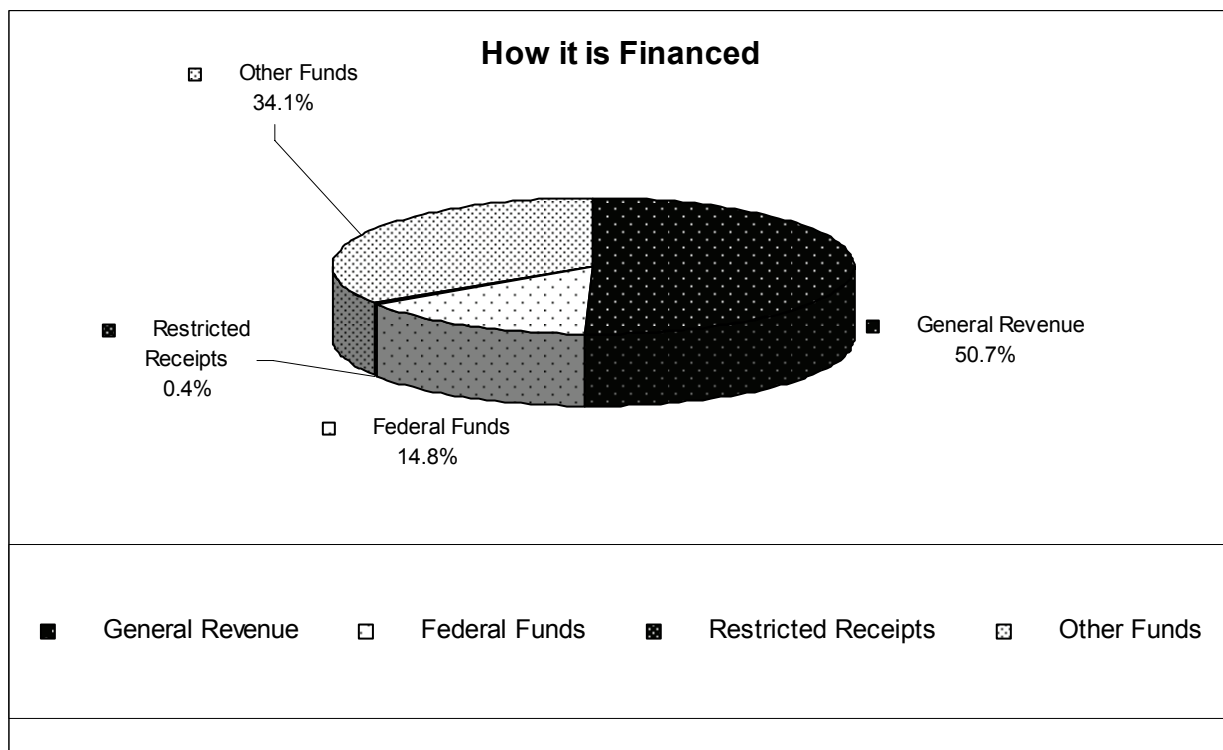
Education

Summary

The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, the Rhode Island Higher Education Assistance Authority, the Historical Preservation and Heritage Commission, and the Rhode Island Public Telecommunications Authority. The Governor recommends 3,799.8 FTE positions in FY 2009 and 3,817.9 FTE positions in FY 2010.

Two boards govern the major part of Education activities in Rhode Island. The Board of Regents, with the advice of the Commissioner of Education, establishes policy with respect to the operations of the Department of Elementary and Secondary Education, state education aid programs, the Central Falls School District, and the three state schools: the School for the Deaf, the Davies Career and Technical School, the Metropolitan Career and Technical School. The Board of Governors for Higher Education, with the advice of the Commissioner of Higher Education, establishes policy with respect to operations at the three state institutions of higher education.

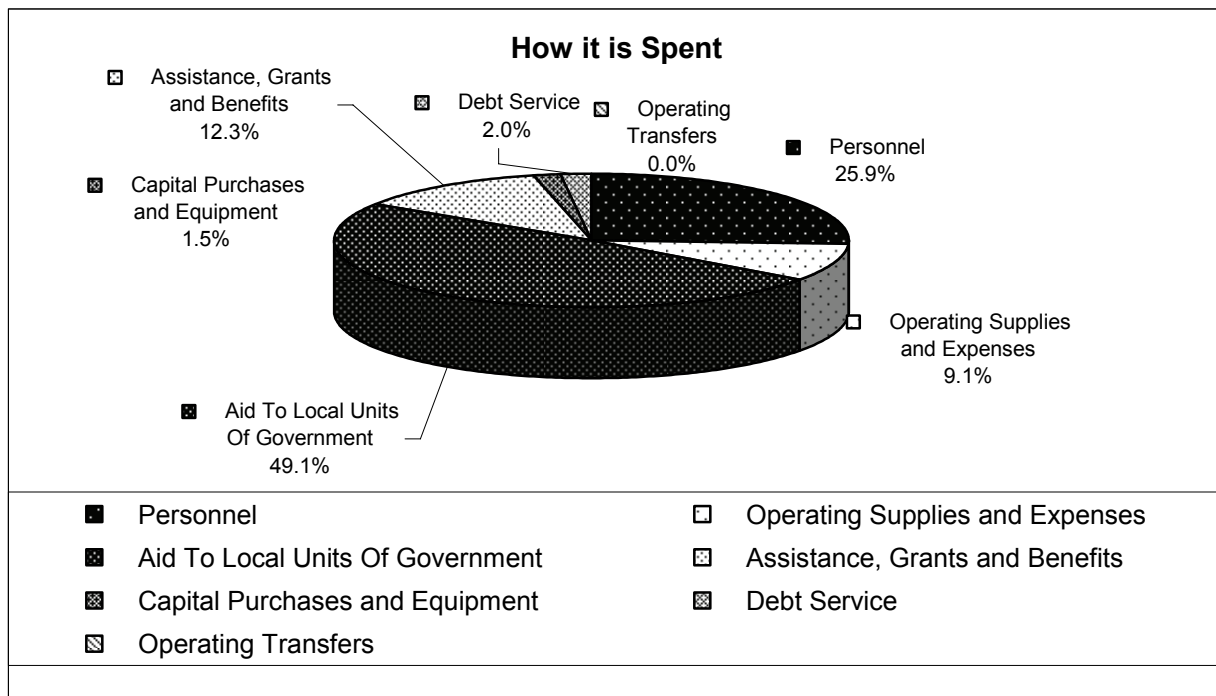
The FY 2009 revised recommendation for Education agencies totals \$1.975 billion, or \$25.7 million less than enacted appropriations of \$2.001 billion. As compared to the enacted budget, general revenue decreases \$106.2 million, or 9.4 percent, federal funds increase \$56.8 million or 27.2 percent, restricted receipts decrease \$369,829 or 4.2 percent, and other funds increase \$24.0 million, or 3.6 percent. American Recovery and Reinvestment Act of 2009 funding comprises \$44.9 million, or 16.9 percent of the federal funds.



Education

In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting grant to the Rhode Island Telecommunications Authority.

The Governor recommends total expenditures of \$2.071 billion for Education in FY 2010, including \$1.049 billion from general revenue, \$306.6 million from federal funds, \$8.7 million from restricted receipts, and \$706.7 million from other funds. American Recovery and Reinvestment Act of 2009 funding comprises \$92.2 million, or 30.1 percent of the federal funds.



The Governor's general revenue recommendation of \$1.049 billion for Education for FY 2010 is a decrease of \$74.8 million, or 6.7 percent from FY 2009 enacted levels.

Aid to Local Units of Government accounts for 49.1 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 35.0 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 15.9 percent of expenditures occur in grants and benefits and capital outlays.

Elementary and Secondary Education

The Governor recommends \$1.093 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2009, a decrease of 4.6 percent from the enacted level of \$1.146 billion. Of this total, \$832.5 million is general revenue expenditures, \$234.1 million is federal grants, \$7.3 million is restricted receipt funds, \$5.0 million is Rhode Island Capital Plan (RICAP) funding and \$13.8 million is Other fund expenditures. General revenue expenditures decrease by \$98.7 million, federal expenditures increase by \$43.1 million, restricted receipt expenditures decrease by \$112,325,

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RICAP funds increase by \$2.7 million, and other fund expenditures increase by \$183,624. In addition to the agency-specific items discussed below, there was a statewide planning value change for increased retiree health care costs which accounted for an increase of \$309,448 and a statewide single uncompensated leave day which accounted for a decrease of \$35,495.

The largest components of the general revenue reduction are reductions of \$23.7 million in general Education Aid and \$18.4 million in Teacher Retirement that reflect lower costs due to the Pension Reform article, and \$31.0 million in General Education Aid that is being shifted to General Revenue Sharing (a minimum of \$12.6 million will be allocated to schools). The districts will receive \$38.3 million in federal stimulus funds, \$5.8 million of which will be used to offset a reduction to general revenue funding for the Professional Development Fund of the same amount. Two reductions in education aid that are not being offset are a reduction of \$4.3 million to offset money districts will receive from overnight gaming revenues at the Twin River video lottery terminals and \$9.5 million to recapture school construction aid that was paid for expenses that were ineligible for reimbursement. There are also mid-year adjustments based on updated data that resulted in a reduction of \$2.9 million in School Housing Aid and \$2.2 million in Teacher Retirement.

In the revised FY 2009 budget, the Governor proposed a Pension Reform article that would reduce the unfunded liability of the pension plan for teachers and reduce the need for current year contributions. Currently the state pays 40% of the employer contribution for teacher's retirement and the local districts pay 60%. The lower required contribution rate leads to a reduction in the state share for Teacher Retirement of \$18.4 million from the enacted level. Adding the reduction of \$2.2 million to account for a one-time contribution that was appropriated in FY 2009, but already spent in FY 2008 leads to the final state contribution of \$76.3 million, which is a reduction of \$20.7 million.

Pension reform will also decrease the required contribution of the local districts by \$23.9 million. The Governor's budget captures those savings by reducing general education aid by the same amount. Other components of the general education aid reduction are \$9.5 million to recover school housing aid that was paid in previous years for expenses that turned out to be ineligible for reimbursement, \$5.8 million from the Professional Development Fund that districts can take from areas other than professional development if they choose, and \$4.3 million to offset the projected revenues from the Video Lottery Terminals for the balance of the fiscal year.

Other reductions in education aid include a mid-year adjustment to the School Housing Aid that would reduce aid by \$2.9 million to \$54.1 million. This annual adjustment takes into account projects that did not complete in FY 2008 and therefore are not eligible for reimbursement in FY 2009. Charter School Aid decreases by \$739,585 from the enacted level, mostly because delays to the grade level expansions. Finally, the Progressive Support & Intervention office was disbanded for \$236,646 in savings and the lone remaining employee was transferred to the ACES program.

These reductions are partially offset by a \$345,000 increase to group home aid to \$9.9 million, which stems from an increased number of group home beds being reported in the final 12/31/2008 DCYF report and an increase of \$110,000 for the textbook aid to \$350,000, which is in line with historical spending requirements.

General revenue support for the Davies School decreases from the enacted level by \$190,643. General revenue support for the School for the Deaf increases by \$50,495. Financing of the Administration of the Comprehensive Education Strategy (ACES) was reduced by \$310,984.

For Fiscal Year 2010, the Governor recommends \$1.155 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$861.8 million is from general revenue, \$278.3 million is from federal funds, \$7.5 million is restricted receipts, \$7.4 million is Rhode

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Island Capital Plan funds, and \$183,624 million is from other funds. This financing level represents a decrease in general revenue expenditures of \$69.4 million, or 7.5 percent, from the enacted FY 2009 level, an increase of \$87.3 million in federal expenditures, an increase of \$564,479 in restricted expenditures, and a decrease of \$885 in other fund expenditures. As part of the 2010 budget there is a decrease of \$37.0 million in general revenue spending spread across programs which is offset by an increase of \$37.2 million in federal stimulus funds.

Statewide, public employees who agreed to new union contracts in 2009 are to receive a 2.5% COLA in 2010. For the department, that amounts to an increase of \$602,862. Changes to retiree health rates, medical benefit rates, and retirement benefit rates cost an additional \$211,491 in 2010.

The department's Administration of the Comprehensive Education Strategy (ACES) program goes down by \$82,916 in general revenue funding from the enacted 2009 level. Decreases include reductions of \$496,868 for eliminating positions that were vacated by retirements, decreases of \$236,156 from eliminating programs or shifting them to Federal funding, decrease of \$45,193 from eliminating a consultant, and decrease of \$750,000 from the almost-completed Uniform Chart of Accounts project. Partially offsetting these are increases including \$150,000 for a commission to review local efficiencies, \$385,814 to offset the loss of federal funding and cost recovery funding, \$130,469 to transfer in an analyst from the Progressive Support and Intervention program, formerly in Education Aid, \$115,246 to hire a chief legal counsel, and \$50,000 to fund the first stages of the statewide transportation initiative. The ACES program also has budgeted \$47.2 million in federal stimulus funds, mostly in Title I and IDEA funding that will be passed through to local districts. There is no offsetting decrease in general revenue funding for these dollars.

For the state-supported schools, general revenue funding for the Davies Career & Technical School goes down by \$481,648 from the 2009 enacted level. Increased personnel costs are partially offset by a decrease of \$714,457 in funding that is offset by receiving an identical amount of federal stimulus funding. General revenue funding for the School for the Deaf goes down by \$677,152. The largest component of the decrease is the school is introducing a new fee-for-service model that will charge local districts for special education services that are not part of the school's core mission. This will result in \$603,540 in costs shifting to restricted receipts from general revenue funding. The School also has a decrease of \$325,573 in general revenue operational funding that is offset by an identical amount of federal stimulus funding. General revenue funding for the Metropolitan Career & Technical School goes up by \$621,778 compared to the 2009 enacted level. As with the other state schools, the Met School had its general revenue funding reduced by \$568,387 with an identical increase of federal stimulus funding.

Separate from the pension reform savings, teacher retirement contributions go down by \$2.2 million to adjust for one-time prior-year contributions, partially offset by a \$72,472 increase for an increase payroll base.

In the Education Aid category, \$24.8 million is reduced for the pension reform savings described above. Also \$37,000,000 is cut and offset by an increase of \$37.2 million of federal stimulus funding. All federal stimulus funding gets distributed back to the local education agencies, which includes both districts and state schools. There is a shift of \$350,000 to general revenue to fund the E-Rate program because of declining collections of the telecommunications tax that funds it, a decrease in Group Home aid of \$75,000, and the elimination of the school breakfast subsidy for savings of \$300,000. Also there is \$500,000 for the department to further develop and implement a statewide performance management system for educators. Charter school aid increases by \$4.4 million to reflect program growth and new

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charter school options. In addition, general revenue distributed charter school aid is reduced by \$1.5 million and offset by an identical increase in federal stimulus funding.

Central Falls receives a 3% increase for 2010, partially offset by the same reductions of \$421,669 for pension reform and \$2.2 million that is offset by an identical increase in federal stimulus funding.

Housing Aid goes up by \$6.7 million to account for projects that are expected to complete in FY 2009, and thus be subject to reimbursement in 2010.

The Governor is funding several of the recommendations from his Urban School Task Force. There is \$700,000 for a demonstration pilot with preschoolers primarily from urban communities to boost school readiness. Further, there is \$100,000 for extended learning time, also in the urban districts.

For the entire Department, which includes the Davies Career & Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 311.4 FTE positions in FY 2009 and 327.4 FTE in FY 2010. The 2010 total includes five positions that are being added to carry out the department's stimulus-funded programs.

Public Higher Education

The Governor recommends a revised FY 2009 budget of \$840.8 million, including \$172.9 million in general revenue, \$11.1 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$6.6 million, \$638.8 million in other funds, \$666,433 in restricted receipts, and \$18.0 million from the Rhode Island Capital Plan Fund. General revenues decrease \$7.0 million from the enacted level, reflecting savings for current services adjustments as requested, \$6.1 million, and the following statewide adjustments: savings from higher than the normal experience for cost of living and health co-shares, \$1.2 million; and increases for retiree health insurance rates, \$334,558. The Board of Governors authorized mid-year tuition surcharges of \$250 at the University of Rhode Island, and \$200 at Rhode Island College and the Community College of Rhode Island in response to reduced state support due to constrained state revenues as a result of the poor economy. The Governor recommends 4,180.0 FTE positions in FY 2009, the enacted authorization.

For FY 2010, the Governor recommends \$878.4 million for Public Higher Education, including \$174.9 million in general revenue, \$12.0 million in federal funds, including America Recovery and Reinvestment Act of 2009 funding of \$7.8 million, \$679.2 million in other funds, \$667,543 in restricted receipts, and \$11.7 million from the Rhode Island Capital Plan Fund. General revenues decrease \$4.97 million from the FY 2009 enacted level. The Governor recommends a total of 4,182.1 FTE positions, an increase of 2.1 positions, including 1.6 FTE positions at the University, and 0.5 FTE position at the College. Reduced trend growth in medical benefits saves \$304,715 and funding for retiree health benefits in FY 2010 on an actuarial basis recognizing reduced benefits for new retirees increases \$436,925, with a net retirement rate increase of \$18,076. Debt service adjustments add \$1.2 million and personnel and operations add \$3.4 million. In order to address expenditure forecasts statewide in excess of revenue estimates, the Governor proposes several reductions:

- Indexing cost of living adjustments (compounded 6.9 percent increases, including retroactive to January 2009 for faculty and non-classified staff) to state contracts (2.5 percent) saving \$2.5 million;

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- Indexing employee contributions of health benefit plan co-shares (midpoint 12.0 percent) to state contracts (midpoint 18.5 percent) saving \$540,583;
- Net targeted reductions (\$12.8 million, or 8 percent) less the level funding support (\$12.0 million) savings of \$794,104,

The budget proposed by the Governor includes total tuition and fee revenues growth of \$41.2 million, including \$21.8 million at the University, \$11.0 million at the College, and \$8.4 million at the Community College. Undergraduate in-state tuition increases proposed by the Board are 9.8 percent at the University, 9.5 percent at the College, and 9.3 percent at the Community College for FY 2010, not including FY 2009 mid-year tuition surcharges. Pursuant to FY 2007 legislation, both the FY 2009 appropriation and FY 2010 recommended budgets include debt service appropriations within Public Higher Education that were formerly in the Department of Administration. In FY 2009, debt service is \$17.4 million, a decrease of \$150,130 from enacted levels and in FY 2010, \$18.4 million is included, an increase of \$1.0 million from all sources.

The College Crusade of Rhode Island and other legislative grant awards both in FY 2009 and in FY 2010 are recommended at \$1.0 million.

Rhode Island Council on the Arts

The Governor's revised FY 2009 budget for the Rhode Island Council on the Arts is \$3.2 million, including \$1.9 million in general revenue, \$801,429 in federal funds, and \$94,225 in restricted receipts and \$425,000 in other funds. The recommendation includes a decrease of \$189,051 from the enacted level of general revenue appropriations, including personnel savings from vacating one FTE position, a reduction in grant funds of \$94,225 offset to one-time restricted revenues from the arts lottery game, and miscellaneous reductions in operations of \$9,700. The balance is a reduction of \$1,972 for one uncompensated leave day and an increase of \$6,604 for the upward revision to the retiree health planning value.

For FY 2010, the Governor recommends \$3.5 million, including \$2.0 million in general revenue, \$1.1 million of federal funds, and \$435,000 in other funds. The general revenue decrease from the FY 2009 enacted level is \$110,861. In addition to the changes in the FY 2009 revised budget, the FY 2010 budget includes a reduction of \$46,508 for one FTE position that will not be filled, \$18,635 in reductions in various operating accounts, and a reduction of \$20,570 in discretionary grants. These reductions are partially offset by an increase of \$5,610 to finance higher contributions for employee retirement benefits and retiree health care benefits and lower rates for employee health care.

The federal funds recommendation includes \$200,000 from the American Recovery and Reinvestment Act that will be distributed by the National Endowment for the Arts according to the existing state-by-state formula.

The Governor recommends 7.6 FTE positions in FY 2009 and FY 2010, a reduction of one FTE position from the enacted FY 2009 level.

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Rhode Island Atomic Energy Commission

The Governor's revised FY 2009 budget for the Rhode Island Atomic Energy Commission is \$1.2 million, including \$786,847 in general revenue, \$103,116 in federal funds, and \$293,869 in other funds. The recommendation includes a decrease of \$37,623 to general revenue appropriations, reflecting current services adjustments, and the following statewide adjustments: costs from higher than anticipated retiree health benefits, \$8,313; and savings from one uncompensated personal leave days for all state employees, \$2,716.

For FY 2010, the Governor recommends \$1.14 million, including \$775,346 in general revenue, \$30,000 in federal funds, and \$334,769 in other funds. The decrease of \$49,124 in general revenue from the FY 2009 enacted budget recognizes savings of \$41,109, reflecting current staff personnel costs, and increases of \$15,239 for a 2.5 percent cost of living adjustment, \$9,657 for energy costs, and \$2,010 for assessed fringe benefit increases, with savings of \$41,470 for retirement savings and increased costs of \$7,224 for retirement and retiree health benefits rates, offset by health benefit costs in FY 2010. The Governor recommends 8.6 FTE positions in both FY 2009 and FY 2010.

The Rhode Island Atomic Energy Commission (RIAEC) will continue to operate the state-of-the-art reactor at the Rhode Island Nuclear Science Center (RINSC) for the purposes of research, education and training, and environmental monitoring. Moreover, the staff of the RINSC will continue to provide technical assistance to other state agencies, including the Rhode Island Department of Health and the University of Rhode Island. The Governor's budget will enable the Commission to explore additional commercial uses for the RINSC, including new technology involved in cancer research

Rhode Island Higher Education Assistance Authority

The Governor recommends a revised FY 2009 budget of \$32.9 million, including \$7.2 million in general revenue, \$18.7 million in federal grants, and \$6.9 million in other funds. General revenues decrease \$30,067 from the enacted level, reflecting current services adjustments, and a statewide adjustment from a higher than anticipated retiree health benefits rate. State needs-based scholarships of \$6.4 million are level funded.

For FY 2010, the Governor recommends \$28.6 million, including \$7.3 million in general revenue, \$14.6 million in federal funds, and \$6.7 million in other funds. General revenues decrease \$17,310 from the FY 2009 enacted level. Personnel current services and adjustments, including assessed fringe benefits and capital and operations are a net decrease of \$1,954. Personnel costs decrease by \$3,836 compared to the FY 2009 enacted budget, including adjustments for a 2.5 percent cost of living adjustment, and changes in retirement, retiree health and health insurance rates. Operating costs decrease by \$13,474 from FY 2009 enacted levels. State needs-based scholarships of \$6.4 million are level funded.

The Governor recommends 42.6 FTE positions in FY 2009 and in FY 2010.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.7 million for the revised FY 2009 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.3 million in general revenue, \$845,462 in federal funds and \$518,013 in restricted receipts. The recommendation reflects a

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reduction of \$51,309 from the enacted level, reflecting turnover savings from retirements that have since been re-filled. There are also small increases to contract services of \$1,929 and operations of \$3,979, partially offset by a decrease of \$5,000 in renovation funds for the Eisenhower House. The balance is due to a decrease of \$3,076 for one uncompensated leave day and an increase of \$10,295 for the upward revision to the retiree health planning value.

The Governor recommends total financing of \$2.6 million for FY 2010, including \$1.3 million in general revenue appropriations, \$819,367 in federal funds, and \$509,037 in restricted receipts. General revenue decreases by \$50,461 from the enacted FY 2009 level. In addition to the changes in the FY 2009 revised budget, in FY 2010 there is a decrease of \$17,156 in operational accounts in various categories including miscellaneous expenses, out-of-state travel, and office supplies. These partially offset increases of \$16,852 to fully fund personnel, and \$1,729 for contract services. For the Eisenhower House, there is also a reduction of \$10,000 in renovation and repair funds and a \$400 reduction in operations. The balance is due to a decrease of \$3,401 for one uncompensated leave day and an increase of \$7,614 to finance higher contributions for employee retirement benefits and retiree health care benefits and lower rates for employee health care.

Public Safety

Public Safety

Summary

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The six agencies that expend 5.8 percent of the total FY 2010 State Budget from all sources of funds to provide public safety services to the state include: the Department of Corrections; the court system (Attorney General; the Judiciary; and the Office of the Public Defender); the homeland security system (Military Staff, including both the National Guard and the Emergency Management Agency); and the Department of Public Safety, comprising the State Police, Capitol Police, E-911, State Fire Marshal; the Rhode Island Justice Commission; and Municipal Police Training Academy. The FTE recommendation for the FY 2009 revised budget is 2,971.5 FTE positions, a reduction of 114.9 FTE positions from the enacted level. The FTE recommendation for FY 2010 is 3,033.1 FTE positions, an increase of 61.6 FTE positions. Reductions in FY 2009 due to the elimination of vacant positions are partially offset in FY 2010 by the addition of 35.0 State Police trainees and program transfers to the Department of Public Safety, and the addition of positions in the Emergency Management and National Guard programs.

Pursuant to action of the Legislature in Article 3 of the FY 2008 Budget Act, the FY 2009 enacted budget combined the Rhode Island State Police, E-911 Emergency, Fire Marshal, Capitol Police (a former program of the Department of Administration), and the Municipal Police Training Academy, in a new Department of Public Safety. The FY 2009 enacted appropriations act recognized the combination of the agencies as programs within the new department. For the FY 2009 revised budget, the Governor recommends the transfer of 15.6 FTE positions in the Forensic Sciences unit of the Department of Health to the Department of Public Safety.

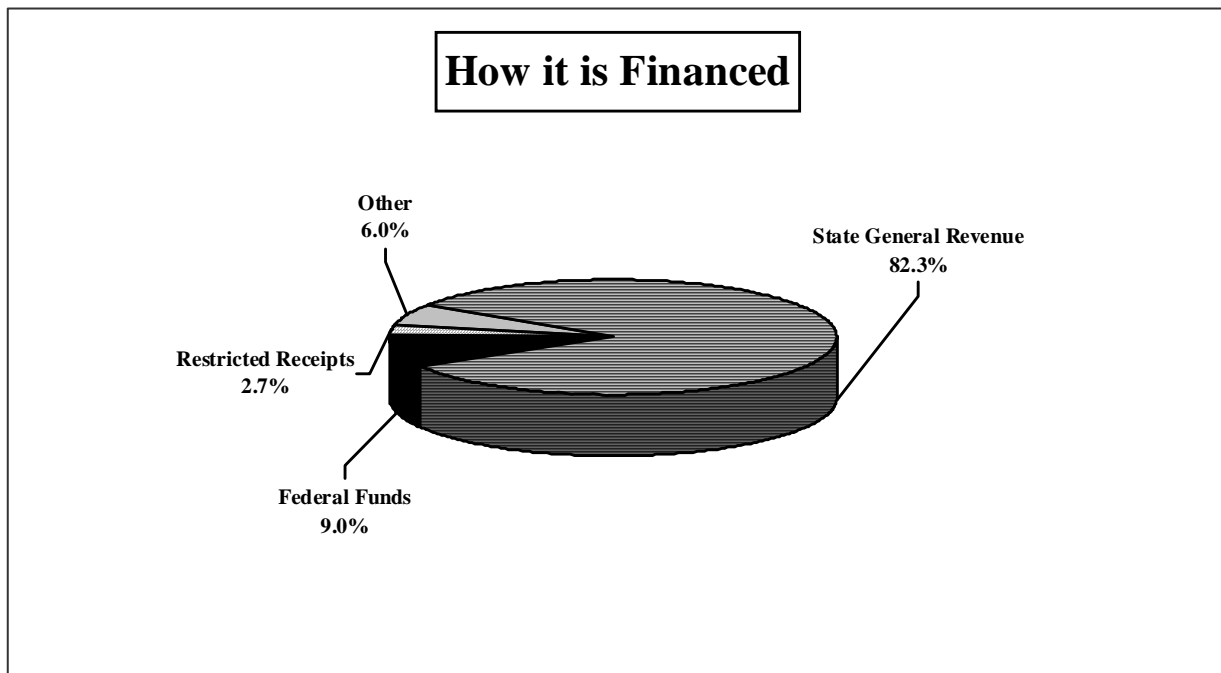
The largest share of funding within the Public Safety function is for the Department of Corrections, representing 42.5 percent of the total. Because the Adult Correctional Institutions, which include eight secure facilities, operate twenty-four hours per day, the Department must provide continuous supervision of an annual average inmate population of 3,869. Additionally, the Community Corrections subprogram supervises 32,000 community-based offenders per year. The second largest share is for the courts system, at 29.1 percent of the total. This includes 21.5 percent of expenditures for the Judiciary, supporting six courts statewide, and 7.6 percent for the other agencies, Attorney General and Office of Public Defender. The Department of Public Safety's share is 21.6 percent. The Military Staff comprises 6.9 percent of Public Safety expenditures.

In the FY 2009 revised budget, the Governor recommends an all-funds budget of \$455.3 million for public safety programs. Of this amount, \$360.2 million is from general revenue, \$58.8 million is from federal funds, \$11.6 million is from restricted receipts, and \$24.7 million is from other funds. The FY 2009 general revenue budget decreases by \$4.7 million from the FY 2009 enacted level. All-fund spending, however, increases by \$21.8 million as compared to the enacted budget. There is a \$3.7 million all-funds decrease in personnel expenditures, a \$1.6 million increase in operating expenditures, a \$16.95 million increase for grants and benefits and a \$7.0 million increase for capital expenditures. Personnel decreases are due to elimination of vacant positions in the Departments of Corrections and Public Safety and in the Military Staff. Operating expenditures increase due to greater than anticipated per diem expenditures for inmates (food, clothing, pharmaceuticals), reflecting a greater than anticipated inmate census. Grant increases totaling \$4.9 million reflect new Public Safety federal stimulus grants from the American Recovery and Reinvestment Act for Justice Assistance, Violence Against Women, Internet Crimes against Children, and Crime Victims Assistance, as well as additional Emergency Management homeland security and related federal grants.

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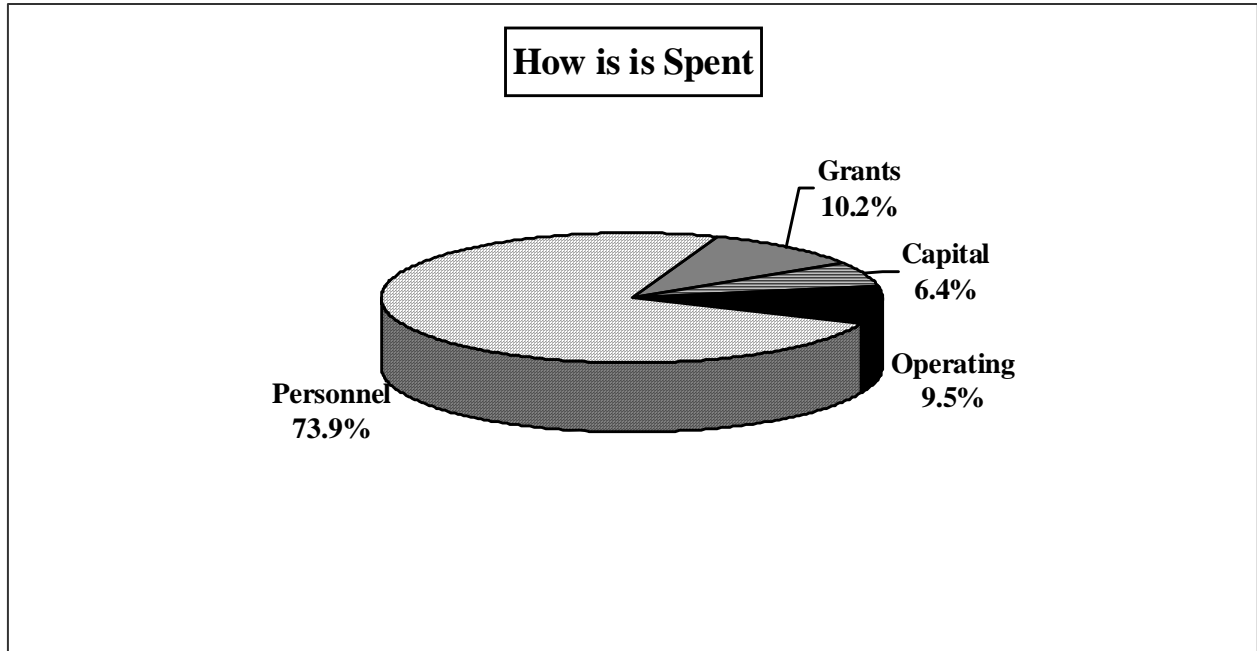
The Governor recommends a FY 2010 budget of \$446.7 million from all funds, an increase of \$13.1 million from the FY 2009 enacted budget. Expenditures of \$367.7 million are recommended for general revenue, \$2.8 million, or 0.8 percent, more than enacted levels, primarily in Corrections. Additional increases are recommended in restricted receipt expenditures (\$11.7 million, a \$1.3 million increase) federal funds (\$40.4 million, a \$5.0 million increase), primarily in Judicial and Military Staff and a \$4.0 million increase in other funds, primarily from the Rhode Island Capital Plan Fund for Public Safety. Categorically, this includes a \$1.6 million increase in personnel costs for salaries, benefits and contract services. The increase reflects provision for a 2.5 percent cost-of-living adjustment as well as additional positions in Public Safety and Military Staff. Expenditures for grants and benefits increase by \$4.9 million, primarily in Public Safety (\$3.4 million) and in the Military Staff (\$1.0 million) for additional homeland security, disaster assistance and other federal grants in Emergency Management. Operating expenditures increase by \$1.0 million, and capital purchases and equipment expenditures increase by \$5.6 million, primarily in Public Safety for the State Police Training Facility project.

