

State of Rhode Island and Providence Plantations

# Budget



## Fiscal Year 2017

Executive Summary

Gina M. Raimondo, Governor



## State of Rhode Island and Providence Plantations

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

Gina M. Raimondo  
Governor

February 2, 2016

To the Honorable General Assembly:

The budget I submit today builds on the progress we have collectively made in addressing Rhode Island's economic and fiscal challenges.

Our principal focus is on building a new economy so that everyone can "make it in Rhode Island." In order to do that, we need skills that matter and jobs that pay.

Our economy is making progress. Last year, Rhode Island created more jobs than in any single year since 2000, and our unemployment rate fell more than any other state in the nation. But there is much more work to do to create growth that includes everyone.

For the second year, I propose a balanced budget that includes no broad-based tax increases; invests in strengthening neighborhood schools and in building skills that matter; makes it cheaper and easier to do business in order to attract new businesses and help our existing businesses grow; makes work pay for Rhode Island families; protects the health and safety of our residents; and modernizes government.

Last year, I worked closely with House Speaker Nicholas Mattiello, Senate President Teresa Paiva Weed, and leaders in both chambers to grow our economy. The General Assembly overwhelmingly supported a suite of economic development tools focused on putting people back to work -- those efforts are starting to bear fruit. However, more remains to be done. We need more skills, more jobs, and higher incomes.

This budget has five main themes to continue Rhode Island's comeback:

- Build skills that matter by developing a first-class educational system and workforce;
- Make it cheaper and easier to do business to grow well-paying jobs;
- Make government more innovative, efficient, and responsive to the public;
- Protect the health and safety of Rhode Islanders; and
- Make fiscally responsible decisions to support long-term growth and close the deficit.



If we remain committed to these principles, I am confident that we will achieve our shared goal of creating jobs and expanding opportunity for all Rhode Islanders.

The FY 2017 budget closes an estimated shortfall of \$49.5 million, down from the FY 2016 deficit of \$190.4 million we faced one year ago. A combination of last year's reforms to control cost growth and stronger revenues have improved our fiscal situation.

Under current law, the Governor's budget recommendations are based on projected revenues from the November Revenue Estimating Conference. Those estimates, however, may not reflect the true fiscal picture for the state. Indeed, in November and December 2015, the state's revenues were above estimates, and I am cautiously optimistic that the trend will continue. I have again proposed moving the November revenue conference to January so that the Governor's budget is informed by the most current data.

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

- Increase education funding formula categorical spending in areas such as career and technical education and transportation;
- Reduce the structural deficit by repealing proposed transfers from quasi-public agencies;
- Put more money in working people's pockets by expanding the Earned Income Tax Credit even beyond the increase proposed in this submission;
- Provide additional support for the Rhode Island Infrastructure Bank's Efficient Building Fund, which has experienced great demand to fund projects that reduce energy usage;
- Establish tiered reimbursement rates for Child Care Assistance Providers to incentivize quality improvements;
- Increase home care worker raises above budgeted amounts to promote greater use of home- and community- based services as an alternative to nursing homes; and
- Purchase additional voting equipment for the 2016 elections, including e-poll books.

I appreciate our partnership and shared sense of urgency in improving our state's economic outlook; I look forward to continuing to work with you as Rhode Island makes even more progress toward its comeback.

Sincerely,



Gina M. Raimondo  
Governor

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# FY 2017 Budget Documents

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Governor Raimondo's *FY 2017 Executive Summary* is the first of eight documents that contain the summaries of revenue and expenditures on a statewide, functional, and departmental basis and also presents statewide expenditure data by *category* or object of expenditure. This same data is presented in the *Budget* in more detail by program.

The *Executive Summary* contains special reports on Education Aid and State Aid to provide a historical perspective on these state expenditures and also contains a "Budget Primer" which is intended to assist the reader of the budget documents in understanding the budget process in Rhode Island. Specific recommendations for FY 2017 for the departments are presented in this document, as well as the five-year financial projection as provided by law. Further detail is provided in the *Technical Appendix*.

*The Budget* consists of four volumes that provide an overview of state expenditures, as well as an in-depth presentation of the State Budget by program. The financial data presented for state agencies in *The Budget* for the past two fiscal years (FY 2014 and FY 2015) is generally derived from the appropriation accounting and receipt accounting files of the State Controller, as of the time of year-end closing. In the case of the accounts under the jurisdiction of The Office of Postsecondary Education, these columns reflect independently audited records.

The financial data for state agencies for the current fiscal year is from the enacted budget, modified in some cases to reflect recommended supplemental appropriations or withdrawals, revised expenditure estimates by category of expenditure or program, and revised estimates of federal grant awards or restricted receipts. In this document, the general revenue balance forward is included at the account level. The proposed changes to the enacted FY 2016 budget are included in the financial data by program for FY 2016. Totals and subtotals often appear to be inaccurate by small amounts or may disagree by small amounts with other budget and financial documents; this is due to differences in rounding procedures. The annual Appropriations Act is the absolute reference for state appropriation amounts.

*The Budget* also contains both narrative descriptions of Rhode Island's quasi-public agencies, authorities and entities, which are component units of state government for financial reporting purposes, and presents financial data provided by these entities. The Budget Office requests that quasi-public agencies and authorities submit information in the format used by the agency; no attempt is made to conform the financial presentation of the agencies data. In most cases, the FY 2016 and FY 2017 information has not been officially approved by the entities' governing bodies.

The *FY 2017 Budget* reports performance measurements for most programs, as required by legislative mandate to develop performance measurements for use in the budget process. Measurements are provided after each agency personnel supplement page. The *Budget* document provides information relating to personnel costs by program.

The *Capital Budget* contains information on the Governor's recommended capital improvement plan and contains individual project expenditures as well as contains the debt service component relating to capital improvements and any "pay-as-you-go" capital, which is financed from current revenues.

The *Budget as Enacted* will be prepared after final enactment by the 2016 General Assembly.



# Executive Summary

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# **Executive Summary**





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# Introduction

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Governor Raimondo's FY 2017 budget focuses on building a new economy so that everyone can "make it in Rhode Island." In order to do that, we need skills that matter and jobs that pay.

The state's economy made progress in 2015. Rhode Island created more jobs last year than in any single year since 2000, and the unemployment rate fell more than any other state in the nation.

However, much more work needs to be done to create growth that includes everyone. In passing the FY 2016 budget, the General Assembly supported numerous proposals to provide business, citizens and government with the tools necessary to spark an economic comeback. Those efforts are starting to have an impact, but the state is still not creating the kind of growth it needs. Rhode Island must continue to press urgently for reforms and investments that will make the state competitive with its neighbors, create well-paying jobs, and improve the standard of living for all residents.

The Governor's FY 2017 budget is built around five main themes:

- Develop a first-class educational system and workforce;
- Make it cheaper and easier to do business and create well-paying jobs;
- Make government more innovative, efficient and responsive to the public;
- Protect the health and safety of Rhode Islanders; and
- Make fiscally responsible decisions to support long-term growth and close the structural deficit.

Following these themes, the Governor submits a balanced budget that includes no broad-based tax increases; increases funding for elementary, secondary and higher education; continues commitment to workforce development efforts; reduces unemployment taxes for business owners; invests in economic growth and innovation; supports working Rhode Islanders through a minimum wage increase and expansion of the Earned Income Tax Credit; and promotes the fiscal health of our cities and towns.

During the last year, Rhode Island business and community leaders, academics, and stakeholders have contributed time and energy to tackling the state's most complicated challenges. The FY 2017 budget reflects many recommendations from groups such as the Rhode Island Economic Development Planning Council, the Working Group to Review the Permanent Education Foundation Aid Formula, the Overdose Task Force, the Working Group for Healthcare Innovation, the Justice Reinvestment Working Group, the Cybersecurity Commission, as well as all of those who shared their views in public meetings and community engagement events.

The budget also makes progress in closing the structural deficit. The FY 2017 budget closes an estimated shortfall of \$49.5 million, down from the FY 2016 deficit of \$190.4 million. In terms of constraining costs, the state made important progress in last year, locking in budget savings by resolving challenges to pension reform, the state also achieved significant savings by reinventing Medicaid, which accounts for approximately 30.0 percent of our state budget. The FY 2017 budget continues to focus on both holding down costs and creating economic growth. As a result, the projected FY 2020 deficit drops 27.9% from last year's estimate, from \$376.7 million to \$271.7 million. Additional revenues from a better business climate may improve the outlook further.

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## **First-Class Educational System and Workforce**

Fostering a pipeline of educated and skilled workers is the most important action the state can take over the long-term to position Rhode Islanders to thrive in the new economy. Not coincidentally, it is also among the most important approaches in the near term to attract businesses to invest and grow in Rhode Island.

### *K-12 Education*

Rhode Island must provide a first-class education so that students are prepared for well-paying jobs in the industries the state hopes to attract and expand. The state has committed to increased resources for public education by adopting a funding formula, which reimburses school districts according to their need and allows funding to follow the student. The Governor's budget continues implementation of the funding formula in its sixth year while proposing changes to improve educational outcomes and promote equity.

To ensure that the state's education funding formula fairly reflects the needs of schools and children, the Governor established the Working Group to Review the Permanent Education Foundation Aid Formula. This group of diverse stakeholders was charged with reviewing the funding formula and making recommendations for improvement. The Governor's budget includes the Working Group's recommendations to invest additional funds on behalf of students with special needs. It creates an English Language Learners weighting component to the formula and adjusts the allocation of funds to school districts and charter schools to reflect local costs and conditions. These investments represent a total increased investment of \$39.1 million for the funding formula and its associated categorical programs over FY 2016 levels.

Included in the funding formula and categorical program increase is an additional investment in early child development programs – \$1.2 million more than in FY 2016. Early learning programs support cognitive growth in children and lay the groundwork for future academic success. Rhode Island was one of twenty states that received federal funding under the Race to the Top – Early Learning Challenge grant. With the \$50.0 million grant expiring in December 2016, the Governor's budget includes \$1.6 million to sustain several ongoing early childhood initiatives in the Department of Human Services and the Department of Education.

### *Investment in Schools*

Innovation and leadership are essential to creating the conditions of success in Rhode Island public schools. To that end, the Governor recommends creating an Innovation & Empowerment Fund – a recommendation of the funding formula working group – and provides an initial appropriation of \$1.0 million in FY 2017 for both planning and implementation grants to support building-level innovation and empowerment and establish a statewide cohort of empowerment schools. Further, to promote leadership development among educators and administrators, the budget invests \$1.75 million toward professional development for principals and teachers to build a pipeline of school leaders through an emerging leaders program, support the growth of sitting principals, and strengthen in-state principal preparation programs. It also funds two additional staff positions at the Rhode Island Department of Education to support educator performance evaluation.

For students and educators to thrive, the state's schools must be safe, modern, and conducive to learning. In FY 2016, Governor Raimondo proposed the School Building Authority Capital Fund to supplement the existing school construction program, and the General Assembly supported an initial appropriation of \$20.0 million for the Fund. The FY 2017 budget invests a total of \$80.0 million in school construction and renovation, including \$9.1 million for the School Building Authority Fund. However, the demand for school construction and renovation

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funding exceeds available resources – the result of an earlier statewide moratorium on non-emergency projects. To address this shortfall, the Governor proposes a \$40.0 million school construction bond to further renovate and modernize school facilities.

In addition to the other education initiatives in this budget, the Administration intends to propose additional measures this year to further strengthen neighborhood schools by (1) empowering principals and teachers to form school leadership teams and make decisions in their own students' best interest; and (2) by providing parents more options about where their children go to school.

## *Skills Development & Access to Affordable Higher Education*

An educated and skilled workforce is vital to economic development. Employers have noted the need for job applicants with technical certification or higher education degrees, and Rhode Island must prepare its workforce with the skills to succeed. By 2020, 71.0 percent of Rhode Island's jobs will require some form of post-secondary degree – an associate's degree or higher – yet only about 43.0 percent of Rhode Islanders presently meet that benchmark.

To support affordable higher education, the FY 2017 budget provides \$17.0 million in new funding, including \$10.0 million in capital funding, for the University of Rhode Island, Rhode Island College, and Community College of Rhode Island. This investment is intended to prevent a tuition increase and to keep college accessible to Rhode Islanders. In recent years, the state has demonstrated an increased commitment to higher education funding, and this additional investment will assist Rhode Island students as they seek to improve their skills and enter the workforce.

Students should not be dissuaded from higher education by testing costs. The Governor's budget recommends \$500,000 to make the SAT and PSAT exams free for all students in Rhode Island. The goal of initiative is to have 100.0 percent of high school students take these tests. It will also permit high schools to administer the test during the school day to encourage participation.

The budget continues the state's commitment to the Pathways in Technology (P-TECH) program, which connects high schools, community colleges, and businesses. The program allows qualifying high school students to pursue a five- or six-year path to a high school diploma, an associate's degree, and ultimately a job. Conducted with industry partners, the program provides skills development and access to mentors, internship opportunities and employment. These partnerships create reliable pipelines of talented, trained workers. The state invested \$900,000 in FY 2016 to establish three P-TECH schools, and the Governor recommends an additional \$1.4 million from debt refinancing proceeds in FY 2017 to expand to five schools. Additionally, to provide students with the necessary skills for advanced industries, the budget includes \$260,000 in grant funding to expand computer science instruction in school districts.

For recent graduates, the Governor proposes a total of \$5.0 million to continue and expand the Wavemaker Fellowship college loan forgiveness program. In its first year, the Wavemaker program will provide loan forgiveness for recent graduates pursuing careers and starting businesses in technology, engineering, design, and other key sectors. The Wavemaker program encourages graduates to remain in the state, attracts young innovators, and promotes new businesses and economic activity. Expanding the program in its second year will satisfy the additional needs of recent graduates and employers eager to expand their workforce.

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The budget maintains the state's commitment to Real Jobs RI, a demand-driven workforce and economic development initiative. The program ensures that Rhode Island employers have the talent they need to compete and grow while providing targeted education and skills training to Rhode Island workers. Real Jobs Partnerships convene industry employers, key stakeholders and groups in alliances to address business workforce demands. This program requires no new general revenue funding, but redirects existing funds to the most effective programs, using performance measurement to optimize the investment of workforce development dollars.

Finally, the budget includes \$2.0 million for Rhode Island's participation in the White House's TechHire initiative. TechHire is a multi-sector initiative to empower Americans with the skills they need, through universities and community colleges but also nontraditional approaches like "coding boot camps," and high-quality online courses that can rapidly train workers for a well-paying job, often in just a few months. As part of this initiative, the Executive Office of Commerce, the Department of Labor & Training, Rhode Island higher education institutions, and non-profit organizations are working with employers to use data and innovative hiring practices to expand openness to non-traditional hiring and create more fast-track tech training opportunities by expanding models for training that prepare students in months, not years. The goal of Rhode Island's TechHire initiative is to train and place 2,000 Rhode Islanders in information technology jobs over the next five years.

### *Tax Relief and Support for Working Families*

Despite recent improvements in the state's unemployment rate and economic outlook, still too many Rhode Islanders struggle to make ends meet. In 2015, the Governor and the General Assembly provided help to working families by increasing the state's minimum wage from \$9.00 per hour to \$9.60, effective January 1, 2016. Massachusetts's rate is currently \$10.00 per hour and is scheduled to climb to \$11.00 in 2017. Connecticut's rate is currently \$9.60 per hour and will rise to \$10.10 in 2017. To remain competitive with neighboring states, the Governor recommends increasing Rhode Island's minimum wage to \$10.10 in 2017.

The FY 2017 budget includes a provision again increasing the allowable percentage of the federal Earned Income Tax Credit amount that may be used as a credit against Rhode Island personal income tax liability. The Governor and General Assembly supported increasing the deduction from 10.0 percent to 12.5 percent in the FY 2016 budget. The Governor recommends increasing the deduction rate to 15.0 percent, which will provide relief to 85,000 taxpayers, more than 70.0 percent of whom have a Federal Adjusted Gross Income of less than \$25,000.

### **Attracting 21<sup>st</sup> Century Businesses**

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

### *Make it Easier and Cheaper to do Business*

The Governor seeks to lower the unemployment insurance (UI) burden that employers pay. UI taxes are among the top complaints of Rhode Island businesses. The Tax Foundation ranks Rhode Island 49th -- second worst -- in unemployment insurance taxes. Part of attracting 21<sup>st</sup> century businesses to invest in Rhode Island is addressing areas where the state is an outlier.

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The Governor's plan will reduce the UI taxes that burden Rhode Island businesses without harming benefits. The plan will save Rhode Island businesses approximately \$30 million next year alone, and will likely mean that businesses in Rhode Island will pay less per employee in UI taxes than businesses in Massachusetts.

Additionally, the proposal seeks to crack down on disability insurance fraud. Rhode Island is one of five states that require Temporary Disability Insurance (TDI) for workers – an important safety net in the event of injury. However, Rhode Island's program is structured differently from other TDI states, leading to relatively high claim rates and worker contributions (a 1.2% payroll tax on the first \$66,300 of wages). The Governor's proposal establishes a TDI Fraud and Program Integrity Task Force to improve the claims review process and promote enhanced information sharing across state government benefit programs. It also requires claims to be filed within 90 days of illness or injury.

### *Promote Innovation*

In January 2016, the Rhode Island Economic Development Planning Council adopted a long-term economic development strategic plan prepared by the Metropolitan Policy Program at the Brookings Institution, in association with Battelle Technology Partnership Practice and Monitor Deloitte. A comprehensive study of the Rhode Island economic climate, Rhode Island Innovates: A Competitive Strategy for the Ocean State, notes Rhode Island played a central role in the Industrial Revolution and emphasizes, in light of recent economic conditions, that "the Ocean State needs to transform itself once more." Rhode Island's small size is an advantage to incubate ideas and foster collaboration, but the state can do more to promote a culture of innovation.

The Governor's budget recommends \$5.0 million in FY 2017 for a new research and development (R&D) tax credit. The credit will assist businesses that commit to R&D in the state and that make a substantial new investment in plant, equipment, or personnel. Rhode Island Innovates notes that the effectiveness of Rhode Island's R&D tax credit is limited in value and is not refundable. With the new proposal, companies can apply to the Commerce Corporation prior to incurring expenses and receive a refundable tax credit for property tax liability, up to \$200,000. The tax credit will be available to pass-through entities and will be subject to annual appropriations. The budget also recommends adding \$1.0 million to increase the state match under the federal Small Business Innovation Research program, a competitive award that supports innovative R&D and commercialization.

The budget also provides \$2.75 million to implement Impact Faculty, a higher education innovation initiative recommended by the Economic Development Planning Council (\$1.5 million in debt restructuring funds and \$1.25 million in general revenue). This effort will support hiring university faculty with track records of commercializing their research. Impact Faculty will transform Rhode Island higher education institutions into centers for innovation that can create new businesses and jobs and improve the economy.

Rhode Island Innovates also emphasizes the need for Rhode Island to improve transportation links to Boston and other areas. The budget includes \$1.5 million to create Rhody Pass, which will improve rail connectivity between Rhode Island and the metropolitan Boston area by offering users discounted fare options and rail information. To improve air connectivity, the budget includes \$1.5 million for an Air Service Development initiative to support additional direct routes from T.F. Green to major metropolitan areas, thereby facilitating business travel and economic development.



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## *Targeted Short-Term Investments for Economic Development*

The enacted FY 2016 budget authorized limited-duration economic development initiatives funded by the proceeds of state debt restructuring. That effort yielded \$64.0 million to support effective new tools to attract new businesses, support existing employers, improve schools, and encourage real estate development. The Governor’s budget projects an additional \$35.0 million available from ongoing debt restructuring in FY 2017. In most cases, these funds will be invested in programs demonstrating high demand in FY 2016. New initiatives include \$1.5 million designated for a new program to improve rail connectivity between Rhode Island and the Boston metropolitan area, and \$1.5 million to recruit top university faculty members and commercialize their research. A detailed list of expenditures follows.

<b>Summary of Projects Supported by State Debt Refinancing</b>		
<i>Restructuring the state’s debt is estimated to yield \$35.0 million in FY 2017. These funds will be used exclusively to advance economic development priorities.</i>		
<b>Project</b>	<b>FY 2017</b>	<b>Purpose</b>
Rebuild RI Tax Credit	\$20,600,000	Supports high-return catalytic real estate development projects that encourage construction and other job creation. Previously, Rhode Island had no broad-based real estate development tax credits. The Rebuild RI real estate tax credit will leverage private funds to spur real estate development.
First Wave Closing Fund	\$5,000,000	Provides state economic development officials with flexibility when working with businesses interested in locating to or expanding in Rhode Island. The First Wave Closing Fund provides last-dollar financing for projects that are catalytic in nature and of significant economic benefit to the state.
Impact Faculty	\$1,500,000	Supports hiring top-notch university faculty with track records of commercializing their research.
Rhody Rail Commuter Pass	\$1,500,000	Improves rail connectivity between Rhode Island and the metropolitan Boston area by offering discounted fare options and rail information to travelers.
P-TECH	\$1,400,000	Allows qualifying high school students to pursue a five- or six-year path to a high school diploma, an associate's degree, and ultimately a job. Conducted with industry partners, the program promotes skills development and provides access to mentors, internship opportunities and employment.
Industry Competitive Cluster Grants	\$1,250,000	Creates an incentive for companies in an industry sector to work together to solve problems, exchange ideas, and develop talent. Such “industry cluster” relationships are key to growing innovation economy and do not currently exist at scale in Rhode Island. This grant program encourages the formation of industry clusters in areas such as R&D, technology transfer, workforce development, or marketing.
Housing Opportunity Fund	\$1,000,000	Through Rhode Island Housing, finances the production and preservation of housing for young workers, seniors, and other residents. Projects will be prioritized if they can move to construction quickly and leverage federal housing tax credit dollars.

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Summary of Projects Supported by State Debt Refinancing (cont.)		
Project	FY 2017	Purpose
Main Street RI Streetscape Improvements	\$1,000,000	Provides funds to upgrade streetscapes in local business districts, including such elements as lighting, street furniture, and medians. These improvements will create an environment more hospitable to business and attract customers to the commercial corridors of cities and towns.
Innovation Vouchers	\$1,500,000	Expands R&D capacity among businesses in Rhode Island. Rhode Island enterprises with fewer than 500 employees can receive grants of up to \$50,000 to fund R&D assistance from a Rhode Island university, research center, or medical center. Vouchers can be used as: support for the commercialization of a new product, process, or service; access to scientific, engineering, and design expertise; technological development and exploration; or scaling innovative ideas to market development.
Building & Fire Code Permitting	\$250,000	Expedites fire and building permit review of priority projects. The approved FY 2016 budget permitted projects receiving state economic development incentive funding to be subject only to state building and fire code inspections done by the state. Funding will be used for one-time transition costs for the state assuming responsibility for certain local fire and building inspections.
<b>Total Refinancing Proceeds</b>	<b>\$35,000,000</b>	

## *Customer-Oriented Regulations and Permitting*

In addition to providing economic development incentives and tax relief, Rhode Island can improve the business climate by clearing the thicket of complex and redundant regulations at the state and municipal levels. From professional licensing to permitting, small business owners and residents have expressed frustration at long wait times and unclear advice from agencies. Following the Governor's Executive Orders on regulatory reform (Executive Order 15-07) and Lean Government (Executive Order 15-09), the state has made efforts to streamline professional licensing at the Department of Health, shorten application timelines at the Department of Environment Management, and reduce unemployment insurance processing times at the Department of Labor and Training, among others.

The Governor's budget includes the following initiatives to streamline regulations and make Rhode Island move at the speed of business.

- \$500,000 for expansion of e-permitting – In February 2016, the State Fire Marshal and State Building Commission will adopt an online permitting system, with ten communities following shortly thereafter. The e-permitting system will replace paper building permits, allowing builders and homeowners to transmit documents electronically and get real-time status updates on their applications. Additional funding will allow expansion to include 25 Rhode Island municipalities by the end of FY 2017.

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- \$250,000 in debt refinancing proceeds to expedite building & fire permits for priority projects – The approved FY 2016 budget permitted projects receiving state economic development incentive funding to be subject only to state building and fire code inspections done by the state. Funding will be used for one-time transition costs for the state assuming responsibility for certain local fire and building inspections.
- \$700,000 to modernize state regulations – The Office of Regulatory Reform and the Secretary of State’s Office propose modernizing the state’s Administrative Procedures Act and creating an online, indexed, and searchable Code of State Regulations. These improvements will make state regulations more accessible to business and others who interact with government, compiling all relevant information in a user-friendly format.

### **Keeping Rhode Islanders Safe and Healthy**

State government plays a key role in fostering a safe and healthy environment for all Rhode Islanders. Targeted investments in public safety, environmental protection, and public health can improve residents’ quality of life and make the state more attractive to visitors and businesses. The Governor’s budget includes programs to prevent crime, reduce fatal drug overdoses, support the health and well-being of seniors and children, enhance cybersecurity, and address the threat of climate change.

#### *Combat Drug Overdoses*

Like many states, Rhode Island has experienced a marked increase in accidental deaths from drug overdoses. This increase is largely attributable to opiate abuse; the state reported 237 deaths from opiate overdose in FY 2015, up nearly 18.0 percent from the previous year. This public health crisis has no geographic or socioeconomic boundaries; it threatens too many Rhode Island families and requires a thorough state response. Governor Raimondo’s Executive Order 15-14 created the Overdose Prevention and Intervention Task Force, which delivered a strategic plan to address the crisis in November 2015. Based on those recommendations, the Governor has set a statewide goal of reducing the number of opioid overdoses more than 40.0 percent by 2020. To make progress toward this target, the budget includes \$2.5 million to support medication-assisted treatment programs at the Department of Corrections. It also includes \$740,000 for the Office of Health and Human Services to increase availability of naloxone to first responders, better monitor opioid usage through the Prescription Monitoring Program, and expand access to peer recovery coaches. Including matching federal Medicaid dollars, this investment will provide a total of \$4.0 million to address the opioid crisis facing Rhode Islanders.

#### *Criminal Justice Reform*

Governor Raimondo has emphasized the need for criminal justice reform to end the cycle of incarceration and improve the safety of Rhode Islanders. Executive Order 15-11 established the Justice Reinvestment Working Group – representatives from the executive, legislative and judicial branches, and numerous stakeholders charged with reviewing the state’s criminal justice system and making recommendations. Supported by the Council of State Governments’ Justice Center and coordinated with the U.S. Justice Reinvestment Initiative, the Working Group adopted a data-driven approach to justice reform. Their final recommendations are expected in February 2016, but the Governor’s budget includes several provisions consistent with the group’s findings, including \$50,000 in FY 2016 and FY 2017 to improve evaluation of inmate rehabilitation programs in the Department of Corrections, and shifting existing resources to evidence-based programs.

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The budget also includes \$500,000 for a Pay for Success pilot project to increase employment and reduce recidivism for formerly incarcerated individuals. The pilot project will provide skills development and employment training, while fostering access to transitional jobs and permanent employment. Pay-for-success programs allow states to invest in promising programs and pay service providers only after certain outcomes have been achieved, thereby minimizing taxpayer risk and encouraging better results.

### *Enhance Cybersecurity*

As with criminal justice reform, the state has adopted an interagency approach to addressing the threat of cybersecurity. The Cybersecurity Commission, created by Executive Order 15-10, brought together representatives from state and municipal government, private industry and academia to make recommendations on improving the resiliency of government operations, as well as developing a cybersecurity industry and workforce in Rhode Island. Consistent with their recommendations from October 2015, the Governor's budget includes \$800,000 for priority information technology infrastructure upgrades, cybersecurity training for executive branch employees, and establishing a state cybersecurity director.

### *Healthy Environments for Seniors & Children*

As part of its Medicaid reform efforts, Rhode Island has emphasized the importance of home- and community-based placements as an alternative to more costly nursing homes. For these alternatives to be successful, the state must have a robust provider network and support system for home- and community based services. To build this capacity, the Governor's budget proposes increasing the hourly wages for home health aides and personal care attendants by approximately 7.0 percent. This investment will support a high-quality workforce and expand seniors' access to vital services in their homes.

Senior centers also play an integral role in keeping people in their homes by providing access to health care and social and educational opportunities. To expand the role of senior centers in Rhode Island communities, the FY 2017 budget includes an additional \$600,000 for the Division of Elderly Affairs to increase grant funding to current recipients of senior center funds. That funds will also provide initial appropriations to any cities or towns not yet receiving state support for these services.

The state's children also need safe environments conducive to developmental growth. Lead-based paint in Rhode Island's relatively old housing stock is the most common source of lead exposure for children. High blood lead levels are associated with learning disabilities and other cognitive challenges. To reduce children's lead exposure, the Governor's budget includes \$187,000 for lead poisoning prevention efforts. These funds will support Certified Lead Centers, which provide non-medical case management to lead-poisoned children, as well as the Lead Elimination Surveillance System and contracted data analysis and GIS services.

### *Address Climate Change & Protect the Environment*

As a coastal state, Rhode Island's economy and identity are closely tied to the health of the ocean and Narragansett Bay. Because of its unique geography, Rhode Island is particularly susceptible to the effects of global climate change, with many cities and towns threatened by coastal flooding and erosion. However, this vulnerability can also become an asset if Rhode Island leads the way in climate change research and mitigation planning. To encourage that transformation, the Governor's budget includes \$100,000 for a Coastal Resiliency Initiative at URI's Graduate School of Oceanography. In partnership with the National Oceanographic and

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Atmospheric Agency, the Institute will assist shoreline communities in preparing for and managing climate change impacts such as sea-level rise, extreme weather events, and fishery changes.

Rhode Island is also well-positioned to lead in renewable energy and energy efficiency efforts. With the Block Island wind project likely to be the United States' first offshore wind farm in 2016, the state has an unprecedented opportunity to raise its profile regionally and nationally on renewable energy. The Governor's budget includes several provisions to advance renewable energy in the state, including:

- Extend the Renewable Energy Fund beyond its scheduled expiration in December 2017 – The REF has been a popular incentive for small-scale solar, commercial renewable energy development, early stage commercial renewable development, and pre-development feasibility studies.
- Exempt renewable energy systems from municipal property tax – Currently, municipalities have the option to exempt renewable energy systems from taxation, but few do so. The Governor proposes an automatic exemption of renewable systems, but will allow municipalities to opt out of the exemption.
- Broaden net metering to allow more residents and business to use renewables – Rhode Island significantly expanded the appeal of solar installations by allowing net-metering, which credits residents and businesses that own on-site solar systems for the electricity they sell back to the grid. However, this benefit is unavailable to residents who rent, live in multi-family residences, or have unsuitable roofs for panel installation. The Governor proposes implementation of virtual net metering, which allows businesses and municipalities to receive credits from a solar array located offsite, as well as third-party net metering, which allows companies to install residential solar panels at no upfront cost to homeowners.

State government must also lead by example on renewable energy and energy efficiency. The Governor's Executive Order 15-17 charged state government with procuring 100.0 percent of electricity consumption from renewable sources by 2025. The executive order also set a target of reducing overall electricity consumption in state agencies by 10.0 percent between FY 2014 and FY 2019.

Finally, the FY 2017 budget addresses the need to enhance enforcement of laws and regulations to protect the state's environmental assets. It includes \$208,000 to support two staff positions at the Department of Environmental Management. An environmental scientist in the Office of Compliance and Inspection will improve complaint response times and enforce new provisions of the amended wetlands and cesspool statutes. An additional legal counsel in the Office of Legal Services will pursue litigation to compel compliance and ensure payment of administrative fines and penalties. These efforts will enhance DEM's ability to pursue those who violate environmental laws and will ultimately improve compliance.

### **Making Government Effective and Efficient**

The Raimondo Administration is focused on improving government programs to deliver better outcomes for Rhode Islanders. Across government, departments are making efforts to use data to inform decisions, invest in evidence-based programs, improve customer service, streamline business processes, adopt technology, and eliminate wasteful and duplicative programs. The Governor's FY 2017 budget includes numerous provisions to modernize government and use taxpayer dollars more effectively.

#### *Reinventing Medicaid*

The Governor's FY 2016 budget initiated an expansive Reinventing Medicaid effort to control costs and improve health outcomes. The FY 2017 budget continues that initiative, with reforms proposed in six major categories:

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targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long-term services and supports, value-based payment in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency. The Office of Health and Human Services' budget assumes \$39.0 million in general revenue savings from these proposals in FY 2017, including \$19.1 million in operational savings from the Unified Health Infrastructure Program. These cost reductions are in addition to savings from FY 2016 efforts that were included in the November 2016 Caseload Estimating Conference. The budget also establishes a Performance-Based Program for hospitals and nursing homes. This revenue-neutral effort will move Medicaid funding toward a value-based purchasing approach that rewards quality, efficiency, and health outcomes.

### *Child Welfare Improvements*

The Department of Children, Youth and Families (DCYF) is improving the child welfare system to reduce costs while providing better outcomes to children in care. Rhode Island has one of the highest child placement rates in residential programs – a costly alternative to foster homes, family reunification, and adoption. DCYF proposes ending the current structure of child welfare service delivery, which uses two networks of service providers for placements, and returning administrative functions to DCYF staff. To increase the number of foster care placements and reduce the need for residential programs, the budget proposes increasing the foster care subsidy rate from \$16.05 per day to \$18.59.

As part of its operational and fiscal review, DCYF has also identified greater opportunities to reduce general revenue spending by improving Medicaid claiming, saving \$2.1 million in general revenue in FY 2017 and recovering \$3.4 million from services provided between FY 2014 and FY 2016. DCYF has also identified \$2.0 million in personnel savings in the child welfare program from greater efficiencies and by leaving certain positions vacant.

### *Enhanced Opportunities for People with Developmental Disabilities*

The FY 2017 budget takes important steps to provide greater opportunities to individuals with intellectual and developmental disabilities (IDD). In 2014, the state signed a consent decree with the U.S. Department of Justice to provide training and support services and transition to community-based activities and integrated employment, replacing the sheltered workshops and facility-based day programs then in place. This transformation allows the state to save money on expensive residential programs and provide better outcomes for the IDD population, but it also requires some reinvestment so service providers can build capacity and offer appropriate programming.

To ensure that individuals with IDD are not placed in unnecessarily restrictive settings, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) will make programming and placement decisions based on the individuals' results from a nationally recognized needs assessment survey. BHDDH projects savings of \$1.0 million in FY 2016 and FY 2017 by moving individuals to less restrictive settings that reflect their actual needs. BHDDH also anticipates moving some individuals with IDD from group home settings to Shared Living Arrangements, reducing costs by \$1.5 million in FY 2016 and \$7.6 million in FY 2017. Changes in program delivery will also eliminate the need for professional supports in day centers, thereby saving \$1.1 million in FY 2016 and \$2.2 million in FY 2017.

These system changes will require service providers to adapt and offer new home- and community-based programs. The budget includes \$5.2 million in FY 2016 and \$4.5 million in FY 2017 for service providers to



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develop and offer the services required under the consent decree. Additionally, to ensure quality care and minimize staff turnover at service providers, the budget also includes an increase in minimum hourly wages for Direct Service Professionals from \$11.55 to \$12.00, for a total of \$2.5 million in FY 2017.

### *Cost-Containment in Eleanor Slater Hospital, Training School*

In 2015, BHDDH began a comprehensive operational review of the state-run Eleanor Slater Hospital system. The new management team has identified areas for improvement and efficiencies – particularly in low-volume, high-cost services. BHDDH proposes a hospital reorganization and other efficiency enhancements to achieve \$4.1 million in savings in FY 2017.

DCYF is also reviewing services provided in the Rhode Island Training School. Though the average daily population in the Training School has declined from an average of 169 in FY 2009 to 85 in December 2015, the relatively steady costs of health care and education services do not reflect that reduction. In light of DCYF's intent to restructure service delivery, the budget includes a reduction of \$500,000 in contracted health care costs.

### *Government Efficiency Improvements*

The Governor has challenged departments to review existing functions and determine whether they can be provided more cost-effectively. The FY 2017 budget includes the following initiatives:

- \$2.6 million savings in utility costs in FY 2017 – The State exercised its final option year for natural gas commodity pricing for the period December 1, 2015 through October 31, 2016 at Pastore Campus Power Plant, resulting in a 14.0 percent reduction in pricing.
- \$267,000 savings in state worker's compensation claims in FY 2017 – Based on a Bureau of Audits review, the state determined that it was paying a higher assessment rate for certain classifications of state employees. Correcting the error will save \$500,000 in all funds, and \$267,000 in general revenue.

Investments in technology will also streamline business process and result in cost savings.

- The state's Unified Health Infrastructure Program (UHIP) integrates the application and approval processes for various benefit programs, including HealthSource RI, Medicaid, Supplemental Nutrition Assistance Program (SNAP), RI Works, and subsidized child care. In addition to providing better customer service to Rhode Islanders, these technology improvements will yield \$22.6 million in spending reductions in the Office of Health and Human Services and Department of Human Services in FY 2017.
- The state is in the process of replacing its antiquated paper-based time and attendance tracking system with a web-based solution. The new time & attendance system will facilitate staff scheduling, improve reporting, reduce unnecessary paperwork, and ensure that leave employee requests conform to policies and law. The Department of Corrections, one of the pilot agencies to test the system, anticipates \$350,000 in savings in FY 2017.

### *Customer Service Investments*

The Governor's budget also includes several initiatives to improve customer service and Rhode Islanders' interactions with government, including the following:

- \$130,000 to implement Online Voter Registration – The Secretary of State's office supports legislative efforts to establish online voter registration in Rhode Island. More than half of U.S. states, including Massachusetts and Connecticut, provide this convenient, secure, and cost-effective method to register to vote or update voter registration information. Adoption in Rhode Island will improve election

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administration by reducing the number of manual registrations and updates that consume voter and staff time prior to elections.

- \$1.4 million in FY 2017 to upgrade the state's voting equipment (\$1.0 million increase over FY 2016) – Based on the Voting Equipment Task Force's recommendations, the state issued a Request for Proposals to lease optical scan paper ballot tabulation and ballot printer systems. The Secretary of State's office expects to implement the equipment in time for the Presidential Preference Primary in April 2016.
- \$147,000 for the Division of Motor Vehicles (DMV) to provide extended hours to the public (\$40,000 in FY 2016 and \$107,000 in FY 2017) – DMV is developing a proposal to offer evening or weekend service at one or more branches. Additional hours will provide flexibility to Rhode Islanders, reduce wait times at peak hours, and improve overall customer service.

### *Fraud Detection & Prevention*

Governor Raimondo proposes a comprehensive Fraud Detection and Prevention Initiative to use technology and enhanced oversight to detect and prevent fraud across executive branch departments. Currently, the state's efforts to detect and prevent fraud and abuse are spread across several agencies, including the Bureau of Audits, Office of Health and Human Services, Department of Labor & Training, Department of Business Regulation, and the Division of Taxation. This fragmented approach inhibits data-sharing and collaboration. Taxation and OHHS have made significant investments in information technology to detect and prevent fraud and abuse, but the state needs to coordinate those efforts with work in other agencies. The Governor's budget proposes standardizing audit and quality review functions across executive branch agencies and investing \$1.5 million in a fraud detection system. These efforts are expected to save \$5.0 million for last six months of FY 2017. The consolidation will also yield \$290,000 in personnel savings in FY 2017 by eliminating redundant functions.

### *Program Eliminations & Downsizing*

The FY 2017 budget includes several provisions to remove unnecessary or duplicative programs and/or spending in order to focus government's efforts on delivering key services to the public. These provisions include:

- Close Rhode Island Film & Television Office – The office's primary responsibility is to promote the state to production companies and to review and approve applications for Film Production Tax Credits. With the Tax Credit program scheduled to sunset in FY 2019, the budget recommends closing the office and transferring marketing responsibilities to the Commerce Corporation. Because Film Office staff will not transfer to Commerce, the proposal will save \$332,000 in FY 2017.
- Lease State Fleet Passenger Vehicles – Of the more than 2,600 vehicles and heavy equipment in the state fleet inventory, approximate 250 are light-duty passenger vehicles designated for employee use. Departments own these passenger vehicles, but a recent survey indicated inconsistencies in preventive maintenance. The budget proposes leasing light-duty passenger vehicles, with a third-party manager responsible for upkeep and replacement. The State Fleet Office will manage the contract and continue to oversee the remainder of the fleet. The budget assumes \$1.0 million in revenue from state vehicle sales, with leasing costs offset by operational efficiencies.
- Eliminate Library Resource Services – The Office of Library and Information Services administers contracted services such as online tutoring, genealogy research and business reference. As these services are available from other sources, the budget recommends terminating the contracts, for a savings of \$311,000.
- End Channel 36 Transition Grant – Rhode Island's Public Broadcasting Station, Channel 36, became an independent entity separate from the state in FY 2014. Since then, the state has provided a total of

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\$750,000 in transition funding to support Channel 36's financial self-sufficiency. The FY 2017 budget recommends ending transitional support, saving \$200,000.

- Transfer Atomic Energy Commission to the University of Rhode Island – The state's Atomic Energy Commission manages the Nuclear Science Center, a research reactor on the Narragansett Bay Campus of the University of Rhode Island. As the Center is used for academic and commercial research, the budget proposes transferring operating costs and staff to URI. The state does not anticipate savings from the transfer, but greater integration with URI will lead to operational improvements.

### *State Personnel Modernization*

The state's personnel system, in many instances, is governed by archaic laws, which may hinder the efficient operations of the state and limit opportunities for state employees. The state needs thoughtful and targeted personnel reform to attract top talent, control rising costs, provide more opportunities and options for employees, and create a government that is flexible, innovative, and responsive to Rhode Islanders.

The budget includes legislative proposals to provide state government with greater flexibility in hiring and managing personnel. It also proposes the ability to offer completely optional health insurance buyouts to current retirees. This proposal can save the state money while also benefiting retirees who have access to insurance through other means, such as through their spouse's employer policy.

### *Municipal Fiscal Health*

In a state the size of Rhode Island, the fiscal health of individual cities and towns can have a significant impact on the broader business climate. Businesses may be reluctant to locate or expand in a state where one or more municipalities face financial distress. The Governor's FY 2017 budget includes several provisions to assist cities and towns as they strengthen their fiscal footing:

- Fully Fund PILOT – The budget includes an additional \$1.9 million for Payment in Lieu of Taxes (PILOT), intended to offset the municipal property tax losses of nonprofit and government property owners. The total \$42.0 million appropriation in FY 2017 will be the first time the state has fully funded PILOT since FY 2008.
- Create Municipal Transparency Portal – Funding of \$200,000 will allow the Division of Municipal Finance to develop an online website for collection and public dissemination of municipal fiscal data and reports. The budget streamlines and standardizes existing reporting requirements to facilitate comparison across municipalities and will provide cities and towns with financial analysis support. The budget also requires the Division to post municipal contracts to improve fiscal transparency to taxpayers.
- Mandate Income Tax Refund Offset Program for Distressed Communities – Ten municipalities participate in the Division of Taxation's income tax refund offset program, which garnishes income tax refunds of individuals who owe back taxes or other state fines. The budget requires that cities and towns designated as "distressed communities" participate in the offset program to recover unpaid taxes.
- Reform Property Revaluation Schedule – The budget includes language extending the property tax revaluation schedule cycle from nine years to fifteen years. Municipalities will have to conduct updates every five years, instead of three, which will promote efficiencies and cost savings while maintaining reliable property values in each of the cities and towns.

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## **Making Responsible Investments & Reducing Deficit**

The budget also makes progress in closing the out-year deficits by investing in long-term growth. Structural deficits create an unstable business climate and discourage investment. If residents and business are concerned about future tax increases, they will be reluctant to invest in the economy by hiring new workers, renovating property, or making large purchases. The FY 2017 budget includes no broad-based tax increases to maintain business climate, as well as contains numerous cost-controlling efforts and efficiencies described above. The budget makes new investments in initiatives that promote economic growth and will help reduce future deficits.

### *General Obligation Bond Projects*

Every two years, the people of Rhode Island go to the ballot to consider various projects funded through general obligation bonds. These projects provide an opportunity to invest in Rhode Island's infrastructure, economic development, and quality of life. In the FY 2017 budget, Governor Raimondo proposes a total of \$230.0 million for the following seven general obligation bond initiatives on the 2016 ballot.

- Leveraging Higher Education to Create 21st Century Jobs – \$45,500,000
  - URI – Engineering Building Renovations, Phase 2 - \$25,500,000 – URI proposes to renovate and build additions to the existing College of Engineering complex of buildings, including the renovation and addition to Bliss Hall. The project will improve classrooms and offices, modernize teaching laboratories, upgrade elevators and restrooms, and replace the HVAC system.
  - Innovation Center – \$20,000,000 – Bond funding will support a public challenge to select a location, develop a vision, and construct the state's first innovation district. Funding will be used to finance construction tenant improvements and shared-use equipment. State investment will leverage additional resources from academic institutions, industry partners, federal funds, and philanthropic organizations.
  
- Recreation, Green Spaces, and Healthy Communities - \$35,000,000
  - Historic State Park Development Program – \$7,000,000 – Support capital improvements to state properties, including Fort Adams State Park, Brenton Point, Colt State Park and Goddard State Park.
  - State Land Acquisition Program – \$4,000,000 – Acquire open space, farmland, watershed, and recreation lands with matching funds from federal and private entities.
  - State Bikeway Development Program – \$10,000,000 – Design and construct bikeways, including the completion of the Blackstone River Bikeway and the South County Bikeway.
  - Brownfield Remediation and Economic Development – \$5,000,000 – Provide up to 80.0 percent matching grants to public, private, and/or non-profit entities for brownfields remediation projects.
  - Stormwater Pollution Prevention Program – \$3,000,000 – Provide up to 75.0 percent matching grants for public, private, and/or non-profit entities for projects that reduce stormwater pollution.
  - Local Recreation Development Matching Grant Program – \$2,000,000 – Provide up to 80.0 percent matching grants to municipalities to develop public recreational facilities.
  - Local Land Acquisition Matching Grant Program – \$4,000,000 – Provide fifty percent matching grants to municipalities, local land trusts, and non-profit organizations to acquire fee-simple interest, development rights, or conservation easements on open space and urban parklands.
  
- Quonset Port –\$70,000,000 – The Port of Davisville has two piers (Pier 1 and Pier 2), both of which are significantly older than their expected useful lives. The Quonset Development Corporation has a plan to

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extend and rehabilitate Pier 2 – a cost-effective option that will allow for business continuity at the port. By adding a pier extension to Pier 2, Quonset can sequence the repairs without harming the Port's ability to service customers. This investment will keep Quonset competitive as a port and promote economic growth for the state.

- **Housing Opportunity** – \$40,000,000 – Rhode Island has a shortage of 30,000 housing units within the means of the state's lowest-income renters – those earning 30.0 percent or less of Area Median Income (\$24,250 for a family of four). Funding for the Housing Opportunity initiative will be allocated through the existing Building Homes Rhode Island. Bond funds will be invested in the development of new apartments, for-sale homes, and supportive housing. The funds will also rehabilitate and preserve existing homes. The state's last two bond issuances of \$75.0 million financed 1,944 homes with a total development cost of almost \$469.0 million, leveraging five dollars in other federal, state and private sources for each state dollar.
- **School Construction** – \$40,000,000 – After the state's moratorium on school construction and renovation expired in FY 2016, school districts faced a backlog of projects. The FY 2016 budget created a School Building Authority and seeded a capital improvement fund to target funds to the highest priority projects. Providing additional resources to the capital fund will remove administrative hurdles for districts to execute urgent improvements and provide public school districts an equitable opportunity to address their immediate needs. With an initial \$20.0 million in FY 2016, the School Building Authority was able to fund 86 projects, benefitting 30,000 Rhode Island students.
- **Veterans' Home** - Voters authorized the Veterans' Home project in November 2012 for \$94.0 million. Based on the latest projections, the total cost of the new construction is estimated at approximately \$121.0 million. The 2012 ballot question stated that the amount of bonds to be issued would be lowered by any federal funding received for this project. The federal Veterans Administration is expected to contribute up to \$60.5 million to the project, which would allow the state to only issue \$33.5 million of the 2012 bonds, leaving the project up to \$27.0 million short. This ballot proposal will authorize up to \$27.0 million in bonds to cover this shortfall, but overall the amount of debt issued by the state for the new Veterans' Home project will be \$34.0 million less than authorized in 2012.

### *Improved Taxation Enforcement and Compliance*

The FY 2017 budget includes the following initiatives to improve compliance with existing tax laws:

- **Internal Revenue Code Audit Program** – The Division of Taxation proposes working with a vendor to identify candidates for audits of companies that have intercompany transactions between related companies. Prior to the state's implementation of combined reporting, companies could shift revenues between related entities to avoid taxation in certain states. The audit program will have a three-year lookback period to capture underpaid taxes. It is expected to yield net revenues of \$6.7 million.
- **Nexus Program** – The Division of Taxation expects to identify and register out-of-state entities that legally do business in Rhode Island, but have not paid appropriate corporate, withholding, and/or sales and use taxes. Identifying and collecting back taxes will provide an estimated \$880,000 in net revenues in FY 2017.

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## *Medical Marijuana Regulation and Enforcement*

The FY 2017 budget includes provisions to improve oversight and enforcement of the state’s medical marijuana program. Currently, patients not growing their own medical marijuana may purchase marijuana from registered caregivers and compassion centers. The lack of transparency and oversight in the caregiver market makes it difficult to enforce limits on how much marijuana is grown and dispensed. The budget proposal creates a tagging system and fee for each medical marijuana plant to monitor supply and ensure compliance with growing limits. It also reduces the number of plants that may be grown by caregivers and patients. By charging for plant tags and reducing the compassion center surcharge, it will encourage greater price parity between the two supply sources. The proposal facilitates access to compassion centers by authorizing delivery services. It also creates a cultivator license for individuals to grow a larger number of plants to supply compassion centers.

The Department of Business Regulation will assume responsibility for licensing, regulating, and inspecting compassion centers and caregivers, with the Department of Health continuing oversight of physicians and patients. These collective changes will improve patient access to medical marijuana, enhance enforcement, and yield an additional net \$8.4 million in general revenue and restricted receipt funding in FY 2017.

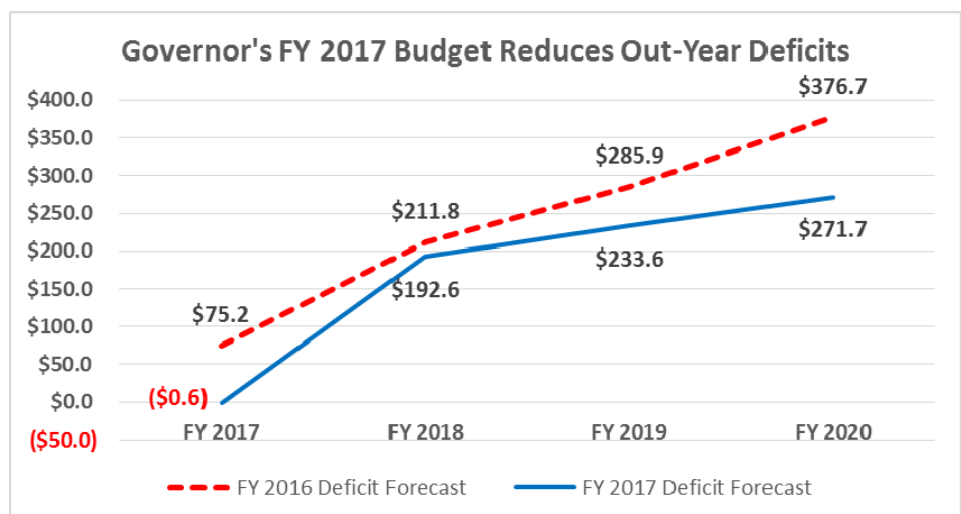
## *Cigarette Tax*

The Governor’s budget proposes increasing the cigarette tax by 25 cents, from \$3.75 to \$4.00 per pack. The additional tax will raise \$7.1 million in revenue in FY 2017 while improving the health of Rhode Islanders. According to the Campaign for Tobacco-Free Kids, an increase in cigarette prices reduces youth smoking rates. With the proposed increase, the average price of cigarettes will be \$9.78 per pack, still below the Massachusetts average of \$10.18, thereby minimizing cross-border revenue losses.

## *Deficit Reduction*

The FY 2017 budget closes an estimated shortfall of \$49.5 million, down from the FY 2016 deficit of \$190.4 million the state faced one year ago. A combination of last year’s reforms to control cost growth and stronger revenues have improved Rhode Island’s fiscal situation. The Governor’s budget successfully closes the projected FY 2017 deficit of \$49.5 million through a combination of expenditure reductions, new revenues, and transfers and other operating changes.

The Governor’s budget also reduces projected out-year deficits. Compared to FY 2016 projections from March 2015, the FY 2017 budget shrinks the projected FY 2018 deficit by 9.1 percent from \$211.8 million to \$192.6 million. Decreases in later years are larger, with the FY 2019 deficit declining 18.3 percent and FY 2020 dropping 27.9 percent. Additional



revenues from a better business climate may improve the outlook further. While more work remains to be done, the Governor’s budget makes progress in closing Rhode Island’s structural deficit.



# Overview

The FY 2017 Recommended Budget addresses a projected operating deficit of nearly \$49.5 million, while investing in key areas to improve the State’s overall financial outlook. The FY 2017 Budget reflects ongoing improvements in the State’s overall financial condition over the past several years. FY 2015 closed with a surplus of \$168.0 million, representing the sixth year in a row the State has closed with a strong surplus. The following outlines the FY 2016 Revised and the FY 2017 Recommended Budgets as proposed by Governor Raimondo on February 2, 2016.

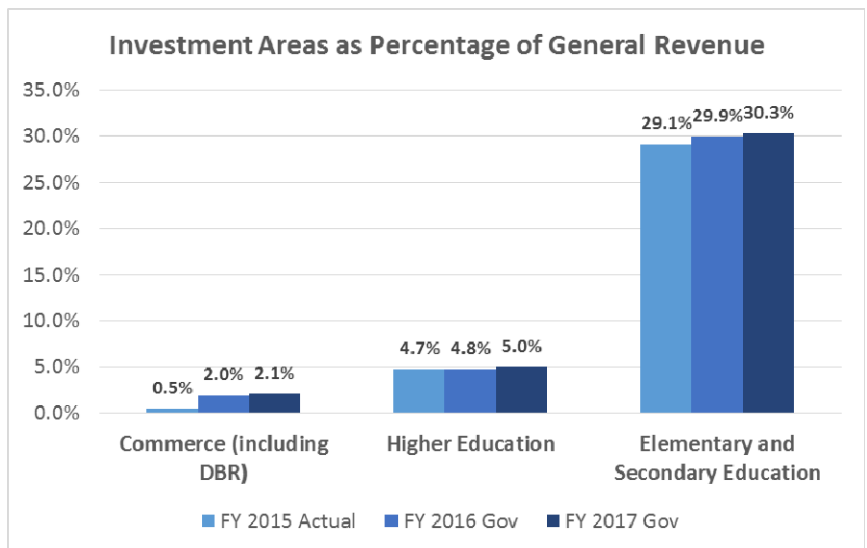
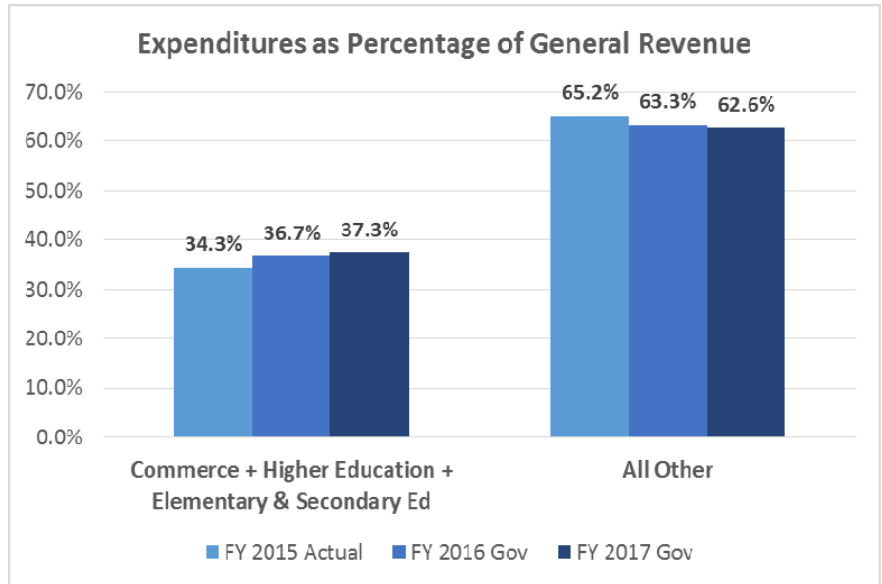
## Investment in Growth

The Raimondo Administration aims to rebalance state expenditures by constraining consumption-oriented spending – for example, health care and benefits programs – and increasing investments such education and workforce training, economic development, and infrastructure. The enacted FY 2016 budget included a Medicaid reform proposal to reduce consumption while increasing funds for economic development and education.

As seen in the following charts the FY 2017 budget continues the shift toward investment, specifically elementary and secondary education, higher education, and economic development. Total investment in these three areas climbed from 34.3 percent of general revenue expenditures in FY 2015 to 37.3 percent in FY 2017.

At the departmental level, funding for the Department of Education (including school aid to cities and towns) climbed from 29.1 percent of general revenue spending in FY 2015 to 30.3 percent in FY 2017. Funding for the Office of Postsecondary Education and the three

institutions of higher education increased from 4.7 percent in FY 2015 to 5.0 percent in FY 2017. Finally, funding for the Executive Office of Commerce and Department of Business Regulation rose from 0.5 percent of general revenue spending in FY 2015 to 2.1 percent in FY 2017.



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**FY 2017 Recommended Budget:** Governor Raimondo recommends an all funds budget totaling \$8,964.8 million for FY 2017, a decrease of \$10.4 million, or 0.1 percent, from the FY 2016 Revised Budget of \$8,975.1 million. Of the \$10.4 million decrease, there is an increase of \$100.3 million in general revenue and \$63.2 million in other funds, with reductions in federal funds of \$146.9 million and in restricted receipts of \$26.9 million. Of the \$8,964.8 million budget, \$3,676.8 million, or 41.0 percent, is from general revenue; \$2,967.2 million or 33.1 percent is from federal funds; \$2,058.9 million, or 23.0 percent, is from other sources; and \$261.9 million, or 2.9 percent, is from restricted or dedicated fee funds. The Governor's FY 2017 Recommended Budget includes 15,225.3 authorized full-time equivalent (FTE) positions, which is 86.0 FTE positions greater than what is included in the Governor's FY 2016 Revised Budget Plan and 104.9 FTE positions more than what was included in the FY 2016 Enacted Budget.

Recommended FY 2017 general revenue funding of \$3,676.8 million represents an increase of \$124.8 million, or 3.5 percent, over the FY 2016 enacted budget of \$3,555.2 million, and is 2.8 percent higher than the FY 2016 Revised Budget proposed by the Governor (\$3,576.5 million). Recommended FY 2017 federal funding of \$2,967.2 million represents an increase of \$20.0 million, or 0.7 percent, over the FY 2016 enacted budget, but is \$146.9 million below the FY 2016 Revised budget (\$3,114.2 million). Other funds and operating transfers increase from \$1,920.7 million in the FY 2016 enacted budget to \$2,058.9 million in the FY 2017 Budget.

**FY 2016 Revised Budget:** Governor Raimondo recommends a revised all funds budget totaling \$8,975.1 million for FY 2016, an increase of \$309.7 million, or 3.6 percent, from the FY 2016 Enacted Budget of \$8,665.4 million. Of this total, \$3,576.5 million, or 39.8 percent, is from general revenue, \$3,114.2 million, or 34.7 percent, is from federal funds, \$1,995.7 million, or 22.2 percent, is from other sources, and \$288.8 million, or 3.2 percent, is from restricted or dedicated fee funds. The Governor's FY 2016 Revised Budget includes 15,139.3 authorized FTE positions, which is 18.9 FTE positions higher than included in the FY 2016 Enacted Budget.

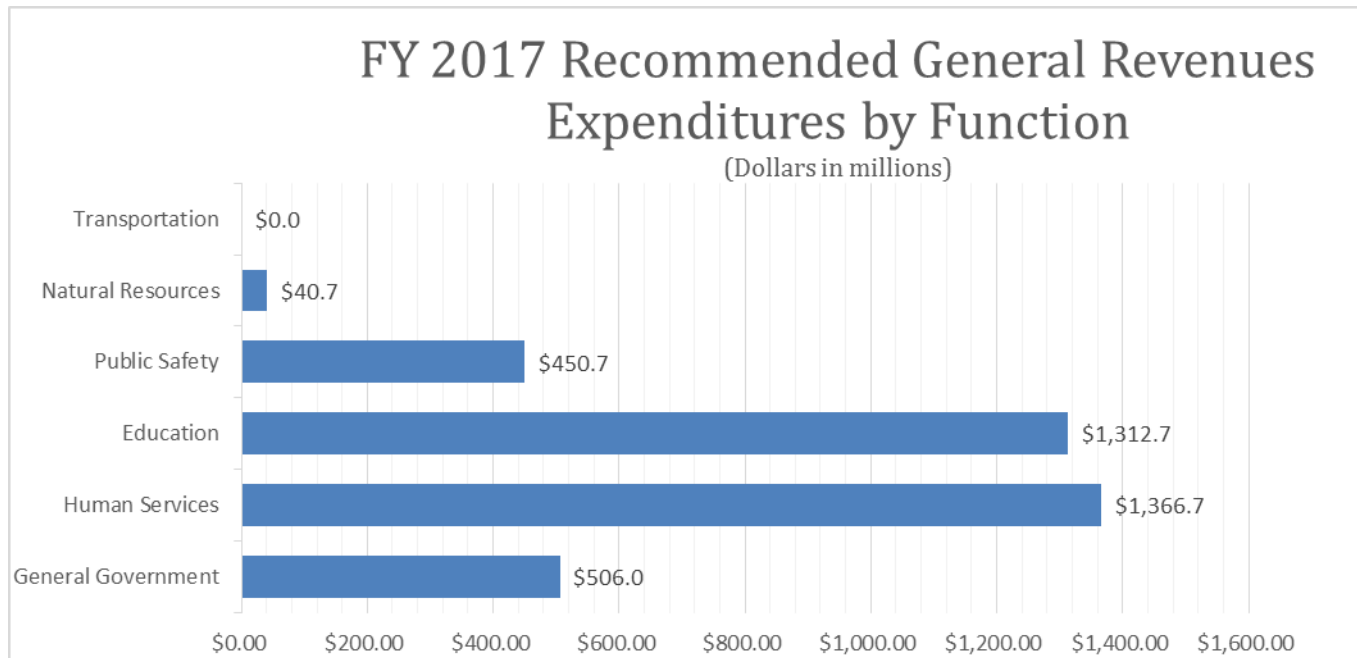
Recommended FY 2016 general revenue funding of \$3,576.5 million represents a net increase of \$24.5 million, or 0.7 percent, from the FY 2016 enacted budget of \$3,555.2 million, and is 7.2 percent higher than the FY 2014 actual expenditure (\$3,336.4 million). Federal funds increase from \$2,947.3 million in the FY 2016 enacted budget to \$3,114.2 million in the revised FY 2016 budget. Other funds increase from \$1,920.7 million in the FY 2016 Enacted Budget to \$1,995.7 million compared to the enacted plan.

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**Expenditure Plan by Function:** Expenditures from general revenue are projected to total \$3,674.8 million for FY 2017, increasing by \$98.3 million over FY 2016 revised spending levels. Expenditures are divided into five functional areas aligned with state departments and agencies: General Government, Health and Human Services, Education, Public Safety, and Natural Resources.



Expenditures totaling \$1,366.7 million for Health and Human Services agencies represent 37.2 percent of the total general revenue budget to support various health care and prescription drug coverage programs for low-income children, their parents, seniors and the poor, and community residential and treatment programs for the disabled. The Governor's budget continues to constrain cost growth in these areas while focusing on improving outcomes. The budget implements Medicaid reform efforts begun in FY 2016 and includes improvements to the child welfare system, state hospitals, and services provided to people with developmental disabilities.

Education is the second largest component of State spending, totaling \$1,312.7 million, or 35.7 percent of general revenue spending. This includes state support for local education aid, support for the state university and colleges, and scholarships. The Governor's budget implements the sixth year of the education funding formula and increases support for early childhood and special education programs. It also increases funding to higher education with a goal of preventing tuition increases at University of Rhode Island, Rhode Island College, and the Community College of Rhode Island.

General revenue expenditures for General Government and Public Safety comprise \$506.0 million (13.7 percent) and \$450.7 million (12.3 percent), respectively. General Government include state operations, state aid to municipalities, and direct property tax relief. Public Safety includes the state prisons, Military Staff, RI Emergency Management Agency, State Police, Attorney General, and Judicial departments.

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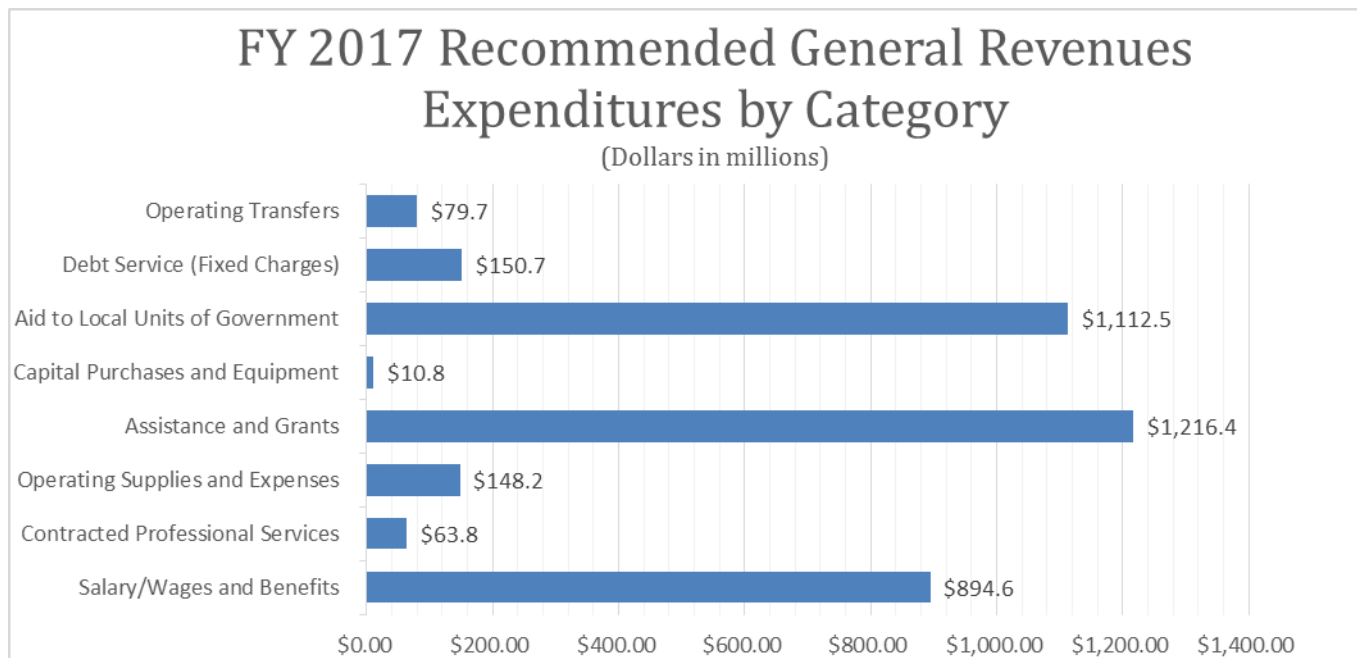
## Overview

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Finally, general revenue expenditures for Natural Resources comprise \$40.7 million, or 1.1 percent of total general revenue funding. The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council.

Transportation expenditures are financed by dedicated gasoline taxes and are not a component of general revenue spending.

**Expenditures by Category:** General revenue expenditures are also sorted into eight categories to group similar types of expenditures across departments. The largest general revenue categories are financing grants, local aid and personnel. Grants and assistance expenditures total \$1,214.4 million, comprising 33.0 percent of total general revenue spending in FY 2017. Local aid expenditures of \$1,112.5 million represent 30.3 percent of total spending, which includes fully funding the sixth year of the school aid formula. Personnel expenditures and contracted services of \$958.4 million represent 26.1 percent of the budget. Operating expenditures total \$148.2 million, or 4.0 percent of the budget; and capital expenditures, including debt service, and operating transfers total \$241.2 million, or 6.6 percent of the total general revenue budget.



Expenditures on grants and benefits represent \$1,216.4 million, or 33.0 percent of general revenue spending in FY 2017. More than 90.0 percent of these expenditures occur in the Health and Human Services function. In FY 2016, Governor Raimondo’s budget included substantial Medicaid reforms to control costs and deliver better health outcomes to Rhode Islanders. Partly from implementing those changes, the share of general revenues spent on grants and benefits declined from 33.9 percent of the FY 2016 revised budget to 33.0 percent in FY 2017.

Local aid represents \$1,112.5 million of general revenue spending in FY 2017, or 30.3 percent. The largest component of local aid is education aid, totaling \$1038.8 million. General revenue funding for local education aid increases by \$45.5 million in FY 2017 over the FY 2016 revised funding level. The Governor’s budget provides

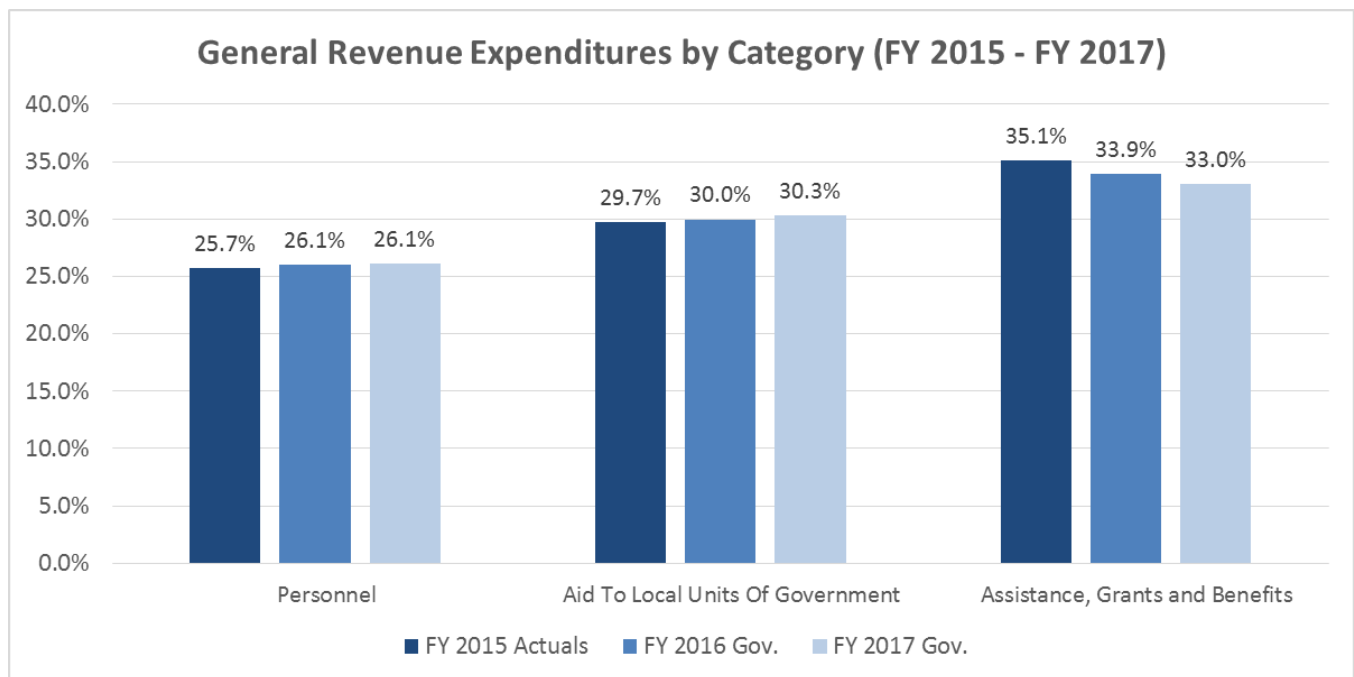
# Overview

\$33.4 million for year six of the K-12 education funding formula, as well as \$5.7 million more in categorical program funding such as early childhood and high-cost special education.

The Governor recommends changes to local K-12 education aid in FY 2017 arising from proposals of the Fair Funding Formula Working Group established in late 2015 to review the existing formula. It creates an English Language Learners weighting component to the formula and adjusts the allocation of funds to school districts and charter schools to reflect local costs and conditions. These investments increase the total share of local aid from 30.0 percent in FY 2016 to 30.3 percent in FY 2017.

The third-largest category, personnel and contracted services, includes \$958.4 million in FY 2017, or 26.1 percent of general revenue expenditures. In recent years, the state has taken steps to control personnel costs. As a result, personnel costs have remained steady as a percentage of general revenue budget – 26.1 percent in both FY 2016 and FY 2017.

The chart below demonstrates the Administration’s continued focus on shifting resources from consumption to investment. Local aid has increased from 29.7 percent of general revenue spending in FY 2015 to 30.3 percent in FY 2017, driven by additional funding for local education. Personnel expenditures increased from 25.7 percent of general revenues in FY 2015 to 26.1 percent in FY2016 and remained steady in FY 2017. Meanwhile, spending on grants and benefits declined from 35.1 percent of general revenues in FY 2015 to 33.0 percent in FY 2017.



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# The Economy

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## 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 dividends, interest and rent, 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 five calendar and four fiscal years.

## Economic Forecast

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

During its November 2015 meeting, a forecast of the U.S. and Rhode Island economies was presented by Moody's Analytics. The Rhode Island Department of Labor and Training (DLT) also presented current employment and labor force trends in Rhode Island. The conferees heard the testimony from a Senior Economist for Moody's Analytics, and the Assistant Director for DLT's Labor Market Information unit.

The Revenue Estimating Conference adopted the economic forecast, shown at the end of this section, on November 2, 2015 through a consensus process informed by the testimony provided to the conferees. The updated economic forecast made changes to the consensus outlook adopted at the May 2015 Revenue Estimating Conference. These changes can also be seen at the end of this section.

In testimony to the principals of the November 2015 Revenue Estimating Conference, Moody's Analytics noted that the state's labor market is showing positive signs as the three month moving average year-over-year percentage change in non-farm employment growth based on the Bureau of Labor Statistics' household survey moved above 2.0 percent in 2015. In addition to non-farm employment growth, Moody's Analytics reported that Rhode Island personal income growth has begun to accelerate exceeding 4.0 percent growth year-over-year in FY 2015. This rate of growth was the second highest in New England trailing only Massachusetts. According to Moody's Analytics, the breadth of job creation in Rhode Island bears watching as five industry sectors had negative job growth year-over-year in September 2015 while six industry sectors experienced positive job growth for the same period. This compares to the United States economy as a whole which had positive job growth in all 11 industry sectors. Based on an analysis conducted by Moody's Analytics, Rhode Island continued to underperform New England, the Northeast, and the United States as a whole in the growth in mid-wage jobs since January of 2010. Rhode Island did, however, outperform New England and the Northeast in the growth of high-wage jobs over this same time period. Finally, Moody's Analytics testified that new home sales in Rhode Island continue to lag behind existing home sales and that mortgage credit quality in the state is "a lingering sore spot" when it comes to Rhode Island's housing market.

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## The Economy

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Moody's Analytics provided the principals of the November 2015 Revenue Estimating Conference with three major risks that the U.S. economy faces and how Rhode Island would be impacted by these risks.

- The first risk is the exposure of state economies to trade with China and its major trading partners. For the U.S. as a whole, exports to China and its major trading partners as a percentage of Gross State Product (GSP) is 2.7 percent while Rhode Island's exports to China and its major trading partners is 0.9 percent of state GSP. Thus, a significant economic slump in China will have less of an impact on Rhode Island than the U.S. as a whole and Massachusetts.
- The second risk is the exposure of state economies to equity holdings of households. For the U.S. as a whole, Moody's Analytics determined that direct and indirect equity holdings measure in thousands of dollars as of December 2014 were approximately \$165,000 while for Rhode Island these holdings were \$167,000. Thus, faced with a sharp reduction in equity values the wealth effect on Rhode Island should be in line with the U.S. as a whole and less significant than in Connecticut and Massachusetts each of which have direct and indirect household equity holdings of more than \$176,000.
- The third risk is the exposure of state economies to a further slump in energy prices as measured by oil-related income as a percentage of total personal income. In this case, not surprisingly, Rhode Island's exposure risk is considerably less than the U.S. as a whole based on 2014 data as Rhode Island oil-related income as a percentage of total personal income was 0.3 percent vs. 2.0 percent for the U.S. Based on this risk factor, Rhode Island's exposure was similar to that of all of the New England states.

When all three of these risk factors are combined in a weighted average with 40 percent weights on exports to China and its major trading partners and direct and indirect household equity holdings and a 20 percent weight on oil-related income as a percentage of total personal income, Rhode Island's economy is classified as at lower risk while both Connecticut and Massachusetts are classified as at near average risk.

Moody's Analytics noted that some of the conditions weighing down the housing market include increased foreclosures and the weak labor market, translating into a delayed release of pent-up household formation. A key risk to the November 2015 Consensus Economic Forecast is the growth in the housing market. Growth in the housing market is dependent on projected wage growth triggering the release of pent-up demand for household formation which, if unachieved, will make the forecast overly optimistic. On a positive note, Moody's Analytics stated that mortgage delinquency rates are almost back to prerecession levels. Stringent credit conditions have resulted in improved mortgage delinquency rates and the recent spike in foreclosure inventory should not be a cause for concern as Rhode Island consumers are in a stronger financial position to borrow. Additionally, Moody's Analytics reports that factory job gains earlier in the year as well as the previously noted recent hiring in the financial services sector have kept the state's wage growth on par with the national average, an encouraging development given the uncertainty of the potential abatement in federal spending levels for defense and other grants.

While testimony from Moody's Analytics gave a broad picture of Rhode Island's economic conditions as of November 2015, the Rhode Island Department of Labor and Training (DLT) presented a detailed analysis of Rhode Island's labor market. DLT reported that the Rhode Island unemployment rate was 5.4 percent in September 2015, the latest data available at the time of the Revenue Estimating Conference. This is down from 7.2 percent in September 2014. The 5.4 percent unemployment rate for September 2015 was the lowest it has been since August 2007 when the rate was 5.3 percent. For December 2015, Rhode Island's unemployment rate fell further to 5.1 percent, a decrease from the December 2014 unemployment rate of 6.8 percent. The December 2015 unemployment rate of 5.1 percent was the lowest recorded since June 2007 when the rate was 5.0 percent.

## The Economy

Rhode Island's resident employment peaked at 547,300 in January 2007. Rhode Island resident employment in September 2015 totaled 527,800, or 19,500 below the peak, but 15,500 higher than in September 2014. According to DLT, for December 2015, Rhode Island resident employment totaled 526,496, or 20,779 below the January 2007 peak. DLT's data has December 2015 resident employment at 14,898 jobs above the reported amount of resident employment in December 2014. The DLT's data shows that resident employment has decreased by 1,587 between September 2015 and December 2015.

According to testimony provided by DLT at the November 2015 Revenue Estimating Conference, Rhode Island establishment employment increased over the period September 2014 to September 2015 resulting in 3,000 jobs gained.

Sector	Jobs Change	Sector	Jobs Change
Leisure & Hospitality	2,400	Information	(300)
Professional & Business Services	2,100	Government	(500)
Manufacturing	1,000	Education and Health Services	(700)
Other Services	600	Construction	(1,800)
Trade, Transportation & Utilities	400		
Financial Activities	(200)	<b>Total Non-Farm</b>	<b>3,000</b>

DLT staff testified further that they expect to see revisions to the June 2015 job numbers reported by the Bureau of Labor Statistics (BLS). Using a methodology developed by the University of Massachusetts, DLT staff project that total non-farm employment for the quarter ending June 2015 will be revised upward by 1,500 jobs. It should be noted that Moody's Analytics economic forecast incorporates upward revisions to BLS data for forecast numbers, but uses current BLS total employment numbers for historical figures. As a result, it may be the case that the growth rates contained in the forecast below will be revised downward as historical figures are revised upward. The anticipated changes to employment by sector for the quarter ending June 30, 2015 as calculated by DLT are shown in the table below.

Sector	Jobs Change	Sector	Jobs Change
Construction	1,800	Education and Health Services	(400)
Retail Trade	1,700	Manufacturing	(400)
Financial Activities	700	Transportation and Utilities	(400)
Government	500	Accommodations & Food Services	(700)
Information	(200)	Other Services	(800)
Professional & Business Services	(300)	<b>Total Non-Farm</b>	<b>1,500</b>

Source: RI Department of Labor and Training, Labor Market Information Unit, Quarterly Census of Employment and Current Employment Statistics (CES) data, Using methodology developed by the University of Massachusetts.

\*Difference is a result of rounding

### The November 2015 Consensus Economic Forecast

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. In FY 2015, total non-farm employment increased by 1.1 percent. In FY 2016, non-farm employment is expected to increase by 1.6 percent from 474,960 in FY 2015 to 480,280 in FY 2016. Over the FY 2016 through FY 2021 period, Rhode Island's economy is expected to add 25,070 jobs. It should be noted that growth rates in nonfarm employment indicate a positive trend from FY 2015's 1.1 percent growth to FY 2017's growth of 1.7 percent before rates of growth in nonfarm employment slow to 1.5 percent in FY 2018 and 1.1 percent in FY 2019. The



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## The Economy

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consensus economic forecast indicates a continued decline in non-farm employment growth in FY 2020 and FY 2021 of 0.5 percent and 0.2 percent respectively.

The unemployment rate is projected to decline significantly from 6.7 percent in FY 2015 to 5.2 percent in FY 2017. Rhode Island's unemployment rate is expected to continue its downward trend falling to 5.0 percent by FY 2020 before ticking up to 5.1 percent in FY 2021. Even at this lower rate in FY 2021, Rhode Island's unemployment rate will be 0.2 percentage points higher than the State's unemployment rate of 4.9 percent achieved when the economy peaked in FY 2007.

Personal income growth is expected to be 4.7 percent in FY 2016 up slightly from the 4.6 percent growth in FY 2015. The November 2015 Revenue Estimating Conference's estimates for personal income growth show a positive upward trend from FY 2014 through FY 2017 peaking at 5.2 percent growth in FY 2017. It should be noted that for FY 2016 and FY 2017, the adopted estimates for personal income growth are below the adopted estimates from the May 2015 Revenue Estimating Conference for the same period. This projection indicates that personal income growth will be stronger than what was anticipated for the FY 2018 and FY 2019 period at the May 2015 Revenue Estimating Conference. The consensus economic forecast for FY 2020 and FY 2021 personal income growth, as testified to by Moody's Analytics at the November 2015 Revenue Estimating Conference, is equal to or slightly below the consensus economic forecast adopted at the May 2015 Revenue Estimating Conference. The FY 2016 projected growth rate for personal income is down 0.3 percentage points from what was adopted at the May 2015 Revenue Estimating Conference of 5.0 percent. For FY 2017 the adopted November 2015 Revenue Estimating Conference personal income growth estimate is also 0.3 percentage points below the 5.5 percent growth rate that was adopted in May 2015. Based on the November 2015 Revenue Estimating Conference, the personal income growth rate is expected to fall to 4.8 percent in FY 2018 and remain at or above 3.1 percent throughout the remainder of the forecast period.

Similarly, the November 2015 Revenue Estimating Conference estimates for FY 2016 growth in dividends, interest and rents indicate a sharp increase from FY 2015 growth of 3.9 percent with robust growth of 10.1 percent projected to occur in FY 2017, 8.8 percent in FY 2018 and an average growth rate of 2.3 percent for the FY 2019 through FY 2021 period. November 2015 Revenue Estimating Conference adopted wage and salary income growth was higher in FY 2015 relative to the projected growth adopted in May 2015 by 1.0 percentage point. For FY 2016 and FY 2017, the November 2015 Revenue Estimating Conference growth rates for wages and salaries were revised downward by 1.4 percentage points and 0.7 percentage points respectively when compared to the forecast adopted in May 2015. Wage and salary income growth is expected to see continued improvement in FY 2016 with projected growth of 4.6 percent, an increase of 0.5 percentage points from FY 2015. The rate of growth accelerates in FY 2017 to 5.3 percent before decelerating in FY 2018, FY 2019 and FY 2020 to 5.0 percent, 4.6 percent and 3.6 percent respectively. The downward trend in wage and salary income growth continues into FY 2021 with a projected growth rate of 3.0 percent.

The U.S. rate of inflation as measured by the Consumer Price Index for all urban consumers (CPI-U) is anticipated to increase to 1.2 percent in FY 2016 from 0.7 percent in FY 2015. In FY 2017 the growth in the CPI-U doubles to 2.4 percent before increasing to 3.0 percent in both FY 2017 and FY 2018. The forecast of CPI-U growth decelerates to 2.6 percent in FY 2019 and 2.4 percent in FY 2020 and FY 2021.

For FY 2016, the interest rate on three month Treasury bills is expected to rise slightly relative to FY 2015's 0.0 percent rate. In FY 2017, the interest rate on three month Treasury bills is expected to rise to 1.0 percent and increase again by 1.5 percentage points to approximately 2.5 percent in FY 2018. For FY 2019 and FY 2020, the interest rate on three month Treasury bills climbs to 3.2 percent and 3.3 percent

## The Economy

respectively before stabilizing at 3.5 percent in FY 2021. The interest rate on ten year Treasury notes is expected to increase from 2.2 percent in FY 2015 to 3.6 percent in FY 2016 and continue to rise to 4.3 in FY 2018. The interest rate on ten year Treasury notes is anticipated to drift downward in FY 2019 to 4.2 percent and then decrease to 4.2 percent in FY 2020 and remain flat for FY 2021.

The Consensus Economic Forecast for the fiscal years 2016 through 2021 agreed upon by the conferees at the November 2015 Revenue Estimating Conference is shown in the following table.

<b>The November 2015 Consensus Economic Forecast</b>						
<b>Rates of Growth (%)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Non-Farm Employment	1.6	1.7	1.5	1.1	0.5	0.2
Personal Income	4.7	5.2	4.8	3.8	3.2	3.1
Wage and Salary Income	4.6	5.3	5.0	4.6	3.6	3.0
Dividends, Interest and Rent	7.1	10.1	8.0	3.2	1.6	2.0
<b>Nominal Rates (%)</b>						
U.S. CPI-U	1.2	2.4	3.0	3.0	2.6	2.4
RI Unemployment Rate	5.6	5.2	5.0	5.0	5.0	5.1
Ten Year Treasury Notes	2.5	3.6	4.3	4.2	4.1	4.1
Three Month Treasury Bills	0.3	1.0	2.5	3.2	3.3	2.5

The differences between the November 2015 and the May 2015 Consensus Economic Forecasts are shown below. As is apparent from the table, the November 2015 Consensus Economic Forecast (CEF) is generally lower in FY 2016 and FY 2017 than the May 2015 Consensus Economic Forecast with the exception of the Rhode Island unemployment rate and national level measures that are tied to inflation. Employment and income growth improves in FY 2018 through FY 2020 in the November 2015 CEF vis-à-vis the May 2015 CEF.

<b>Percentage Point Changes from November 2015 To May 2015 Consensus Economic Forecasts</b>					
<b>Rates of Growth (%)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Non-Farm Employment	0.04	-0.12	0.75	0.64	0.24
Personal Income	-0.28	-0.32	0.50	0.36	0.01
Wage and Salary Income	-1.35	-0.69	0.62	0.78	0.37
Dividends, Interest and Rent	0.42	0.72	1.32	0.08	-0.65
<b>Nominal Rates (%)</b>					
U.S. CPI-U	-0.64	-0.12	0.24	0.38	0.26
RI Unemployment Rate	-0.46	-0.31	-0.27	-0.24	-0.22
Ten Year Treasury Notes	-0.61	-0.53	-0.32	-0.28	-0.30
Three Month Treasury Bills	-0.34	-1.17	-0.48	-0.15	-0.16

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# General Revenues

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## Introduction

The Governor's recommended budget is based on estimated general revenues of \$3.569 billion in FY 2016 and \$3.707 billion in FY 2017. Annual estimated growth during FY 2016 and FY 2017 is -1.2 percent and 3.1 percent, respectively. Estimated deposits of \$112.9 million and \$113.7 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 financed by limiting annual appropriations to 97.0 percent of estimated revenues in FY 2016 and FY 2017. The revenue estimates contained in the Governor's FY 2016 supplemental and FY 2017 recommended budgets are predicated upon the revenue estimates adopted at the November 2015 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 2016 Revised Revenues

The principals of the November 2015 Revenue Estimating Conference adopted revenue estimates that were \$52.4 million greater than the enacted FY 2016 revenue estimates, an increase of 1.48 percent. As shown in the *Changes to FY 2016 Enacted Revenue Estimates* table in Appendix A of this document, the Governor's revised FY 2016 Budget recommends an increase of \$5,000 in revenues over the amount adopted at the November 2015 Revenue Estimating Conference.

The recommended change to the FY 2016 adopted estimates is attributable to a grant received by the Rhode Island State Council on the Arts from the Rhode Island Foundation. The funding will be used to provide grants to Expansion Arts alumni and administrators to attend professional development workshops. This one-time grant will be deposited as general revenue, with the additional revenue reflected in the Governor's revenue estimates for departmental receipts.

## FY 2016 Revised Revenues vs. FY 2015 Final Audited

Recommended revenues for FY 2016 are based upon a \$44.9 million decrease in total general revenues over FY 2015 final audited revenues, or growth of -1.2 percent. Much of this decline is attributable to projected decreases in the lottery transfer, motor vehicle operator license and registration fees, personal income taxes, estate and transfer taxes, other miscellaneous revenues, financial institutions taxes, and the unclaimed property transfer. However, these decreases are partially offset by gains in sales and use taxes, business corporations taxes, cigarette excise taxes, departmental receipts, and insurance companies gross premiums taxes.

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## General Revenues

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Personal income tax revenues continue to be the single largest source of state general revenues in FY 2016 at 33.8 percent. FY 2016 personal income tax revenues are estimated to grow at an annual rate of -1.0 percent or \$44.9 million below FY 2015 final audited personal income tax revenues. Much of this decrease is due to a projected \$22.1 million decline in final payments, a \$1.3 increase in refund payments, and a \$14.5 million downward adjustment to the estimated accrual. However, these declines are partially offset by an increase of \$24.5 million in withholding payments and an increase of \$694,205 in estimated payments.

FY 2016 revised general business tax revenues are projected to increase by \$2.6 million or 0.6 percent. The change is made up of a \$5.5 million increase in business corporations taxes along with a combined increase of \$89,771 in public utilities gross earnings taxes and bank deposits taxes. These increases are offset by a \$5.0 million decrease in financial institutions taxes and a \$123,338 decrease in the health care provider assessment.

FY 2016 revised sales and use tax revenues are projected to increase by \$17.6 million or 1.8 percent, over final FY 2015 audited revenues. Sales and use taxes represent 27.3 percent of total general revenues in FY 2016 and are projected to be \$981.0 million.

Excise taxes other than the sales and use tax are expected to decrease by \$7.6 million or -3.7 percent in FY 2016 over final audited FY 2015 revenues. This change is largely driven by a projected decrease in motor vehicle operator license and registration fees of \$12.9 million. However, this movement is partially offset by an increase of \$4.1 million in cigarettes taxes and increases of \$624,650 and \$636,715 in motor fuel taxes and alcohol taxes, respectively.

Other taxes are projected to decrease by \$10.7 million, or -23.9 percent in FY 2016 relative to final FY 2015 audited revenues. Of the total decrease in other taxes, estate and transfer taxes are expected to decrease by \$11.2 million or -32.8 percent. FY 2016 realty transfer taxes are anticipated to increase by \$506,536 while FY 2016 racing and athletics tax revenues are projected to decrease slightly. Racing and athletics taxes are expected to total \$1.1 million in FY 2016 a decrease of 0.7 percent from FY 2015 final audited revenues. Realty transfer taxes are expected to total \$10.0 million in FY 2016, an increase of 5.3 percent from final FY 2015 audited revenues.

In the Governor's FY 2016 revised budget, departmental receipts are projected at \$356.7 million, an increase of \$2.6 million from final audited FY 2015 revenues, representing a decrease of 0.7 percent. The revised FY 2016 departmental receipt revenues is \$5,000 above the FY 2016 revenue estimate adopted at the November 2015 Revenue Estimating Conference. This change results from the grant to the Rhode Island State Council on the Arts from the Rhode Island Foundation as described above.

For FY 2016, total other sources general revenues are projected to decrease by \$36.6 million, or -9.1 percent from final FY 2015 audited other sources general revenues. Total other sources general revenues is comprised of other miscellaneous revenues, the lottery transfer and the transfer of proceeds from the unclaimed property program administered by the Office of the General Treasurer.

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## **General Revenues**

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Other miscellaneous revenues are projected to decrease by \$8.0 million, or -91.1 percent from final audited FY 2015 other miscellaneous revenues.

In addition to the above general revenue components, a decrease is expected in FY 2016 for the lottery transfer of \$25.0 million, or -6.6 percent from the final audited FY 2015 lottery transfer. The projected decrease in the lottery transfer in FY 2016 is due to the results of the November 2015 Revenue Estimating Conference which decreased the estimated transfer amount from video lottery terminals (VLTs) \$26.7 million from final FY 2015 audited revenues. Revenues from table games are projected to increase by 12.1 percent to \$14.3 million, an increase of \$1.5 million over FY 2015 final audited revenues. Traditional lottery and monitor games revenues are projected to remain steady at \$57.0 million in FY 2016, an increase of 0.2 percent, or \$112,358 over FY 2015 final audited revenues.

The unclaimed property transfer to the general fund is forecasted to decrease by \$3.6 million in FY 2016 or -26.3 percent from final FY 2015 audited revenues.

### **FY 2017 Proposed Revenues**

#### **Total General Revenue**

The Governor's recommended FY 2017 budget estimates general revenues of \$3.707 billion, an increase of 3.1 percent from the revised FY 2016 level. The Governor's recommendation is comprised of \$3.493 billion of revenue estimated at the November 2015 Revenue Estimating Conference (REC) and \$214.3 million of recommended changes to the adopted estimates. These changes are shown in the schedule *Changes to FY 2017 Adopted Revenue Estimates* located in Appendix A of this document.

#### **Personal Income Tax**

The largest source of FY 2017 general revenues is the personal income tax. The Governor recommends personal income tax revenues of \$1.263 billion in FY 2017, \$1.9 million less than the estimate adopted at the November 2015 REC and growth of 4.0 percent from the revised FY 2016 budgeted amount. The Governor recommends the following changes to the November 2015 REC adopted estimate for FY 2017 personal income tax revenues:

- The Governor recommends the addition of 3.0 new FTE Revenue Officer I positions to assigned to Collections within the Department of Revenue, Division of Taxation. The addition of these positions is estimated to have a total revenue impact of \$2,689,328 divided among personal income tax, business corporations tax, and sales and use tax, in addition to an increase in fines and penalties within departmental receipts. The estimated impact on FY 2017 personal income tax revenue is an increase of \$788,468. Impacts on other revenue streams are described in each relevant section below.
- The Governor recommends increasing the allowable percentage of the federal earned income tax credit to 15.0 percent in tax year 2017. This change will result in an estimated additional \$2.7 million increase in personal income tax refunds in the FY 2017 recommended budget.

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# General Revenues

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## General Business Taxes

General Business taxes are recommended to comprise 12.5 percent of total general revenue collections in the FY 2017 Budget. Business corporations tax revenues are expected to yield \$163.7 million, an increase of \$7.7 million from the FY 2017 estimate adopted at the November 2015 REC. This increase is attributable to the following initiatives:

- The Governor recommends \$6.7 million in additional business corporations revenues for FY 2017 resulting from a transfer pricing audit project of business corporations tax filers from past years.
- The Governor recommends a reinstatement of the nexus program, a data-mining exercise confirming that all firms with a physical presence in the state pay required business corporations and sales and use taxes. The initiative is expected to have a total general revenue impact of \$1,000,000 in the recommended FY 2017 budget. This impact is divided between \$750,000 in business corporations taxes and \$250,000 in sales and use taxes.

Insurance companies gross premiums taxes are projected to reach \$127.7 million in FY 2017, an increase of \$1.1 million from the FY 2017 estimate adopted at the November 2015 REC. This decrease is due to the Governor recommending the following initiative:

- The Governor recommends increased enforcement of retaliatory assessments on foreign insurers, which is expected to result in an additional \$1,074,000 in additional insurance companies gross premiums tax revenue in FY 2017. Retaliatory state tax structures are the norm nationwide within the insurance industry. Under this structure, policies issued to Rhode Island residents by out-of-state insurance companies are subject to the higher of the domestic tax rate or the foreign tax rate of state in which the issuing insurance company is domiciled. This measure enhances the enforcement of this provision.

The Governor's FY 2017 recommended revenues for the public utilities gross earnings tax, the financial institutions tax, the bank deposits tax, and the health care provider assessment remain at the same level as adopted at the November 2015 REC.

## Sales and Use Tax

Sales and use tax revenues are expected to yield \$1.015 billion in the Governor's recommended FY 2017 budget, \$2.7 million more than was adopted at the November 2015 REC for FY 2017. The increase is reflective of the Governor recommending the following initiatives:

- The Governor recommends increasing the excise tax on cigarettes to \$4.00 per pack from \$3.75 effective August 1, 2016. This is expected to result in \$7.1 million in additional FY 2017 recommended revenues with an impact on both sales and use taxes as well as the cigarette excise tax. This policy is projected to result in an increase of \$633,248 in FY 2017 sales and use tax revenue.
- The Governor recommends the addition of 2.0 FTE Revenue Agent I positions assigned to Field Audits within the Department of Revenue, Division of Taxation. This is expected to have an impact of \$1,009,167 in additional sales and use tax revenue resulting from enhanced enforcement of current tax policy.

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## **General Revenues**

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- The Governor's recommendation to add 3.0 FTE Revenue Officer I positions assigned to Collections, described above, is expected to result in an additional \$784,369 in sales and use tax revenues in FY 2017.
- The Governor's recommendation to reinstate the nexus program, described above, is expected to result in an additional \$250,000 in sales and use tax revenues in FY 2017.

### **Excise Taxes Other than Sales and Use Taxes**

The Governor recommends FY 2017 excise taxes other than sales and use taxes totaling \$177.3 million or \$6.5 million more than was adopted at the November 2015 REC for FY 2017.

The Governor recommends cigarettes excise taxes in FY 2017 in the amount of \$145.1 million or \$6.5 million more than the adopted estimate of \$138.6 million at the November 2015 REC for FY 2017. The Governor recommends one initiative that will increase cigarette excise tax revenues as described below:

- The increase in the cigarette excise tax described above is expected to result in a \$6.5 million increase in FY 2017 recommended cigarette excise tax revenues. This expected increase is comprised of \$5,685,325 in increased cigarette excise tax revenues and \$803,384 from the cigarette floor stock which is triggered when there is an increase in the cigarette excise tax rate.

The Governor's FY 2017 recommended revenues for the motor vehicle operator license and vehicle registration fees, motor carrier fuel use tax, and alcohol excise tax at the same levels as adopted at the November 2015 REC.

### **Other Taxes**

The Governor's FY 2017 recommended revenues for the estate and transfer tax, racing and athletics tax, and realty transfer tax remain at the same levels as adopted at the November 2015 REC.

### **Departmental Receipts**

The Governor's FY 2017 recommended departmental receipts revenues of \$369.5 million are \$46.7 million less than the revised FY 2016 estimate. The proposed FY 2017 departmental receipts revenue estimate is \$178.1 million above the FY 2017 departmental receipt estimate adopted at the November 2015 REC. Inclusive of the Governor's proposed changes to departmental receipts revenues, total departmental receipts revenues are expected to total \$369.5 million in FY 2017, or 10.0 percent of recommended FY 2017 total general revenues. The Governor's FY 2017 recommended total for departmental receipts revenues is made up of the following proposals:

#### **HOSPITAL LICENSING FEE**

- The Governor recommends reinstating the hospital licensing fee on the hospital FY 2014 base year at 5.862 percent. This is expected to result in an increase of \$169.1 million in FY 2017 recommended licenses and fees revenue within departmental receipts.

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## **General Revenues**

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### **MEDICAL MARIJUANA REGULATORY FEES**

- The Governor recommends a net increase of \$9,751,893 in departmental receipts revenue resulting from changes in licenses and fees pertaining to medical marijuana and other miscellaneous revenues. These revenues will be administered by the Department of Business Regulation (DBR), Department of Revenue (DOR), and Department of Health (DOH) in FY 2017.
- The Governor recommends the following changes in FY 2017 licenses and fees revenues to be administered by DBR.
  - A \$150 plant tag fee for patients who self-grow medical marijuana is expected to result in \$1,440,000 in additional revenue.
  - A \$150 plant tag fee for caregivers who grow medical marijuana for Medicaid patients is expected to result in \$611,902 in additional revenue.
  - A \$350 plant tag fee for caregivers who grow for non-Medicaid patients is expected to result in \$8,253,228 in additional revenue.
  - A \$350 plant tag fee for co-op growers is expected to result in \$399,000 in additional revenue.
  - A \$350 plant tag fee for growers with cultivator licenses is expected to result in \$31,500 in additional revenue.
- The Governor recommends a reduction in recommended FY 2017 revenues resulting from a decrease in the compassion center surcharge administered by DOR from 4.0 percent to 3.0 percent. This will have an estimated revenue impact of -\$172,405 in departmental receipts licenses and fees.
- The Governor recommends transferring medical marijuana patient and caregiver registration fees administered by DOH to restricted receipts with an expected combined revenue impact of -901,647 in departmental receipts licenses and fees.
  - The impact of transferring patient registration fees to DOH restricted receipts is expected to have a FY 2017 general revenue impact of -516,866.
  - The impact of transferring caregiver registration fees to DBR restricted receipts is expected to have a FY 2017 general revenue impact of -384,781.
- The Governor recommends an additional \$90,315 in FY 2017 departmental receipts miscellaneous revenues resulting from indirect cost recovery fees. This estimate is comprised of \$38,478 of indirect cost recovery resulting from medical marijuana caregiver registration fees for DBR, \$150 from cultivation site license fees for DBR, and \$51,687 from medical marijuana patient registration fees for DOH.

### **PUBLIC FINANCE MANAGEMENT FEES**

- The Governor recommends the Rhode Island Office of the General Treasurer to assess public finance management fees on re-financings and other tax exempt debt issuances through the Public Finance Management Board. This is expected to result in an increase of \$295,000 in FY 2017 recommended licenses and fees revenue.

### **COASTAL RESOURCES MANAGEMENT COUNCIL**

- The Governor recommends that the Coastal Resources Management Council transfer submerged land rental fees to Department of Environmental Management restricted receipts. This is expected to have a FY 2017 general revenue impact of -150,000.



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# General Revenues

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## **BANK/INSURANCE EXAMINATION FEES**

- The Governor recommends that the Department of Business Regulation allow banks and insurance examination fees at 150 percent of cost for expedited service. This is expected to have a FY 2017 general revenue impact of \$400,000.

## **DIVISION OF TAXATION COLLECTIONS FINES AND PENALTIES**

- The Governor recommends an increase of \$645,110 in FY 2017 departmental receipts fines and penalties revenue resulting from the addition of 3.0 FTE Revenue Officer I positions assigned to Collections described above.

## **FORWARD CAPACITY MARKET REVENUE**

- The Governor recommends an additional \$108,864 in FY 2017 departmental receipts miscellaneous revenues resulting from a forward capacity market revenue initiative, a negotiated agreement to manage utility services in the event of excess demand.

## **Other Sources**

The FY 2017 recommended revenues for the other sources component of total general revenues totaling \$386.8 million, an increase of \$19.1 million, or 5.1 percent, compared to the revised revenue estimate for FY 2016. The FY 2017 recommended revenues for other general revenue sources are \$22.2 million above the estimate of \$364.6 million adopted at the November 2015 REC for FY 2017. Other sources of general revenue are comprised of the lottery transfer, other miscellaneous revenues and the unclaimed property transfer. The Governor's proposed changes contained in the FY 2017 recommended budget impacting the other miscellaneous revenues component within other sources of revenue are listed below:

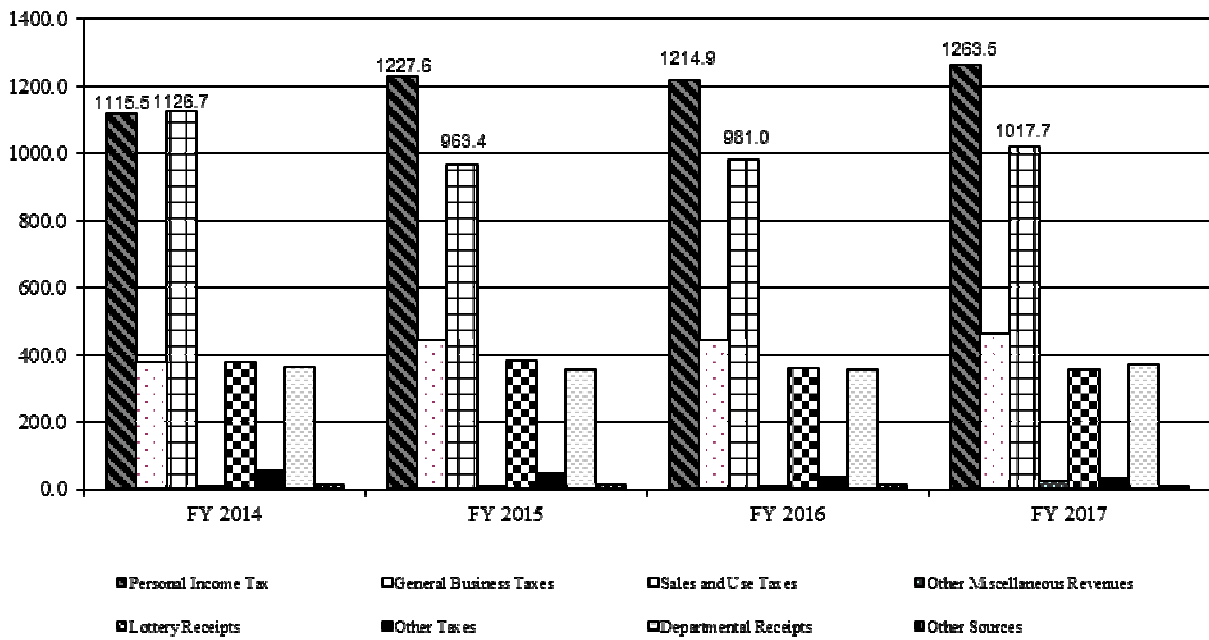
- The Governor recommends \$5.0 million in revenues from a fraud initiative.
- The Governor recommends \$1.0 million in additional revenue resulting from the sale of state fleet motor vehicles to other parties.
- The Governor recommends transferring \$5.0 million in excess reserves from the Rhode Island Health and Educational Building Corporation.
- The Governor recommends accelerating the transfer of \$275,000 of debt service scheduled to be paid by the Rhode Island Airport Corporation over the FY 2017 to FY 2023 period into the FY 2017 budget.
- The Governor recommends transferring \$1.45 million in reserves from the Narragansett Bay Commission to offset debt service on general obligation bonds issued by the state on the commission's behalf.
- The Governor recommends transferring \$1.5 million in reserves from the Rhode Island Resource Recovery Corporation while simultaneously providing the Corporation authorization to increase tipping fees.
- The Governor recommends transferring \$8.0 million in reserves from the Rhode Island Infrastructure Bank to the general fund.

The Governor's FY 2017 recommended revenues for the lottery transfer and the unclaimed property transfer remain at the same level as adopted at the November 2015 REC.

# General Revenues

The chart below shows the sources of general revenues for the period FY 2014 – FY 2017. The values of the two major sources of general revenues, personal income taxes and sales and use taxes, are highlighted.

**General Revenue Sources (\$ millions)**



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# **Restricted Receipts and Pass Through Revenues**

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## **Introduction**

The Governor's recommended budget proposes changes to revenue sources other than general revenues for FY 2015 and FY 2016. The revenue estimates in the Governor's FY 2015 revised budget contains an increase of \$364,341 in non-general revenue adjustments. The revenue estimates in the Governor's FY 2016 recommended budget contain an increase of \$5.4 million in non-general revenue adjustments.

## **FY 2016 Revised Non-General Revenues**

The Governor's revised FY 2016 budget proposes no changes to non-general revenues.

## **FY 2017 Recommended Non-General Revenues**

The Governor's FY 2017 recommended budget includes the transfer of the registration fees paid by medical marijuana patients from general revenue account in the Department of Health (DOH) to a restricted receipt account in DOH. The total amount of fees subject to transfer is \$516,866, however, as a restricted receipt account, the registration fees paid by medical marijuana patients will be subject to the 10 percent indirect cost recovery assessment yielding a net transfer to the DOH's restricted receipt account of \$465,179.

The Governor's FY 2017 recommended budget includes the transfer of the registration fees paid by medical marijuana caregivers from a general revenue account in DOH to a restricted receipt account in the Department of Business Regulation (DBR). The total amount of fees subject to transfer is \$384,781, however, as a restricted receipt account, the registration fees paid by medical marijuana patients will be subject to the 10 percent indirect cost recovery assessment yielding a net transfer to the DBR's restricted receipt account of \$346,303.

The Governor's FY 2017 recommended budget contains \$1,500 in new registration fees paid by medical marijuana cultivation facilities that are credited to a restricted receipt account in DBR. The license fee for a medical marijuana facility is set at \$500 and the Governor's recommended budget assumes three such licenses will be issued in FY 2017. The registration fee for medical marijuana cultivation facilities will be subject to the 10 percent indirect cost recover assessment yielding a net deposit in the DBR's restricted receipt account of \$1,350.

The Governor's FY 2017 recommended budget incorporates the transfer of submerged land lease fees from a general revenue account under the Coastal Resources Management Council to a restricted receipt account in the Department of Environmental Management (DEM). The total amount of fees transferred is \$150,000. DEM's submerged land lease fees restricted receipt account will not be subject to the 10 percent indirect cost recovery assessment.

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## All Sources

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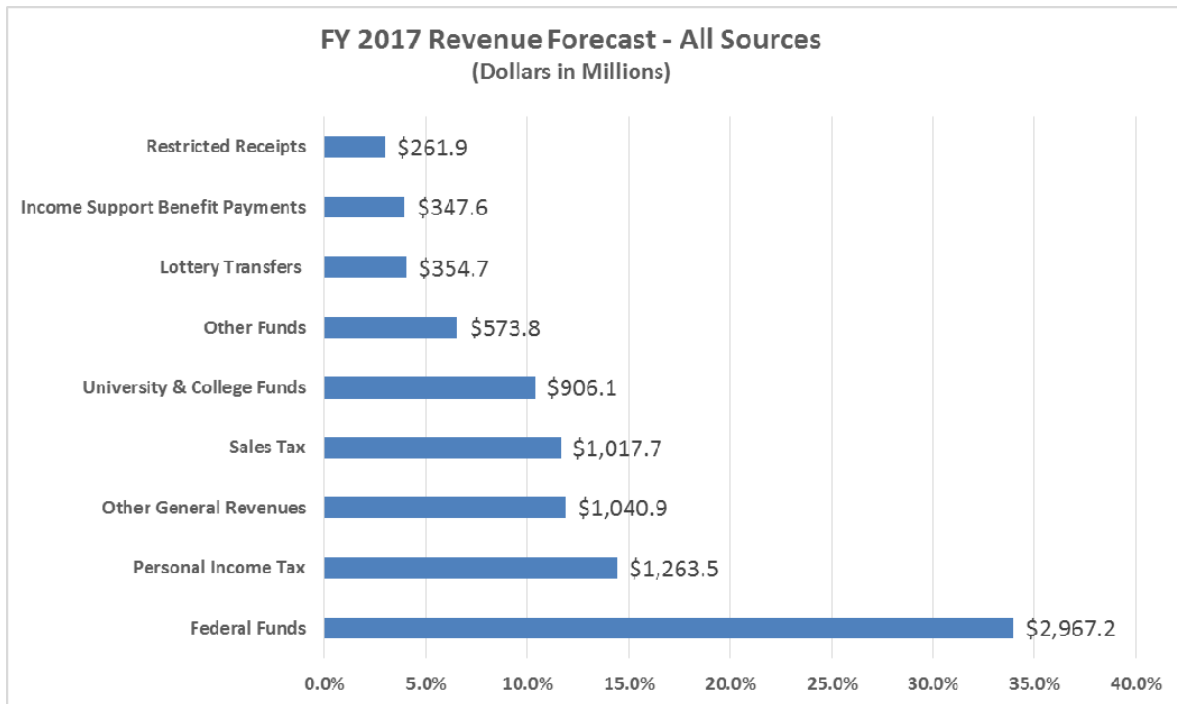
The total budget of \$8.962 billion includes all sources of funds from which state agencies make expenditures.

Federal funds represent 34 percent of all funds. Almost 77.9 percent of federal funds are expended for human services, primarily for Medicaid.

Income and Sales Taxes combined represent 26.1 percent of all revenue sources.

University and College Funds, and Income Support Benefit payments represent 10.4 percent, and 4.4 percent of the total, respectively.

Remaining sources include: Other General Revenues, 11.9 percent; the Lottery Transfer, 4.1 percent; Restricted Receipts, 3.0 percent; and Other Funds 6.6 percent.



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## All Expenditures

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The Governor's FY 2017 Budget recommendation is \$8.962 billion in all funds comprised of six functional units of state government: Health and Human Services, Education, General Government, Public Safety, Transportation, and Natural Resources.

Approximately 42.0 percent of all expenditures are for Health and Human Services, comprised of agencies that engage in a broad spectrum of activities including income support, client subsidies, client advocacy, case management and residential support, and medical regulation, prevention, treatment, and rehabilitation services. The FY 2017 recommended budget for all health and human service agencies is \$3.764 billion.

Approximately 28.1 percent of all expenditures are for Education, which includes the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, and the Historical Preservation and Heritage Commission. The FY 2017 recommended budget for education is \$2.521 billion.

Approximately 17.1 percent of all expenditures are for General Government, which includes agencies that provide general administrative services to other state agencies, assist in developing the state's workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions. The FY 2017 recommended budget for all General Government agencies is \$1.532 billion.

Approximately 6.3 percent of all expenditures are for Public Safety, which is the system that provides law enforcement, adjudicates justice, performs correction and rehabilitative services, and handles emergencies impacting Rhode Island's citizens. The FY 2017 recommended budget for the public safety system is \$560.0 million.

Approximately 5.4 percent of all expenditures are for Transportation, which provides for the state's maintenance and construction of a quality transportation infrastructure. The FY 2017 recommended budget for transportation is \$479.5 million.

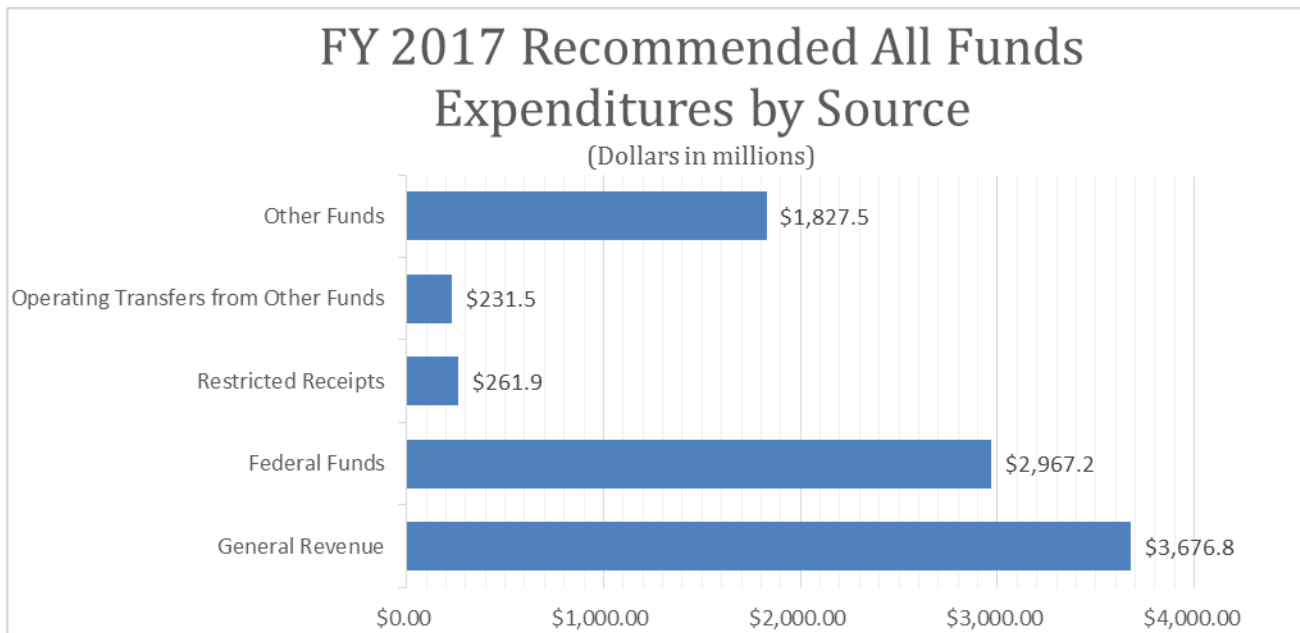
Approximately 1.2 percent of all expenditures are for Natural Resources, which includes the Department of Environmental Management and the Coastal Resources Management Council. The FY 2017 recommended budget for natural resources is \$106.8 million.

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## Expenditure Summary

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All funds expenditures for FY 2017 are \$8.962 billion. Of this total, \$3.675 billion, or 41.0 percent, is from general revenue, \$2.967 billion, or 33.1 percent, from federal funds, \$2.059 billion, or 22.9 percent, from other sources, and \$262.0 million, or 2.9 percent, is from restricted or dedicated fee funds.

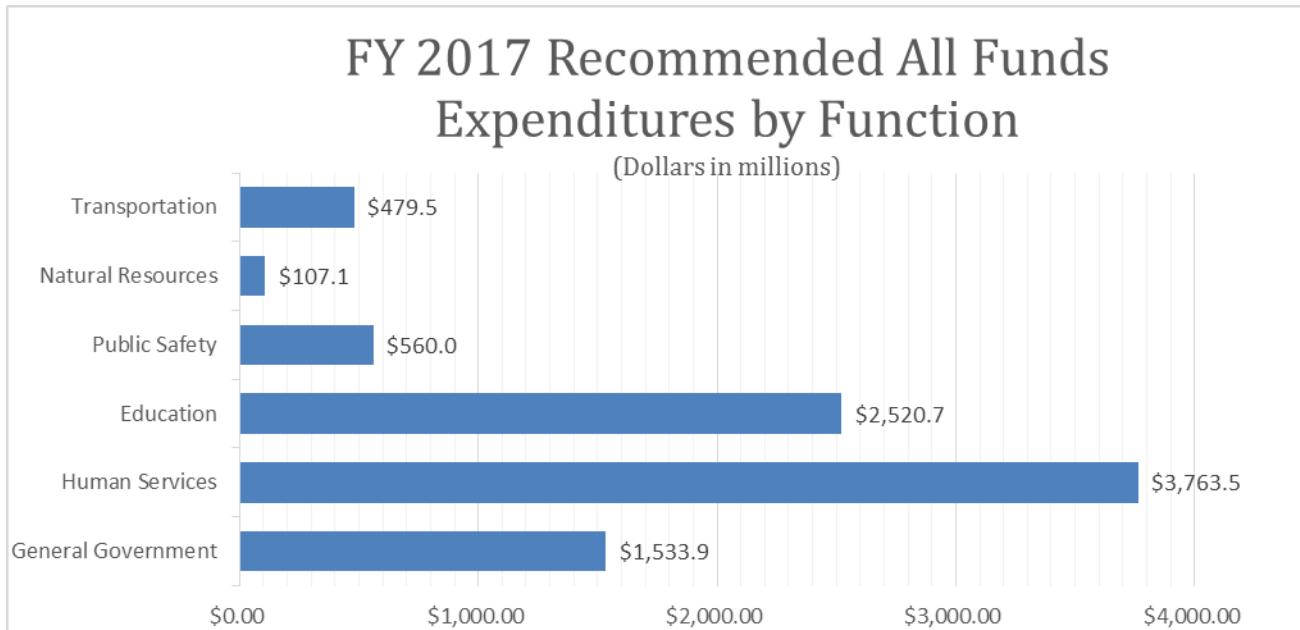


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## Expenditure Summary

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On a functional basis, the largest percentage of expenditures is in the Health and Human Services area, which comprises \$3.763 billion, or 42.0 percent of the total budget. This is followed by spending for Education of \$2.521 billion, which comprises 28.1 percent of all spending, and expenditures for General Government of \$1.532 billion, equaling 17.11 percent. Public Safety, Natural Resources and Transportation expenditures make up the balance, totaling \$1.146 billion, or 12.8 percent of the total budget.

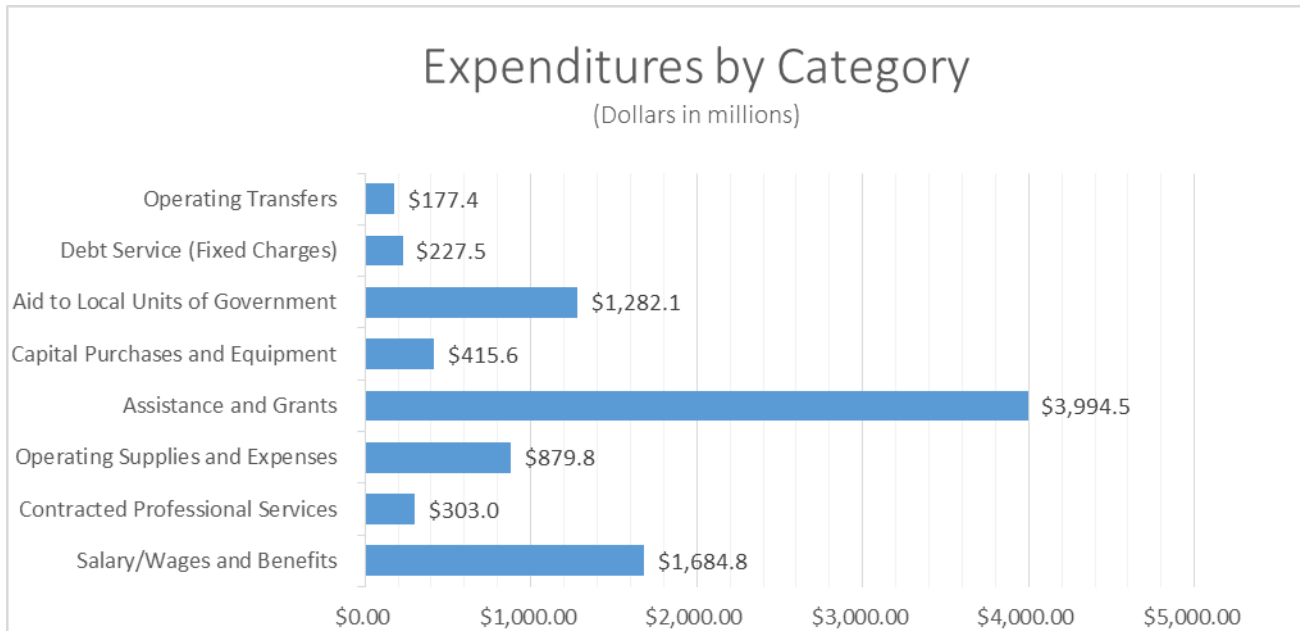


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## Expenditure Summary

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The second way to view expenditures is by major category. On this basis, the largest share of the FY 2017 budget is for assistance, grants and benefits equaling \$3.992 billion or 44.6 percent of the total. This is followed by personnel expenditures, which comprise 22.2 percent, or \$1.988 billion, and local aid expenditures, which make up 14.3 percent, or \$1.282 billion of the total budget. Expenditures for capital purchases and debt service total \$642.8 million or 7.1 percent, with the balance of spending used to finance operating expenditures and operating transfers of \$1.057 billion, or 11.8 percent of the total.





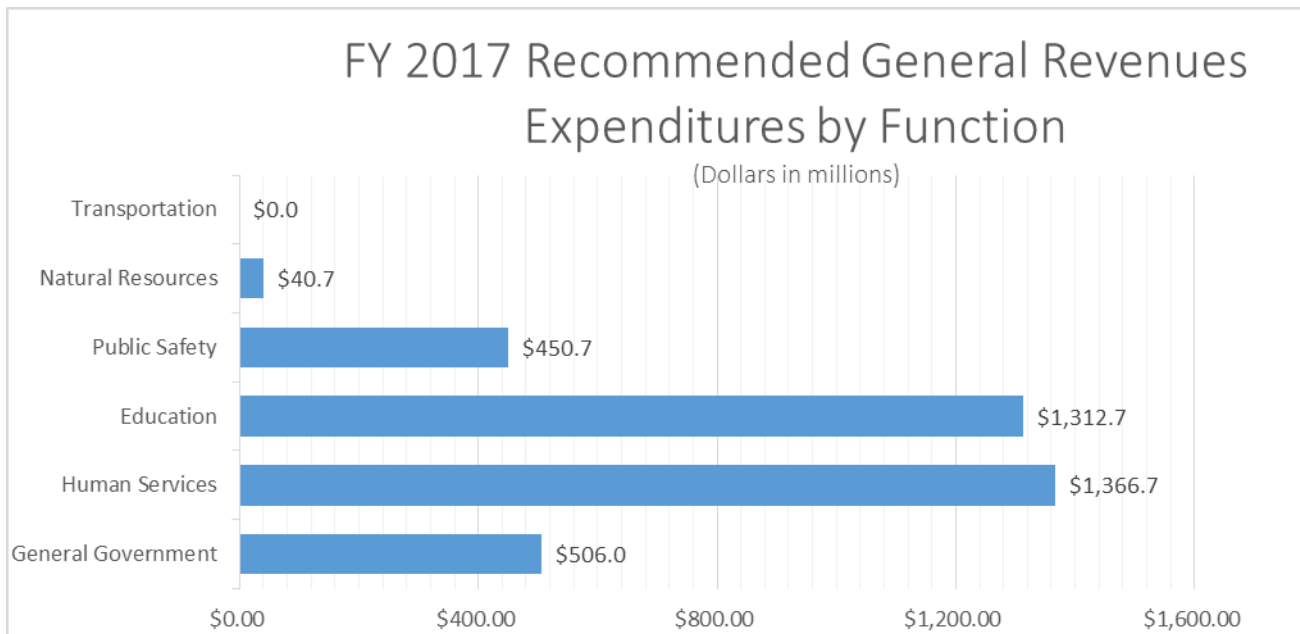
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## Expenditure Summary

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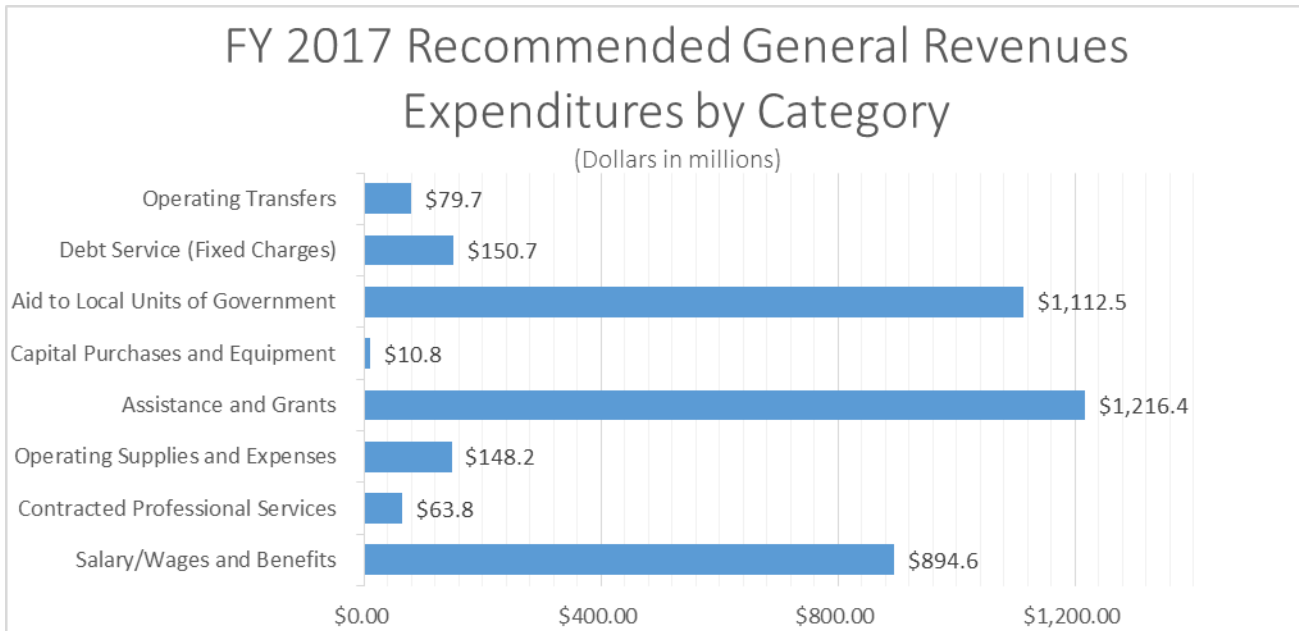
For general revenue only, expenditures total \$3.675 billion for FY 2017. By function, spending by Health and Human Service agencies represents the largest share with expenditures, totaling \$1.367 billion, or 37.2 percent of the general revenue budget. This is followed by spending for Education, which totals \$1.313 billion, or 35.7 percent. General revenue expenditures for General Government and Public Safety comprise \$503.9 million (13.7 percent) and \$450.6 million (12.3 percent), respectively. Expenditures for Natural Resources comprise \$40.7 million, or 1.1 percent of total general revenue spending. Transportation expenditures are financed mostly by dedicated gasoline taxes and are not a component of general revenue spending.

General revenue expenditures by category are primarily devoted to financing assistance and grants, local aid and personnel.



# Expenditure Summary

The largest components of general revenue expenditures are assistance, grants, and benefit expenditures of \$1.214 billion, comprising 33.0 percent of total general revenue spending. Local Aid expenditures of \$1.112 billion represent 30.3 percent of total spending; personnel expenditures (including contracted services) of \$958.4 million comprise 26.1 percent of the budget; capital expenditures total \$10.8 million and debt service is \$150.7 million, or a combined total of 4.4 percent of the general revenue budget; and, operating expenditures and operating transfers total \$227.9 million, or 6.2 percent of the budget.



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

General Revenue Funds	FY 2016	2016	Change	FY 2017	Change
Category of Expenditure	Enacted	Revised	from Enacted	Recommended	from Enacted
Personnel (Including Consultants)	\$925.3	\$931.8	\$6.5	\$958.4	\$33.1
Operating Supplies and Expenses	\$138.1	\$139.5	\$1.4	\$148.2	\$10.1
Assistance and Grants	\$1,199.8	\$1,213.5	\$13.7	\$1,216.4	\$16.6
Capital Purchases and Equipment	\$3.8	\$7.6	\$3.8	\$10.8	\$7.0
Aid to Local Units of Government	\$1,082.3	\$1,072.2	-\$10.1	\$1,112.5	\$30.2
Debt Service	\$124.2	\$123.0	-\$1.2	\$150.7	\$26.5
Operating Transfers	\$78.4	\$88.8	\$10.4	\$79.7	\$1.3
Total	\$3,551.9	\$3,576.5	\$24.6	\$3,676.8	\$124.9
<i>(in millions)</i>					

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## Expenditure Summary

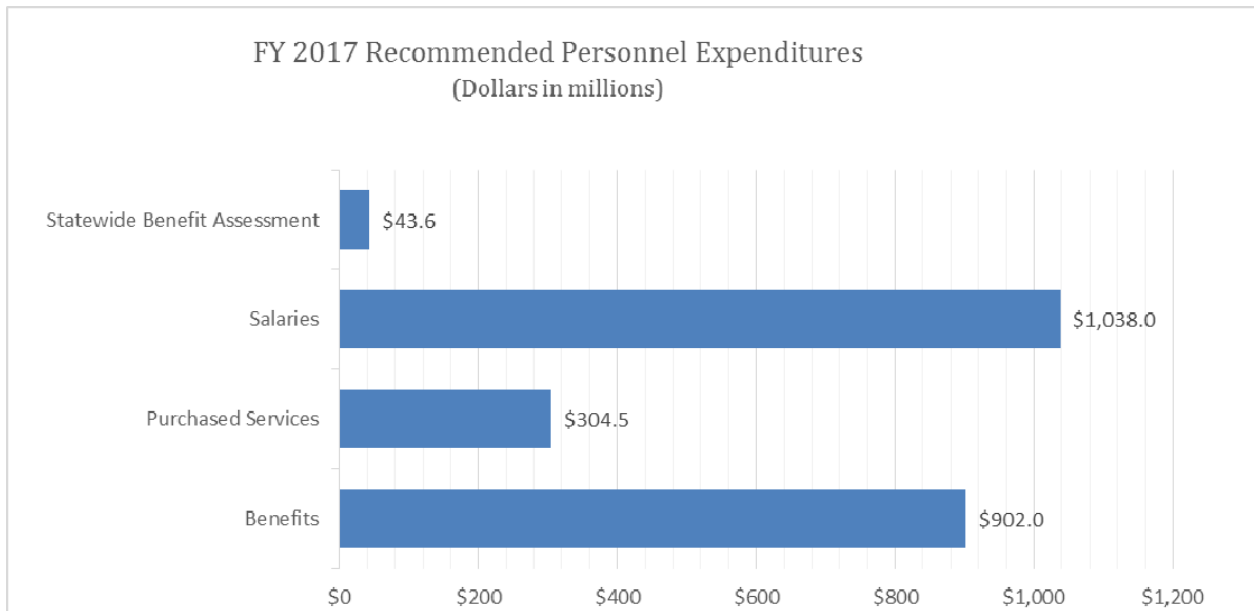
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Enacted and proposed expenditures by source of funds are shown in the following table:

<b>Source of Funds</b>	<b>FY 2016 Enacted</b>	<b>FY 2016 Revised</b>	<b>Change from Enacted</b>	<b>FY 2017 Recommended</b>	<b>Change from Enacted</b>
General Revenue	\$3,552.0	\$3,576.5	\$24.5	\$3,676.8	\$124.8
Federal Funds	\$2,947.3	\$3,114.2	\$166.9	\$2,967.2	\$20.0
Restricted Receipts	\$245.5	\$288.8	\$43.3	\$261.9	\$16.4
Operating Transfers	\$217.1	\$196.1	-\$21.0	\$177.4	-\$39.7
Other Funds	\$1,703.5	\$1,799.6	\$96.0	\$1,881.2	\$177.6
Total	\$8,665.4	\$8,975.1	\$309.7	\$8,964.5	\$299.0
<i>(in millions)</i>					

## Personnel Summary

The Governor’s FY 2017 recommended Budget finances personnel at \$2.0 billion. This includes \$1.7 billion for salary and benefits (84.7 percent) and \$304.5 million for purchased services (15.2 percent). This total includes expenditures financed from general revenue, federal grants, restricted receipts, other funds, and internal service funds. General revenue finances 47.1 percent of FY 2017 personnel expenditures. Federal funds finance 22.1 percent, Other Funds (primarily college tuition funds) and Internal Service Funds finance 25.9 percent, and restricted receipts finance the remaining 5.4 percent. The personnel supplements provided in the budget volumes contain all expenditures for personnel, including those of the internal service funds, as noted above. Since internal service fund positions are financed through charges to state agencies categorized as operating expenses, totals shown will differ in some cases from personnel costs shown in complementary documents of the FY 2016 Budget. After adjusting to reflect internal service fund personnel expenditures in the personnel category rather than as an operating expense, personnel expenditures constitute approximately 22.2 percent of the state budget, the second largest category of spending (after assistance, grants and benefits).



Personnel expenditures recommended for FY 2017 decreases by \$56.4 million from the FY 2016 revised Budget, but increases by \$66.9 million (2.6 percent) from the FY 2016 enacted Budget. From the enacted Budget, direct salaries increase by 2.5 percent, overtime increases by 3.8 percent, fringe benefits increase by 2.0 percent overall, with retiree health increasing by 2.2 percent and retirement increasing by 5.7 percent, while medical benefits (including the medical waiver bonus) decrease by 1.4 percent.

Rhode Island state government experienced significant attrition from retirements in FY 2009. Between May 1, 2008 and October 1, 2008, 1,396 state employees, who were members of the Employees’ Retirement System of Rhode Island, retired. Overall, authorized state employee full time equivalent positions declined from the FY 2008 final enacted level of 15,688.7 to 14,935.0 in the FY 2012 budget, a reduction of 753.7 positions. The FY 2013 final enacted budget reversed this trend, with the addition of 141.4 FTE positions (for an FTE position level of 15,076.4) primarily in Health and Human Service agencies to meet program needs in Health, Children Youth and Families, Behavioral Healthcare, and the Office of Health and Human Services. In the FY 2014 final enacted budget, the FTE level of 15,100.3 reflected further increases in Human Service and Public Safety agencies. The FY 2015 final enacted

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## Personnel Summary

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budget FTE level was little changed at 15,100.7, but the FY 2016 final enacted budget rose to 15,118.4 in the functional areas of General Government and Public Safety. In the FY 2016 revised Budget, the Governor recommends a FTE position authorization of 15,139.3, an increase of 20.9 FTE positions from the FY 2016 enacted Budget. In the FY 2017 Budget, the Governor recommends a further increase of 88.0 FTE positions from the FY 2016 revised Budget, to a total of 15,227.3 FTE positions.

### ***Current Retiree Health Benefit Structure***

In order to address the unfunded liability associated with retiree health benefits and reduce the ongoing cost to the taxpayer, eligibility requirements and co-share percentages for retiree health were modified in the 2008 session of the General Assembly. The new plan provided that employees retiring after October 1, 2008 would be eligible for retiree health coverage through the State if they are age 59 or over with a minimum of 20 years of service. For employees retiring before October 1, 2008, an employee with over 10 years of service as of July 1, 2005 was eligible for retirement with at least 28 years of service at any age, or at least 10 years of service and at least age 60, and was therefore eligible for retiree health. For those employees with less than 10 years of service prior to July 1, 2005, the employee had to be age 59 with at least 29 years of service, age 65 with ten years of service, or age 55 with 20 years of service in order to be eligible for retirement and therefore also eligible for retiree health. The enacted reform modified the co-share percentage to require a 20 percent co-share on the full cost of the early retiree or post-65 plan in which the retiree is enrolled. For those retiring prior to October 1, 2008, the early retirees pay a co-share based on years of service on the active employee rate. For these employees retiring prior to October 1, 2008, who are over age 60 with at least 28 years of service, the state pays 100 percent of the cost of the plan.

### ***Funding of Retiree Health Unfunded Liability***

The Governor's recommended budget includes previously added provisions requiring that the State finance retiree health benefits on an actuarial basis and amortize the unfunded liability over a thirty year period. This financing mechanism will provide transparency with respect to the true cost of the benefit offered to state employees after employment. In compliance with GASB Statements 43 and 45, "Other Post-Employment Benefits (OPEB)," in July 2007, the State obtained an actuarial estimate of the unfunded liability relating to retiree medical benefits. Pursuant to GASB Statement 45, "Other Post Employment Benefits" the State obtained an updated actuarial valuation of the unfunded liability relating to retiree medical benefits for the period ending June 30, 2009. The unfunded liability as of June 30, 2009 was determined to be approximately \$774.7 million, including \$673.6 million for State employees, \$67.1 million for State Police, \$11.8 million for Legislators, and \$8.7 million for Judges, and \$13.5 million for the State's share for teachers. This was calculated using an investment rate of return of 5.0 percent and assumes that future financing will be on an actuarial basis. The annual required contribution as a percentage of payroll in FY 2014 is budgeted at 7.07 percent, 39.0 percent, 0.0 percent and 0.12 percent (no rate for teachers), respectively. Prior to FY 2011, the State had not set aside any funds on an actuarial basis to address the unfunded retiree medical benefit liabilities. During the 2008 session of the General Assembly, in order to begin funding this unfunded liability, legislation was enacted that would require the State to finance on an actuarial basis and authorized creation of a trust fund for retiree medical benefit liabilities. During the 2009 Session of the General Assembly, this actuarial financing requirement was delayed until FY 2011.

Beginning with the first pay period of FY 2011, the state began providing the resources necessary to the OPEB trust fund to finance retiree health benefit costs on an actuarial basis, which will be used to pay current benefits and hold assets for investment.

Actuarial valuations for the Retiree Health Fund are performed every two years and the rates determined by

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## Personnel Summary

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the valuation are used for the two fiscal years following their adoption. A valuation was completed in May 2012 for the fiscal year ending June 30, 2011 and the rates from this valuation would be used for fiscal years 2014 and 2015. Retiree health is calculated on salaries of different categories of employees, including state employees, State Police, and judges. Due to full funding of their respective fund, no assessment is required for Legislators. The enacted FY 2014 rates reflect enactment of a proposal recommended in the Governor's FY 2014 Budget to implement a Medicare Exchange for post-65 retirees, where retirees choose between multiple Medicare supplemental plans from different insurers. Under this program, the State set up Health Reimbursement Accounts (HRAs) for retirees in the state-sponsored health plans and deposit money each month into the account. The amount would be determined by the current level of subsidy the State provides, i.e. a 100 percent subsidized retiree would receive 100 percent of the maximum HRA amount, and an 80 percent subsidized retiree would receive 80 percent of the maximum HRA amount. Approximately 5,300 post-65 retirees currently receive subsidies and an additional 2,700 non-subsidized members are on the plan (spouses and public school teachers). As a result of this proposal, an updated actuarial analysis was performed by the fund's actuary, which resulted in a revised retiree health rate in FY 2014 of 7.07 percent for state employees (from the previous level of 7.38 percent), dropping further to 6.75 percent for FY 2015.

For FY 2016, the governor's budget recommendation recognizes a decrease in the rates for retiree health insurance for state employees from the FY 2015 enacted rate of 6.75% to 6.00% in FY 2016 per the actuarial report issued by Gabriel, Roeder and Smith (a decrease of 11.11%). There are also changes for Judges (decrease from 0.12% to 0.00%), for legislators (increase from 0.00% to 1.53%) and for State Police (decrease from 39.00% to 33.40%). The statewide general revenue savings resulting from these changes totals \$4,039,403. The actuarial valuation dated July 1, 2014, reported the results of a June 30, 2013 actuarial study which measured the retirement health system's funding progress, in order to determine the employer contribution rate for the fiscal years ending June 30, 2016 and June 30, 2017. The study showed improving plan experience resulting in actuarial gains, thus lowering the state's contribution rates overall. For FY 2016, the actuarial analysis made certain assumptions for investment return, wage inflation, long term health care trends, and the impact of the Medicare Exchange implementation for post-65 retirees effective in FY 2015. The study showed that for State Employees, Judges and the State Police, improving amortization of the unfunded actuarial accrued liability existed for each group, while Legislatures saw a slight extension of amortization period, thus resulting in a small increase for this group, even when considering an accumulated surplus in this fund.

### ***Statewide Cost of Living Adjustment***

In FY 2014, the State entered into contracts with most state employee unions that provide for cost of living adjustments (COLA) of 2.0% on April 6, 2014; 2% on October 5, 2014 and 2% on October 4, 2015. This translated into an effective increase in salary and associated benefit costs in FY 2016 of 5.587% compared to the enacted FY 2015 budget. The FY 2017 budget includes annualization of these cost of living adjustments. As of this writing, the RIBCO unions have not settled their contract.

### ***Employee Medical Benefits***

The FY 2015 enacted budget recognized statewide savings totaling \$8.3 million (all-funds) due to improved trends in medical benefit and vision plan growth rates. These savings, consisting of \$3.4 million in general revenue, were reflected as a negative appropriation in the Department of Administration's (DOA) budget. The Governor's recommended budget re-allocates (within all fund sources) those savings to each agency's respective budget.

The FY 2016 enacted budget for health benefit costs was predicated upon a planning value of \$18,155, an

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## Personnel Summary

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increase of 6.7 percent from the FY 2015 working budget, based on a weighted average of the three cost components consisting of medical, dental, and vision rates for both individual and family plans. When the General Assembly passed the FY 2016 budget, Medical Benefit and Vision Plan savings of \$2.3 million that were reflected in the Department of Administration's budget. The Budget Office subsequently re-allocated those savings in the RIFANs accounting system to each agency's budget, which is now a component of the "working budget". The weighted average of the health benefit costs in the working budget is \$17,520. This amount is \$635, or approximately 3.5 percent, less than the rates used in the enacted budget.

For FY 2017, the budget instructions contained an estimated planning value equal to \$18,095, a decrease of \$60, or approximately 0.03 percent, from the FY 2016 enacted budget amount of \$18,155. This is the decrease upon which the statewide target adjustment was based. The Governor's recommended Budget also includes a further Reduction in medical benefits of \$2.6 million.

The state is self-insured for medical benefits and develops annual working rates based upon prior claims experience, adjusted for medical inflation. This fund is used to pay insurers for medical benefits for state employees. Revenue is generated by assessing state agencies on a bi-weekly basis, by co-shares from employees and from pharmaceutical rebates. In the event that there is a surplus, the balance may be used to reduce the working rates by not charging the state agencies for medical coverage for a particular pay period, known as a medical holiday. Employees paying a co-share based on a percentage of the premium cost are also not charged for the respective pay period. Employees paying a co-share based on a percentage of their pay are still charged.

### ***Full-Time Equivalent Positions (FTE)***

The FY 2016 enacted budget contained 15,118.4 full-time equivalent (FTE) positions, including 745.8 FTE positions that are third party funded positions in Higher Education. In order to maintain an acceptable level of critical services and addressing new program concerns, the Governor also recommends an increase of 20.9 FTE positions to 15,139.3 FTE positions in the revised FY 2016 Budget. In FY 2017, the Governor recommends a total FTE position level of 15,227.3, including 745.8 Higher Education third party funded positions, an increase of 88.0 FTE positions from the revised FY 2016 level and 108.9 FTE positions from the FY 2016 enacted level.

In **General Government**, the Governor recommends 2,391.7 FTE positions, a net increase of 61.5 FTE positions in FY 2017 from the FY 2016 enacted budget. The largest increase (32.0) reflects the creation of new programs in the Department of Administration. To centralize audit functions, capital project management and asset protection, the Governor recommends the transfer of 19.0, 5.0, and 4.0 FTE positions from other agencies respectively. The Governor also recommends the addition of 3.0 FTE positions in the Office of Management and Budget to perform enhanced performance management functions, and 1.0 FTE position in Information Technology to address cybersecurity concerns. The Governor recommends the addition of 9.0 FTE positions in the Department of Revenue, 5.0 in the Taxation Division to enhance revenue collection, 1.0 in the Municipality Transparency Portal for programming services, and 3.0 in the Office of Revenue Analysis. The Governor also recommends an additional 6.5 FTE positions in Labor and Training, 3.0 for the Misclassification Task Force, 3.0 for grant monitoring and evaluation, and 1.0 for the State Workforce and education Alignment project, offset by a 0.5 reduction due to retirement. In Business Regulation, the Governor recommends and additional 6.0 FTE positions, 5.0 in the medical marijuana program and 1.0 in insurance. The Governor's recommend budget also includes the following: 4.0 FTE positions in the General Treasurer (1.0 in the College Bound Fund, 1.0 in the new Office of Debt Management, and 2.0 in the Retirement Administration for information technology and financial reporting functions); 2.0 in the Secretary

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## Personnel Summary

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of State to implement the Governor's Regulatory Reform Initiative to increase public and business accessibility to state regulations; 1.0 in the Board of Elections for campaign finance; and 1.0 in the Public Utilities Commission for dealing with residential utility termination cases.

In **Health and Human Services**, the Governor recommends 3,753.6 FTE positions; an increase of 6.0 FTE positions in FY 2017 from the FY 2016 enacted FTE authorization. In the Department of Health, the Governor recommends an increase of 13.0 FTE positions, reflecting the transfer of the Women, Infant and Children (WIC) program from Human Services. In Human Services, the Governor recommends a net reduction of 4.0 FTE positions, reflecting an increase of 3.0 Veteran's Affairs, and a transfer of 7.0 FTE eligibility technician positions to Administration. In the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, the Governor recommends a reduction of 4.0 FTE positions, including a 2.0 position transfer to administration for capital asset management, and a 2.0 position reduction due to reorganization. The recommended budget also includes an addition interpreter for the deaf position in the Commission on the Deaf and Hard of Hearing.

In **Education**, the Governor recommends a total authorization (standard and third party funded) of 4,664.4 in FY 2017, an increase of 34.6 FTE positions, including a 2.0 FTE position increase in Elementary and Secondary Education, 1.0 for performance management and 1.0 in support of the Rhode Island Model for evaluation training, and a 2.6 decrease in the Rhode Island Council on the Arts reflecting the elimination of the R.I. Film Commission. In Public Higher Education, the Governor recommends 4,293.8 FTE positions, 3,548.0 standard and 745.8 third-party funded, a net increase of 34.6 FTE positions. The recommendation includes net increases in professors and advisers in the University of Rhode Island (33.0) and Rhode Island College (2.6), and a transfer of 1.0 FTE position to Administration for Audit consolidation.

In **Public Safety**, there is an increase of 17.0 FTE positions to 3,246.6 in FY 2017 from the FY 2016 enacted budget in Public Safety. The Governor recommends 4.0 additional maintenance and program manager positions in the Military Staff. The Governor also recommends 13.0 additional FTE positions in Corrections, 8.0 in discharge planning (replacing contract services), and 5.0 in the Justice Reinvestment Initiative for new pre-trial assessments and increased probation supervision caseloads.

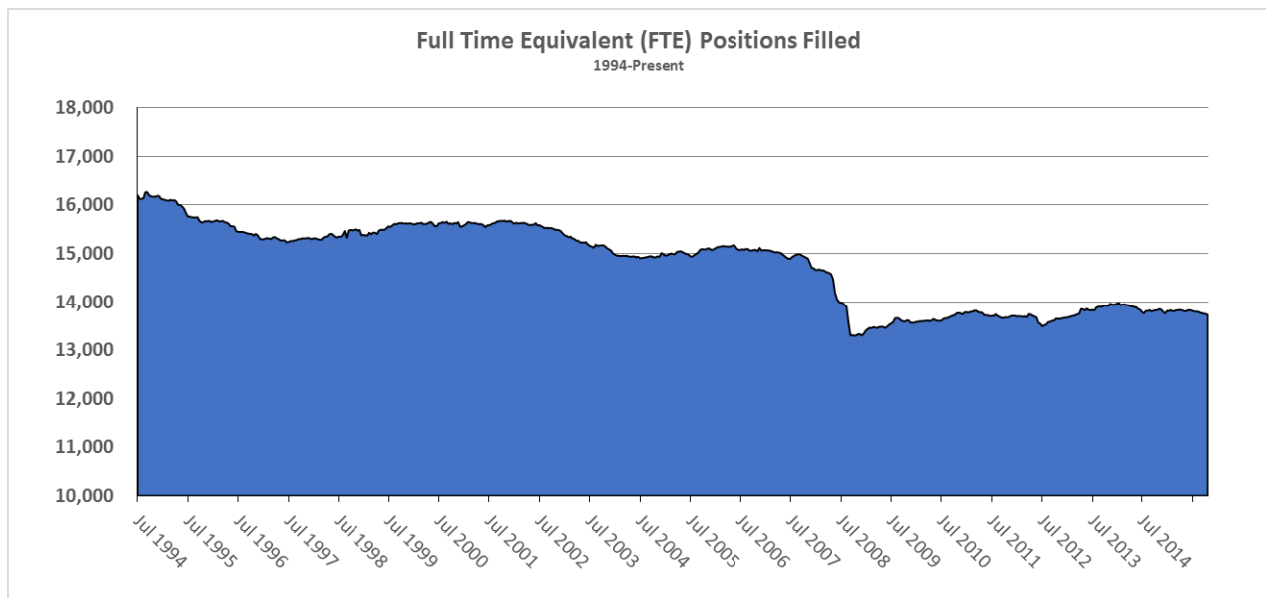
In **Natural Resources**, the Governor recommends 401.0 FTE positions, an increase of 2.0 FTE positions in the Department of Environmental Management, 1.0 in the Office of Compliance and Inspection to increase response time to complaints and enforce new provisions of the wetlands statutes, and 1.0 in the Office of Legal Services to pursue litigation in order to secure regulatory compliance and payment of fines and penalties.

In **Transportation**, the Governor recommends 741.0, a transfer of 11.6 FTE positions due to the audit and capital management consolidations in Administration.

As directed by the Governor, the overall filled FTE position level must be constrained through careful management by cabinet directors and other agency heads of existing and upcoming vacancies. Actual filled positions totaled 13,702.9 as of December 26, 2015, a 117.3 position decrease from the 13,820.2 level in December 27, 2014, and 1,379.9 below the 15,082.8 in July 2007. The filled level is 1,415.5 FTE positions less than the enacted cap of 15,118.4 FTE positions. Because of resource constraints, as reflected in the Governor's recommended turnover across most agencies (a total of 6.0 percent statewide), as well as the program reductions and reconciliations (a net of 62.7 in FY 2016 revised and 20.7 in FY 2017), there are FTE positions in the roster that will not be filled in FY 2016 or FY 2017.



# Personnel Summary



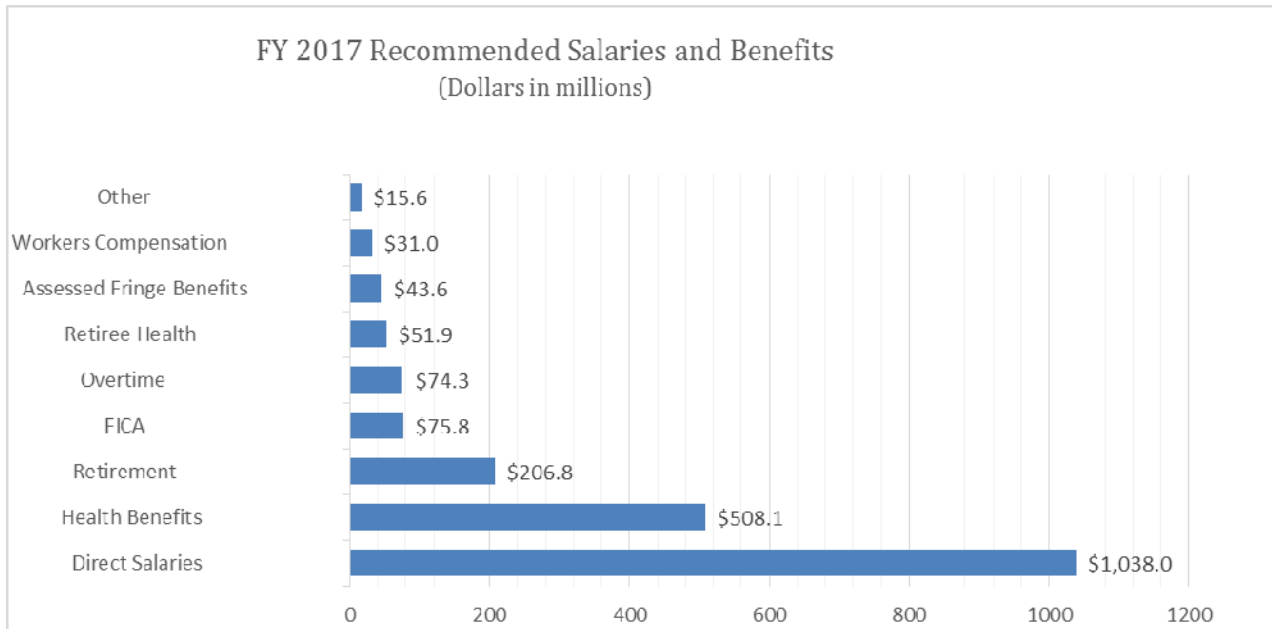
## Salaries and Benefits

The largest category of personnel expenditures is for salaries and benefits. Salaries and benefits (including temporary and seasonal) represent \$1.6 billion or 83.6 percent of total personnel costs. Salaries, including overtime, holiday, and other salary-related items, equal \$1,108.4 million and fringe benefits equal \$536.9 million. Fringe benefit payments include \$206.8 million for retirement costs, \$194.0 million for medical benefits (including \$192.4 million for benefit plans and \$1.6 million for medical benefits-salary disbursements), \$51.9 million for retiree health benefits, \$75.3 million for FICA, and \$8.9 million for other benefits, including group life insurance and other contract stipends. In addition, the statewide benefit assessment is included to finance severance, unemployment, employee assistance, workers' compensation payments and administrative costs, and DLT employer assessments, and totals \$43.6 million, 2.0 percent of total personnel costs.

Direct Salaries increase by 5.4 percent in the FY 2016 Revised Budget over FY 2015 actual expenditures, and increase by 2.5 percent in the FY 2017 recommended Budget over the FY 2016 enacted Budget. The FY 2016 Budget includes no longevity increases for non-union personnel and for union personnel whose contracts end June 30, 2012, as these were abolished in the FY 2012 enacted Budget.

Fringe benefit adjustments increase by 5.5 percent in the FY 2016 revised Budget over FY 2015 actual expenditure and increase by a further 2.1 percent in FY 2017 over the FY 2016 enacted Budget. **Retirement** increases by 5.4 percent in FY 2016 revised from FY 2015 actual and by 5.7 percent in FY 2017 from the FY 2016 revised Budget. This includes a one percent defined contribution addition of \$5.3 million. Within state agency budgets, state employer retirement contributions are budgeted at 24.64 percent in FY 2016 and 26.34 percent in FY 2017. **FICA** increases by 5.8 percent in revised FY 2016 from FY 2015 actual expenditure but in FY 2017 increases by only 1.5 percent from the revised Budget. **Retiree Health** decreases by 6.9 percent in FY 2016 revised from FY 2015 actual expenditure, but increases by 2.2 percent in FY 2017. The rate remains at 5.97 percent in FY 2016 revised and FY 2017 for state employees.

# Personnel Summary

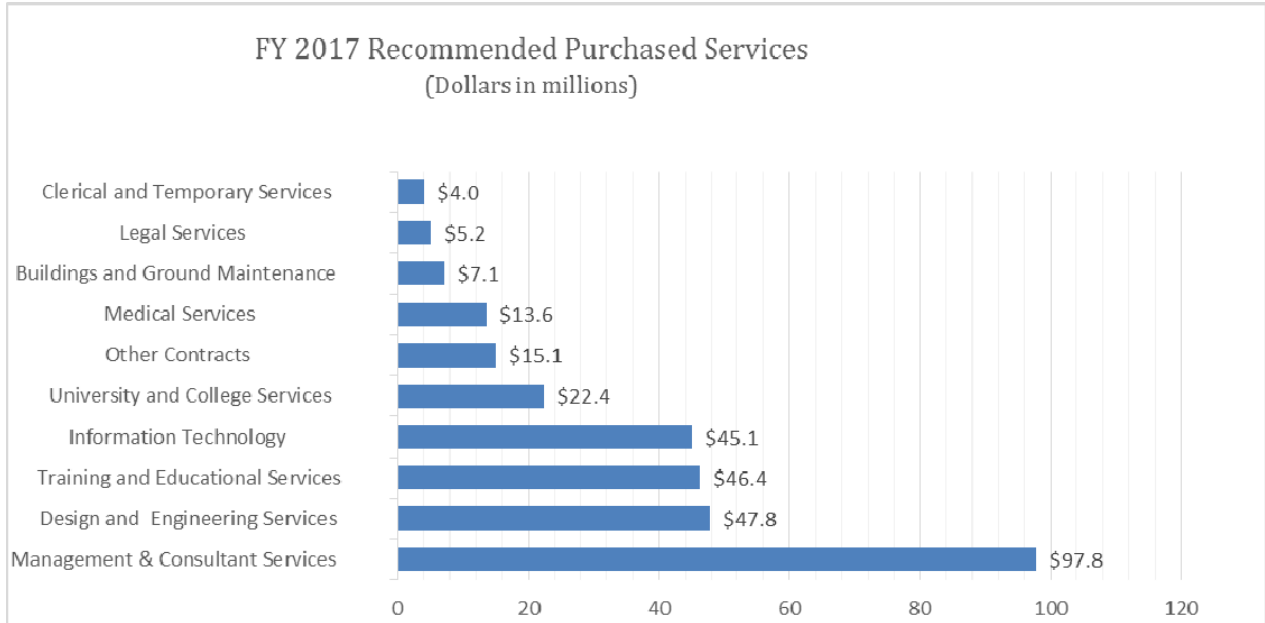


The largest fringe benefit increase is in **medical benefits**. The FY 2016 revised Budget of \$188.3 million includes an overall increase of 9.9 percent over FY 2015 actual expenditure levels. For FY 2017, the recommendation of \$194.0 million in medical benefits is an increase of 3.0 percent from the recommended revised budget amount for FY 2016. The two year total is 12.9 percent. The increases include estimated reductions in FY 2016 and FY 2017 due to two medical benefit holidays.

Workers' compensation costs budgeted directly in the agencies in FY 2016 and FY 2017 are \$661,359 and \$696,386 respectively and are financed primarily in the Department of Corrections and Behavioral Health, Developmental Disabilities and Hospitals. These amounts reflect the continuation of wages in excess of those amounts received as a result of the Workers' Compensation statute (primarily as a result of assault cases). Since FY 2001, all workers' compensation costs, as well as unemployment insurance and unused leave severance payments, have been paid from a separate Assessed Fringe Benefits Administrative Fund. The fund is financed by a statewide benefit assessment of a fixed percentage of direct salaries that is charged to every department and agency in this document. The FY 2016 revised Budget and the FY 2017 recommended Budget values are 4.6 percent and 4.75 percent respectively for regular state employees, an increase of 0.5 percentage points from the enacted level. However, certain agencies and/or certain employee classifications are not assessed the full rate because they do not receive worker's compensation benefits. Also, certain higher education employees do not receive severance payments. The assessed fringe benefit rate is applied to all direct salaries, except overtime. Expenditures from the fund have grown from \$31.1 million in FY 2008 to \$43.1 million FY 2009, but decreased in FY 2010 to \$28.8 million. The surge in severance payments was due to the large number of employees that retired prior to changes in retiree health benefit provisions, which became effective October 1, 2008. The FY 2016 revised Budget is \$40.3 million, an increase of 5.6 percent from the enacted budget and 3.2 percent from FY 2015 actual expenditure. The recommendation for FY 2017 is \$43.6 million, an increase of 8.2 percent from the revised recommendation. The Assessed Fringe Benefit Fund is used to fund the following: services provided by the Donley Center; services of the Workers' Compensation Court; the Division of Workers' Compensation administrative costs related to workers' compensation activities; workers' compensation benefit payments to employees; payments to workers' compensation providers;

# Personnel Summary

unemployment compensation payments; severance payments to employees for unused leave upon termination from state service; and Cornerstone Program administrative costs for the Flexible Health savings account.



## ***Purchased Services***

Purchased Services costs in the FY 2017 Budget total \$304.5 million, and represent 15.2 percent of total personnel costs. Expenditures in this category are for services provided by outside contractors in cases where special expertise is needed or where it would be less effective to hire full-time employees. Major categories of expenditure are management and consulting services (comprising 32.1 percent of the total), design and engineering services (comprising 15.7 percent), training and education services (comprising 15.2 percent), and information technology services (14.8 percent).

Recommended expenditures in the FY 2016 revised Budget of \$398.7 million are \$115.8 million more than FY 2016 enacted expenditures, a 40.9 percent increase in spending for services, including increases in training services (\$7.2 million), design and engineering services (\$8.8 million), management and consultant services (\$16.7 million) and information technology services (\$80.8 million). Recommended expenditures in FY 2017 are \$94.2 million less than FY 2016 revised. The greatest decreases are in information technology services (\$87.6 million) and management and consultant services (\$6.7 million).

For each department or agency of state government, the Budget volumes contain an agency summary of personnel costs. For each program, the Budget volumes display all positions and their respective costs. Footnotes will assist readers in understanding variances between the years. Additionally, there are a number of terms used that are not part of every day usage. A Personnel Glossary with extended explanations is included in the back of the Technical Appendix. For more information on the codes used to identify the pay scales, refer to the Glossary. Pay scales are provided on the State’s Human Resources web site under the Compensation and Classification section.

# **General Government**



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# General Government

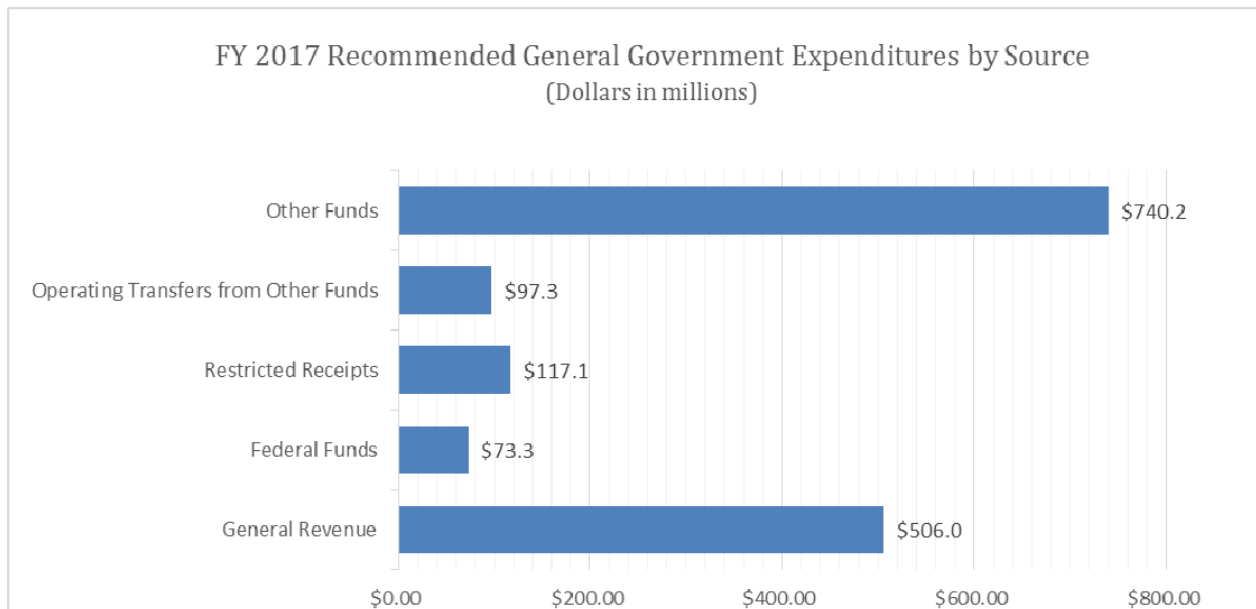
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## Summary

General Government includes agencies that provide general administrative services to all other state agencies, and those that perform state licensure and regulatory functions. It includes: most *elected officials*, including the Governor, Lieutenant Governor, General Treasurer, the Secretary of State, and the Legislature; *administrative agencies*, including the Department of Administration, the Department of Revenue, Department of Commerce, the Department of Labor and Training, the Board of Elections, and the Commission for Human Rights; and *regulatory agencies*, including the Department of Business Regulation and the Public Utilities Commission.

The FY 2016 revised Budget for General Government agencies totals \$1.526 billion, including \$468.2 million from general revenue, \$121.2 million from federal funds, \$142.7 million from restricted receipts, and \$793.9 million from other funds. The revised FY 2016 Budget increase from all fund sources for General Government agencies is \$93.5 million, or 6.5 percent more than the FY 2016 enacted budget of \$1.433 billion. The largest share of this increase, \$36.9 million, is in restricted receipts, followed by a federal increase of \$23.3 million, general revenue increase of \$19.5 million, and other funds increase of \$13.7 million. Of the \$1.526 billion recommended for FY 2016, \$423.7 million is for grants and benefits, \$423.3 million for operating, \$304.0 million for personnel, \$79.9 million for local aid, \$165.0 million for debt service, \$57.5 million for capital purchases, and \$72.7 million for operating transfers.

For FY 2017, the Governor recommends expenditures of \$1.532 billion for General Government programs. The programs are financed with \$504.0 million from general revenue, \$73.3 million from federal funds, \$117.1 million from restricted receipts, and \$837.5 million from other funds. The FY 2017 recommendation for General Government agencies is \$99.4 million, or 6.9 percent, more than the FY 2016 enacted level across all fund sources.



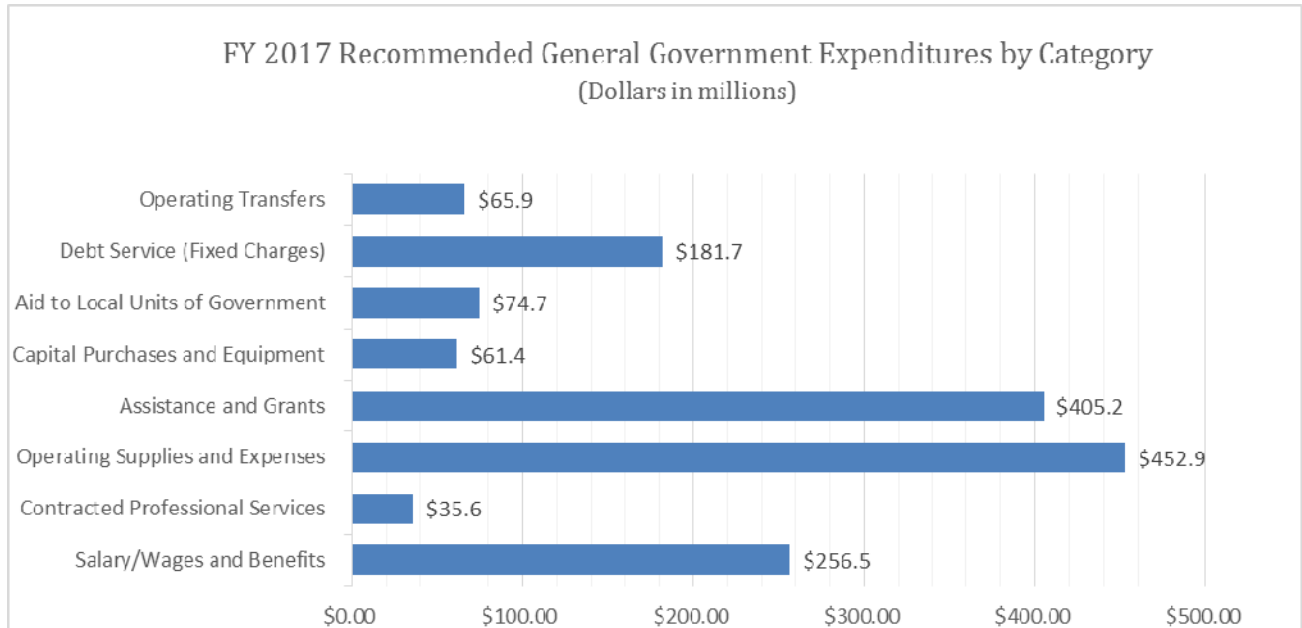
Of the \$1.531 billion recommended for FY 2017, \$403.2 million is for assistance, grants and benefits, \$452.9 million is for operating, \$292.1 million is for personnel, \$74.7 million is for local aid, \$181.7

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## General Government

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million is for debt service, \$61.4 million is for capital purchases, and \$65.9 million is for operating transfers. In the Governor's FY 2017 Budget, the General Government function represents 17.1 percent of the total budget for Rhode Island.



General revenue financing for General Government agencies in FY 2017 increases by \$55.3 million, or 12.3 percent, from the FY 2016 enacted appropriations, of which \$34.2 million is related to debt service payments. The FY 2016 enacted budget included \$43.5 million in debt restructuring savings used for a number of the Governor's Economic Development Initiative proposals. The FY 2017 recommended budget includes a total of \$35.0 million, also from debt restructuring savings, to continue these initiatives as described further under the Executive Office of Commerce.

Proposed in the Governor's budget are increases of \$15.8 million for personnel, \$7.4 million for operating expenses, \$3.2 million for capital purchases, and \$2.6 million for operating transfers in comparison to the FY 2016 enacted budget. There are savings of \$5.1 million for local aid and \$2.7 million in assistance and grants.

New positions have been added in the Division of Taxation and the Office of Revenue Analysis to implement new revenue enhancement initiatives of the Governor and to maximize revenues associated with current law, including reinstating the Nexus Program and an Internal Revenue Code 482 Audit Project. Personnel financing at the Division of Motor Vehicles is also increased to enable flexible scheduling of its workers and create career opportunities, with the ultimate goal of better service to registry users, including shortened wait times. Audit functions within the state have been centralized within the Department of Administration in order to enhance fraud detection and the sharing of resources within agencies in order to create government efficiency. A cyber security unit has been developed in order to secure the state's technological infrastructure, as well as a new Municipal Transparency Portal that would allow towns and cities to engage in and access information more readily.

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## General Government

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The Office of Regulatory Reform and Secretary of State will reform the Code of State Regulations to be more accessible to the public and businesses throughout the State. This key project will further the important work of creating a friendly business environment, which will make businesses want to operate in Rhode Island. Federally funded grants for the Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline, which serves as Office of the Health Insurance Commissioner's designated health insurance consumer assistance program, will expire in FY 2017. The Governor also recommends continuing this program with general revenue funding of \$400,000.

In FY 2017, federal funds recommended in General Government agencies decrease by \$26.2 million from the FY 2016 enacted level. The majority of this decrease is related to the expiration of federal funding related to the Rhode Island Health Benefits Exchange. Funding for this program has transitioned mostly to restricted receipts in FY 2017.

Recommended FY 2017 restricted receipt expenditures increase by \$11.3 million, or by 10.7 percent from the FY 2016 enacted level, including the shift of funding for the Rhode Island Health Benefits Exchange from federal funding to restricted receipts from the insurance providers. The Governor proposes several changes to the medical marijuana program. The Department of Business Regulation will become the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers and will sell plant tags and maintain a tag database. The Department of Business Regulation will also interact with the Department of Health patient and caregiver databases to ensure that only legitimate caregivers are registered. The Governor includes \$1.2 million in general revenue as start-up costs for the program and \$481,836 in restricted receipts to maintain the Medical Marijuana program.

Other funds recommended in FY 2017 increased by a total of \$57.3 million, or 7.3 percent, to a total of \$837.5 million, from the FY 2016 enacted level of \$780.2 million. The majority of this change resides within the Department of Revenue and reflects expected payments through the Lottery Division.



# General Government

## DEPARTMENT OF ADMINISTRATION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$259,268,901	\$244,775,881	\$197,494,291	\$216,525,887	\$243,008,631
Federal Funds	\$72,702,362	\$77,782,063	\$43,302,629	\$43,989,894	\$14,896,706
Restricted Receipts	\$15,899,348	\$20,553,583	\$28,853,407	\$45,364,953	\$35,983,267
Other Funds	\$390,239,134	\$409,353,406	\$454,590,376	\$450,066,734	\$454,769,729
RI Capital Plan Fund	\$24,004,496	\$16,229,554	\$39,773,494	\$32,535,657	\$43,048,000
<b>Total Funding</b>	<b>\$762,114,241</b>	<b>\$768,694,487</b>	<b>\$764,014,197</b>	<b>\$788,483,125</b>	<b>\$791,706,333</b>
<b>FTE Authorization</b>	720.7	710.7	711.7	723.7	743.7

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$788.5 million for the Department of Administration, including \$216.5 million from general revenue, \$44.0 million from federal funds, \$45.4 million from restricted receipts, \$82.1 million from operating transfers, \$8.0 million from other funds, and \$392.5 million from internal service funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$19.0 million, federal financing by \$687,265, restricted receipts financing increases by \$16.5 million, while operating transfers financing decreases by \$7.6 million, other funds financing decreases by \$650,472, and internal service funds financing decreases by \$3.5 million.

The revised FY 2017 recommendation includes a redistribution of \$6.1 million of the \$8.2 million for personnel and operational reforms to departments, of which \$1.2 million remained in the Department of Administration for medical, electricity, and telephone savings. There is a reappropriation from FY 2015 of \$1.0 million, of which \$450,750 is for the State's Classification and Compensation Study, \$527,000 for a statewide e-permitting initiative, and \$45,241 for the legal review of regulations.

The Governor recommends a total authorization of 723.7 FTE positions for FY 2016, which includes an addition of 12.0 FTE positions from the enacted level of 711.7 FTE positions. This increase assumes the transfer of 5.0 FTE positions from outlying state agencies for the centralization of the capital projects function and an additional 4.0 FTE positions within Capital Asset Maintenance and Management to meet increased responsibilities and address management gaps in the organization. There are also 3.0 FTE positions added to the Office of Management and Budget in the Office of Performance Management in order to address the increasing scope and frequency of performance management meetings and for analyzing departmental performance data, providing management support to departments, and improving OMB's ability to target investments to programs with proven results.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$3.7 million, all from general revenues. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$109,220. This decrease includes a reduction of \$632,205 for personnel expenses due to the redistribution of medical savings, increased turnover, and the realignment of staff to other divisions. The FY 2015 reappropriation for the classification study resides within this program.

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# General Government

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## Accounts and Control

Within the Accounts and Control program, the Governor recommends revised FY 2016 appropriations of \$4.0 million, all from general revenues. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$43,997.

## Office of Management and Budget

Within the Office of Management and Budget program, the Governor recommends revised FY 2016 appropriations of \$4.6 million, including \$4.6 million from general revenue and \$26,308 from restricted receipts. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$461,716, mostly related to the reappropriation of \$527,000 for the e-permitting initiative, and restricted receipts financing increases by \$26,308.

- *Personnel.* The Governor recommends the addition of 3.0 FTE positions to address increased work associated with the performance management function. These additional costs are absorbed due to the increase in turnover within this program for the current fiscal year.

## Purchasing

Within the Purchasing program, the Governor recommends revised FY 2016 appropriations of \$2.9 million, including \$2.6 million from general revenue and \$275,237 from all other sources. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$142,728 and financing from all other sources decreases by \$45,250.

## Auditing

The Governor recommends revised FY 2016 appropriations of \$1.4 million for the Auditing program, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases \$49,846.

## Human Resources

The Governor recommends revised FY 2016 appropriations of \$10.0 million, including \$7.4 million from general revenue, \$750,641 from federal funds, \$468,147 in restricted receipts, and \$1.4 million in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$267,018, federal funds financing decreases by \$49,935, restricted receipts financing decrease by \$21,186, and other funds financing remains unchanged. The decrease in general revenue is mostly attributable to increased turnover and statewide savings.

## Personnel Appeal Board

Within the Personnel Appeal Board, the Governor recommends revised FY 2016 appropriations of \$134,444, all from general revenues. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$14,570.

## General

The Governor recommends revised FY 2016 appropriations of \$54.4 million, including \$17.1 million from general revenue, \$4.3 million from federal funds, \$421,500 from restricted receipts, and \$32.5 million from Rhode Island Capital Plan Fund.

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## General Government

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- RICAP Capital Plan Funds decreased by \$7.2 million from the enacted level. The majority of the recommended decreases reflects a shift of funding from the current fiscal year to FY 2017. Major changes are related to the following projects:
  - *Increase of \$516,499 for the Cranston Street Armory, \$705,000 for Zambarano Buildings, and \$925,954 for the Powers Building;*
  - *Increase of \$1.5 million for Rhode Island Convention Center, Dunkin Donuts Center, and Veterans Auditorium Land.*
  - *Decrease of \$2.5 million for the Pastore Center Electric Utility and \$830,000 for Pastore Center Parking;*
  - *Decrease of \$1.5 million for Pastore Center Building, \$3.2 million for Virks Building, \$696,000 for Mathias Building renovation, and \$1.0 million for the State Office Building.*

### Debt Service

Within the Debt Service program, the Governor recommends revised FY 2016 appropriations of \$165.1 million, including \$112.6 million from general revenue, \$2.7 million from federal funds, \$3.4 million from restricted receipts, and \$46.4 million from operating transfers. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$13.5 million and restricted receipts by \$1.3 million. The FY 2016 enacted budget included anticipated general revenue savings from a restructuring and refinancing of state general obligation debt. This refinancing resulted in \$64.0 million in debt services savings, however, portions of the savings are attributable to Transportation debt, which is funded with other funds, and to Higher Education debt, which is reflected in the budgets of the three institutions of higher education. As a result, general revenue funding within the Department of Administration increases by a net of \$13.5 million, but overall the debt refinancing result in savings of only \$440,000 less than anticipated in the enacted budget for FY 2016.

### Energy Resources

Within the Energy Resources program, the Governor recommends revised FY 2016 appropriations of \$19.6 million, the majority of which is from restricted receipts. This is \$9.0 million more than the enacted level and is related to the Regional Greenhouse Gas initiative.

### Legal Services

Within the Legal Services program, the Governor recommends revised FY 2016 appropriations of \$2.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$10,614.

### Facilities Management

Within the Facilities Management program, the Governor recommends revised FY 2016 appropriations of \$38.4 million, including \$33.0 million from general revenue and \$5.4 million from all other sources of funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$858,994 and financing from all other sources decreases by \$126,169. Major general revenue changes within this program are attributable to the following adjustments:

- *Personnel.* The Governor recommends an increase of \$2.5 million related to the following changes:
  - Distribution of the statewide medical savings;
  - The shift of 6.0 FTE positions into this program;

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## General Government

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- Program realignments to prepare for the consolidation in FY 2017 of Capital Projects, Plan Design, Property Management, and Facilities Management.
- *Utilities.* The Governor recommends a decrease of \$1.4 million for utilities based on historical expenses and the cost of fuel declining.
- *Operating Expenditures.* The Governor includes an increase of \$784,518, mostly related to snow removal and building maintenance costs.

### Capital Projects

Within the Capital Projects program, the Governor recommends revised FY 2016 appropriations of \$1.6 million, all from general revenues. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1.3 million, attributable to the following adjustments:

- *Personnel*
  - Distribution of statewide medical and other savings;
  - The shift of 6.0 FTE positions to Facilities Management;
  - Program realignments to prepare for the consolidation in FY 2017 of Capital Projects, Plan Design, Property Management, and Facilities Management.

### Information Technology

The Governor recommends revised FY 2016 appropriations of \$46.2 million, including \$20.1 million from general revenue, \$6.8 million from federal funds, \$16.7 from restricted receipts, and \$2.7 million from other funds. Relative to FY 2016 enacted levels, recommended restricted receipt financing increases by \$6.5 million. Major changes within this program are attributable to the following adjustments:

- *Statewide Medical and Other Savings.* The Governor includes general revenues savings \$206,480 related to the distribution of statewide medical and other savings and turnover savings.
- *Technology Investment Fund:* The Governor recommends an increase of \$6.6 million for the projects included in the ITIF fund including UHIP; the statewide ePermit platform; Time, Leave and Attendance; DLT's unemployment insurance project; and the continuation of the Judicial Branch's court system development.

### Library and Information Services

Within the Library and Information Services program, the Governor recommends revised FY 2016 appropriations of \$2.5 million, including \$1.2 million from general revenue and \$1.3 million from federal funds.

### Planning

Within the Division of Planning, the Governor recommends revised FY 2016 appropriations of \$5.3 million, including \$1.4 million from general revenue, \$1.1 million from federal funds, and \$2.9 million from other funds. From general revenues, there is a reduction of \$32,664 for personnel, which is related to turnover and the distribution of the statewide medical and an addition of \$56,079 for Land Use Plans.

### Construction, Permitting, Approvals, and Licensing

Within the Construction, Permitting, Approvals, and Licensing program, the Governor recommends revised FY 2016 appropriations of \$3.0 million, including \$1.7 million from general revenue and \$1.3 million from

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## General Government

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restricted receipts. Relative to FY 2016 enacted levels, there is an all funds decrease of \$59,447.

### **Rhode Island Health Benefits Exchange**

Within the Rhode Island Health Benefits Exchange, the Governor recommends revised FY 2016 appropriations of \$31.8 million, including \$2.6 million from general revenue, \$25.6 million from federal, and \$3.5 million from restricted receipts. Relative to FY 2016 enacted levels, there is an all funds increase of \$847,175, most of which is from federal funds, for management and IT consultants to provide continual support to maintain the system.

### **The Office of Diversity, Equity, and Opportunity**

Within the Office of Diversity, Equity, and Opportunity, the Governor recommends revised FY 2016 appropriations of \$1.2 million, including \$1.1 million from general revenue. Relative to the enacted FY 2016 Budget, general revenue financing decreases by \$31,311.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$791.7 million for the Department of Administration, including \$243.0 million from general revenue, \$14.9 million from federal funds, \$36.0 million from restricted receipts, \$95.0 million from operating transfers, \$8.8 million from other funds, and \$394.0 million from internal service funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$45.5 million, restricted receipts by \$7.1 million, operating transfers by \$5.3 million, and other funds by \$114,361. There is a decrease of \$28.4 million from federal funds, and decrease of \$2.0 million in the internal service funds.

For FY 2017, the Governor recommends a total of 743.7 FTE positions, which is 32.0 FTE positions more than the FY 2016 enacted level. This increase includes the addition of 12.0 FTE positions added in the FY 2016 revised budget. In FY 2017, the Auditing program merges into the Office of Management and Budget as the Office of Internal Audit. This newly created subprogram in the Department of Administration also transfers 19.0 FTE positions from the Department of Transportation, Executive Office and Health and Human Services, and Higher Education in order to improve government efficiency by improving fraud detection, reducing redundancy, and increasing data sharing. Finally, there is an increase of 1.0 FTE position in the Information Technology program to enhance cybersecurity within the state.

In FY 2017, the Capital Projects and Property Management and Facilities Management programs are merged into the newly created Capital Asset Management and Maintenance program. This Division has been tasked to increase the level of facility maintenance throughout the State for facilities under its purview. The merge will encourage higher levels of service with more consistency and redundancy. Anticipated outcomes also entail a better alignment of staff resources and clarification of roles and responsibilities in order to support the state's portfolio such that cost savings and efficiencies are achieved.

For FY 2017, the new Office of Supplier Diversity is created within the division of the Office of Diversity, Equity and Opportunity. This office will complement the work of the Minority Business Enterprise Compliance Office and will be distinguishable from the MBECO through its proactive support for minority/women and disability business enterprises. This office will utilize existing funds within the program.

### **Central Management**

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$2.8

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## General Government

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million, all from general revenues. Relative to the enacted FY 2016 levels, recommended general revenue financing decreases by \$1.0 million. The majority of this decrease is associated with the realignment of staff into other divisions and the Office of Digital Excellence being moved to the Information Technology program. An additional \$299,043 from general revenue is included for a new cybersecurity position to reside within this program.

### Accounts and Control

The Governor recommends FY 2017 appropriations of \$4.1 million, all from general revenue. Relative to the enacted FY 2016 levels, recommended general revenue financing increases by \$67,290.

### Office of Management and Budget

Within the Office of Management and Budget program, the Governor recommends FY 2017 appropriations of \$11.2 million, including \$9.6 million in general revenue, \$300,000 in restricted receipts, and \$1.3 million in other funds. Relative to the enacted FY 2016 levels, recommended general revenue financing increases by \$5.5 million, restricted receipt financing increases by \$300,000, and other funds financing increases by \$1.3 million. Major changes within this program are attributable to the following adjustments:

- *Office of Internal Audit:* The aforementioned creation of the Office of Internal Audits accounts for an increase of \$3.9 million, which merges the personnel and operating expenses from the Department of Administration's Bureau of Audits, Department of Transportation's External Audit Unit, Department of Human Service's Fraud Investigation Unit, and auditors from Higher Education into one unit.
- *Personnel increase of \$601,569.* This increase assumes the costs associated with the additional 3.0 FTE positions added in the FY 2016 revised budget and other statewide adjustments for salaries and benefits.
- *Transitional Employment Grant.* The Governor includes a \$500,000 general revenue increase for the transitional employment initiative to be managed by the Office.
- *E-Permitting.* The Governor includes \$500,000 for the e-permitting initiative.
- *Fraud and waste data tool.* The Governor includes \$1.5 million for the implementation of the fraud and waste data tool, which is estimated to enhance revenues by approximately \$5.0 million.

### Purchasing

Within the Purchasing program, the Governor recommends FY 2017 appropriations of \$3.2 million, including \$2.9 million from general revenue and \$232,640 in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$183,787 and restricted receipts financing decreases by \$87,847. The general revenue increase is attributable to statewide salary and benefit changes.

### Human Resources

The Governor recommends FY 2017 appropriations of \$10.8 million, including \$8.1million from general revenue, \$784,618 from federal funds, \$487,070 in restricted receipts, and \$1.5 million in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$404,143, federal funds financing decreases by \$15,958, restricted receipts financing decrease by \$2,263, and other funds financing increases by \$85,303. Major changes within this program from the enacted level are attributable to the following:

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## General Government

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- *Personnel.* The Governor includes an increase of \$471,225, which is associated with statewide adjustment for salaries and benefits.
- *Consultant Services.* The Governor recommends an increase of \$100,000 for consultant services to assist the state in identifying training programs and opportunities that will meet individual, group, and departmental needs and objectives.

### Personnel Appeal Board

The Governor recommends FY 2017 appropriations of \$133,419 for the Personnel Appeal Board, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$13,545.

### General

The Governor recommends FY 2017 appropriations of \$57.8 million for the General program, including \$14.3 million from general revenue, \$421,500 from restricted receipts, and \$43.0 million from Rhode Island Capital Plan Fund. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$2.8 million, including \$825,000 due to the one-time legislative grants, federal funds financing decreases by \$4.3 million, restricted receipts financing remains unchanged, and Rhode Island Capital Plan Fund financing increases by \$3.3 million. Major general revenue reductions are attributable to the following:

- *Statewide reference resource center.* The Governor recommends \$311,326 in savings related to the elimination of state funding for the online database for statewide reference resource center.
- *Library Construction Aid.* The Governor includes \$440,080 in general revenue savings from Library Construction Aid.
- *RIPTA Operating Support.* The Governor recommends \$2.0 million in savings due for the removal of the one-time appropriation of funding for RIPTA operating support.

### Debt Service

The Governor recommends FY 2017 appropriations of \$181.8 million for the Debt Service program, including \$133.3 from general revenue, \$2.2 million from federal funds, \$111,453 from restricted receipts, and \$46.2 million from operating transfers. Relative to the enacted FY 2016 Budget, general revenue financing increases by \$34.3 million, federal funds financing decreases by \$421,837, restricted receipts financing decreases by \$2.0 million, operating transfers financing decreases by \$212,436.

### Legal Services

Within the Legal Services program, the Governor recommends FY 2017 appropriations of \$2.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$19,292.

### Information Technology

The Governor recommends FY 2017 appropriations of \$41.7 million for the Information Technology program, including \$22.2 million from general revenues, \$6.8 million from federal funds, \$9.9 million from restricted receipts, and \$2.8 million from other funds. There is an increase of \$2.0 million from general revenue, which is attributable to the following items:

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## General Government

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- *Office of Digital Excellence:* This office is shifted from the Central Management program to Information Technology and accounts for a general revenue increase of \$926,060 to this program.
- *Cybersecurity.* The Governor recommends the inclusion of \$500,000 for Cybersecurity consultants and operating costs.
- *Personnel.* The Governor includes a general revenue increase of \$557,249 for all other personnel adjustments related to statewide salary and benefit changes.

### **Library and Information Services**

The Governor recommends FY 2017 appropriations of \$2.5 million for the Library and Information Services, including \$1.3 million in general revenue and \$1.2 million from all other sources. Relative to the enacted FY 2016 Budget, general revenue financing increases by \$108,672.

### **Planning**

The Governor recommends FY 2017 appropriations of \$5.4 million for the Planning program, including \$1.3 million in general revenue and \$4.0 million from all other sources. Relative to the enacted FY 2016 Budget, general revenue financing increases by \$25,612 and financing from all other sources decrease by \$315,442.

### **Energy Resources**

The Governor recommends FY 2017 appropriations of \$14.7 million for the Energy Resources program, all from restricted receipts and federal funds. Relative to the enacted FY 2016 Budget, financing increases \$4.1 million. Significant changes within this program are attributable to the following items:

- *Regional Greenhouse Gas and Delivered Fuels.* The Governor includes an increase of \$3.6 million in restricted receipt financing for the Regional Greenhouse Gas and Delivered Fuels initiative.

### **Construction, Permitting, Approvals, and Licensing**

The Governor recommends FY 2017 appropriations of \$3.3 million for the Construction, Permitting, Approvals, and Licensing program, including \$1.8 million from general revenue. Relative to the enacted FY 2016 Budget, general revenue financing increases by \$208,039.

### **Health Benefits Exchange**

The Governor recommends FY 2017 appropriations of \$12.4 million for the Rhode Island Health Benefits Exchange, which is \$18.5 million less than the FY 2016 enacted budget. There is a decrease of \$23.6 million from federal funds and an increase of \$5.0 million from restricted receipts. Major changes within this program are attributable to the following:

- *Federal Funds.* The Governor includes a reduction in federal revenue totaling \$23.6 million due to the expiration of federal funding for this program.
- *Restricted Receipts.* The Governor includes \$5.0 million in restricted receipts for the Health Benefit Exchanges' as it moves to an operational mode from one in the program, development and implementation phase and moving from grant funding to a self-sustaining operation.



# General Government

## Office of Diversity, Equity, and Opportunity

The Governor recommends FY 2017 appropriations of \$1.4 million for the Office of Diversity, Equity, and Opportunity program, an increase of \$197,498 over the FY 2016 enacted Budget.

## Capital Asset Management and Maintenance

The Governor recommends FY 2017 appropriations of \$42.4 million for the Capital Asset and Maintenance program, which includes \$35.0 million from general revenues, \$1.3 million from federal funds, \$443,424 from restricted receipts, \$1.3 million from operating transfers, and \$4.4 million from other funds.

### DEPARTMENT OF BUSINESS REGULATION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$8,526,389	\$8,556,174	\$9,236,495	\$9,135,640	\$12,650,654
Federal Funds	\$2,038,842	\$2,216,757	\$2,795,240	\$2,768,904	\$1,100,710
Restricted Receipts	\$1,683,995	\$1,903,121	\$2,588,777	\$2,488,551	\$3,154,169
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$12,249,226</b>	<b>\$12,676,052</b>	<b>\$14,620,512</b>	<b>\$14,393,095</b>	<b>\$16,905,533</b>
<b>FTE Authorization</b>	94.0	94.0	94.0	98.0	104.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$14.4 million for the Department of Business Regulation, including \$9.1 million from general revenue, \$54,900 of which is reappropriated from FY 2015; \$2.8 million from federal funds; and \$2.5 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$100,855, federal financing decreases by \$26,336, and restricted receipt financing decreases by \$100,226. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$28,739 of general revenue savings being allocated to the Department of Business Regulation.

## Central Management

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$1.4 million, all from general revenue. Relative to the FY 2016 enacted level, recommended general revenue financing increases by \$77,711, attributable to the following adjustments:

- *Contracted Professional Services.* The Governor includes \$83,452 in general revenue for Contracted Professional Services, an increase of \$80,000 from the 2016 enacted level. The request includes financing for two Lean Kaizen events and information technology services.

## Banking Regulation

Within the Banking Regulation program, the Governor recommends revised FY 2016 appropriations of \$1.9 million, including \$1.8 million from general revenue and \$50,000 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$133,051 and restricted receipts

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## General Government

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financing increases by \$13,000.

### **Insurance Regulation**

Within the Insurance Regulation program, the Governor recommends revised FY 2016 appropriations of \$5.3 million, including \$3.6 million from general revenue and \$1.8 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$332,033 and restricted receipt financing decreases by \$116,857, attributable to the following adjustments:

- *Personnel.* The Governor recommends revised FY 2016 appropriations of \$3.5 million from general revenue for personnel costs, a decrease of \$356,758 from the FY 2016 enacted level.

### **Securities Regulation**

Within the Securities Regulation program, the Governor recommends revised FY 2016 appropriations of \$984,696, including \$969,696 from general revenue and \$15,000 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$6,999, while restricted receipt financing increases by \$11,500.

### **Commercial Licensing, Racing & Athletics**

Within the Commercial Licensing, Racing & Athletics program, the Governor recommends revised FY 2016 appropriations of \$1.3 million, including \$636,951 from general revenue and \$651,193 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$75,130, while restricted receipt financing decreases by \$7,869.

### **Office of the Health Insurance Commissioner**

Within the Office of the Health Insurance Commissioner, the Governor recommends revised FY 2016 appropriations of \$3.3 million, including \$493,420 from general revenue, \$2.8 million from federal funds, and \$11,500 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$41,587, while federal financing decreases by \$26,336, and restricted receipt financing remains unchanged.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$16.9 million for the Department of Business Regulation, including \$12.7 million from general revenue, \$2.8 million from federal funds, and \$2.5 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$3.5 million, while federal financing decreases by \$1.7 million, and restricted receipt financing increases by \$565,392.

### **Central Management**

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$1.4 million, all from general revenue. Relative to the enacted FY 2016 levels, general revenue financing increases by \$79,137.

- *Contracted Professional Services.* The Governor includes \$83,452 in general revenue for Contracted Professional Services, an increase of \$80,000 from the 2016 enacted level. The request includes financing for two Lean Kaizen events and information technology services.

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# General Government

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## **Banking Regulation**

Within the Banking Regulation program, the Governor includes \$1.9 million from general revenue, including \$1.8 million from general revenue and \$50,000 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$171,350 and restricted receipt financing increases by \$13,000.

- *Personnel Financing – Banking Regulation.* The Governor recommends FY 2017 appropriations of \$1.8 million from general revenue for personnel costs, an increase of \$143,942.

## **Insurance Regulation**

Within the Insurance Regulation program, the Governor recommends FY 2017 appropriations of \$5.8 million, including \$4.0 million from general revenue and \$1.8 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$121,467, while restricted receipts financing decreases by \$85,149.

## **Securities Regulation**

Within the Securities Regulation program, the Governor recommends FY 2017 appropriations of \$1.1 million, including \$1.1 million from general revenue and \$15,000 in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$130,056 and restricted receipts financing increases by \$11,500.

## **Commercial Licensing, Racing & Athletics**

Within the Commercial Licensing, Racing & Athletics program, the Governor recommends FY 2017 appropriations of \$3.2 million, including \$1.9 million in general revenue and \$1.2 million in restricted receipts. Relative to FY 2016 enacted levels, general revenue financing increases by \$1.4 million and restricted receipt financing increases by \$626,041.

- *Medical Marijuana.* The Governor includes \$1.2 million in general revenue and \$481,836 in restricted receipts for the Medical Marijuana program. The Governor proposes several changes to the medical marijuana program. The Department of Business Regulation will become the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers. The Department of Business Regulation will sell plant tags and maintain a tag database. While the Department of Health will have licensing authority over patients and authorized purchasers, patients choosing to grow for themselves will be required to purchase plant tags from the Department of Business Regulation. The Department of Business Regulation will interact with the Department of Health patient and caregiver databases to ensure that only legitimate caregivers are registered.
  - The \$1.2 million from general revenue is a one-time cost to setup the software needed to setup the tag tracking system.
  - The \$481,836 from restricted receipts will support ongoing personnel costs.

## **Office of the Health Insurance Commissioner**

Within the Office of the Health Insurance Commissioner, the Governor recommends FY 2017 appropriations of \$3.3 million, including \$2.2 million in general revenue, \$1.1 million in federal funds, and \$11,500 in restricted receipts. Relative to FY 2016 enacted levels, general revenue financing increases by \$1.6 million, federal funds financing decreases by \$1.7 million, and restricted receipt financing is unchanged.

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- *State Funding for Rate Review.* The Governor includes \$1.6 million in general revenue to finance staff and operating costs previously financed by the federal Rate Review II and III grants, which are scheduled to end September 30, 2016. The recommendation includes nine months of financing in FY 2017 (from October 1, 2016 to June 30, 2017) as follows:
  - \$1,042,217 to finance salary and benefits for nine (9) FTE positions
  - \$400,000 to finance the RIREACH program
  - \$165,000 for contracted professional services to the following areas
    - \$75,000 for a technical advisory vendor
    - \$75,000 for a public communications vendor
    - \$15,000 for CMS data preparation fees

The Governor recommends 98.0 FTE positions in the revised FY 2016 Budget, consistent with the enacted FY 2016 FTE authorization level. In FY 2017, the Governor recommends 104.0 FTE positions, an increase of 5.0 FTE positions from the enacted FY 2016 authorization to accommodate the Department's Medical Marijuana program.

### EXECUTIVE OFFICE OF COMMERCE

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$0	\$203,145	\$60,840,542	\$61,014,948	\$63,281,421
Federal Funds	\$0	\$0	\$10,983,803	\$11,063,878	\$15,290,927
Restricted Receipts	\$0	\$0	\$2,800,000	\$4,000,000	\$4,750,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$300,000	\$300,000	\$300,000
<b>Total Funding</b>	<b>\$0</b>	<b>\$203,145</b>	<b>\$74,924,345</b>	<b>\$76,378,826</b>	<b>\$83,622,348</b>
<b>FTE Authorization</b>	0.0	5.0	16.0	16.0	16.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$76.4 million for the Executive Office of Commerce, including \$61.0 million from general revenue, \$11.1 million from federal funds, \$4.0 million from restricted receipts, and \$300,000 from Rhode Island Capital Plan Funds. A total of \$43.5 million of general revenue is recommended to be supported with refinancing proceeds. The Governor's recommendation includes \$78.5 million in general revenue over two fiscal years for an Economic Development Initiatives Fund, which is financed through the restructuring of the State's debt beginning with the enacted FY 2016 Budget. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$174,406, federal financing increases by \$80,075, restricted receipt financing increases by \$1.2 million, and there is no change in Rhode Island Capital Plan financing. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$6,596 of general revenue savings being allocated to the Executive Office of Commerce.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$952,964 from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$3,290, attributable to the following adjustments:

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- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$3,097 in general revenue savings allocated to this program.
- *Reappropriation.* The Governor's general revenue recommendation includes a reappropriation of \$18,169 for operating funds to be utilized in setting up a new office and acquiring equipment for new staff in the current fiscal year. The Executive Office of Commerce was created during the 2013 session of the RI General Assembly effective February 1, 2015.
- *Current Personnel Costs.* The Governor's general revenue recommendation for personnel is \$886,708, an increase of \$13,546 from the enacted FY 2016 Budget. The recommendation reflects costs for the current staff of the Agency, which includes the establishment of new state positions with associated turnover savings for a Chief of Staff (Office of Commerce), General Counsel (Office of Commerce) and Deputy Secretary of Commerce.

### **Housing and Community Development**

Within Housing and Community Development, the Governor recommends revised FY 2016 appropriations of \$15.7 million. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$7,391, federal financing increases by \$80,075, and restricted receipt financing increases by \$1.2 million. The Governor recommends \$2,951 in statewide medical general revenue savings within this program.

### **Quasi-Public Appropriations**

Within the Quasi-Public Appropriations program, the Governor recommends revised FY 2016 appropriations of \$16.3 million. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$170,305, as a result of \$170,305 in reappropriations for the I-195 Redevelopment District.

### **Economic Development Initiatives Fund**

Within the Economic Development Initiatives Fund program, the Governor recommends revised FY 2016 appropriations of \$43.5 million from general revenue that is supported with refinancing proceeds. Relative to FY 2016 enacted levels, recommended general revenue financing does not change, however changes in financing among the various programs is recommended. The recommendation includes a reduction of \$1.0 million within the Anchor Institution Tax Credit program and corresponding increases of \$500,000 within Innovation Network Grants and \$500,000 in additional financing for Innovation Vouchers.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$83.6 million for the Executive Office of Commerce, including \$63.3 million from general revenue, \$15.3 million from federal funds, \$4.8 million from restricted receipts, and \$300,000 from Rhode Island Capital Plan funds. A total of \$35.0 million of general revenue is recommended to be supported with refinancing proceeds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.4 million, federal financing increases by \$4.3 million, and there is no change in Rhode Island Capital Plan fund financing. Relative to the FY 2016 revised recommendation, recommended general revenue financing increases by \$2.3 million, federal financing increases by \$4.2 million, restricted receipt financing increases by \$2.0 million, and there is no change to Rhode Island Capital Plan financing. Beginning in FY 2017 the Executive Office of Commerce budget includes an additional program entitled "Commerce Programs" which incorporates all economic

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## General Government

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development initiatives to be financed with state appropriations. In FY 2017, three programs grouped within the RI Commerce Corp. – Executive Office of Commerce Programs account within the Quasi-Public Appropriations Program are now budgeted separately under the Commerce Programs. These programs include PTech, Wavemaker Program and Innovation Vouchers.

### Central Management

Within Central Management program, the Governor recommends revised FY 2017 appropriations of \$1.2 million from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$243,944, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor’s recommendation includes \$1,972 in general revenue savings allocated to this program.
- *Current Personnel Costs.* The Governor’s general revenue recommendation for personnel is \$1.1 million, an increase of \$244,542 from the enacted FY 2016 Budget. The recommendation reflects a full year of costs for the current staff of the Agency including Chief of Staff (Office of Commerce), General Counsel (Office of Commerce) and Deputy Secretary of Commerce as well as a new Executive Assistant position.

### Housing and Community Development

Within Housing and Community Development, the Governor recommends revised FY 2017 appropriations of \$20.7 million. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$24,123, federal financing increases by \$4.3 million, and restricted receipt financing increases by \$2.0 million. The Governor recommends \$1,798 in statewide medical general revenue savings within this program.

### Quasi-Public Appropriations

The Governor recommends FY 2017 appropriations of \$13.0 million for the Quasi-Public Appropriations program. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$3.1 million as a result of the following adjustments:

- *Executive Office of Commerce Programs.* The Governor recommends transferring \$3.1 million in general revenue from the RI Commerce Corp. – Executive Office of Commerce Programs account within the Quasi-Public Appropriations program to the newly created Commerce Programs.
- *RI Commerce Corporation Base.* The Governor recommends \$7.5 million, an increase of \$141,612 from the enacted in order to finance rental of outside property costs.
- *I-195 Redevelopment District Commission.* The Governor recommends \$872,200, an increase of \$111,200 to finance a project manager for increased development activity.
- *Community Service Grants.* The Governor recommends \$589,492 in FY 2017 for this program, a decrease of \$437,000 from the enacted FY 2016 Budget, which reflects one-time legislative grants.

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## General Government

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- *RI College and University Research.* The Governor recommends \$165,000 in new general revenue in FY 2017 to support the work of the Rhode Island College and University Research Collaborative, which will leverage the research capacity of the State's institutions of higher learning to foster the development of policy that will expand the RI economy.

### **Economic Development Initiatives Fund**

In FY 2017, the Governor recommends \$35.0 million in general revenue supported by refinancing proceeds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$8.5 million. The following recommended programs include those economic development initiatives, which will enable the Executive Office of Commerce to carry out its mission of promoting and developing commerce and creating opportunity for all Rhode Islanders.

- *Continued Support of FY 2016 Initiatives.* The Governor recommends \$9.9 million to continue the following economic development initiatives: Housing Opportunity (\$1.0 million), Main Street RI Streetscape (\$1.0 million), First Wave Closing Fund (\$5.0 million), PTech (\$1.4 million), and Innovation Vouchers (\$1.5 million).
- *Rhody Pass.* The Governor recommends \$1.5 million in FY 2017 for a new program to enhance rail connectivity between Rhode Island and the Boston area by providing peak period commuters and off-peak business travelers with additional affordable, frequent, and convenient rail service options.
- *Competitive Cluster Grants.* The Governor recommends \$1.3 million, an additional \$500,000 in general revenue from the enacted FY 2016 Budget. This grant program is meant to encourage the formation of industry clusters or to close industry cluster gaps in areas such as research and development, workforce development, and marketing.
- *Rebuild RI.* The Governor recommends \$20.6 million in FY 17 for the Rebuild RI Tax Credit program, which is \$19.6 million more general revenue financing than the enacted FY 2016 Budget for continued financing of the real estate development tax credit program and Tax Stabilization Incentives.
- *Impact Faculty.* The Governor recommends \$1.5 million for this new program in FY 2017. The program includes policies to support the hiring of top university faculty with track records of commercializing their research and to strengthen the link between such faculty and startup businesses in Rhode Island. The Governor also recommends an additional \$1.3 million of new appropriations in FY 2017 for this program under the Commerce Programs budget.
- *Building and Fire Permit Initiative.* The Governor recommends \$250,000 in FY 2017 to enhance the efficiency of building permit and fire inspection processes for State-sponsored projects.

# General Government

## Commerce Programs

The Governor recommends FY 2017 appropriations of \$13.8 million from general revenue.

- *SBIR State Match.* The Governor’s general revenue recommendation includes \$1.0 million of new appropriations in FY 2017 for this program. The Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Funds Program will foster job creation and economic development in the State by providing grants to eligible businesses to match funds received by a business for commercializing technology and research.
- *Wavemaker Fellowship.* The Governor’s general revenue recommendation includes \$1.3 million of new appropriations in FY 2017 for this program. The program provides a competitive student loan reimbursement for college and university graduates who take jobs in STEAM fields in Rhode Island. Continued financing in FY 2017 will allow the Agency to accommodate more fellows and target undergraduate and graduate students prior to graduation with the guarantee of a fellowship after graduation if they remain in Rhode Island.
- *Air Service Development.* The Governor’s general revenue recommendation includes \$1.5 million of new appropriations in FY 2017 for this program, which will develop additional air service at TF Green Airport.
- *R&D Tax Credit.* The Governor’s general revenue recommendation includes \$5.0 million of new appropriations in FY 2017 in order to expand this program. RI falls far behind its peer and competitor states in commercial R&D per capita, though RI actually fares relatively well on academic R&D per capita. At the same time, the existing limit on the extent to which the R&D credit may be used to offset RI business corporation tax liability is far more restrictive than neighboring states’. The program would lift the cap and creating a discretionary refundable portion of the credit for certain targeted business clusters to increase the competitiveness of RI’s tax climate, and to spur the growth of commercial R&D activity in Rhode Island.

The Governor recommends 16.0 FTE positions in the revised FY 2016 Budget and recommended FY 2017 Budget. This reflects no change from the enacted FY 16 Budget.

### DEPARTMENT OF LABOR AND TRAINING

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$8,027,721	\$8,553,272	\$8,324,769	\$8,472,717	\$10,322,779
Federal Funds	\$72,019,823	\$35,913,567	\$38,164,061	\$56,691,604	\$38,514,938
Restricted Receipts	\$36,675,422	\$35,172,518	\$21,495,150	\$39,298,684	\$23,878,696
Other Funds	\$394,483,092	\$349,348,572	\$373,989,337	\$342,234,999	\$347,457,720
RI Capital Plan Fund	\$142,532	\$225,691	\$1,756,691	\$2,743,049	\$1,905,000
<b>Total Funding</b>	<b>\$511,348,590</b>	<b>\$429,213,620</b>	<b>\$443,730,008</b>	<b>\$449,441,053</b>	<b>\$422,079,133</b>
<b>FTE Authorization</b>	410.0	410.0	410.0	416.5	416.5



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# General Government

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## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$449.4 million for the Department of Labor and Training, including \$8.5 million from general revenue, \$56.7 million from federal funds, \$39.3 million from restricted receipts, \$2.7 million from the Rhode Island Capital Plan Fund, and \$342.2 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$147,948, federal financing increases by \$18.5 million, restricted receipts financing increases by \$17.8 million, the Rhode Island Capital Plan Fund increases by \$986,358, and other funds decreases by \$31.8 million. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$11,483 of general revenue savings being allocated to the Department of Labor and Training.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$3.6 million, including \$118,979 from general revenue, \$784,802 in restricted receipts, and \$2.7 million from Rhode Island Capital Plan Fund resources. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$8,442, restricted receipt financing increases by \$415,227, and Rhode Island Capital Plan Fund financing increases by \$986,358, attributable to the following adjustments:

- *Capital Purchases and Equipment.* The Governor recommends revised FY 2016 appropriations of \$2.7 million from the Rhode Island Capital Plan Fund, an increase of \$986,358, to finance the repairs to the roof and HVAC system.

### **Workforce Development Services**

Within the Workforce Development Services program, the Governor recommends revised FY 2016 appropriations of \$56.1 million, including \$869,462 from general revenue, \$38.3 million from federal funds, \$16.7 million from restricted receipts, and \$222,932 from Rhode Island Capital Plan Fund resources. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$164,945, federal funds financing increases by \$18.8 million, restricted receipts financing increases by \$6.4 million, and other funds increase by \$222,932.

### **Workforce Regulation & Safety**

Within the Workforce Regulation & Safety program, the Governor recommends revised FY 2016 appropriations of \$2.9 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$16,842.

### **Income Support**

Within the Income Support program, the Governor recommends revised FY 2016 appropriations of \$377.6 million, including \$4.1 million from general revenue, \$18.4 million from federal funds, \$13.0 million from restricted receipts, and \$342.0 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$52,635, federal financing decreases by \$263,761, restricted receipts financing increases by \$10.7 million, and other funds financing decreases by \$32.0 million, attributable to the following adjustments:

- *Temporary Disability Insurance (TDI).* The Governor includes \$183.6 million from other funds for TDI benefits, a decrease of \$10.3 from the enacted FY2016 level. The reduction reflects a decrease in claims filed with the Department.

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## General Government

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- *Employment Security.* The Governor includes \$158.9 million from for Employment Security, a \$600,000 decrease in federal funds financing and a \$21.6 million decrease in other funds financing from the enacted FY 2016 level. The decrease is due a lower number of unemployment insurance claims being filed with the Department due to an improving economy.
- *Contracted Professional Services.* The Governor includes \$6.9 million from federal funds for contracted professional services, an increase of \$2.7 million, to support IT projects.

### **Labor Relations Board**

Within the Labor Relations Board program, the Governor recommends revised FY 2016 appropriations of \$400,005, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$10,354.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$420.0 million for the Department of Labor and Training, including \$8.3 million from general revenue; \$38.5 million from federal funds, \$23.9 million from restricted receipts; \$1.9 million from the Rhode Island Capital Plan Fund (RICAP) financing; and \$347.5 in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1,990, federal funds financing increases by \$350,877, restricted receipts financing increases by \$2.4 million, Rhode Island Capital Plan Fund financing increases by \$148,309, and other funds financing decreases by \$26.5 million.

### **Central Management Program**

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$2.6 million, including \$120,134 from general revenue, \$529,314 from restricted receipts, and \$1.9 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$9,597, restricted receipt financing increases by \$159,739, and Rhode Island Capital Plan Fund financing increases by \$148,309.

### **Workforce Development Services**

Within the Workforce Development Services program, the Governor recommends FY 2017 appropriations of \$39.2 million, including \$2,704,517 from general revenue, \$24.2 million from federal funds, \$12.2 million from restricted receipts, and \$104,042 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.0 million, federal funds financing increases by \$4.7 million, restricted receipt financing increases by \$1.9 million, and other funds increase by \$104,042.

The requested appropriation of \$2.0 million is for the TechHire Initiative. Rhode Island was selected by the White House to part of this initiative, which will empower Rhode Islanders with the skills they need, through universities and community colleges but also nontraditional approaches like “coding boot camps,” and high-quality online courses that can rapidly train workers for a well-paying job, often in just a few months. As part of this initiative, the Department of Labor & Training, the Executive Office of Commerce and Rhode Island higher education institutions and non-profit organizations will work in partnership with employers to use data and innovative hiring practices to expand openness to non-traditional hiring and create more fast track tech training opportunities by expanding models for training that prepare students in months, not years. The goal of Rhode Island’s TechHire initiative is to train and place 2,000 Rhode Islanders in IT jobs over the next five years.

# General Government

## Workforce Regulation & Safety

Within the Workforce Regulation & Safety program, the Governor recommends FY 2017 appropriations of \$2.9 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$9,921.

## Income Support

Within the Income Support program, the Governor recommends revised FY 2017 appropriations of \$368.3 million, including \$4.2 million from general revenue, \$14.3 million from federal funds, \$2.5 million from restricted receipts, and \$347.4 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$34,348, federal financing decreases by \$4.4 million, restricted receipts financing increases by \$191,267, and other funds financing decreases by \$26.6 million, attributable to the following adjustments:

- *Temporary Disability Insurance (TDI)*. The Governor includes \$186.9 million from other funds for TDI benefits, a decrease of \$7.0 from the enacted FY2016 level. The reduction reflects a decrease in claims filed with the Department.
- *Employment Security*. The Governor includes \$181.1 million from for Employment Security, a \$600,000 decrease in federal funds financing and a \$19.6 million decrease in other funds financing from the enacted FY 2016 level. The decrease is due a lower number of unemployment insurance claims being filed with the Department due to an improving economy.

## Labor Relations Board

Within the Labor Relations Board program, the Governor recommends revised FY 2017 appropriations of \$402,491, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$12,840.

The Governor recommends 416.5 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, an increase of 6.5 FTE positions relative to the FY 2016 Enacted Budget.

### DEPARTMENT OF REVENUE

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$99,768,361	\$106,969,845	\$113,198,446	\$110,571,771	\$111,231,248
Federal Funds	\$1,655,815	\$4,314,983	\$1,315,154	\$5,288,759	\$2,145,367
Restricted Receipts	\$1,696,101	\$1,718,666	\$3,894,326	\$4,935,486	\$5,947,043
Other Funds	\$319,138,805	\$335,714,112	\$304,799,323	\$357,173,740	\$383,275,881
RI Capital Plan Fund	\$28,173	\$300,026	\$0	\$258,697	\$0
<b>Total Funding</b>	<b>\$422,287,255</b>	<b>\$449,017,632</b>	<b>\$423,207,249</b>	<b>\$478,228,453</b>	<b>\$502,599,539</b>
<b>FTE Authorization</b>	492.0	505.0	514.5	514.5	523.5

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$478.2 million for the Department of Revenue, including \$110.6 million from general revenue, \$5.3 million from federal funds, \$4.9 million from restricted receipts, \$258,697 from the Rhode Island Capital Plan Fund, and \$357.2 million from other funds.

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## General Government

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Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$2.6 million, federal funds financing increases by \$4.0 million, restricted receipts financing increases by \$1.0 million, Rhode Island Capital Plan Fund financing increases by \$258,697, and other funds financing increases by \$52.4 million. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$237,851 of general revenue savings being allocated to the Department of Revenue. There is a reappropriation within the Department of \$136,542 for the Municipal Incentive Aid program.

### Director of Revenue

Within the Director of Revenue program, the Governor recommends revised FY 2016 appropriations of \$787,580, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$356,658, which is attributable to the distribution of statewide medical and other savings, and increased turnover savings.

### Office of Revenue Analysis

Within the Office of Revenue Analysis program, the Governor recommends revised FY 2016 appropriations of \$553,232, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$21,258.

### Lottery Division

Within the Lottery Division, the Governor recommends revised FY 2016 appropriations of \$356.5 million, including \$258,697 from the Rhode Island Capital Plan Fund and \$356.2 million from other funds. Relative to FY 2016 enacted levels, Rhode Island Capital Plan Fund financing increases by \$258,697 and other funds financing increases by \$52.3 million, attributable to the following adjustments:

- *Lottery Sales.* The Governor includes an increase of \$52.1 million from Lottery Commission sales for lottery payments.
- *Lottery Building.* The Governor includes \$258,697 from the Rhode Island Capital Plan fund for Lottery Building renovations.

### Municipal Finance

Within the Municipal Finance program, the Governor recommends revised FY 2016 appropriations of \$2.5 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$275,728, which is attributable to the following adjustments:

- *Legal Costs.* The Governor includes an increase of \$321,388 from general revenue for legal costs associated with the Central Coventry Fire District and Central Falls bankruptcy.

### Taxation

Within the Division of Taxation, the Governor recommends revised FY 2016 appropriations of \$22.8 million, including \$19.6 million from general revenues, \$1.3 million from federal funds, \$918,710 from restricted receipts, and \$978,235 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$99,813, federal funds financing increases by \$40,308, restricted receipt financing increases by \$41,160, and other funds financing increase by \$29,692.

### Registry of Motor Vehicles

Within the Registry of Motor Vehicles, the Governor recommends revised FY 2016 appropriations of \$26.8

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## General Government

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million, including \$19.8 million from general revenues, \$4.0 million from federal funds, and \$3.1 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$2.6 million, federal funds financing increases by \$3.9 million, and restricted receipts financing increases by \$1.0 million, attributable to the following adjustments:

- *Reissuance of license plates.* The Governor includes general revenue savings of \$3.0 million due to the delay in the reissuance of license plates until April 1, 2017.
- *DMV Modernization Project.* The Governor includes \$1.0 million in restricted receipts financing for continued implementation of the DMV Modernization Project.
- *Federal Grants.* The Governor recommends an increase of \$3.9 million in federal funds for the Commercial Vehicle Information System, Commercial Drivers' License Modernization 2012, and REAL ID 2011 federal awards.

### State Aid

Within the State Aid program, the Governor recommends revised FY 2016 appropriations of \$68.3 million, including \$67.4 million from general revenues and \$922,013 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$136,542 and restricted receipt financing is unchanged.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$502.6 million for the Department of Revenue, including \$111.2 million from general revenue, \$2.1 million from federal funds, \$5.9 million from restricted receipts, and \$383.3 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$2.0 million, while federal financing increases by \$830,213, restricted receipts financing increases by \$2.1 million, and other funds financing increases by \$78.5 million.

### Director of Revenue

Within the Director of Revenue program, the Governor recommends FY 2017 appropriations of \$1.1 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2,809.

### Office of Revenue Analysis

Within the Office of Revenue Analysis, the Governor recommends FY 2017 appropriations of \$806,836, all from general revenue. Relative to the FY 2016 enacted Budget, general revenue financing increases by \$232,346, which is attributable to statewide salary and benefits changes, and the addition of 2.0 FTE positions to meet new statutory reporting obligations.

### Lottery Division

Within the Lottery Division, the Governor recommends FY 2017 appropriations of \$382.3 million, all from other funds. Relative to FY 2016 enacted levels, recommended financing increases by \$78.4 million. Major changes are attributable to the following factors:

- *Lottery Sales.* The Governor includes an increase of \$76.1 million from Lottery Commission sales for lottery payments.
- *Advertising.* The Governor recommends a \$1.3 million increase in advertising expenses.

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# General Government

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## Municipal Finance

Within the Municipal Finance program, the Governor recommends FY 2017 appropriations of \$2.4 million, all from general revenue. Relative to FY 2016 enacted level, general revenue financing increases by \$204,186 attributable to the following adjustments:

- *Personnel.* The Governor recommends an \$116,509 increase in general revenue financing for 1.0 FTE position to support the Municipal Transparency Portal.
- *Municipal Transparency Portal.* The Governor includes \$120,000 in additional general revenue for the Municipal Transparency Portal.

## Taxation

Within the Division of Taxation, the Governor recommends FY 2017 appropriations of \$23.6 million, including \$20.3 million from general revenue, \$1.3 million from federal funds, \$930,967 from restricted receipts, and \$1.0 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$568,480, federal funds financing increases by \$75,300, restricted receipts financing increases by \$52,717, and other funds financing increase by \$55,468.

- *Personnel.* The Governor includes \$594,370 in general revenue financing for the addition of 6.0 FTE positions to enhance revenue collections and support the reestablishment of the Nexus program, which had existed in the Field Audit section of the Division of Taxation between 1993 and 2010, but was discontinued due to staff turnover.

The recommendation for the Division of Taxation encompasses the following revenue generating items:

- *Internal Revenue Code 482 Audit Project.* The Governor recommends enhanced revenues related to a proposed Internal Revenue Code 482 Audit Project, which will allow the Division to perform comprehensive economic analyses related to IRC 482 transactions in order to recover corporate income taxes.
- *Nexus Program.* The Governor recommends enhanced revenues by reestablishing the Nexus Program. This program will identify and register out-of-state entities that legally do business in Rhode Island, but are not registered, and will assess corporate, income withholding and potentially sales and use taxes back to when the entity was legally obligated to file.

## Registry of Motor Vehicles

Within the Registry of Motor Vehicles, the Governor recommends FY 2017 appropriations of \$28.6 million, including \$23.7 million from general revenue, \$802,076 from federal funds, and \$4.1 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.3 million, federal funds financing increases by \$754,913, restricted receipts financing increases by \$2.0 million, attributable to the following adjustments:

- *Personnel.* The Governor includes an increase of \$724,033 from general revenues primarily for personnel costs associated with the expansion of service hours.
- *Operating Costs.* The Governor includes a general revenue increase of \$621,113 for facility operations expenses.
- *DMV Modernization Project.* The Governor recommends increased restricted receipts financing of \$2.0 million for the DMV Modernization Project.

## General Government

- *Federal Funds.* The Governor includes a \$754,913 increase in federal funds financing associated with Commercial Vehicle Information and Commercial Drivers' License grants.

### State Aid

Within the State Aid program, the Governor recommends FY 2017 appropriations of \$63.8 million, including \$62.9 million from general revenue and \$922,013 from restricted receipts. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$4.3 million, attributable to the following:

- *Sunset of Municipal Incentive Aid.* The Governor's recommendation includes \$5.0 million in general revenue savings due to the sunset of the municipal incentive aid program, which by statute was intended to provide aid to municipalities for three fiscal years, ending with FY 2106.
- *PILOT.* The Governor increases general revenue financing by \$1.9 million to fully fund the Payment in Lieu of Taxes (PILOT) program at 27 percent of assessed property taxes on eligible tax exempt properties.
- *Property Revaluation.* The Governor's recommendation includes \$1.2 million in general revenue savings in the property revaluation program based on the number of communities scheduled to undertake revaluations and statistical updates in FY 2017.

The Governor recommends 514.5 FTE positions in the revised FY 2016 Budget, consistent with the enacted FY 2016 level. The FY 2017 Budget includes 523.5 FTE positions, an increase of 9.0 FTE positions compared to the enacted FY 2016 authorization for the positions described above.

### GENERAL ASSEMBLY - CONSTITUTION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$34,498,448	\$34,865,422	\$39,474,071	\$42,490,012	\$41,352,730
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$1,183,250	\$1,325,000	\$1,680,873	\$1,615,823	\$1,696,572
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$35,681,698</b>	<b>\$36,190,422</b>	<b>\$41,154,944</b>	<b>\$44,105,835</b>	<b>\$43,049,302</b>
<b>FTE Authorization</b>	298.5	298.5	298.5	298.5	298.5

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$44.1 million for the Legislature, including \$42.5 million in general revenue, \$4.3 million of which is reappropriated from FY 2015, and \$1.6 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$3.0 million, while restricted receipt financing decreases by \$65,050. The revised FY 2016 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$312,578 of general revenue savings being allocated to the Legislature.

- *Personnel Financing – Except General Assembly.* The Governor includes \$29.1 million from general revenue, a \$1.0 million decrease.

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- *Personnel Financing – General Assembly.* The Governor includes \$3.5 million from general revenue for personnel expenditures for the 113 legislators, a decrease of \$219,537 from the enacted FY 2016 level.
- *Contracted Professional Services –* The Governor includes \$620,805 from general revenue for contracted profession, an increase of \$211,300 from the enacted FY 2016 level.
- *Operating Expenditures –* The Governor includes \$5,662,124 from general revenue for operating costs, an increase of \$2.9 million from the enacted FY 2016 Budget which will support technology upgrades and building maintenance.
- *Capital Purchases and Equipment –* The Governor includes \$1.3 from general revenue for capital purchases and equipment, an increase of \$1.1 million from the enacted FY 2016 level.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$43.1 million for the Legislature, including \$41.4 million from general revenue and \$1.7 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.9 million, while restricted receipt financing increases by \$15,699.

- *Personnel Financing – Except General Assembly.* The Governor includes \$31.2 million from general revenue for personnel expenditures, an increase of \$1.2 million from the enacted FY 2016 level.
- *Personnel Financing – General Assembly.* The Governor includes \$3.6 million from general revenue for personnel expenditures for the 113 legislators, a decrease of \$118,673 from the enacted FY 2016 level.
- *Contracted Professional Services –* The Governor includes \$526,500 from general revenue for contracted professional services, an increase of \$116,995 from the enacted FY 2016 level.
- *Operating Expenditures –* The Governor includes \$2,967,765 from general revenue for operating expenditures, an increase of \$242,691 from the enacted FY 2016 level. Financing will support technology upgrades, including Cloud 365, Computer Upgrades, Routers/Firewall/Redundancy, and Website/Host Upgrades.
- *Capital Purchases and Equipment –* The Governor includes \$731,500 from general revenue for capital purchases and equipment, an increase of \$477,000 from the enacted FY 2016 level.
- *Distribution of Statewide Medical and Other Savings.* The Governor’s recommendation includes \$486,735 in general revenue savings allocated to the Legislature.

### EXECUTIVE DEPARTMENT

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$3,975,744	\$4,401,947	\$4,903,467	\$5,139,589	\$5,091,069
Federal Funds	\$0	-\$53	\$0	\$0	\$0
Restricted Receipts	\$0	-\$1	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$3,975,744</b>	<b>\$4,401,893</b>	<b>\$4,903,467</b>	<b>\$5,139,589</b>	<b>\$5,091,069</b>
<b>FTE Authorization</b>	45.0	45.0	45.0	45.0	45.0



# General Government

## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 general revenue appropriations of \$5.1 million for the Office of the Governor. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$236,122. The general revenue increase includes a reappropriation of \$253,779 for unspent balances in the Governor's Office account and the Governor's Contingency Fund to support unforeseen expenses that may occur in FY 2016. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$16,308 of general revenue savings being allocated to the Office of the Governor.

## *FY 2017 Recommended Budget*

The Governor recommends FY 2017 general revenue appropriations of \$5.1 million for the Office of the Governor. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$187,602. Relative to the FY 2016 Revised recommendation, recommended general revenue financing decreases by \$48,520. The Governor's recommendation includes \$6,989 in statewide medical and other general revenue savings allocated to this program.

The Governor recommends 45.0 FTE positions in the revised FY 2016 Budget and 45.0 FTE positions in the recommended FY 2017 Budget.

### OFFICE OF LIEUTENANT GOVERNOR

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$957,446	\$959,864	\$1,127,621	\$1,043,068	\$1,109,576
Federal Funds	\$1,583,196	\$9	\$65,000	\$0	\$0
Restricted Receipts	\$132,648	\$12,000	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$2,673,290</b>	<b>\$971,873</b>	<b>\$1,192,621</b>	<b>\$1,043,068</b>	<b>\$1,109,576</b>
<b>FTE Authorization</b>	8.0	8.0	8.0	8.0	8.0

## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$1.0 million for the Office of Lieutenant Governor, all from general revenue. Relative to the 2016 enacted levels, recommended general revenue financing decreases by \$84,553 and federal financing decreases by \$65,000. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$5,616 of general revenue savings being allocated to the Office of the Lieutenant Governor.

## General Government

- *Personnel.* The Governor's recommendation includes \$114,553 in general revenue savings which is related to the distribution of statewide personnel savings and additional turnover savings due to the delay in hiring 2.0 FTE positions.
- *Elimination of Federal Funds.* The Governor's recommendation includes a \$65,000 decrease in federal funds financing for the State Innovation Model Initiative.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$1.1 million for the Office of Lieutenant Governor, all from general revenue. Relative to the 2016 enacted levels, recommended general revenue financing decreases by \$18,045 and federal financing decreases by \$65,000.

- *Personnel.* The Governor's recommendation includes \$17,990 in general revenue savings due to the filling of 1.0 FTE position at a lower pay grade than in the enacted FY 2016 Budget.
- *Elimination of Federal Funds.* The Governor's recommendation includes a \$65,000 decrease in federal funds financing for the State Innovation Model Initiative.

The Governor recommends 8.0 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

### DEPARTMENT OF STATE

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$6,196,251	\$7,164,977	\$6,951,530	\$6,747,368	\$10,092,686
Federal Funds	\$16,040	\$11,264	\$0	\$22,859	\$0
Restricted Receipts	\$456,222	\$478,183	\$599,108	\$531,285	\$556,519
Other Funds	\$870,625	\$817,194	\$813,687	\$896,250	\$907,177
RI Capital Plan Fund	\$0	\$37,079	\$436,246	\$462,921	\$100,000
<b>Total Funding</b>	<b>\$7,539,138</b>	<b>\$8,508,697</b>	<b>\$8,800,571</b>	<b>\$8,660,683</b>	<b>\$11,656,382</b>
<b>FTE Authorization</b>	57.0	57.0	57.0	57.0	59.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$8.7 million for the Secretary of State, including \$6.7 million from general revenue, \$22,859 from federal funds, \$531,285 from restricted receipts, \$462,921 from the Rhode Island Capital Plan Fund, and \$896,250 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$204,162, federal financing increases by \$22,859, restricted receipts financing decreases by \$67,823, Rhode Island Capital Plan Fund financing increases by \$26,675, and other funds financing increases by \$82,563. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$77,662 of general revenue savings being allocated to the Department of State.

### **Administration**

Within the Administration program, the Governor recommends revised FY 2016 appropriations of \$2.6

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## General Government

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million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$23,047.

### Corporations

Within the Corporations program, the Governor recommends revised FY 2016 appropriations of \$2.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$87,898, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$50,662 in general revenue savings allocated to this program.
- *Current Operating Costs.* The Governor's recommendation includes a \$48,959 decrease in general revenue financing primarily to reflect the current property lease cost.

### Elections and Civics

Within the Elections and Civics program, the Governor recommends revised FY 2016 appropriations of \$892,316, including \$869,457 from general revenue and \$22,859 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$125,583 and federal financing increases by \$22,859 attributable to the following adjustments:

- *Projected Turnover Costs.* The Governor includes a decrease of \$117,160 from general revenue to reflect projected turnover savings within the program.
- *Capital Purchases and Equipment.* The Governor includes a decrease of \$42,845 from general revenue to reflect current costs for computer equipment for the program.
- *Effective Absentee Systems for Elections.* The Governor's recommendation includes \$22,859 in federal financing in order to close out federal grant spending for the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA), which grants Central Voter Registration System (CVRS) access to overseas voters.

### Office of Public Information

Within the Office of Public Information, the Governor recommends revised FY 2016 appropriations of \$949,433, including \$461,512 from general revenue, \$25,000 from restricted receipts, and \$462,921 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$4,972, restricted receipts financing increases by \$10,000, and Rhode Island Capital Plan Fund financing increases by \$26,675. The revised FY 2016 budget is inclusive of \$2,831 in statewide general revenue medical and other savings allocated to this program.

### State Library

Within the State Library, the Governor recommends revised FY 2016 general revenue appropriations of \$555,903, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$4,159. The revised FY 2016 budget is inclusive of \$1,139 in general revenue statewide medical and other savings allocated to this program.

### State Archives

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## General Government

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Within the State Archives, the Governor recommends revised FY 2016 appropriations of \$575,551, including \$69,266 from general revenue and \$506,285 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing does not change and restricted receipt financing decreases by \$77,823.

### **Record Center**

Within the Record Center, the Governor recommends revised FY 2016 appropriations of \$896,250, all from other funds. Relative to FY 2016 enacted levels, recommended other funds financing increases by \$82,563.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$11.7 million for the Secretary of State, including \$10.1 million from general revenue, \$556,519 from restricted receipts, \$100,000 from the Rhode Island Capital Plan Fund, and \$907,177 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$3.1 million, while restricted receipt financing decreases by \$42,589, Rhode Island Capital Plan Fund financing decreases by \$336,246, and other funds financing increases by \$93,490.

### **Administration**

Within the Administration program, the Governor recommends FY 2017 appropriations of \$3.5 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$985,829, attributable to the following adjustments:

- *Supporting State Regulatory Reform Initiative.* The Governor includes \$706,652 from general revenue for this item. The Office of Regulatory Reform and Secretary of State will undertake a project that will seek to allow the Code of State Regulations to be more accessible to the public and businesses throughout the State. This key project will further the important work of creating a friendly business environment, which will make businesses want to operate in Rhode Island. During FY 2017 the State's Administrative Procedures Act will be revised and an online, indexed and searchable Code of State Regulations will be created. Funding for the project is as follows:
  - \$300,000 for hardware, licensing and maintenance
  - \$325,307 for contractual expenses
  - \$81,345 for 2.0 FTE positions including one junior application developer within Administration and one copy editor within State Archives
- *Strengthening eGovernment.* The Governor includes \$99,415 from general revenue for this item. This initiative will ensure that the IT department of the Department of State will be able to maintain the technology necessary to continue to operate the current environment and planned projects.
- *Personnel Costs of Current Administration.* The Governor includes an increase of \$266,857 from general revenue to finance salary and benefit costs of the current administration.
- *Visitors Center Fund.* The Governor recommends transferring the personnel cost of the visitor center administrator from the general revenue budget of the Administration division to the restricted receipt budget of the Office of Public Information.

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## General Government

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### Corporations

Within the Corporations program, the Governor recommends FY 2017 appropriations of \$2.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$110,064, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$87,334 in general revenue savings allocated to this program.
- *Current Operating Costs.* The Governor's recommendation includes a \$101,254 decrease in general revenue financing primarily to reflect the projected property lease cost.

### Elections and Civics

Within the Elections and Civics program, the Governor recommends FY 2017 appropriations of \$3.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.2 million attributable to the following adjustments:

- *Online Voter Registration Portal.* The Governor's recommendation includes \$130,000 in order to allow the Secretary State to propose the legislation needed to make Rhode Island the 29<sup>th</sup> state to pass online voter registration meant to offer a convenient, secure and cost-effective alternative method for registering to vote or updating voter registration information.
- *Voting Equipment Replacement.* The Governor includes an increase of \$1.4 million from general revenue to allow the Secretary of State to procure new voting equipment, an authority recently transferred to the Secretary of State in July 2015 and to carry out a key mission of the Secretary of State to ensure that elections are fair, fast and accurate. The Secretary State will implement goals reached by the Voting Equipment Task Force to replace the current 20-year old voting equipment in time for the April 2016 presidential primary. The Secretary of State was able to procure the equipment in FY 2016 without an increase in costs and apply a portion of the maintenance payment towards procurement of the new equipment. The total State cost for voting equipment in FY 2017 is \$2.4 million, which represents a net general revenue increase in FY 2017 of \$1.0 million and includes the following adjustments:
  - Increase the current maintenance budget for current voting equipment from \$98,469 to \$1,385,000 within the Secretary of State to purchase licensing, maintenance, services, supplies and hardware costs for the new equipment
  - Reduce the Board of Elections budget by \$282,504 to \$0 in order to locate all financing for voting equipment within the Secretary of State budget going forward.

### Office of Public Information

Within the Office of Public Information, the Governor recommends FY 2017 appropriations of \$524,232, which includes \$484,232 from general revenue financing, and \$40,000 from restricted receipt financing. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$27,692, restricted receipt financing increases by \$25,000, and Rhode Island Capital Plan Fund financing decreases by \$436,246 attributable to the following adjustments:

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## General Government

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- *Printing of Owner's Manual.* The Governor's recommendation includes \$20,700 in general revenue financing for the biennial printing of the Rhode Island Owner's Manual.
- *Charter Encasement RICAP Project.* The Governor's recommendation includes a reduction of \$436,246 to reflect the completion of this project.

### State Library

Within the State Library, the Governor recommends revised FY 2016 appropriations of \$560,784, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$9,040.

### State Archives

Within the State Library, the Governor recommends FY 2017 appropriations of \$750,240, including \$133,721 from general revenue, \$516,519 from restricted receipts, and \$100,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$64,455, restricted receipt financing decreases by \$67,589 and Rhode Island Capital Plan Fund financing increases by \$100,000 attributable to the following adjustments:

- *Preserving the State's Digital Data and Records.* The Governor's recommendation includes \$15,150 in general revenue financing for the digital preservation of state records. State agencies are using and are being encouraged to use, digital means to conduct the business of government which has enabled them to create and store an unprecedented volume and variety of records and data. State Archives must acquire the technology to accept, process, preserve, and protect Rhode Island permanent digital records, which have administrative, legal, social, environmental, health, and historical value to the government and its citizens.
- *Regulatory Reform Initiative.* The Governor recommends \$49,542 in general revenue financing to hire a copy editor for the implementation of the Regulatory Reform Initiative in FY 2017.

### Record Center

Within the Record Center, the Governor recommends FY 2017 appropriations of \$907,177, all from other funds. Relative to FY 2016 enacted levels, recommended other funds financing increases by \$93,490.

The Governor recommends 57.0 FTE positions in the revised FY 2016 Budget and 59.0 FTE positions in the recommended FY 2017 Budget. The revised FY 2016 FTE authorization is consistent with the enacted FY 2016 level and the recommended FY 2017 includes an increase of 2.0 FTE positions to provide the resources needed to execute the Governor's Regulatory Reform Initiative.

# General Government

## TREASURY DEPARTMENT

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$2,384,819	\$2,400,368	\$2,420,250	\$2,407,642	\$2,856,231
Federal Funds	\$852,195	\$649,120	\$891,955	\$1,019,884	\$952,881
Restricted Receipts	\$34,602,288	\$38,279,369	\$35,263,670	\$35,875,484	\$32,286,796
Other Funds	\$200,434	\$203,337	\$518,818	\$589,434	\$675,247
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$38,039,736</b>	<b>\$41,532,194</b>	<b>\$39,094,693</b>	<b>\$39,892,444</b>	<b>\$36,771,155</b>
<b>FTE Authorization</b>	83.0	83.0	84.0	87.0	88.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$39.9 million for the Office of the General Treasurer, including \$2.4 million from general revenue, \$1.0 million from federal funds, \$35.9 million from restricted receipts, and \$589,434 in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$12,608, federal financing increases by \$127,929, restricted receipt financing increases by \$611,814, and other funds financing increases by \$70,616. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$9,775 of general revenue savings being allocated to the Office of the General Treasurer.

### **General Treasurer**

Within the General Treasurer program, the Governor recommends revised FY 2016 appropriations of \$3.1 million, including \$2.2 million from general revenue, \$307,913 from federal funds, and \$589,434 in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$10,863, federal fund financing increases by \$40,662, and other funds increase by \$70,616, attributable to the following adjustments:

- *Additional FTE for CollegBoundfund Program.* The Governor includes an increase of \$55,020 in other funds for the Tuition Savings Program Administration. The FY 2016 Enacted Budget transferred management of the CollegeBoundfund from the Rhode Island Higher Education Assistance Authority to the Office of the General Treasurer effective July 1, 2015. The additional 1.0 FTE position will fill a program director role and assist with monitoring investments of the fund, ensuring proper management, and assisting in developing the strategy to grow the program.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$8,636 in general revenue savings allocated to this program.

### **State Retirement System**

Within the State Retirement System program, the Governor recommends revised FY 2016 appropriations of \$12.7 million, all from restricted receipts. Relative to FY 2016 enacted levels, recommended restricted receipt financing increases by \$951,060, attributable to the following adjustments:

- *Reduction of Legal Expenses.* The Governor's recommendation includes an \$800,000 decrease in restricted receipt financing for litigation expenses previously budgeted, but no longer needed as a result of the State reaching the pension settlement.

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## General Government

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- *Enhanced Line of Business Systems Implementation.* The Governor's recommendation includes a \$1.7 million increase in restricted receipts primarily related to required system changes resulting from the recent pension settlement.
- *Defined Contribution Decrease.* The Governor's recommendation includes a \$216,885 decrease in restricted receipts for Defined Contribution Administration and reflects a decrease in spending due to an anticipated reduction in restricted receipt funds available for use within the program. The settlement of various pension lawsuits required that the state reimburse fees for certain defined contribution plan participants. This fee waiver has reduced available revenue to support the program.
- *Additional positions for Retirement Administration.* The Governor's recommendation includes a \$192,990 increase in restricted receipt financing primarily 2.0 additional FTE positions for the Retirement Program. The principal projects manager will assist in the implementation of a new IT system and will develop strategies to assess and improve member interactions with the retirement system. An intermediate accountant will enhance financial reporting capabilities of the retirement system.

### **Unclaimed Property**

Within the Unclaimed Property Program, the Governor recommends revised FY 2016 appropriations of \$22.0 million in restricted receipt financing. Relative to FY 2016 enacted levels, recommended restricted receipt financing decreases by \$338,791, attributable primarily due to the change in administration. In addition, the budget includes a \$5,000 increase in overtime as outreach continues to be a focus of the division.

### **Crime Victim Compensation**

Within the Crime Victim Compensation, the Governor recommends revised FY 2016 appropriations of \$2.1 million, including \$224,709 from general revenue, \$711,971 from federal funds, and \$1.1 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1,745, federal funds financing increases by \$87,267, and restricted receipts financing decreases by \$455 attributable to the following adjustments:

- *Software Updates.* The Governor's recommendation includes an additional \$87,267 in federal funds financing from Vision 21 technology grants awarded to update the Crime Victim Compensation Program software and annual program reporting capabilities.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$1,139 in general revenue savings allocated to this program.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$36.8 million for the Office of the General Treasurer, including \$2.9 million from general revenue, \$952,881 from federal funds, \$32.3 million from restricted receipts, and \$675,247 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$435,981, federal financing increases by \$60,926, restricted receipt financing



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## General Government

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decreases by \$3.0 million, and other funds financing increases by \$156,429.

### General Treasurer

Within the General Treasurer program, the Governor recommends FY 2017 appropriations of \$3.5 million, including \$2.5 million from general revenue, \$328,594 from federal funds, and \$675,247 in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$313,983, federal funds financing increases by \$61,343, and other funds increase by \$156,429 attributable to the following adjustments:

- *New Office of Debt Management.* The Governor includes an additional \$303,921 in general revenues in FY 2017 to be financed with a revenue enhancement to fees charged by the Public Finance Management Board from debt issuance. The funding will be utilized to finance a new Office of Debt Management including an additional FTE position to monitor and manage the process by which the State and governmental units issue and manage public debt as well as technology upgrades, including a public-facing web portal to track Rhode Island's public debt and enhancements to the State's internal debt-management software.
- *Additional FTE Position for CollegeBoundfund Program.* The Governor includes an increase of \$124,837 in other funds for the Tuition Savings Program Administration. The FY 2016 Enacted Budget transferred management of the CollegeBoundfund from the Rhode Island Higher Education Assistance Authority to the Office of the General Treasurer effective July 1, 2015. Successful administration of this program requires 1.0 FTE position. The additional FTE position will fill a program director role and assist with monitoring investments of the fund, ensuring proper management, and assisting in developing the strategy to grow the program.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$366 in general revenue savings allocated to this program.

### State Retirement System

Within the State Retirement System program, the Governor recommends FY 2017 appropriations of \$10.0 million, all from restricted receipts. Relative to FY 2016 enacted levels, recommended restricted receipt financing decreases by \$1.7 million, attributable to the following adjustments:

- *Reduction of Legal Expenses.* The Governor's recommendation includes an \$800,000 decrease in restricted receipt financing for litigation expenses previously budgeted, but no longer needed as a result of the State reaching the pension settlement.
- *Enhanced Line of Business Systems Implementation.* The Governor's recommendation includes a \$1.3 million decrease in restricted receipts as the implementation costs of the new retirement system will be phased out in FY 2017.
- *Defined Contribution Decrease.* The Governor's recommendation includes a \$247,822 decrease in restricted receipts for Defined Contribution Administration and reflects a decrease in spending due to an anticipated reduction in receipt funds available for use within the program. The settlement of various pension lawsuits required that the state reimburse fees for certain defined

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## General Government

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contribution plan participants. This fee waiver has reduced available revenue to support the program.

- *Personnel Costs of Retirement Administration.* The Governor's recommendation includes an increase of \$263,649 in personnel costs to continue financing for the two additional FTE positions for the Retirement Program, but also includes transferring the personnel costs of a debt manager position so that it is allocated 100 percent to the General Treasurer Program to work within the new Office of Debt Management.

### **Unclaimed Property**

Within the Unclaimed Property Program, the Governor recommends FY 2017 appropriations of \$21.1 million, all from restricted receipts. Relative to FY 2016 enacted levels, recommended restricted receipt financing decreases by \$1.2 million, attributable primarily to the division's anticipation of a reduction in surplus transfers from lower audit receipts and claim payments in FY 2017.

### **Crime Victim Compensation**

Within the Crime Victim Compensation, the Governor recommends FY 2017 appropriations of \$2.1 million, including \$348,452 from general revenue, \$624,287 from federal funds, and \$1.1 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$121,998, federal funds financing decreases by \$417, and restricted receipts financing decreases by \$375 attributable to the following adjustments:

- *Expanding Victim's Compensation Benefits.* The Governor's recommendation includes an additional \$120,000 in general revenue financing from a Justice Reinvestment Initiative. The Governor's recommendation includes proposals developed through the working group established by executive order to examine investments that would break the cycle of crime and incarceration and improve public safety. Aided by the Council on State Governments, and composed of representatives from the court system, the legislature and the executive branch, the working group analyzed policy and practice changes that could produce savings allowing for the reinvestment of funds that would benefit public safety. The reinvestment funds will help expand the maximum payout for relocation benefits and create a transportation benefit for the first three years of the program. Future general revenue funding is expected to decline as federal VOCA state matching grant funding becomes available after three years of investment.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$510 in general revenue savings allocated to this program.

The Governor recommends 87.0 FTE positions in the revised FY 2016 Budget and 88.0 FTE positions in the recommended FY 2017 Budget. Relative to the enacted FY 2016 level of 84.0 FTE positions, the revised FY 2016 Budget adds 3.0 FTE positions and the FY 2017 Budget adds 4.0 FTE positions.

# General Government

## BOARD OF ELECTIONS

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$1,573,262	\$4,656,136	\$1,818,305	\$1,797,868	\$1,982,707
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$1,573,262</b>	<b>\$4,656,136</b>	<b>\$1,818,305</b>	<b>\$1,797,868</b>	<b>\$1,982,707</b>
<b>FTE Authorization</b>	11.0	11.0	11.0	11.0	12.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$1.8 million for the Board of Elections, which is funded solely from general revenue. Relative to the FY 2016 enacted level, recommended general revenue financing decreases by \$20,437. The revised FY 2016 budget is inclusive of enacted medial benefit and other savings distributed to state agencies, which resulted in a total of \$9,159 in general revenue savings allocated to the Board of Elections.

- *Personnel.* The Governor's recommendation includes \$1.1 million from general revenue, a decrease of \$63,816 from the enacted FY 2016 Budget.
- *Contract Services.* The Governor includes \$79,883 from general revenue for various contract services, including legal services, information technology services, and stenographic services. The recommendation is \$6,395 more than the enacted FY 2016 Budget.
- *Assistance and Grants.* The Governor includes \$85,000 from general revenue for assistance and grants, which is \$85,000 more than the enacted FY 2016 Budget. The additional \$85,000 is associated with an unanticipated legal settlement.
- *Operating/Capital.* The Governor includes \$500,458 for operating expenses and capital purchases and equipment. The recommendation is \$48,016 less than the enacted FY 2016 Budget.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$2.0 million from general revenue. Relative to the FY 2016 enacted level, recommended general revenue financing increases by \$164,402.

- *Personnel.* The Governor's recommendation includes \$1.4 million from general revenue, an increase of \$243,601 from the enacted FY 2016 Budget. Of the \$243,601 increase, \$210,000 is for temporary staff to support the 2016 primaries and presidential election.
- *Contract Services.* The Governor includes \$79,883 from general revenue for various contract services. The recommendation is \$6,395 more than the enacted FY 2016 Budget.

## General Government

- Operating/Capital.** The Governor includes \$462,880 for operating expenses and capital purchases and equipment. The recommendation is \$85,594 less than the enacted FY 2016 Budget. The decrease is associated with the transfer of voting equipment maintenance costs of \$282,504 to the Secretary of State based on the planned purchase of new voting equipment.

The Governor recommends 11.0 FTE positions in the revised FY 2016 Budget and 12.0 FTE positions in the recommended FY 2017 Budget. The additional 1.0 FTE position will assist with implementing new campaign finance laws enacted during the 2015 legislative session.

### RHODE ISLAND ETHICS COMMISSION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$1,541,741	\$1,579,038	\$1,644,876	\$1,611,119	\$1,653,383
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$1,541,741</b>	<b>\$1,579,038</b>	<b>\$1,644,876</b>	<b>\$1,611,119</b>	<b>\$1,653,383</b>
<b>FTE Authorization</b>	12.0	12.0	12.0	12.0	12.0

#### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$1.6 million for the Rhode Island Ethics Commission, which is funded solely from general revenue. Relative to the FY 2016 enacted level, recommended general revenue financing decreases by \$33,757. The revised FY 2016 Budget is inclusive of enacted medial benefit and other savings distributed to state agencies, which resulted in a total of \$4,971 in general revenue savings allocated to the Ethics Commission.

- Personnel.** The Governor's recommendation includes \$1.4 million from general revenue, a decrease of \$27,616 from the enacted FY 2016 Budget.
- Contract Services.** The Governor includes \$29,100 from general revenue for various contract services, including legal services and other temporary services. The recommendation is \$4,100 greater than the enacted FY 2016 Budget.
- Operating/Capital.** The Governor includes \$171,486 for operating expenses and capital purchases and equipment. The recommendation is \$10,241 less than the enacted FY 2016 Budget.

#### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$1.7 million from general revenue. Relative to the FY 2016 enacted level, recommended general revenue financing increases by \$8,507.

## General Government

- *Personnel.* The Governor's recommendation includes \$1.5 million from general revenue, an increase of \$14,647 from the enacted FY 2016 Budget.
- *Contract Services.* The Governor includes \$27,000 from general revenue for various contract services. The recommendation is \$2,000 greater than the enacted FY 2016 Budget.
- *Operating/Capital.* The Governor includes \$173,587 for operating expenses and capital purchases and equipment. The recommendation is \$8,140 less than the enacted FY 2016 Budget of \$181,727.

The Governor recommends 12.0 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

### RHODE ISLAND COMMISSION FOR HUMAN RIGHTS

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$1,138,859	\$1,225,335	\$1,252,174	\$1,243,892	\$1,258,128
Federal Funds	\$350,720	\$331,403	\$295,836	\$310,874	\$323,295
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$1,489,579</b>	<b>\$1,556,738</b>	<b>\$1,548,010</b>	<b>\$1,554,766</b>	<b>\$1,581,423</b>
<b>FTE Authorization</b>	14.5	14.5	14.5	14.5	14.5

#### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$1.6 million for the Commission for Human Rights, including \$1.2 million from general revenue and \$310,874 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$8,282, while federal funds financing increases by \$15,038. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$5,380 of general revenue savings being allocated to the Commission. The decrease in general revenue financing is attributable to personnel savings resulting from the waiver of health insurance by an employee.

#### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$1.5 million, including \$1.2 million from general revenue and \$323,295 from federal funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$5,954 and federal funds financing increases by \$27,459. The decrease in general revenue financing is attributable to personnel savings resulting from the waiver of health insurance by an employee.

The Governor recommends 14.5 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, the same level authorized in the enacted FY 2016 Budget.

# General Government

## PUBLIC UTILITIES COMMISSION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$207,575	\$81,792	\$90,000	\$90,000	\$104,669
Restricted Receipts	\$6,616,307	\$6,680,573	\$8,594,685	\$8,582,349	\$8,822,304
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$6,823,882</b>	<b>\$6,762,365</b>	<b>\$8,684,685</b>	<b>\$8,672,349</b>	<b>\$8,926,973</b>
<b>FTE Authorization</b>	49.0	50.0	50.0	50.0	51.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$8.7 million for the Public Utilities Commission, including \$8.6 million from restricted receipts and \$90,000 from federal funds. Relative to FY 2016 enacted levels, recommended restricted receipt financing decreases by \$12,336, while federal financing remains the same. The Governor includes all funds financing of \$6.0 million for personnel, \$1.7 million for contract services, and \$951,530 for operating expenses.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$8.9 million for the Commission, including \$8.8 million from restricted receipts and \$104,669 from federal funds. Relative to FY 2016 enacted levels, recommended restricted receipt financing increases by \$227,619 while federal financing increases by \$14,669. The Governor includes all funds financing of \$6.3 million for personnel and \$1.7 million for contract services and \$951,531 for operating expenses. The FY 2017 recommendation includes an additional legal counsel to assist with the growing number of utility termination cases.

The Governor recommends 50.0 FTE positions in the revised FY 2016 Budget (consistent with the enacted FY 2016 level). In FY 2017 the Governor recommends 51.0 FTE positions an increase of 1.0 FTE position from the FY 2016 enacted level. Positions include commission members, accountants, auditors, public utilities analysts, consumer agents, engineering specialists, legal counsel, and administrative and information technology services support staff.



# **Health and Human Services**





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# Health and Human Services

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## *Summary*

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

In FY 2017, despite a continuing constrained budgetary environment, the Health and Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve their maximum potential and self-sufficiency. Services to meet the social and economic needs of clients continue to be provided by the Executive Office and Health and Human Services, which oversees the Departments of Children, Youth, and Families; Health; Human Services; Behavioral Healthcare, and Developmental Disabilities, and Hospitals. The Governor is a strong advocate of building a sustainable safety net in Rhode Island, with adequate programs of medical and cash assistance for the most vulnerable populations of the State, such as low-income children, parents, pregnant women, frail elders, veterans, the medically needy, and those with physical and developmental disabilities.

Reinvent Medicaid, a large-scale reform initiative within the State's Medicaid program is currently underway. The innovations are summarized within six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency.

Now fully underway, Unified Health Infrastructure Project (UHIP) will result in a modern, fully integrated eligibility system covering multiple public assistance programs and the state-based Health Benefits Exchange, known as HealthSource RI.

The Department of Human Services is fully committed to assist low income families with child care and the back-to-work programs. The FY 2017 Budget includes new federal requirements outlined in the Child Care Development Block Grant Reauthorization Act of 2014. These new requirements include a variety of family-friendly eligibility policies, such as 12 months of uninterrupted child care benefits, 3 months of continued eligibility when families face a permanent job loss, as well as increases in the amount of funding allocated towards quality improvement activities.

The Department of Human Services has increased funding related to Senior Centers in an effort to strengthen programs and services that enable older Rhode Islanders to live an independent, healthy and dignified lifestyle while continuing to make meaningful contributions in the community.

The Department of Children, Youth, and Families is committed to ensuring that the safety, permanency and well-being of all children and youth is achieved through an integrated System of Care. Efforts are being made to reduce costs and improve efficiencies through new program initiatives that will ensure opportunities for children to reach their full potential.

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals is transforming services provided to individuals with developmental disabilities by transitioning to a system that emphasizes integrated employment opportunities and shared living arrangements. This shift in services provides individuals with more integrated and less restrictive services for both employment and residential options. In addition to programmatic changes for individuals with developmental disabilities, the Eleanor Slater Hospital system is undergoing reorganization to enhance services provided to patients and achieve greater efficiencies.

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## Health and Human Services

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The Department of Health reflects a new organizational structure for FY 2017 that is consistent with its strategic plan and emphasizes key areas such as customer services. In addition to the change in structure, the Governor also shifts the Women, Infants and Children (WIC) program and associated financing from the Department of Human Services to the Department of Health. The Governor also proposes several changes to the medical marijuana program, including bifurcating the responsibilities of licensing and regulation to both the Department of Health and the Department of Business Regulation. Under the proposed structure, the Department of Health will be responsible for licensing patients and authorized purchasers while the Department of Business Regulation will become the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers as well as selling plant tracking tags and maintaining a tag tracking database.

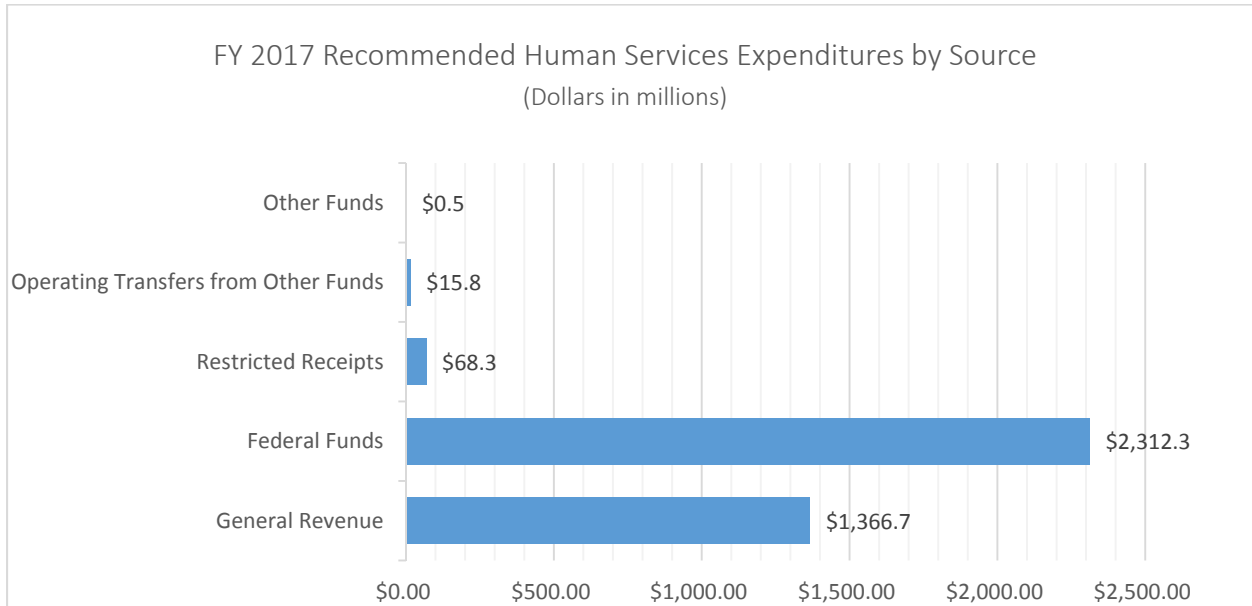
The dual role of advocacy and education continues to be provided by the Offices of the Child Advocate and Mental Health Advocate, the Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

For FY 2016, the Governor recommends a revised all funds budget of \$3.854 billion for the Health and Human Services function, including \$1.381 billion from general revenue, \$2.393 billion from federal funds, \$64.2 million from restricted receipts, and \$15.3 million from other funds. Relative to the FY 2016 enacted budget, there is a net increase of \$132.2 million, including a \$19.6 million increase in general revenue financing, a \$106.3 million increase in federal funds financing, a \$4.4 million increase in restricted receipts financing, and a \$1.8 million increase in other financing funds. The Governor recommends 3,745.6 FTE positions in the FY 2016 revised budget, a reduction of 2.0 FTE positions compared to the FY 2016 enacted budget.

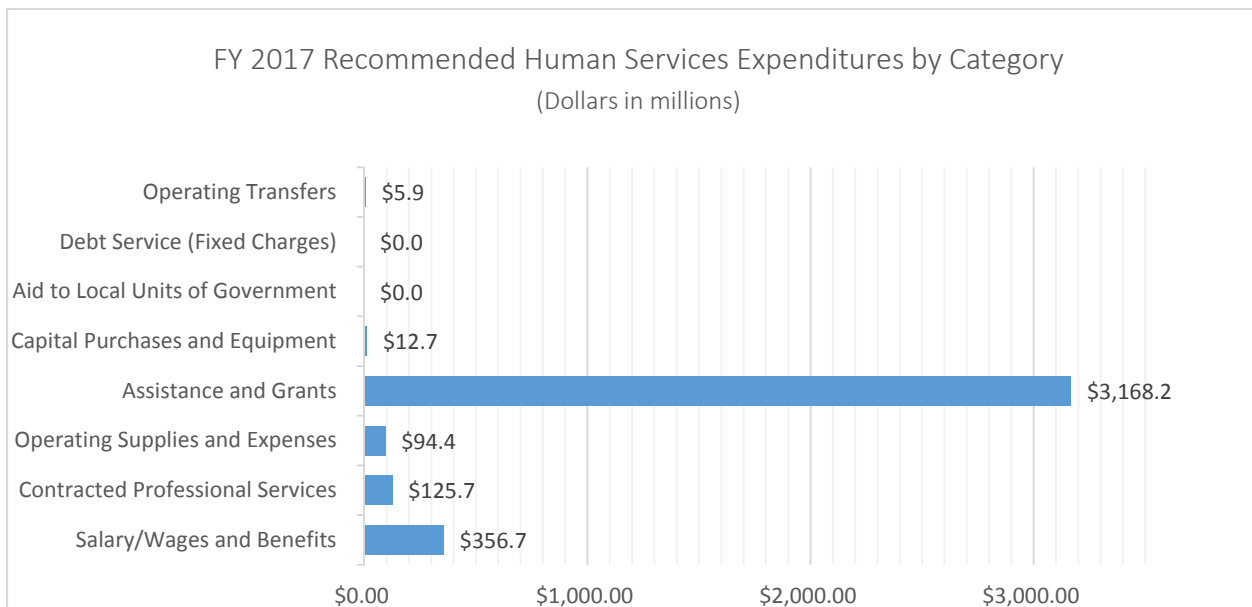
The Governor's proposed funding level of \$3.764 billion for FY 2017 maintains services for the State's most vulnerable populations. This proposal consists of \$1.367 billion from general revenue, \$2.312 billion from federal funds, \$68.3 million from restricted receipts, and \$16.3 million from other funds. This reflects a net increase of \$42.2 million, including an increase of \$5.6 million from general revenue, an increase of \$25.2 million from federal funds, an increase of \$8.6 million from restricted receipts, and an increase of \$2.8 million from other funds relative to the FY 2016 enacted budget. The Governor recommends 3,753.6 FTE positions in the FY 2017 Budget, a reduction of 6.0 FTE positions compared to the FY 2016 enacted budget.

The FY 2017 recommendation constitutes 41.99 percent of the total proposed expenditures for the state. Social services block grants and federal financial participation for medical assistance programs constitute the primary sources of federal funding. The chart below displays funding by source for the Governor's FY 2017 recommendation for the Health and Human Service agencies and departments.

# Health and Human Services



The Governor’s FY 2017 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, including purchased services, accounts for \$482.4 million, or 12.8 percent, of all expenditures programmed for Health and Human Services. Grants and benefits expenditures of \$3.168 billion account for the largest outflow of identified resources, reflecting 84.2 percent of the total Health and Human Services function. The chart below shows the outflows of all resources by category of expenditure for the Health and Human Services function.



# Health and Human Services

## EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$839,589,446	\$915,652,909	\$909,934,065	\$926,021,780	\$914,720,115
Federal Funds	\$1,093,456,235	\$1,402,816,157	\$1,462,232,758	\$1,522,294,853	\$1,476,096,972
Restricted Receipts	\$12,568,219	\$16,181,394	\$15,737,130	\$15,245,412	\$18,499,402
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$1,945,613,900</b>	<b>\$2,334,650,460</b>	<b>\$2,387,903,953</b>	<b>\$2,463,562,045</b>	<b>\$2,409,316,489</b>
<b>FTE Authorization</b>	184.0	184.0	187.0	187.0	187.0

### *FY 2016 Revised Budget*

The Governor recommends a revised FY 2016 appropriation of \$2.464 billion for the Executive Office of Health and Human Services (EOHHS), including \$926.0 million in general revenue, federal funds of \$1.523 billion, and restricted receipts of \$15.2 million. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$16.1 million, federal financing increases by \$60.1 million and restricted receipts financing decreases by \$491,718.

### **Central Management**

Within Central Management, the Governor recommends revised FY 2016 appropriations of \$209.2 million, including \$36.6 million from general revenue, \$168.0 million from federal funds, and \$4.6 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$10.8 million, while federal funds financing and restricted receipts financing increases by \$74.2 million, attributable to the following adjustments:

- *Supplemental Appropriation Contract Services.* The Governor's recommendation includes a \$637,605 increase in general revenue related to delays in contract spending from FY 2015.
- *Unified Health Infrastructure Project (UHIP) Additional Spending.* The Governor's recommendation includes an increase of \$10.0 million in general revenue and \$68.5 million in federal funds financing related to the UHIP project due to the following:
  1. Integrated Worker Portal.
  2. Improved Federal, State and cost savings requirements for Citizens portal.
  3. Improved Federal, State and cost savings requirements for RI Bridges worker portal.

### **Medical Assistance**

Within the Medical Assistance program, the Governor recommends revised FY 2016 appropriations of \$2.254 billion, including \$889.4 million from general revenue, \$1.354 billion from federal funds, and \$10.6 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$5.3 million, while federal funds financing and restricted receipts financing decreases by \$14.6 million, attributable to the following adjustments:

- *CEC Consensus Estimate- Change to the Enacted Appropriation.* The Governor's recommendation includes the Caseload Estimating Conference increase of \$7.3 million in general revenue related to an increase in enrollment trends, FY 2015 Graduate Medical Education payment, and federal changes to Medicare Part B.
- *Elimination of the Funding Pool for Graduate Medical Education.* The Governor's recommendation reduces general revenue by \$2.0 million and eliminates the state-only funding

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## Health and Human Services

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pool in support of graduate medical education at Rhode Island's academic Level I trauma center hospital. This fund was established by the 2014 General Assembly.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$2.409 billion, including \$914.7 million from general revenue, \$1.476 billion from federal funds, \$18.5 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$11.3 million, while federal funds financing and restricted receipts financing decreases by \$42.9 million.

#### **Central Management/UHIP**

Within Central Management, the Governor recommends FY 2017 appropriations of \$149.3 million, including \$33.3 million from general revenue, \$112.0 million from federal funds, and \$3.9 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$7.5 million, while federal funds financing and restricted receipts financing increases by \$17.5 million, attributable to the following adjustments:

- *Personnel and Other Operating Expenses.* The Governor's recommendation includes an increase of \$670,788 in general revenue and \$4.6 million in federal funds financing related to the personnel and other health innovation plans to support the EOHHS organization.
- *Unified Health Infrastructure Project (UHIP).* The Governor's recommendation includes an increase of \$6.8 million in general revenue financing (EOHHS only) and \$14.2 million in federal funds financing (EOHHS only) related to the UHIP project due to the integrated worker portal, improved federal, state and cost savings requirements for citizens portal, and improved federal, state and cost savings requirements for RI Bridges worker portal. The UHIP is a fully integrated system of eligibility determination spanning multiple public assistance programs, Medicaid and the health benefits exchange. UHIP is the successor system to the now-antiquated "InRhodes" eligibility system. UHIP requires considerable investments in contracted information technology services, project management, and IT equipment acquisition and maintenance. With an estimated total cost of \$364 million, UHIP represents the largest scale information technology project ever undertaken by the State of Rhode Island. The Governor's recommended FY 2016 and FY 2017 budget for the project is displayed the following table:

# Health and Human Services

<b>FY 2016 Revised and FY 2017 UHIP Budget</b>			
	<b>FY 2016 Enacted</b>	<b>FY 2016 Governor</b>	<b>FY 2017 Governor</b>
<b>Funding by Source/Agency</b>			
<i>General Revenue:</i>			
EOHHS	3,148,481	13,154,022	9,990,495
DHS	2,579,078	2,573,475	984,921
<b>Total General Revenue</b>	<b>5,727,559</b>	<b>15,727,497</b>	<b>10,975,416</b>
<i>Federal Funding:</i>			
EOHHS	27,826,057	96,276,393	41,996,278
DHS	4,888,608	6,616,057	4,440,254
<b>Total Federal Funding</b>	<b>32,714,665</b>	<b>102,892,450</b>	<b>46,436,532</b>
<b>Grand Total</b>	<b>38,442,224</b>	<b>118,619,947</b>	<b>57,411,948</b>

\* Does not include Health Source RI and Information Technology Investment Fund.

## Medical Assistance

Within the Medical Assistance program, the Governor recommends FY 2017 appropriations of \$2.260 billion, including \$881.4 million from general revenue, \$1.364 billion from federal funds, and \$14.6 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$2.7 million, while federal funds financing and restricted receipts financing decreases by \$911,401, attributable to the following adjustments:

- *CEC Consensus Estimate -- Change to the Enacted Appropriation.* The Governor recommendation includes the Caseload Estimating Conference increase of \$35.5 million in general revenue financing and \$42.3 million in federal funds financing. The change is driven by increases in enrolment trends, the lapse of 100% federal funding for the Medicaid expansion population (see Medicaid Expansion under the Affordable Care Act explanation below) and Medicaid Part B changes. The recommendation is \$8.0 million lower than the July 2015 Budget Office estimate.

The Medicaid Expansion under the Affordable Care Act for FY 2017 includes a total appropriation of \$485.5 million which reflects general revenue financing of \$12.1 million for the expansion of Medicaid coverage to non-pregnant adults without dependent children up to 138 percent of FPL, per RIGL 40-8.11 and the Patient Protection and Affordable Care Act (ACA). Under the ACA, full federal financing of Medicaid services for the expanded eligibility population lapses on December 31, 2016, after which the federal matching rate declines incrementally until reaching 90 percent for 2020 and thereafter. As in prior years, the resulting out-year general revenue exposure is captured in the Governor's Five Year Financial Projection, contained in Appendix F of this document.

- *Overdose Task Force.* The Governor's recommendation includes a \$740,000 increase in general revenue and a \$770,821 increase in federal funds implementing the recommendations of the Overdose Task Force to address the opioid dependence problem, including the creation of substance abuse centers of excellence, and the expansion of the peer recovery coach model.

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- *Hospital and Nursing Home Performance-Based Program.* The Governor recommends the creation of two general revenue neutral performance-based programs to continue to move Medicaid funding toward a value-based purchasing paradigm which rewards quality, efficiency, and health outcomes. The Governor recommends funding the Hospital and Nursing Home performance-based programs through identification of new opportunities for federal match on currently unmatched spending. EOHHS is working closely with CMS to identify which opportunities are most promising. In the event that additional federal funding cannot be found, the Governor recommends the utilization of part of the Disproportionate Share Hospitals (DSH) and Hospitals Supplemental Payments (UPL) funding as a potential source of program financing.
- *Governor's Savings Initiatives/Reform Proposals.* The Governor recommends a decrease of \$39.0 million in general revenue financing and \$44.0 million in federal funds financing related to a number of Initiatives/Reform Proposals listed below.

*1. Nursing facility rate freeze - (\$2,005,978)*

The Governor recommends the delay of the annual nursing facility rate increase. This initiative impacts both the Medicaid fee-for-service system and the managed long term care delivery system, also known as Rhody Health Options (RHO).

*2. Enhanced and automation of patient share collection - (\$1,500,000)*

The Governor recommends improvements to the patient liability collection process for the managed care delivery system and Rhody Health Options.

*3. Elimination of the funding pool for Graduate Medical Education - (\$2,006,051)*

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

*4. Increase attachment point of children's health account - (\$3,970,000)*

The Governor recommends increasing the threshold amount for calculating the assessment from \$7,500 per service per child to \$12,500 per service per child.

*5. Increase enrollment in Accountable / Coordinated Care Entities - (\$2,000,000)*

The Governor recommends expanding enrollment of Medicaid participants in accountable entity care arrangements to improve coordination, improve health outcomes, and lower costs.

*6. Reduce administrative rate to managed care organizations (MCO) and Conversion to Fixed per member per month (PMPM) Rate - (\$3,250,000)*

The Governor recommends reducing the administration rate paid to MCO's given new efficiencies and economies of scale which should be achievable as a result of significantly increased enrollment as well as experience with the population.

*7. Managed care re-procurement savings (9 Months) - (\$2,000,000)*

The Governor recommends that EOHHS reduce spending by \$2.0 million as a result of the re-procurement of the state's \$1 billion contracts for RItE Care, RHP, and expansion.

*8. Re-negotiate transportation contract - (\$1,000,000)*

The Governor recommends that EOHHS re-negotiate its transportation contract. EOHHS' transportation vendor has a risk-based contract. Rates for the three-year contract were



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## Health and Human Services

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established in May of 2014. The vendor is currently showing an 8 percent profit margin (before taxes) on total capitation revenue – in FY 2016, revenues are estimated to be \$34.5 million. EOHHS believes rates are too high as a result of a policy change made after the contract was established that reduced utilization of Rhody Ten bus passes and improved administrative efficiencies of the vendor.

*9. Utilize pharmacy utilization management protocols through the MCOs - (\$2,006,051)*

The Governor recommends that EOHHS work with the Pharmacy Committee to ensure all Utilization management tools were being utilized by the MCOs. EOHHS will meet with the MCO Medical Directors and Chief Pharmacists monthly to review Utilization Review and Utilization Management methods to ensure appropriate utilization.

*10. Improve Medicaid expansion claiming for Rite Share participants - (\$200,000)*

The Governor recommends moving current Rite Share participants who qualify under Medicaid expansion in order to take advantage of 100% match under Medicaid Expansion.

*11. Enhance opportunity of pharmaceutical rebates through formulary management- (\$500,000)*

The Governor recommends enhancing the opportunity to claim pharmaceutical rebates through formulary management. EOHHS is eligible to receive rebates from pharmaceutical manufacturers based on the type of drugs utilized by members. EOHHS will work with the MCOs to maximize the rebates provided to the State by managing the MCOs formularies to ensure that the highest rebate drugs are available to members and prescribers.

*12. Increase payment rates for home care services - \$2,006,051*

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

*13. Maximize federal Early Intervention grant - (\$500,000)*

The Governor recommends the maximization of the federal Early Intervention Grant to assist in the support of services to non-Medicaid eligible children.

*14. UHIP operational savings - (\$19,050,000)*

The Governor recommends UHIP operational savings by maximization of federal funds for Medicaid Coverage and Compliance to Federal and State Policies & Regulations (Program Integrity).

*15. Negotiate NICU bundled payment - (\$1,000,000)*

The Governor recommends establishing a NICU bundled payment. As Medicaid drives toward value based purchasing, EOHHS will work with the hospital to reimburse NICU services as part of the Labor and Delivery (SOBRA) bundled payment.

The Governor recommends 187.0 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

# Health and Human Services

## DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$154,719,224	\$158,285,858	\$152,587,731	\$154,782,322	\$151,984,020
Federal Funds	\$61,602,917	\$59,824,300	\$58,927,126	\$61,708,997	\$60,409,483
Restricted Receipts	\$2,762,996	\$3,043,630	\$2,838,967	\$3,700,363	\$3,466,576
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$600,784	\$416,591	\$2,238,586	\$2,572,357	\$250,000
<b>Total Funding</b>	<b>\$219,685,921</b>	<b>\$221,570,379</b>	<b>\$216,592,410</b>	<b>\$222,764,039</b>	<b>\$216,110,079</b>
<b>FTE Authorization</b>	670.5	672.5	672.5	672.5	672.5

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$222.8 million for the Department of Children, Youth, and Families, including \$154.8 million from general revenue, \$61.7 million from federal funds, \$3.7 million from restricted receipts, and \$2.6 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.2 million, federal financing increases by \$2.8 million, restricted receipt financing increases by \$861,396, and financing from the Rhode Island Capital Plan Fund increases by \$333,771. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$296,515 of general revenue savings being allocated to the Department of Children, Youth, and Families.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$8.8 million, including \$6.2 million from general revenue and \$2.6 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$613,269 and federal funds financing increases by \$289,871.

- *Personnel.* The increase in general revenue is largely attributable to a realignment of personnel across several programs that resulted in a greater number of FTE positions being allocated to Central Management.

### **Child Welfare**

Within the Child Welfare program, the Governor recommends revised FY 2016 appropriations of \$176.3 million, including \$118.3 million from general revenue, \$53.7 million from federal funds, \$3.7 million from restricted receipts, and \$590,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.7 million, federal funds financing increases by \$3.0 million, restricted receipts financing increases by \$861,396, and financing from the Rhode Island Capital Fund is unchanged. Major changes to the enacted level include:

- *System of Care.* The Governor recommends \$79.5 million for the System of Care in the revised FY 2016 Budget, an increase of \$4.9 million from all sources of funds, of which \$1.0 million is from general revenue. Services provided through the System of Care include residential services (residential treatment centers, emergency shelters, group homes, and independent and semi-independent living services) as well as private agency foster care and various community-based services. Based on current caseload trends and the continuation of network administrative services through March 31, 2016, the Budget Office estimates that the Department will require an

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additional \$5.5 million from general revenue above the enacted level in FY 2016 to finance services provided through the System of Care. In order to minimize this additional general revenue requirement, the Governor recommends the following actions in FY 2016:

- A shift of \$3.4 million from general revenue to federal funds, attributable to Medicaid-eligible community based services within the System of Care which had not been previously claimed.
  - A shift of \$700,000 in general revenue to restricted receipt funds.
  - The enacted FY 2016 Budget contains \$800,000 from general revenue for a utilization management contract. The Governor recommends a reduction of \$500,000 from general revenue attributable to delays in awarding this contract.
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- *Foster Care & Adoption Assistance Subsidies.* The Governor recommends \$27.1 million from all sources of funds for foster care and adoption assistance subsidies in the revised FY 2016 Budget, of which \$20.4 million is from general revenue. This represents a decrease of \$331,473 from all funds, or an increase of \$897,469 from enacted general revenue, primarily attributable to overestimated Title IV-E matching funds contained in the enacted base. The recommendation assumes a caseload equivalent to FY 2015 or 3,930 average monthly subsidies, of which 1,081 are foster subsidies, 2,371 are adoption subsidies, and 478 are guardianship subsidies. Included in the recommendation is \$1.0 million from general revenue to provide a rate increase for foster subsidies, which will bring the average daily rate for foster subsidies from \$16.05/day to \$18.59/day.
  - *Day Care.* The Governor recommends \$5.4 million from all sources of funds in the revised FY 2016 Budget, of which \$4.7 million is from general revenue, for daycare subsidies provided to children in DCYF care. This represents an increase of \$1.1 million from all sources of funds, of which an increase of \$1.2 million is from general revenue. The recommendation assumes a caseload equivalent to FY 2015, but incorporates the 3 percent provider rate increase negotiated by the Department of Human Services with Day Care providers.
  - *Community Based and Other Services Outside the System of Care.* The Governor recommends \$15.2 million from all sources of funds for community based and other services outside of the System of Care, of which \$10.8 million is from general revenue. This represents an increase of \$1.1 million from all sources of funds, of which an increase of \$1.3 million is from general revenue.
  - *Personnel.* The Governor recommends a decrease of \$2.6 million from general revenue for personnel expenditures in the revised FY 2016 Budget, attributable to additional turnover savings due to a significant decline in the number of filled FTE positions compared to filled positions at the time of enactment of the FY 2016 Budget.

### **Children's Behavioral Health**

Within the Children's Behavioral Health program, the Governor recommends revised FY 2016 appropriations of \$11.2 million, including \$5.0 million from general revenue, \$5.2 million from federal funds, and \$1.0 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$406,560, federal funds financing decreases by \$512,013, and financing from the Rhode Island Capital Plan Fund decreases by \$93,229. Major changes to the enacted level include:

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- *Personnel Costs.* The Governor recommends a decrease of \$337,815 from general revenue for personnel expenditures in FY 2016, attributable to additional turnover savings combined with a realignment of personnel that resulted in fewer FTE positions being allocated to this program.
- *Unachieved Contract Savings.* The Governor restores \$933,452 in the revised FY 2016 Budget, attributable to unachieved contract savings (for various community based services as well as data analysis services provided by Yale University) included in the enacted FY 2016 Budget.
- *Medicaid Direct Bills/Bradley Hospital Group Homes.* The Governor recommends \$4.6 million from all sources of funds for services billed directly through Medicaid, largely for group homes run by Bradley Hospital attributable to current caseload trends. This represents a reduction of \$278,634 from all sources of funds, of which \$138,425 is from general revenue.

### Juvenile Corrections

Within the Juvenile Corrections program, the Governor recommends revised FY 2016 appropriations of \$26.3 million, including \$25.1 million from general revenue, \$277,485 from federal funds, and \$962,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$494,712, federal funds financing increases by \$1,387, and financing from the Rhode Island Capital Plan Fund increases by \$427,000. Major changes include:

- *Personnel.* The Governor recommends a decrease of \$620,724 from general revenue for personnel expenditures in FY 2016, attributable to additional turnover savings combined with a realignment of personnel that resulted in fewer FTE positions being allocated to this program.
- *Rhode Island Hospital Contract – Prior Year Expenditures.* The Governor recommends \$1.6 million from general revenue for the contract with Rhode Island Hospital for medical services at the Rhode Island Training School. This is \$140,843 greater than enacted, attributable to FY 2015 expenditures which were not paid prior to the close of the fiscal year.
- *All Other Services.* The Governor recommends \$1.2 million from general revenue for all other services contracts for youth at the Rhode Island Training School as well as juvenile offenders on probation and parole. This represents an increase of \$29,544 from general revenue.

### Higher Education Incentive Grants

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

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$216.1 million for the Department of Children, Youth, and Families, including \$152.0 million from general revenue, \$60.4 million from federal funds, \$3.5 million from restricted receipts, and \$250,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$603,711, federal financing increases by \$1.5 million, restricted receipt financing increases by \$627,609, and financing from the Rhode Island Capital Plan Fund decreases by \$2.0 million. The recommended FY 2017 Budget is inclusive of statewide medical benefit

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## Health and Human Services

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and other savings distributed to state agencies, which resulted in \$140,330 of general revenue savings being allocated to the Department of Children, Youth, and Families.

### Central Management

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$10.1 million, including \$7.1 million from general revenue and \$2.8 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.5 million and federal financing increases by \$519,782. The increase in general revenue is largely attributable to a realignment of personnel across several programs that resulted in a greater number of FTE positions being allocated to Central Management.

### Child Welfare

Within the Child Welfare program, the Governor recommends FY 2017 appropriations of \$170.7 million, including \$114.8 million from general revenue, and \$52.5 million from federal funds, and \$3.5 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1.8 million, financing from federal funds increases by \$1.8 million, restricted receipt financing increases by \$627,609, and financing from the Rhode Island Capital Plan Fund decreases by \$590,000. Major changes include:

- *System of Care.* Based on FY 2016 caseload trends and assuming the elimination of network administrative services, the Budget Office estimates that the Department will require an additional \$1.2 million from general revenue above the enacted level in FY 2016 to finance services provided through the System of Care. In order to minimize this additional general revenue requirement, the Governor recommends the following actions in FY 2017:
  - A shift of \$2.1 million from general revenue to federal funds, attributable to Medicaid-eligible community based services within the System of Care which had not been previously claimed.
  - A shift of \$550,000 in general revenue to restricted receipt funds.
- *Foster Care & Adoption Assistance Subsidies.* The Governor recommends \$27.1 million from all sources of funds for foster care and adoption assistance subsidies in the FY 2017 Budget, of which \$20.3 million is from general revenue. This represents a decrease of \$331,473 from all funds, or an increase of \$824,383 from enacted general revenue, primarily attributable to overestimated Title IV-E matching funds contained in the enacted base. The recommendation assumes a caseload equivalent to FY 2015 or 3,930 average monthly subsidies, of which 1,081 are foster subsidies, 2,371 are adoption subsidies, and 478 are guardianship subsidies. In addition, the recommendation adjusts allocations to state and federal matching accounts consistent with changes in the Federal Medical Assistance Percentage (FMAP). Included in the recommendation is \$1.0 million from general revenue in order to provide a rate increase for foster subsidies, which will bring the average daily rate for foster subsidies from \$16.05/day to \$18.59/day.
- *Day Care.* The Governor recommends \$5.4 million from all sources of funds in the FY 2017 Budget, of which \$4.7 million is from general revenue, for daycare subsidies provided to children in DCYF care. This represents an increase of \$1.1 million from all sources of funds, of which an increase of \$1.2 million is from general revenue. The recommendation assumes a caseload equivalent to FY 2015, but incorporates the 3 percent provider rate increase negotiated by the Department of Human Services with Day Care providers and also adjusts allocations to state and

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## Health and Human Services

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federal matching accounts consistent with changes in the Federal Medical Assistance Percentage (FMAP).

- *Community Based and Other Services Outside the System of Care.* The Governor recommends \$13.2 million from all sources of funds for community based and other services outside of the System of Care, of which \$9.0 million is from general revenue. This represents a reduction of \$515,358 in general revenue from the FY 2016 enacted level, or a reduction of \$1.8 million in general revenue from the revised FY 2016 Budget. As part of the effort to ensure the most efficient delivery of services, the Department is in the process of re-procuring all service contracts and anticipates significant general revenue savings as a result.
- *Personnel.* The Governor recommends a decrease of \$2.0 million from general revenue for personnel expenditures in FY 2017, attributable to additional turnover savings.

### Children's Behavioral Health

Within the Children's Behavioral Health program, the Governor recommends FY 2017 appropriations of \$10.1 million, including \$5.0 million from general revenue, \$4.8 million from federal funds, and \$250,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$410,897, federal financing decreases by \$871,721, and financing from the Rhode Island Capital Plan Fund decreases by \$863,586. Major changes include:

- *Personnel Costs.* The Governor recommends a decrease of \$308,776 from general revenue for personnel expenditures in FY 2017, attributable to additional turnover savings combined with a realignment of personnel that resulted in fewer FTE positions being allocated to this program.
- *Unachieved Contract Savings.* The Governor restores \$933,452 in the recommended FY 2017 Budget, attributable to unachieved contract savings included in the enacted FY 2016 Budget.
- *Medicaid Direct Bills/Bradley Hospital Group Homes.* The Governor recommends \$4.6 million from all sources of funds for services billed directly through Medicaid, largely for group homes run by Bradley Hospital attributable to current caseload trends. This represents a reduction of \$278,634 from all sources of funds, of which \$163,622 is from general revenue. General revenue savings in FY 2017 is greater than FY 2016 due to the adjustments to state and federal matching accounts consistent with changes in the Federal Medical Assistance Percentage (FMAP).

### Juvenile Corrections

Within the Juvenile Corrections program, the Governor recommends FY 2017 appropriations of \$25.2 million, including \$25.0 million from general revenue, and \$281,367 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$664,504, financing from federal funds increases by \$5,269, and financing from the Rhode Island Capital Plan Fund decreases by \$535,000. Major changes include:

- *Personnel.* The Governor recommends a decrease of \$159,127 from general revenue for personnel expenditures in FY 2017, attributable to additional turnover savings combined with a realignment of personnel that resulted fewer FTE positions being allocated to this program.

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- *Renegotiate Rhode Island Hospital Contract.* The Governor recommends a reduction to the Rhode Island Hospital contract of \$485,617 from the FY 2016 enacted level, bringing budgeted financing for this contract to \$1.0 million in FY 2017. The value of this contract has not been reduced, despite a significant decline in the number of youth at the Rhode Island Training School in recent years.
- *All Other Services.* The Governor recommends \$1.2 million from general revenue for all other services contracts for youth at the Rhode Island Training School as well as juvenile offenders on probation and parole. This represents an increase of \$23,900 from general revenue compared to the FY 2016 enacted budget.

### Higher Education Incentive Grants

Funding for this program is set by statute (R.I.G.L. Section 42-72.8-4) in the amount of \$200,000 annually. The purpose is to provide grants to youth currently in DCYF legal custody or were in the Department's custody on their eighteenth (18<sup>th</sup>) birthday for the purpose of pursuing post-secondary

The Governor recommends 672.5 FTE positions in the revised FY 2016 Budget and FY 2017 Budget, consistent with the enacted level.

#### DEPARTMENT OF HEALTH

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$23,469,936	\$22,821,939	\$25,835,956	\$25,719,200	\$26,501,994
Federal Funds	\$55,777,861	\$57,741,431	\$65,752,434	\$70,070,913	\$100,365,021
Restricted Receipts	\$29,272,149	\$30,856,883	\$29,813,515	\$35,317,888	\$36,465,514
Other Funds	\$56,184	\$2,331	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$108,576,130</b>	<b>\$111,422,584</b>	<b>\$121,401,905</b>	<b>\$131,108,001</b>	<b>\$163,332,529</b>
<b>FTE Authorization</b>	491.1	491.3	490.6	490.6	503.6

#### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$131.1 million for the Department of Health including \$25.7 million from general revenue, \$70.1 million from federal funds, and \$35.3 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$116,756, while federal financing increases by \$4.3 million and restricted receipt financing increases by \$5.5 million. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$116,756 of general revenue savings being allocated to the Department of Health.

### Central Management

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$12.5 million, including \$319,445 from general revenue, \$7.9 million from federal funds, and \$4.2 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing is unchanged, while federal financing increases by \$1.4 million and restricted receipt financing decreases by \$225,017.

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## Health and Human Services

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### **State Medical Examiner**

Within the State Medical Examiner program, the Governor recommends revised FY 2016 appropriations of \$2.9 million, including \$2.8 million from general revenue and \$148,424 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$19,312, while federal financing increases by \$9,783.

### **Environmental Health Services Regulation**

Within the Environmental Health Services Regulation program, the Governor recommends revised FY 2016 appropriations of \$17.8 million, including \$10.0 million from general revenue, \$6.7 million from federal funds, and \$1.1 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$458,150, while federal financing decreases by \$1.5 million, and restricted receipt financing increases by \$288,547.

### **Health Laboratories**

Within the Health Laboratories program, the Governor recommends revised FY 2016 appropriations of \$9.2 million, including \$7.1 million from general revenue and \$2.1 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$284,941, while federal financing increases by \$172,550.

### **Public Health Information**

Within the Public Health Information program, the Governor recommends revised FY 2016 appropriations of \$3.7 million, including \$1.5 million from general revenue and \$2.3 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$25,877 and federal financing decreases by \$58,338.

### **Community, Family Health, and Equity**

Within the Community, Family Health, and Equity program, the Governor recommends revised FY 2016 appropriations of \$79.4 million, including \$2.5 million from general revenue, \$46.9 million from federal funds, and \$30.0 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$25,877, while federal financing increases by \$5.4 million and restricted receipt financing increases by \$5.4 million.

### **Infectious Disease and Epidemiology**

Within the Infectious Disease and Epidemiology program, the Governor recommends revised FY 2016 appropriations of \$5.5 million, including \$1.6 million from general revenue and \$4.0 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$156,541 and federal financing decreases by \$1.1 million.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$163.3 million for the Department of Health, including \$26.5 million from general revenue, \$100.4 million from federal funds, and \$36.5 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$666,038, federal financing increases by \$34.6 million, and restricted receipts financing increases by \$6.7 million.

- *Department Reorganization* – The Department’s FY 2017 budget reflects a new organization structure designed to maximize effectiveness and better respond to the Governor’s priorities. The reorganization creates new programs, realigning existing subprograms under these new programs. New FY 2017 programs include: Community Health and Equity; Environmental Health; Customer



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Service; Policy, Information and Communications; and Preparedness, Response, Infectious Disease, and Emergency Services. The Department merges the State Medical Examiner program with the Health Laboratories program, renaming the program State Laboratories and Medical Examiner program. The Central Management program remains; however, two subprograms are realigned under the newly created programs.

### Central Management

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$5.2 million, including \$319,445 from general revenue, \$808,064 from federal funds, and \$4.0 from restricted receipts.

### Community Health and Equity

Within the Community Health and Equity program, the Governor recommends FY 2017 appropriations of \$106.0 million, including \$1.5 million from general revenue, \$74.0 million from federal funds, and \$30.4 million from restricted receipt funds.

- *Women, Infants, and Children (WIC) Program.* The Governor includes an increase of \$26.1 million in federal funds for the WIC Program. The program is transferred from the Department of Human Services to comply with federal statute (42 USC 1786(b)(3)(13)) and the Code of Federal Regulations which require the WIC Program to be administered by the state agency with direct responsibility for maternal and child health, immunization, and other public health programs. The addition of the WIC Program includes an increase of 13.0 FTE positions relative to the FY 2016 enacted FTE position authorization.

### Environmental Health

Within the Environmental Health program, the Governor recommends FY 2017 appropriations of \$11.7 million, including \$5.2 million from general revenue, \$6.1 million from federal funds, and \$386,415 from restricted receipts.

- *Lead Poisoning Prevention Program.* The Governor includes \$187,000 for the Lead Poisoning Prevention Program including support for certified lead centers to provide non-medical case management to lead poisoned children, Lead Elimination Surveillance System, and contracted data analysis and GIS services.

### State Laboratories and Medical Examiner

Within the State Laboratories and Medical Examiner program, the Governor recommends FY 2017 appropriations of \$12.3 million, including \$10.1 million from general revenue and \$2.1 million from federal funds.

### Customer Services

Within the Customer Services program, the Governor recommends FY 2017 appropriations of \$11.1 million, including \$6.5 million from general revenue, \$3.5 million from federal funds, and \$1.0 million from restricted receipt funds.

- *Medical Marijuana.* The Governor includes \$379,080 from restricted receipt funds for the Medical Marijuana program. The Governor proposes several changes to the Medical Marijuana program. The Department of Health will continue to license medical marijuana patients, including the new category of authorized purchasers, while the responsibility for licensing of caregivers and

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compassion centers shifts to the Department of Business Regulation. Patient and authorized purchaser licensing fees will be deposited into a new Department of Health restricted receipt account to support personnel costs associated with program operations.

### Policy, Information and Communications

Within the Policy, Information and Communication program, the Governor recommends FY 2017 appropriations of \$3.2 million, including \$940,204 from general revenue, \$1.6 million from federal funds, and \$581,225 from restricted receipt funds.

### Preparedness, Response, Infectious Disease, and Emergency Services

Within the Preparedness, Response, Infectious Disease, and Emergency Services program, the Governor recommends FY 2017 appropriations of \$14.0 million, including \$1.9 million from general revenue and \$12.1 million from federal funds.

The Governor recommends 490.6 FTE positions in the revised FY 2016 Budget which is consistent with the enacted FY 2016 level. In FY 2017, the Governor recommends 503.6 FTE positions, an increase of 13.0 FTE positions relative to the FY 2016 enacted authorization. This increase reflects the transfer of personnel associated with the WIC Program transfer.

#### DEPARTMENT OF HUMAN SERVICES

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$92,107,740	\$94,560,297	\$98,271,683	\$97,728,070	\$103,282,109
Federal Funds	\$513,984,570	\$520,276,560	\$517,462,308	\$549,854,594	\$487,860,220
Restricted Receipts	\$2,355,044	\$2,396,897	\$2,076,036	\$1,368,481	\$1,282,218
Other Funds	\$4,710,374	\$4,372,635	\$4,428,478	\$4,928,478	\$4,928,478
RI Capital Plan Fund	\$183,083	\$36,810	\$165,000	\$200,000	\$165,000
<b>Total Funding</b>	<b>\$613,340,811</b>	<b>\$621,643,199</b>	<b>\$622,403,505</b>	<b>\$654,079,623</b>	<b>\$597,518,025</b>
<b>FTE Authorization</b>	959.1	959.1	959.1	959.1	955.1

#### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriation of \$654.1 million for the Department of Human Services (DHS), including \$97.7 million from general revenue, \$549.9 million from federal funds, and \$6.5 million from restricted receipts, the Rhode Island Capital Plan Fund, and other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$543,613; federal funds financing increases by \$32.4 million; and restricted receipts, Rhode Island Capital Plan Fund, and other funds financing decreases by \$172,555.

### Central Management

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$9.6 million, including \$5.1 million from general revenue, \$4.0 million from federal funds, and \$523,075 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$336,243, federal funds financing decreases by \$167,615, and restricted receipts increases by \$2,844.

### Child Support Enforcement

Within the Child Support Enforcement program, the Governor recommends revised FY 2016

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appropriations of \$9.8 million, including \$3.0 million from general revenue and \$6.8 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$45,901, while federal financing increases by \$199,014.

### **Individual and Family Support**

Within the Individual and Family Support program, the Governor recommends revised FY 2016 appropriations of \$172.8 million, including \$21.9 million from general revenue, \$145.2 million from federal funds, \$5.7 million from restricted receipts, Rhode Island Capital Plan Fund, and other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1.1 million; federal financing increases by \$17.5 million; and restricted receipts, Rhode Island Capital Plan Fund, and other funds financing increases by \$350,483.

### **Veterans' Affairs**

Within the Veterans' Affairs program, the Governor recommends revised FY 2016 appropriations of \$29.4 million, including \$20.3 million from general revenue, \$8.8 million from federal funds, and \$246,282 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$234,985, federal funds financing increases by \$628,064, and restricted receipts financing decreases by \$435,218.

### **Health Care Eligibility**

Within the Health Care Eligibility program, the Governor recommends revised FY 2016 appropriations of \$22.3 million, including \$9.9 million from general revenue and \$12.4 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.8 million and federal funds financing increases by \$974,068.

### **Supplemental Security Income**

Within the Supplemental Security Income program, the Governor recommends revised FY 2016 appropriations of \$18.4 million, consisting entirely of general revenue and reflecting caseloads as adopted by the November 2015 Caseload Estimating Conference (CEC). Relative to FY 2016 enacted levels recommended general revenue financing decreases by \$347,478.

### **Rhode Island Works**

Within the Rhode Island Works program, the Governor recommends revised FY 2016 appropriations of \$90.0 million, including \$11.4 million from general revenue and \$78.7 million from federal funds, consistent with the estimates adopted at the November 2015 Caseload Estimating Conference. Relative to FY 2016 enacted levels, recommended general revenue financing remains consistent with enacted levels, while federal funds financing decreases by \$402,339.

### **State Funded Programs**

Within the State Funded programs, the Governor recommends FY 2016 appropriations of \$283.7 million, including \$1.6 million from general revenue and \$282.1 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$88,980, while federal funds financing increases by \$14.0 million.

- *General Public Assistance.* The Governor includes \$1.6 million in general revenue, \$1.4 million of which reflects caseloads as adopted by the November 2015 Caseload Estimating Conference. The recommendation also includes \$210,000 in general revenue financing for the Hardship Contingency Fund, as authorized in Article 1 of the FY 2016 Appropriations Act. Relative to FY 2016 enacted levels recommended general revenue financing for General Public Assistance decreases by \$88,980.

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- *Supplemental Nutrition Assistance Program.* The Governor's recommendation of \$282.1 million, consisting entirely of federal funds. Relative to FY 2016 enacted levels recommended federal financing increases by \$14.0 million.

### **Elderly Affairs**

Within the Elderly Affairs program, the Governor recommends revised FY 2016 appropriations of \$18.3 million, including \$6.4 million from general revenue, \$11.8 million from federal funds, and \$46,362 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$184,561, federal funds financing decreases by \$321,087, and restricted receipts financing decreases by \$90,664.

### ***FY 2017 Recommended Budget***

The Governor recommends revised FY 2017 appropriation of \$597.5 million for the Department of Human Services, including \$103.3 million from general revenue; \$487.9 million from federal funds; and \$6.4 million from restricted receipts, the Rhode Island Capital Plan Fund, and other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$5.0 million; federal funds financing decreases by \$29.6 million; and restricted receipts, Rhode Island Capital Plan Fund, and other funds financing decreases by \$293,818.

### **Central Management**

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$10.3 million, including \$5.6 million from general revenue, \$4.2 million from federal funds, and \$520,844 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$192,879, federal funds financing decreases by \$25,764, restricted receipts financing increases by \$613.

### **Child Support Enforcement**

Within the Child Support Enforcement program, the Governor recommends FY 2017 appropriations of \$9.5 million, including \$3.3 million from general revenue and \$6.2 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$318,039, while federal funds financing decreases by \$438,660.

- *Technology Cost.* The Governor includes general revenue financing of \$131,231 for technology costs no longer supported by federal funds.

### **Individual and Family Support**

Within the Individual and Family Support program, the Governor recommends FY 2017 appropriations of \$107.1 million, including \$18.6 million from general revenue; \$83.0 million from federal funds; and \$5.5 million from restricted receipts, the Rhode Island Capital Plan Fund, and other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$4.3 million; federal funds financing decreases by \$44.7 million; and restricted receipts, the Rhode Island Capital Plan Fund, and other funds financing increases by \$157,120, attributable to the following:

- *Personnel.* The Governor includes \$2.3 million in general revenue savings and a \$2.3 million decrease in federal funds financing related to UHIP workforce savings secondary to improved automation associated with implementation.
- *Contracted Professional Services & Other Operating.* The Governor includes \$214,466 in general revenue savings and a \$3.5 million decrease in federal funds financing for contracted professional services and other operating related to a paperless office initiative associated with the UHIP project.

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- *Transfer of WIC Program.* The Governor includes \$283,161 in general revenue savings and a \$40.1 million decrease in federal funds financing for assistance and grants related to the transfer of the WIC Program to the Department of Health.

### Veterans' Affairs

Within the Veterans' Affairs Program, the Governor recommends FY 2017 appropriations of \$30.1 million, including \$20.6 million from general revenue, \$9.3 million from federal funds, and \$246,282 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$88,255, federal financing increases by \$1.1 million, and restricted receipts decrease by \$435,218.

- **Personnel.** The Governor increases general revenue by \$250,597 to support 3.0 new FTE positions for the Veterans Home. The positions are supported in part with federal per diem funds.

### Health Care Eligibility

Within the Health Care Eligibility Program, the Governor recommends FY 2017 appropriations of \$19.7 million, including \$8.8 million from general revenue and \$10.9 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$705,844, while federal funds financing decreases by \$537,547.

### Supplemental Security Income

The Governor recommends appropriations of \$18.5 million, consisting entirely of general revenue. Relative to FY 2016 enacted levels recommended general revenue financing decreases by \$204,378. Recommended financing reflects caseloads as adopted by the November 2015 Caseload Estimating Conference.

### Rhode Island Works

Within the Rhode Island Works program, the Governor recommends FY 2017 appropriations of \$99.6 million, including \$19.3 million from general revenue and \$80.3 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$7.9 million, while federal funds financing increases by \$1.2 million. The reconciliation to the November 2015 Caseload Estimating Conference is as follows:

Rhode Island Works & Child Care Assistance	General Revenue*
<i>FY 2016 Enacted Appropriation</i>	\$11.4
<i>CEC Consensus Estimate – Change to the Enacted Appropriation</i>	\$4.6
<i>TANF 30% cap &amp; shift of non-child funds from general revenue to TANF</i>	\$2.2
<i>Race to the Top Early Childhood Learning Challenge</i>	\$1.1
<b><i>FY 2017 Governor's Recommendation</i></b>	<b>\$19.3</b>
<b><i>Change</i></b>	<b>\$7.9</b>

\* In Millions

### State Funded Programs

Within the State Funded programs, the Governor recommends FY 2017 appropriations of \$283.7 million, including \$1.6 million from general revenue, and \$282.1 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$88,980, while federal funds financing increases by \$14.0 million.

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- *General Public Assistance.* The Governor includes \$1.6 million in general revenue, \$1.4 million of which reflects the November 2015 Caseload Estimating Conference. The recommendation also includes \$210,000 in general revenue financing for the Hardship Contingency Fund, as authorized in Article 1 of the FY 2016 Appropriations Act and recommended in Article 1 of the FY 2017 Appropriations Act. Relative to FY 2016 enacted levels recommended general revenue financing for General Public Assistance decreases by \$88,980.
- *Supplemental Nutrition Assistance Program.* The Governor's recommendation of \$282.1 million, consisting entirely of federal funds. Relative to FY 2016 enacted levels recommended federal financing increases by \$14.0 million.

### Elderly Affairs

Within the Elderly Affairs Program, the Governor recommends FY 2017 appropriations of \$19.1 million, including \$7.0 million from general revenue, \$11.9 million from federal funds, and \$120,693 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$425,420, federal funds financing decreases by \$212,380, and restricted receipts financing decreases by \$16,333, attributable to the following:

- *Senior Center Funding.* The Governor includes a \$600,000 increase in general revenue financing to strengthen programs and services that enable older Rhode Islanders to live an independent, healthy, and dignified lifestyle while continuing to make meaningful contributions in the community.

The Governor recommends 959.1 FTE positions in the revised FY 2016 Budget and 955.1 FTE positions in the recommended FY 2017 Budget. Relative to the FY 2016 enacted level, the revised FY 2016 level is unchanged and the recommended FY 2017 level reflects a net reduction of 4.0 FTE positions. In FY 2017 7.0 FTE positions are transferred to the Department of Administration as part of the consolidation of the audit function and 3.0 FTE positions are added in Veterans Affairs.

### DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$200,160,407	\$173,264,827	\$172,488,711	\$174,461,291	\$168,143,778
Federal Funds	\$228,621,075	\$187,771,526	\$182,605,186	\$189,408,411	\$187,490,274
Restricted Receipts	\$8,459,502	\$9,873,915	\$9,180,797	\$8,365,757	\$8,435,824
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$8,473,476	\$4,303,746	\$6,671,000	\$7,607,528	\$10,936,000
<b>Total Funding</b>	<b>\$445,714,460</b>	<b>\$375,214,014</b>	<b>\$370,945,694</b>	<b>\$379,842,987</b>	<b>\$375,005,876</b>
<b>FTE Authorization</b>	1422.4	1420.4	1421.4	1419.4	1417.4

### *FY 2016 Revised Budget*

The Governor recommends revised appropriations of \$379.8 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, including \$174.5 million from general revenue funds, \$189.4 million from federal funds, \$8.4 million from restricted receipt funds, and \$7.6 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.0 million, federal funds financing increases by \$6.8 million, restricted receipt financing decreases by \$815,040, and Rhode Island Capital Plan Fund financing increases by \$936,528. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies,

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## Health and Human Services

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which resulted in \$414,859 of general revenue savings being allocated to the Department.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$1.6 million, including \$1.0 million from general revenue funds and \$599,774 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$29,584 and federal funds financing decreases by \$608.

### **Hospital and Community System Support**

Within the Hospital and Community System Support program, the Governor recommends revised FY 2016 appropriations of \$2.7 million, including \$1.3 million from general revenue funds, \$763,155 from federal funds, and \$626,140 from Rhode Island Capital Plan Fund resources. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$191,468, federal funds financing increases by \$763,155, restricted receipt financing decreases by \$762,813, and Rhode Island Capital Plan Fund financing increases by \$76,140.

### **Services for the Developmentally Disabled**

Within the Services for the Developmentally Disabled program, the Governor recommends revised FY 2016 appropriations of \$237.7 million, including \$116.6 million from general revenue funds, \$117.9 million from federal funds, \$1.8 million from restricted receipts, and \$1.4 from Rhode Island Capital Plan Fund resources. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.5 million, federal fund financing increases by \$4.1 million, and Rhode Island Capital Plan Fund financing increases by \$229,972, attributable to the following adjustments:

- *Reduction of Group Home Placements:* The Governor includes a reduction of \$3.1 million, including \$1.5 million in general revenue funds, from the decrease in utilization of group home placements and transitions residents to shared living arrangements. Shared living arrangements are a less restrictive and more integrated residential setting and is an appropriate placement for many of the individuals utilizing the services of the Department. In addition, this transition is aligned with the Department's strategic plan which aims to increase the number of shared living arrangements.
- *Utilization of Appropriate Supports Intensity Scale (SIS) Tiers:* The Governor includes a reduction \$709,909, including \$352,683 in general revenue funds, from the utilization of appropriate resource allocation tiers for program participants.
- *Reallocation of Professional Supports:* The Governor includes a reduction of \$2.2 million, including \$1.1 million in general revenue funds, from the reallocation of professional supports to Medicaid Managed Care.
- *Payments for Provider Services:* The Governor includes an increase of \$11.3 million, including \$5.2 million in general revenue funds, to finance payments to providers of services for the developmentally disabled. The enacted FY 2016 budget does not contain sufficient resources to finance the various services provided to participants in the program.

### **Behavioral Healthcare Services**

Within the Behavioral Healthcare Services program, the Governor recommends revised FY 2016 appropriations of \$21.0 million, including \$2.5 million from general revenue funds, \$17.1 million from federal funds, \$100,000 from restricted receipts, and \$1.4 million from Rhode Island Capital Plan Fund resources. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$92,619, federal funds financing increases by \$1.5 million, and Rhode Island Capital Plan Fund financing increases by \$69,359.

### **Hospital and Community Rehabilitation Services**

Within the Hospital and Community Rehabilitation Services program, the Governor recommends revised FY

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2016 appropriations of \$116.8 million, including \$53.0 million from general revenue funds, \$53.0 million from federal funds, \$6.5 million from restricted receipt funds, and \$4.2 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$471,054, federal funds financing increases by \$418,191, restricted receipt funds financing decreases by \$52,195, and Rhode Island Capital Plan Fund financing increases by \$561,057.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$375.0 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, including \$168.1 million from general revenue funds, \$187.5 million from federal funds, \$8.4 million from restricted receipt funds, and \$10.9 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$4.3 million, federal fund financing increases by \$4.9 million, restricted receipt financing decreases by \$744,973, and Rhode Island Capital Plan Fund financing increases by \$4.3 million.

#### **Central Management**

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$1.7 million, including \$1.1 million from general revenue funds and \$597,685 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$82,173 and federal funds financing decreases by \$2,697.

#### **Hospital and Community System Support**

Within the Hospital and Community System Support program, the Governor recommends FY 2017 appropriations of \$2.9 million, including \$1.5 million from general revenue funds, \$789,226 from federal funds, and \$650,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$6,914, federal funds financing increases by \$789,226, restricted receipt financing decreases by \$762,813, and Rhode Island Capital Plan Fund financing increases by \$100,000.

#### **Services for the Developmentally Disabled**

Within the Services for the Developmentally Disabled program, the Governor recommends FY 2017 appropriations of \$235.2 million, including \$114.3 million from general revenue funds, \$118.5 million from federal funds, \$1.8 million from restricted receipt funds, and \$700,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$136,038, federal fund financing increases by \$4.7 million, restricted receipt financing decreases by \$4,032, and Rhode Island Capital Plan Fund financing decreases by \$500,000, attributable to the following adjustments:

- *Reduction of Group Home Placements:* The Governor includes a reduction of \$16.2 million, including \$7.6 million in general revenue funds, from the decrease in utilization of group home placements and transitions residents to shared living arrangements. Shared living arrangements are a more economical and appropriate residential placement for many of the individuals utilizing the services of the Department. In addition, this transition is aligned with the Department's strategic plan which aims to increase the number of shared living arrangements.
- *Utilization of Appropriate Supports Intensity Scale (SIS) Tiers:* The Governor includes a reduction \$1.4 million, including \$697,556 in general revenue funds, from the utilization of appropriate resource allocation tiers for program participants.
- *Reallocation of Professional Supports:* The Governor includes a reduction of \$4.4 million, including \$2.2 million in general revenue funds, from the reallocation of professional supports to Medicaid Managed Care.
- *Payments for Provider Services:* The Governor includes an increase of \$12.2 million, including \$4.5 million in general revenue funds, to finance payments to providers of services for the developmentally



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disabled. The enacted FY 2016 budget did not contain sufficient resources to finance the various services provided to participants in the program, and similar costs are expected in FY 2017.

- *Consent Decree Targets:* The Governor includes an increase of \$1.9 million, including \$918,964 from general revenue funds to finance the costs of transitioning the target groups identified in the Consent Decree with the Department of Justice to integrated employment settings and other requisite transitions.
- *Caseload Growth:* The Governor includes an increase of \$5.8 million, including \$2.9 million in general revenue funds, to finance projected caseload growth.
- *Increase in Hourly Wage for Direct Service Professionals:* The Governor includes an increase of \$5.1 million, including \$2.5 million in general revenue funds, to finance an approximate raise of \$0.45 per hour for Direct Service Professionals that are employed by the developmentally disabled service providers.

### Behavioral Healthcare Services

Within the Behavioral Healthcare Services program, the Governor recommends FY 2017 appropriations of \$20.9 million, including \$2.3 million from general revenue funds, \$17.2 million from federal funds, \$100,000 from restricted receipt funds, and \$1.3 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$92,534 and federal funds financing increases by \$1.6 million.

### Hospital and Community Rehabilitation Services

Within the Hospital and Community Rehabilitation Services program, the Governor recommends FY 2017 appropriations of \$114.3 million, including \$49.0 million from general revenue funds, \$50.4 million from federal funds, \$6.6 million from restricted receipt funds, and \$8.3 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$4.5 million, federal funds financing decreases by \$2.3 million, restricted receipt funds financing increases by \$21,872, and Rhode Island Capital Plan Fund financing increases by \$4.7 million, attributable to the following adjustments:

- *Eleanor Slater Hospital Reorganization:* The Governor includes a reduction of \$8.4 million, including \$4.1 million in general revenue funds, to reflect anticipated savings from a reorganization of the Eleanor Slater Hospital. The Department plans to reconfigure low volume, high cost services, consolidate services where appropriate, and achieve other efficiencies, particularly within staffing costs.

The Governor recommends 1,419.4 FTE positions in the revised FY 2016 budget, 2.0 FTE positions less than the enacted FY 2016 level to reflect the shift of positions to the Department of Administration's Division of Capital Asset Management and Maintenance. For FY 2017, the Governor recommends 1,417.4 FTE positions, a decrease of 4.0 FTE positions from the enacted FY 2016 level. In addition to the positions transferring to the Department of Administration, 2.0 FTE positions within the Behavioral Healthcare program are reduced.

### GOVERNOR'S COMMISSION ON DISABILITIES

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$339,529	\$355,439	\$383,056	\$381,890	\$386,147
Federal Funds	\$50,799	\$263,931	\$35,459	\$21,181	\$10,297
Restricted Receipts	\$6,898	\$6,633	\$10,009	\$32,890	\$44,126
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$474,320	\$589,099	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$871,546</b>	<b>\$1,215,102</b>	<b>\$428,524</b>	<b>\$435,961</b>	<b>\$440,570</b>
<b>FTE Authorization</b>	4.0	4.0	4.0	4.0	4.0

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## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$435,961 for the Governor’s Commission on Disabilities, including \$381,890 from general revenue, \$21,181 from federal funds, and \$32,890 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1,166, federal funds financing decreases by \$14,278, and restricted receipts financing increases by \$22,881. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$1,166 of general revenue savings being allocated to the Commission.

## *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$440,570, including \$386,147 from general revenue, \$10,297 from federal funds, and \$44,126 in restricted receipts. Relative to FY 2016 enacted levels, the FY 2017 recommended general revenue financing increases by \$3,091, federal funds financings decreases by \$25,162, and restricted receipt financing increases by \$34,117. The FY 2017 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$1,176 of general revenue savings being allocated to the Commission.

The Governor recommends 4.0 FTE positions in the revised FY 2016 budget and FY 2017 Budget, consistent with the enacted FY 2016 level.

### COMMISSION ON THE DEAF & HARD OF HEARING

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$375,549	\$387,625	\$411,883	\$409,040	\$477,746
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$23,956	\$43,167	\$80,000	\$130,000	\$110,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$399,505</b>	<b>\$430,792</b>	<b>\$491,883</b>	<b>\$539,040</b>	<b>\$587,746</b>
<b>FTE Authorization</b>	3.0	3.0	3.0	3.0	4.0

## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$539,040 for the Commission on the Deaf and Hard of Hearing, including \$409,040 from general revenue funds and \$130,000 from restricted receipt funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$2,843, while restricted receipt funding increases by \$50,000. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$2,843 of general revenue savings being allocated to the Commission on the Deaf and Hard of Hearing. The increase in restricted receipt funds for the Commission is attributable to the following adjustment:

- *Assistive Listening Systems*: The Governor includes \$50,000 from restricted receipt funds to install assistive listening systems in the Governor’s State Reception Room and all public hearing rooms at the State House.

# Health and Human Services

## *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$587,746 for the Commission on the Deaf and Hard of Hearing, including \$477,746 from general revenue funds and \$110,000 from restricted receipt funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$65,863, while restricted receipt financing increases by \$30,000.

- *Assistive Listening Systems:* The Governor includes \$30,000 from restricted receipt funds to continue the installation of assistive listening systems in the Governor’s State Reception Room and all public hearing rooms at the State House.
- *Staff Interpreter:* The Governor includes \$60,310 from general revenue funds to add an American Sign Language Interpreter position to the Commission’s staff. A staff interpreter would support the Commission’s interpreting needs as well as those of other state agencies as needed. The addition of a staff interpreter to the Commission will allow for reductions in expenditures for contracted interpreters, which is reflected in the Governor’s recommendation.

The Governor recommends 3.0 FTE positions in the revised FY 2016 budget, consistent with the enacted FY 2016 level. For FY 2017, the Governor recommends 4.0 FTE positions, an increase of 1.0 FTE position from the enacted FY 2016 level.

### OFFICE OF THE CHILD ADVOCATE

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$544,231	\$613,552	\$672,273	\$669,417	\$650,582
Federal Funds	\$39,471	\$47,089	\$45,000	\$45,000	\$45,000
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$583,702</b>	<b>\$660,641</b>	<b>\$717,273</b>	<b>\$714,417</b>	<b>\$695,582</b>
<b>FTE Authorization</b>	6.0	6.0	6.0	6.0	6.0

## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$714,417 for the Office of the Child Advocate, including \$669,417 from general revenue and \$45,000 from federal funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$2,856, while federal funds financing is unchanged. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$2,856 of general revenue savings being allocated to the Office.

## *FY 2017 Recommended Budget*

For FY 2017, the Governor recommends total expenditures of \$695,582, including \$650,582 from general revenue and \$45,000 from federal funds. Compared to the FY 2016 enacted level, FY 2017 recommended general revenue financing decreases by \$21,691, primarily attributed to expected savings relating to the hiring of a new Child Advocate near the end of FY 2016. The FY 2017 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$2,846 of general revenue savings being allocated to the Office.

# Health and Human Services

The Governor recommends 6.0 FTE positions in the revised FY 2016 budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

## OFFICE OF THE MENTAL HEALTH ADVOCATE

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$485,005	\$504,149	\$508,251	\$549,419	\$542,009
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$485,005</b>	<b>\$504,149</b>	<b>\$508,251</b>	<b>\$549,419</b>	<b>\$542,009</b>
<b>FTE Authorization</b>	3.7	3.7	4.0	4.0	4.0

### *FY 2016 Revised Budget*

The Governor recommends revised general revenue appropriations of \$549,419 for the Office of the Mental Health Advocate. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$41,168. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$3,371 of general revenue savings being allocated to the Office of the Mental Health Advocate. The net increase of \$41,168 in general revenue funds for the Office's budget is primarily attributable to the following adjustment:

- *Restoration of Personnel Financing:* The FY 2016 Enacted budget did not contain sufficient resources to support the Office's staff of 4.0 FTE positions. Although the FY 2016 Enacted budget did not consolidate the Office of the Mental Health Advocate and three other advocacy agencies as initially proposed, savings attributable to the elimination of an Administrative Assistant position were not restored once the budget was enacted. The Governor recommends an increase of \$44,662 in personnel expenditures to fully finance the current staff.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 general revenue appropriations of \$542,009 for the Office of the Mental Health Advocate. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$33,758. The net increase of \$33,758 is primarily attributable to the following adjustment:

- *Restoration of Personnel Financing:* The FY 2017 recommended budget includes an increase of \$39,924 in personnel expenditures to fully finance the current staff. As with the FY 2016 Governor's recommendation, financing will support an Administrative Assistant position that did not receive full-year financing in the FY 2016 Enacted budget.

The Governor recommends 4.0 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.



# **Education**



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# Education

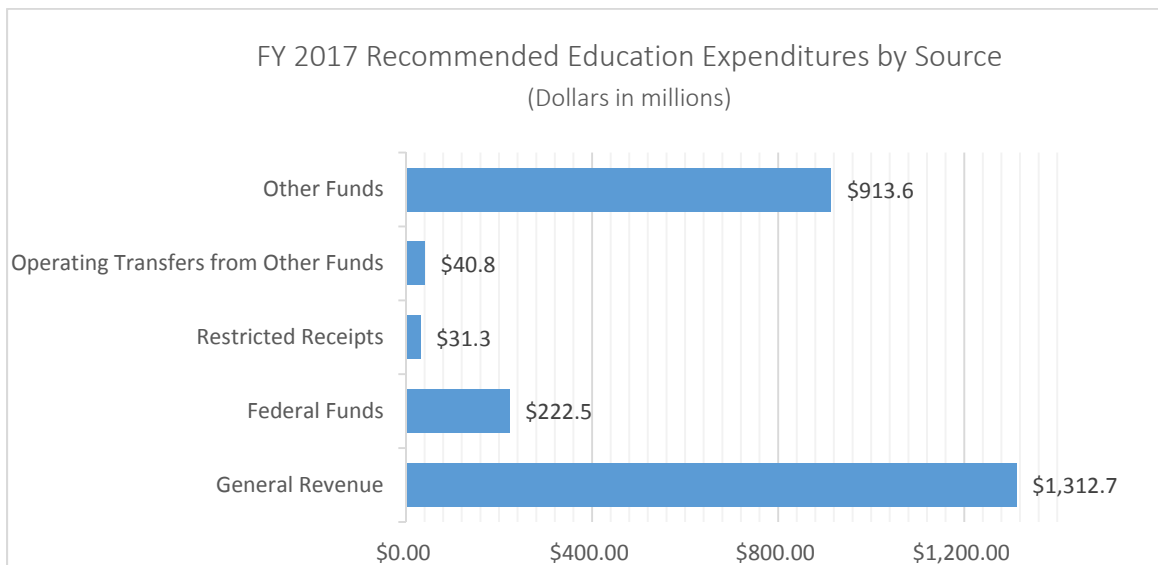
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## Summary

The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, and the Historical Preservation and Heritage Commission. The Governor recommends 4,632.4 FTE positions in FY 2016 and 4,664.4 FTE positions in FY 2017.

The 2014 General Assembly restructured the Board of Education to strengthen its coordinating role by creating a 17-member Board, responsible for setting goals and working on system-wide initiatives. Members of the Board serve on two eight member councils, the Council on Elementary and Secondary Education and the Council on Postsecondary Education. The 2015 General Assembly merged the Rhode Island Higher Education Assistance Authority into Public Higher Education where it is now a program within the Office of the Postsecondary Commissioner

In FY 2017, the Governor continues to support these initiatives by fully funding year six of the K-12 education aid formula and by providing state assistance at the colleges and university in amounts intended to avoid tuition increases for the 2016-2017 school year. The Governor recommends total expenditures of \$2.521 billion for Education in FY 2017, including \$1.313 billion from general revenue, \$222.5 million from federal funds, \$31.3 million from restricted receipts, and \$954.4 million from other funds. In the Education function of state government, other funds consist of resources from: the Rhode Island Capital Plan Fund, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, and Auxiliary Enterprises in Public Higher Education.



The Governor recommends changes to local K-12 education aid in FY 2017 arising from proposals of the Fair funding Formula Working Group established in late 2015 to review the existing formula. The Governor's recommendation adds a new weight for English learners, a new weight for fixed and marginal costs at public schools, and additional categorical financing for early childhood, career and technical and



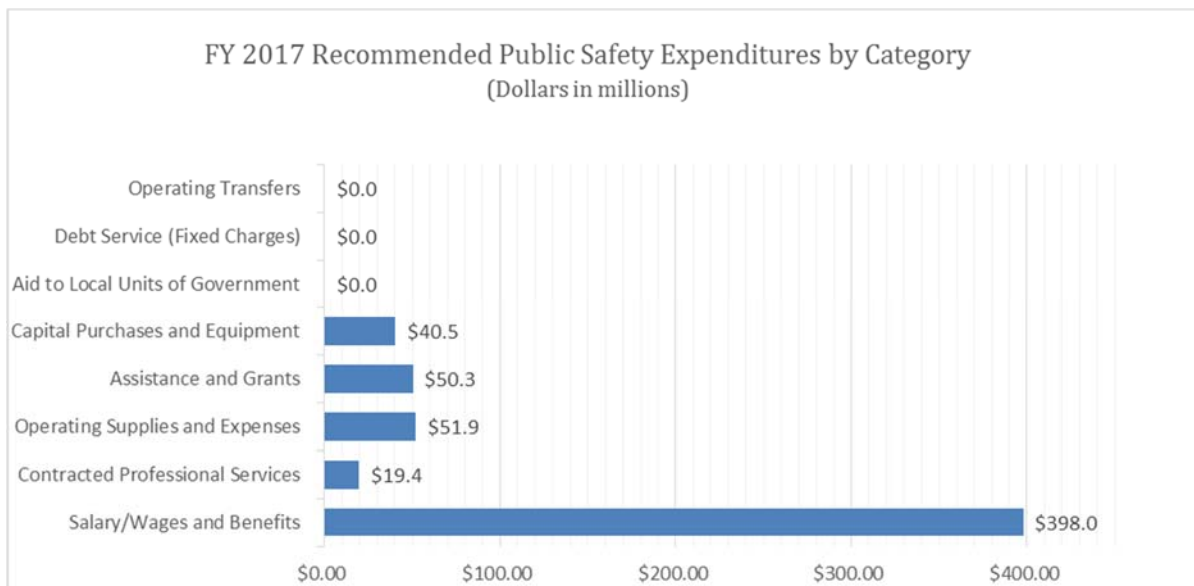
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# Education

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high cost special education. The addition of \$37.1 million in general revenue for the Department of Elementary and Secondary Education, to a total of \$1.109 billion in FY 2017 demonstrates the Governor's commitment to educating Rhode Island's youth.

For postsecondary education, the Governor provides a total of \$1.150 billion at the State's three institutions of higher learning in FY 2017, including \$199.8 million in general revenue. Included in these financing levels are scholarships and grants for students with proven academic performance but exceptional financial need, tuition waivers to allow high schoolers to earn college credit, and, financing for new professors and advisors poised to assist students in attainment of postsecondary degrees in critical areas of the economy. The Governor provides a total of \$31.0 million to the Office of the Postsecondary Commissioner, including \$9.3 million in general revenue, for the Office's role in overseeing the institutions, developing a higher education funding formula to better allocate state dollars amongst the schools, and programs that offer meaningful aid to current and potential students. The Governor's recommendation avoids tuition increases at any of the schools, both in FY 2016 and FY 2017.



The Governor's general revenue recommendation of \$2.521 billion for Education for FY 2017 is an increase of \$112.8 million, or 4.7 percent from FY 2016 enacted levels. The FY 2017 recommendation is an increase of \$71.2 million, or 2.9 percent more than the Governor's FY 2016 Revised recommendation of \$2.449 billion.

Aid to Local Units of Government accounts for 47.9 percent of all education expenditures, entirely attributable to state aid to local units of government as per the education funding formula. State operations expenditures, which include personnel and operating, account for 33.5 percent of total education expenditures, most of which occur in Public Higher Education.

# Education

## ELEMENTARY AND SECONDARY EDUCATION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$959,927,061	\$1,002,464,660	\$1,067,719,085	\$1,067,544,042	\$1,109,259,026
Federal Funds	\$203,805,167	\$197,213,822	\$203,962,314	\$211,023,436	\$206,229,553
Restricted Receipts	\$25,529,786	\$28,575,427	\$28,948,926	\$30,571,770	\$30,186,994
Other Funds	\$272,572	\$299,774	\$359,000	\$59,000	\$659,000
RI Capital Plan Fund	\$7,827,694	\$3,634,804	\$7,501,370	\$8,160,064	\$4,045,000
<b>Total Funding</b>	<b>\$1,197,362,280</b>	<b>\$1,232,188,487</b>	<b>\$1,308,490,695</b>	<b>\$1,317,358,312</b>	<b>\$1,350,379,573</b>
<b>FTE Authorization</b>	357.4	344.4	337.4	339.4	339.4

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$1.317 billion for the Department of Elementary and Secondary Education, including \$1.068 billion from general revenue, \$211.0 million from federal funds, \$8.2 million from the RI Capital Plan Fund, \$30.6 million from restricted receipts, and \$59,000 from Other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$175,043, federal financing increases by \$7.1 million, restricted receipt financing increases by \$1.6 million, financing from the RI Capital Plan Fund increases by \$658,694, and financing from Other funds decreases by \$300,000. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$95,052 of general revenue savings being allocated to the Department of Elementary and Secondary Education.

### **Administration of the Comprehensive Education Strategy**

Within the Administration of the Comprehensive Education Strategy (ACES) program, the Governor recommends revised FY 2016 appropriations of \$237.6 million, including \$20.5 million from general revenue, \$209.3 million from federal funds, \$3.0 million from the RI Capital Plan Fund, and \$4.7 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$131,553, federal funds increase by \$7.0 million, restricted receipt financing increases by \$134,750, and financing from the RI Capital Plan Fund increases by \$1.0 million. Major changes include:

- *Education Commission of the States.* The Governor includes \$53,100 for membership in the Education Commission of the States. This organization provides education policy research and reports as well as opportunities for collaboration to member states with the goal of creating more effective education policy.
- *Removal of Financing for Consent Decree.* The Governor removes general revenue financing totaling \$125,000 for costs associated with the Consent Decree Monitor. The Governor funds the cost of the monitor in the BHDDH budget in both FY 2016 and FY 2017.

### **Education Aid**

Within the Education Aid program, the Governor recommends revised FY 2016 appropriations of \$816.7 million, including \$796.0 million from general revenue and \$20.7 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$12,465, restricted receipt financing increases by \$1.4 million, and financing from Other funds decrease by \$300,000. Major changes include:

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## Education

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- *Non-Public Textbooks.* Per R.I.G.L. 16-23-3.1, the Department is required to reimburse LEAs for costs of providing English/language arts and history/social studies textbooks for students in grades K-12 attending non-public schools. The Governor recommends a reduction of \$89,291 from general revenue for this program in FY 2016, attributable to actual reimbursement requests received by the Department for FY 2016.
- *Group Home Supplemental:* Pursuant to R.I.G.L. 16-64-1.1(b)(2), the Department is required to reimburse LEAs for each group home bed certified by the Department of Children, Youth, and Families (DCYF) by the preceding December 31<sup>st</sup>. The Governor recommends supplemental general revenue financing of \$180,000 in FY 2016 attributable to 10 new beds in Warwick and 2 new beds in Woonsocket.
- *Charter School Mid-Year Adjustment:* Pursuant to R.I.G.L. 16-7.2-5(a), if the October 1<sup>st</sup> actual enrollment data for any charter public school shows a ten percent (10%) or greater change from the prior year enrollment, the third and fourth quarter payments to the charter public school will be adjusted to reflect actual enrollment. The Governor recommends a reduction of \$98,800 attributable to enrollment declines at RI Nurses Institute, RISE Mayoral Academy, and New England Laborers.
- *Progressive Support and Intervention Program (Permanent School Fund).* The Governor recommends that \$300,000 from Other funds for this program be shifted to FY 2017. The Department will redirect the use of these funds to FY 2017 to support the advanced coursework network pilot which will support Rhode Island high school students in accessing personalized advanced coursework opportunities. In total, the initiative will support and serve approximately 1,000 students statewide for FY 2017.

### **School Construction Aid**

Within the School Housing Aid program, the Governor recommends revised FY 2016 appropriations of \$90.9 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$20.0 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, consistent with the enacted level.

### **Teacher Retirement**

Within the Teacher Retirement program, the Governor recommends revised FY 2016 appropriations of \$92.8 million from general revenue, consistent with the enacted level. Per R.I.G.L. 16-16-22, the state funds 40 percent of the employer's share of retirement contributions on behalf of teachers who are members of the Teacher's Retirement System.

### **Davies Career & Technical High School**

Within the Davies Career and Technical High School program, the Governor recommends revised FY 2016 appropriations of \$18.7 million, including \$11.6 million from general revenue, \$1.4 million from federal funds, \$4.4 million from restricted receipts, and \$1.3 million from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing is unchanged, federal financing increases by \$89,551, restricted receipt financing increases by \$74,237, and financing from the RI Capital Plan Fund decreases by \$395,000. Davies is the only LEA that is both included in the funding formula and whose employees are state employees. Its general revenue appropriation is determined by the education aid funding formula and the ten-year transition plan that is underway. Davies also receives a local share of funding from the individual districts that send students to the school.

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# Education

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## **Metropolitan Regional Career & Technical Center (The Met)**

Within the Metropolitan Regional Career & Technical Center (The Met) program, the Governor recommends revised FY 2016 appropriations of \$13.8 million, including \$9.9 million from general revenue and \$3.9 million from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing is unchanged and recommended financing from the RI Capital Plan Fund increases by \$53,694. The Met's general revenue appropriation is determined by the education aid funding formula, similar to other local educational agencies. The Met, formerly fully State-funded, also receives a local share of funding from the individual districts that send students to the school.

## **Central Falls**

Within the Central Falls program, the Governor recommends revised FY 2016 appropriations of \$39.5 million, consistent with the enacted level. Beginning in FY 2012, general revenue financing for the Central Falls School District has been determined by the education funding formula. Under the formula, Central Falls is considered a losing district and as such education aid for the school is being phased-in over a ten year period. Because the state has full responsibility for funding the district, a transition fund was established, pursuant to R.I.G.L. 16-7.2-6, to assure that funding is available to meet the local share of education costs. Of the amount recommended for Central Falls, \$35.8 million is attributable to the formula allocation and \$3.7 million is attributable to the stabilization fund.

## **Rhode Island School for the Deaf**

Within the Rhode Island School for the Deaf program, the Governor recommends revised FY 2016 appropriations of \$7.3 million, including \$6.2 million from general revenue, \$254,320 from federal funds, \$785,791 from restricted receipts, and \$59,000 from Other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$31,025, attributable to the distribution of statewide savings allocated to this program, federal financing decreases by \$5,394, and all other financing remains unchanged.

## ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$1.350 billion for the Department of Elementary and Secondary Education, including \$1.109 billion from general revenue, \$206.2 million from federal funds, \$30.2 million from restricted receipts, \$4.0 million from the Rhode Island Capital Plan Fund, and \$659,000 from Other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$40.8 million, federal financing increases by \$2.3 million, restricted receipt financing increases by \$1.2 million, financing from the RI Capital Plan Fund decreases by \$3.5 million, and financing from Other funds increases by \$300,000. The FY 2017 Budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$98,887 of general revenue savings being allocated to the Department of Elementary and Secondary Education.

## **Administration of the Comprehensive Education Strategy**

Within the Administration of the Comprehensive Education Strategy (ACES) program, the Governor recommends FY 2017 appropriations of \$236.1 million, including \$24.4 million from general revenue, \$204.6 million from federal funds, \$4.8 million from restricted receipts, and \$2.4 million from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$3.7 million, federal financing increases by \$2.2 million, restricted receipt financing increases by \$181,940, and financing from the RI Capital Plan Fund increases by \$395,000. Major changes to the enacted level include:

- *Innovation & Empowerment Fund*. The Funding Formula Working Group found that “there is a

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## Education

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need for innovation and the promotion of best practices in education” and recommended that Rhode Island investigate the use of state funding to promote innovation, flexibility, and best practices and to encourage building-level autonomy. Towards that end, the Governor recommends the creation of an Innovation & Empowerment Fund, seeded with an initial appropriation of \$1.0 million in FY 2017. This Fund will be used to provide both planning grants and implementation grants directly to schools. As part of a strategic focus on building-level innovation and empowerment, the planning grants will be the first step toward the establishment of a statewide cohort of innovation and empowerment schools. The program will also be used to incentivize break-through educational models, innovation, enhanced building-level empowerment, and innovative education practices that promote equity, and increase educational efficiency.

- *Principal Empowerment & Training Fund.* As part of a strategic focus on building-level leadership and empowerment, the Governor recommends \$1,000,000 in general revenue funding to be available for the purposes of building a pipeline of instructional leaders and principals through an emerging leaders program, supporting the growth of sitting principals and strengthening in-state principal preparation programs.
- *Race to the Top Sustainability.* The Governor recommends \$569,629 to sustain certain Race to the Top Early Learning Challenge activities within the Department of Elementary and Secondary Education. The recommendation includes \$219,629 from general revenue to sustain 3.25 FTE Race to the Top Early Learning Challenge positions for 6 months of FY 2017 due to the expiration of grant funds on December 31, 2016 as well as \$350,000 to fund the Kindergarten Entry Profile Survey initiative.
- *Computer Science Education.* The Governor recommends \$260,000 from general revenue to expand access to computer science courses across the state. Computer science education is more important than ever, and the need for more robust STEM programming in Rhode Island schools is apparent. Rhode Island’s IT industry is a leading force in the State’s economy, and STEM and IT jobs are the fastest growing positions.
- *PSAT/SAT for all Rhode Island Students.* The Governor recommends \$500,000 from general revenue to make the SAT and PSAT free for all students in Rhode Island. This initiative is intended to get 100 percent of high school students taking these tests and would also permit high schools to administer the test during the school day. Presently, less than 60% of Rhode Island high school students take the SAT.
- *Fellowship for Instructional Excellence.* The Governor recommends \$750,000 in general revenue for the first year of a proposed two-year fellowship program. This program will bring approximately 7 master teachers into two-year fellowships at the Department of Education. Participants would have access to high-quality professional development, serve on and lead statewide educational projects and develop and deliver professional development programs for teachers in Rhode Island.
- *Performance Management and Educator Performance Support FTEs.* The Governor recommends \$284,824 in general revenue to support 2.0 additional FTE positions within this program. One FTE will support and manage the Department’s performance management system and the second will support the Rhode Island evaluation model - developing and implementing professional practice and foundations training for all RI Model evaluators.

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## Education

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- *Model Evaluation System:* The Governor recommends \$290,000 in general revenue for Rhode Island's model evaluation system. Funding supports assessment training and provides support for the RI Instructional Management System, which combines curriculum, assessment, instructional practice tools and student data for use by educators and school administrators.
- *Education Commission of the States.* The Governor includes \$53,100 for membership in the Education Commission of the States. This organization provides education policy research and reports as well as opportunities for collaboration to member states with the goal of creating more effective education policy.
- *Removal of Financing for Consent Decree.* The Governor removes general revenue financing totaling \$125,000 for costs associated with the Consent Decree Monitor. The Governor funds the cost of the monitor in the BHDDH budget in both FY 2016 and FY 2017.
- *VM Ware Licenses.* RIDE has a five-year support and maintenance contract with VM Ware to manage 150 virtual servers that expires in FY 2017. The Governor recommends that this license be converted to an annual re-renewal period and includes \$34,500 for the license in FY 2017.
- *Channel 36 Transition Grant.* The Governor proposes achieving \$200,000 in general revenue savings by eliminating the Channel 36 transition grant. Since its inception, this grant has provided \$750,000 in funding to PBS (including FY 2016 enacted financing).

### Education Aid

Within the Education Aid program, the Governor recommends revised FY 2016 appropriations of \$858.6 million, including \$837.3 million from general revenue and \$20.7 million from restricted receipts, and \$600,000 from Other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$41.3 million, restricted receipt financing increases by \$1.4 million, and financing from Other funds increases by \$300,000. Major changes include:

- *Formula Aid.* In FY 2017, the Governor recommends \$866.5 million from general revenue for formula aid, inclusive of formula aid provided to Central Falls, the Met School, and Davies Career and Technical High School. This also includes \$2.6 million from general revenue for Density Aid for traditional districts with greater than 5 percent public school of choice enrollment – made to advance the recommendations of the Funding Formula Working Group. In addition to Density Aid, the Governor also recommends \$2.5 million from general revenue for an English Learner Categorical (which is not included in this total). A complete description of each of the changes made to advance the recommendations of the Funding Formula Working Group, can be found in Appendix D, Aid to Schools. Compared to the FY 2016 enacted level, recommended formula aid increases by \$33.4 million attributable to the following adjustments:
  - Year 6: Formula Aid: \$30.8 million
  - Additional aid to districts with high public school of choice enrollment: \$2.6 million
- *Full Day Kindergarten – Immediate Phase-In of Aid: Repeal R.I.G.L. 16-7.2-7c.* Article 6 of the Governor's FY16 Budget requires that all school districts offer full-day kindergarten by the 2016-2017 school year and provided one-time supplemental funds in the amount of \$1.1 million to the five remaining districts who did not yet offer full-day kindergarten. Now that full-day kindergarten will be fully phased-in in all communities, the Governor recommends that R.I.G.L. 16-7.2-7c be repealed, which results in cost

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## Education

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avoidance totaling \$2.5 million from general revenue in FY 2017. R.I.G.L. 16-7.2-7c requires that increases in aid due to the conversion of kindergarten students from 0.5 full time equivalents to 1.0 full time equivalents be funded at the fully transitioned value of the formula beginning in FY 2017. Repealing this statute will treat all classrooms equally, consistent with the formula transition plan outlined in R.I.G.L. 16-7.2-7. Because FY 2017 would have been the first year this aid would have been required, the repeal results in a cost avoidance and not a reduction from the FY 2016 enacted level.

- *Categorical Funds – English Learners.* The Funding Formula Working Group found that English Learners (ELs) have unique needs and their services are more extensive than general education ones. Further, the group found that while ELs will benefit from additional support through the funding formula, this support should not come at the expense of other educational programs. Rhode Island is presently only one of four states that does not provide specific funding for ELs as part of its funding formula. Towards this end, the Governor recommends the creation of an EL categorical fund, calculated at the level of 0.1 of the Core Instruction Amount, applied to students in the most intensive ELs programs. The funds may only be used on evidence-based programs proven to increase outcomes for ELs and its usage will be monitored by the Department of Elementary and Secondary Education. The Governor recommends that the funding for this categorical be phased-in over two years. The FY 2017 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount.
- *Categorical Funds – High Cost Special Education.* Consistent with the recommendations of the Funding Formula Working Group, the Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2017, \$2.0 million greater than the FY 2016 enacted level. The high cost special education categorical provides financial support to districts that are serving students with extraordinary needs. The Governor also recommends that the threshold for qualifying for the High Cost Special Education categorical be lowered from five times the core foundation amount (core instruction amount plus student success factor) to four times the core foundation amount.
- *Categorical Funds – Early Childhood.* The Governor recommends \$5.2 million for the early childhood categorical fund in FY 2017, \$1.2 million greater than the FY 2016 enacted level. The early childhood education categorical is used to increase access to high quality pre-kindergarten programs. Early childhood categorical funds are distributed through a competitive process for high-quality programs. This increase is part of the overall plan to triple the number of state-sponsored high quality pre-kindergarten classrooms by 2019 and leverages \$5.8 million in federal funds.
- *Categorical Funds – Transportation.* The Governor recommends \$4.4 million for the transportation categorical fund in FY 2017, consistent with the FY 2016 enacted level. The transportation categorical is used to reimburse districts for a portion of the cost of transporting students outside their districts. Districts must participate in the statewide transportation system to be eligible. Reimbursement for regional district transportation accounts for approximately half of the categorical.
- *Categorical Funds – Career and Technical.* The Governor recommends \$3.5 million for the career and technical education categorical fund in FY 2017, consistent with the FY 2016 enacted level. The career and technical categorical fund is used to support start-up

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## Education

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for new programs and to offset the higher than average per pupil costs associated with existing career and technical programs. Twenty-one LEAs receive funding from this categorical in varying amounts ranging from an annual average of \$405,000 for free-standing centers to an annual average of \$25,000 for single programs embedded in comprehensive high schools.

- *Group Home Aid:* The Governor recommends \$4.0 million from general revenue for group home aid, \$1.1 million below the FY 2016 enacted level. This decrease in group home aid in FY 2017 is to accommodate R.I.G.L. 16-7-22(1)(ii), which requires the average daily membership of each LEA to be decreased by the number of group home beds used in group home aid calculations. To remain consistent with the manner in which this decrease was enacted in 2015 and 2016, the funding formula adjustment for the number of licensed group home beds is applied to group home aid rather than to the funding formula. In addition, this adjustment accommodates R.I.G.L. 16-64-1.1(b)(2), which requires the Department to reimburse LEAs for each group home bed certified by the Department of Children, Youth, and Families (DCYF) by the preceding December 31st. This includes financing for 396 beds as of December 31<sup>st</sup>, 2015.
- *E-Rate.* The Governor recommends \$900,000 from general revenue for the state E-Rate program in FY 2017, \$500,000 greater than the FY 2016 enacted level in order to prevent LEAs from having to allocate additional local resources towards internet services in order to maintain current services. The additional general revenue requirement is attributable to a projected decline in collections to the restricted receipt account that funds this program, combined with an increased state share of e-rate contract expenses. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.
- *Progressive Support and Intervention Program (Permanent School Fund).* The Governor recommends that \$300,000 in other funds for this program be shifted from FY 2016 to FY 2017, bringing total available resources for this program to \$600,000 in FY 2017. Funds will be used to support the advanced coursework network pilot which will support Rhode Island high school students in accessing personalized advanced coursework opportunities. In total the initiative will support and serve approximately 1,000 students statewide for FY 2017.

### **School Construction Aid**

Within the School Housing Aid program, the Governor recommends FY 2017 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, \$10.9 million less than the enacted level in FY 2016.

### **Teacher Retirement**

Within the Teacher Retirement program, the Governor recommends FY 2017 appropriations of \$99.1 million from general revenue, \$6.3 million greater than the FY 2016 enacted level. Per RIGL 16-16-22, the state funds 40 percent of the employer's share of retirement contributions on behalf of teachers who are members of the Teacher's Retirement System.

### **Davies Career & Technical High School**

Within the Davies Career and Technical High School program, the Governor recommends FY 2017 appropriations of \$19.9 million, including \$13.0 million from general revenue, \$1.4 million from federal



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## Education

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funds, \$3.9 million from restricted receipts, and \$1.6 million from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.4 million, federal financing increases by \$48,971, restricted receipt financing decreases by \$344,235, and financing from the RI Capital Plan Fund decreases by \$115,000. Major changes include:

- *Formula Aid – Year 6:* In FY 2017, the education aid formula allocates \$611,226 less than FY 2016 for Davies.
- *Davies Supplemental Financing.* In addition to the funding allocated by the formula, the Governor recommends supplemental financing of \$2.0 million in FY 2017 in order to sustain existing academic and technical programs at the school. Funding allocated by the formula has declined from \$13.4 million in FY 2012 to \$11.0 million in FY 2017.

### **Metropolitan Regional Career & Technical Center (The Met)**

Within the Metropolitan Regional Career & Technical Center (The Met) program, the Governor recommends FY 2017 appropriations of \$9.6 million, including \$9.5 million from general revenue and \$100,000 from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$334,537, while financing from the RI Capital Plan Fund decreases by \$3.7 million. Major changes include:

- *Formula Aid – Year 6:* In FY 2017, the education aid formula allocates \$631,672 less than FY 2016 for The Met.
- *The Met School Supplemental Financing.* In addition to the funding allocated by the formula, the Governor recommends supplemental financing of \$297,135 in FY 2017 in order to alleviate the effects of the proposed changes to the funding formula. The proposed changes will result in an estimated loss of local tuition revenue to the Met School of \$297,135 in FY 2017.

### **Central Falls**

Within the Central Falls program, the Governor recommends FY 2017 appropriations of \$38.9 million from general revenue, \$657,769 less than the enacted level. Of the amount recommended for Central Falls, \$34.3 million is attributable to the formula allocation and \$4.6 million is attributable to the stabilization fund.

### **Rhode Island School for the Deaf**

Within the Rhode Island School for the Deaf program, the Governor recommends FY 2017 appropriations of \$7.4 million, including \$6.3 million from general revenue, \$254,320 from federal funds, \$785,791 from restricted receipts, and \$59,000 from Other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$47,154, federal financing decreases by \$5,394, and all other fund sources remain unchanged.

The Governor recommends 339.4 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, 2.0 FTE positions greater than the enacted FY 2016 level, attributable to 2.0 FTE position within the Administration of the Comprehensive Education Strategy program. While the FTE authorization is recommended in FY 2016, funding is not provided for the additional positions until FY 2017.

### ***Public Higher Education***

# Education

## PUBLIC HIGHER EDUCATION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$9,887,450	\$10,960,020	\$11,630,646	\$11,607,636	\$18,603,246
Federal Funds	\$10,409,332	\$9,089,364	\$30,185,088	\$30,868,852	\$28,617,694
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$14,790,000	\$14,790,000	\$14,790,000
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$20,296,782</b>	<b>\$20,049,384</b>	<b>\$56,605,734</b>	<b>\$57,266,488</b>	<b>\$62,010,940</b>
<b>FTE Authorization</b>	642.9	750.8	745.8	745.8	745.8

### *FY 2016 Revised Budget*

The Governor recommends a revised FY 2016 Budget of \$1.116 billion for Public Higher Education, including \$180.9 million from general revenue, \$15.4 million from federal funds, \$884.7 million from other funds, \$653,200 in restricted receipts, and \$34.4 million from the Rhode Island Capital Plan Fund. Relative to the enacted FY 2016 levels of \$196.3 million, general revenue financing decreases by \$15.3 million, mostly attributable to removal of \$14.6 million for general revenue-financed debt service, due to recent refinancing of state debt. Statewide savings on medical premiums, telecom and energy contribute to an additional removal of \$689,966 from the enacted level.

### **Office of the Postsecondary Commissioner**

The Governor recommends revised FY 2016 appropriations of \$28.6 million for the Office of the Postsecondary Commissioner, including \$5.8 million in general revenue, comprised of the following:

- *Division of Higher Education Assistance (formerly, Rhode Island Higher Education Assistance Authority, or Guaranty Agency).* The Governor includes an additional \$341,882 in personnel and operating financing in the current year, financed from available balances as the enacted budget did not include adequate financing for current staffers in the program. Total federal and other funds budgeted for this program is \$22.8 million in FY 2016, including \$1.2 million for personnel.
- *Shepard's Building.* The Governor includes \$2.3 million in general revenue in the current year for the Shepard's Building operating and parking, for its role as a remote campus site for the University of Rhode Island's continuing education program, and Department of Elementary and Secondary Education administrative staff.
- *Grants and Waivers.* The Governor recommends a total of \$16.1 million for scholarships and grants in FY 2016, including :
  - \$356,538 as a legislative grant to the Children's Crusade
  - \$1.3 million for dual enrollment waivers for students who access college courses in high school
  - \$3.1 million for the Gear-up College Crusade Program to encourage high schoolers to obtain secondary and then postsecondary degrees
  - \$4.0 million from the Guaranty Agency
  - \$6.1 million from the Tuition Savings Program

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# Education

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## University of Rhode Island

The Governor recommends revised all funds appropriations of \$751.0 million in FY 2016, including \$80.7 million from general revenue. The recommendation consists of the following changes:

- *Debt Service Savings.* A recent refinancing of state debt provided savings totaling \$9.7 million in general revenue in FY 2016 for the University.
- *Redistribution of general revenue among expenditure categories.* The Governor's recommendation reflects the University's request in the current year to redistribute \$1.6 million in general revenue from the grant category to capital codes, based on expected requirements for institutional student aid and capital expense.
- *Rhode Island Capital Plan Fund Financing.* The Governor recommends \$22.8 million in the revised FY 2016 Budget, for an electrical substation upgrade, fire protection improvements and asset protection projects at the Kingston Campus.
- *Other Fund Increases.* Auxiliary services are requested to increase by \$7.0 million, general education by \$14.4 million and sponsored research by \$15.6 million. Restricted student aid increases by \$2.3 million and private donations by \$1.4 million. The increases correspond to expected education financing requirements as determined by the University.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$236,936 in general revenue savings allocated to the University.

## Rhode Island College

The Governor recommends revised all funds appropriations totaling \$177.1 million in FY 2016 for Rhode Island College, including \$46.2 million in general revenue, based on the following changes:

- *Debt Service Savings.* State debt refinancing savings total \$3.8 million from general revenue in FY 2016 for the College.
- *Redistribution of general revenue among expenditure categories.* The Governor's recommendation reflects the College's request in the current year to redistribute \$914,005 from the personnel category to grants and college services, based on current vacancies.
- *Rhode Island Capital Plan Program, Financing.* The Governor recommends \$8.4 million in FY 2016, for electrical upgrades at the Adams Library, and air system improvement at Roberts and Fogarty Halls. Improvements to the Clark Science Building Bio-Chemistry Laboratory and a master plan for campus-wide improvements are also financed in the Governor's recommendation.
- *Other Fund Changes.* Non-general revenue debt service decreases by \$1.6 million in the Governor's recommendation to reflect housing debt requirements in the current year. This decrease is offset by increase of restricted student aid of \$600,000, to a total of \$14.8 million for the year.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$197,668 in general revenue savings allocated to the College.

## Community College of Rhode Island

The Governor recommends revised all funds appropriations of \$159.4 million in FY 2016, including \$48.3 million in general revenue, comprised of the following changes:

- *Debt Service Savings.* State debt refinancing savings total \$1.1 million in general revenue in FY 2016.
- *Redistribution of general revenue among expenditure categories.* The Governor's recommendation reflects the Community College's request in the current year to redistribute \$505,173 from personnel to grants and operating expense, based on current vacancies and expected requirements for grants and operating expense.

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# Education

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- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$243,857 in general revenue savings allocated to the Community College.

## *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$1.163 billion for Public Higher Education, including \$199.5 million from general revenue, \$14.3 million from federal funds, \$912.8 million from other funds, \$660,795 from restricted receipts, and \$36.1 million from the Rhode Island Capital Plan Fund. The total general revenue increase from the enacted budget of \$3.2 million includes: increase of \$740,954 for target adjustments, \$357,488 in redistributed savings from FY 2016 and \$386,435 in FY 2017 statewide savings, mostly for health premiums. Debt service savings of \$7.6 million occur due to recent refinancing of general obligation debt budgeted in the institutions. The Governor's recommendation for additional general revenue (not including debt savings), in combination with an additional \$10.0 million in Rhode Island Capital Plan Program financing averts the requirement to raise tuition at the colleges in FY 2017.

## **Office of the Postsecondary Commissioner**

The Governor recommends appropriations of \$31.0 million for the Office of the Postsecondary Commissioner in FY 2017 including \$5.8 million in general revenue, consisting of the following changes:

- *Rhode Island Nursing Education Center.* The Governor provides \$3.4 million in general revenue for the State's portion of base lease costs, tenant improvements, and furnishings at the new shared learning facility at the former South Street Landing site in Providence. The Office will be the centralized location for the annual appropriation of these expenses.
- *Personnel Financing.* The Governor's recommends a total of \$2.7 million for the Office in FY 2017 for personnel, including removal of \$137,106 in general revenue for transfer of an audit position to the new centralized audit function under the Office of Management and Budget in the Department of Administration.
- *Shepard's Building.* The Governor provides \$2.3 million in general revenue in the current year for the Shepard's Building operating and parking costs.
- *Higher Education Assistance Program.* The Governor removes \$180,697 in federal personnel financing, same as the request, to correspond to the declining loan portfolio and required support staff in FY 2017. Total provided in federal and other funds is \$21.7 million, including \$810,269 for personnel expense.
- *Grants and Waivers.* The Governor recommends a total of \$16.1 million for scholarships and grants in FY 2017, including:
  - \$356,538 as a legislative grant to the Children's Crusade
  - \$1.3 million for dual enrollment waivers
  - \$3.1 million for the Gear-up College Crusade Program
  - \$4.0 million from the Guaranty Agency
  - \$6.1 million from the Tuition Savings Program.
- *Higher Education Funding Formula.* The Office of the Postsecondary Commissioner will develop a funding formula to measure institutional persistence in achieving key goals for postsecondary degree attainment and State appropriation, including increased involvement of underserved populations, and distinction in key industry sectors. A funding formula will assist in future years' distribution of state funds, based on institutional performance in strategic areas and relative to standardized industry costs. The effort is financed in the existing appropriation level recommended by the Governor.

## **University of Rhode Island**

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## Education

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The Governor recommends FY 2017 appropriations of \$793.1 million, including \$90.1 million in general revenue for the University. The recommendation encompasses the following changes:

- *Rhode Island Nursing Education Center.* The Governor provides \$1.4 million, included in the base financing level for all funds, for the University's requirements for administrative personnel, operating expense, lease obligations and parking for eight months in FY 2017 with a November, 2016 occupancy date, and curricula beginning in the 2017 winter semester. Operational expense will be shared with Rhode Island College as outlined in a Memorandum of Agreement between the two institutions. Each institution will utilize its own faculty for class instruction.
- *NOAA Cooperative Institute of Coastal Adaptation and Resilience.* In partnership with the National Oceanographic and Atmospheric Agency, the Governor proposes formation of the Institute at the Graduate School of Oceanography to assist shoreline communities in managing and preparing for climate changes as may be characterized as sea-level rise, extreme weather events and fishery changes. The Governor provides \$100,000 in state financing to illustrate the State's commitment to this initiative and to garner federal dollars as funding becomes available.
- *Institution-Based Student Aid.* The Governor provides an additional \$200,473, for a total of \$19.3 million in general revenue, to be used in combination with tuition revenue for grants, loans and other financial assistance that attract and retain students, promote diversity on campus, and support athletic programs. Total commitment, including tuition revenue, is \$90.8 million in FY 2017.
- *Cost of Living Increase.* The Governor provides \$1.0 million in general revenue for a 3.0 percent cost of living increase for several bargaining units at the University including professors, support personnel and administrative staff. The all funds estimate of the increase is \$5.8 million, of which state funds provide 18.1 percent of the total.
- *Personnel Financing.* The Governor provides an additional \$3.1 million in general revenue, to be used in combination with tuition and other resources at the University to finance new positions including professors and academic advisors. The increased staff is part of the University President's long-range staffing plan included in the Transformational Goals and Academic Plan document.
- *Debt Service Savings.* A recent refinancing of state debt provided savings totaling \$5.0 million in general revenue in FY 2017 for the University.
- *Rhode Island Capital Plan Program Financing.* The Governor provides an additional \$5.7 million in capital financing, for a total of \$13.8 million in FY 2017. The new money will be used in place of tuition revenue otherwise used for sundry capital projects, freeing up resources in lieu of tuition increases at the University.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$263,796 in general revenue savings allocated to the University, mostly for savings on employee medical premiums.

### Rhode Island College

The Governor recommends FY 2017 appropriations of \$187.9 million, including \$49.5 million in general revenue for the College. The recommendation is comprised of the following changes:

- *Rhode Island Nursing Education Center.* The Governor provides \$1.4 million, included in the base financing level, for the College's requirements for administrative personnel, operating expense, lease obligations and parking expense, and shared with the University of Rhode Island. Each institution will utilize its own faculty for class instruction.
- *Institution-Based Student Aid.* The Governor provides an additional \$200,473, for a total of \$5.6 million in general revenue, to be used in combination with tuition revenue for grants, loans and other financial assistance that attract and retain students and encourages inclusion of underserved

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## Education

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and underrepresented populations. Total commitment at the College for institution-based student aid, including tuition revenue, is \$16.3 million in FY 2017.

- *Cost of Living Increase.* The Governor provides \$559,279 in general revenue for a 3.0 percent cost of living increase for several bargaining units at the College including professors, support personnel and administrative staff. The all funds estimate of the increase is \$1.5 million, of which state funds provide 36.6 percent of the total.
- *Personnel Financing.* The Governor provides an additional \$1.2 million in general revenue, to be used in combination with tuition and other resources at the College to finance current staff and hire academic positions as warranted.
- *Debt Refinancing.* Savings from refinanced debt total \$2.6 million in general revenue in FY 2017 for the College.
- *Rhode Island Capital Plan Program Financing.* The Governor provides an additional \$2.0 million in RICAP financing, for a total of \$8.4 million in FY 2017. The new money will be used in place of tuition revenue normally used for some capital projects, freeing up resources in lieu of tuition increases at the College.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$216,265 in general revenue savings allocated to the College, mostly for savings on employee medical premiums.

### **Community College of Rhode Island**

The Governor recommends FY 2017 appropriations \$168.3 million, including \$50.6 million in general revenue for the Community College. The recommendation is comprised of the following changes:

- *Institution-Based Student Aid.* The Governor provides an additional \$200,473, for a total of \$1.8 million in general revenue, to be used in combination with tuition revenue for grants, loans and other financial assistance to incentivize students to remain full-time and to graduate on schedule. Total commitment at the Community College for institution-based student aid, including tuition revenue, is \$4.1 million in FY 2017.
- *Cost of Living Increase.* The Governor provides \$769,367 in general revenue for a 3.0 percent cost of living increase for several bargaining units at the Community College including professors, support personnel and administrative staff. The all funds estimate of the increase is \$1.9 million, of which state funds provide 45.1 percent of the total.
- *Rhode Island Capital Plan Program Financing.* The Governor provides an additional \$2.3 million in capital financing, for a total of \$8.5 million in FY 2017, in part to avert tuition increases at the Community College. The balance of the new financing is for the newly expanded Westerly Campus program, which will provide laboratory and classroom space for collaborative programs with local private industries.
- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$251,817 in general revenue savings allocated to the Community College, mostly for savings on employee medical premiums.

# Education

## RHODE ISLAND COUNCIL ON THE ARTS

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$1,310,474	\$1,490,966	\$1,863,052	\$1,859,778	\$1,539,620
Federal Funds	\$686,230	\$713,200	\$775,353	\$774,296	\$775,454
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$284,245	\$183,075	\$1,398,293	\$905,300	\$303,200
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$2,280,949</b>	<b>\$2,387,241</b>	<b>\$4,036,698</b>	<b>\$3,539,374</b>	<b>\$2,618,274</b>
<b>FTE Authorization</b>	6.0	6.0	8.6	8.6	6.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$3.5 million for the RI State Council on the Arts, including \$1.9 million from general revenue, \$774,296 from federal funds and \$905,300 from Art for Public Facilities Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$3,274, federal financing decreases by \$1,057, and financing for the Art for Public Facilities Fund decreases by \$492,993. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$4,255 of general revenue savings being allocated to the RI State Council on the Arts. Major changes to the enacted level include:

- *Personnel.* The Governor recommends a decrease of \$8,049 from general revenue for personnel expenditures in FY 2016, attributable the distribution of statewide medical benefit savings totaling and other personnel reductions totaling \$4,019 due to hiring new staff at lower salaries.
- *Rhode Island Foundation Grant.* The Governor includes an additional \$5,000 for a grant received by the Council from the RI Foundation. The funding will be used to provide grants to Expansion Arts alumni and administrators to attend professional development workshops. This one-time grant will be deposited as general revenue, with the additional revenue reflected in the Governor's revenue estimates for departmental receipts.
- *Art for Public Facilities Fund.* The Art for Public Facilities Fund, established pursuant to R.I.G.L. 42-75.2-4, requires any state building or facility being constructed, remodeled, or renovated, to expend at least one percent of construction costs on works of art for public display. The Governor includes \$905,300 for the Art for Public Facilities Fund, a reduction of \$492,933 from the enacted level, reflecting an updated project schedule.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$2.6 million for the RI State Council on the Arts, including \$1.5 million from general revenue, \$775,454 from federal funds and \$303,200 from Art for Public Facilities Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$323,432, federal financing increases by \$101, and financing for the Art for Public Facilities Fund decreases by \$1.1 million. The FY 2017 budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$3,824 of general revenue savings being allocated to the RI State Council on the Arts. Major changes to the enacted level include:

# Education

- *Eliminate RI Film and Television Office.* The Governor recommends that this office be eliminated in FY 2017, for general revenue savings of \$325,291 from the enacted level. The office's primary responsibility is to promote the State of Rhode Island to production companies and to review and approve applications for Film Production Tax Credits, which are scheduled to sunset in FY 2019. Accordingly, the Governor recommends that the RI Film and Television Office be eliminated and that responsibility for marketing the state to production companies and overseeing the Tax Credit program become the responsibility of the Commerce Corporation.
- *Art for Public Facilities Fund.* The Governor includes \$303,200 for the Art for Public Facilities Fund, \$1.1 million less than the enacted level, reflecting projected project schedules in FY 2017.

The Governor recommends 8.6 FTE positions in the revised FY 2016 Budget and 6.0 FTE positions in the recommended FY 2017 Budget, attributable to the elimination of the RI Film and Television Office.

## Atomic Energy Commission

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$859,903	\$872,139	\$957,170	\$936,450	\$981,100
Federal Funds	\$12,301	\$89	\$54,699	\$325,555	\$50,308
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$215,791	\$254,555	\$275,300	\$263,154	\$269,527
RI Capital Plan Fund	\$45,770	\$61,069	\$50,000	\$78,931	\$50,000
<b>Total Funding</b>	<b>\$1,133,765</b>	<b>\$1,187,852</b>	<b>\$1,337,169</b>	<b>\$1,604,090</b>	<b>\$1,350,935</b>
<b>FTE Authorization</b>	8.6	8.6	8.6	8.6	8.6

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$1.6 million for the Atomic Energy Commission, including \$936,450 from general revenue, \$325,555 from federal funds, \$263,154 Other funds, and \$78,931 from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$20,720, federal financing increases by \$270,856, financing from Other funds decreases by \$12,146, and financing from the RI Capital Plan Fund increases by \$28,931. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$3,637 of general revenue savings being allocated to the Atomic Energy Commission. Major changes to the enacted level include:

- *Personnel.* The Governor recommends a decrease of \$74,565 from general revenue for personnel expenditures in FY 2016, attributable the distribution of statewide medical benefit savings and other personnel reductions totaling \$70,945 due to a delay in hiring new staff following a retirement combined with hiring new staff at lower salaries.
- *Operating Expenditures.* The Governor includes an additional \$53,845 for increased operating expenditures at the facility, providing financing consistent with historical operating expenditures.
- *Federal Grants.* The Governor includes \$317,190 in FY 2016, \$279,270 greater than enacted, for a grant from the U.S Department of Energy, which will be used for instruction upgrades to the



# Education

reactor. The grant was originally budgeted between FYs 2015 & 2016 and is shifted to FYs 2016 & 2017 in the Governor's recommendation.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$1.4 million for the Atomic Energy Commission, including \$981,100 from general revenue, \$50,308 from federal funds, \$269,527 from Other funds, and \$50,000 from the RI Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$23,930, federal financing decreases by \$4,391, financing from Other funds decreases by \$5,773, and financing from the RI Capital Plan Fund is unchanged. The FY 2017 Budget is inclusive of statewide medical benefit and other savings distributed to state agencies, which resulted in \$3,762 of general revenue savings being allocated to the Atomic Energy Commission. Major changes to the enacted level include:

- *Personnel.* The Governor recommends a decrease of \$29,386 from general revenue for personnel expenditures in FY 2017, attributable current service adjustments, including statewide medical benefit inflation and other statewide benefit changes, combined with other personnel reductions totaling \$38,287 due to hiring new staff at lower salaries.
- *All Other Expenditures.* The Governor includes an additional \$53,316 from general revenue for increased operating expenditures at the facility, providing financing consistent with historical operating expenditures.

The Governor recommends 8.6 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted level.

### Historical Preservation and Heritage Commission

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$1,282,682	\$1,138,182	\$1,380,972	\$1,430,963	\$1,373,860
Federal Funds	\$522,900	\$1,855,585	\$2,075,393	\$2,005,752	\$1,093,966
Restricted Receipts	\$45,108	\$377,082	\$428,630	\$427,175	\$427,175
Other Funds	\$15,015	\$71,736	\$71,708	\$75,367	\$79,998
RI Capital Plan Fund	\$134,579	\$2,004,145	\$0	\$125,000	\$0
<b>Total Funding</b>	<b>\$2,000,284</b>	<b>\$5,446,730</b>	<b>\$3,956,703</b>	<b>\$4,064,257</b>	<b>\$2,974,999</b>
<b>FTE Authorization</b>	16.6	16.6	16.6	16.6	16.6

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$4.1 million for the Historical Preservation and Heritage Commission, including \$1.4 million from general revenue, \$2.0 million from federal funds and \$502,542 from all other sources of funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$49,991, federal financing decreases by \$69,641, restricted receipt financing decreases by \$1,455, financing from Other funds increases by \$3,659, and financing from the RI Capital Plan Fund increases by \$125,000. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$7,625 of general revenue savings being allocated

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## Education

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to the Historical Preservation and Heritage Commission. Major changes to the enacted level include:

- *Personnel.* The Governor includes an additional \$31,636 in general revenue for personnel expenditures in FY 2016, attributable to an over allocation of personnel to the federal Historic Preservation Fund grant in the enacted budget. This adjustment allocates personnel to this grant consistent with available grant funds.
- *All Other Expenditures.* The Governor includes an additional \$18,355 in general revenue for all other expenditures in FY 2016, largely attributable to increased operating costs at the Eisenhower House following the renovation of the home, which is now suitable for year-round rentals and is anticipated to generate additional revenue for the state. The November Revenue Estimating Conference adopted estimated revenues from the rental of this property totaling \$100,000 in FY 2016, an increase of \$18,258 compared to the FY 2016 enacted level.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$3.0 million for the Historical Preservation and Heritage Commission, including \$1.4 million from general revenue, \$1.1 million from federal funds, \$427,175 from restricted receipts, and \$79,998 from Other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$7,112, federal financing decreases by \$981,427, restricted receipt financing decreases by \$1,455, and financing from Other funds increases by \$8,290. The recommended FY 2017 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$7,625 of general revenue savings being allocated to the Historical Preservation and Heritage Commission. Major changes to the enacted level include:

- *Personnel.* The Governor's recommendation for personnel includes \$28,052 in general revenue savings compared to the FY 2016 enacted budget, attributable to the following adjustments:
  - An additional \$8,025 from general revenue for current service adjustments, net of medical benefit savings redistributed to state agencies.
  - An additional \$53,271 from general revenue, attributable to an over allocation of personnel to the federal Historic Preservation Fund grant in the enacted budget, and other minor adjustments. This adjustment allocates personnel to this grant consistent with available grant funds.
  - Turnover savings of \$89,348 in FY 2017, equivalent to 1.0 FTE position.
- *Federal Grants.* The Governor recommends a reduction of \$981,427 from the enacted level for federal grants, providing financing for grant activities consistent with the value of the grant awards. The largest reduction is attributable to the expiration of the Hurricane Sandy Disaster relief grant, which comprises a reduction of \$902,503 from the enacted level, reflecting the anticipated close of grant activities in FY 2017.
- *All Other Expenditures.* The Governor includes an additional \$20,940 in general revenue for operating expenditures in FY 2017, largely attributable to increased operating costs at the Eisenhower House following the renovation of the home, which is now suitable for year-round rentals and is anticipated to generate additional revenue for the state. The November Revenue Estimating Conference adopted estimated revenues from the rental of this property totaling \$119,971 in FY 2017, an increase of \$38,229 compared to the FY 2016 enacted level.

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## **Education**

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The Governor recommends 16.6 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

# **Public Safety**



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# Public Safety

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## *Summary*

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The seven agencies that expend 6.2 percent of the total FY 2016 state Budget from all sources of funds to provide public safety services to the state include: the Department of Corrections; the court system (Attorney General; the Judiciary; and the Office of the Public Defender); the homeland security system (Military Staff/National Guard and the Emergency Management Agency); and the Department of Public Safety (State Police, Capitol Police & Sheriffs, E-911, State Fire Marshal, and the Municipal Police Training Academy).

The FY 2016 revised budget recommends 3,229.6 FTE positions for this function, no change from the enacted level. The FY 2017 budget recommends 3,246.6 FTE positions, 17.0 FTE positions more than the enacted level, reflecting increases in the Military Staff in maintenance and managers and the Department of Corrections in discharge planning, probation caseload and assessment services.

The largest share of funding within the Public Safety function is for the Department of Corrections, representing 40.2 percent of the total. In the Adult Correctional Institutions, which includes seven secure facilities that operate twenty-four hours per day, the Department must provide continuous supervision of an annual average inmate population of 3,183. In addition, the Community Corrections subprogram supervises 24,150 probation and other community-based offenders per year. The second largest share of the Public Safety budget is for the courts system, at 29.1 percent of the total. This includes 20.8 percent of expenditures for the Judiciary, supporting six courts statewide, 6.2 percent for the Attorney General and 2.1 percent for the Office of Public Defender. The Department of Public Safety's share is 21.9 percent. The homeland security system (National Guard and Emergency Management) comprises 8.8 percent of the Public Safety function expenditures.

In the FY 2016 revised budget, the Governor recommends an all-funds budget of \$553.1 million for public safety programs. Of this amount, \$434.0 million is from general revenue, \$60.1 million is from federal funds, \$30.4 million is from restricted receipts, and \$28.6 million is from other funds. All-fund spending is \$18.3 million more than the enacted budget. There is a \$9.4 million all-funds increase in personnel expenditures, a \$2.7 million increase in operating expenditures, a \$10.1 million increase for grants and benefits and a \$3.9 million decrease for capital expenditures. Of this increase, the general revenue budget increases by \$21,881 from the FY 2016 enacted level, federal grants increase by \$15.3 million, restricted receipts increase by \$63,431, and increase by \$3.0 million.

All funds financed personnel expenditures increase by 2.3 percent from \$399.8 million to \$409.2 million, reflecting negotiated cost of living adjustment, either agreed to or estimated. Operating expenditures increase by 5.2 percent or \$2.7 million due to planned expenditures in the Attorney General from federal Automated Fingerprint Identification System funds, as well as less than anticipated per diem expenditures for inmates (food, clothing, pharmaceuticals) resulting from the estimated decrease in the inmate census estimate to 3,183. Grant increases of \$10.1 million are concentrated in federal funds, reflecting increased for Emergency Management homeland security and related federal grants. The decrease of \$3.9 million in capital funding reflects revised expenditure estimates in the Department of the Attorney General and the Military Staff, partially offset by additional financing for Judiciary videoconferencing and copier equipment and in Emergency Management and Corrections.

# Public Safety

The Governor recommends a FY 2017 budget of \$560.0 million from all funds, an increase of \$25.3 million from the FY 2016 enacted budget. Expenditures of \$450.7 million are recommended for general revenue, \$16.8 million, or 3.9 percent, more than enacted levels, \$12.5 million of which is in the Department of Corrections, reflecting cost of living adjustments, increases in overtime, and funding for new Justice Reinvestment and addiction treatment initiatives. Federal funds of \$52.9 million increase by \$8.1 million, primarily in Emergency Management, Military Staff and Public Safety. Restricted receipt expenditures of \$26.7 million decrease by \$4.7 million, primarily in Department of Public Safety. Other funds of \$30.7 million increase by \$5.1 million, primarily in the Rhode Island Capital Plan Fund for Corrections (a \$1.7 million increase), and the Military Staff (a \$26 million increase) for Rhode Island Capital Plan funded project work.

Funding for the Public Safety function is derived mainly from state sources. General Revenue comprises 80.5 percent and 5.5 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 9.5 percent of the total, and include Emergency Management homeland security expenditures; FEMA flood and disaster reimbursements; 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 4.5 percent, primarily in the Judiciary, Public Safety, and the Attorney General.

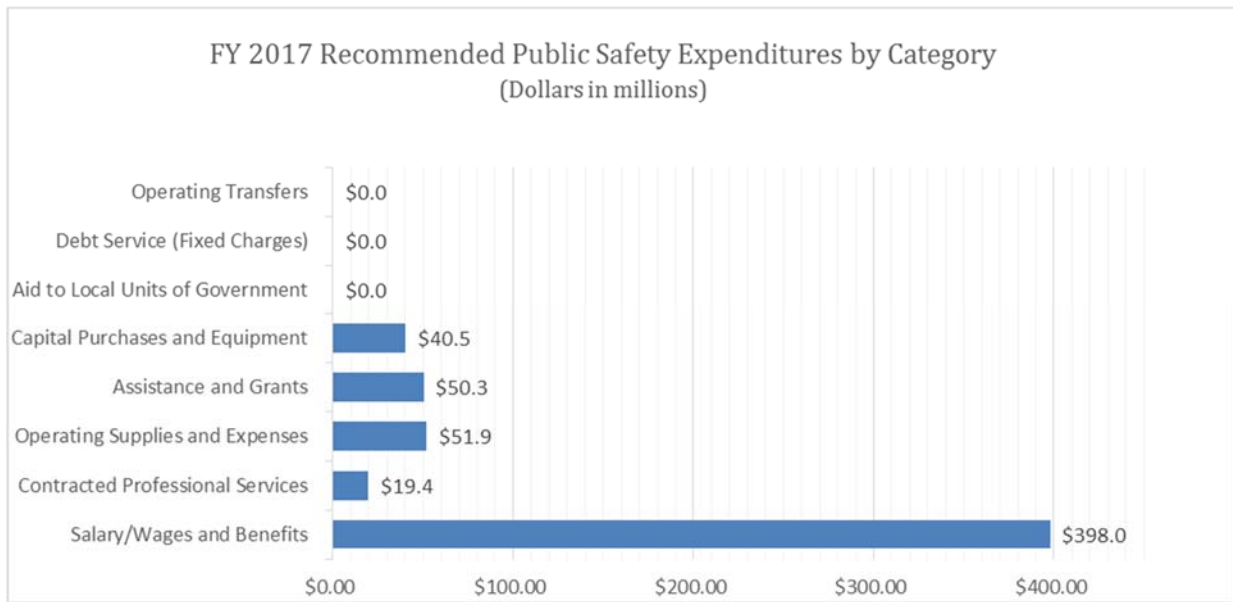


By category of expenditures, personnel (74.5 percent, \$417.4 million) and other operating costs (9.3 percent, \$51.9 million), total \$469.3 million, or 83.8 percent of total expenditures, and are financed primarily from general revenue. Assistance, grants and benefits are \$50.3 million or 9.0 percent, and are financed from general revenue and federal funds. Capital improvement projects, \$40.5 million or 7.2 percent, are financed from the Rhode Island Capital Plan Fund and federal funds.

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# Public Safety

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# Public Safety

## DEPARTMENT OF ATTORNEY GENERAL

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$23,235,530	\$23,949,930	\$25,193,210	\$25,122,410	\$25,595,982
Federal Funds	\$1,648,980	\$1,903,112	\$1,291,777	\$3,749,312	\$1,692,545
Restricted Receipts	\$5,900,916	\$5,080,406	\$7,250,330	\$6,553,080	\$7,294,256
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$224,571	\$3,400	\$300,000	\$300,000	\$300,000
<b>Total Funding</b>	<b>\$31,009,997</b>	<b>\$30,936,848</b>	<b>\$34,035,317</b>	<b>\$35,724,802</b>	<b>\$34,882,783</b>
<b>FTE Authorization</b>	233.1	236.1	236.1	236.1	236.1

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$35.7 million for the Department of the Attorney General, including \$25.1 million from general revenue, \$3.7 million from federal funds, \$6.6 million from restricted receipts, and \$300,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$70,800, while federal financing increases by \$2.5 million, restricted receipt financing decreases by \$697,250, and Rhode Island capital Plan Fund financing is unchanged. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$147,498 of general revenue savings being allocated to the Office of the Attorney General.

### **Criminal**

Within the Criminal program, the Governor recommends revised FY 2016 appropriations of \$24.7 million, including \$15.3 million from general revenue, \$3.7 million from federal funds, and \$5.7 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$168,376, while federal financing increases by \$2.5 million, and restricted receipts financing decreases by \$694,409, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$13.9 million in general revenue for personnel costs, a decrease of \$183,496 from the enacted level. Financing is provided for 150.1 FTE positions.
- *Long Term Care federal grant.* The Governor includes \$2.0 million from federal funds to upgrade the Department's Automated Fingerprint Identification System to be used for background and fingerprint checks of new applicants of long term care workers with access to patients and property.
- *Federal Forfeitures (Google Settlement).* The Governor includes \$5.3 million from restricted receipts, a decrease of \$702,392 from the enacted FY 2016 Budget, for renovations and upgrades of a newly purchased adjacent building to expand and improve the agency's office space.

### **Civil**

Within the Civil program, the Governor recommends revised FY 2016 appropriations of \$6.0 million, including \$5.1 million from general revenue and \$893,895 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$179,386 and restricted receipts financing decreases by \$2,841, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$4.7 million in general revenue for personnel costs, a decrease of \$11,903 from the enacted level. Financing is provided for 44.0 FTE positions.

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- *Tobacco Litigation.* The Governor includes \$64,545 in reappropriated general revenues, to be used to continue funding the Department's efforts in defending the State's position during tobacco litigation.
- *Pension Litigation.* The Governor recommends a reduction of \$250,000 in general revenues in legal services for cases arising from the litigation of the state pension changes, reflecting the overall pension settlement and the absence of further spending.

### **Bureau of Criminal Identification (BCI)**

Within the BCI program, the Governor recommends revised FY 2016 appropriations of \$1.7 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$116,669, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$1.6 million in general revenue for personnel costs, an increase of \$104,710 from the enacted level. Financing is provided for 20.0 FTE positions.

### **General**

Within the General program, the Governor recommends revised FY 2016 appropriations of \$3.3 million, \$3.0 million from general and \$300,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$160,293, while Rhode Island Capital Plan Fund financing is unchanged, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$2.8 million in general revenue for personnel costs, an increase of \$126,722 from the enacted level. Financing is provided for 20 FTE positions.

### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$34.9 million for the Department of the Attorney General, including \$25.6 million from general revenue, \$1.7 million from federal funds, \$7.3 million from restricted receipts, and \$300,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$402,772, federal financing increases by \$400,768, restricted receipts financing increases by \$43,926, and Rhode Island Capital Plan Fund financing is unchanged. The FY 2017 budget is inclusive of enacted statewide medical benefit savings distributed to state agencies, which resulted in \$73,092 of general revenue savings being allocated to the Office of the Attorney General.

### **Criminal**

Within the Criminal program, the Governor recommends an FY 2017 appropriations of \$23.7 million, including \$15.7 million from general revenue, \$1.7 million from federal funds, and \$6.3 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$214,884, federal financing increases by \$400,768, and restricted receipts increases by \$24,359, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$14.3 million in general revenue for personnel costs, an increase of \$137,345 from the enacted level. Financing is provided for 150.1 FTE positions. The Governor's budget includes the transfer of \$235,000 in personnel expenditures to federal funds.

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- *Court Cost Offsets.* The Governor's budget includes \$142,227 for the agency's share of the operating costs of judicial facilities, an increase of \$16,707 from the enacted level.
- *Federal Forfeitures (Google Settlement).* The Governor includes \$6.0 million from restricted receipts for renovations and upgrades of an adjacent building to expand and improve the agency's office space.

### Civil

Within the Civil program, the Governor recommends FY 2017 appropriations of \$6.1 million, including \$5.1 million from general revenue and \$916,302 million in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$150,453, while restricted receipts financing increases by \$19,567, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$4.8 million in general revenue for personnel costs, an increase of \$86,845 from the enacted level. Financing is provided for 44.0 FTE positions.

### Bureau of Criminal Identification (BCI)

Within the BCI program, the Governor recommends an FY 2017 appropriations of \$1.8 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$167,053, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$1.7 million in general revenue for personnel costs, an increase of \$151,730 from the enacted level. Financing is provided for 20.0 FTE positions.

### General

Within the General program, the Governor recommends an FY 2017 appropriations of \$3.3 million, \$3.0 million from general revenue and \$300,000 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$171,288 and Rhode Island Capital Plan Fund financing is unchanged, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$2.8 million in general revenue for personnel costs, an increase of \$151,755 from the enacted level. Financing is provided for 20 FTE positions.

The Governor recommends 236.1 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

### DEPARTMENT OF CORRECTIONS

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$188,152,167	\$196,162,110	\$200,225,250	\$204,394,923	\$212,679,501
Federal Funds	\$1,834,575	\$1,534,164	\$1,337,381	\$1,885,937	\$1,130,008
Restricted Receipts	\$53,383	\$169,484	\$47,058	\$269,614	\$60,141
Other Funds	\$10,064,067	\$9,318,650	\$13,996,149	\$14,286,226	\$14,398,393
RI Capital Plan Fund	\$5,765,039	\$3,524,382	\$9,416,000	\$11,175,627	\$12,250,000
<b>Total Funding</b>	<b>\$205,869,231</b>	<b>\$210,708,790</b>	<b>\$225,021,838</b>	<b>\$232,012,327</b>	<b>\$240,518,043</b>
<b>FTE Authorization</b>	1419.0	1419.0	1419.0	1419.0	1432.0

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# Public Safety

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## *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$232.0 million for the Department of Corrections, including \$204.4 million from general revenue, \$1.9 million from federal funds, \$269,614 from restricted receipts, \$11.2 million from the Rhode Island Capital Plan Fund, and \$14.3 from internal service funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$4.2 million, federal financing increases by \$548,556, restricted receipts financing increases by \$222,556, Rhode Island Capital Plan Fund financing increases by \$1.8 million, and internal service funds financing increases by \$290,077. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$1.0 million of general revenue savings being allocated to the Department of Corrections.

### **All Programs**

- *Inmate Population.* The Governor's recommendation assumes an average inmate population of 3,183 individuals, the same as the FY 2015 actual, and a decrease of 109 from the enacted level of 3,292. The average inmate population in December 2015 was 3,119.
- *Supervisory Overtime.* The Governor's recommendation includes \$25.0 million in general revenue for correctional officer overtime in the four supervisory programs, an increase of \$4.4 million from the enacted level, reflecting the opening of closed modules in the Intake Service Center and Maximum Security, the increased use of double overtime and the delay in the correctional officer training class.
- *Per Capita Inmate Expenses.* The Governor's recommendation includes \$13.4 million in general revenue expenditures for food, clothing, linen, program, janitorial/kitchen supplies, as well as medical supplies, pharmaceuticals, and inpatient, outpatient and testing medical services. The decrease from the enacted budget of \$143,389 includes a decrease of \$904,408 in non-medical expenses due to revised population estimates and an increase of \$761,019 in medical-related expenses due to the administration of higher-cost medications to treat Hepatitis B.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$9.8 million, including \$9.3 million from general revenue, \$347,053 from federal funds and \$206,690 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$296,345, federal financing increases by \$228,692, and restricted receipts financing increases by \$206,690, attributable to the following adjustments:

- *Personnel.* The Governor includes \$7.3 million from general revenue for personnel costs, an increase of \$457,453 from the enacted level. Financing is provided for 67.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Correctional Officer Training Class.* The Governor recommends a delay in the correctional officer training class currently scheduled for the spring of FY 2016. The delay results from continued uncertainty regarding the litigation between the State of Rhode Island and the U.S. Department of Justice concerning the fairness of the correctional officer examination process. The resulting savings in salary, overtime, contract services and operating general revenue expenditure is \$484,182. Sufficient funds remain for recruitment.
- *Weapons Requalification.* The Governor's recommendation includes \$500,019 to conduct annual weapons requalification trials for correctional officers, the same as the enacted level.

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- *Electronic Medical Records (EMR).* The Governor's recommendation includes \$100,000 in general revenue to update and change the EMR software to allow the acceptance of new updates and the new Windows platform. The electronic medical records project allows simpler and quicker billing of inmate medical costs to Medicaid and Medicare.
- *Database Reprogramming.* The Governor's recommendation includes \$215,000 in general revenue funding for programming services to 1) update the Inmate and Probation & Parole databases to be transferred to the Inmate Facility Tracking System (INFACTS) which provides both the Department and other public safety agencies with the necessary information on all offenders to enable decision-making; and 2) continue funding on the Community Mapping and Re-entry Systems (CMARS).
- *Legal Services.* The Governor's recommendation includes \$51,400 to acquire expert legal services in connection with the U.S. Department of Justice lawsuit regarding possible discrimination of the tests (particularly the video test) given to correctional officer trainees. The suit is currently in the discovery phase. The Department has sought the help of six private consultant firms, selected by the Attorney General's office, to review and analyze testing procedures and documents for the written and oral testing phases of the Department's Training Academy procedures and to provide methodology relating to such procedures.

### Parole Board

Within the Parole Board program, the Governor recommends revised FY 2016 appropriations of \$1.4 million, including \$1.4 million from general revenue and \$50,243 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$45,924 and federal funds financing increases by \$12,243, attributable to the following adjustments:

- *Personnel.* The Governor includes \$1.2 million from general revenue for personnel costs, an increase of \$54,124 from the enacted level. Financing is provided for 10.0 FTE positions. The budget includes all negotiated cost of living adjustments.

### Custody and Security

Within the Custody and Security program, the Governor recommends revised FY 2016 appropriations of \$131.3 million, including \$130.7 million from general revenue and \$591,759 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$3.6 million and federal financing increases by \$19,773, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$754,954 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$127.1 million from general revenue for personnel costs, an increase of \$3.6 million from the enacted level. Financing is provided for 990.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Correctional Officer Briefing Time.* The Governor's recommendation includes a \$166,686 increase in general revenue to \$2.0 million (all programs) for an added 30 minutes of briefing time of correctional office lieutenant supervisors on the night shift to ensure supervisory coverage for all periods.

### Institutional Support

Within the Institutional Support program, the Governor recommends revised FY 2016 appropriations of \$26.7

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million, including \$15.5 million from general revenue and \$11.2 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$1.1 million, while Rhode Island Capital Plan Fund financing increases by \$1.8 million, attributable to the following adjustments:

- *Personnel.* The Governor's recommendation includes \$6.9 million from general revenue for personnel costs, a decrease of \$410,853 from the enacted level. Financing is provided for 57.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Capital Projects.* The Governor's recommendation includes \$11.2 million in Rhode Island Capital Plan funding (RICAP) for asset protection and major repair and rehabilitation projects of inmate housing facilities, an increase of \$1.8 million from the enacted level.

### **Institutional Rehabilitation/Population Management**

Within the Institutional Rehabilitation program, the Governor recommends revised FY 2016 appropriations of \$10.5 million, including \$9.6 million from general revenue, \$834,534 in federal funds, and \$43,572 in restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$83,135, federal funds financing increases by \$282,500, and restricted receipts increases by \$14,108, attributable to the following adjustments:

- *Personnel.* The Governor includes \$5.9 million from general revenue for personnel costs, an increase of \$62,466 from the enacted level. Financing is provided for 55.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Program Evaluation.* The Governor's recommendation includes \$25,000 in general revenue contract services to perform a cost benefit analysis to determine which programs are providing the most assistance in reducing recidivism. As a result of the Pew Results First Initiative, the Department has gathered data on its evidence-based programs to ensure that all programs meet all mandatory targets and are providing what was outlined in the contract
- *Substance Abuse Contract.* The Governor's budget includes \$1.2 million in general revenue for counseling and treatment, an increase of \$20,521 from enacted levels. Substance abuse counseling and treatment form an important component of the transitional services and re-entry program to enable released inmates to avoid drug dependency and thus relapses into prison.

### **Healthcare Services**

Within the Healthcare Services program, the Governor recommends revised FY 2016 appropriations of \$22.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.4 million, attributable to the following adjustments:

- *Personnel.* The Governor includes \$12.1 million from general revenue for personnel costs, an increase of \$177,268 from the enacted level. Financing is provided for 83.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Mental Health Services.* The Governor's recommendation includes \$1.1 million in general revenue for mental health related contracts with various providers, an increase of \$354,000 from enacted levels. The funds are for sex offender treatment, discharge planning, mental health, and psychiatric treatment programs.

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- *Dental Contract Services.* The Governor's recommendation includes \$1.1 million in general revenue for a contractor to perform all dental treatments, including the provision and maintenance of equipment. The \$160,000 increase results from annualization of the contract and a higher contract rate.

### Community Corrections

Within the Community Corrections program, the Governor recommends revised FY 2016 appropriations of \$15.9 million, including \$15.8 million general revenue, \$62,348 from federal funds, and \$19,352 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$170,836, while federal funds financing increases by \$5,348 and restricted receipts financing increases by \$1,758, attributable to the following adjustments:

- *Personnel.* The Governor includes \$14.6 million from general revenue for personnel costs, a decrease of \$160,584 from the enacted level. Financing is provided for 129.0 FTE positions. The budget includes all negotiated cost of living adjustments.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$240.5 million for the Department of Corrections, including \$212.7 million from general revenue, \$1.1 million from federal funds, \$60,141 from restricted receipts, \$12.3 million from the Rhode Island Capital Plan Fund, and \$14.4 from internal service funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$12.5 million, while federal funds financing decreases by \$207,373, restricted receipts financing increases by \$13,083, Rhode Island Capital Plan Fund financing increases by \$2.8 million, and internal service funds financing increases by \$402,244.

### All Programs

- *Inmate Population.* The Governor's recommendation assumes an average inmate population of 3,200 individuals, an increase of 17 from the FY 2016 recommended level and a decrease of 92 from the FY 2016 enacted level.
- *Supervisory Overtime.* The Governor's recommendation includes \$24.4 million in general revenue for correctional officer overtime in the four supervisory programs, an increase of \$3.8 million from the enacted level, reflecting the continued opening of closed modules in the Intake Service Center and Maximum Security and the increase use of double overtime, offset by the scheduled correctional officer training class.
- *Per Capita Inmate Expenses.* The Governor's recommendation includes \$13.2 million in general revenue expenditures for food, clothing, linen, program, janitorial/kitchen supplies, as well as medical supplies, pharmaceuticals, and inpatient, outpatient and testing medical services. The decrease from the enacted budget of \$365,731 comprises a reduction of \$1.0 million in non-medical expenses due to revised population estimates and an increase of \$672,485 in medical-related expenses due to the administration of higher-cost medications to treat Hepatitis B.

### Central Management

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$10.2 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.2 million, while federal financing decreases by \$118,361, attributable to the following adjustments:

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- *Personnel.* The Governor includes \$8.2 million from general revenue for personnel costs, an increase of \$1.3 million from the enacted level. Financing is provided for 67.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Correctional Officer Training Class.* The Governor recommends a full correctional officer training class to be held in FY 2017, at a cost of \$473,303, plus recruiting costs of \$110,000. The class is expected to graduate 45 employees who would fill correctional officer vacant positions.
- *Weapons Requalification.* The Governor's recommendation includes \$500,019 to conduct annual weapons requalification trials for correctional officers, the same as the enacted level.
- *Electronic Medical Records (EMR).* The Governor's recommendation includes \$100,000 in general revenue to implement a medication administration system that will tighten controls on medications, replacing the current manual paper-based system that is time-consuming and error prone. An electronic medication administration record (e-MAR) would standardize the system by requiring electronic documentation using bar codes at the time of distribution. This would allow for reports that would track who received medication, who did not show or refused a particular medication, and the reasons why. This reporting would improve the ability of the Department to address litigation brought by inmates.
- *Database Reprogramming.* The Governor's recommendation includes \$219,000 in general revenue funding for programming services to 1) update the Inmate and Probation & Parole databases to be transferred to the Inmate Facility Tracking System (INFACTS) which provides both the Department and other public safety agencies with the necessary information on all offenders to enable decision-making; and 2) continue funding on the Community Mapping and Re-entry Systems (CMARS).

### Parole Board

Within the Parole Board program, the Governor recommends FY 2017 appropriations of \$1.4 million, including \$1.3 million from general revenue and \$14,006 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$7,204 and federal financing decreases by \$23,994, attributable to the following adjustments:

- *Personnel.* The Governor includes \$1.2 million from general revenue for personnel costs, an increase of \$741 from the enacted level. Financing is provided for 10.0 FTE positions. The budget includes all negotiated cost of living adjustments.

### Custody and Security

Within the Custody and Security program, the Governor recommends FY 2017 appropriations of \$134.6 million, including \$134.0 million from general revenue and \$571,759 from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$6.9 million, while federal financing decreases by \$227, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$398,704 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$130.4 million from general revenue for personnel costs, an increase of \$6.8 million from the enacted level. Financing is provided for 990.0 FTE positions. The budget includes all negotiated cost of living adjustments.



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- *Correctional Officer Briefing Time.* The Governor's recommendation includes \$2.1 million to add 30 minutes of briefing time for correctional office lieutenant supervisors on the night shift to ensure supervisory coverage for all periods (all programs), an \$197,598 increase in general revenue.
- *Weapons Training Software.* The Governor's recommendation includes \$80,000 in general revenue to purchase an electronic weapons simulator. The simulator would work with the current requalification process to train staff in more realistic situations such as inmate disturbances or hostage situations.
- *Reduction in Intake Population.* Due to increased focus on risk assessment and diversion strategies, the Governor's recommendation includes overtime and operating savings from the closure of a 72-bed double module at the Intake Service Center, allowing for the elimination of five posts.

### **Institutional Support**

Within the Institutional Support program, the Governor recommends FY 2017 appropriations of \$28.0 million, including \$15.7 million from general revenue and \$12.3 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$853,916, while Rhode Island Capital Plan Fund financing increases by \$2.8 million, attributable to the following adjustments:

- *Personnel.* The Governor includes \$7.2 million from general revenue for personnel costs, a decrease of \$120,656 from the enacted level. Financing is provided for 57.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Capital Projects.* The Governor's recommendation includes \$12.3 million in Rhode Island Capital Plan Fund financing for asset protection and major repair and rehabilitation projects of inmate housing facilities, an increase of \$2.8 million from the enacted level.
- *New Facility Study.* The Governor's recommendation includes \$250,000 in Rhode Island Capital Plan Fund financing to study various options to replace Maximum Security and High Security facilities with a new facility that would incorporate the security needs of both populations. The request for funds would be used to develop a cost-benefit analysis to determine the cost of such a facility as compared with savings in staffing, facility operations. Both facilities have relatively high cost per inmate ratios due to age or design limitations.

### **Institutional Rehabilitation/Population Management**

Within the Institutional Rehabilitation program, the Governor recommends FY 2017 appropriations of \$12.7 million, including \$12.1 million from general revenue, \$527,398 from federal funds, and \$44,023 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.6 million, while federal funds financing decreases by \$24,636, and restricted receipts financing increases by \$14,559, attributable to the following adjustments:

- *Personnel.* The Governor includes \$6.7 million from general revenue for personnel costs, an increase of \$834,930 from the enacted level. Financing is provided for 63.0 FTE positions an increase of 8.0 FTE positions from the enacted level. The budget includes all negotiated cost of living adjustments.
- *Discharge Planning.* The Governor's recommendation includes \$786,701 in general revenue financing for 8.0 probation officer FTE positions who would undertake discharge planning counseling work that is now being performed by private contractors. The measure is expected to stabilize the

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delivery of such services in a cost-efficient manner and ultimately improve recidivism rates. The increase will be primarily financed from cancellation of several discharge planning contracts, for a net increase of \$108,000.

- *Substance Abuse Contract.* The Governor's budget includes \$1.2 million in general revenue for counseling and treatment, an increase of \$20,521 from enacted levels.
- *Medication/Mediation Assisted Treat Program (MMAT).* The Governor's recommended budget includes \$2.5 million to initiate a medication-assisted treatment of opioid users in the Adult Correctional Institution. The funds would be used to screen for opioid use disorders and conduct an evidence-based assessment of new inmates to determine treatment options, as well as offer medication assisted treatment to those already under treatment upon admission. In addition, the program would start medication-assisted treatment prior to release with community referral for ongoing treatment.

### Healthcare Services

Within the Healthcare Services program, the Governor recommends FY 2017 appropriations of \$22.1 million, all from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.4 million, attributable to the following adjustments:

- *Personnel.* The Governor includes \$12.0 million from general revenue for personnel costs, an increase of \$71,265 from the enacted level. Financing is provided for 83.0 FTE positions. The budget includes all negotiated cost of living adjustments.
- *Mental Health Services.* The Governor's recommendation includes \$1.3 million in general revenue for mental health related contracts with various providers, an increase of \$542,000 from enacted levels. The funds are for sex offender treatment, discharge planning, mental health, and psychiatric treatment programs.
- *Dental Contract Services.* The Governor's recommendation includes \$1.1 million in general revenue for a contractor to perform all dental treatments, including the provision and maintenance of equipment. The \$160,000 increase results from annualization of the contract and a higher contract rate.

### Community Corrections

Within the Community Corrections program, the Governor recommends FY 2017 appropriations of \$17.2 million, including \$17.1 million general revenue, \$16,845 from federal funds, and \$16,118 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.2 million, while federal funds financing decreases by \$40,155, and restricted receipts financing decreases by \$1,476, attributable to the following adjustments:

- *Personnel.* The Governor includes \$15.1 million from general revenue for personnel costs, an increase of \$314,074 from the enacted level. Financing is provided for 134.0 FTE positions, an increase of 5.0 from the enacted level. The budget includes all negotiated cost of living adjustments.
- *Justice Reinvestment Initiative-Additional Investments.* The Governor's recommendation includes proposals developed through the working group established by executive order to examine investments that would break the cycle of crime and incarceration and improve public safety. Aided by the Council on State Governments, and composed of representatives from the court system, the legislature and the executive branch, the working group analyzed policy and practice changes that

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could produce savings allowing for the reinvestment of funds that would reduce recidivism and increase public safety. One of the areas identified by the working group is a change in the management of the pre-trial population. The use of various diversion tools could reduce the length of stay for failure to appear or failure to pay defendants and thus reduce the awaiting trial population. The Governor's recommended budget includes \$1.3 million to fund the initiative, including the addition of 5.0 FTE probation officer positions.

The Governor recommends 1,419.0 FTE positions in the revised FY 2016 Budget consistent with the enacted FY 2016 level. The Governor recommends 1,432 FTE positions in the recommended FY 2017 Budget, an increase of 13.0 FTE positions from the enacted level, 8.0 for discharge planning and 5.0 for the Justice Reinvestment Initiative.

### JUDICIAL DEPARTMENT - CONSTITUTION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$91,551,391	\$94,371,203	\$96,031,046	\$95,581,117	\$96,341,410
Federal Funds	\$2,986,862	\$3,142,537	\$3,431,136	\$3,392,087	\$3,116,365
Restricted Receipts	\$10,426,434	\$10,923,799	\$11,336,944	\$11,412,688	\$11,682,187
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$2,087,376	\$1,347,914	\$5,500,000	\$5,586,235	\$5,525,000
<b>Total Funding</b>	<b>\$107,052,063</b>	<b>\$109,785,453</b>	<b>\$116,299,126</b>	<b>\$115,972,127</b>	<b>\$116,664,962</b>
<b>FTE Authorization</b>	726.3	723.3	724.3	724.3	724.3

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$116.0 million for the Judiciary, including \$95.6 million from general revenue, \$3.4 million from federal funds, \$11.4 million from restricted receipts, and \$5.6 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$449,929 and federal financing decreases by \$39,049, while restricted receipts financing increases by \$75,744 and other funds increase by \$86,235. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$449,929 of general revenue savings being allocated to the Judiciary.

#### All Courts

- *Judges Pensions.* The Governor recommendation includes \$5.5 million in general revenue financing for retired judges and their surviving spouses from the Supreme, Superior, Family, District Courts, and the Traffic Tribunal hired prior to December 31, 1989. The State directly appropriates these pension costs to the Judiciary. This is an increase of \$282,354 from the enacted FY 2016 Budget, reflecting actual cost of two judges, one in the District Court and one in the Family Court.
- *Contract Services-Interpreters.* The Governor includes \$242,000 in general revenue for language interpreter services in all five courts, an increase of \$126,554 from the enacted level, with \$60,000 of the increase allocated for one trial.
- *Capital Equipment-Copiers.* The Governor includes \$318,426 in general revenue for copier machine replacement in all court programs. The increase of \$117,259 from the enacted FY 2016 Budget will

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fund the replacement of 17 machines in FY 2016, with a total of 65 copiers to be replaced in FY 2016 through FY 2018.

- *Capital Equipment-Videoconferencing.* The Governor includes \$353,994 in general revenue to upgrade its digital recording and video conferencing equipment in all court programs. The request includes the purchase of 73 replacement network switches (required to support the new technology's speed and security), digital displays, and wireless routers (to be installed for public access in courthouses).

### Supreme Court

Within the Supreme Court program, the Governor recommends revised FY 2016 appropriations of \$40.5 million, including \$31.7 million from general revenue, \$126,931 from federal funds, \$3.1 million from restricted receipts, and \$5.6 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$1.0 million, while all other funds financing increases by \$89,991, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$162,620 in general revenue savings allocated to this program, including \$68,000 in electricity costs, and \$94,620 in medical benefit savings.
- *Personnel.* The Governor includes \$18.5 million from general revenue for personnel costs, an increase of \$885,703 from the enacted level. Financing is provided for 159.3 FTE positions.
- *Court Cost Allocations.* The Governor recommends the offset of the enacted \$932,340 in general revenue financed facility operating costs to several state departments that occupy court space, including the Public Defender, the Attorney General, The Department of Corrections, the Department of Public Safety (Sheriffs), and the Department of Children, Youth and Families.
- *Defense of Indigents.* The Governor includes \$2.6 million in general revenue for the Defense of Indigent program, no change from the enacted level, which finances defense counsel in joint defendant cases where possible conflicts of interests would arise with the Office of the Public Defender.
- *Capital Projects.* The Governor includes \$5.6 million in Rhode Island Capital Plan Fund resources, an increase of \$86,235 from the enacted level, for asset protection, heating/air conditioning and restoration work on court facilities.

### Superior Court

Within the Superior Court program, the Governor recommends revised FY 2016 appropriations of \$23.5 million, including \$23.0 million from general revenue, \$118,286 from federal funds, and \$300,000 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$177,693, while all other funds financing increases by \$67,880, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$88,814 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$18.8 million from general revenue for personnel costs a decrease of \$426,001 from the enacted level. