



Fiscal Year 2013

# Budget Overview

Lincoln D. Chafee  
Governor

Presented By:  
Richard A. Licht  
Director, Department of Administration



# FY 2012 Recommended vs. Enacted

<b>FY 2012 Governor's Recommended Budget</b>	
FY 2011 Surplus Carryforward	\$16.2
Sales Tax Modernization Proposal	164.0
Business Tax Competitiveness Proposal	(0.9)
All Other Revenue Enhancements	2.9
<b>FY 2012 Total Recommended Revenue Increases</b>	<b>\$182.2</b>
<b>FY 2012 Governor's Proposed Cuts</b>	<b>(\$149.8)</b>
<b>FY 2012 Assembly Enacted Budget</b>	
FY 2011 Surplus Carryforward	\$57.2
FY 2012 May Revenue Increase	65.9
FY 2012 Hospital Licensing Fee (HLF) Increase	2.2
FY 2012 Enacted Revenue Changes	28.1
<b>FY 2012 Total Enacted Revenue Increases</b>	<b>\$153.3</b>
<b>FY 2012 Enacted Cuts</b>	<b>(\$177.1)</b>
<b>Difference From Governor's Proposal</b>	
<b>Revenues</b>	<b>(\$28.9)</b>
<b>Expenditures</b>	<b>(\$27.3)</b>



# New Approach to Budget Process

- Performance Management
- Focus on Outcomes
- Prioritization of Programs
- Office of Management and Budget



## Budget Goals and Objectives

- Education Funding/Municipal Relief
- Economic Development
- Government Efficiency/Streamlining
- Infrastructure Investment



## Budget Goals and Objectives

### Education

- Committed to the Funding Formula
  - Fully Fund + 50% Increase – add of \$11.0 million
  - Categorical Funding – add of \$5.6 million
- Race to the Top Early Childhood
- Strengthen Higher Education
  - Enhanced Governance Structure
  - Access and Affordability
- Capital Investment
  - URI/RIC Nursing Center
  - RIC Academic Buildings
  - LEA Technology (Wireless in Classrooms)



# Budget Goals and Objectives

## Economic Development

- Reinstate Project Status
- Restore Workforce Training Funds
- America's Cup World Series
- Tourism Funding



## Budget Goals and Objectives

### Government Efficiency/Streamlining

- Office of Management and Budget
- Higher Education/RIHEAA Merger
- Energy Resources
- OHHS/Medicaid – Program Audit Function
- Personnel (Merit) System Study
- Review & Reorganize Environmental Programs



## Budget Goals and Objectives

### Infrastructure Investment

- November 2012 Ballot Proposals
  - URI/RIC Nursing Center - \$65.2 million
  - RIC Academic Buildings - \$44.7 million
  - Transportation/RIPTA - \$21.5 million
  - Clean Water/Drinking Water SRF - \$20.0 million
  - Affordable Housing - \$25.0 million
  - Open Space, Recreation and Water Quality - \$25.0 million





## Budget Goals and Objectives

### Infrastructure Investment

- Investing in Technology
  - LEA Technology (Wireless in Classrooms) - \$20.0 million
  - Statewide Financial Management System - \$11.5 million
  - Integrated Tax System - \$25.0 million
  - Technology Investment Fund - \$6.5 million



# Budget Goals and Objectives

## Infrastructure Investment

- Investing in Transportation
  - Resolve Structural Deficit at DOT
  - RI Highway Maintenance Trust Fund
  - Tolling
    - Route 95
    - Bridge Improvement Program



## Education Funding

2 <sup>nd</sup> year of Funding Formula	\$21.6 million
50% increase in Funding Formula	\$11.0 million
New Categorical Funding	<u>\$5.6 million</u>
Total	\$38.2 million
Meals and Beverage Tax Increase	\$39.5 million



# FY 2013 Budget

New Non- Education Spending \$5.1 million  
*(above current services)*

Expenditure Reductions (\$86.9) million  
*(from agency current service requests)*

## New Revenues

Tax Amnesty	\$10.9 million
Sales Tax	\$27.1 million
Tobacco Taxes	
- Tax Changes	\$4.3 million
- Enforcement	\$2.9 million
Lodging Tax	\$1.9 million
Miscellaneous	<u>\$6.3 million</u>
Total	\$53.4 million



Fiscal Year 2013

# Budget Briefing

Lincoln D. Chafee  
Governor

Presented By:  
Thomas A. Mullaney  
State Budget Officer



# Changes to FY 2012 Enacted Budget

	<b>Budget as Enacted</b>	<b>FY 2012 Supplemental</b>	<b>Change</b>
Opening Surplus - FY 2012	\$57,202,735	\$64,229,426	\$7,026,691
Enacted Revenues	\$3,175,996,362	\$3,175,996,362	\$0
November REC Changes to Enacted		\$19,418,638	\$19,418,638
Reappropriated Surplus		\$4,532,242	\$4,532,242
Changes to Adopted Revenues			
Transfer of Bond Premium		\$6,000,000	\$6,000,000
Less Transfer to Budget Reserve Fund	(\$90,529,575)	(\$91,438,044)	(\$908,469)
Total Available Resources	\$3,142,669,523	\$3,178,738,624	\$36,069,102
Enacted Expenditures	(\$3,142,501,188)	(\$3,142,501,188)	\$0
Recommended Reappropriations		(\$4,532,242)	(\$4,532,242)
Recommended Expenditure Adjustments		(\$25,727,787)	(\$25,727,787)
Total Expenditures	(\$3,142,501,188)	(\$3,172,761,217)	(\$30,260,029)
Projected Ending Balance	\$168,335	\$5,977,407	\$5,809,073



# FY 2012 Supplemental Budget

- Reappropriations from FY 2011
  - General Assembly - \$3,842,297
  - Secretary of State - \$190,000 – Quick Start Program
  - General Treasurer - \$42,008 – SEC/Moving Costs
  - Attorney General - \$366,122 – Tobacco Litigation
  - Judiciary - \$91,815
  
- Total: \$4,532,242



# FY 2012 Supplemental Budget

## Supplemental Funding

- Transportation Deficit - \$2.0 - \$4.5 million
  - Shift of \$2.0 million of debt service to General Revenue
- Other Debt Service – (\$5.6 million)
- Central Falls Stabilization Payment - \$2.6 million (one-time appropriation for “supplemental payments” to retirees during five-year transitional period)
- Revenue/Central Falls Receivership - \$420,000
- Study of State Personnel (Merit) System - \$300,000





# FY 2012 Supplemental Budget

- Supplemental Funding
  - Municipal Annual Actuarial Pension Valuations - \$234,000 (State's 50% share)
  - EDC America's Cup World Series - \$770,000
  - Secretary of State – Voter ID - \$150,000
  - Revenue/DMV New Positions - \$600,000
  - DCYF – Unachieved Savings - \$7.4 million
  - Health – Unachieved Turnover - \$450,000
  - Human Services/CEC Savings – (\$1.1 million)



# FY 2012 Supplemental Budget

- Supplemental Funding
  - BHDDH – Unachieved Turnover/Contract Services - \$1.3 million
  - BHDDH – Unachieved OT Savings/Delays in Hiring New Staff - \$2.1 million
  - Education – Housing Aid – (\$2.7 million)
  - Education – Teachers’ Retirement - \$2.5 million
  - Higher Ed/RIC – Debt Service – (\$1.4 million)
  - Corrections – Unachieved Turnover/Contract Costs - \$5.5 million



# FY 2012 Supplemental Budget

- Supplemental Funding
  - Judicial – Unachieved Turnover - \$1.8 million
  - Public Safety – Unachieved Turnover - \$3.3 million
  - Public Safety – State Trooper Pensions - \$180,000



Governor's  
Recommended  
FY 2013 Budget



# FY 2013 Projected Deficit

Original Projection - \$214.8 million

(developed in summer 2011; pre-pension reform)

What was included in our projections?

- Fully Fund Education Formula - \$19.8 million
- Restore Education Jobs Fund - \$32.5 million
- Education Categorical Funding - \$5.6 million
- Caseload Increase/FMAP - \$55.5 million
- Retirement Rates (Pre-Reform) - \$102.0 million



# FY 2013 Projected Deficit

Original Projected Deficit based on Current Services Level	(\$214.8)
November REC Changes to Budget Office Projections	(\$19.1)
November CEC Changes to Budget Office Projections	(\$0.3)
Impact of Pension Reform Legislation	\$116.8
Revised Deficit Post REC/CEC and Pension Reform	(\$117.4)

(in millions)



# FY 2013 Projected Deficit

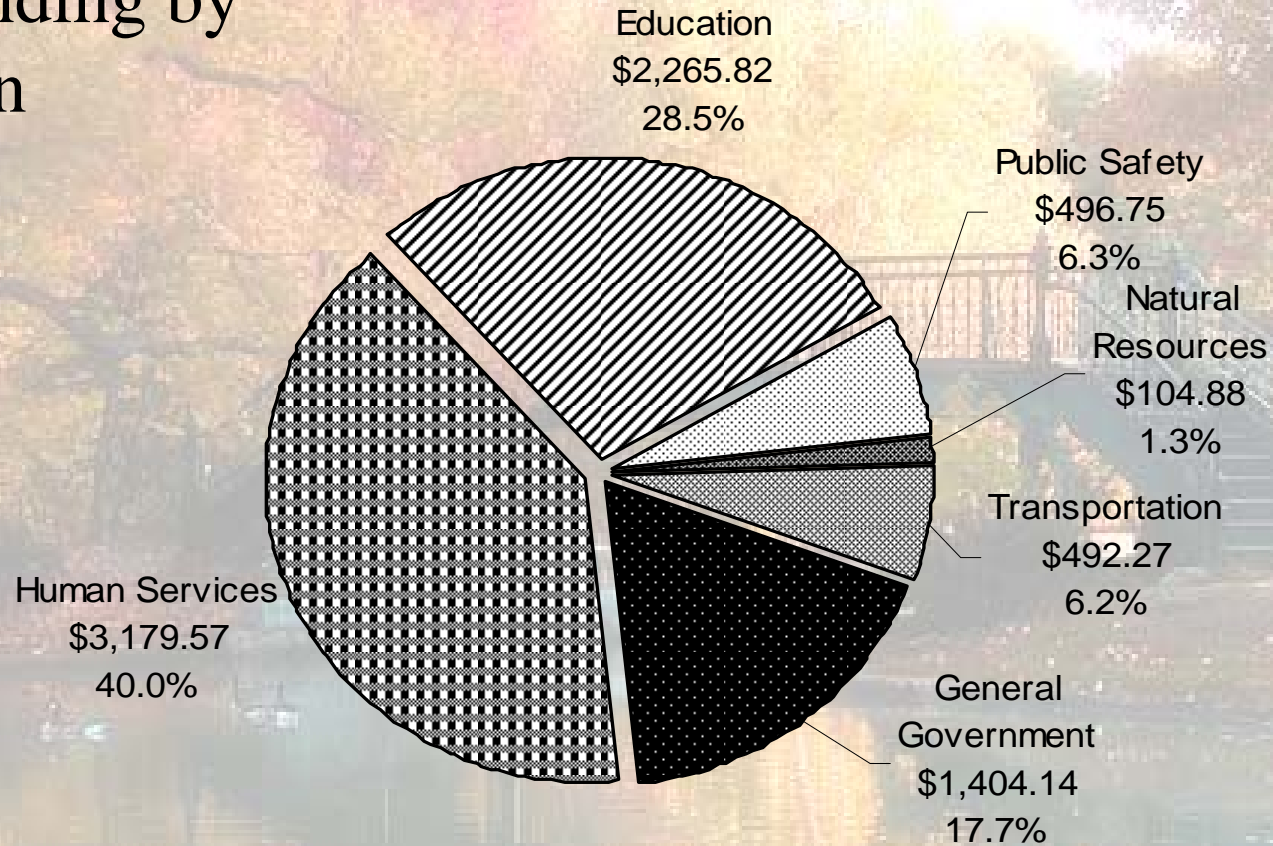
## How did the Governor close the deficit?

- FY 2012 Projected Balance Forward - \$6.0M
- Increase Commitment to Education
  - 50% increase in Funding Formula - \$11.0M
- Revenue Proposals (after transfer to Budget Reserve)
  - Meals and Beverage Tax for Education - \$38.3M
  - All Other - \$51.8M
- New spending - \$5.1M
- Expenditure Reductions - \$36.0M
- Projected Closing Surplus - \$1.4M



# FY 2013 All Funds Budget

## Total Spending by Function



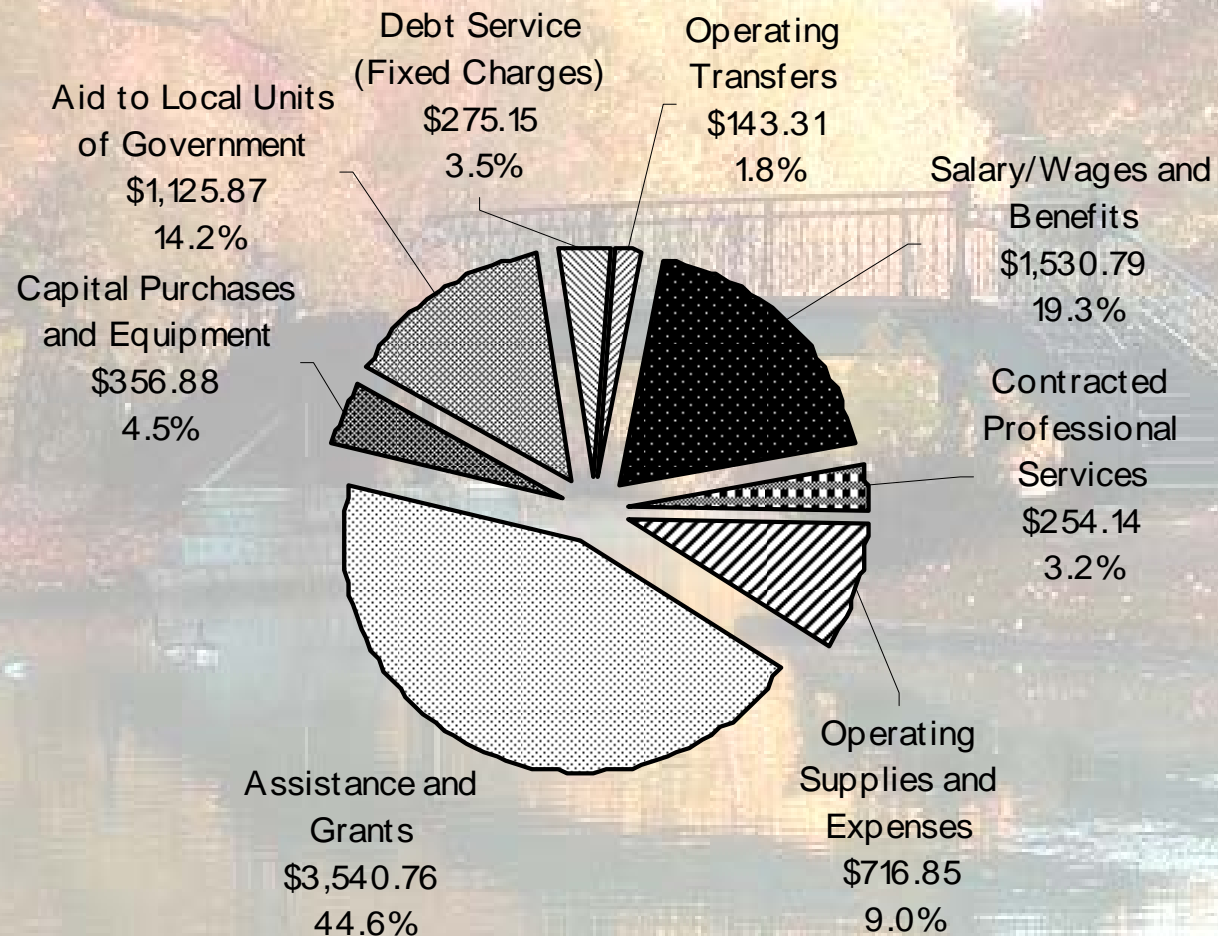
(in millions)





# FY 2013 All Funds Budget

## Total Spending by Category

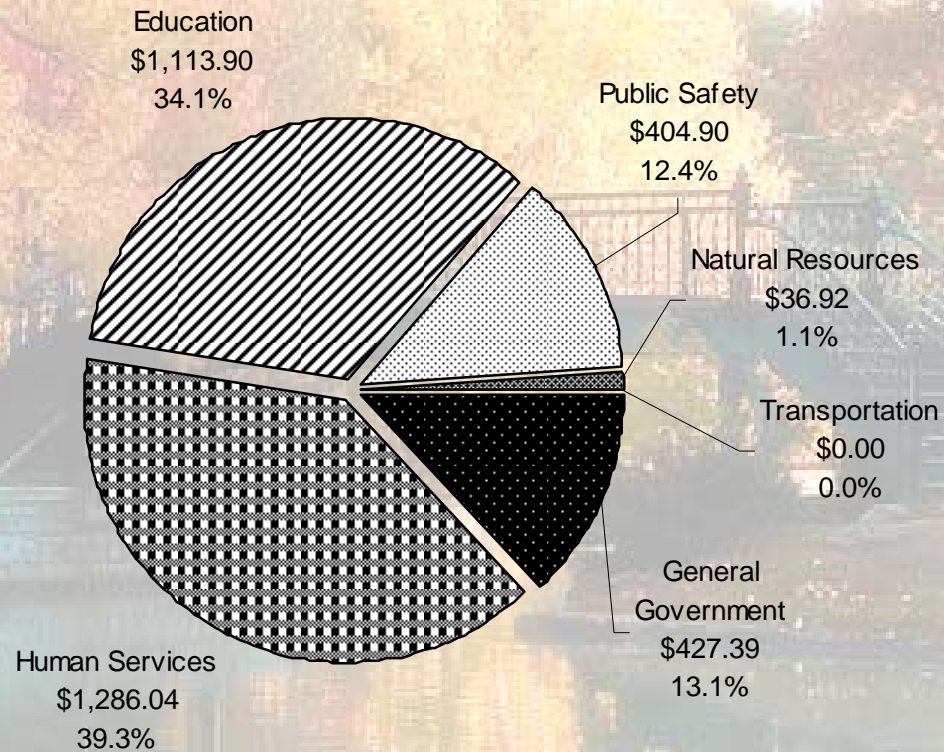


(in millions)



# FY 2013 General Revenue Budget

## Total Spending by Function

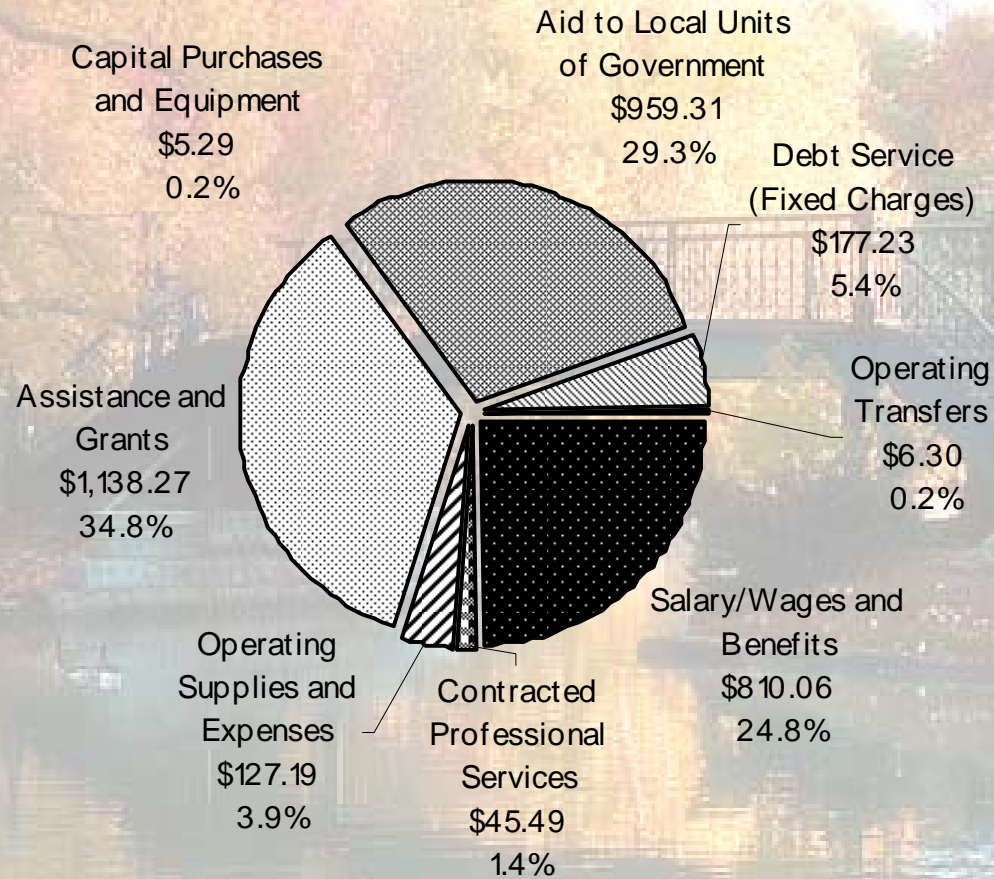


(in millions)



# FY 2013 General Revenue Budget

## Total Spending by Category



(in millions)



# FY 2013 Recommended Budget

## All Funds FY 2013 Recommended vs. FY 2012 Recommended

Category	FY 2012 Enacted	FY 2012 Supplemental	FY 2013 Gov. Recommend	Change from FY 2012 Rec.	% Change from FY 2012 Rec.
Salary/Wages and Benefits	\$1,475.9	\$1,517.0	\$1,530.8	\$13.8	0.91%
Contracted Professional Services	235.5	268.0	254.1	(\$13.9)	-5.17%
Operating Supplies and Expenses	669.7	687.9	716.9	\$29.0	4.21%
Assistance and Grants	3,605.2	3,871.0	3,540.8	(\$330.2)	-8.53%
Capital Purchases and Equipment	255.9	321.2	356.6	\$35.4	11.02%
Aid to Local Units of Government	1,076.2	1,084.8	1,125.9	\$41.1	3.79%
Debt Service (Fixed Charges)	242.0	261.7	275.2	\$13.4	5.12%
Operating Transfers	141.7	158.6	143.3	(\$15.3)	-9.63%
<b>Total</b>	<b>\$7,702.2</b>	<b>\$8,170.1</b>	<b>\$7,943.4</b>	<b>(\$226.7)</b>	<b>-2.77%</b>

(in millions)



# FY 2013 Recommended Budget

## General Revenue FY 2013 Recommended vs. FY 2012 Recommended

Category	FY 2012 Enacted	FY 2012 Supplemental	FY 2013 Gov. Recommend	Change from FY 2012 Rec.	% Change from FY 2012 Rec.
Salary/Wages and Benefits	\$776.3	\$802.9	\$810.1	\$7.2	0.89%
Contracted Professional Services	45.6	48.4	45.5	(2.9)	-6.01%
Operating Supplies and Expenses	130.8	128.2	127.2	(1.0)	-0.75%
Assistance and Grants	1,120.2	1,122.5	1,138.3	15.8	1.40%
Capital Purchases and Equipment	5.8	7.6	5.3	(2.3)	-30.02%
Aid to Local Units of Government	893.7	895.9	959.3	63.4	7.07%
Debt Service (Fixed Charges)	163.6	159.5	177.2	17.8	11.14%
Operating Transfers	6.6	7.8	6.3	(1.5)	-19.43%
<b>Total</b>	<b>\$3,142.5</b>	<b>\$3,172.8</b>	<b>\$3,269.2</b>	<b>\$96.4</b>	<b>3.04%</b>

(in millions)



# FY 2013 Recommended Budget

## General Revenue FY 2013 Recommended vs. FY 2012 Recommended

Function	FY 2012 Enacted	FY 2012 Supplemental	FY 2013 Gov. Recommend	Change from FY 2012 Rec.	% Change from FY 2012 Rec.
General Government	\$411.1	\$420.8	\$427.4	\$6.6	1.56%
Human Services	1,258.5	1,268.7	1,286.0	17.4	1.37%
Education	1,040.5	1,039.1	1,113.9	74.8	7.19%
Public Safety	394.8	406.4	404.9	(1.5)	-0.37%
Natural Resources	37.6	37.7	36.9	(0.8)	-2.13%
Transportation	0.0	0.0	0.0	0.0	0.00%
<b>Total</b>	<b>\$3,142.5</b>	<b>\$3,172.8</b>	<b>\$3,269.2</b>	<b>\$96.4</b>	<b>3.04%</b>

(in millions)

A scenic autumn landscape featuring a stone bridge with a metal railing crossing a calm pond. The trees are in full autumn foliage, with vibrant shades of orange, red, and yellow. The water reflects the colorful foliage and the bridge. Several ducks are visible in the pond. The overall atmosphere is peaceful and picturesque.

# The Governor's Revenue Proposals



# The Governor's Revenue Proposals

- Total general revenue changes
  - FY 2012: \$6.0 million
  - FY 2013: \$92.9 million  
(excluding hospital licensing fee of \$143.8)
- Total non-general revenue changes
  - FY 2012: \$(6.0 million)
  - FY 2013: \$14.9 million

*(amounts are prior to 3.0% transfer to Budget Reserve Fund)*





# Sales and Use Tax Proposals

- Remove exemption for clothing and footwear costing more than \$175 per item
  - \$13.3 million
- Expand sales and use tax base to certain services:
  - Limousines, Taxi and other for hire road transportation, \$3.3 million
  - Moving, storage, warehousing and freight, \$10.8 million
  - Pet services, except veterinary and testing labs, \$1.3 million
  - Car washes, \$1.3 million
- Other sales and use tax revenue changes:
  - SSUTA non-compliance: \$(1.8 million)
  - Reinstate project status: \$(1.0 million)

**Total General Revenue Impact: \$27.1 million**



# Tobacco Tax Proposals

- Increase cigarette excise tax to \$3.50 per pack
  - \$1.7 million (including sales tax)
- Define little cigars to include all cigars with an integrated filter weighing no more than 4.0 lbs per 1,000 cigars
  - \$2.1 million
- Increase the maximum tax on premium cigars to \$1.00
  - \$0.4 million
- Add 4.0 Tax Investigators to Division of Taxation for a tobacco tax enforcement task force
  - \$2.9 million

**Total General Revenue Impact: \$7.2 million**



# Meals & Beverage and Lodging Tax Proposals

- Increase the meals and beverage tax to from 1.0 to 3.0 percent
  - \$39.5 million to be used for school funding formula
  - No impact to current revenues received by municipalities
- Expand lodging tax base to include rentals of vacation homes and rooms in B&Bs with fewer than 3 BR to rent
  - \$1.9 million from application of 13.0 percent tax
    - \$0.3 million, state share of 5.0 percent hotel tax to be used for EDC state tourism promotion
    - \$1.7 million, state sales tax of 7.0 percent

**Total General Revenue Impact: \$41.5 million**

# Near Term Revenue Proposals



- Transfer of bond premium in FY 2012
  - \$6.0 million
- Transfer from Narragansett Bay Commission for debt service
  - \$3.1 million
- Tax Amnesty: 9/1/2012 to 11/15/2012
  - Waive penalty on overdue taxes and reduce interest owed on overdue taxes by 25.0%
  - \$10.9 million

**Total General Revenue Impact: \$20.0 million**



## Other General Revenue Proposals

- Restructure various Department of Health license fees
  - \$1.5 million
- Expand \$0.04 per case litter fee to more beverages
  - \$0.2 million
- Discontinue select programs
  - DEM well drilling program, \$(9,792)
  - DEM municipal wastewater treatment testing, \$(65,987)
  - DOR free tax preparation services, \$1.3 million
- Indirect cost recovery on Telecom Ed Access Fund
  - \$0.1 million

**Total General Revenue Impact: \$3.0 million**



# FY 2013 General Revenue Proposals

Sales and use tax changes	\$27.1
Tobacco taxes and enforcement	7.2
Meals & beverage taxes	39.5
Lodging tax base expansion	1.9
Other revenue changes	17.0
Total General Revenue Proposals	\$92.9
Restore hospital licensing fee	\$143.8
Total New General Revenues	\$236.6

*(in millions)*



# Non-General Revenue Proposals

**FY 2012**

- Transfer of bond premium: \$6.0 million
- \$6.6 million Technology Investment Fund
- \$(12.6 million) RI Capital Plan Fund

**Total Non-General Revenue Impact: \$(6.0) million**



# Non-General Revenue Proposals

## FY 2013

- Restructure Telecom Ed Access Fund fees: \$0.8 million
- Implement registration and license fees effective 1/1/2013
  - \$13.6 million to be deposited in Intermodal Surface Transportation Fund for use by DOT
- Lodging tax distributions: \$1.1 million
  - \$0.5 million, local governments share of hotel taxes
  - \$0.6 million, tourism districts share of state hotel tax

**Total Non-General Revenue Impact: \$14.9 million**





Governor's  
Recommended  
FY 2013 Budget  
Major  
Expenditure  
Adjustments



# General Government

## Administration

- Creation of new Office of Management and Budget - \$760,000
  - Budget Office
  - Federal Grants Management Office
  - Performance Management Office
- Eliminate Bureau of Audits – (\$1.5 million)
  - Some functions moved to new OMB
- Reduce staffing in Human Resources – (\$820,000)
  - Classification and Examination – 10.0 FTE
  - Employee Services – 2.0 FTE
- Reduce staffing in Planning – (\$75,000)
  - Strategic Planning – 1.0 FTE



# General Government

## Revenue

- Eliminate Taxpayer Assistance; redeploy staff to revenue generating audit functions
- Tobacco Enforcement staffing – 6.0 new FTE - \$275,000
- Municipal Finance – 4.0 new Investigative Auditors to review municipal financial and actuarial data under new pension reform requirements - \$400,000
- Tax Amnesty - \$300,000 for advertising



# General Government

## Other Agencies

- Economic Development Corporation
  - Increased Tourism Funding from Lodging Tax - \$250,000
  - Reduce Slater Centers of Excellence Funding – (\$500,000)
  - Reduce Research Alliance Funding – (\$350,000)
- Labor and Training
  - Establish limits on Police & Fire Survivor Fund payments – (\$125,000)



# General Government

## Eliminate Pay for Boards – (\$190,000)

- Personnel Appeal Board
- Board of Elections
- Labor Relations Board
- Pay for all other boards and commissions was eliminated several years ago



# Human Services

## Behavioral Healthcare, Developmental Disabilities and Hospitals

- Access Federal Health Home Enhanced Funding
  - Behavioral Health Home – (\$3.0 million)
  - Medically complex Developmentally Disabled – (\$220,000)
  - Methadone Substance Abuse – (\$300,000)
- Third Party Liability Identification – (\$250,000)
- Re-procure Substance Abuse Treatment services with focus on Recovery Oriented System of Care – (\$100,000)



# Human Services

## Human Services

- Increase Co-pay for Child Care on working families with incomes over 100% FPL by 1%; average increase of \$5.00 per week – (\$275,000)
- Elderly Transportation – add \$2 co-pay for trips to adult day care sites (\$150,000)
- RIPAE – reduced demand and administrative costs due to Medicare Part D coverage – (\$200,000)
- Veterans' Home Staffing increase delay – (\$355,000)



# Human Services

## Health

- Review of Laboratory Functions to focus on activities of primary importance to public health
  - Staffing reduction of 8.0 FTE – (\$700,000)
- Food Inspectors – increase by a total of 6.0 with staggered hiring in FY 2013; intent to add an additional 6.0 position in FY 2014 - \$230,000





# Human Services

## Children, Youth and Families

- Eliminate Life Skills Assessment, Education and Transition Planning support for youth in the Training School – (\$55,000)
- Reduce YESS Aftercare Services (assists youth aging out of care) by approximately 20 percent – (\$375,000)
- Transition Special Education Funding to new formula developed by Education (savings to municipalities) - \$500,000 (five year transition)



## Health and Human Services

- Reduce Managed Care Capitation Rates by 4.14% - (\$14.0 million)
- Home Care Based Services Clinical Utilization Reviews and Service Adjustments – (\$3.0 million)
- Managed Care Refinements – requiring health plans to implement program changes that will reduce medical expenses – (\$1.9 million)
- Restore the “Lesser of Logic” edit for hospital fee-for-service inpatient claims – (\$1.9 million)



# Human Services

- Eliminate Medicaid Dental Services for recipients age 21 and older – (\$2.7 million)
- Rate reduction for Durable Medical Equipment (DME) services from 95% to 85% of Medicare DME schedule rate – (\$500,000)
- Shift Primary Care “Medical Home” for Medicaid Managed Care members from high-cost clinics toward doctors and community health centers – (\$500,000)
- Medical Assistance Recovery Enhancements – (\$550,000)



# Human Services

- Expand Post Payment Surveillance Utilization Reviews – (\$250,000)
- Clinical Utilization Reviews for Services for Katie Beckett Eligible Medicaid Clients – (\$400,000)
- Transfer Connect CARRE members to Connect CARRE Choice – (\$150,000)
- Establish Program Audit/Oversight Unit– 5.0 FTE – \$150,000
- Data Warehouse Educational Outreach and Enhancement - \$125,000



## Elementary and Secondary Education

- Full Funding of Education Aid Formula - \$22.0 million
- 50% increase in FY 2013 Funding for Under Funded communities - \$11.0 million
- Full Funding of Categorical Programs
  - High Cost Special Education - \$500,000
  - Career and Technical Education - \$3.0 million
  - Early Childhood Fund - \$1,450,000
  - Transportation - \$1.1 million



## Elementary and Secondary Education

- Non-public textbooks reimbursement – (\$240,000)
- Science Kits – (\$98,000)
- School Breakfast Outreach – (\$270,000)
- Perkins School for the Blind – (\$350,000)
- School Construction Aid – maintain 35% reimbursement rate – (\$440,000)
- RI Telecommunication Education Access Fund (RITEAF) – lower fee on landlines; establish fee on cell phones – (\$350,000)



# Education

## Higher Education

- Merge RIHEAA with Office of Higher Education – (\$120,000)
- Reduce RIHEAA work study grants (program has been dormant for several years; funds have been redirected each year to need-based grants – (\$50,000)
- End Funding for Loan Forgiveness Program – (\$50,000)

## Channel 36

- Transition to Self-Supporting Entity by January 1, 2013 – (\$430,000)



# Natural Resources

## Environmental Management

- Shift eligible personnel costs to Restricted Receipt Funds (one time savings) – (\$350,000)
- Eliminate Pollutant Discharge Fee Program – (\$100,000)
- Eliminate Water Well Drilling Licensure Program – (\$100,000)
- Reduce Staffing in Freshwater Wetlands Permitting Program due to reduction in applications – (\$200,000)
- Maintain vacancies in Fish & Wildlife – (\$150,000)





# Public Safety

## Corrections

- Overtime Reduction – (\$325,000)

## Public Defender

- Community Outreach Liaison (replace federal funds) - \$81,000

## Military Staff/RIEMA

- Staff Reorganization – (\$75,000)



# Public Safety

## Public Safety

- Municipal Police Training Academy – make self-supporting through tuitions like Fire Training Academy – (\$350,000)
- E-911 GIS Upgrade (replaces federal funds) - \$240,000



# Transportation

## Addressing Structural Deficit at DOT

- Diminishing Resources from Gas Tax
- Increasing Operational Expenses and Debt Service
- Mild Winter has helped this year, but can't rely on that for future years
- General Assembly addressed the reliance on debt in the 2011 session
  - Increased fees on operator licenses and vehicle registrations to begin in FY 2014 and increase each year over a 3-year period
  - Additional fees are projected to generate \$20.8 million when fully implemented in FY 2016



# Transportation

- New funding from fees, combined with \$20.0 million from RICAP fund will provide required match to federal highway funds
- Plan did not address on-going operating deficit
  - FY 2012 - \$2.0 - \$4.5 million (depending on balance of winter)
  - FY 2013 - \$20.0 million (increased debt service/average winter)
  - FY 2014 – \$12.8 million
  - FY 2015 – \$18.3 million



# Transportation

## Governor recommends addressing structural deficit

- Restructure Transportation Debt to level off payments and reduce near term spikes; savings of \$10.9 million projected for FY 2013
- Accelerate fee increase approved by the 2011 General Assembly to be fully implemented on January 1, 2013; projected to generate an additional \$13.6 million
- Maintain enacted plan to allocate new fees to capital (match for federal funds) in FY 2014, and transfer debt service expenses to general revenue in \$10.0 million increments until fully financed with general revenue by FY 2018.



## Statewide

- 25% reduction to Community Service Grants – (\$2.1 million)
- Eliminate Election Day Holiday (state employees will receive an additional personal day) – (\$590,000)



Local  
Aid



# Local Aid

- Level Fund Local Aid Programs
  - Motor Vehicle Excise Tax - \$10.0 million
  - PILOT - \$33.1 million
  - Distressed Communities Aid - \$10.4 million
  - Library Aid/Construction Aid - \$11.2 million
  - Property Revaluation Program - \$1.6 million
- Total State Aid to Cities and Towns (including appropriated aid and education aid) increases by \$63.4 million or 7.1% over the FY 2012 revised budget





## Local Aid

- Increase is partially due to the restoration of \$32.5 million in federal education jobs funds
- Education Aid (net of federal funds restoration) increases by \$38.2 million
  - Fully funds year two of the funding formula
  - Includes an additional 50% or \$11.0 million for under funded districts
  - Fully funds categorical programs at a cost of \$5.6 million



# Capital - Debt Service



# RICAP Projects

- Funding for RICAP Projects
  - FY 2012 - \$105.0 million
  - FY 2013 - \$115.3 million
- New or Enhanced Projects
  - World War II Memorial Park in Woonsocket - \$2.6 million
    - Install a new splash park and other amenities
  - Fort Adams America's Cup Improvements - \$4.4 million
    - For July 2012: Road Repaving/Lighting/Moorings
    - For Future Events: Wave Attenuator/Floating Ferry Dock
  - Allocation of \$20.0 million to Transportation beginning in FY 2014



# Proposed Bond Referenda

- Infrastructure Investment
  - November 2012 Ballot Proposals
    - URI/RIC Nursing Center - \$65.2 million
    - RIC Academic Buildings - \$44.7 million
    - Transportation/RIPTA - \$21.5 million
    - Clean Water/Drinking Water SRF - \$20.0 million
    - Affordable Housing - \$25.0 million
    - Open Space, Recreation and Water Quality - \$25.0 million



# Proposed “Kushner” Authorizations

- Information Technology
  - LEA Technology - \$20.0 million
  - Statewide Financial Management - \$11.5 million
  - Integrated Tax System - \$25.0 million
- Quonset Point Dredging - \$7.5 million
- Resource Recovery Corporation - Leachate Collection System - \$40.0 million
- Airport Corporation – Various Improvements (including runway) - \$174.0 million



# Debt Service

- I-195 Land Purchase - \$1.47 million budgeted in FY 2013 for interest
- New COPS Authorization - \$600,000 budget in FY 2013 for initial issuance (if approved)
- Restructuring of Transportation Debt – (\$10.9 million)
- Planned GO Bond issuance for FY 2013 of \$102.4 million, decreasing to under \$60.0 million by FY 2017 as DOT moves off of debt financing for matching funds.
- Debt Service – General Revenue Funding
  - FY 2012 - \$159.5 million
  - FY 2013 - \$177.2 million
- Debt Service – All Funds
  - FY 2012 - \$261.7 million
  - FY 2013 - \$275.2 million



Personnel  
And  
FTE's



## Personnel (FTE) Summary

- Personnel costs comprise 26.2% of general revenue spending
- Appropriations Act includes an authorized full time equivalent (FTE) cap for each agency
- FY 2012 Revised Budget reflects a decrease of 8.2 FTE compared to FY 2012 enacted
- Enacted FY 2012 authorization was 14,942.2 FTE
- Revised FY 2012 authorization is 14,934.0 FTE
- Filled FTE positions total 13,705.1 (January 14, 2012); 1,237.1 less than enacted authorization
- Recommended FTE cap in FY 2013 is 14,837.7, 104.5 less than FY 2012 Enacted.





# Position Adjustments

- Administration – Audits (12.0 FTE); Human Resources (12.0 FTE); Planning (1.0 FTE); OMB + 11.0 FTE
- Labor and Training – (105.8 FTE) due to loss of federal Unemployment Insurance Funding
- Revenue - +13.5 FTE at the Registry; +6.0 Investigative Auditors; +4.0 Tax Enforcement
- OHHS - +4.0 FTE Money Follows the Person grant; +5.0 FTE Program Audit Oversight
- Health - +6.0 FTE Food Inspectors; (8.0 FTE) Laboratory;

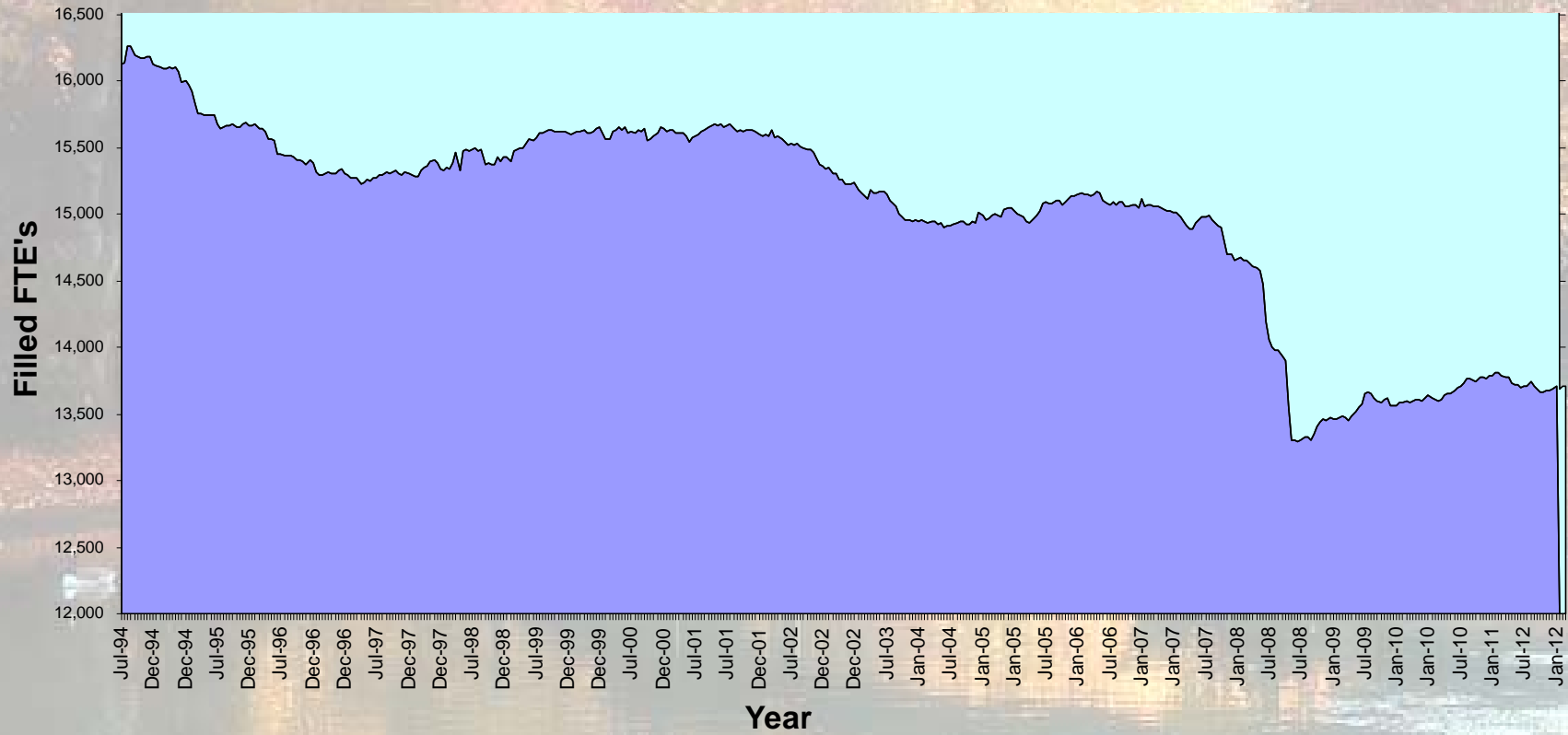


# Position Adjustments

- Human Services – (22.0 FTE) – program reductions
- BHDDH - +5.0 FTE for new federal grants
- Race to the Top Early Childhood Learning Grant
  - DCYF – 3.0 FTE
  - DHS – 3.0 FTE
  - Health – 3.0 FTE
  - RIDE – 13.0 FTE
- URI – 14.0 FTE new faculty positions
- RIC - +8.0 FTE new faculty position; +2.0 new staff positions
- DEM – (3.0 FTE) – program reductions



# Personnel (FTE) Chart

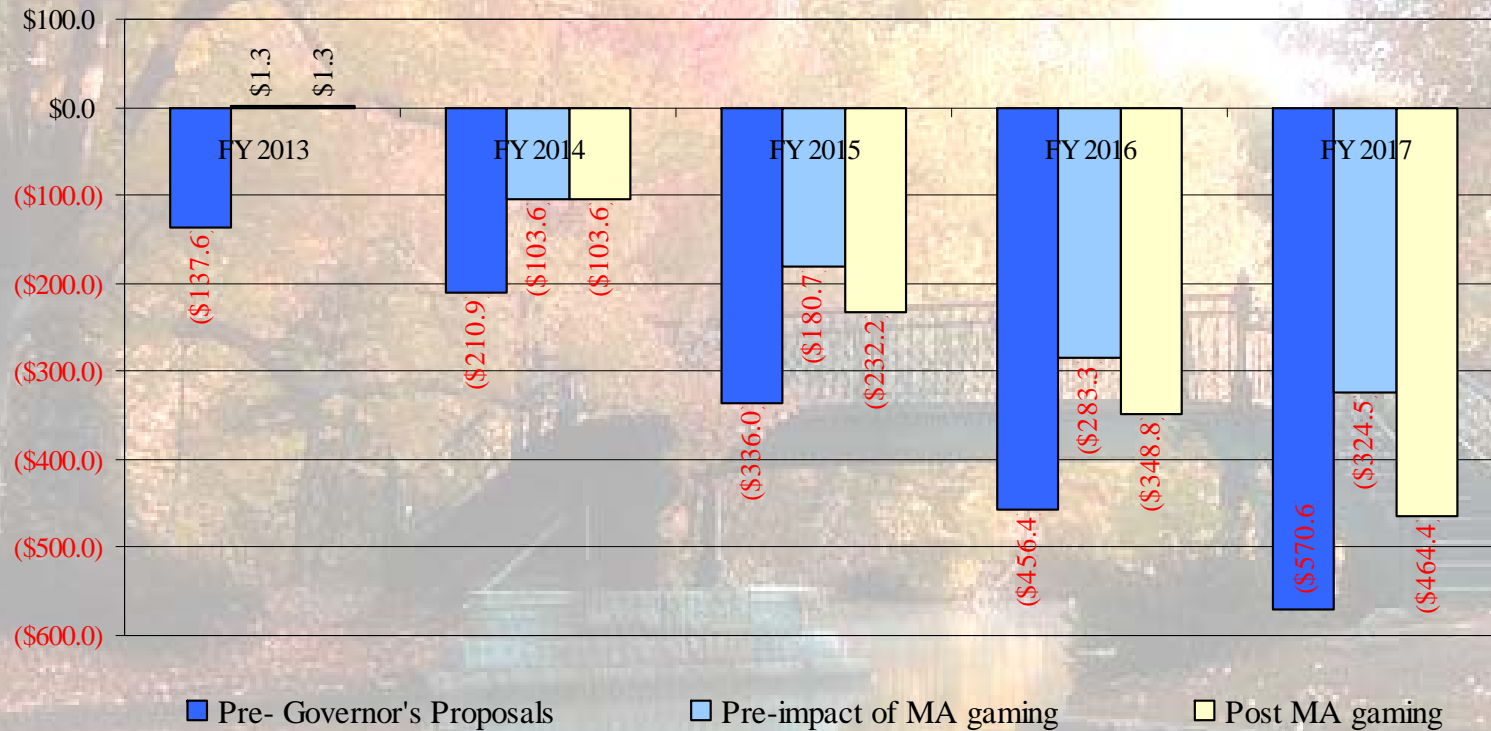




# Five Year Forecast



# Five-Year Forecast



Impact of Governor's Proposals on Estructural Deficit				
	FY 2014	FY 2015	FY 2016	FY 2017
Pre-gaming	(\$107.3)	(\$155.3)	(\$173.1)	(\$246.1)
Post-gaming	(\$107.3)	(\$103.8)	(\$107.6)	(\$106.2)

(in millions)



# The Impact of Massachusetts Gaming on General Revenues

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Taxes	\$2,627.6	\$2,714.8	\$2,810.1	\$2,897.0	\$2,964.4
Departmentals	345.6	346.9	348.4	355.6	357.1
<b>Taxes &amp; Departmentals</b>	<b>\$2,973.2</b>	<b>\$3,061.7</b>	<b>\$3,158.5</b>	<b>\$3,252.6</b>	<b>\$3,321.5</b>
Other Sources	392.5	400.7	409.8	420.1	431.9
<b>Preliminary Revenues</b>	<b>\$3,365.7</b>	<b>\$3,462.4</b>	<b>\$3,568.3</b>	<b>\$3,672.8</b>	<b>\$3,753.6</b>
MA Gaming	0.0	0.0	(53.0)	(113.8)	(144.2)
<b>Final Revenues</b>	<b>\$3,365.7</b>	<b>\$3,462.4</b>	<b>\$3,515.3</b>	<b>\$3,559.0</b>	<b>\$3,609.4</b>



# The Impact of Massachusetts Gaming on Deficits

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Net Revenues (w/out MA)	\$3,270.5	\$3,358.5	\$3,461.3	\$3,562.7	\$3,641.0
Expenditures	3,269.2	3,462.1	3,642.0	3,801.0	3,965.5
<b>Surplus (+) or Deficit (-)</b>	<b>\$1.3</b>	<b>(\$103.6)</b>	<b>(\$180.7)</b>	<b>(\$283.3)</b>	<b>(\$324.5)</b>
Net Revenues (w/ MA)	\$3,270.5	\$3,358.5	\$3,409.8	\$3,452.2	\$3,501.1
Expenditures	3,269.2	3,462.1	3,642.0	3,801.0	3,965.5
Surplus (+) or Deficit (-)	\$1.3	(\$103.6)	(\$232.2)	(\$348.8)	(\$464.4)
<b>Impact</b>	<b>None</b>	<b>None</b>	<b>+51.5</b>	<b>+110.5</b>	<b>+139.9</b>



## The Impact of the Governor's Budget on Deficits w/ MA Gaming

Nov 2011	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Net Revenues	\$3,174.6	\$3,274.1	\$3,329.3	\$3,368.4	\$3,419.6
Expenditures	3,312.2	3,485.0	3,665.3	3,824.8	3,990.1
<b>Surplus (+) or Deficit (-)</b>	<b>(\$137.6)</b>	<b>(\$210.9)</b>	<b>(\$336.0)</b>	<b>(\$456.4)</b>	<b>(\$570.6)</b>
Gov Budget	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Net Revenues	\$3,270.5	\$3,358.5	\$3,409.8	\$3,452.2	\$3,501.1
Expenditures	3,269.2	3,462.1	3,642.0	3,801.0	3,965.5
<b>Surplus (+) or Deficit (-)</b>	<b>\$1.3</b>	<b>(\$103.6)</b>	<b>(\$232.2)</b>	<b>(\$348.8)</b>	<b>(\$464.4)</b>
<b>Impact</b>	<b>\$ 138.9</b>	<b>\$ 107.3</b>	<b>\$ 103.8</b>	<b>\$ 107.6</b>	<b>\$ 106.2</b>





Thank You.