Funding for the Public Safety function is derived mainly from state sources. 82.3 percent is general revenue and 6.0 percent is other funds (primarily from the Rhode Island Capital Plan Fund for construction, repair and rehabilitation projects for Corrections, Military Staff, Judiciary, and State Police facilities). Federal funds are 9.0 percent of the total, and include Emergency Management homeland security expenditures; National Guard Bureau funding; adult education, discharge and reentry services, incarceration of undocumented aliens at Corrections; and Child Support Enforcement in the Judiciary. Restricted receipts account for the remaining 2.7 percent, primarily in the Judiciary.



By category of expenditures, state operations, including personnel (73.9 percent, \$330.3 million) and other operating costs (9.5 percent, \$42.3 million), total \$372.6 million, or 83.4 percent of total expenditures, and are financed primarily from general revenues. Assistance, grants and benefits are \$45.5 million or 10.2 percent, and are financed from general revenue and federal funds. Capital improvement projects, \$28.6 million for 6.4 percent, include the Rhode Island Capital Plan Fund and federal funds.

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Attorney General

The Governor recommends revised FY 2009 appropriations totaling \$24.3 million for the Attorney General, including \$21.1 million from general revenue, \$1.3 million from federal funds, \$1.1 million from restricted receipts, and \$747,726 from the Rhode Island Capital Plan Fund. This is a general revenue decrease of \$77,629, or 0.4 percent, from FY 2009 enacted levels. Savings of \$47,638 are from reduced operating costs throughout the agency. Personnel expenditures increase by \$29,991, which is the result of changes in planning values for assessed fringe and retiree health benefits. The FY 2009 revised budget also includes savings of \$63,916 in general revenue for one uncompensated leave day.

For FY 2010, the Governor recommends total expenditures of \$24.2 million, including \$21.8 million from general revenue, \$1.3 million from federal funds, \$932,930 from restricted receipts, and \$200,000 from the Rhode Island Capital Plan Fund. This includes a general revenue increase of \$1.3 million, or 6.1 percent, from the FY 2009 enacted budget. The majority of this increase is reflected in personnel costs and includes a 2.5 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits.

The Governor recommends 231.1 FTE positions in FY 2009 and FY 2010, no change from the enacted FY 2009 level.

Department of Corrections

The Governor's revised FY 2009 budget for the Department of Corrections is \$187.4 million. This includes \$178.7 million in general revenue, \$3.3 million in federal funds, and \$5.4 million in other funds. The FY 2009 revised general revenue budget is \$58,557 greater than the enacted level of \$178.6 million.

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In addition to current service adjustments, including additional turnover to reflect existing vacancies, the Governor recommends the following statewide adjustments: additional costs from greater than anticipated retiree health benefit claims experience of \$1.2 million, and savings from one uncompensated leave day for all non-union state employees and unionized state employees with wage agreements of \$51,088. The Governor recommends the following adjustments to the enacted budget:

- **Correctional Officer Training:** The FY 2009 revised budget includes the elimination of a scheduled spring 2009 training class for correctional officers, due to the delay in opening the Reintegration Center. The savings are in personnel and stipends of \$540,611, and in operating (uniforms, office supplies, military supplies) of \$66,770. The latest class has been completed, the graduates from which will be used to fill correctional officer positions as they become vacant.
- **Electronic Medical Records System:** The Governor recommends \$205,000 as a follow-up to the establishment of a complete electronic medical record for each inmate in order to increase the efficiency and the efficacy of treatment in the face of an aging inmate population with chronic medical conditions. The additional funds will finance programming services to develop a third-party billing and disbursement process more efficiently in the processing of payments. Funds will also finance the implementation of a utilization review process for inpatient hospitalizations, to achieve savings in inpatient bed days. .
- **Personnel Costs:** The Governor recommends a net \$4.8 million reduction in payroll expenditures due to the elimination of positions vacant due to retirement and other factors. The FTE cap in the revised budget is 1,423.0 FTE positions, a reduction of 92.0 FTE positions from the enacted level of 1,515.0 FTE positions. The overall reduction of \$8.5 million is offset by increased costs of \$3.7 million due to unachieved privatizations of dental and case management/counseling services, and unachieved contract savings that were proposed by the Department but not allowed in arbitration (modified payment on sick time, elimination of double time overtime payments, elimination of I-9 recreation shift at Medium Moran and the Intake Service Center, and allowance of inter-facility transfers).
- **Inmate Population-Related Overtime Expenditures:** The Governor recommends an additional \$2.2 million to finance supervisory costs at several housing units anticipated for closure as a result of inmate population reductions of 211 due to the reductions that were assumed from the Earned Good Time initiative approved in the 2008 legislative session. This initiative was anticipated to reduce sentenced days for offenders maintaining good behavior and/or completing rehabilitation programs. Although an inmate reduction of 147 is attributable to this initiative, it has been offset by increases in the awaiting trial population. The estimated inmate population in the FY 2009 revised budget is 3,869, an increase of 21 from the enacted level.
- **Inmate Population-Related Operating Expenditures:** To finance expenditures incurred by the above-referenced increase in population projections, as well as increased operating costs (particularly food), and unachieved savings from Central Distribution Center privatization, the Governor recommends an additional \$1.1 million in funding for per diem operating expenses, including linens, inmate clothing, program supplies, janitorial supplies, food, pharmaceutical and medical supplies.
- **Building Maintenance and Repairs:** The Governor recommends an additional \$666,374 for general building maintenance repairs to complete projects initiated in FY 2008 but not completed. The total budget for such projects is \$1.6 million.

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- RIBCO Retroactive Payments: The Governor recommends a net addition of \$897,706, consisting of the following elements:
 - 1) addition of \$1.9 million for a retroactive COLA payment for FY 2006 and prior years, as awarded in a June 2008 arbitrator's decision for the Rhode Island Brotherhood of Correctional Officers (RIBCO) union. Credited to FY 2008 was \$28.9 million of the latter award, but \$1.8 million of the retro payments were made in July through September 2009, and must be financed in FY 2009. In addition, \$100,000 is included as an estimate of retroactive COLA payments due to employees who worked in three-day rule positions prior to FY 2009, as well as three-day rules currently being filled in FY 2009;
 - 2) an additional \$2.2 million to the FY 2006 base wage estimate of \$9.6 million for COLA/Medical Co-Pay adjustments for RIBCO contracts;
 - 3) elimination of the COLA reserve of \$3.2 million included in the enacted budget to cover future awards for FY 2007 and FY 2008. The FY 2009 budget recommendation includes current contract awards through FY 2006.

For the FY 2010 budget, the Governor recommends \$190.0 million in total expenditures for the Department of Corrections. This consists of \$182.4 million in general revenue, \$2.2 million in federal funds, and \$5.4 million in other funds. The FY 2010 recommended general revenue budget increases by \$3.8 million from the FY 2009 enacted level. The budget includes turnover adjustments, filling of critical vacancies (including correctional officers from the latest training classes), estimated funding for negotiated COLA/co-pay base adjustments based on the FY 2006 arbitrator award, and statewide benefit changes. The latter also includes a 2.5 percent salary and benefits adjustment (\$3.1 million general revenue), an increase of \$1.3 million in funding for estimated retiree health costs based on a revised estimate of need, and a two percent reduction in medical benefit costs.

- Electronic Medical Records System: The Governor recommends a reduction of \$649,378 in contract services, reflecting the elimination of one-time expenditures for the electronic medical records system, and automating the medical billings process.
- Inmate population is estimated at 4,008, an increase of 160, or 4.2 percent from the enacted level. Per diem expenditures increase by \$1.2 million from the enacted budget, including \$663,362 for medical supplies and pharmaceuticals, and \$566,927 in non-medical costs.
- Correctional Officer Training: The Governor recommends funds to conduct one class in FY 2010, starting in October 2009, with graduation in January 2010 of 60 correctional officers.
- FTE Reduction: The FY 2010 budget continues to include the elimination of 92.0 vacant FTE positions. The FTE cap remains at 1,423.0 FTE positions. Payroll costs of \$147.5 million are essentially the same as the FY 2009 enacted level of \$147.2 million.
- RIBCO Retroactive Payments and Wage Base Adjustments: The Governor recommends an additional \$7.3 million to finance estimated salary and benefit wage base adjustments for anticipated RIBCO contract awards in FY 2010. The payments are based on assumed cost of living increases and include reductions due to the implementation of co-share provisions which are consistent with contracts settled with other state unions. The COLA assumptions are as follows:

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- 3.0 percent in FY 2007
- 3.0 percent in FY 2008
- 0.0 percent in FY 2009
- 2.5 percent in FY 2010

Federal funds of \$2.2 million in FY 2009 will finance core personnel through the State Criminal Alien Assistance program (\$1.2 million), as well as adult inmate education, AIDS counseling and reentry services. In order to provide necessary repairs and renovations to the Department's aging facilities, the FY 2010 budget includes \$5.4 million from the Rhode Island Capital Plan Fund. Project funding in FY 2010, includes \$2.5 million for various asset protection projects, \$1.3 million for roof and infrastructure improvements to the Bernadette Guay Building, and \$1.4 million for the renovation of the women's facilities. This is in addition to the \$1.6 million provided in FY 2010 in general revenue for smaller maintenance and repair projects.

Judiciary

The Governor's revised FY 2009 budget for the Judiciary is \$96.7 million, including \$82.8 million in general revenue, \$2.7 million in federal funds, \$9.3 million in restricted receipts and \$1.9 million in other funds. The recommendation is a decrease of \$2.2 million to general revenue appropriations from the FY 2009 enacted budget.

Changes in personnel salaries and benefit rates account for \$2.0 million of this general revenue savings, which includes an increase to assessed fringe benefits and other changes as follows:

- a reduction of \$214,870 for one uncompensated leave day;
- a reduction of \$215,806 for judicial retiree health benefits;
- increased turnover assumptions saving \$2.0 million in salaries and benefits;
- an addition of approximately \$1.0 million for state employee retiree health benefits and for judicial pensions related to judges from the Supreme, Superior, Family, and District Courts, and Traffic Tribunal hired prior to December 31, 1989; and
- an increase of \$240,466 in overtime.

Other general revenue changes in FY 2009 from the enacted level include a decrease of \$412,471 for the central utilities fund and \$943,563 for the Court Computer Technology Improvements Program, partially offset by increases of \$361,078 for contracted professional services, \$307,994 in operating expenses, and \$205,802 in capital purchases and equipment.

For FY 2010, the Governor recommends \$96.0 million, including \$83.9 million in general revenue, \$1.4 million in federal funds, \$9.8 million for restricted receipts, and \$825,000 from other funds. This recommendation represents a general revenue decrease of \$1.1 million from the FY 2009 enacted budget.

The Governor's recommendation for personnel costs incorporates a 2.5 percent cost of living increase for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits. Other major changes in general revenues for FY 2010 from the FY 2009 enacted level include the following:

- an increase of \$238,153 for department-wide overtime;
- an increase of \$300,000 for the defense of indigents program;
- an increase of \$614,517 for judicial pensions;

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- an increase of \$524,332 for operating expenses, contracted professional services, and capital purchases and equipment;
- a reduction of \$353,702 for the central utilities fund;
- a reduction of \$817,605 for the court computer technology improvements program;
- a reduction of \$1.6 million in personnel expenses associated with an increase in the turnover rate for FY 2010.

The Governor recommends 729.3 FTE positions in FY 2009 and FY 2010, the same as the FY 2009 enacted budget.

Military Staff

The mission of the Military Staff and its two programs, the National Guard, and the Emergency Management Agency, is to prepare for mobilization and deployment of armed forces in conditions of war or other national emergency, and to maintain public safety as directed by the Governor in cases of man-made or natural disaster. The Governor's revised FY 2009 budget for the Military Staff is \$43.5 million, including \$3.6 million general revenues, \$36.8 million in federal funds, \$2.7 million in other funds, and \$346,833 in restricted receipts. The FY 2009 revised general revenue budget is \$164,688 less than the enacted budget. There are increases of \$13.8 million in federal funds and \$31,512 in restricted receipts. Funding from the Rhode Island Capital Plan Fund increases by \$1.3 million. The recommendation includes the following statewide adjustments: additional costs from greater than anticipated retiree health experience of \$14,746; and savings from one uncompensated personal leave day for all state employees, \$8,029. In addition to salary and benefit adjustments to reflect current services, the Governor recommends the following:

- \$149,426 in salary costs related to the state activation of National Guard personnel for the Funeral Honors program to conduct honorable and professional funeral ceremonies (including firing squads and buglers) for all eligible veterans in accordance with both state and federal legislation. The general revenue budget will finance firing squads and buglers in cases where federal regulations do not permit federal funds to be used.
- Position reductions of 2.0 vacancies in the National Guard, and position turnover in the Emergency Management Agency, for a savings of \$17,847 general revenue.
- Additional federal grant funding for Emergency Management programs, including \$6.6 million in expanded state homeland security grants. The Governor recommends in FY 2009 total spending of \$11.7 million for homeland security-related activities: state and municipal first responder equipment; equipment for local emergency response teams; interoperable communications; the Urban Search and Rescue program; municipal planning, exercises, and training; state homeland security equipment, training, exercise and planning activities; law enforcement terrorism prevention; and Citizens Corps and volunteer training programs. Other related program increases are in Transit Security (\$1.1 million), and Buffer Zone Protection (\$638,226).
- \$1.1 million in general revenue funding for the operation of the Rhode Island Statewide Communications Network (RISCON), a radio communications system designed to provide interoperable communications among cities and towns and the state. Funds for hardware maintenance and positions to operate the system have been transferred from the Department of Public Safety-State Police to the Emergency Management program.

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- RISCO personnel will work with federal Department of Homeland Security funding for interoperable communications. The FY 2009 revised Budget includes \$5.0 million in federal funds to purchase such equipment for local first responders, an increase of \$2.5 million from the enacted level.
- Two National Guard capital projects, U.S. Property and Fiscal Office Roof and Field Maintenance Shop #3/Warwick Armory Windows are financed with a total of \$604,900 in federal stimulus money from the American Recovery and Reinvestment Act.

For the FY 2010 budget, the Governor recommends \$30.7 million for Military Staff programs, including \$3.5 million from general revenue, \$25.0 million from federal funds, \$337,449 from restricted receipts, and \$1.8 million from the Rhode Island Capital Plan Fund. Compared to the enacted FY 2009 budget, general revenue expenditures decrease by \$209,969, federal funds increase by \$2.1 million, funding from the Rhode Island Capital Plan Fund increases by \$385,000, and restricted funds increase by \$22,128.

The FY 2010 recommended budget reflects adjustments required for salary and employee benefit costs. In addition to statewide and agency specific target adjustments, including a 2.5 percent salary adjustment (\$34,988 in general revenue) and changes identified above, the budget includes statewide adjustments for health benefit rates and retirement rates. In addition to various adjustments for payroll projections and operating reductions, the Governor recommends the following:

- \$82,750 for the Funeral Honors program, to be used to compensate military retirees who wish to provide ceremonial services.
- Additional federal funds of \$683,191 to fund 9.0 FTE's in FY 2010, including one security guard position; 6.0 FTE positions in Facilities Management for the management of existing and potential real property sustainment, restoration and modernization, including supervisory, engineering, technical, and data entry support, and 2.0 FTE positions in Environmental Resources to fulfill a federal mandate to reduce energy consumption.
- General revenue operating reductions in repairs, fuel oil/natural gas, and electricity reflecting both current service levels and the increased utilization of federal funds.
- Continued funding of various benefits provided to National Guard personnel, including the Education Benefit (enrollment of eligible guardsmen in courses at state colleges), and the Life Insurance Benefit (reimbursement for federal funded life insurance for guardsmen deployed overseas).
- Continued funding in the Emergency Management program for interoperable communications of \$1.1 million general revenue and \$2.6 million federal funds, and homeland security and related transit protection and buffer zone protection activities of \$9.9 million.

The Governor recommends 101.0 FTE positions in FY 2009, a reduction of 2.0 FTE positions from the enacted ceiling of 103.0 FTE positions. The Governor recommends 111.0 FTE positions in FY 2010, including one restored vacant position in the Emergency Management program, and 8.0 FTE positions in federal funded National Guard programs in Facilities Management, Environmental Response, and Security Guards.

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Department of Public Safety

The Department of Public Safety was created by Public Law 07-73. The Department includes the following programs: Central Management, E-911 Emergency Telephone System, State Fire Marshal, Capital Police, Rhode Island State Police, and Municipal Police Training Academy. In FY 2010, the Forensic Sciences Unit will transfer into the Department of Public Safety from the Department of Health.

The Governor recommends \$94.6 million in revised expenditures for the Department of Public Safety in FY 2009, which includes \$64.7 million in general revenue, \$14.4 million in federal funds, \$835,000 in restricted receipts, and \$14.7 million in other funds. This recommendation is an increase of \$6.1 million from the FY 2009 enacted budget of \$88.4 million, and reflects a decrease of \$2.2 million, or 3.2 percent, in general revenue expenditures, an increase of \$8.2 million, or 131.0 percent, in federal funds expenditures, an increase of \$401,000, or 92.4 percent, in restricted receipts, and a decrease of \$251,442, or 1.7 percent, of other funds. The Governor recommends the following adjustments to the enacted budget:

- **Central Management:** Agency specific changes include an increase of \$104,572 for personnel costs, and an increase of \$7,468 for the statewide adjustment to the cost of retiree health benefits. The increase of \$3.4 million in federal funds includes \$2.8 million from the Edward Byrne Memorial Justice Grant, \$482,532 from the Violence Against Women Grant, \$286,000 from the Crime Victims Assistance grant, and \$200,000 from the Internet Crimes Against Children grant for a total of \$3.8 million from the American Recovery and Reinvestment Act. These grants will be disbursed by the Public Safety grant administration office to various agencies.
- **E-911 Emergency Telephone System:** Agency specific changes include an increase of \$146,160 in personnel costs, including an additional \$200,000 in overtime costs, an increase of \$51,448 for software maintenance agreements, an increase of \$1,460 for contract professional services to include: \$158,579 for service and maintenance for E-911's computer system, \$3,500 for psychological exams for new hires, and \$8,000 for grounds keeping service. These increases are partially offset by a decrease of \$172,400 in capital purchases.
- **State Fire Marshal:** Major adjustments to general revenue appropriations in FY 2009 include a decrease of \$128,744 in personnel costs for turnover savings achieved from maintaining 2.0 FTE position vacancies, an increase of \$1,241 in operating expenses, and an increase of \$22,222 for contract professional services, of which \$15,800 represents the final payment of the quarry blasting study begun in FY 2007.
- **Capitol Police:** The general revenue recommendation of \$3.5 million is a decrease of \$219,454 from the FY 2009 enacted budget of \$3.7 million. This includes a decrease of \$185,243 in personnel costs from maintaining 2.0 FTE position vacancies, a decrease of \$400 for contract professional services, a decrease of \$31,311 for operating expenses, and a decrease of \$2,500 for capital purchases.
- **Municipal Police Training Academy:** Major adjustments to general revenue appropriations in FY 2009 include a decrease of \$71,174 in personnel costs for turnover savings achieved by leaving 1.0 FTE position vacant, and an increase of \$9,215 for operating expenses.
- **State Police:** Major adjustments to the general revenue appropriation in FY 2009 include: a reduction of \$2.7 million in personnel costs largely due to the retirement of 12 Troopers and the recommendation that health benefits be financed on the "pay-as-you-go basis"; an increase of

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\$24,319 for contracted professional services to include: a reduction of \$1,266 in testing fees, and increases of \$5,000 for FBI fingerprint processing fee, \$1,480 for canine training payments, and \$19,105 for medical payments for Troopers injured on duty and not participating members of United Health; an increase of \$162,754 for operating expenses, to include a reduction of \$231,663 for lease payments for vehicles, an increase of \$245,000 for vehicle maintenance, an increase of \$254,389 for technology maintenance; and an increase of \$561,510 for pension costs to include 37 widow's pensions, 19 disability pensions, 199 regular pensions, and one frozen pension.

The Governor recommends \$96.7 million in expenditures for the Department of Public Safety in FY 2010, which includes \$66.5 million in general revenue, \$10.2 million in federal funds, \$609,000 in restricted receipts, and \$19.4 million in other funds. This recommendation represents an increase of \$8.3 million in all funds from the enacted budget of \$88.4 million and includes: a decrease of \$309,336, or 0.5 percent, in general revenue expenditures, an increase of \$4.0 million or 64.2 percent, in federal funds expenditures, an increase of \$175,000, or 40.3 percent, in restricted receipts, and an increase of \$4.5 million, or 30.2 percent, in other funds. The general revenue increase includes an increase of \$719,485 in personnel costs due to the 2.5 percent cost of living adjustment for state employees.

- **Central Management:** An increase of \$3.1 million in federal funds includes \$2.8 million from the Edward Byrne Memorial Justice Grant, \$482,532 from the Violence Against Women Grant, \$286,000 from the Crime Victims Assistance grant, and \$200,000 from the Internet Crimes Against Children grant for a total of \$3.8 million from the American Recovery and Reinvestment Act. These grants will be disbursed by the Public Safety grant administration office to various agencies.
- **E-911 Emergency Telephone System:** The agency specific general revenue changes include a decrease of \$129,657 for personnel costs, an increase of \$17,765 for software maintenance agreements, an increase of \$1,924 for contract professional services, and a decrease of \$53,400 in capital purchases.
- **State Fire Marshal:** Major adjustments to general revenue appropriations in FY 2010 include an increase of \$7,110 in personnel costs, an increase of \$6,422 for contract professional services, an increase of \$1,241 in operating expenses, and an increase of \$1,500 in capital purchases.
- **Capitol Police:** The general revenue recommendation is a decrease of \$433,497 from the FY 2009 enacted budget of \$3.7 million. This includes a decrease of \$398,286 in personnel costs, a decrease of \$1,400 for contract professional services, a decrease of \$31,311 for operating expenses, and a decrease of \$2,500 for capital purchases and expenses.
- **Municipal Police Training Academy:** Major adjustments to general revenue appropriations in FY 2010 include a decrease of \$91,515 in personnel costs and an increase of \$10,016 for operating expenses.
- **State Police:** Major adjustments to general revenue appropriations in FY 2010 include: a decrease of \$3.0 million in personnel costs, which includes savings of \$1.0 million for the recommendation that Trooper health benefits be financed on the "pay-as-you-go basis"; an increase of \$121,928 for contracted professional services; a decrease in operating costs of \$2.2 million to include: a reduction of \$513,339 for lease payments for vehicles, an increase of \$183,385 for vehicle maintenance, an increase of \$280,762 for technology maintenance, an increase of \$412,100 for bullet proof vests and new uniforms, and an additional \$64,560 to begin recruitment for the 54th Training Academy class to start in March of 2011; an increase of \$577,774 for pension costs to include 37

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widow's pensions, 19 disability pensions, 199 regular pensions, and one frozen pension. The increase in other funds relates to the additional \$4.7 million from the Rhode Island Capital Plan Fund to finance the construction of the new state police headquarters, renovations of the surrounding buildings and the training academy, improvements to the State Police Barracks located in Lincoln, Hope Valley, Wickford and Portsmouth, and funds for the State Microwave/IT Upgrade.

In FY 2010, the Governor recommends the transfer of the Forensic Sciences Unit to the Department of Public Safety from the Department of Health. The proposed transfer includes total all funds of \$2.0 million, including \$1.8 million in general revenue and \$187,000 in federal funds.

For the Department of Public Safety, the Governor recommends 396.1 FTE positions for FY 2009. This is a decrease of 18.4 FTE positions from the enacted budget of 414.5 FTE positions. In FY 2010, the Governor recommends 447.7 FTE positions, including an additional 15.6 FTE positions transferred with the Forensic Sciences Unit and 35.0 FTE positions from the 53rd State Police Training Academy class, which graduates on November 13, 2009.

Office of the Public Defender

The Rhode Island Public Defender provides legal representation to indigent adults and juveniles in criminal, delinquency, termination of parental rights, and dependency and neglect cases. This representation includes a significant social service component whose focus is obtaining community mental health and substance abuse alternatives to incarceration. The Governor's revised FY 2009 budget for the Office of the Public Defender is \$9.6 million, including \$9.3 million in general revenue and \$325,591 in federal funds. The general revenue recommendation is \$150,212 less than the FY 2009 enacted level. The recommendation includes the following statewide adjustments: greater than anticipated retiree health benefit costs of \$92,957, and savings from one uncompensated leave day for all state employees of \$29,136. The budget reduces payroll by \$134,212 due to a combination of the above statewide adjustments and current service adjustments for vacancy, benefits and a transfer to federal funds. The budget includes current service adjustments for contract services and operating expenditures, decreasing the budget for interpreter, legal, stenographic, and security services.

The Governor recommends total expenditures of \$9.8 million in FY 2010, including \$9.6 million in general revenue and \$225,898 in federal funds. The FY 2010 general revenue recommendation is \$114,930 greater than the FY 2009 enacted budget, while federal funds decrease by \$22,572. The budget reflects adjustments to current services required for salary and employee benefits requirements of the existing staff, including one FTE temporarily financed in FY 2009 from the Community Partnership federal grant. Personnel costs include a 2.5 percent cost of living adjustment for state employees (41,146 in general revenue), as well as statewide adjustments for retiree health benefits, retirement rates, and medical benefits. Federal appropriations also reflect the loss of Byrne grant funds for Community Partnership and the Adult Drug Court.

The FY 2009 and FY 2010 recommendations are for 91.0 FTE positions, 2.5 FTE positions less than the FY 2009 enacted level. The staff consists of attorneys supported by social workers, investigators, interpreters, information technology, intake and clerical support

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Summary

The Natural Resources function includes the Department of Environmental Management, the State Water Resources Board and the Coastal Resources Management Council. The Governor recommends total full-time equivalent positions of 445.0 FTE in FY 2009 and 453.0 FTE in FY 2010 for the natural resource function. Up to 350 temporary positions may also be utilized for seasonal support at state parks and beaches. Certain debt service for general obligation bonds issued to finance capital projects of the Narragansett Bay Commission and the Rhode Island Clean Water Finance Agency are appropriated in the Department of Administration, though the agencies themselves are not part of the state budget.

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

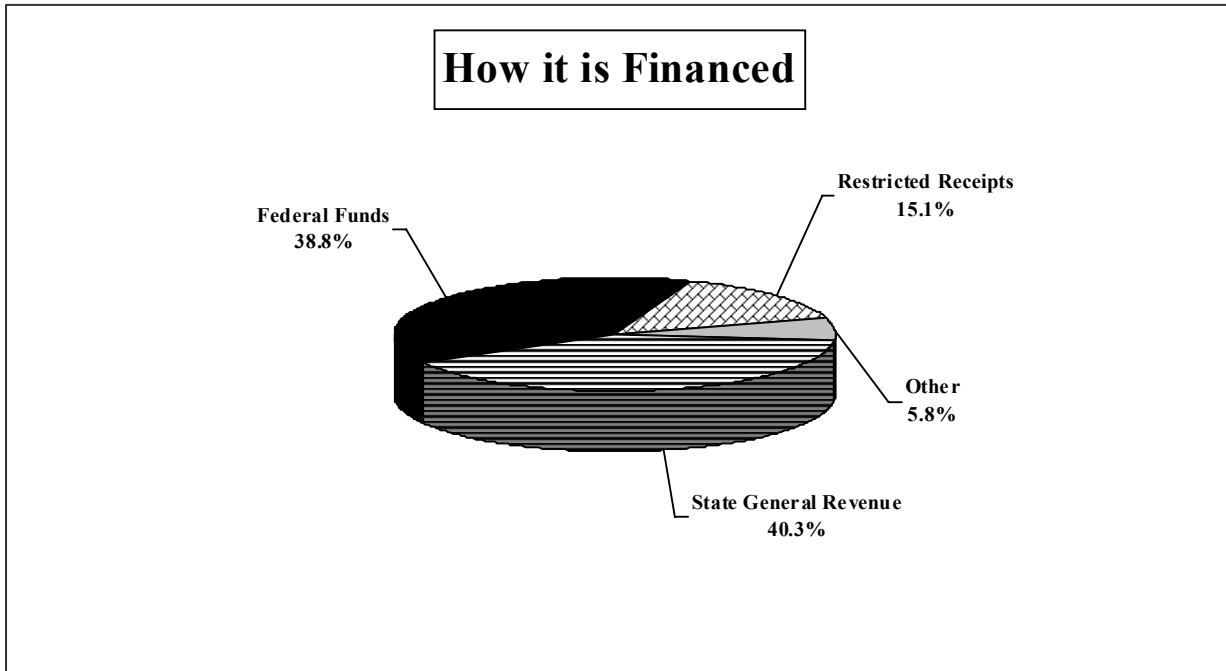
The Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the state. The council is administered by sixteen appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, environmental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

The State Water Resources Board is a water supply planning and development agency responsible for promoting the protection of developed and undeveloped drinking water supplies for the thirty-nine municipal water supply systems located in the state. The board regulates water supply distribution lines connecting water supply systems and is creating a computerized database for drought alert communication. The board also manages the Big River Management Area, a water supply reservation. The board is composed of thirteen appointed representatives from the public and from state and local government.

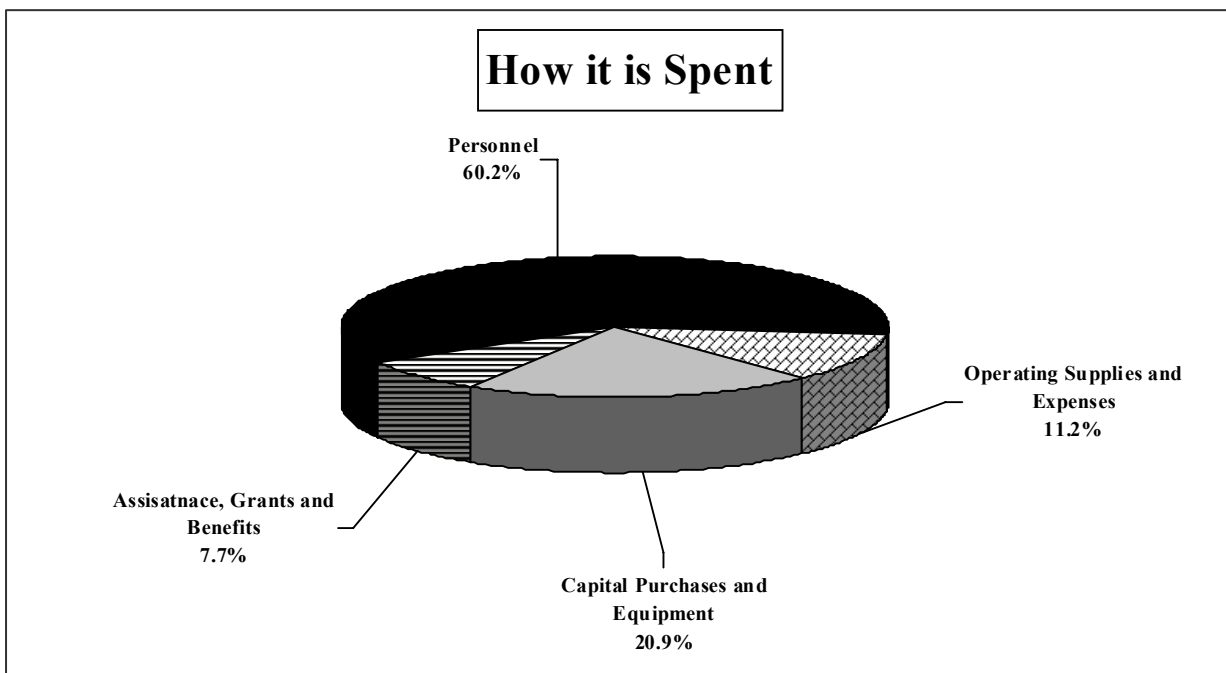
The Governor revised recommendation for FY 2009 from all funds for natural resource agencies is \$92.9 million, or a decrease of \$2.7 million from the enacted appropriations of \$95.7 million. Of this amount, \$37.4 million, or 40.3 percent, is from general revenue, \$36.2 million, or 38.8 percent, is from federal funds, \$14.0 million, 15.1 percent, is from restricted receipts, and \$5.4 million, or 5.8 percent, is from other funds. General revenues decrease by \$1.6 million, or 4.1 percent, federal funds increase by \$1.3

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million, or 3.7 percent, attributable to carryover, new awards and the American Recovery and Reinvestment Act, restricted receipts decrease by \$2.6 million, or 15.6 percent, and other funds increased by \$267,523, or 5.3 percent over the enacted level.



Of the \$92.9 million recommended for natural resources for FY 2009, personnel is budgeted at \$56.0 million; or 60.2 percent; operating at \$10.4 million, or 11.2 percent; capital improvements at \$19.4 million, or 7.7 percent; and assistance, grants, and benefits at \$7.2 million, or 20.9 percent.



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The Governor recommends \$96.6 million for the FY 2010 budget from all funds for all natural resource agencies. This is an increase of \$886,836 from the enacted appropriations of \$95.7 million. Of this amount, \$39.0 million is from general revenue, \$33.7 million is from federal funds, \$15.5 million is from restricted receipts, and \$8.3 million is from other funds. General revenues increased by \$14,548, or 0.04 percent, federal funds decreased by \$1.2 million, or 0.35 percent, attributable to carryover, new awards and the American Recovery and Reinvestment Act, restricted receipts increased by \$1.2 million, or 7.0 percent, and other funds increased by \$3.3 million, or 64.9 percent over the enacted level. Of the \$96.6 million recommended for natural resources for FY 2010, personnel is budgeted at \$57.0 million and reflects provisions for a 2.5 percent cost-of-living adjustment for all state employees; or 59.0 percent; operating at \$10.5 million, or 10.9 percent; capital improvements at \$17.9 million, or 18.5 percent; and assistance, grants, and benefits at \$11.1 million, or 11.5 percent.

Environmental Management

The Governor's revised FY 2009 budget for the Department of Environmental Management is \$87.3 million, including \$34.0 million in general revenue, \$34.5 million in federal funds, \$13.5 million in restricted receipts, and \$5.2 million in other funds. This represents a total decrease of \$1.7 million from the enacted budget of \$89.0 million. Funding changes include a decrease of \$1.8 million, or 4.9 percent, in general revenue expenditures, an increase of \$1.1 million, or 3.2 percent, in federal funds expenditures; a decrease of \$2.9 million, or 17.7 percent, in restricted receipts; and an increase of \$1.9 million, or 57.1 percent, of other funds.

The \$1.8 million decrease in general revenue appropriations, reflect the following statewide adjustments: a decrease of \$67,693 achieved from one uncompensated leave day and an increase of \$222,129 for the shift to pay-as-you-go retiree health benefits. Additional general revenue changes include:

- A decrease of \$303,511 within the Office of Administrative Adjudication for 3.0 FTE positions left vacant throughout FY 2009. The Governor is recommending waiting until FY 2010 to fill those positions.
- A decrease of \$48,165 for utilities and rent at the Promenade Street headquarters.
- An increase of \$99,945 required for the IT Support System for Permit Streamlining.
- An increase of \$471,440 for the seasonal recreation program within the Bureau of Natural Resources.
- An increase of \$55,000 for payments to beach host communities.
- An increase of \$194,600 for the Division of Parks and Recreation for grounds-keeping and landscaping services at five beach facilities and five park facilities.
- An increase of \$261,613 for operating expenses for the Division of Parks and Recreation.
- An increase of \$95,000 for the expenditures of waste removal at the ports of Galilee and the state pier in Newport.

The Governor's recommendation for federal funds totals \$34.5 million in FY 2009, which is an increase of \$1.1 million from the enacted budget of \$33.4 million. A decrease of \$15,000 in the Office of the Director is attributed to a reduction in financing for the Lead Paint Outreach program. In the Bureau of

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Natural Resources, the Governor recommends a decrease of \$708,742 from the enacted level. Major changes include: a decrease of \$2.1 million in the Division of Agriculture, primarily associated with the reduction of the Specialty Crops Block grant; a decrease of \$984,044 in the Natural Resources Administration, including a decrease of \$850,000 in the Coastal Zone Management grant; an increase of \$1.1 million in the Division of Fish and Wildlife including an increase of \$1.5 million for the Comprehensive Wildlife Management Plan grant; and an increase of \$1.5 million for the Division of Forest Environment primarily associated with the Forest Legacy Administration grant. Federal funds in the Bureau of Environmental Protection increase by \$1.8 million. This increase includes \$150,000 for the Diesel Emissions Program, \$328,835 for the Division of Air Resources, and \$327,461 for the Rosehill Landfill Superfund Site, and \$675,000 from the American Recovery and Reinvestment Act to include \$250,000 from the Leaking Underground Storage Tanks funding and \$420,000 from the Diesel Emissions Program.

For restricted receipts, the Governor recommends expenditures totaling \$13.5 million, a decrease of \$2.9 million as compared to the enacted budget of \$16.4 million. This decrease is primarily due to a decrease of \$2.9 million in the Bureau of Environmental Protection and includes: a decrease of \$355,795 in the Environmental Response Fund II; a decrease of \$242,144 in the Oil Spill Prevention, Administration and Response fund; and a decrease of \$2.2 million in the UST Reimbursement Fund. The Governor's revised budget recommends the diversion of \$2,237,500 from the UST Reimbursement Fund to the Intermodal Surface Transportation Fund. The funds will then transfer to the Rhode Island Public Transit Authority.

The Governor recommends expenditures of \$5.2 million from other funds, an increase of \$1.9 million over the enacted budget of \$3.3 million. Major changes to the enacted budget include an increase of \$1.4 million from the Rhode Island Capital Fund for additional or expanded capital projects, an increase of \$400,000 for the Retrofit Heavy-Duty Diesel Vehicles fund; and an increase of \$151,851 for the Rosehill Landfill Superfund Site.

For FY 2009, the Governor recommends 409.0 FTE positions for the Department of Environmental Management a decrease of 64.0 FTE positions from the enacted level of 473.0 FTE positions. This decrease is a reflection of the number of FTE positions the department has lost due to retirements, transfers and turnover.

The Governor recommends FY 2010 expenditures for the Department of Environmental Management totaling \$87.5 million, including \$35.7 million in general revenue, \$30.0 million in federal funds, \$15.2 million in restricted receipts and \$6.5 million in other funds. This represents a total decrease of \$1.4 million from the FY 2009 enacted budget of \$89.0 million and includes a decrease of \$127,806, or 0.36 percent, in general revenue expenditures; a decrease of \$3.4 million, or 10.17 percent, in federal funds expenditures; a decrease of \$1.2 million, or 7.31 percent, in restricted receipts; and an increase of \$3.2 million, or 96.05 percent, of other funds. The general revenue increase includes an increase of \$574,588 in personnel costs due to the 2.5 percent cost of living adjustment for state employees.

Major general revenue changes as compared to the FY 2009 enacted budget include:

- A decrease of \$70,519 for utilities and rent at the Promenade Street headquarters.
- An increase of \$99,945 required for the IT Support System for Permit Streamlining.
- An increase of \$491,377 for seasonal recreation program within the Office of Natural Resources.
- An increase of \$50,000 for payments to beach host communities.

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- An increase of \$205,600 for the Division of Parks and Recreation for grounds-keeping and landscaping services at five beach facilities and five park facilities.
- An increase of \$184,313 for operating expenses for the Division of Parks and Recreation.
- An increase of \$95,000 for the expenditures for waste removal at the ports of Galilee and the state pier in Newport.
- An increase of \$812,340 for the Office of Water Resources for payroll expenditures due to the elimination of some federal funding and the decrease of revenue collections in some restricted receipt accounts.
- An increase of \$528,503 in the Bureau of Environmental Protection due to the filling of 7.0 vacant FTE positions.

The Governor's recommendation for federal funds totals \$32.1 million in FY 2010, and reflects a decrease of \$1.4 million from the FY 2009 enacted level of \$33.4 million. An increase of \$254,802 in the Office of the Director is primarily attributable to the exhaustion of funding for the Lead Paint Outreach program and the addition of the One Stop Reporting grant of \$291,315. In the Bureau of Natural Resources, the Governor's recommendation is a decrease of \$4.6 million from the enacted level. Major changes include: a decrease of \$1.9 million of the Specialty Crops Block grant program, a decrease of \$950,000 of the Coastal Zone Management grant, a decrease of \$822,240 in the Forest Legacy Administration grant, and a decrease of \$170,000 for the Boating Infrastructure grant. Federal funds in the Bureau of Environmental Protection increase by \$3.0 million. This increase includes \$588,250 for the Diesel Emissions Program, an increase of \$432,141 for the Non-point Source Pollution Management grant, an increase of \$170,745 for the UST Stag grant, an increase of \$475,000 for the EPA Brownfields Assessment grant, a decrease of \$387,750 for the Groundwater – 106 Program, a decrease of \$248,930 for the Rosehill Landfill Superfund Site, and \$2.0 million from the American Recovery and Reinvestment Act to include \$750,000 from the Leaking Underground Storage Tanks funding and \$1,275,000 for the Diesel Emissions Program.

For restricted receipts, the Governor recommends expenditures totaling \$15.2 million, a decrease of \$1.2 million compared to the FY 2009 enacted level of \$16.4 million. This decrease is primarily due to a decrease of \$1.2 million in the Bureau of Environmental Protection and includes: a decrease of \$435,824 in the Water & Air Protection Program, a decrease of \$406,822 in the Oil Spill Prevention, Administration & Response fund, and a decrease of \$255,754 in the UST Reimbursement Fund.

The Governor recommends expenditures of \$6.6 million from other funds, which is an increase of \$3.2 million from the FY 2009 enacted budget of \$3.3 million. Changes include an increase of \$2.2 million from the Rhode Island Capital Fund for additional or expanded capital projects to include an increase of \$1.9 million for Dam repairs and an increase of \$250,000 for Newport Pier upgrades, and an increase of \$1.0 million for the Retrofit Heavy-Duty Diesel Vehicles fund.

The Governor recommends 417.0 FTE positions for FY 2010, which is a decrease of 56.0 FTE positions from the enacted level of 473.0 FTE positions.

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Coastal Resources Management Council

The Coastal Resources Management Council's task is to preserve and protect the state's coastal resources through long-range planning, permitting, and enforcement actions in several fields, such as submerged lands management, rights-of-way designations, dredging coordination, coastal habitat preservation and restoration, harbor management, aquaculture development, and non-point pollution control. The Governor's revised FY 2009 budget for the Coastal Resources Management Council is \$4.1 million. This includes \$2.0 million of general revenue, \$1.7 million of federal funds, and \$395,000 in restricted receipts. General revenue personnel and operating expenditures increase by \$156,651, reflecting current service adjustments in payroll and operating of \$67,748; funds in contract services for legal counsel and special clerical services, \$96,500; and the following statewide adjustments: additional costs due to greater than anticipated retiree health costs, \$21,799; and savings from one uncompensated leave day for state employees, \$6,220. In addition, the Governor recommends the transfer of \$23,176 in operating and contract services costs to available federal funds. Federal funds increase by \$205,659 due to the balance forward of unspent funds and the receipt of two new federal grants. Also, \$395,000 in restricted receipt expenditures is recommended for the Coastal and Estuary Habitat Restoration Program and Trust fund from the Oil Spill Prevention, Administration and Response Fund, consisting of unspent FY 2007 balances plus the annual \$250,000 appropriation, to be spent on specific projects to rehabilitate coastal habitats.

In the FY 2010 budget, the Governor recommends \$5.5 million, including \$2.0 million of general revenue, \$1.6 million of federal funds, \$250,000 in restricted receipts, and \$1.7 million from the Rhode Island Capital Plan Fund. In addition to statewide and agency specific target adjustments (including a 2.5 percent COLA adjustment) and those changes identified above, the budget includes statewide adjustments for health benefit rates and retirement rates. In FY 2008, \$1.6 million from the Rhode Island Capital Plan Fund was spent for the state cost-share responsibilities for the Providence River Dredging project, as determined in a final closing and reconciliation process with the Army Corps of Engineers. The additional funding requirement arose due to federal formulas for calculating cost-share based on construction costs. Due to continuing dredging work, the final close-out estimate for the project must be delayed. The second payment of \$1.7 million scheduled in FY 2009 has been delayed until FY 2010.

The FTE position ceiling for the council is unchanged at 30.0 FTE positions for FY 2009 and FY 2010.

State Water Resources Board

The State Water Resources Board's overall responsibility is for the management of the state's water resources, with a special emphasis on the drinking water supply, through financing of upgrades and land acquisition projects and through the coordination of efforts by regulatory agencies and water suppliers. . The Governor's revised FY 2009 budget for the Water Resources Board is \$1.6 million, including \$1.4 million in general revenue, \$109,817 in restricted receipts and \$119,635 in other funds. General revenue personnel and operating expenditures decrease by \$25,956 from the FY 2009 enacted budget, reflecting turnover adjustments in payroll, adjusted funding for road maintenance and plowing within the Big River Management area, decreased funding for buildings and grounds services reflecting the closure of the Big River Management Area field office, increased operating costs related to the transfer of agency headquarters to a new location, and the following statewide adjustments: additional costs due to greater than anticipated retiree health costs, \$7,007, and savings from one uncompensated leave day for all state employees, \$2,118. Restricted receipts are recommended at \$109,000 to accommodate final payments for contract services related to the Supplemental Water Supplies project. Other funds increase by \$9,635 or 10.9 percent over the enacted level, for improvements to the Big River Management area projects financed from the Rhode Island Capital Plan Fund.

Natural Resources

In the FY 2010 budget, the Governor recommends \$1.5 million, \$1.4 million in general revenue, and \$110,000 from the Rhode Island Capital Plan Fund. In addition to statewide and agency specific target adjustments (including a 2.5 percent COLA adjustment) and those changes identified above, the budget includes statewide adjustments for health benefit rates and retirement rates. The budget includes \$130,000 to fund a consultant study required to implement the Big River Groundwater Supply Development project to ensure drinking water supply requirements in central Rhode Island, caused by residential, commercial and industrial expansion, and the competing requirements of three other local public water suppliers. The budget also includes \$21,500 in education grants to Exeter/West Greenwich and a \$22,444 legislative grant to the Rhode Island Rivers Council.

The Governor recommends 6.0 FTE positions in both FY 2009 and FY 2010, unchanged from the FY 2009 enacted level.

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Transportation

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Summary

The transportation function of the State provides for the maintenance and construction of a quality infrastructure which reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation (DOT) through its core programs, 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 DOT maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

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

For FY 2009, the Intermodal Surface Transportation Fund (ISTF) is supported by 29.0 of Rhode Island's 30.0-cent per gallon gasoline tax. Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA) and the Department of Elderly Affairs. The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies as well as to the general fund. The anticipated current and upcoming fiscal year revenue collection for the gasoline tax is established at each Revenue Estimating Conference. The Conference estimates gasoline tax collections on a cent per gallon revenue yield. This yield is the basis for the development of budgets for the various gasoline tax supported operations.

Since the inception of this funding mechanism for transportation activities, there have been numerous revisions to the allocation plan. Each change has been initiated in order to direct more revenues to transportation operations rather than to the general fund. The last change to the disbursement schedule was in the enacted FY 2006 Budget, which increased the RIPTA allocation by one cent, with an offsetting reduction in the allocation of gasoline tax directed to the general fund.

Starting in FY 2009, 0.5 of the State's 1.0 cent per gallon environmental protection regulatory fee collected by distributors of motor fuel when the product is sold to owners and/or operators of underground storage tanks is recommended to support the Rhode Island Public Transit Authority (RIPTA). Also, starting in FY 2010, the remaining cent currently dedicated to the General Fund is recommended for dedication to the Department of Transportation.

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<u>Recipient</u>	Current Law Gasoline Tax Allocation (in cents)						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
DOT	20.75	20.75	20.75	20.75	20.75	20.75	21.75⁴
RIPTA	6.55¹	6.25	7.25²	7.25	7.25	7.75³	7.75
General Fund	1.70¹	2.0	1.0²	1.0	1.0	1.0	0⁴
DEA	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Underground Storage Tank	1.0	1.0	1.0	1.0	1.0	0.5³	0.5
Total:	31.0	31.0	31.0	31.0	31.0	31.0	31.0

¹ Average rate for year

² One additional cent is recommended for RIPTA with an offsetting reduction in the allocation of gasoline tax directed to the general fund starting in FY 2006 to finance a market survey of non-transit users and a management study of the agency

³ Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee is recommended for allocation to RIPTA

⁴ Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund is recommended to finance Department of Transportation operations

The Department of Transportation provides services through four programs: Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance. Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA), under the authority of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Act, passed in August 2005, authorizes funds for highway construction, highway safety programs, mass transit operations, and other surface transportation projects for the five-year period 2005 - 2009. The Act combines the improvements scheduled for current programs with new initiatives for improving transportation safety and traffic flow efficiency, enhancing communities, and advancing economic growth.

The DOT Highway Improvement Program (HIP) includes highway and intermodal projects that utilize federal funds administered by the FHWA, and highway transportation infrastructure projects financed by state matching funds, which include general obligation bonds and proceeds from certain land sales. The HIP implements DOT's capital program as identified in the State's Transportation Improvement Program (TIP). The TIP is a listing of transportation projects that the state plans to finance over a six-year period from federal highway funds. The Federal Highway Administration requires that all projects utilizing federal funds shall appear in a TIP adopted by the State Planning Council and approved by the Governor.

In Rhode Island, the TIP is the product of extensive public outreach to all communities, public interest groups, and citizens throughout the state by the agencies involved in transportation planning and project implementation. Following extensive public solicitation for the current TIP, highway projects are selected by a twenty-seven member public body, known as the Transportation Advisory Committee (TAC), using

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criteria based on six major categories: mobility benefits; cost effectiveness; economic development; environmental impact; degree of support to local and state goals and plans; and safety/security/technology. Certain projects are reviewed by special public committees prior to selection for the TIP by the TAC. The transportation air quality subcommittee, assisted by DOT staff, conducts a solicitation and evaluation of Congestion Mitigation and Air Quality (CMAQ) proposals. A TAC subcommittee reviews new bicycle/pedestrian projects, and a DOT advisory committee solicits and evaluates application for funds earmarked in SAFETEA-LU for transportation enhancement activities.

As part of the American Recovery and Reinvestment Act of 2009, the Rhode Island Department of Transportation is expected to receive a total of \$137.1 million for highway infrastructure investment, which will be spent over three years for fifty separate projects throughout Rhode Island including highway, road and bridge repair, pavement resurfacing, as well as enhancement projects, such as lighting and drainage improvements. The Department is also expected to receive a total of \$612,000 in fixed guideway infrastructure grants, which are expected to be spent over two years starting in FY 2010.

FY 2004 marked the beginning of a major effort on the part of Rhode Island government to address the rebuilding and modernization of the State's transportation systems. In November 2003, the State issued the first series in a bond program that authorizes \$709.6 million and currently programs \$668.1 million in construction funds for five major infrastructure projects to be completed over an 8 ½ year period. This undertaking will be primarily financed through two funding mechanisms. The majority of the costs (\$548.2 million) will be provided through Grant Anticipation Revenue Vehicle bonds (GARVEE). GARVEE represents a program approved by FHWA that allows states to borrow funds, which are backed and repaid by the annual allocation of Federal Highway Administration construction funds. A supplemental revenue bond issue known as the Motor Fuel Revenue Bonds program, which is secured by 2-cents of the department's gasoline tax allocation, will provide another \$119.9 million for this infrastructure initiative. The State has issued a second series of both the GARVEE and Motor Fuel Bonds program in 2006 and is preparing the issuance of a third series in the current year. The projects being financed under this program are the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the construction of Quonset Rt. 403, and amounts for completion of the Freight Rail Improvement Program. The debt service on the GARVEE bonds in FY 2009 and FY 2010, to be paid through the FHWA allocation, is \$44.5 million and \$47.2 million, respectively and is reflected in the Department's operating budget as a federal fund source. The gasoline tax revenue supported debt service on the Motor Fuel Tax revenue bonds dedicated to the trust account is estimated to be \$8.1 million in FY 2009 and \$8.0 million in FY 2010.

The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs. As noted above, operating assistance of \$33.9 million in FY 2009 and FY 2010 to the Rhode Island Public Transit Authority will be financed from a 7.25-cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0 Underground Storage Tank fee. Not recorded in the DOT budget, but presented in the RIPTA FY 2009 financial plans is RIPTA's current estimate of \$12.1 million in enhanced funding from Department of Human Services accounts for Medicaid client transit passes, which includes a \$5.2 million general revenue funded grant that is not recommended to continue in FY 2010. Another cent of the gasoline tax not included in the Department of Transportation budget supports the efforts of the Department of Elderly Affairs to streamline and enhance elderly and handicapped transportation services. Much of this allocation is transferred to RIPTA to underwrite pass programs for the elderly, and to finance compliance costs statewide associated with Americans with Disabilities Act requirements.

The revised FY 2009 budget for the Department of Transportation totals \$393.1, million including \$286.1 million in federal funds, \$99.2 million in other funds, and \$1.5 million in restricted receipts. This represents a \$23.0 million increase in all funds from the FY 2009 enacted budget. Federal funds increase a total of \$22.6 million, while restricted receipts increase \$2,754 from the enacted budget. Other funds for the

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Department increase a total of \$1.1 million from the enacted budget. The other funds total includes gasoline tax expenditures for the Department, RIPTA, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Capital Plan Fund appropriations, land sale proceeds, nonland surplus property revenues, and other miscellaneous receipts.

The revised FY 2009 estimated revenue available within the ISTEPA fund is \$144.1 million, which represents the revised per penny gasoline tax yield estimate of \$4,475,000 as well as a carry forward from FY 2008 totaling \$7.6 million and an additional \$2.2 million from 0.5 cent of the 1.0 cent Underground Storage Tank fee. Gasoline tax funds within the Department of Transportation total \$94.9 million, \$52.0 is recommended for the operations of the Department, \$33.9 is the operating transfer to finance RIPTA, and \$9.0 million is associated with the GARVEE/Motor Fuel Revenue Bonds program. Gasoline tax funds within the Department increase \$5.0 million from the enacted budget. The increase is primarily a result of the carry forward surplus of \$7.6 million from FY 2008. The November Revenue Estimating Conference has revised the per penny gasoline tax estimate from \$4,630,000 in the FY 2009 enacted budget, to \$4,475,000 in the FY 2009 revised budget. Other adjustments to the total gasoline tax appropriation for the Department include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs which total \$36.4 million for DOT and \$759,878 for RIPTA in FY 2009. The debt service adjustment to the Department represents a decrease of \$5.0 million from the enacted budget. A total of \$1.5 million represents the financing of Human Resources, Information Technology, and Legal Services positions consolidated within the Department of Administration. The total transfer amount of these positions represents a decrease of \$383,205 from the FY 2009 enacted budget and is partially a result of the transfer of 2.0 legal positions from the Department of Administration legal services consolidation to the Department of Transportation. The Governor recommends a \$1.5 million balance forecast for the end of FY 2009 to be carried forward into FY 2010.

A total recommendation of \$6.3 million in FY 2009 from the Rhode Island Capital Plan Fund finances the Pawtucket-Central Falls Train Station Study, RIPTA Elmwood Avenue Expansion Project, Cherry Hill/Lincoln Facility Project, Salt Storage Facilities, and Maintenance Facility improvements. This is a decrease of \$661,733 from the enacted budget due primarily to the delay of the East Providence Facility project to FY 2010.

Other funds changes also include a \$3.6 million decrease from the sale of land associated with the I-195 relocation project in order to reflect current project schedules and a total increase of \$335,000 from the FCC's sale of the path between two towers used as a backup signal transponder for the analog system. The Department has opted to utilize this revenue, received in FY 2008, to outfit Division of Maintenance and other select vehicles with digital radio sets which allows the Department to join the RISSON system. The Department requires these funds to be carried forward as the purchases have been delayed until FY 2009. A decrease of \$1.0 million represents the elimination of Utility Permit Applications as a viable revenue source for the Department in FY 2009. The Department had estimated collecting a total of \$1.0 million in FY 2009 from a new revenue source: Utility Permit Applications. Currently, the Infrastructure Engineering division issues permits to perform utility work within a state right-of-way. The division averaged 923 utility permit applications yearly for the previous two fiscal years. Review and processing of applications is administered by two Engineering Technicians, a Billing Specialist, and a Senior Civil Engineer. The Department had developed a fee schedule for this work which it had planned to implement in April 2008. The fees associated with this service are governed by departmental procedure and not state law. This revenue source, as budgeted within the FY 2009 enacted budget, would have supplemented the Department's gasoline tax budget for highway lighting electricity costs. The Department also estimates collecting \$100,000 in FY 2009 from administering a new state highway logo sign program. This represents no change from the enacted budget. Unlike other states with such programs, the Department previously did not charge any fee

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for oversight to businesses utilizing the program. Revenue raised in FY 2009 is recommended to be used for operating expenses within the Division of Engineering which do not qualify for federal reimbursement.

Federal funds increase a total of \$22.6 million from the enacted budget. The substantial increase from the enacted budget is due to the incorporation of \$20.0 of highway infrastructure investment stimulus funds from the American Recovery and Reinvestment Act of 2009. This overall increase in federal funds is offset by a \$4.7 million decrease in National Highway Safety Administration grants to correct actual federal grants anticipated in FY 2009 and a decrease of \$8.1 million in Federal Transit funds due to project delays associated with the fixed guideway (commuter rail) project. National Highway Safety Administration grants total \$12.7 million while federal transit grants total \$7.3 million. In addition to federal stimulus funds Rhode Island is expected to receive, federal highway administration funds, which are part of the Department's regular highway improvement program, increase \$13.8 million, which represents the current expenditure estimate by the Department. GARVEE debt service is deducted from the total estimated obligation authority estimate for the federal highway fund, and totals \$44.5 million in the revised FY 2009 budget. The revised FY 2009 budget also includes a total of \$11.7 million related to personnel costs associated with the GARVEE program and general obligation bonds within the federal funds category.

Restricted receipts increase by \$2,754 from the enacted budget and total \$1.5 million in the revised FY 2009 budget.

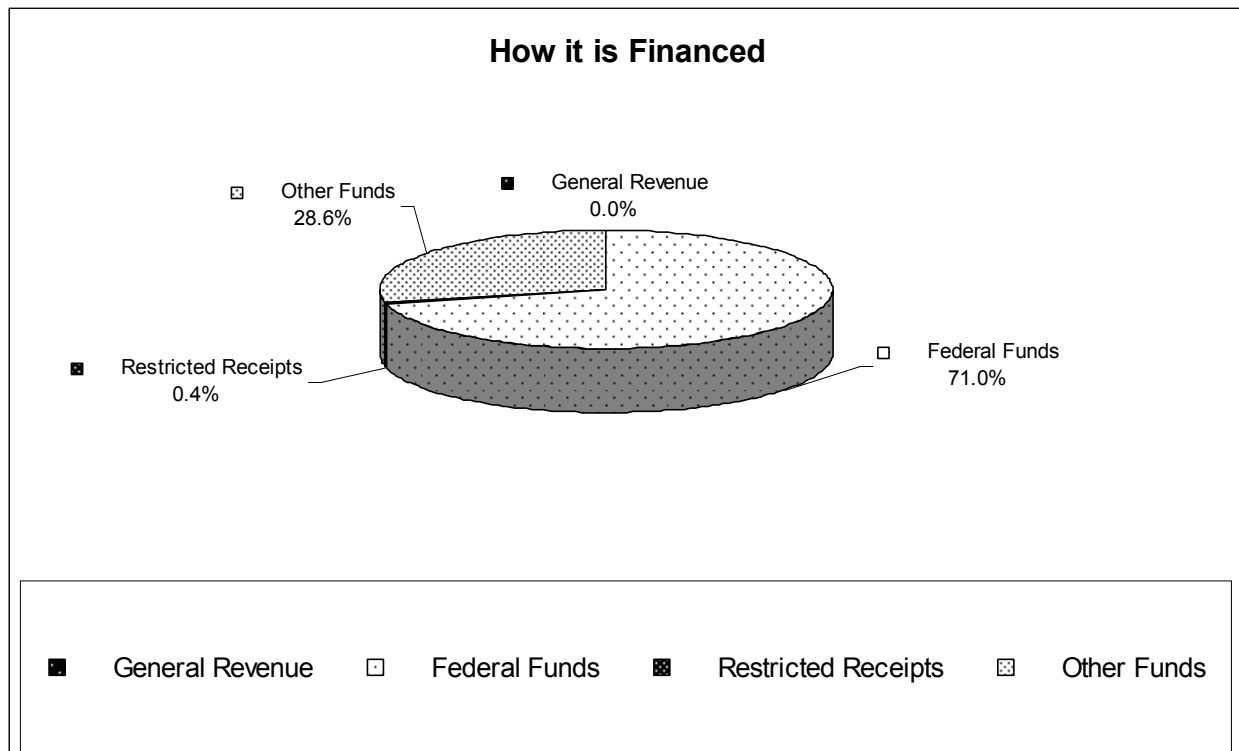
For the Department of Transportation, the Governor recommends 691.2 FTE positions for FY 2009. This is a decrease of 38.0 FTE positions from the enacted budget due to the elimination of vacant positions, primarily due to retirements within the Department.

In FY 2010, recommended expenditures from all sources for transportation activities total \$483.3 million, an increase of \$113.3 million from the FY 2009 enacted budget.

The following chart illustrates departmental expenditures by source of financing for FY 2010.

This chart does not include general obligation bond expenditures, GARVEE expenditures, and GARVEE debt service payments, with the exception of personnel costs financed by the GARVEE program and general obligation bonds.

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The other funds source represents 28.6 percent of the FY 2010 budget for the Department, or \$100.4 million. This represents a decrease of \$4.7 million from the FY 2009 enacted budget. Other funds is comprised of total gasoline tax expenditures of \$89.6 million, of which \$46.8 million represents the Department of Transportation budget, \$33.9 million is budgeted for RIPTA's allocation of the gasoline tax and \$9.0 million is budgeted for the Motor Fuel Bond allocation of the gasoline tax.

The total estimated receipts for the ISTEA fund in FY 2010 are \$138.0 million, which represents a gasoline tax yield estimate of \$4,475,000 per penny of the gasoline tax. The total gasoline tax budget within the Department of Transportation represents a reduction of \$226,782 from the FY 2009 enacted budget. Included in the FY 2010 gasoline tax budget for the Department is a general obligation bond debt service payment of \$41.4 million, a decrease of \$104,954 from the FY 2009 enacted budget. The RIPTA portion of the debt service payment in the Department of Administration totals \$826,370, an increase of \$60,886 from the FY 2009 enacted budget. A total of \$1.5 million represents reductions to the Department's allocation of the gasoline tax in order to finance Human Resources, Legal Services and Information Technology positions consolidated within the Department of Administration. The transfer represents a decrease of \$181,034 from the FY 2009 enacted budget. The FY 2010 budget also takes into account a \$1.5 million carry forward surplus budgeted from FY 2009 as well as an additional penny of the state gasoline tax. The Governor recommends budgeting a carry forward in order to supplement the Department's FY 2010 budget to meet an increase in debt service costs.

The FY 2010 recommendation includes Rhode Island Capital Plan Fund expenditures totaling \$5.9 million, of which \$2.6 million is for the RIPTA Elmwood Avenue Expansion project, \$20,000 for the Pawtucket – Central Falls Train Station Study, \$950,000 for the Cherry Hill/Lincoln Facility project, \$862,000 for the East Providence Facility project, \$1.0 million for the Salt Storage Facilities project, \$325,000 for Maintenance Facilities, and \$150,000 is recommended for outfitting of fire alarm systems for various maintenance facilities to comply with new fire code regulations.

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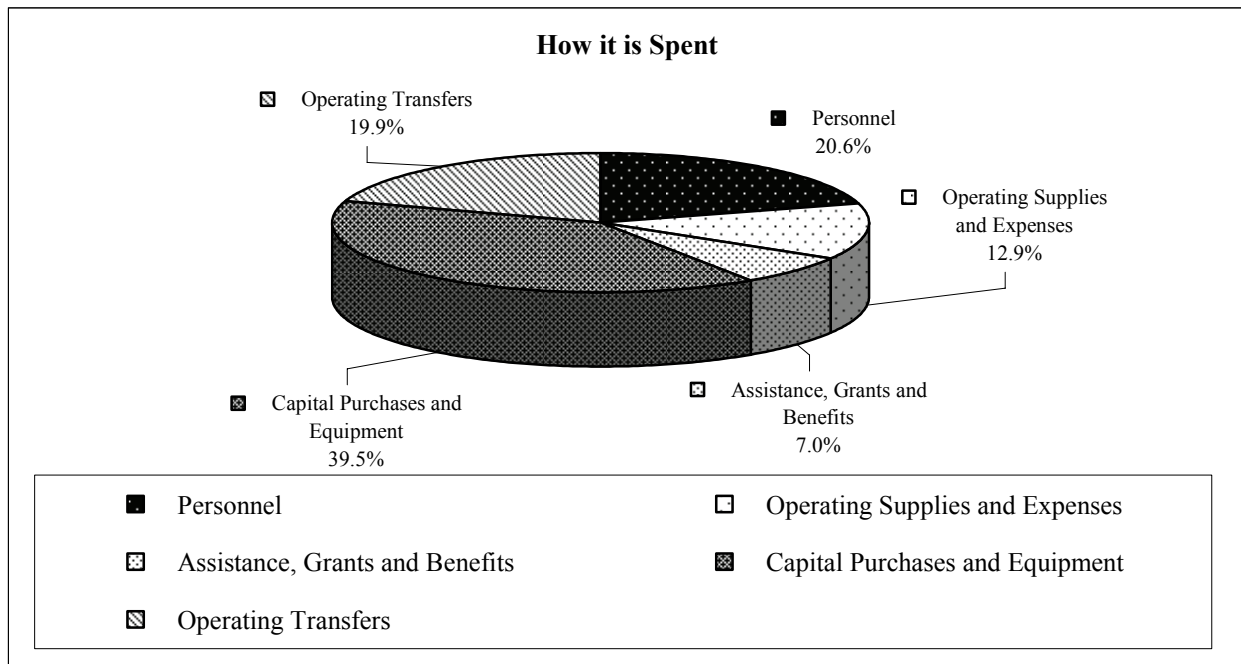
A total of \$2.0 million in other funds is from estimated land sale revenues. An additional \$1.2 million is estimated from land sales associated with the relocation of the I-195 project. The remaining other funds for the Department is comprised of \$1.4 million for the State Infrastructure Bank account, and \$325,000 for outdoor advertising, nonland surplus property collections and logo sign fee revenues for the budget year.

The total budget for federal grants for the department represents 71.0 percent of the budget, or \$381.3 million, of which \$189.3 million is federal highway funds, \$20.0 million represents federal highway infrastructure stimulus fund grants, \$306,000 is for fixed guideway stimulus funds, a total of \$47.2 million is GARVEE debt service payments from federal highway funds, \$6.0 million has been budgeted to account for personnel costs transferred to the GARVEE construction program, and \$5.8 million represents personnel costs allocated to general obligation bonds. Other federal grants for the Department are comprised of a total of \$11.4 million in Federal Transit funds and \$17.2 million in National Highway Safety funds. Federal transit funds decrease by \$4.0 million in FY 2010 primarily due to the acceleration of the Fixed Guideway (Commuter Rail) project. National Highway Safety funds decrease by \$168,129 over the FY 2009 enacted budget to correct actual federal grants anticipated in FY 2010 and includes \$4.6 in additional federal funds through the proposal of a Primary Seat Belt Law for Rhode Island.

Restricted receipts represent 0.4 percent of the total budget or \$1.5 million. Restricted receipts decrease \$52,754 from the FY 2009 enacted budget.

For FY 2010 the Governor recommends 780.2 FTE positions for the Department of Transportation, which represents an increase of 51.0 FTE positions over the FY 2009 enacted budget and an increase of 89.0 FTE positions over the FY 2009 revised budget. The positions are recommended in order to accommodate the additional stimulus funds Rhode Island is expected to receive for highway infrastructure investment projects.

The following chart illustrates departmental expenditures on an all funds basis by category of expenditure for FY 2010.



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The capital category of expenditure represents 39.5 percent of the total Department budget. Capital consists primarily of federal highway dollars located within the Engineering program for infrastructure construction costs, which have increased substantially due to the additional stimulus funds totaling \$97.1 million as well as an additional \$306,000 transit capital assistance grants the Department is expected to spend in FY 2010. Included in the Engineering program is \$3.2 million in estimated revenue from the sale and/or lease of properties. This revenue, along with \$40.0 million in general obligation bond funds (not included in the operating budget), is utilized to meet matching requirements to federal highway funds provided under SAFETEA-LU.

A total of 20.6 percent represents personnel costs of the Department, which includes contract services. Initiated in FY 2008, the Department's new federal indirect cost recovery plan will allow a portion of personnel as well as contract services and operating costs to be eligible for federal reimbursement. A total of \$16.7 million of personnel costs are located within the Maintenance program where the source of funding is the gasoline tax.

The category of operating transfers represents 12.9 percent of all funds total spending for DOT, which is comprised of \$5.9 million in Rhode Island Capital Plan Fund resources for the following projects: RIPTA Elmwood Avenue Expansion project (\$2.6 million), Pawtucket-Central Falls Train Station Study (\$20,000), Cherry Hill/Lincoln Facility (\$950,000), Maintenance Facility Improvements (\$325,000), East Providence Facility (\$862,000), Salt Storage Facilities (\$1.0 million), and Maintenance Facilities Fire Alarms (\$150,000).

The operating category represents 12.9 percent of all funds total spending for the Department with 32.1 percent of the category representing Maintenance activities, which include pavement repair, crack sealing, pothole repair, litter collection, vehicle fleet maintenance, street and sidewalk sweeping, signage, highway light maintenance, and bridge washing. Snow and ice removal operations also fall under the management of this program.

Assistance, grants, and benefits represent 7.0 percent of the FY 2010 budget and represent primarily Federal Highway Administration and Federal Transit Administration grant funds.

Appendix A

Schedules

FY 2010 General Revenue Budget Surplus

	FY2008 Preliminary Actual(1)	FY2008 Preliminary Actual Modified(2)	FY2009 Enacted Budget(3)	FY2009 Governor's Supplemental(4)	FY2010 Governor's Recommendation
Surplus					
Opening Surplus	\$ -	\$ -	\$ 3,199,106	\$ (0)	\$ 9,734,725
Adjustment					
Reappropriated Surplus	3,640,364	3,640,364	-	1,738,518	
Subtotal	3,640,364	3,640,364	3,199,106	1,738,518	9,734,725
General Taxes	2,518,689,049	2,516,400,542	2,600,358,244	2,600,358,244	2,417,090,000
Revenue estimators' revision	-	-		(198,228,244)	
Changes to the Adopted Estimates	-	-		20,585,176	18,372,758
Subtotal	2,518,689,049	2,516,400,542	2,600,358,244	2,422,715,176	2,435,462,758
Departmental Revenues	352,107,296	356,546,075	347,627,559	347,627,559	222,500,000
Revenue estimators' revision	-	-		(16,127,559)	
Changes to the Adopted Estimates	-	-		213,731	112,646,260
Subtotal	352,107,296	356,546,075	347,627,559	331,713,731	335,146,260
Other Sources					
Gas Tax Transfers	4,513,745	4,513,745	4,630,000	4,630,000	4,475,000
Revenue estimators' revision	-	-		(155,000)	
Changes to the Adopted Estimates					(4,475,000)
Other Miscellaneous	182,892,012	181,810,134	19,400,000	19,400,000	9,819,836
Rev Estimators' revision-Miscellaneous	-	-		(2,802,960)	
Changes to the Adopted Estimates	-	-		7,133,246	11,050,000
Lottery	354,311,448	354,321,087	365,500,000	365,500,000	349,400,000
Revenue Estimators' revision-Lottery	-	-		(16,400,000)	
Unclaimed Property	15,387,030	15,387,030	9,200,000	9,200,000	5,600,000
Revenue Estimators' revision-Unclaimed	-	-		100,000	
Subtotal	557,104,235	556,031,996	\$ 398,730,000	\$ 386,605,286	\$ 375,869,836
Total Revenues	\$ 3,427,900,580	\$ 3,428,978,613	\$ 3,346,715,803	\$ 3,141,034,193	\$ 3,146,478,854
Transfer to Budget Reserve	(68,558,012)	(68,579,573)	(73,698,128)	(69,102,752)	(75,749,126)
Transfer from Budget Reserve	38,374,852	42,950,480	-	-	-
Total Available	\$ 3,401,357,784	\$ 3,406,989,884	\$ 3,276,216,781	\$ 3,073,669,958	\$ 3,080,464,454
Actual/Enacted Expenditures	\$ 3,394,844,107	\$ 3,394,844,107	3,276,156,221	3,276,156,221	3,079,074,137
Change to Preliminary FY2008 Closing	\$ 4,775,159	10,407,259			
Projected net changes in expenditures				(213,959,506)	
Reappropriations	-	-		1,738,518	
Repayment of FY2008 Transfer	-	-		-	-
Total Expenditures	\$ 3,399,619,266	\$ 3,405,251,366	\$ 3,276,156,221	\$ 3,063,935,233	\$ 3,079,074,137
Free Surplus	\$ 0	\$ (0)	\$ 60,560	\$ 9,734,725	\$ 1,390,317
Reappropriations	(1,738,518)	(1,738,518)	-	-	-
Total Ending Balances	\$ 1,738,518	\$ 1,738,518	\$ 60,560	\$ 9,734,725	\$ 1,390,317
Budget Reserve and Cash Stabilization Account	\$ 64,462,165	\$ 59,059,868	\$ 113,839,470	\$ 106,795,163	\$ 119,936,116

⁽¹⁾Reflects the FY 2008 Preliminary Actual data as reported by the State Controller in his August 29, 2008 report which revealed a \$33,599,693 deficit, modified by an estimated change in payables associated with a retroactive salary adjustment increasing expenditures by \$4,775,159 and an estimated \$38.4 million appropriation from the Budget Reserve Fund to be requested by the Governor in a resolution to be submitted to the General Assembly in January 2009.

⁽²⁾Reflects the final actual closing revealing a deficit of \$42,950,480 and a \$42,950,480 million request for appropriation from the Budget Reserve Fund submitted to the General Assembly in February 2009.

⁽³⁾Reflects the FY 2009 budget enacted by the General Assembly in June 2008, including modifications to revenue estimates by the May 2008 Revenue Estimating Conference.

⁽⁴⁾ Reflects Governor's amended supplemental budget as submitted in March 2009.

Expenditures from All Funds

	FY 2007	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010
	Actual	Actual	Enacted	Original Revised	Amended Revised	Recommend
General Government						
Administration(1)	\$596,272,093	\$617,461,725	\$560,884,005	\$558,067,339	\$647,353,594	\$685,057,084
Business Regulation	\$11,619,330	\$11,812,170	\$11,663,704	\$11,102,841	\$11,102,841	\$12,445,442
Labor and Training	\$446,997,207	\$499,662,135	\$484,805,942	\$599,451,514	\$648,287,993	\$726,084,649
Revenue(1)	\$233,997,809	\$254,603,213	\$249,139,675	\$230,539,728	\$230,803,495	\$227,920,497
Legislature	\$32,350,516	\$33,829,223	\$35,615,553	\$34,959,668	\$34,959,668	\$36,468,724
Lieutenant Governor	\$874,724	\$850,412	\$901,418	\$860,771	\$860,771	\$973,262
Secretary of State	\$7,397,017	\$6,819,947	\$7,403,864	\$7,116,890	\$7,097,652	\$6,440,579
General Treasurer	\$24,775,355	\$39,662,095	\$31,489,283	\$28,244,370	\$28,249,066	\$31,161,135
Board of Elections	\$4,392,090	\$1,926,493	\$2,175,218	\$2,047,960	\$2,047,960	\$1,850,141
Rhode Island Ethics Commission	\$1,222,289	\$1,343,029	\$1,405,309	\$1,409,450	\$1,409,450	\$1,437,730
Governor's Office	\$4,738,217	\$4,957,880	\$5,158,611	\$5,423,356	\$5,423,356	\$5,836,754
Commission for Human Rights	\$1,247,126	\$1,340,711	\$1,382,968	\$1,404,873	\$1,404,873	\$1,424,747
Public Utilities Commission	\$5,473,869	\$5,433,284	\$6,869,214	\$6,848,694	\$6,848,694	\$7,012,531
Rhode Island Commission on Women	\$98,629	\$105,953	\$107,208	\$108,377	\$108,377	\$109,462
Subtotal - General Government	\$1,371,456,271	\$1,479,808,270	\$1,399,001,972	\$1,487,585,831	\$1,625,957,790	\$1,744,222,737
Human Services						
Office of Health & Human Services	\$640,980	\$3,848,200	\$14,787,081	\$9,177,630	\$8,833,660	\$9,277,812
Children, Youth, and Families	\$311,770,978	\$226,983,230	\$209,941,252	\$249,960,644	\$250,051,644	\$247,814,655
Elderly Affairs	\$35,951,870	\$34,383,268	\$33,579,723	\$34,182,080	\$34,182,080	\$33,169,875
Health	\$104,636,983	\$126,552,009	\$126,077,776	\$132,879,780	\$133,924,145	\$134,056,949
Human Services	\$1,574,255,610	\$1,847,633,989	\$1,775,182,036	\$1,762,099,512	\$1,819,878,820	\$1,875,872,580
Mental Health, Retardation, & Hospitals	\$481,493,543	\$489,441,696	\$457,490,509	\$461,078,238	\$477,783,150	\$470,632,735
Governor's Commission on Disabilities	\$845,947	\$541,108	\$911,985	\$946,391	\$946,391	\$926,400
Commission On Deaf and Hard of Hearing	\$306,372	\$288,790	\$368,807	\$371,300	\$371,300	\$380,146
State Council on Developmental Disabilities	\$421,932	\$395,288	\$450,543	-	-	-
Office of the Child Advocate	\$551,198	\$485,449	\$558,800	\$554,997	\$554,997	\$588,148
Office of the Mental Health Advocate	\$385,295	\$419,127	\$431,171	\$440,483	\$440,483	\$448,423
Subtotal - Human Services	\$2,511,260,708	\$2,730,972,154	\$2,619,779,683	\$2,651,691,055	\$2,726,966,670	\$2,773,167,723
Education						
Elementary and Secondary	\$1,067,364,090	\$1,092,600,521	\$1,145,530,047	\$1,058,064,322	\$1,092,534,560	\$1,155,007,685
Higher Education - Board of Governors(2)	\$734,735,310	\$784,746,691	\$819,589,009	\$837,263,828	\$840,755,086	\$878,398,870
RI Council on the Arts	\$2,922,282	\$2,934,389	\$3,275,655	\$3,226,450	\$3,226,450	\$3,474,826
RI Atomic Energy Commission	\$1,087,486	\$1,474,561	\$1,532,900	\$1,175,653	\$1,183,832	\$1,140,115
Higher Education Assistance Authority	\$23,939,108	\$25,921,954	\$26,649,807	\$32,959,393	\$32,959,393	\$28,631,338
Historical Preservation and Heritage Comm.	\$2,209,943	\$2,195,180	\$2,323,114	\$2,660,991	\$2,660,991	\$2,626,768
Public Telecommunications Authority	\$2,395,158	\$2,114,570	\$2,132,366	\$2,016,569	\$2,016,569	\$1,908,358
Subtotal - Education	\$1,834,653,377	\$1,911,987,866	\$2,001,032,898	\$1,937,367,206	\$1,975,336,881	\$2,071,187,960

Expenditures from All Funds

	FY 2007 Actual	FY 2008 Actual	FY 2009 Enacted	FY 2009 Original Revised	FY 2009 Amended Revised	FY 2010 Recommend
Public Safety						
Attorney General	\$21,914,608	\$22,873,248	\$23,731,514	\$24,300,913	\$24,309,863	\$24,182,213
Corrections	\$170,117,176	\$198,729,607	\$186,497,239	\$187,367,618	\$187,367,618	\$190,005,506
Judicial(3)	\$91,679,516	\$94,506,571	\$97,349,720	\$96,723,382	\$96,723,382	\$95,984,801
Military Staff	\$32,572,998	\$23,773,234	\$28,419,792	\$39,893,059	\$43,457,747	\$30,685,749
Public Safety(4)	\$71,170,055	\$73,150,505	\$87,825,459	\$89,390,116	\$93,811,274	\$95,980,961
Office Of Public Defender	\$8,778,424	\$9,302,799	\$9,716,729	\$9,643,638	\$9,643,638	\$9,809,087
Subtotal - Public Safety	\$396,232,777	\$422,335,964	\$433,540,453	\$447,318,726	\$455,313,522	\$446,648,317
Natural Resources						
Environmental Management	\$76,027,147	\$70,373,524	\$88,958,152	\$83,058,755	\$87,268,755	\$89,537,646
Coastal Resources Management Council	\$3,897,901	\$5,474,935	\$5,236,662	\$4,088,463	\$4,088,463	\$5,541,521
Water Resources Board	\$1,792,983	\$1,635,666	\$1,478,002	\$1,581,498	\$1,581,498	\$1,480,485
Subtotal - Natural Resources	\$81,718,031	\$77,484,125	\$95,672,816	\$88,728,716	\$92,938,716	\$96,559,652
Transportation						
Transportation	\$368,686,783	\$305,436,562	\$370,026,380	\$368,585,249	\$393,060,249	\$483,283,224
Subtotal - Transportation	\$368,686,783	\$305,436,562	\$370,026,380	\$368,585,249	\$393,060,249	\$483,283,224
Total	\$6,564,007,947	\$6,928,024,941	\$6,919,054,202	\$6,981,276,783	\$7,269,573,828	\$7,615,069,613

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue. In FY 2009 Fire Code Board was moved to Department of Administration.

(2) Higher Education expenditures for FY 2008 are understated and do not reflect audited expenditures from the Board of Governors. Actual FY 2008 expenditures will be available upon completion of audit.

(3) Judicial includes Judicial Tenure and Discipline.

(4) Agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

Expenditures from General Revenues

	FY 2007	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010
	Actual	Actual	Enacted	Original	Revised	Amended
				Revised	Revised	Revised
						Recommend
General Government						
Administration(1)	\$464,765,390	\$520,058,764	\$461,660,272	\$413,385,631	\$473,132,965	\$498,875,056
Business Regulation	\$10,859,698	\$10,333,679	\$10,118,066	\$9,307,245	\$9,307,245	\$9,577,234
Labor and Training	\$7,146,778	\$6,377,174	\$6,513,092	\$6,696,080	\$6,696,080	\$6,667,994
Revenue(1)	\$34,528,687	\$35,086,502	\$37,849,916	\$33,254,816	\$33,518,583	\$36,368,064
Legislature	\$30,941,664	\$32,377,685	\$34,099,202	\$33,451,335	\$33,451,335	\$34,912,012
Lieutenant Governor	\$874,724	\$850,412	\$901,418	\$860,771	\$860,771	\$973,262
Secretary of State	\$6,150,445	\$5,488,114	\$6,307,144	\$6,407,527	\$6,407,527	\$5,966,241
General Treasurer	\$2,636,773	\$2,668,892	\$2,563,767	\$2,465,934	\$2,465,934	\$2,500,299
Board of Elections	3,625,842	1,315,331	1,512,874	1,552,690	1,552,690	1,850,141
Rhode Island Ethics Commission	\$1,222,289	\$1,343,029	\$1,405,309	\$1,409,450	\$1,409,450	\$1,437,730
Governor's Office	\$4,672,436	\$4,957,880	\$5,158,611	\$5,423,356	\$5,423,356	\$5,836,754
Commission for Human Rights	\$987,833	\$951,872	\$991,659	\$932,418	\$932,418	\$1,016,242
Public Utilities Commission	\$499,163	\$475,034	-	-	-	-
Rhode Island Commission on Women	\$98,629	\$105,953	\$107,208	\$108,377	\$108,377	\$109,462
Subtotal - General Government	\$569,010,351	\$622,390,321	\$569,188,538	\$515,255,630	\$575,266,731	\$606,090,491
Human Services						
Office of Health & Human Services	\$250,294	\$363,333	\$5,223,297	\$3,790,550	\$3,836,576	\$3,448,389
Children, Youth, and Families	\$189,391,302	\$151,491,614	\$137,133,720	\$166,886,395	\$162,050,863	\$158,722,427
Elderly Affairs	\$18,809,664	\$16,969,063	\$16,071,786	\$14,537,499	\$13,904,044	\$11,687,598
Health	\$31,490,514	\$29,985,420	\$32,281,674	\$30,782,216	\$30,753,976	\$30,596,230
Human Services	\$703,752,922	\$815,777,935	\$767,224,135	\$725,271,695	\$674,322,220	\$642,064,842
Mental Health, Retardation, & Hospitals	\$238,316,374	\$241,952,595	\$219,361,864	\$208,861,756	\$186,652,827	\$168,779,509
Governor's Commission on Disabilities	\$518,631	\$350,480	\$413,651	\$387,862	\$387,862	\$366,450
Commission On Deaf and Hard of Hearing	\$301,850	\$289,412	\$368,807	\$371,300	\$371,300	\$380,146
State Council on Developmental Disabilities	-	-	-	-	-	-
Office of the Child Advocate	\$513,524	\$445,443	\$519,657	\$514,442	\$514,442	\$547,048
Office of the Mental Health Advocate	\$385,295	\$419,127	\$431,171	\$440,483	\$440,483	\$448,423
Subtotal - Human Services	\$1,183,730,370	\$1,258,044,422	\$1,179,029,762	\$1,151,844,198	\$1,073,234,593	\$1,017,041,062
Education						
Elementary and Secondary	\$888,448,123	\$908,826,348	\$931,218,471	\$836,349,028	\$832,478,706	\$861,797,078
Higher Education - Board of Governors(2)	\$189,489,620	\$189,982,771	\$179,856,018	\$172,860,842	\$172,860,842	\$174,885,270
RI Council on the Arts	\$2,112,363	\$2,111,963	\$2,094,847	\$1,905,796	\$1,905,796	\$1,983,986
RI Atomic Energy Commission	\$827,654	\$834,101	\$824,470	\$786,847	\$786,847	\$775,346
Higher Education Assistance Authority	\$6,708,495	\$10,219,792	\$7,323,051	\$7,292,984	\$7,292,984	\$7,305,741
Historical Preservation and Heritage Comm.	\$1,615,594	\$1,494,562	\$1,348,825	\$1,297,516	\$1,297,516	\$1,298,364
Public Telecommunications Authority	\$1,312,264	\$1,316,196	\$1,365,306	\$1,249,509	\$1,249,509	\$1,142,702
Subtotal - Education	\$1,090,514,113	\$1,114,785,733	\$1,124,030,988	\$1,021,742,522	\$1,017,872,200	\$1,049,188,487

Expenditures from General Revenues

	FY 2007 Actual	FY 2008 Actual	FY 2009 Enacted	FY 2009 Original Revised	FY 2009 Amended Revised	FY 2010 Recommend
Public Safety						
Attorney General	\$19,799,874	\$20,550,412	\$21,212,039	\$21,134,410	\$21,134,410	\$21,774,743
Corrections	\$155,796,271	\$193,138,298	\$178,623,504	\$178,682,061	\$178,682,061	\$182,390,562
Judicial(3)	\$82,039,511	\$82,799,851	\$85,000,000	\$82,797,231	\$82,797,231	\$83,907,229
Military Staff	\$2,533,905	\$2,320,832	\$3,739,948	\$3,575,260	\$3,575,260	\$3,529,979
Public Safety(4)	\$63,975,375	\$62,946,519	\$66,828,094	\$64,656,938	\$64,656,938	\$66,518,758
Office Of Public Defender	\$8,564,734	\$9,030,938	\$9,468,259	\$9,318,047	\$9,318,047	\$9,583,189
Subtotal - Public Safety	\$332,709,670	\$370,786,850	\$364,871,844	\$360,163,947	\$360,163,947	\$367,704,460
Natural Resources						
Environmental Management	\$38,071,852	\$36,032,812	\$35,779,384	\$34,011,362	\$34,011,362	\$35,651,578
Coastal Resources Management Council	\$2,076,370	\$1,985,139	\$1,877,703	\$2,034,354	\$2,034,354	\$2,027,574
Water Resources Board	\$1,648,213	\$1,226,089	\$1,378,002	\$1,352,046	\$1,352,046	\$1,370,485
Subtotal - Natural Resources	\$41,796,435	\$39,244,040	\$39,035,089	\$37,397,762	\$37,397,762	\$39,049,637
Transportation						
Transportation	-	-	-	-	-	-
Subtotal - Transportation	-	-	-	-	-	-
Total	\$3,217,760,939	\$3,405,251,366	\$3,276,156,221	\$3,086,404,059	\$3,063,935,233	\$3,079,074,137

- (1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue. In FY 2009 Fire Code Board was moved to Department of Administration.
- (2) Higher Education expenditures for FY 2008 are understated and do not reflect audited expenditures from the Board of Governors. Actual FY 2008 expenditures will be available upon completion of audit.
- (3) Judicial includes Judicial Tenure and Discipline.
- (4) Agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

Expenditures from Federal Funds

	FY 2007	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010
	Actual	Actual	Enacted	Original Revised	Amended Revised	Recommend
General Government						
Administration(1)	\$46,562,576	\$39,828,801	\$33,952,039	\$60,593,389	\$81,588,173	\$91,347,447
Business Regulation	\$43,291	\$114,130	-	\$87,641	\$87,641	-
Labor and Training	\$29,931,444	\$28,883,497	\$35,594,755	\$39,007,637	\$56,577,194	\$92,322,826
Revenue(1)	\$1,147,680	\$1,470,903	\$1,894,095	\$2,698,597	\$2,698,597	\$1,943,239
Legislature	-	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-	-
Secretary of State	\$976,109	\$911,443	\$541,139	\$296,287	\$296,287	-
General Treasurer	\$476,081	\$799,601	\$1,170,081	\$1,095,793	\$1,100,489	\$1,293,540
Board of Elections	\$766,248	\$611,162	\$662,344	\$495,270	\$495,270	-
Rhode Island Ethics Commission	-	-	-	-	-	-
Governor's Office	-	-	-	-	-	-
Commission for Human Rights	\$259,293	\$388,839	\$391,309	\$472,455	\$472,455	\$408,505
Public Utilities Commission	\$92,650	\$70,662	\$100,547	\$102,659	\$102,659	\$103,600
Rhode Island Commission on Women	-	-	-	-	-	-
Subtotal - General Government	\$80,255,372	\$73,079,038	\$74,306,309	\$104,849,728	\$143,418,765	\$187,419,157
Human Services						
Office of Health & Human Services	\$93,852	\$3,168,914	\$7,593,011	\$4,714,918	\$4,324,922	\$4,544,633
Children, Youth, and Families	\$120,424,524	\$72,217,463	\$69,839,591	\$79,678,458	\$84,523,990	\$85,504,945
Elderly Affairs	\$12,057,604	\$11,980,485	\$12,257,937	\$14,194,581	\$14,678,036	\$16,460,162
Health	\$60,912,005	\$80,827,914	\$68,180,665	\$77,148,725	\$78,221,330	\$78,444,370
Human Services	\$867,561,431	\$1,024,128,776	\$999,808,193	\$1,028,629,855	\$1,137,358,638	\$1,225,366,325
Mental Health, Retardation, & Hospitals	\$240,445,805	\$241,728,740	\$222,757,014	\$239,622,738	\$278,536,579	\$284,303,513
Governor's Commission on Disabilities	\$162,175	\$77,450	\$189,769	\$135,851	\$135,851	\$174,949
Commission On Deaf and Hard of Hearing	\$4,522	(\$622)	-	-	-	-
State Council on Developmental Disabilities	\$421,932	\$395,288	\$450,543	-	-	-
Office of the Child Advocate	\$37,674	\$40,006	\$39,143	\$40,555	\$40,555	\$41,100
Office of the Mental Health Advocate	-	-	-	-	-	-
Subtotal - Human Services	\$1,302,121,524	\$1,434,564,414	\$1,381,115,866	\$1,444,165,681	\$1,597,819,901	\$1,694,839,997
Education						
Elementary and Secondary	\$174,313,591	\$175,708,363	\$191,008,411	\$195,676,529	\$234,017,089	\$278,150,906
Higher Education - Board of Governors(2)	\$2,871,077	\$4,924,539	\$3,646,277	\$4,479,446	\$11,134,309	\$11,997,554
RI Council on the Arts	\$653,685	\$612,251	\$741,355	\$801,429	\$801,429	\$1,055,840
RI Atomic Energy Commission	\$101,942	\$352,771	\$407,277	\$94,937	\$103,116	\$30,000
Higher Education Assistance Authority	\$8,846,030	\$8,610,378	\$12,550,536	\$18,766,778	\$18,766,778	\$14,575,320
Historical Preservation and Heritage Comm.	508,937	509,240	479,640	845,462	845,462	819,367
Public Telecommunications Authority	-	-	-	-	-	-
Subtotal - Education	\$187,295,262	\$190,717,542	\$208,833,496	\$220,664,581	\$265,668,183	306,628,987

Expenditures from Federal Funds

	FY 2007 Actual	FY 2008 Actual	FY 2009 Enacted	FY 2009 Original Revised	FY 2009 Amended Revised	FY 2010 Recommend
Public Safety						
Attorney General	1,274,491	1,298,123	1,263,609	1,304,344	1,313,294	1,274,540
Corrections	\$9,252,612	\$2,688,836	\$2,712,735	\$3,280,874	\$3,280,874	\$2,196,668
Judicial(3)	\$1,412,645	\$1,872,594	\$1,939,312	\$2,706,941	\$2,706,941	\$1,445,452
Military Staff	27,561,826	19,515,282	22,949,023	33,222,240	36,786,928	25,018,046
Public Safety(4)	\$1,999,004	\$5,957,636	\$6,232,120	\$9,976,455	\$14,397,613	\$10,232,874
Office Of Public Defender	\$213,690	\$271,861	\$248,470	\$325,591	\$325,591	\$225,898
Subtotal - Public Safety	\$41,714,268	\$31,604,332	\$35,345,269	\$50,816,445	\$58,811,241	\$40,393,478
Natural Resources						
Environmental Management	21,320,143	18,024,013	33,435,438	30,423,404	34,508,404	32,067,164
Coastal Resources Management Council	\$1,659,031	\$1,779,206	\$1,453,450	\$1,659,109	\$1,659,109	1,608,438
Water Resources Board	\$64,170	-	-	-	-	-
Subtotal - Natural Resources	23,043,344	19,803,219	34,888,888	32,082,513	36,167,513	33,675,602
Transportation						
Transportation	\$231,342,605	\$189,355,117	\$263,437,353	\$266,069,476	\$286,069,476	\$381,348,383
Subtotal - Transportation	\$231,342,605	\$189,355,117	\$263,437,353	\$266,069,476	\$286,069,476	\$381,348,383
Total	\$1,865,772,375	\$1,939,123,662	\$1,997,927,181	\$2,118,648,424	\$2,387,955,079	\$2,644,305,604

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue. In FY 2009 Fire Code Board was moved to Department of Administration.

(2) Higher Education expenditures for FY 2008 are understated and do not reflect audited expenditures from the Board of Governors. Actual FY 2008 expenditures will be available upon completion of audit.

(3) Judicial includes Judicial Tenure and Discipline.

(4) Agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

Expenditures from Restricted Receipts

	FY 2007	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010
	Actual	Actual	Enacted	Original Revised	Amended Revised	Recommend
General Government						
Administration(1)	\$6,784,583	\$9,973,069	\$8,876,034	\$12,864,453	\$15,419,816	\$17,387,399
Business Regulation	\$716,341	\$1,364,361	\$1,545,638	\$1,707,955	\$1,707,955	\$2,868,208
Labor and Training	\$15,552,019	\$20,098,434	\$24,905,914	\$24,701,721	\$24,701,721	\$25,314,950
Revenue(1)	\$705,160	\$789,994	\$925,663	\$799,483	\$799,483	\$845,292
Legislature	1,408,852	1,451,538	1,516,351	1,508,333	1,508,333	1,556,712
Lieutenant Governor	-	-	-	-	-	-
Secretary of State	\$270,463	\$420,390	\$555,581	\$413,076	\$393,838	474,338
General Treasurer	\$21,474,117	\$35,987,392	\$27,502,060	\$24,486,449	\$24,486,449	\$27,165,006
Board of Elections	-	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-	-
Governor's Office	(3,617)	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-	-
Public Utilities Commission	\$4,882,056	\$4,887,588	\$6,768,667	\$6,746,035	\$6,746,035	\$6,908,931
Rhode Island Commission on Women	-	-	-	-	-	-
Subtotal - General Government	\$51,789,974	\$74,972,766	\$72,595,908	\$73,227,505	\$75,763,630	\$82,520,836
Human Services						
Office of Health & Human Services	\$296,834	\$315,953	\$1,970,773	\$672,162	\$672,162	\$1,284,790
Children, Youth, and Families	\$1,767,022	\$2,731,750	\$1,757,941	\$2,203,059	\$2,284,059	\$2,203,059
Elderly Affairs	\$741,000	\$956,578	\$620,000	\$820,000	\$970,000	\$392,115
Health	\$12,204,993	\$15,692,703	\$25,486,027	\$24,717,414	\$24,717,414	\$24,784,937
Human Services	2,941,257	7,027,278	8,024,708	7,940,462	7,940,462	8,316,413
Mental Health, Retardation, & Hospitals	183,295	2,587,327	4,590,000	5,258,101	5,258,101	5,203,044
Governor's Commission on Disabilities	\$1,692	\$13,178	\$8,565	\$11,127	\$11,127	10,001
Commission On Deaf and Hard of Hearing	-	-	-	-	-	-
State Council on Developmental Disabilities	-	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-	-
Subtotal - Human Services	\$18,136,093	\$29,324,767	\$42,458,014	\$41,622,325	\$41,853,325	\$42,194,359
Education						
Elementary and Secondary	\$4,432,359	\$6,507,062	\$7,363,165	\$7,250,840	\$7,250,840	\$7,501,077
Higher Education - Board of Governors(2)	\$1,074,589	\$715,937	\$1,041,526	\$666,433	\$666,433	\$667,543
RI Council on the Arts	-	-	-	\$94,225	\$94,225	-
RI Atomic Energy Commission	-	-	-	-	-	-
Higher Education Assistance Authority	-	-	-	-	-	-
Historical Preservation and Heritage Comm.	\$85,412	\$191,378	\$494,649	\$518,013	\$518,013	\$509,037
Public Telecommunications Authority	-	-	-	-	-	-
Subtotal - Education	\$5,592,360	\$7,414,377	\$8,899,340	\$8,529,511	\$8,529,511	\$8,677,657

Expenditures from Restricted Receipts

	FY 2007 Actual	FY 2008 Actual	FY 2009 Enacted	FY 2009 Original Revised	FY 2009 Amended Revised	FY 2010 Recommend
Public Safety						
Attorney General	\$678,356	\$867,559	\$980,866	\$1,114,433	\$1,114,433	\$932,930
Corrections	-	(\$61)	-	-	-	-
Judicial(3)	\$7,272,677	\$8,395,390	\$8,710,408	\$9,324,149	\$9,324,149	\$9,807,120
Military Staff	\$242,449	\$158,275	\$315,321	\$346,833	\$346,833	\$337,449
Public Safety(4)	\$1,905,648	\$1,103,585	\$434,000	\$835,000	\$835,000	\$609,000
Office Of Public Defender	-	-	-	-	-	-
Subtotal - Public Safety	\$10,099,130	\$10,524,748	\$10,440,595	\$11,620,415	\$11,620,415	\$11,686,499
Natural Resources						
Environmental Management	\$15,257,111	\$13,483,302	\$16,411,875	\$13,514,137	\$13,514,137	\$15,246,049
Coastal Resources Management Council	\$162,500	\$120,000	\$250,000	\$395,000	\$395,000	\$250,000
Water Resources Board	-	\$327,378	-	\$109,817	\$109,817	-
Subtotal - Natural Resources	\$15,419,611	\$13,930,680	\$16,661,875	\$14,018,954	\$14,018,954	\$15,496,049
Transportation						
Transportation	\$1,451,818	(\$160,669)	\$1,447,246	\$1,450,000	\$1,450,000	\$1,500,000
Subtotal - Transportation	\$1,451,818	(\$160,669)	\$1,447,246	\$1,450,000	\$1,450,000	\$1,500,000
Total	\$102,488,986	\$136,006,669	\$152,502,978	\$150,468,710	\$153,235,835	\$162,075,400

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue. In FY 2009 Fire Code Board was moved to Department of Administration.

(2) Higher Education expenditures for FY 2008 are understated and do not reflect audited expenditures from the Board of Governors. Actual FY 2008 expenditures will be available upon completion of audit.

(3) Judicial includes Judicial Tenure and Discipline.

(4) Agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

Expenditures from Other Funds

	FY 2007	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010
	Actual	Actual	Enacted	Original Revised	Amended Revised	Recommend
General Government						
Administration(1)	\$78,159,544	\$47,601,091	\$56,395,660	\$71,223,866	\$77,212,640	\$77,447,182
Business Regulation	-	-	-	-	-	-
Labor and Training	\$394,366,966	\$444,303,030	\$417,792,181	\$529,046,076	\$560,312,998	\$601,778,879
Revenue(1)	\$197,616,282	\$217,255,814	\$208,470,001	\$193,786,832	\$193,786,832	\$188,763,902
Legislature	-	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-	-
Secretary of State	-	-	-	-	-	-
General Treasurer	\$188,384	\$206,210	\$253,375	\$196,194	\$196,194	\$202,290
Board of Elections	-	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-	-
Governor's Office	\$69,398	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-	-
Rhode Island Commission on Women	-	-	-	-	-	-
Subtotal - General Government	\$670,400,574	\$709,366,145	\$682,911,217	\$794,252,968	\$831,508,664	\$868,192,253
Human Services						
Office of Health & Human Services	-	-	-	-	-	-
Children, Youth, and Families	\$188,130	\$542,403	\$1,210,000	\$1,192,732	\$1,192,732	\$1,384,224
Elderly Affairs	\$4,343,602	\$4,477,142	\$4,630,000	\$4,630,000	\$4,630,000	\$4,630,000
Health	\$29,471	\$45,972	\$129,410	\$231,425	\$231,425	\$231,412
Human Services	-	\$700,000	\$125,000	\$257,500	\$257,500	\$125,000
Mental Health, Retardation, & Hospitals	\$2,548,069	\$3,173,034	\$10,781,631	\$7,335,643	\$7,335,643	\$12,346,669
Governor's Commission on Disabilities	\$163,449	\$100,000	\$300,000	\$411,551	\$411,551	\$375,000
Commission On Deaf and Hard of Hearing	-	-	-	-	-	-
State Council on Developmental Disabilities	-	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-	-
Subtotal - Human Services	\$7,272,721	\$9,038,551	\$17,176,041	\$14,058,851	\$14,058,851	\$19,092,305
Education						
Elementary and Secondary	\$170,017	\$1,558,748	\$15,940,000	\$18,787,925	\$18,787,925	\$7,558,624
Higher Education - Board of Governors(2)	\$541,300,024	\$589,123,444	\$635,045,188	\$659,257,107	\$656,093,502	\$690,848,503
RI Council on the Arts	\$156,234	\$210,175	\$439,453	\$425,000	\$425,000	\$435,000
RI Atomic Energy Commission	\$157,890	\$287,689	\$301,153	\$293,869	\$293,869	\$334,769
Higher Education Assistance Authority	\$8,384,583	\$7,091,784	\$6,776,220	\$6,899,631	\$6,899,631	\$6,750,277
Historical Preservation and Heritage Comm.	-	-	-	-	-	-
Public Telecommunications Authority	\$1,082,894	\$798,374	\$767,060	\$767,060	\$767,060	\$765,656
Subtotal - Education	\$551,251,642	\$599,070,214	\$659,269,074	\$686,430,592	\$683,266,987	\$706,692,829

Expenditures from Other Funds

	FY 2007 Actual	FY 2008 Actual	FY 2009 Enacted	FY 2009 Original Revised	FY 2009 Amended Revised	FY 2010 Recommend
Public Safety						
Attorney General	\$161,887	\$157,154	\$275,000	\$747,726	\$747,726	\$200,000
Corrections	\$5,068,293	\$2,902,534	\$5,161,000	\$5,404,683	\$5,404,683	\$5,418,276
Judicial(3)	\$954,683	\$1,438,736	\$1,700,000	\$1,895,061	\$1,895,061	\$825,000
Military Staff	\$2,234,818	\$1,778,845	\$1,415,500	\$2,748,726	\$2,748,726	\$1,800,275
Public Safety(4)	\$3,290,028	\$3,142,765	\$14,331,245	\$13,921,723	\$13,921,723	\$18,620,329
Office Of Public Defender	-	-	-	-	-	-
Subtotal - Public Safety	\$11,709,709	\$9,420,034	\$22,882,745	\$24,717,919	\$24,717,919	\$26,863,880
Natural Resources						
Environmental Management	\$1,378,041	\$2,833,397	\$3,331,455	\$5,109,852	\$5,234,852	\$6,572,855
Coastal Resources Management Council	-	\$1,590,590	\$1,655,509	-	-	\$1,655,509
Water Resources Board	\$80,600	\$82,199	\$100,000	\$119,635	\$119,635	\$110,000
Subtotal - Natural Resources	\$1,458,641	\$4,506,186	\$5,086,964	\$5,229,487	\$5,354,487	\$8,338,364
Transportation						
Transportation	\$135,892,360	\$116,242,114	\$105,141,781	\$101,065,773	\$105,540,773	\$100,434,841
Subtotal - Transportation	\$135,892,360	\$116,242,114	\$105,141,781	\$101,065,773	\$105,540,773	\$100,434,841
Total	\$1,377,985,647	\$1,447,643,244	\$1,492,467,822	\$1,625,755,590	\$1,664,447,681	\$1,729,614,472

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue. In FY 2009 Fire Code Board was moved to Department of Administration.

(2) Higher Education expenditures for FY 2008 are understated and do not reflect audited expenditures from the Board of Governors. Actual FY 2008 expenditures will be available upon completion of audit.

(3) Judicial includes Judicial Tenure and Discipline.

(4) Agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

Full-Time Equivalent Positions

	FY 2007	FY 2008 Revised	FY 2009 Enacted	FY 2009 Revised	FY 2010 Recommend
General Government					
Administration	1,065.2	1,032.8	955.8	845.6	888.6
Business Regulation	103.0	102.0	97.0	91.0	103.0
Labor & Training	467.9	417.5	407.2	395.3	396.3
Revenue	473.0	465.0	464.0	410.0	424.0
Legislature	294.0	297.9	297.9	289.8	289.8
Office of the Lieutenant Governor	9.5	9.0	8.0	7.0	8.0
Secretary of State	56.0	58.0	57.0	55.0	56.4
General Treasurer	86.5	88.0	86.0	83.0	83.0
Boards for Design Professionals	4.0	-	-	-	-
Board Of Elections	14.0	14.0	14.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0
Office of the Governor	46.0	45.0	39.0	39.0	42.0
Commission for Human Rights	14.5	14.5	14.5	14.5	14.5
Public Utilities Commission	45.7	45.0	44.0	44.0	44.0
Rhode Island Commission on Women	1.0	1.0	1.0	1.0	1.0
Subtotal - General Government	2,692.3	2,601.7	2,497.4	2,299.2	2,374.6
Human Services					
Office of Health and Human Services	5.0	6.0	92.2	85.1	73.1
Children, Youth, and Families	789.0	788.5	738.5	694.0	700.0
Elderly Affairs	48.0	44.0	35.0	32.0	31.0
Health	465.6	437.1	413.5	409.6	414.6
Human Services	1,111.0	1,067.6	994.4	884.6	954.6
Mental Health, Retardation, & Hospitals	1,824.3	1,657.6	1,534.6	1,352.4	1,395.4
Office of the Child Advocate	5.8	5.8	5.8	5.7	5.7
Commission On the Deaf & Hard of Hearing	3.0	3.0	3.0	3.0	3.0
State Council on Developmental Disabilities (3)	2.0	2.0	-	-	-
Governor's Commission on Disabilities	6.6	5.6	4.6	4.0	4.0
Office of the Mental Health Advocate	3.7	3.7	3.7	3.7	3.7
Subtotal - Human Services	4,264.0	4,020.9	3,825.3	3,474.1	3,585.1
Education					
Elementary and Secondary Education	131.2	133.2	140.2	128.4	134.4
Davies	133.0	133.0	133.0	133.0	133.0
School for the Deaf	68.0	65.8	65.8	50.0	60.0
Elementary Secondary Education - Total	332.2	332.0	339.0	311.4	327.4
Office of Higher Education Non-Sponsored Research	21.0	21.0	20.1	19.4	19.4
URI Non-Sponsored Research	1,940.1	1,930.1	1,902.1	1,849.9	1,851.5
RIC Non-Sponsored Research	843.5	850.5	835.5	812.6	813.1
CCRI Non-Sponsored Research	750.2	748.2	733.2	713.1	713.1
Higher Education - Total Non-Sponsored	3,554.8	3,549.8	3,490.9	3,395.0	3,397.1
RI Council On The Arts	8.6	8.6	8.6	7.6	7.6
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Higher Education Assistance Authority	46.0	42.6	42.6	42.6	42.6
Historical Preservation and Heritage Commission	17.6	17.6	16.6	16.6	16.6
Public Telecommunications Authority	20.0	20.0	20.0	18.0	18.0
Subtotal - Education	3,987.8	3,979.2	3,926.3	3,799.8	3,817.9

Full-Time Equivalent Positions

	FY 2007	FY 2008 Revised	FY 2009 Enacted	FY 2009 Revised	FY 2010 Recommend
Public Safety					
Attorney General	234.8	234.8	231.1	231.1	231.1
Corrections	1,498.6	1,515.0	1,515.0	1,423.0	1,423.0
Judicial	732.5	732.3	729.3	729.3	729.3
Military Staff	109.0	104.0	103.0	101.0	111.0
Public Safety	-	-	414.5	396.1	447.7
E-911 (1)	53.6	53.5	-	-	-
RI State Fire Marshal (1)	36.0	35.0	-	-	-
Commission on Judicial Tenure and Discipline	1.0	-	-	-	-
Rhode Island Justice Commission (1)	7.6	7.6	-	-	-
Municipal Police Training Academy (1)	4.0	4.0	-	-	-
State Police (1)	273.0	268.0	-	-	-
Fire Safety Code Board of Appeal and Review (2)	3.0	3.0	-	-	-
Office of the Public Defender	93.5	93.5	93.5	91.0	91.0
Subtotal - Public Safety	3,046.6	3,050.7	3,086.4	2,971.5	3,033.1
Natural Resources					
Environmental Management	505.3	482.0	473.0	409.0	417.0
Coastal Resources Management Council	30.0	30.0	30.0	30.0	30.0
Water Resources Board	9.0	6.0	6.0	6.0	6.0
Subtotal - Natural Resources	544.3	518.0	509.0	445.0	453.0
Transportation					
Transportation	786.7	733.2	729.2	691.2	780.2
Subtotal - Transportation	786.7	733.2	729.2	691.2	780.2
Statwide Retirement Vacancies	-	-	(400.0)		
Total Non Sponsored	15,321.7	14,903.7	14,173.6	13,680.8	14,043.9
Higher Education Sponsored Research *					
Office	1.0	1.0	1.0	1.0	1.0
CCRI	100.0	100.0	100.0	100.0	100.0
RIC	82.0	82.0	82.0	82.0	82.0
URI	602.0	602.0	602.0	602.0	602.0
Subtotal Sponsored Research	785.0	785.0	785.0	785.0	785.0
Total Personnel Authorizations	16,106.7	15,688.7	14,958.6	14,465.8	14,828.9
Total Personnel **	16,106.7	15,688.7	14,958.6	14,465.8	14,828.9

*A total of 785.0 FTE positions in Higher Education in FY 2008 and FY 2009 represent FTE's supported by sponsored research funds. Commencing in FY2005, these positions were included in the overall FTE Cap. In addition, there are separate caps for each program and for sponsored/non-sponsored research FTE's.

- (1) Agencies merged with Department of Public Safety
- (2) Agencies merged with Department of Administration
- (3) Agency merged with URI

General Revenues as Recommended

	FY 2007 Actual	FY 2008 Audited	FY 2009 Revised	FY 2010 Recommended
Personal Income Tax	\$1,065,367,487	\$1,073,616,875	\$1,011,000,000	\$1,012,657,665
General Business Taxes				
Business Corporations	148,149,226	150,468,827	108,000,000	96,300,000
Public Utilities Gross Earnings	102,109,351	99,436,915	104,500,000	106,800,000
Financial Institutions	4,423,263	1,830,270	2,000,000	1,000,000
Insurance Companies	56,624,296	67,997,274	89,771,882	92,065,988
Bank Deposits	1,673,925	1,710,050	1,700,000	1,740,000
Health Care Provider Assessment	47,969,855	53,356,431	46,721,711	37,426,589
Sales and Use Taxes				
Sales and Use	873,203,817	844,197,089	831,777,827	838,737,504
Motor Vehicle	46,878,903	48,610,020	50,105,006	55,820,025
Motor Fuel	1,311,762	991,473	930,000	850,000
Cigarettes	120,480,817	114,674,498	126,808,750	144,152,967
Alcohol	10,705,751	11,140,941	11,100,000	11,300,000
Other Taxes				
Inheritance and Gift	34,683,979	35,333,925	28,000,000	26,512,020
Racing and Athletics	2,921,166	2,812,860	2,500,000	2,300,000
Realty Transfer	12,737,438	10,223,094	7,800,000	7,800,000
Total Taxes	\$2,529,241,036	\$2,516,400,542	\$2,422,715,176	\$2,435,462,758
Departmental Receipts	\$277,790,450	\$356,546,075	\$331,713,731	\$ 335,146,260
Taxes and Departmentals	\$2,807,031,486	\$2,872,946,617	\$2,754,428,907	\$2,770,609,018
Other Sources				
Gas Tax Transfer	4,704,602	4,513,745	4,475,000	-
Other Miscellaneous	67,471,487	181,810,134	23,730,286	20,869,836
Lottery	320,989,832	354,321,087	349,100,000	349,400,000
Unclaimed Property	11,456,513	15,387,030	9,300,000	5,600,000
Other Sources	404,622,434	556,031,996	386,605,286	375,869,836
Total General Revenues	\$3,211,653,920	\$3,428,978,613	\$3,141,034,193	\$3,146,478,854

Changes to FY 2009 Enacted Revenue Estimates

	Enacted	November Consensus Changes	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,124,235,000	\$ (113,235,000)	\$ -	\$ 1,011,000,000
General Business Taxes				
Business Corporations	161,000,000	(53,000,000)	-	108,000,000
Public Utilities Gross	100,000,000	4,500,000	-	104,500,000
Financial Institutions	1,100,000	900,000	-	2,000,000
Insurance Companies	77,823,696	(823,696)	12,771,882	89,771,882
Bank Deposits	1,700,000	-	-	1,700,000
Health Care Provider	47,432,000	1,568,000	(2,278,289)	46,721,711
Sales and Use Taxes				
Sales and Use	863,100,000	(32,100,000)	777,827	831,777,827
Motor Vehicle	45,667,548	2,332,452	2,105,006	50,105,006
Motor Fuel	1,200,000	(270,000)	-	930,000
Cigarettes	114,500,000	5,100,000	7,208,750	126,808,750
Alcohol	11,100,000	-	-	11,100,000
Other Taxes				
Inheritance and Gift	38,000,000	(10,000,000)	-	28,000,000
Racing and Athletics	2,600,000	(100,000)	-	2,500,000
Realty Transfer	10,900,000	(3,100,000)	-	7,800,000
Total Taxes	\$ 2,600,358,244	\$ (198,228,244)	\$ 20,585,176	\$ 2,422,715,176
Departmental Receipts	\$ 347,627,559	\$ (16,127,559)	\$ 213,731	\$ 331,713,731
Total Taxes and Departmentals	\$ 2,947,985,803	\$ (214,355,803)	\$ 20,798,907	\$ 2,754,428,907
Other Sources				
Gas Tax Transfer	4,630,000	(155,000)	-	4,475,000
Other Miscellaneous	19,400,000	(2,802,960)	7,133,246	23,730,286
Lottery	365,500,000	(16,400,000)	-	349,100,000
Unclaimed Property	9,200,000	100,000	-	9,300,000
Other Sources	\$ 398,730,000	\$ (19,257,960)	\$ 7,133,246	\$ 386,605,286
Total General Revenues	\$ 3,346,715,803	\$ (233,613,763)	\$ 27,932,153	\$ 3,141,034,193

Changes to FY 2010 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$1,017,800,000	(\$5,142,335)	\$1,012,657,665
General Business Taxes			
Business Corporations	110,800,000	(14,500,000)	96,300,000
Public Utilities Gross	106,800,000		106,800,000
Financial Institutions	1,000,000	-	1,000,000
Insurance Companies	78,500,000	13,565,988	92,065,988
Bank Deposits	1,740,000	-	1,740,000
Health Care Provider	50,100,000	(12,673,411)	37,426,589
Sales and Use Taxes			
Sales and Use	836,000,000	2,737,504	838,737,504
Motor Vehicle	47,400,000	8,420,025	55,820,025
Motor Fuel	850,000	-	850,000
Cigarettes	116,700,000	27,452,967	144,152,967
Alcohol	11,300,000	-	11,300,000
Other Taxes			
Inheritance and Gift	28,000,000	(1,487,980)	26,512,020
Racing and Athletics	2,300,000	-	2,300,000
Realty Transfer	7,800,000	-	7,800,000
Total Taxes	\$2,417,090,000	\$18,372,758	\$2,435,462,758
Departmental Receipts	\$222,500,000	\$112,646,260	\$335,146,260
Total Taxes and Departmentals	\$2,639,590,000	\$131,019,018	\$2,770,609,018
Other Sources			
Gas Tax Transfer	4,475,000	(4,475,000)	-
Other Miscellaneous	9,819,836	11,050,000	20,869,836
Lottery	349,400,000	-	349,400,000
Unclaimed Property	5,600,000	-	5,600,000
Other Sources	\$369,294,836	\$6,575,000	\$375,869,836
Total General Revenues	\$3,008,884,836	\$137,594,018	\$3,146,478,854

General Revenue Changes to Adopted Estimates

FY 2009	January 2009 Original Supplemental	March 2009 Amended Supplemental
<u>Taxes</u>		
<u>Personal Income Taxes</u>		
SBA Loan Guaranty Fee Tax Credit	\$ (252,963)	\$ -
Subtotal: Personal Income Taxes	\$ (252,963)	\$ -
<u>General Business Taxes</u>		
Business Corporations: SBA Loan Guaranty Fee Tax Credit	\$ (22,496)	\$ -
Insurance Companies: Increase Health Care Insurers Gross Premiums Rate to 2.0%	3,731,882	3,731,882
Insurance Companies: Eliminate Exemption for Managed Care Plans in the Title XIX Program	-	9,040,000
Health Care Provider Assessment: Reduction in Nursing Home Base Expenditures	(382,268)	-
Health Care Provider Assessment: Elimination of Group Home Tax Under Medicaid Waiver	-	(2,278,289)
Subtotal: General Business Taxes	\$ 3,327,118	\$ 10,493,593
<u>Sales and Use Taxes</u>		
Sales and Use Tax: Increase Cigarette Excise Tax by \$1.00 with No Minimum Price Markup	\$ 573,847	\$ -
Sales and Use Tax: Increase Cigarette Excise Tax by \$1.00 Retain Minimum Price Markup	-	777,827
Motor Vehicles: Increase Reinstatement Fee for Registrations and Titles from \$50.00 to \$250.00	358,417	215,050
Motor Vehicles: Increase Reinstatement Fee for Operator's License from \$75.00 to \$250.00	1,534,167	920,500
Motor Vehicles: Increase Certificate of Title Fee from \$25.00 to \$50.00	1,292,600	969,456
Cigarettes: Increase Cigarette Excise Tax to \$3.46 with No Minimum Price Markup	15,359,024	-
Cigarettes: Increase Cigarette Excise Tax to \$3.46 Retain Minimum Price Markup	-	7,208,750
Cigarettes: Reduce Cigarette Stamping Discount from 1.25% to 1.00%	43,197	-
Cigarettes: Floor Stock Tax from Increased Cigarette Excise Tax	1,425,635	-
Subtotal: Sales and Use Taxes	\$ 20,586,887	\$ 10,091,583
Subtotal: All Taxes	\$ 23,661,042	\$ 20,585,176
<u>Departmental Revenues</u>		
<u>Licenses and Fees</u>		
Small Claims and Consumer Claims Mediation Entry Fee from \$30.00 to \$50.00	\$ 78,929	\$ 78,929
Subtotal: Licenses and Fees	\$ -	\$ 78,929
<u>Miscellaneous</u>		
Health: National Council on Aging, Choices for Self Care Grant	\$ -	\$ 124,802
Health: American Cancer Society Program Support Donation	-	10,000
Subtotal: Miscellaneous	\$ -	\$ 134,802
Subtotal: All Departmental Revenues	\$ 78,929	\$ 213,731
<u>Other Sources</u>		
<u>Other Miscellaneous</u>		
Land Sales: Downcity Parking Garage	\$ 6,000,000	\$ 6,000,000
Land Sales: Aime Forand Building	6,000,000	-
Land Sales: Pastore Parcel (Intersection of Howard and Pontiac Aves.)	4,000,000	-
Transfer of Worker's Compensation Escrow Account for Companies with Defunct Operations	700,000	700,000
Transfer from TDD Dual Party Phone Relay Service Escrow Account	385,246	183,246
Transfer of Purchase Card Rebate Incentives	250,000	250,000
Subtotal: Other Miscellaneous	\$ 17,335,246	\$ 7,133,246
Subtotal: Other Sources	\$ 17,335,246	\$ 7,133,246
Total FY 2009 General Revenue Adjustments	\$ 41,075,217	\$ 27,932,153

General Revenue Changes to Adopted Estimates

FY 2010	March 2009 Governor Recommended
<u>Taxes</u>	
<i>Personal Income Taxes</i>	
SBA Loan Guaranty Fee Tax Credit	\$ -
ARRA: Enhance Earned Income Tax Credit for Filers with 3 or More Dependents	(175,306)
ARRA: Increase Weekly Unemployment Compensation by \$25	1,846,284
ARRA: Deduction from AGI of First \$2,400 of Unemployment Compensation	(5,371,008)
ARRA: Deduction from AGI of Sales Tax Paid on New Car Purchases	(1,442,305)
<i>Subtotal: Personal Income Taxes</i>	\$ (5,142,335)
<i>General Business Taxes</i>	
Business Corporations: SBA Loan Guaranty Fee Tax Credit	\$ -
Business Corporations: Reduce Tax Rate to 7.5 percent from 9.0 percent	(14,500,000)
Insurance Companies: Increase Health Care Insurers Gross Premiums Rate to 2.0%	3,802,788
Insurance Companies: Eliminate Exemption for Managed Care Plans in the Title XIX Program	9,763,200
Health Care Provider Assessment: Reduction in Nursing Home Base Expenditures	(1,573,411)
Health Care Provider Assessment: Elimination of Group Home Tax Under Medicaid Waiver	(11,100,000)
<i>Subtotal: General Business Taxes</i>	\$ (13,607,423)
<i>Sales and Use Taxes</i>	
Sales and Use Tax: Increase Cigarette Excise Tax by \$1.00 with No Minimum Price Markup	\$ -
Sales and Use Tax: Increase Cigarette Excise Tax by \$1.00 Retain Minimum Price Markup	2,737,504
Motor Vehicles: Increase Reinstatement Fee for Registrations and Titles from \$50.00 to \$250.00	860,200
Motor Vehicles: Increase Reinstatement Fee for Operator's License from \$75.00 to \$250.00	3,682,000
Motor Vehicles: Increase Certificate of Title Fee from \$25.00 to \$50.00	3,877,825
Cigarettes: Increase Cigarette Excise Tax to \$3.46 with No Minimum Price Markup	-
Cigarettes: Increase Cigarette Excise Tax to \$3.46 Retain Minimum Price Markup	27,452,967
Cigarettes: Reduce Cigarette Stamping Discount from 1.25% to 1.00%	-
Cigarettes: Floor Stock Tax from Increased Cigarette Excise Tax	-
<i>Subtotal: Sales and Use Taxes</i>	\$ 38,610,496
<i>Other Taxes</i>	
Inheritance Taxes: Increase Estate Tax Exemption Amount to \$1.0 million	\$ (1,487,980)
<i>Subtotal: Other Taxes</i>	\$ (1,487,980)
Subtotal: All Taxes	\$ 18,372,758
<u>Departmental Revenues</u>	
<i>Licenses and Fees</i>	
Small claims and consumer claims mediation entry fee from \$30.00 to \$50.00	\$ 198,901
AG: Background Criminal Investigation (BCI) Fee from \$5.00 to \$25.00	894,100
Health: Penalty of \$100 for Late Renewal of Office of Food Protection Licenses	25,000
Human Services: Reinstigate Hospital Licensing Fee at 4.78 Percent Rate	111,403,457
<i>Subtotal: Licenses and Fees</i>	\$ 112,521,458
<i>Miscellaneous</i>	
Department of Health: National Council on Aging, Choices for Self Care grant	\$ 124,802
<i>Subtotal: Miscellaneous</i>	\$ 124,802
Subtotal: All Departmental Revenues	\$ 112,646,260
<u>Other Sources</u>	
<i>Gas Tax Transfer</i>	
Transfer of \$0.01 General Revenue Share of \$0.30 Gas Tax to DOT	\$ (4,475,000)
<i>Subtotal: Gas Tax Transfer</i>	\$ (4,475,000)

General Revenue Changes to Adopted Estimates

FY 2010	Mar 2009 Governor Recommended
Other Sources (cont.)	
<i>Other Miscellaneous</i>	
Land Sales: Downcity Parking Garage	\$ -
Land Sales: Aime Forand Building	6,000,000
Land Sales: Pastore Parcel (Intersection of Howard and Pontiac Aves.)	4,000,000
Transfer of Worker's Compensation Escrow Account for Companies with Defunct Operations	-
Transfer from TDD Dual Party Phone Relay Service Escrow Account	-
Transfer of Purchase Card Rebate Incentives	50,000
Transfer from Rhode Island Health and Educational Building Corporation (RIHEBC)	1,000,000
Subtotal: Other Miscellaneous	\$ 11,050,000
Subtotal: Other Sources	\$ 6,575,000
Total FY 2010 General Revenue Adjustments	\$ 137,594,018

Other Revenue Enhancements

FY 2009

Other Sources

UST Fund 1/2 cent to DOT Intermodal Service Transportation Fund for RIPTA \$ 2,237,500

Subtotal: Other Sources \$ 2,237,500

Restricted Receipts

UST Fund Dedication of 1/2 cent Transferred to RIPTA \$ (2,237,500)

Subtotal: Restricted Receipts \$ (2,237,500)

Total FY 2009 Other Revenue Adjustments \$ -

Other Pass Through Revenues

Public Service Corporation Tax Freeze at FY2008 (12/31/2007) rates \$ 645,000

FY 2010

Other Sources

UST Fund 1/2 cent to DOT Intermodal Service Transportation Fund for RIPTA \$ 2,237,500

Subtotal: Other Sources \$ 2,237,500

Restricted Receipts

UST Fund Dedication of 1/2 cent Transferred to RIPTA \$ (2,237,500)

Subtotal: Restricted Receipts \$ (2,237,500)

Federal Grants

National Highway Traffic Safety Administration Seat Belt Grant \$ 4,565,810

Appendix B
Changes to FY 2009

Changes to FY 2009 General Revenue Budget Surplus

	FY2008 Preliminary Actual(1)	FY2008 Preliminary Actual Modified(2)	FY2009 Enacted Budget(3)	FY2009 Q 1 Report Projection(4)	FY2009 Governor's Supplemental(6)
Surplus					
Opening Surplus	\$ -	\$ -	\$ 3,199,106	\$ (0)	\$ (0)
Adjustment					
Reappropriated Surplus	3,640,364	3,640,364	-	1,738,518	1,738,518
Subtotal	3,640,364	3,640,364	3,199,106	1,738,518	1,738,518
General Taxes	2,518,689,049	2,516,400,542	2,600,358,244	2,600,358,244	2,600,358,244
Revenue estimators' revision	-	-		(198,228,244)	(198,228,244)
Changes to the Adopted Estimates	-	-			20,585,176
Subtotal	2,518,689,049	2,516,400,542	2,600,358,244	2,402,130,000	2,422,715,176
Departmental Revenues	352,107,296	356,546,075	347,627,559	347,627,559	347,627,559
Revenue estimators' revision	-	-		(16,127,559)	(16,127,559)
Changes to the Adopted Estimates	-	-			213,731
Subtotal	352,107,296	356,546,075	347,627,559	331,500,000	331,713,731
Other Sources					
Gas Tax Transfers	4,513,745	4,513,745	4,630,000	4,630,000	4,630,000
Revenue estimators' revision	-	-		(155,000)	(155,000)
Other Miscellaneous	182,892,012	181,810,134	19,400,000	19,400,000	19,400,000
Rev Estimators' revision-Miscellaneous	-	-		(2,802,960)	(2,802,960)
Changes to the Adopted Estimates	-	-			7,133,246
Lottery	354,311,448	354,321,087	365,500,000	365,500,000	365,500,000
Revenue Estimators' revision-Lottery	-	-		(16,400,000)	(16,400,000)
Unclaimed Property	15,387,030	15,387,030	9,200,000	9,200,000	9,200,000
Revenue Estimators' revision-Unclaimed	-	-		100,000	100,000
Subtotal	557,104,235	556,031,996	\$ 398,730,000	\$ 379,472,040	\$ 386,605,286
Total Revenues	\$ 3,427,900,580	\$ 3,428,978,613	\$ 3,346,715,803	\$ 3,113,102,040	\$ 3,141,034,193
Transfer to Budget Reserve	(68,558,012)	(68,579,573)	(73,698,128)	(68,488,245)	(69,102,752)
Transfer from Budget Reserve	38,374,852	42,950,480	-	-	-
Total Available	\$ 3,401,357,784	\$ 3,406,989,884	\$ 3,276,216,781	\$ 3,046,352,313	\$ 3,073,669,958
Actual/Enacted Expenditures	\$ 3,394,844,107	\$ 3,394,844,107	3,276,156,221	3,276,156,221	3,276,156,221
Change to Preliminary FY2008 Closing	\$ 4,775,159	10,407,259			
Projected net changes in expenditures				87,446,413	(213,959,506)
Reappropriations	-	-		1,738,518	1,738,518
Repayment of FY2008 Transfer	-	-		38,374,852	-
Subtotal	\$ 3,399,619,266	\$ 3,405,251,366	\$ 3,276,156,221	\$ 3,403,716,004	\$ 3,063,935,233
Free Surplus	\$ 0	\$ (0)	\$ 60,560	\$ 136,309	\$ 9,734,725
Reappropriations	(1,738,518)	(1,738,518)	-	-	-
Budget Balancing Plan(5)				357,500,000	-
Total Ending Balances	\$ 1,738,518	\$ 1,738,518	\$ 60,560	\$ 136,309	\$ 9,734,725
Budget Reserve and Cash Stabilization Account	\$ 64,462,165	\$ 59,059,868	\$ 113,839,470	\$ 118,570,824	\$ 106,795,163

⁽¹⁾Reflects the FY 2008 Preliminary Actual data as reported by the State Controller in his August 29, 2008 report which revealed a \$33,599,693 deficit, modified by an estimated change in payables associated with a retroactive salary adjustment increasing expenditures by \$4,775,159 and an estimated \$38.4 million appropriation from the Budget Reserve Fund to be requested by the Governor in a resolution to be submitted to the General Assembly in January 2009.

⁽²⁾Reflects the final actual closing revealing a deficit of \$42,950,480 and a \$42,950,480 million request for appropriation from the Budget Reserve Fund submitted to the General Assembly in February 2009.

⁽³⁾Reflects the FY 2009 budget enacted by the General Assembly in June 2008, including modifications to revenue estimates by the May 2008 Revenue Estimating Conference.

⁽⁴⁾Reflects the FY 2009 budget enacted by the General Assembly in June 2008, including enacted expenditures plus projected changes to agency spending and the repayment of the estimated Budget Reserve Fund Transfer for FY 2008 as reflected in the First Quarter Report. Includes estimated budget balancing plan described in footnote 5.

⁽⁵⁾Estimate of budget balancing plan required to be developed based upon the FY 2008 preliminary closing, revised revenue estimates and projected changes to expenditures. This reflects the projected financial position contained in the first quarter report of the State Budget Office issued on November 15, 2008.

⁽⁶⁾ Reflects Governor's recommended supplemental budget as submitted in March 2009.

Summary Changes to FY 2009 Enacted General Revenue Expenditures

	FY 2009 Enacted	Reappropriation	Redistribution Of Enacted Personnel Savings	Projected Changes	Projected Expenditures	Change From Enacted
General Government						
Administration	\$511,888,244	-	(\$4,355,092)	(\$34,400,187)	\$473,132,965	(\$38,755,279)
Statewide Personnel Savings	(\$50,227,972)	-	\$50,227,972	\$0	\$0	\$50,227,972
Business Regulation	10,118,066	-	(\$624,225)	(186,596)	9,307,245	(810,821)
Labor and Training	6,513,092	-	(\$194,958)	377,946	6,696,080	182,988
Department of Revenue	37,849,916	-	(2,052,394)	(2,278,939)	33,518,583	(4,331,333)
Legislature	34,099,202	1,738,518	(2,098,828)	(287,557)	33,451,335	(2,386,385)
Lieutenant Governor	901,418	-	(50,690)	10,043	860,771	(40,647)
Secretary of State	6,307,144	-	(294,083)	394,466	6,407,527	100,383
General Treasurer	2,563,767	-	(128,298)	30,465	2,465,934	(97,833)
Board of Elections	1,512,874	-	(81,411)	121,227	1,552,690	39,816
Rhode Island Ethics Commission	1,405,309	-	(71,349)	75,490	1,409,450	4,141
Governor's Office	5,158,611	-	(259,932)	524,677	5,423,356	264,745
Commission for Human Rights	991,659	-	(65,520)	6,279	932,418	(59,241)
Public Utilities Commission	-	-	-	-	-	-
Rhode Island Commission on Women	107,208	-	(5,360)	6,529	108,377	1,169
Subtotal - General Government	569,188,538	1,738,518	39,945,832	(35,606,157)	575,266,731	4,339,675
Human Services						
Office of Health & Human Services	5,223,297	-	(353,760)	(1,032,961)	3,836,576	(1,386,721)
Children, Youth, and Families	137,133,720	-	(3,687,532)	28,604,675	162,050,863	24,917,143
Elderly Affairs	16,071,786	-	(135,766)	(2,031,976)	13,904,044	(2,167,742)
Health	32,281,674	-	(1,358,491)	(169,207)	30,753,976	(1,527,698)
Human Services	767,224,135	-	(2,658,282)	(90,243,633)	674,322,220	(92,901,915)
Mental Health, Retardation, & Hosp.	219,361,864	-	(3,993,744)	(28,715,293)	186,652,827	(32,709,037)
Office of the Child Advocate	519,657	-	(33,819)	28,604	514,442	(5,215)
Comm. on Deaf & Hard of Hearing	368,807	-	(20,230)	22,723	371,300	2,493
RI Developmental Disabilities Council	-	-	-	-	-	-
Governor's Commission on Disabilities	413,651	-	(23,879)	(1,910)	387,862	(25,789)
Office of the Mental Health Advocate	431,171	-	(27,557)	36,869	440,483	9,312
Subtotal - Human Services	1,179,029,762	-	(12,293,060)	(93,502,109)	1,073,234,593	(105,795,169)
Education						
Elementary and Secondary	931,218,471	-	(1,795,472)	(96,944,293)	832,478,706	(98,739,765)
Higher Education - Board of Governors	179,856,018	-	(6,111,373)	(883,803)	172,860,842	(6,995,176)
RI Council on the Arts	2,094,847	-	(45,233)	(143,818)	1,905,796	(189,051)
RI Atomic Energy Commission	824,470	-	(41,470)	3,847	786,847	(37,623)
Higher Education Assistance Authority	7,323,051	-	(30,710)	643	7,292,984	(30,067)
Historical Preservation & Heritage Comm	1,348,825	-	(73,372)	22,063	1,297,516	(51,309)
Public Telecommunications Authority	1,365,306	-	(76,386)	(39,411)	1,249,509	(115,797)
Subtotal - Education	1,124,030,988	-	(8,174,016)	(97,984,772)	1,017,872,200	(106,158,788)
Public Safety						
Attorney General	\$21,212,039	-	(1,220,423)	1,142,794	21,134,410	(77,629)
Corrections	178,623,504	-	(9,237,871)	9,296,428	178,682,061	58,557
Judicial	85,000,000	-	(4,164,561)	1,961,792	82,797,231	(2,202,769)
Military Staff	3,739,948	-	(122,089)	(42,599)	3,575,260	(164,688)
Public Safety	66,828,094	-	(2,321,080)	149,924	64,656,938	(2,171,156)
Office Of Public Defender	9,468,259	-	(564,925)	414,713	9,318,047	(150,212)
Subtotal - Public Safety	364,871,844	-	(17,630,949)	12,923,052	360,163,947	(4,707,897)
Environmental Management	35,779,384	-	(1,703,604)	(64,418)	34,011,362	(1,768,022)
Coastal Resources Management Council	1,877,703	-	(102,392)	259,043	2,034,354	156,651
Water Resources Board	1,378,002	-	(41,811)	15,855	1,352,046	(25,956)
Subtotal - Natural Resources	39,035,089	-	(1,847,807)	210,480	37,397,762	(1,637,327)
Total	3,276,156,221	1,738,518	-	(213,959,506)	3,063,935,233	(213,959,506)

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
<u>General Government</u>					
Administration					
Central Management	1,664,118	(95,243)			
Personnel			48,900		
Transfer One FTE to Governor's Office			(62,275)		
Operating Supplies and Expenses			5,623		
	1,664,118	(95,243)	(7,752)	1,561,123	102,995
Legal Services	2,134,616	(128,143)			
Personnel			(50,215)		
Labor Relations Transfer to Human Resources			(843,954)		
Operating Supplies and Expenses			6,809		
Assistance and Grants			253		
Capital Purchases and Equipment			605		
	2,134,616	(128,143)	(886,502)	1,119,971	1,014,645
Accounts & Control	3,886,437	(160,899)			
Personnel			(53,448)		
Operating Supplies and Expenses			19,413		
CMIA Interest			80,000		
Assistance and Grants			(208)		
Capital Purchases and Equipment			(2,000)		
	3,886,437	(160,899)	43,757	3,769,295	117,142
Budgeting	2,126,819	(116,514)			
Personnel			(33,630)		
Contracted Professional Services			30,635		
Operating Supplies and Expenses			(2,711)		
Capital Purchases and Equipment			5,300		
	2,126,819	(116,514)	(406)	2,009,899	116,920
Purchasing	2,280,079	(158,091)			
Personnel			30,835		
Minority Business Enterprise to Human Resources			(143,456)		
Contracted Professional Services			120		
Operating Supplies and Expenses			(9,965)		
Assistance and Grants			(837)		
Capital Purchases and Equipment			-		
	2,280,079	(158,091)	(123,303)	1,998,685	281,394
Auditing	1,848,952	(107,910)			
Personnel			(375,134)		
Contracted Professional Services			(15,000)		
Operating Supplies and Expenses			(11,100)		
Capital Purchases and Equipment			230		
	1,848,952	(107,910)	(401,004)	1,340,038	508,914
Human Resources	10,366,561	(628,009)			
Personnel			(580,140)		
Minority Business Enterprise from Purchasing			143,456		
Contracted Professional Services			54,019		
Operating Supplies and Expenses			(91,510)		
Assistance and Grants			(50,000)		
Capital Purchases and Equipment			(8,010)		
Labor Relations - Outside Legal Counsel			957,954		
	10,366,561	(628,009)	425,769	10,164,321	202,240

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Personnel Appeal Board	111,226	(1,962)			
Personnel			(21,043)		
Contracted Professional Services			3,000		
Operating Supplies and Expenses			(248)		
	111,226	(1,962)	(18,291)	90,973	20,253
Facilities Management	39,299,779	(652,980)			
Personnel			(170,048)		
Contracted Professional Services			256,098		
Operating Supplies and Expenses			(1,208,605)		
Assistance and Grants			(985)		
Capital Purchases and Equipment			(21,935)		
Energy/ Utility Costs - State Facilities			(831,811)		
	39,299,779	(652,980)	(1,977,286)	36,669,513	2,630,266
Capital Projects and Property Management	3,887,058	(237,629)			
Fire Safety Code Board of Appeal and Review	306,552		-		
Personnel			(33,327)		
Contracted Professional Services			(10,000)		
Operating Supplies and Expenses			(9,138)		
Capital Purchases and Equipment			2,714		
Building Contractor's Reg Board to Restricted			(1,098,647)		
Brown University DBR Lease Settlement			90,762		
	4,193,610	(237,629)	(1,057,636)	2,898,345	1,295,265
Information Technology	20,195,145	(941,825)			
Personnel			(790,619)		
Contracted Professional Services			120,009		
Operating Supplies and Expenses			107,005		
Assistance and Grants			655		
Capital Purchases and Equipment			9,918		
Contractors Consolidation			1,064,016		
Technology Initiative Fund			(15,000)		
RI FANS			(536,143)		
	20,195,145	(941,825)	(40,159)	19,213,161	981,984
Library and Information Services	927,319	(49,823)			
Personnel			(99,993)		
Contracted Professional Services			(116,439)		
Operating Supplies and Expenses			224,762		
	927,319	(49,823)	8,330	885,826	41,493
Statewide Planning	3,731,488	(96,053)			
Personnel			9,222		
Operating Supplies and Expenses			(12,976)		
Capital Purchases and Equipment			(3,983)		
Local Government Assistance			110,203		
	3,731,488	(96,053)	102,466	3,737,901	(6,413)
Sheriffs	15,488,294	(980,011)			
Personnel			992,228		
Overtime			730,000		
Contracted Professional Services			(46,500)		
Operating Supplies and Expenses			254,471		
Capital Purchases and Equipment			(4,500)		
	15,488,294	(980,011)	1,925,699	16,433,982	(945,688)
General					
Economic Development Corp.	6,028,807				

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
EDC-RI Airport Corp. Impact Act	1,000,754				
EDC EPScore (Research Alliance)	1,500,000				
Miscellaneous Grants	400,456				
Slater Centers for Excellence	3,000,000				
Torts	400,000				
Convention Center	4,100,000		3,000,000		
Teachers' Retiree Health Subsidy	479,502		1,100,000		
Motor Vehicle Excise Tax Payment	139,586,645		(4,216,328)		
Property Valuation	1,272,000		(140,000)		
General Revenue Sharing Pg.	55,111,876		(24,111,876)		
Payment in Lieu of Tax Exempt	27,766,967		(186,558)		
Distressed Communities Relief	10,384,458		-		
Resource Sharing and State Library Aid	8,773,398		-		
Library Construction Aid	2,765,729		(178,282)		
	262,570,592	-	(24,733,044)	237,837,548	24,733,044
Debt Service Payments	141,624,151		-		
TANS Net Interest Costs (\$350 million issuance)			(5,229,313)		
General Obligation Debt Service			(2,766,636)		
COPS - Center General Building			150,392		
COPS - All Other			(301,725)		
Refunding Bond Authority Debt Service			(23,402)		
Other Debt Service			(51,083)		
	141,624,151	-	(8,221,767)	133,402,384	8,221,767
Undistributed Personnel Savings					
Savings from Retirement Vacancies	(16,836,489)	16,836,489	-		
Undistributed Judicial share		[(4,164,561)]	-		
Undistributed Legislative share		[(2,098,828)]	-		
Personnel Savings	(33,391,483)	33,391,483	-		
	(50,227,972)	50,227,972	-	-	(50,227,972)
Operational Savings	(560,942)				
Delay in Implementation of Insurance Program			560,942		
	(560,942)	-	560,942	-	(560,942)
Total	461,660,272	45,872,880	(34,400,187)	473,132,965	(11,472,693)
Business Regulation					
Central Management	1,133,343	(66,392)			
Contracted Professional Services			23,007		
Operating Supplies and Expenses			(3,254)		
Capital			(22,103)		
	1,133,343	(66,392)	(3,350)	1,063,601	69,742
Securities	929,300	(63,736)			
Personnel			(64,534)		
Contracted Professional Services			(694)		
Operating Supplies and Expenses			11,014		
Capital			(34)		
	929,300	(63,736)	(54,248)	811,316	117,984
Insurance Regulation	4,626,900	(279,668)			
Personnel			61,186		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Contracted Professional Services			(1,030)		
Operating Supplies and Expenses			(12,667)		
Assistance and Grants			80,515		
	4,626,900	(279,668)	128,004	4,475,236	151,664
Board of Accountancy	156,595	(9,715)			
Personnel			13,400		
Contracted Professional Services			(960)		
Operating Supplies and Expenses			1,542		
	156,595	(9,715)	13,982	160,862	(4,267)
Banking	1,980,142	(124,859)			
Personnel			(159,976)		
Contracted Professional Services			(860)		
Operating Supplies and Expenses			8,712		
	1,980,142	(124,859)	(152,124)	1,703,159	276,983
Commercial Licensing, Racing & Athletics	963,559	(61,416)			
Personnel			(140,845)		
Contracted Professional Services			(1,547)		
Operating Supplies and Expenses			17,748		
	963,559	(61,416)	(124,644)	777,499	186,060
Board of Design Professionals	328,227	(18,439)			
Personnel			18,468		
Operating Supplies and Expenses			(10,884)		
Capital			(1,800)		
	328,227	(18,439)	5,784	315,572	12,655
Total	10,118,066	(624,225)	(186,596)	9,307,245	810,821
Labor and Training					
Central Management	184,235	(9,269)			
Personnel			105,066		
Contracted Professional Services			24,001		
Operating Supplies and Expenses			(15,005)		
Assistance and Grants			(9)		
Capital			(27)		
	184,235	(9,269)	114,026	288,992	(104,757)
Workforce Development	101,561	(6,573)			
Personnel			601		
	101,561	(6,573)	601	95,589	5,972
Workforce Regulation and Safety	2,377,263	(153,214)			
Agency Personnel			(37,349)		
Contracted Professional Services			(14,936)		
Operating Supplies and Expenses			(21,631)		
Assistance and Grants			71		
Capital			(13,946)		
Tardy and Interest Transfer					
	2,377,263	(153,214)	(87,791)	2,136,258	241,005
Income Support	3,388,454	-			
Police and Fire Pension Benefits			409,056		
Agency Personnel			36,912		
Contracted Professional Services			15		
Operating Supplies and Expenses			(85,405)		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Capital			3		
Tardy and Interest Transfer	3,388,454	-	360,581	3,749,035	(360,581)
Labor Relations Board	461,579	(25,902)			
Personnel			(5,913)		
Contracted Professional Services			7,457		
Operating Supplies and Expenses			(7,568)		
Assistance and Grants			(7)		
Capital			(3,440)		
	461,579	(25,902)	(9,471)	426,206	35,373
Total	6,513,092	(194,958)	377,946	6,696,080	(182,988)
Legislature					
General Assembly	34,099,202	(2,098,828)			
Personnel			2,303,191		
Contracted Professional Services			23,500		
Operating Supplies and Expenses			(22,700)		
Capital Equipment			(12,750)		
			2,291,241		
Fiscal Advisory Staff					
Personnel			(97,096)		
Increased medical Co-Share			(6,036)		
Contracted Professional Services			(5,000)		
Operating Supplies and Expenses			2,500		
Capital Equipment			(1,200)		
			(106,832)		
Legislative					
Personnel			33,353		
Increased Medical Co-Share			(26,069)		
Personnel: Freeze on Filling Vacancies (2.2 FTEs)			(175,658)		
Legislative Grant	1,738,518		(1,738,518)		
Contracted Professional Services			(5,000)		
Operating Supplies and Expenses			(6,700)		
Capital Equipment			(3,750)		
			(1,922,342)		
Joint Committee on Legislative Affairs					
Personnel			291,334		
Increased Medical Co-Share			(75,411)		
Personnel: Freeze on Filling Vacancies (6.0 FTEs)			(500,925)		
Assistance and Grants					
Contracted Professional Services			(49,500)		
Operating Supplies and Expenses			50,700		
Capital Equipment			(68,000)		
			(351,802)		
Auditor General					
Personnel			6,738		
Increased Medical Co-Share			(13,392)		
Personnel: Freeze on Filling Vacancies (1.0 FTE)			(104,128)		
Contracted Professional Services			(16,800)		
Operating Supplies and Expenses			(31,290)		
Capital Equipment			(36,750)		
			(195,622)		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Special Legislative Commissions					
Operating Supplies and Expenses			(2,200)		
			(2,200)		
Total	35,837,720	(2,098,828)	(287,557)	33,451,335	2,386,385
Office of the Lieutenant Governor	901,418	(50,690)			
Personnel			24,117		
Contracted Professional Services					
Operating Supplies and Expenses/Capital			(14,074)		
			10,043		
Total	901,418	(50,690)	10,043	860,771	40,647
Secretary of State					
Administration	1,879,212	(109,108)			
Personnel			(17,356)		
Contracted Professional Services			(19,000)		
Operating Supplies and Expenses			1,771		
Capital Purchases and Equipment			4,284		
	1,879,212	(109,108)	(30,301)	1,739,803	139,409
Corporations	1,840,798	(111,183)			
Personnel			37,472		
Contracted Professional Services			5,900		
Operating Supplies and Expenses			17,682		
Capital Purchases and Equipment			750		
	1,840,798	(111,183)	61,804	1,791,419	49,379
State Archives	55,000	-			
Personnel			9,361		
Contracted Professional Services			9,263		
Operating Supplies and Expenses			53,686		
Capital Purchases and Equipment			8,452		
	55,000	-	80,762	135,762	(80,762)
Elections	1,676,069	(30,736)			
Personnel			(9,532)		
Contracted Professional Services			185,876		
Operating Supplies and Expenses/Transfer from HAVA			42,381		
Referenda Account			(101,087)		
Assistance and Grants			90,000		
Capital Purchases and Equipment			1,970		
	1,676,069	(30,736)	209,608	1,854,941	(178,872)
State Library	552,708	(25,596)			
Personnel			35,688		
Operating Supplies and Expenses			3,826		
Capital Purchases and Equipment			420		
	552,708	(25,596)	39,934	567,046	(14,338)
Office of Public Information	303,357	(17,460)			
Personnel			29,504		
Contracted Professional Services			(24,800)		
Operating Supplies and Expenses			28,123		
Capital Purchases and Equipment			(168)		
	303,357	(17,460)	32,659	318,556	(15,199)
Total	6,307,144	(294,083)	394,466	6,407,527	(100,383)

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Office of the General Treasurer					
Treasury	2,477,685	(126,333)			
Personnel			20,430		
Corrective Action Plan-Turnover Business Processing			(4,584)		
Operating Supplies and Expenses			(23,879)		
Capital Purchases and Equipment			(1,278)		
Uncompensated Leave Day			(6,338)		
	2,477,685	(126,333)	(15,649)	2,335,703	141,982
RI Refunding Bond Authority	38,075	(1,472)			
Personnel			4,089		
Operating Supplies and Expenses			500		
Uncompensated Leave Day					
	38,075	(1,472)	4,589	41,192	(3,117)
Crime Victim Compensation Program	48,007	(493)			
Personnel			44,944		
Operating Supplies and Expenses			(3,419)		
Uncompensated Leave Day					
	48,007	(493)	41,525	89,039	(41,032)
Total	2,563,767	(128,298)	30,465	2,465,934	97,833
Board of Elections					
Board Of Elections	1,512,874	(81,411)			
Personnel			(67,309)		
Contracted Professional Services			128,231		
Operating/Election/Transfer from HAVA			60,005		
Assistance and Grants			300		
	1,512,874	(81,411)	121,227	1,552,690	(39,816)
RI Ethics Commissions					
RI Ethics Commission	1,405,309	(71,349)			
Personnel			72,320		
Contracted Professional Services			6,000		
Operating Supplies and Expenses			(2,830)		
Capital Equipment					
	1,405,309	(71,349)	75,490	1,409,450	(4,141)
Office of the Governor					
Office of the Governor	5,158,611	(259,932)			
Personnel			570,701		
Contracted Professional Services			(24,000)		
Operating			(26,024)		
Capital Purchases and Equipment			4,000		
	5,158,611	(259,932)	524,677	5,423,356	(264,745)
Commission for Human Rights					
Commission for Human Rights	991,659	(65,520)			
Personnel			20,605		
Contracts (Steno Services) Shift to Federal			(4,000)		
Operating Supplies and Expenses			(10,326)		
Uncompensated Leave Day			-		
	991,659	(65,520)	6,279	932,418	59,241

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Rhode Island Commission on Women					
Rhode Island Commission on Women	107,208	(5,360)			
Personnel			7,937		
Operating Supplies and Expenses			(1,408)		
Total	107,208	(5,360)	6,529	108,377	(1,169)
Department of Revenue					
Director of Revenue	632,972	(39,988)			
Personnel			37,982		
Contracted Professional Services			1,500		
Operating Supplies and Expenses			(10,516)		
	632,972	(39,988)	28,966	621,950	11,022
Office of Revenue Analysis	719,927	(42,117)			
Personnel			(183,893)		
Operating Supplies and Expenses			(42,950)		
Capital			47,100		
	719,927	(42,117)	(179,743)	498,067	221,860
Office of Municipal Finance	852,759	(44,701)			
Personnel			(36,273)		
Operating Supplies and Expenses			(3,752)		
Assistance and Grants			5,196		
	852,759	(44,701)	(34,829)	773,229	79,530
Taxation	17,347,998	(1,008,014)			
Personnel			(1,083,372)		
Contracted Professional Services			(16,600)		
Operating Supplies and Expenses			(39,769)		
Capital			1,020		
	17,347,998	(1,008,014)	(1,138,721)	15,201,263	2,146,735
Registry	18,296,260	(917,574)			
Personnel			(1,062,129)		
Contracted Professional Services			116,663		
Operating Supplies and Expenses			1,954		
Operating Transfers			(11,100)		
	18,296,260	(917,574)	(954,612)	16,424,074	1,872,186
Total	37,849,916	(2,052,394)	(2,278,939)	33,518,583	4,331,333
Sub-Total General Government	570,927,056	39,945,832	(35,606,157)	575,266,731	(4,339,675)

Human Services

Office of Health and Human Services

Office of Health and Human Services	5,223,297	(353,760)			
Personnel			(1,183,366)		
Contracted Professional Services			(3,000)		
Operating			33,405		
Legal Services			130,000		
Computer Equipment			(10,000)		
Federal Medicaid Stimulus					

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Total	5,223,297	(353,760)	(1,032,961)	3,836,576	1,386,721
Children, Youth, and Families					
Central Management	5,162,842	(190,059)			
Personnel			119,010		
Contracted Professional Services			188,658		
Operating/Capital Purchases and Equipment			19,275		
	5,162,842	(190,059)	326,943	5,299,726	(136,884)
Children's Behavioral Health	16,087,176	(107,078)			
Personnel			(368,244)		
Contracted Professional Services			(53,407)		
Operating			(27,519)		
Grants and Benefits			(2,585,269)		
Project Hope/Project Reach			(27,419)		
CNOM Reduction- Residential Diversion			(788,721)		
Federal Medicaid Stimulus			(570,200)		
	16,087,176	(107,078)	(4,420,779)	11,559,319	4,527,857
Juvenile Corrections	31,406,268	(1,570,809)			
Personnel			791,000		
Overtime			2,077,276		
Contracted Professional Services			30,394		
Operating			176,794		
Food			256,967		
Grants and Benefits			(289,987)		
DHS Transfers			1,599,889		
Capital Purchases and Equipment			25,717		
Federal Medicaid Stimulus			(237,878)		
	31,406,268	(1,570,809)	4,430,172	34,265,631	(2,859,363)
Child Welfare	78,277,434	(1,819,586)			
18 to 21 Year Olds	6,000,000		2,275,196		
Personnel			(76,810)		
Overtime			(685,411)		
Contracted Professional Services			328,613		
Operating			160,940		
Grants and Benefits			(59,228)		
DHS Transfers			16,186,361		
Time Study- Medicaid Billing Methodology Change			18,719,012		
Capital Purchases and Equipment			61,776		
Corrective Action Plan- Personnel Reductions			(518,605)		
Corrective Action Plan- Conversion of 75 Group Homes			(1,157,127)		
Corrective Action Plan- Conversion of 15 Shelters			(170,370)		
Corrective Action Plan- Guardianship Implementation			(47,283)		
CNOM Reduction- Residential Diversion			(1,262,272)		
Federal Medicaid Stimulus			(5,486,453)		
	84,277,434	(1,819,586)	28,268,339	110,726,187	(26,448,753)
Higher Education Opportunity Incentive Grant	200,000				
	200,000	-	-	200,000	-
Total	137,133,720	(3,687,532)	28,604,675	162,050,863	(24,917,143)

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Elderly Affairs					
Elderly Affairs	14,639,532	(135,766)		14,503,766	
Personnel			(247,839)		
Operating Supplies and Expenses			(5,589)		
Perry/Sullivan Act Provider Rate Increase - Co-pay/Day Care			157,554		
Perry/Sullivan Act Provider Rate Increase - Core Medicaid Waiver			249,219		
Perry/Sullivan Act Provider Rate Increase - Co-pay/Home Care			205,631		
Senior Companion Program Match - COLA Adjustment			19,366		
Budget Deficit Resolution - Co-pay Day Care Client Rate Increase			(55,845)		
FY 2009 Federal Stimulus - MEDICAID			(179,567)		
RIGCCC Demonstration Waiver -CNOM Savings [RIDE]			(309,831)		
RIGCCC Demonstration Waiver -CNOM Savings [Co-pay Day Care]			(441,031)		
RIGCCC Demonstration Waiver -CNOM Savings [Co-pay Home Care]			(594,776)		
East Providence Senior Center Omission in 2009 Enacted Base			4,187		
Federal Medicaid Stimulus (ARRA of 2009)			(633,455)		
RIPAE	1,431,654		-		
Offset to Available Rebate Resources			(200,000)		
Safety & Care of the Elderly	600		-		
				-	
Total	16,071,786	(135,766)	(2,031,976)	13,904,044	2,167,742
Health					
Central Management	2,682,917	(16,312)			
Personnel			415,685		
Contract Professional Services - HIE Reallocation			(132,500)		
Contract Professional Services - Others			(39,249)		
Other Operating Supplies and Expense			204		
Budget Deficit Resolution Savings			(267,000)		
CNOM Savings - CHCs Medicaid Match			(300,000)		
	2,682,917	(16,312)	(322,860)	2,343,745	339,172
State Medical Examiner	2,360,089	(111,125)			
Personnel			204,948		
Contract Professional Services - Medicolegal Services			315,236		
Contract Professional Services - Others			21,255		
Other Operating Supplies and Expense			6,253		
Capital - Motor Vehicle Lease Payments			8,566		
Budget Deficit Resolution Savings - Reduce MV Outlay			(22,000)		
	2,360,089	(111,125)	534,258	2,783,222	(423,133)
Environmental and Health Services Reg.	9,509,529	(560,148)			
Personnel			349,694		
Contract Professional Services - LCD Professionals			(99,219)		
Contract Professional Services - Others			(76,845)		
Operating Supplies and Expense			23,403		
Grants - Grantee Services (Exams/Testing)			64,660		
Capital Purchases and Equipment			(2,277)		
	9,509,529	(560,148)	259,416	9,208,797	300,732
Health Laboratories	7,317,549	(368,991)			
Personnel			(339,789)		
Contract Professional Services			111,148		
Operating Supplies and Expense			(183,298)		
Capital Purchases and Equipment			(7,850)		
	7,317,549	(368,991)	(419,789)	6,528,769	788,780

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Public Health Information	1,882,500	(99,849)			
Personnel			193,832		
Budget Deficit Resolution - Contract Professional Services			(52,470)		
Operating Supplies and Expenses			(250)		
	1,882,500	(99,849)	141,112	1,923,763	(41,263)
Community & Family Health & Equity	6,151,991	(122,366)			
Personnel			145,478		
Contract Professional Services			43,591		
Other Operating Supplies and Expense			79,854		
FY 2009 Federal Stimulus - MEDICAID			(93,743)		
Grantee Services - Tobacco Control			(250,147)		
Grantee Services - Worksite Wellness Base Funding Adjustment			50,000		
Grantee Services - Other Increases			58,802		
	6,151,991	(122,366)	33,835	6,063,460	88,531
Infectious Disease and Epidemiology	2,377,099	(79,700)			
Personnel			(134,659)		
Operating Supplies and Expenses			(30,520)		
Grantee Services - STDs Reduction			(30,000)		
Budget Deficit Resolution - NDSS Software			(200,000)		
	2,377,099	(79,700)	(395,179)	1,902,220	474,879
Total	32,281,674	(1,358,491)	(169,207)	30,753,976	1,527,698
Human Services					
Central Management	5,526,859				
Housing Assistance Program- Redirect to RIHMFC			(1,293,518)		
Personnel			314,706		
Contract Services			(5,000)		
Operating			(5,400)		
	5,526,859	-	(989,212)	4,537,647	989,212
Child Support Enforcement	2,741,244	(131,342)			
Contract Services			57,124		
Personnel			(114,143)		
Operating			(173,628)		
	2,741,244	(131,342)	(230,647)	2,379,255	361,989
Individual and Family Support	23,024,743	(1,038,048)			
Personnel			(1,707,058)		
Contract Services			27,409		
EBT Transaction Costs			58,800		
ORS- Operating			117,441		
Other Operating			28,033		
Non-Medicaid Homemaker Services			202,602		
Other Grants/Benefits			(107,453)		
Capital Purchases-Computer Equip. & Furniture			(35,550)		
CNOM- Social Services for the Blind			(69,195)		
CNOM- Adaptive Technology			(15,977)		
CNOM- Home Modification			(26,285)		
CNOM- Personal Care Attendant			(46,670)		
	23,024,743	(1,038,048)	(1,573,903)	20,412,792	2,611,951

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Veterans' Affairs	17,692,025	(833,240)			
Personnel			772,750		
Reverse Dietary Contract			(1,539,000)		
Reverse Food Supply Savings			780,000		
Medical Services- Nursing			176,040		
Other Contract Services			143,150		
Other Operating			27,770		
	17,692,025	(833,240)	360,710	17,219,495	472,530
Health Care Quality, Financing and Purchasing	20,993,847	(655,652)			
Personnel			(307,796)		
Contract Services			(195,394)		
Operating/Equipment			(78,174)		
	20,993,847	(655,652)	(581,364)	19,756,831	1,237,016
Medical Benefits					
Managed Care	237,398,676				
Hospitals	141,964,859				
Other	51,699,999				
Nursing Facilities	131,223,489				
Home & Community Based Services	24,088,135				
Pharmacy	62,950,000				
Caseload Conference- Change From Enacted			36,974,842		
Reversal of DCYF Residential Managed Care (Transfer-out)			(17,786,250)		
FY 2009 Corrective Action Plan			(8,793,108)		
CNOM- Early Intervention			(800,000)		
Federal Stimulus			(95,045,160)		
	649,325,158	-	(85,449,676)	563,875,482	85,449,676
S.S.I. Program	25,906,519	-			
Caseload Conference- Change From Enacted			(811,771)		
	25,906,519	-	(811,771)	25,094,748	811,771
Family Independence Program		-			
Child Care	7,100,000				
TANF/Family Independence Program	11,178,290				
FIP/RI Works: Caseload Conference- Change From Enacted			(352,400)		
Interprogram/Federal Shift- FIP/RI Works			(2,820,521)		
Child Care: Caseload Conference- Change From Enacted			557,500		
Interprogram/Federal Shift- Child Care			2,615,421		
	18,278,290	-	-	18,278,290	-
State Funded Programs	3,735,450	-			
GPA: Caseload Conference- Change From Enacted			(282,360)		
GPA- Cash Assistance Hardship Program			(185,410)		
CNOM- GPA Medical			(500,000)		
	3,735,450	-	(967,770)	2,767,680	967,770
Total	767,224,135	(2,658,282)	(90,243,633)	674,322,220	92,901,915

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Mental Health, Retardation, & Hospitals					
Central Management	2,048,521	(95,631)			
Payroll - Turnover Savings/Medical Co-pay Savings			(322,280)		
Payroll - OHHS Centralizations-6 mo Delayed Staff Transfer			40,196		
Payroll - Transfer Additional 3.0 FTE to OHHS eff 1/1/09			(253,600)		
Contracted Professional Services			(26,855)		
Operating Supplies and Expenses			(90,854)		
Capital Purchases and Equipment			14,278		
Assistance and Grants - Restructure Medical Svcs/Delivery System			(287,513)		
	2,048,521	(95,631)	(926,628)	1,026,262	1,022,259
Hosp. & Community System Support	3,218,806	(180,446)			
Payroll - Turnover Savings/Medical Co-pay Savings			(332,520)		
OHHS Centralizations-6 mo Delayed Staff Transfer			47,935		
Contracted Professional Services			(18,111)		
Operating Supplies and Expenses			(69,029)		
			222		
	3,218,806	(180,446)	(371,503)	2,666,857	551,949
Total	3,218,806	(180,446)	(371,503)	2,666,857	551,949
Services. for the Developmentally Disabled	106,666,111	(1,185,986)			
Payroll - Turnover Savings/Medical Co-pay Savings			(623,394)		
Payroll - OHHS Centralizations-6 mo Delayed Staff Transfer			33,741		
Payroll/Operating - RICLAS Delayed Closing of 3 Group Homes			257,139		
Contracted Services			21,056		
Grants - Restore RICLAS Dental Services for DD Clients			259,244		
Grants - Restore RICLAS Medical Oversight Funding for Clients			41,572		
Private - Unachieved Saving Buy/RIte Restructure Delivery System			4,905,500		
Private - Unachieved Savings Supported Employment			220,163		
Private - Inc Supported/Shared Living Placements			(477,432)		
Private - 4.7% Rate Reduction Effective July 1, 2008			(3,800,000)		
Private-Other Miscellaneous Savings			(170,212)		
Capital Purchases and Equipment			(12,322)		
Private - Medicaid Waiver Reform-DD Vouchers/Inc Shared Living			10,500,000		
Grants - Provider Payments			1,394,333		
Private-Grants-"Perry Sullivan" State Rate Mandate			145,000		
CAP Private-Require Doctors to Bill Medicare Directly			(31,910)		
CNOM Saving - Client Job Training Placement			(21,036)		
CNOM Saving - Less Than 24 Hour Supports			(78,671)		
CNOM Savings- Day Habilitation			(517,486)		
Group Home Provider Tax Sunset RICLAS/Private (2 mo savings)			(839,354)		
Federal Stimulus - Medicaid Savings			(20,960,736)		
	106,666,111	(1,185,986)	(9,754,805)	95,725,320	10,940,791
Integrated Mental Health Services	40,125,116	(77,589)			
Payroll - Turnover Savings/Medical Co-pay Savings			(182,082)		
OHHS Centralizations-6 mo Delayed Staff Transfer			22,501		
Contracted Temporary Services			(18,178)		
Contracted IT Services - Automate CMAP Billing			200,000		
Operating-Unachieved Savings from Automated CMAP Billing			182,250		
CMAP Pharmaceuticals (Base Adjustment)			400,000		
Operating Supplies and Expenses			1,745		
Grants- Reduction in Utilization			(1,101,200)		
Medicaid Waiver Reform-Shift MH Patients to Less Restrictive Setting			2,000,000		
Grants-Restore Rehab Funding			800,000		
CAP Private-Supportive Housing Medicaid Billing			(145,000)		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
CAP-Reduce Various MH/SA Contracts			(50,000)		
CAP-MH Pharm. Provider Buyback of Excess Medication			(1,003,275)		
CNOM-Community Mental Health			(749,670)		
CNOM-CMAP Program			(798,050)		
CNOM-Inpatient Non-hospital Care			(735,308)		
Federal Stimulus			(5,817,829)		
	40,125,116	(77,589)	(6,994,096)	33,053,431	7,071,685
Hosp. & Community Rehab. Services	52,426,023	(2,333,396)			
Payroll - Turnover Savings/Medical Co-pay Savings			(1,501,089)		
Payroll - OHHS Centralization 6 mo Delayed 2.0 FTE Staff Transfer			71,852		
Contract Svcs- Shift Medical Services to Grants/Assist Category			(1,687,188)		
Grants/Assist - Shift Medical Svcs from Contract Services			1,595,620		
Grants/Assist - Increase Medical Svcs			1,200,462		
Underfunded Central Laundry Costs			400,444		
Zambarano Contract Security			55,000		
Shift TV from Analog to Digital ESH			38,000		
Other Various Operating			(1,524,067)		
Unachieved Svngs-Discharge 6 APS Patients/restructure			1,415,443		
Food/CDC Markup Unachieved Savings			153,451		
Contractual Food Preparation Services Priv.			(966,662)		
Unbudgeted Food Costs Related to Privatization			590,541		
Payroll - Failed Food Service Privatization			1,947,631		
Contractual Housekeeping Services Priv.			(1,089,598)		
Payroll - Failed Housekeeping Privatization			1,350,073		
Restore Day Programming for Zambarano Group Homes			67,000		
Capital Purchases and Equipment			18,910		
CAP-Bill Medicare for Previously Unpaid Cross Over Claims			(1,200,000)		
CAP-Operating-Annual Medicaid Settlement Reconciliation			(300,000)		
CAP-Contract Services Reductions/Contract Terminations			(348,500)		
CAP-Expanded Medicaid Eligibility to Criminal Justice Population			(1,260,000)		
ESH-Zam Group Home Provider Tax Sunset (2 mo savings)			(17,109)		
Federal Stimulus			(7,933,157)		
	52,426,023	(2,333,396)	(8,922,943)	41,169,684	11,256,339
Substance Abuse	14,877,287	(120,696)			
Payroll - Turnover Savings/Medical Co-pay Savings			(285,448)		
OHHS Centralizations-6 mo Delayed Staff Transfer			73,812		
Operating Supplies and Expenses			(1,272)		
Assistance and Grants-Provider Payments			230,031		
CAP-Modify Payment Structure to Partial Fee for Service Based			(100,000)		
CAP-Reduce Various MH/SA Contracts			(617,500)		
CAP-Contract Compliance for Length of Stay			(150,000)		
CAP-Increase Methadone Co-pay by \$3 per week			(70,000)		
CNOM-Community Programs			(442,729)		
Federal Stimulus			(382,212)		
	14,877,287	(120,696)	(1,745,318)	13,011,273	1,866,014
Total	219,361,864	(3,993,744)	(28,715,293)	186,652,827	32,709,037
Office of the Child Advocate	519,657	(33,819)			
Payroll			29,126		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Capital Purchases and Equipment			1,000		
Overtime			3,768		
Contracted Professional Services			(1,000)		
Operating Supplies and Expenses			(4,290)		
Total	519,657	(33,819)	28,604	514,442	5,215
Commission on Deaf and Hard of Hearing	368,807	(20,230)			
Personnel			30,098		
Operating Supplies and Expenses			(2,375)		
Contracted Professional Services			(5,000)		
Total	368,807	(20,230)	22,723	371,300	(2,493)
Governor's Commission on Disabilities	413,651	(23,879)			
Personnel			(2,752)		
Contracted Professional Services			(1,813)		
Operating Supplies and Expenses			2,655		
Total	413,651	(23,879)	(1,910)	387,862	25,789
Office of the Mental Health Advocate	431,171	(27,557)			
Personnel			36,969		
Operating Supplies and Expenses			(100)		
Total	431,171	(27,557)	36,869	440,483	(9,312)
Sub-Total Human Services	1,179,029,762	(12,293,060)	(93,502,109)	1,073,234,593	105,795,169
<u>Education</u>					
Elementary and Secondary Education					
State Education Aid	680,333,012	(21,808)			
Personnel			(360,107)		
Operations			172		
Contracted Professional Services			(421,324)		
Local Aid-General Education Aid			(16,285,562)		
Local Aid-General Education Aid-Pension Reform			(23,714,996)		
Local Aid-shift to General Revenue Sharing			(31,000,000)		
Local Aid-Group Home			345,000		
Local Aid-Textbook Expansion			110,000		
Local Aid-Charter School			(739,585)		
Total	680,333,012	(21,808)	(72,066,402)	608,244,802	72,088,210
School Housing Aid	56,996,248	-			
Current Requirements			(2,856,196)		
Total	56,996,248	-	(2,856,196)	54,140,052	2,856,196
Teachers' Retirement	96,999,600	-			
Adjustment for one-time FY08 payments			(2,213,778)		
Revision of current year estimate			(71,607)		
Retirement contribution reduction			(18,379,814)		
Total	96,999,600	-	(20,665,199)	76,334,401	20,665,199
RI School for the Deaf	6,624,798	(385,189)			
Personnel			490,794		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Out-of-state transportation			(1,500)		
Reversal of Janitor Privatization Initiative			(104,600)		
MMIS: Taxable			(15,641)		
	6,624,798	(385,189)	369,053	6,608,662	16,136
Central Falls School District	43,795,411	-			
Pension Reform			(589,132)		
Permanent School Fund offset			(274,144)		
Shift to General Revenue Sharing			(1,970,074)		
	43,795,411	-	(2,833,350)	40,962,061	2,833,350
Davies Career & Technical School	14,537,841	(796,205)			
Personnel			1,009,164		
Out-of-state transportation			(1,250)		
Reversal of Janitor Privatization Initiative			(246,846)		
Operating Supplies and Expenses			(26,369)		
Capital			(3,000)		
	14,537,841	(796,205)	731,699	14,473,335	64,506
Met. Career & Tech. School	11,565,603	-			
	11,565,603	-	-	11,565,603	-
Administration of the Comp. Education Strategy	20,365,958	(592,270)			
Personnel		-	466,795		
Contracted Professional Services			361,844		
Grants			1,000		
Capital			20,000		
Local Aid			(447,425)		
Out-of-state transportation			(23,795)		
Operating Supplies and Expenses			(2,317)		
	20,365,958	(592,270)	376,102	20,149,790	216,168
Total	931,218,471	(1,795,472)	(96,944,293)	832,478,706	98,739,765
Higher Education					
Board of Governors/Office of Higher Education	6,865,787	(112,763)			
Board Of Governor's Deficit resolution plan					
Personnel			22,768		
Contracted Professional Services			164,941		
Operating Supplies and Expenses			(30,773)		
Grants			(153,182)		
Capital			(8,500)		
	6,865,787	(112,763)	(4,746)	6,748,278	117,509
University of Rhode Island	65,370,365	(2,001,465)			
Personnel			3,719,934		
Contracted Professional Services			(197,898)		
Operating Supplies and Expenses			983,184		
Grants			(912,801)		
Capital			(1,135,988)		
Operating Transfers			(2,935,511)		
Debt Service	12,740,210	-	(150,130)		
	78,110,575	(2,001,465)	(629,210)	75,479,900	2,630,675
Rhode Island College	42,416,817	(1,846,165)			
Personnel			1,495,363		
Contracted Professional Services			(73,693)		
Operating Supplies and Expenses			(704,428)		
Grants			(128,916)		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Capital			(666,301)		
Operating Transfers			(81,555)		
RIRBA - Rhode Island	293,886	-	-		
Debt Service	2,985,082	-	-		
	45,695,785	(1,846,165)	(159,530)	43,690,090	2,005,695
Community College of Rhode Island	47,679,712	(2,150,980)			
Personnel			(642,942)		
Contracted Professional Services			(180,051)		
Operating Supplies and Expenses			584,301		
Grants			(29,092)		
Capital			177,467		
Operating Transfers			-		
Debt Service	1,504,159	-	-		
	49,183,871	(2,150,980)	(90,317)	46,942,574	2,241,297
Total	179,856,018	(6,111,373)	(883,803)	172,860,842	6,995,176
RI Council On The Arts	1,341,295	(45,233)			
Personnel			(39,893)		
Operating Supplies and Expenses	753,552		(9,700)		
Grants			(94,225)		
Total	2,094,847	(45,233)	(143,818)	1,905,796	189,051
RI Atomic Energy Commission	824,470	(41,470)			
Personnel			4,501		
Operating Supplies and Expenses			(654)		
Total	824,470	(41,470)	3,847	786,847	37,623
RI Higher Education Assistance Authority	6,382,700	(30,710)			
Personnel			14,117		
Operating Supplies and Expenses	940,351		(13,474)		
Capital					
Total	7,323,051	(30,710)	643	7,292,984	30,067
RI Historical Preservation & Heritage Commission	1,348,825	(73,372)			
Personnel			21,155		
Operating Supplies and Expenses			3,979		
Contracted Professional Services			1,929		
Capital			(5,000)		
Total	1,348,825	(73,372)	22,063	1,297,516	51,309
RI Public Telecommunications Authority	1,365,306	(76,386)			
Personnel			40,589		
Operating Supplies and Expenses			(70,000)		
Capital			(10,000)		
Total	1,365,306	(76,386)	(39,411)	1,249,509	115,797
Sub-Total Education	1,124,030,988	(8,174,016)	(97,984,772)	1,017,872,200	106,158,788

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
<u>Public Safety</u>					
Attorney General					
Criminal	13,441,955	(763,664)			
Personnel			626,774		
Contracted Professional Services			45,513		
Operating/Capital Purchases and Equipment			(98,407)		
	13,441,955	(763,664)	573,880	13,252,171	189,784
Civil	4,159,643	(248,553)			
Personnel			339,254		
Contracted Professional Services			(32,948)		
Operating			51,393		
	4,159,643	(248,553)	357,699	4,268,789	(109,146)
Bureau of Criminal Identification	1,009,599	(57,050)			
Personnel			75,851		
Operating/Capital Purchases and Equipment			(52,261)		
	1,009,599	(57,050)	23,590	976,139	33,460
General	2,600,842	(151,156)			
Personnel			206,336		
Operating			(18,711)		
	2,600,842	(151,156)	187,625	2,637,311	(36,469)
Total	21,212,039	(1,220,423)	1,142,794	21,134,410	77,629
Corrections					
Central Management	9,757,572	(452,808)			
Payroll			(109,597)		
Medical Benefits			(241,463)		
Retiree Health			38,415		
Overtime/Holiday			38,657		
Uncompensated Leave Day			(16,275)		
Training Class Elimination-Payroll			(540,611)		
Clerical Services			36,675		
Other Professional Services			10,680		
Military Supplies			71,448		
Training Class Elimination-Operating			(66,770)		
	9,757,572	(452,808)	(778,841)	8,525,923	1,231,649
Parole Board	1,272,304	(75,846)			
Payroll			57,619		
Medical Benefits			(16,377)		
Retiree Health			14,240		
Overtime/Holiday			30,144		
Uncompensated Leave Day			(1,859)		
Clerical Services			23,151		
Other Operating/Grants/Capital					
	1,272,304	(75,846)	106,918	1,303,376	(31,072)
Institutional Corrections	151,309,377	(7,690,772)			
Payroll			(1,082,484)		
FY 09 Share of RIBCO Retro for FY04-FY06			1,906,900		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
FY 09 Base Wage Adjustment for RIBCO Retro			2,197,985		
Unachieved RIBCO Contract Savings			3,632,226		
Unachieved Module Closures			2,238,448		
Unachieved Privatizations			451,484		
Medical Benefits			(852,795)		
Stipends/Retiree Health			1,069,002		
Uncompensated Leave Day			(30,798)		
Corrective Action Plan-K-9 Unit Overtime			(78,416)		
Worker's Compensation			(26,134)		
Federal Fund State Match Changes			(36,782)		
SCAAP Adjustment			(29,754)		
Contracted Professional Services - Medical			(171,706)		
Clerical Services			112,046		
Medical Records Implementation			205,000		
Contracted Professional Services - Other			22,947		
Per Capita Inmate Expenses-Pharmaceuticals			532,175		
Per Capita Inmate Expenses-Other			337,525		
Building Maintenance			658,544		
Vehicle/Equipment Leasing			(133,091)		
Other Operating			24,816		
	151,309,377	(7,690,772)	10,947,138	154,565,743	(3,256,366)
Community Corrections	16,284,251	(1,018,445)			
Payroll			(546,743)		
Medical Benefits			(379,879)		
Retiree Health			62,640		
Overtime/Holiday			(114,907)		
Uncompensated Leave Day			(2,156)		
Contracted Professional Services - Other			1,406		
Other Operating			852		
	16,284,251	(1,018,445)	(978,787)	14,287,019	1,997,232
Total	178,623,504	(9,237,871)	9,296,428	178,682,061	(58,557)
Judiciary					
Supreme Court	28,875,335	(974,034)			
Personnel			471,777		
Overtime			75,466		
Contracted Professional Services			264,393		
Operating Expenses			86,832		
Central Utilities Fund			(412,471)		
Court Computer Technology Improvements			(943,563)		
Capital Purchases			203,000		
	28,875,335	(974,034)	(254,566)	27,646,735	1,228,600
Superior Court	20,157,910	(1,075,971)			
Personnel			365,591		
Overtime			30,000		
Contracted Professional Services			(36,500)		
Operating Expenses			94,429		
Judicial Pensions			104,960		
	20,157,910	(1,075,971)	558,480	19,640,419	517,491
Family Court	18,148,020	(1,099,235)			
Personnel			431,806		
Overtime			15,000		

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
Contracted Professional Services			54,966		
Operating Expenses			53,665		
Judicial Pensions			81,187		
	18,148,020	(1,099,235)	636,624	17,685,409	462,611
District Court					
Personnel	10,264,212	(561,213)	130,874		
Overtime			70,000		
Contracted Professional Services			65,219		
Operating Expenses			81,323		
Judicial Pensions			75,133		
	10,264,212	(561,213)	422,549	10,125,548	138,664
Traffic Tribunal					
Personnel	7,439,091	(449,159)	542,140		
Overtime			50,000		
Contracted Professional Services			1,000		
Operating Expenses			(7,605)		
Judicial Pensions			(11,439)		
Capital Purchases and Equipment			6,000		
	7,439,091	(449,159)	580,096	7,570,028	(130,937)
Judicial Tenure and Discipline					
Personnel	115,432	(4,949)	10,457		
Contracted Professional Services			12,000		
Operating Expenses			(650)		
Capital Purchases and Equipment			(3,198)		
	115,432	(4,949)	18,609	129,092	(13,660)
Total	85,000,000	(4,164,561)	1,961,792	82,797,231	2,202,769
Military Staff					
National Guard					
Personnel	1,681,849	(48,299)	27,662		
Funeral Honors			149,426		
Buildings and Grounds Services			(15,460)		
Operating-Vehicle Related			(4,559)		
Active Guard Member Insurance			(200)		
Grants			(200)		
	1,681,849	(48,299)	156,869	1,790,419	(108,570)
Emergency Management					
Personnel	2,058,099	(73,790)	(18,830)		
R.I. Interoperable Communications-Personnel			(200,563)		
R.I. Interoperable Communications-Operating			(21,576)		
Operating Supplies and Expenses			41,501		
	2,058,099	(73,790)	(199,468)	1,784,841	273,258
Total	3,739,948	(122,089)	(42,599)	3,575,260	164,688
Public Safety					
Central Management					
Personnel	514,329	(31,485)	143,525		
	514,329	(31,485)	143,525	626,369	(112,040)

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
E-911 Emergency Telephone System	4,994,940	(272,724)			
Personnel			258,141		
Overtime			200,000		
Verizon/Other Provider Monthly Svc Charges			1,460		
Software Maintenance Agreements			51,448		
Capital Purchases			(172,400)		
	4,994,940	(272,724)	338,649	5,060,865	(65,925)
State Fire Marshal	2,614,889	(138,186)			
Personnel			33,562		
Operating Supplies and Expenses			1,241		
other Contracted Professional Services			6,422		
Contracted Professional Services - Quarry Study			15,800		
	2,614,889	(138,186)	57,025	2,533,728	81,161
Capitol Police	3,744,088	(235,184)			
Personnel			49,941		
Contracted Professional Services			(400)		
Operating Supplies and Expenses			(31,311)		
Capital Purchases			(2,500)		
	3,744,088	(235,184)	15,730	3,524,634	219,454
Municipal Police Training Academy	431,195	(25,225)			
Personnel			(42,471)		
Operating Supplies and Expenses			9,215		
	431,195	(25,225)	(33,256)	372,714	58,481
State Police	54,528,653	(1,618,276)			
Personnel			(128,451)		
Retiree Health Assessment (future retirees)			(991,881)		
Contracted Professional Services			24,319		
Vehicle Lease Payments			(231,663)		
Vehicle Maintenance (reduced DOT reimbursement)			245,000		
Technology Maintenance Costs			254,389		
Operating Supplies and Expenses			(104,972)		
Pension: State Police			561,510		
	54,528,653	(1,618,276)	(371,749)	52,538,628	1,990,025
Total	66,828,094	(2,321,080)	149,924	64,656,938	2,171,156
Office Of Public Defender	9,468,259	(564,925)			
Payroll- Federal Fund Transfer			(37,828)		
Uncompensated Leave Day			(29,136)		
Retirement Differential			(50,245)		
Other Fringe Benefits			168,051		
Unachieved Turnover (includes 2.5 FTE reduction)			365,871		
Contracted Professional Services					
Legal Services			(3,000)		
Interpreter Services			(3,000)		
Operating Supplies and Expenses			4,000		
Total	9,468,259	(564,925)	414,713	9,318,047	150,212
Sub-Total Public Safety	364,871,844	(17,630,949)	12,923,052	360,163,947	4,707,897

Changes to FY 2009 Enacted Agency General Revenue Expenditures

	FY2009 Enacted Appropriation/ Reappropriations	Original July Redistribution Of Enacted Personnel Savings	Supplemental Budget Changes	FY 2009 Projected Expenditures	Projected Surplus/(Deficit)
<u>Natural Resources</u>					
Environmental Management					
Office of the Director	5,539,371	(177,018)			
Personnel			(648,073)		
Contracted Professional Services			100,095		
Operating Expense - Software Maintenance/Licenses			(79,148)		
Grants and Benefits			(6,800)		
Capital Purchases			18,500		
	5,539,371	(177,018)	(615,426)	4,746,927	792,444
Bureau of Natural Resources	18,853,058	(806,980)			
Other Personnel			641,171		
Division of Enforcement Personnel			(190,530)		
Division of Forest Environment Personnel			(210,935)		
Division of Parks and Recreation Personnel			(442,748)		
Division of Agriculture Personnel			(240,436)		
Contracted Professional Services			135,535		
Operating Expenses			415,441		
Assistance and Grants			69,893		
Capital Purchases			(14,675)		
	18,853,058	(806,980)	162,716	18,208,794	644,264
Environmental Protection	11,386,955	(719,606)			
Waste Mgt/Tech Assist/RIPDES Personnel			852,499		
Office of Compliance & Inspection Personnel			(97,237)		
Office of Air Resources Personnel			(292,285)		
Office of Water Resources Personnel			26,558		
Contracted Professional Services			(8,328)		
Operating Expenses			(83,615)		
Capital Purchases			(9,300)		
	11,386,955	(719,606)	388,292	11,055,641	331,314
Total	35,779,384	(1,703,604)	(64,418)	34,011,362	1,768,022
Coastal Resources Management Council					
Personnel	1,877,703	(102,392)			
Uncompensated Leave Day			186,242		
Expenditure Transfer to Federal Funds			(23,176)		
Contracted Professional Services - Legal			91,500		
Contracted Professional Services - Clerical			5,000		
Operating Supplies and Expenses			(523)		
Total	1,877,703	(102,392)	259,043	2,034,354	(156,651)
State Water Resources Board					
Personnel	1,378,002	(41,811)			
Buildings & Grounds Services			19,210		
Stream Gauging/Water Supply Audits			(10,800)		
Clerical Services			(3,000)		
Moving and Property Related Costs			2,800		
Other Operating Supplies and Expenses			12,500		
Assistance and Grants			(4,955)		
			100		
Total	1,378,002	(41,811)	15,855	1,352,046	25,956
Sub-Total Environment	39,035,089	(1,847,807)	210,480	37,397,762	1,637,327
Statewide General Revenue Total	3,277,894,739	-	(213,959,506)	3,063,935,233	213,959,506

Changes to FY 2009 Enacted Transportation Expenditures

	FY 2009 Enacted Appropriation	Change to Carryforward from FY2008	Supplemental Changes	FY 2009 Revised
¹ Total ISTF Fund Revenue Collections	138,900,000		(4,650,000)	134,250,000
Transfer 0.5 Penny from Underground Storage Tank Fund to RIPTA			2,237,500	2,237,500
Transportation ISTEPA Fund Changes - Surplus		3,216,875		3,216,875
² Beginning Balance	4,387,083			4,387,083
Total Revenues Available	143,287,083			144,091,458
Central Management	1,916,115			
Salaries & Benefits			45,185	
Purchased Services			(8,572)	
Operating			(50,961)	
Grants & Benefits			94	
Capital Improvements			8,761	
	1,916,115		(5,493)	1,910,622
Management & Budget	2,162,403			
Salaries & Benefits			(41,610)	
Purchased Services			(949,273)	
Operating			93,990	
Capital Improvements			86,426	
	2,162,403		(810,467)	1,351,936
Infrastructure-Engineering	5,394,165			
Salaries & Benefits			(1,545,326)	
Purchased Services			(3,064)	
Operating			96,015	
Grants & Benefits			(31)	
Capital Improvements			500,569	
	5,394,165		(951,837)	4,442,328
Infrastructure-Maintenance	39,335,813			
Salaries & Benefits			(1,846,885)	
Purchased Services			17,998	
Operating			6,211,088	
Grants & Benefits			301,024	
Capital Improvements			(186,797)	
Operating Transfers			475,000	
	39,335,813		4,971,428	44,307,241
Total Department of Transportation Operations	48,808,496		3,203,631	52,012,127
Operating Transfers to Motor Fuel Bonds - debt service	8,228,750		721,250	8,950,000
Operating Transfers to RIPTA	32,802,016		1,119,356	33,921,372
Total Transfers	41,030,766		1,840,606	42,871,372
Total Transportation	89,839,262		5,044,237	94,883,499
Gas tax budgeted outside DOT				
DOT Debt service(est DOT refunding allocation)	41,454,976		(5,028,352)	36,426,624
RIPTA Debt Service	765,484		(5,606)	759,878

Changes to FY 2009 Enacted Transportation Expenditures

	FY 2009 Enacted Appropriation	Change to Carryforward	Supplemental Changes	FY 2009 Revised
Gas tax budgeted in DOA-planning	42,220,460			37,186,502
Consolidations Transfer	1,929,662		(383,205)	1,546,457
Total Transfers	1,929,662		(383,205)	1,546,457
Gas Tax Budgeted outside of DOT	44,150,122		(383,205)	38,732,959
DEA - Elderly Transportation	4,630,000		(155,000)	4,475,000
General Fund Transfer	4,630,000		(155,000)	4,475,000
Total ISTE A Fund	143,249,384		4,351,032	142,566,458
³ Ending Balance	37,699			1,525,000

¹ Reflects November 2008 Revenue Estimating Conference revision to gasoline tax yield estimate from \$4,630,000 to \$4,475,000 per penny of the gasoline tax

² Planned balance from FY 2008 programmed into enacted budget

³ Recommended ending balance to be carried for into FY 2010

Appendix C
Aid to Cities and
Towns

Formula Aid to Cities and Towns

The Governor's FY 2010 budget recommends formula aid to cities and towns totaling \$185.0 million. This represents a 24.3 percent, or \$59.4 million decrease from the FY 2009 enacted level of funding. The tables on the following pages display FY 2009 enacted, FY 2009 revised, and FY 2010 recommended levels of funding for formula aid to cities and towns by community. In general, formula state aid programs were level funded from the revised level with the exception of the general revenue sharing program. The narrative below describes each of the programs included on the tables. It should also be noted that updated formula drivers for PILOT and Distressed Community Relief Fund were incorporated for FY 2010. This results in increases and decreases by community depending on changes in relative wealth and other factors which are incorporated in determining entitlements.

General Revenue Sharing - Beginning in FY 1994, one percent of total state tax revenues from the second prior fiscal year was earmarked for general state aid to cities and towns. Beginning in FY 1999, this percentage was to increase annually. In FY 2009 such distribution was to total 3.0 percent of state tax revenues. These funds are distributed based on a legislated formula encompassing per-capita income and the taxes imposed by each city or town for public purposes, excluding amounts allocated to education expenses. The Governor proposes that funding for this program in FY 2009 be set at \$31.0 million and to suspend funding for the program in FY 2010.

Payment in Lieu of Taxes - Legislation creating this program requires the State of Rhode Island to reimburse cities and towns for property taxes that would have been due on certain types of real property that are exempted from taxation by state law. This includes property owned by nonprofit educational institutions, nonprofit hospitals, or any state owned hospital, veteran's facility, or correctional facility. Reimbursement is made for twenty-seven percent of all tax that would have been collected had the property been taxable, prorated to the amount appropriated for a given year. The program has been near level funded for FY 2009 and FY 2010, except for the reduction of \$186,558 in FY 2009 and FY 2010 due to a payment request that was received from a municipality that was not eligible for the program. Entitlements by community have been adjusted to reflect revenue which would have been lost resulting from eligible properties in the statutory reference year.

Distressed Communities Relief Fund - This program provides state assistance to those Rhode Island communities with the highest property tax burdens relative to the wealth of taxpayers. The amount of total funding distributed under this program is based on the amount enacted in the annual appropriations act. Entitlements for FY 2009 and FY 2010 by community reflect computations based upon the latest available qualifying data. In FY 2010, the Governor recommends funding of \$10.0 million for this program from Rhode Island's share of the Federal Stimulus Fiscal Stabilization Fund, thereby reducing general revenues by \$10.0 million.

State Library Aid - This program provides financial support for local public library services and for the construction and capital improvement of any free public library. A portion of library aid is disbursed directly to local libraries, including private libraries, while other aid is disbursed to the individual cities and towns. Although total funding is level funded at the FY 2009 enacted level, distributions by community/library have been calculated based upon the latest available qualifying data from the statutory reference year. Library construction aid is fully fund based on outstanding commitments.

Motor Vehicle Excise Tax - Legislation enacted during the 1999 General Assembly provides for a phase-out of the local excise tax on motor vehicles and trailers. This legislation was amended in 2002 to make the full phase out of the tax subject to the annual review and appropriation of the General Assembly. For fiscal year 2007, the value of the exemption from local taxes was increased to \$6,000 per vehicle. For FY 2009, the legislation was amended to reimburse only 98 percent of the exemption value, reflecting

Formula Aid to Cities and Towns

comparability with municipal motor vehicle tax collection rates. The FY 2010 budget maintains the \$6,000 exemption rate and assumes no growth in the value of exempted vehicles which will be reimbursed by the State. The Governor recommends revised funding of \$135.4 million in FY 2009 and \$135.3 million in FY 2010.

Public Service Corporation Tax - The tangible personal property of telegraph, cable and telecommunications corporations is exempt from local taxation, but is subject to taxation by the state at the average property tax statewide. For FY 2009 and FY 2010 the tax rate is proposed to be frozen at the rate applicable in FY 2008. Funds collected from this tax are distributed to cities and towns within the state on the basis of the ratio of the city or town population to the population of the state as a whole.

Meals and Beverage Local Sales and Use Tax – During the January 2003 session, the General Assembly enacted a one percent gross receipts tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered. The amounts included in the following tables assume that this pass through aid will decrease by 1.6 percent for each community in FY 2009 compared to the actual FY 2008 payments and increase by 0.6 percent in FY 2010 compared to the revised FY 2009 estimates.

Fiscal Year 2009 Enacted State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2009 Total Appropriated State Aid
Barrington	206,206	49,199	-	317,722	\$3,105,155	3,678,282
Bristol	840,384	584,813	-	57,817	\$1,569,867	3,052,881
Burrillville	597,138	73,011	507,300	80,245	\$2,874,260	4,131,954
Central Falls	1,432,052	20,927	289,275	77,237	\$1,559,044	3,378,535
Charlestown	345,546	-	-	45,205	\$538,116	928,867
Coventry	859,727	-	-	186,831	\$3,046,780	4,093,338
Cranston	4,599,682	3,820,082	-	572,241	\$12,633,481	21,625,486
Cumberland	1,321,917	140	-	248,544	\$2,856,038	4,426,639
East Greenwich	149,812	8,008	-	105,141	\$1,398,821	1,661,782
East Providence	2,272,041	60,645	-	467,926	\$6,484,378	9,284,990
Exeter	76,718	-	-	32,415	\$1,042,533	1,151,666
Foster	262,927	437	-	33,195	\$865,029	1,161,588
Glocester	480,786	-	-	65,133	\$1,253,136	1,799,055
Hopkinton	191,394	-	-	28,963	\$867,017	1,087,374
Jamestown	124,220	-	-	71,068	\$440,570	635,858
Johnston	2,164,234	-	-	122,433	\$5,240,728	7,527,395
Lincoln	812,824	-	-	174,946	\$3,017,082	4,004,852
Little Compton	89,670	-	-	25,296	\$305,021	419,987
Middletown	829,818	-	-	143,075	\$1,124,966	2,097,859
Narragansett	747,514	-	-	117,559	\$1,264,605	2,129,678
Newport	1,564,737	753,317	-	348,867	\$1,909,223	4,576,144
New Shoreham	77,527	-	-	92,970	\$89,183	259,680
North Kingstown	754,148	6,591	-	234,918	\$2,903,871	3,899,528
North Providence	2,032,742	513,661	1,026,474	178,999	\$5,138,697	8,890,573
North Smithfield	556,079	48,733	-	58,075	\$2,101,602	2,764,489
Pawtucket	4,630,267	353,035	1,503,029	409,610	\$10,378,902	17,274,843
Portsmouth	554,736	-	-	103,586	\$1,605,642	2,263,964
Providence	13,135,563	19,570,192	5,288,287	1,239,749	\$24,246,412	63,480,203
Richmond	125,675	-	-	25,637	\$781,604	932,916
Scituate	383,576	-	-	91,895	\$1,622,899	2,098,370
Smithfield	1,582,243	466,237	-	236,390	\$3,650,779	5,935,649
South Kingstown	860,708	118,511	-	189,662	\$2,237,219	3,406,100
Tiverton	547,575	-	-	86,606	\$1,449,392	2,083,573
Warren	425,488	-	-	44,050	\$1,162,233	1,631,771
Warwick	4,128,906	1,028,280	-	675,910	\$14,446,108	20,279,204
Westerly	642,010	127,296	-	281,881	\$3,083,345	4,134,532
West Greenwich	189,201	-	-	22,136	\$594,255	805,592
West Warwick	1,245,850	-	937,808	190,207	\$3,257,073	5,630,938
Woonsocket	3,270,235	163,852	832,285	214,271	\$5,565,739	10,046,382
Subtotal	55,111,876	\$27,766,967	10,384,458	\$7,698,411	\$137,710,808	\$238,672,517
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,765,729		2,765,729
Motor Vehicle Excise Tax Reimbursement - Fire Districts					\$1,875,837	1,875,837
Total	\$55,111,876	\$27,766,967	\$10,384,458	\$11,476,518	\$139,586,645	\$244,326,461

Fiscal Year 2009 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	147,676	117,173	264,849	3,943,131
Bristol	197,285	319,065	516,350	3,569,231
Burrillville	138,694	164,495	303,189	4,435,143
Central Falls	166,194	86,421	252,615	3,631,150
Charlestown	69,005	103,212	172,217	1,101,084
Coventry	295,616	325,620	621,236	4,714,574
Cranston	696,008	1,303,939	1,999,947	23,625,433
Cumberland	279,566	341,631	621,197	5,047,836
East Greenwich	113,688	386,037	499,725	2,161,507
East Providence	427,497	688,336	1,115,833	10,400,823
Exeter	53,077	67,912	120,989	1,272,655
Foster	37,527	18,754	56,281	1,217,869
Glocester	87,347	53,662	141,009	1,940,064
Hopkinton	68,803	45,817	114,620	1,201,994
Jamestown	49,363	95,497	144,860	780,718
Johnston	247,561	407,950	655,511	8,182,906
Lincoln	183,491	649,985	833,476	4,838,328
Little Compton	31,548	27,736	59,284	479,271
Middletown	152,198	528,153	680,351	2,778,210
Narragansett	143,655	408,926	552,581	2,682,259
Newport	232,459	1,612,920	1,845,379	6,421,523
New Shoreham	8,868	236,070	244,938	504,618
North Kingstown	231,151	410,331	641,482	4,541,010
North Providence	284,579	368,577	653,156	9,543,729
North Smithfield	93,230	140,081	233,311	2,997,800
Pawtucket	640,596	613,497	1,254,093	18,528,936
Portsmouth	150,574	149,580	300,154	2,564,118
Providence	1,524,424	3,924,877	5,449,301	68,929,504
Richmond	63,412	102,122	165,534	1,098,450
Scituate	90,648	54,702	145,350	2,243,720
Smithfield	180,989	484,355	665,344	6,600,993
South Kingstown	245,156	502,924	748,080	4,154,180
Tiverton	133,988	160,405	294,393	2,377,966
Warren	99,745	221,450	321,195	1,952,966
Warwick	753,423	2,123,622	2,877,045	23,156,249
Westerly	201,649	557,347	758,996	4,893,528
West Greenwich	44,648	74,415	119,063	924,655
West Warwick	259,731	345,290	605,021	6,235,959
Woonsocket	379,521	485,393	864,914	10,911,296
Subtotal	9,204,590	\$18,708,279	\$27,912,869	\$266,585,386
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,765,729
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$272,239,330

Fiscal Year 2009 Revised State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2009 Total Appropriated State Aid
Barrington	115,989	49,199		317,722	\$2,983,208	3,466,118
Bristol	472,709	584,813		57,817	\$1,533,679	2,649,018
Burrillville	335,885	73,011	504,713	80,245	\$2,806,626	3,800,480
Central Falls	805,518	20,927	288,852	77,237	\$1,478,058	2,670,592
Charlestown	194,367			45,205	\$522,331	761,903
Coventry	483,590			186,831	\$2,954,920	3,625,341
Cranston	2,587,285	3,633,524		572,241	\$12,229,010	19,022,060
Cumberland	743,568	140		248,544	\$2,786,499	3,778,751
East Greenwich	84,268	8,008		105,141	\$1,365,583	1,563,000
East Providence	1,278,005	60,645		467,926	\$6,195,221	8,001,797
Exeter	43,153			32,415	\$1,020,562	1,096,130
Foster	147,894	437		33,195	\$857,971	1,039,497
Glocester	270,438			65,133	\$1,218,863	1,554,434
Hopkinton	107,658			28,963	\$850,943	987,564
Jamestown	69,873			71,068	\$432,967	573,908
Johnston	1,217,365			122,433	\$5,064,868	6,404,666
Lincoln	457,207			174,946	\$2,922,165	3,554,318
Little Compton	50,439			25,296	\$292,210	367,945
Middletown	466,766			143,075	\$1,097,078	1,706,919
Narragansett	420,471			117,559	\$1,224,495	1,762,525
Newport	880,152	753,317		348,867	\$1,811,310	3,793,646
New Shoreham	43,608			92,970	\$93,112	229,690
North Kingstown	424,202	6,591		234,918	\$2,824,194	3,489,905
North Providence	1,143,402	513,661	1,024,798	178,999	\$4,901,389	7,762,249
North Smithfield	312,790	48,733		58,075	\$2,121,675	2,541,273
Pawtucket	2,604,489	353,035	1,499,940	409,610	\$10,090,288	14,957,362
Portsmouth	312,035			103,586	\$1,559,418	1,975,039
Providence	7,388,652	19,570,192	5,299,786	1,239,749	\$23,572,708	57,071,087
Richmond	70,691			25,637	\$898,884	995,212
Scituate	215,759			91,895	\$1,579,960	1,887,614
Smithfield	889,999	466,237		236,390	\$3,542,318	5,134,944
South Kingstown	484,142	118,511		189,662	\$2,178,075	2,970,390
Tiverton	308,007			86,606	\$1,413,809	1,808,422
Warren	239,334			44,050	\$1,125,745	1,409,129
Warwick	2,322,477	1,028,280		675,910	\$13,715,293	17,741,960
Westerly	361,126	127,296		281,881	\$2,999,237	3,769,540
West Greenwich	106,424			22,136	\$594,921	723,481
West Warwick	700,781		935,710	190,207	\$3,183,440	5,010,138
Woonsocket	1,839,482	163,852	830,661	214,271	\$5,451,446	8,499,712
Subtotal	31,000,000	\$27,580,409	10,384,458	\$7,698,411	\$133,494,479	\$210,157,759
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,587,447		2,587,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts					\$1,875,837	1,875,837
Total	\$31,000,000	\$27,580,409	\$10,384,458	\$11,298,236	\$135,370,316	\$215,633,421

Fiscal Year 2009 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	147,676	117,173	264,849	3,730,967
Bristol	197,285	319,065	516,350	3,165,368
Burrillville	138,694	164,495	303,189	4,103,669
Central Falls	166,194	86,421	252,615	2,923,207
Charlestown	69,005	103,212	172,217	934,120
Coventry	295,616	325,620	621,236	4,246,577
Cranston	696,008	1,303,939	1,999,947	21,022,007
Cumberland	279,566	341,631	621,197	4,399,948
East Greenwich	113,688	386,037	499,725	2,062,725
East Providence	427,497	688,336	1,115,833	9,117,630
Exeter	53,077	67,912	120,989	1,217,119
Foster	37,527	18,754	56,281	1,095,778
Glocester	87,347	53,662	141,009	1,695,443
Hopkinton	68,803	45,817	114,620	1,102,184
Jamestown	49,363	95,497	144,860	718,768
Johnston	247,561	407,950	655,511	7,060,177
Lincoln	183,491	649,985	833,476	4,387,794
Little Compton	31,548	27,736	59,284	427,229
Middletown	152,198	528,153	680,351	2,387,270
Narragansett	143,655	408,926	552,581	2,315,106
Newport	232,459	1,612,920	1,845,379	5,639,025
New Shoreham	8,868	236,070	244,938	474,628
North Kingstown	231,151	410,331	641,482	4,131,387
North Providence	284,579	368,577	653,156	8,415,405
North Smithfield	93,230	140,081	233,311	2,774,584
Pawtucket	640,596	613,497	1,254,093	16,211,455
Portsmouth	150,574	149,580	300,154	2,275,193
Providence	1,524,424	3,924,877	5,449,301	62,520,388
Richmond	63,412	102,122	165,534	1,160,746
Scituate	90,648	54,702	145,350	2,032,964
Smithfield	180,989	484,355	665,344	5,800,288
South Kingstown	245,156	502,924	748,080	3,718,470
Tiverton	133,988	160,405	294,393	2,102,815
Warren	99,745	221,450	321,195	1,730,324
Warwick	753,423	2,123,622	2,877,045	20,619,005
Westerly	201,649	557,347	758,996	4,528,536
West Greenwich	44,648	74,415	119,063	842,544
West Warwick	259,731	345,290	605,021	5,615,159
Woonsocket	379,521	485,393	864,914	9,364,626
Subtotal	9,204,590	\$18,708,279	\$27,912,869	\$238,070,628
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,587,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$243,546,290

Changes in Formula Aid - FY 2009 Revised vs. FY 2009 Enacted

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	(90,217)	-	-	-	(121,947)	(212,164)
Bristol	(367,675)	-	-	-	(36,188)	(403,863)
Burrillville	(261,252)	-	(2,587)	-	(67,634)	(331,473)
Central Falls	(626,534)	-	(423)	-	(80,986)	(707,943)
Charlestown	(151,179)	-	-	-	(15,785)	(166,964)
Coventry	(376,138)	-	-	-	(91,860)	(467,998)
Cranston	(2,012,397)	(186,558)	-	-	(404,471)	(2,603,426)
Cumberland	(578,349)	-	-	-	(69,539)	(647,888)
East Greenwich	(65,544)	-	-	-	(33,238)	(98,782)
East Providence	(994,036)	-	-	-	(289,157)	(1,283,193)
Exeter	(33,565)	-	-	-	(21,971)	(55,536)
Foster	(115,032)	-	-	-	(7,058)	(122,090)
Glocester	(210,347)	-	-	-	(34,273)	(244,620)
Hopkinton	(83,736)	-	-	-	(16,074)	(99,810)
Jamestown	(54,348)	-	-	-	(7,603)	(61,951)
Johnston	(946,869)	-	-	-	(175,860)	(1,122,729)
Lincoln	(355,617)	-	-	-	(94,917)	(450,534)
Little Compton	(39,231)	-	-	-	(12,811)	(52,042)
Middletown	(363,052)	-	-	-	(27,888)	(390,940)
Narragansett	(327,043)	-	-	-	(40,110)	(367,153)
Newport	(684,585)	-	-	-	(97,913)	(782,498)
New Shoreham	(33,919)	-	-	-	3,929	(29,990)
North Kingstown	(329,946)	-	-	-	(79,677)	(409,623)
North Providence	(889,341)	-	(1,676)	-	(237,308)	(1,128,325)
North Smithfield	(243,289)	-	-	-	20,073	(223,216)
Pawtucket	(2,025,778)	-	(3,089)	-	(288,614)	(2,317,481)
Portsmouth	(242,702)	-	-	-	(46,224)	(288,926)
Providence	(5,746,912)	-	11,499	-	(673,704)	(6,409,117)
Richmond	(54,984)	-	-	-	117,280	62,296
Scituate	(167,818)	-	-	-	(42,939)	(210,757)
Smithfield	(692,244)	-	-	-	(108,461)	(800,705)
South Kingstown	(376,567)	-	-	-	(59,144)	(435,711)
Tiverton	(239,568)	-	-	-	(35,583)	(275,151)
Warren	(186,154)	-	-	-	(36,488)	(222,642)
Warwick	(1,806,429)	-	-	-	(730,815)	(2,537,244)
Westerly	(280,884)	-	-	-	(84,108)	(364,992)
West Greenwich	(82,776)	-	-	-	666	(82,110)
West Warwick	(545,069)	-	(2,098)	-	(73,633)	(620,800)
Woonsocket	(1,430,753)	-	(1,624)	-	(114,293)	(1,546,670)
Subtotal	(\$24,111,876)	(186,558)	-	-	(\$4,216,326)	(\$28,514,758)
Statewide Reference Library Resource Grant (Providence)				42,056	-	42,056
Library Construction Reimbursement				(36,306)	-	(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-	-
Total	(\$24,111,876)	(\$186,558)	\$0	\$5,750	(\$4,216,326)	(\$28,509,008)

Changes in Pass Through and All Aid - FY 2009 Rev vs. FY 2009 Enacted

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	-	(212,164)
Bristol	-	-	-	(403,863)
Burrillville	-	-	-	(331,473)
Central Falls	-	-	-	(707,943)
Charlestown	-	-	-	(166,964)
Coventry	-	-	-	(467,998)
Cranston	-	-	-	(2,603,426)
Cumberland	-	-	-	(647,888)
East Greenwich	-	-	-	(98,782)
East Providence	-	-	-	(1,283,193)
Exeter	-	-	-	(55,536)
Foster	-	-	-	(122,090)
Glocester	-	-	-	(244,620)
Hopkinton	-	-	-	(99,810)
Jamestown	-	-	-	(61,951)
Johnston	-	-	-	(1,122,729)
Lincoln	-	-	-	(450,534)
Little Compton	-	-	-	(52,042)
Middletown	-	-	-	(390,940)
Narragansett	-	-	-	(367,153)
Newport	-	-	-	(782,498)
New Shoreham	-	-	-	(29,990)
North Kingstown	-	-	-	(409,623)
North Providence	-	-	-	(1,128,325)
North Smithfield	-	-	-	(223,216)
Pawtucket	-	-	-	(2,317,481)
Portsmouth	-	-	-	(288,926)
Providence	-	-	-	(6,409,117)
Richmond	-	-	-	62,296
Scituate	-	-	-	(210,757)
Smithfield	-	-	-	(800,705)
South Kingstown	-	-	-	(435,711)
Tiverton	-	-	-	(275,151)
Warren	-	-	-	(222,642)
Warwick	-	-	-	(2,537,244)
Westerly	-	-	-	(364,992)
West Greenwich	-	-	-	(82,110)
West Warwick	-	-	-	(620,800)
Woonsocket	-	-	-	(1,546,670)
Subtotal	\$0	\$0	\$0	(\$28,514,758)
Statewide Reference Library Resource Grant (Providence)				42,056
Library Construction Reimbursement				(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
Total		\$0	\$0	(\$28,509,008)

Fiscal Year 2010 State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2009 Total Appropriated State Aid
Barrington	-	48,674	-	321,077	\$2,983,208	3,352,959
Bristol	-	634,467	-	58,525	\$1,533,679	2,226,671
Burrillville	-	70,725	508,392	91,281	\$2,806,626	3,477,024
Central Falls	-	21,195	289,687	76,209	\$1,478,058	1,865,149
Charlestown	-	-	-	45,556	\$522,331	567,887
Coventry	-	-	-	189,995	\$2,954,920	3,144,915
Cranston	-	3,564,549	-	567,846	\$12,229,010	16,361,405
Cumberland	-	119	-	242,267	\$2,787,441	3,029,827
East Greenwich	-	7,852	-	106,867	\$1,365,583	1,480,302
East Providence	-	59,510	-	472,150	\$6,195,221	6,726,881
Exeter	-	-	-	32,881	\$1,020,562	1,053,443
Foster	-	476	-	33,174	\$857,971	891,621
Glocester	-	-	-	67,171	\$1,218,863	1,286,034
Hopkinton	-	-	-	28,196	\$850,943	879,139
Jamestown	-	-	-	74,753	\$432,967	507,720
Johnston	-	-	-	105,464	\$5,064,868	5,170,332
Lincoln	-	-	-	176,403	\$2,922,165	3,098,568
Little Compton	-	-	-	25,583	\$292,210	317,793
Middletown	-	-	-	130,962	\$1,097,078	1,228,040
Narragansett	-	-	-	120,292	\$1,224,495	1,344,787
Newport	-	754,667	-	355,526	\$1,811,310	2,921,503
New Shoreham	-	-	-	93,402	\$93,112	186,514
North Kingstown	-	6,499	-	236,452	\$2,824,194	3,067,145
North Providence	-	457,836	1,021,040	174,633	\$4,901,389	6,554,898
North Smithfield	-	50,270	-	57,152	\$2,121,675	2,229,097
Pawtucket	-	349,008	1,497,807	415,117	\$10,090,288	12,352,220
Portsmouth	-	-	-	100,332	\$1,559,418	1,659,750
Providence	-	19,651,148	5,294,786	1,224,950	\$23,572,708	49,743,592
Richmond	-	-	-	26,120	\$834,514	860,634
Scituate	-	-	-	92,783	\$1,579,960	1,672,743
Smithfield	-	457,147	-	244,438	\$3,542,318	4,243,903
South Kingstown	-	139,158	-	199,346	\$2,178,075	2,516,579
Tiverton	-	-	-	91,028	\$1,413,809	1,504,837
Warren	-	-	-	49,036	\$1,125,745	1,174,781
Warwick	-	1,025,527	-	669,452	\$13,715,293	15,410,272
Westerly	-	124,499	-	281,816	\$2,999,237	3,405,552
West Greenwich	-	-	-	23,819	\$594,921	618,740
West Warwick	-	-	946,360	188,581	\$3,183,440	4,318,381
Woonsocket	-	157,083	826,382	207,774	\$5,451,446	6,642,685
Subtotal	-	27,580,409	10,384,458	7,698,411	\$133,431,051	\$179,094,323
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,989,289		2,989,289
Motor Vehicle Excise Tax Reimbursement - Fire Districts					\$1,875,837	1,875,837
Total	\$0	\$27,580,409	\$10,384,458	\$11,700,078	\$135,306,888	\$184,971,827

* For FY 2010, the Distressed Communities Relief Fund includes \$10.0 million in federal stabilization funding.

Fiscal Year 2010 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	147,676	119,792	267,468	3,620,427
Bristol	197,285	326,199	523,484	2,750,155
Burrillville	138,694	168,173	306,867	3,783,891
Central Falls	166,194	88,353	254,547	2,119,696
Charlestown	69,005	105,520	174,525	742,412
Coventry	295,616	332,900	628,516	3,773,431
Cranston	696,008	1,333,092	2,029,100	18,390,505
Cumberland	279,566	349,269	628,835	3,658,662
East Greenwich	113,688	394,668	508,356	1,988,658
East Providence	427,497	703,726	1,131,223	7,858,104
Exeter	53,077	69,431	122,508	1,175,951
Foster	37,527	19,174	56,701	948,322
Glocester	87,347	54,862	142,209	1,428,243
Hopkinton	68,803	46,841	115,644	994,783
Jamestown	49,363	97,632	146,995	654,715
Johnston	247,561	417,071	664,632	5,834,964
Lincoln	183,491	664,518	848,009	3,946,577
Little Compton	31,548	28,356	59,904	377,697
Middletown	152,198	539,961	692,159	1,920,199
Narragansett	143,655	418,069	561,724	1,906,511
Newport	232,459	1,648,981	1,881,440	4,802,943
New Shoreham	8,868	241,348	250,216	436,730
North Kingstown	231,151	419,506	650,657	3,717,802
North Providence	284,579	376,817	661,396	7,216,294
North Smithfield	93,230	143,213	236,443	2,465,540
Pawtucket	640,596	627,213	1,267,809	13,620,029
Portsmouth	150,574	152,924	303,498	1,963,248
Providence	1,524,424	4,012,628	5,537,052	55,280,644
Richmond	63,412	104,405	167,817	1,028,451
Scituate	90,648	55,925	146,573	1,819,316
Smithfield	180,989	495,184	676,173	4,920,076
South Kingstown	245,156	514,168	759,324	3,275,903
Tiverton	133,988	163,992	297,980	1,802,817
Warren	99,745	226,401	326,146	1,500,927
Warwick	753,423	2,171,102	2,924,525	18,334,797
Westerly	201,649	569,808	771,457	4,177,009
West Greenwich	44,648	76,079	120,727	739,467
West Warwick	259,731	353,010	612,741	4,931,122
Woonsocket	379,521	496,245	875,766	7,518,451
Subtotal	9,204,590	\$19,126,556	\$28,331,146	\$207,425,469
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,989,289
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$213,302,973

Changes in Formula Aid - FY 2010 vs. FY 2009 Revised

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	(115,989)	(525)	-	3,355	-	(113,159)
Bristol	(472,709)	49,654	-	708	-	(422,347)
Burrillville	(335,885)	(2,286)	3,679	11,036	-	(323,456)
Central Falls	(805,518)	268	835	(1,028)	-	(805,443)
Charlestown	(194,367)	-	-	351	-	(194,016)
Coventry	(483,590)	-	-	3,164	-	(480,426)
Cranston	(2,587,285)	(68,975)	-	(4,395)	-	(2,660,655)
Cumberland	(743,568)	(21)	-	(6,277)	942	(748,924)
East Greenwich	(84,268)	(156)	-	1,726	-	(82,698)
East Providence	(1,278,005)	(1,135)	-	4,224	-	(1,274,916)
Exeter	(43,153)	-	-	466	-	(42,687)
Foster	(147,894)	39	-	(21)	-	(147,876)
Glocester	(270,438)	-	-	2,038	-	(268,400)
Hopkinton	(107,658)	-	-	(767)	-	(108,425)
Jamestown	(69,873)	-	-	3,685	-	(66,188)
Johnston	(1,217,365)	-	-	(16,969)	-	(1,234,334)
Lincoln	(457,207)	-	-	1,457	-	(455,750)
Little Compton	(50,439)	-	-	287	-	(50,152)
Middletown	(466,766)	-	-	(12,113)	-	(478,879)
Narragansett	(420,471)	-	-	2,733	-	(417,738)
Newport	(880,152)	1,350	-	6,659	-	(872,143)
New Shoreham	(43,608)	-	-	432	-	(43,176)
North Kingstown	(424,202)	(92)	-	1,534	-	(422,760)
North Providence	(1,143,402)	(55,825)	(3,758)	(4,366)	-	(1,207,351)
North Smithfield	(312,790)	1,537	-	(923)	-	(312,176)
Pawtucket	(2,604,489)	(4,027)	(2,133)	5,507	-	(2,605,142)
Portsmouth	(312,035)	-	-	(3,254)	-	(315,289)
Providence	(7,388,652)	80,956	(5,000)	(14,799)	-	(7,327,495)
Richmond	(70,691)	-	-	483	(64,370)	(134,578)
Scituate	(215,759)	-	-	888	-	(214,871)
Smithfield	(889,999)	(9,090)	-	8,048	-	(891,041)
South Kingstown	(484,142)	20,647	-	9,684	-	(453,811)
Tiverton	(308,007)	-	-	4,422	-	(303,585)
Warren	(239,334)	-	-	4,986	-	(234,348)
Warwick	(2,322,477)	(2,753)	-	(6,458)	-	(2,331,688)
Westerly	(361,126)	(2,797)	-	(65)	-	(363,988)
West Greenwich	(106,424)	-	-	1,683	-	(104,741)
West Warwick	(700,781)	-	10,650	(1,626)	-	(691,757)
Woonsocket	(1,839,482)	(6,769)	(4,279)	(6,497)	-	(1,857,027)
Subtotal	(\$31,000,000)	-	-	-	(\$63,428)	(\$31,063,436)
Statewide Reference Library Resource Grant (Providence)				42,056	-	42,056
Library Construction Reimbursement				(36,306)	-	(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-	-
Total	(\$31,000,000)	\$0	\$0	\$5,750	(\$63,428)	(\$31,057,686)

* Richmond was paid a retroactive payment in FY 2009 for underpayment in FY 2008. Cumberland adjustment for taxes in arrears.

Changes in Pass Through and All Aid - FY 2010 vs. FY 2009 Revised

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	2,619	2,619	(110,540)
Bristol	-	7,134	7,134	(415,213)
Burrillville	-	3,678	3,678	(319,778)
Central Falls	-	1,932	1,932	(803,511)
Charlestown	-	2,308	2,308	(191,708)
Coventry	-	7,280	7,280	(473,146)
Cranston	-	29,153	29,153	(2,631,502)
Cumberland	-	7,638	7,638	(741,286)
East Greenwich	-	8,631	8,631	(74,067)
East Providence	-	15,390	15,390	(1,259,526)
Exeter	-	1,519	1,519	(41,168)
Foster	-	420	420	(147,456)
Glocester	-	1,200	1,200	(267,200)
Hopkinton	-	1,024	1,024	(107,401)
Jamestown	-	2,135	2,135	(64,053)
Johnston	-	9,121	9,121	(1,225,213)
Lincoln	-	14,533	14,533	(441,217)
Little Compton	-	620	620	(49,532)
Middletown	-	11,808	11,808	(467,071)
Narragansett	-	9,143	9,143	(408,595)
Newport	-	36,061	36,061	(836,082)
New Shoreham	-	5,278	5,278	(37,898)
North Kingstown	-	9,175	9,175	(413,585)
North Providence	-	8,240	8,240	(1,199,111)
North Smithfield	-	3,132	3,132	(309,044)
Pawtucket	-	13,716	13,716	(2,591,426)
Portsmouth	-	3,344	3,344	(311,945)
Providence	-	87,751	87,751	(7,239,744)
Richmond	-	2,283	2,283	(132,295)
Scituate	-	1,223	1,223	(213,648)
Smithfield	-	10,829	10,829	(880,212)
South Kingstown	-	11,244	11,244	(442,567)
Tiverton	-	3,587	3,587	(299,998)
Warren	-	4,951	4,951	(229,397)
Warwick	-	47,480	47,480	(2,284,208)
Westerly	-	12,461	12,461	(351,527)
West Greenwich	-	1,664	1,664	(103,077)
West Warwick	-	7,720	7,720	(684,037)
Woonsocket	-	10,852	10,852	(1,846,175)
Subtotal	\$0	\$418,277	\$418,277	(\$30,645,159)
Statewide Reference Library Resource Grant (Providence)				42,056
Library Construction Reimbursement				(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
Total		\$418,277	\$418,277	(\$30,639,409)

Appendix D

Aid to Schools

Education Aid to Local Governments

Education Aid to Local Governments totals \$841.5 million in FY 2010, a \$29.2 million increase in total state funding relative to the FY 2009 revised budget, and a 3.6 percent increase in the state's commitment to financing public education within Rhode Island. Total Education Aid is defined to include local public schools, the School for the Deaf, Davies Career and Technical School, the Charter Schools, the Central Falls School District and the Metropolitan Career and Technical School, as well as support for teacher retirement and school housing aid. The following sections summarize changes to the various aid categories that comprise total FY 2010 Education Aid.

Distributed Aid

Distributed aid in 2010 increases \$16.5 million from the revised 2009 budget. Major changes from 2009 to 2010 include the restoration of the Professional Development funding of \$5.8 million and a reduction of \$420,000 in Group Home aid to reflect updated group home bed census figures. In both years general aid is reduced by the amount of local savings from pension reform: reductions of \$23.7 million in 2009 and \$24.8 million in 2010. In both years general aid is reduced to offset increase federal stimulus funding from the State Fiscal Stabilization Fund: reductions of \$31.0 million in 2009 and \$37.0 million in 2010.

State Schools

The State Schools- Davies Career and Technical School, Metropolitan Career and Technical School, and the Rhode Island School for the Deaf are collectively financed at \$32.2 million in general revenue, which constitutes a \$456,380 decrease from the revised FY 2009 Budget. This reflects a reduction of general revenue aid to offset anticipated federal stimulus funding. Adding the \$2.2 million in Title I, IDEA, and Stabilization Fund funding yields a \$1.7 million increase in total support. The expansion of the Metropolitan School - East Bay campus on Aquidneck Island is delayed one year. This campus commenced operations during the 2006-2007 school year and maintains a current enrollment of approximately 90 students.

Non-Distributed Aid

Several significant adjustments for the non-distributed categories of state education aid are also recommended for FY 2009. Notable among these are the elimination of the School Breakfast subsidy, and the addition of general revenue funding for telecommunications access for public schools and libraries (the E-Rate program). The Professional Development Fund sees a further \$500,000 increase to fund the development and implementation of a statewide educator performance management system. The Progressive Support & Intervention aid increases by \$800,000 for two initiatives stemming from the Urban Education Task Force. A school readiness demonstration project run by the department receives \$700,000 and extended learning time grants to be awarded by the department to local communities receives \$100,000. Direct aid to charter schools increases by \$3.4 million, including \$2.9 million to fund current operations, \$800,000 to allow the Paul Cuffee School to expand to the high school level, and \$700,000 for new charter schools, including mayoral academies. These increases are partially offset by a reduction of \$233,869 to recapture savings from pension reform and a shift of \$1.5 million from general revenue federal stimulus financing.

Other Aid

The FY 2009 budget also includes increases in other aid of \$8.5 million; a \$9.6 million increase for school housing aid reimbursements and a \$1.1 million decrease in state contributions for teachers' retirement.

FY 2010 Education Aid Increases (Decreases) From the Revised FY 2009 Budget

- General aid: \$9,680,613
- Group Home Funding: (\$420,000)
- Central Falls School District: \$1,407,339
- Professional Development (Distributed): \$5,825,502
- Professional Development (Non-Distributed): \$500,000
- School Breakfast: (\$300,000)
- Telecommunications Access: \$350,000
- Direct Charter School Aid: \$3,360,198
- Progressive Support and Intervention: \$800,000
- Textbook expansion: (\$110,000)
- Metropolitan Career and Technical School: \$621,778
- School for the Deaf: (\$661,016)
- Davies Career and Technical School: (\$417,142)
- Teachers' Retirement: (\$1,050,763)
- School Housing Aid: \$9,598,611

The following graph displays total school aid from FY 2006 to FY 2010. The "Education Aid" component is comprised of all aid categories under the standard Education Aid program. This includes, but is not limited to, General Aid, Targeted Aid, Charter School Aid, Progressive Support and Intervention, and the Student Investment Initiatives. Other components of total aid include: State Contributions for Teachers' Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).

Explanation of Tables- by Category and LEA

The following table displays education aid by apportionment among the state's local and regional education agencies (LEAs). "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, such as General Aid, Targeted Aid, and funds for Student Equity. For completeness, financing of the Central Falls School District (plus an allocation for indirect Charter School Aid on the LEA table only) is also displayed in this section. "State Schools" include the Metropolitan School, Davies, and School for the Deaf. "Non-Distributed Aid" includes several categories of aid that are either utilized at the departmental level or are not distributed regularly to school districts. "Other Aid" consists of allocations for School Housing Aid and state contributions to the Teachers' Retirement Fund. For the purposes of these tables, direct aid to charter schools is categorized as non-distributed.

Education Aid to Local Units of Government

	FY 2009 Revised	FY 2010 Recommend	Difference*
Distributed LEA Aid			
Barrington	\$1,798,390	\$1,907,911	109,521
Burrillville	12,859,083	12,971,837	112,754
Charlestown	1,775,256	1,814,445	39,189
Coventry	17,915,933	18,136,219	220,286
Cranston	31,403,559	31,795,596	392,037
Cumberland	11,730,893	11,927,191	196,298
East Greenwich	1,452,322	1,534,245	81,923
East Providence	24,342,375	24,584,450	242,075
Foster	1,277,945	1,292,025	14,080
Glocester	2,909,240	2,939,653	30,413
Hopkinton	5,604,241	5,654,271	50,030
Jamestown	388,214	414,566	26,352
Johnston	9,529,973	9,637,703	107,730
Lincoln	6,295,215	6,401,141	105,926
Little Compton	289,028	304,591	15,563
Middletown	9,461,789	9,564,697	102,908
Narragansett	1,429,678	1,484,908	55,230
Newport	10,751,107	10,787,991	36,884
New Shoreham	59,063	62,888	3,825
North Kingstown	10,533,159	10,696,013	162,854
North Providence	11,989,298	12,120,183	130,885
North Smithfield	4,301,363	4,373,725	72,362
Pawtucket	61,913,397	62,348,921	435,524
Portsmouth	5,862,440	5,968,268	105,828
Providence	169,680,536	180,138,945	10,458,409
Richmond	5,558,834	5,606,496	47,662
Scituate	2,888,958	2,951,022	62,064
Smithfield	4,935,809	5,031,655	95,846
South Kingstown	9,123,050	9,270,957	147,907
Tiverton	5,224,683	5,305,955	81,272
Warwick	33,163,476	33,596,326	432,850
Westerly	5,688,462	5,817,119	128,657
West Warwick	18,628,802	18,787,881	159,079
Woonsocket	43,885,542	44,198,019	312,477
Bristol/Warren	18,657,757	18,810,301	152,544
Exeter/W Greenwich	6,759,806	6,840,375	80,569
Chariho District	369,956	378,738	8,782
Foster/Glocester	5,160,046	5,227,566	67,520
Central Falls	41,040,523	42,447,862	1,407,339
Subtotal	\$616,639,201	\$633,132,655	\$16,493,454

Education Aid to Local Units of Government

	FY 2009 Revised	FY 2010 Recommend	Difference
Non-Distributed Aid			
On-Site Visits	\$145,864	\$145,864	
Textbook Expansion	350,000	240,000	(110,000)
Hasbro Children's Hospital	100,000	100,000	
School Breakfast	300,000	-	(\$300,000)
Professional Development	495,000	995,000	500,000
Charter School-Direct Aid	28,813,366	32,173,564	3,360,198
Progressive Support & Intervention	2,363,432	3,163,432	800,000
Speech Pathologist Salary Supplemer	-	-	-
Telecommunications Access	-	350,000	350,000
Subtotal	\$32,567,662	\$37,167,860	4,600,198
State Schools			
Metropolitan School	\$11,565,603	\$12,187,381	\$621,778
School for the Deaf	6,608,662	5,947,646	(661,016)
Davies School	14,473,335	14,056,193	(417,142)
Subtotal	\$32,647,600	\$32,191,220	(\$456,380)
Other Aid			
Teachers' Retirement	\$76,334,401	\$75,283,638	(\$1,050,763)
School Housing Aid	54,140,052	63,738,663	9,598,611
Subtotal	\$130,474,453	\$139,022,301	\$8,547,848
LEA Subtotal	\$616,639,201	\$633,132,655	\$16,493,454
Total	\$812,328,916	\$841,514,036	\$29,185,120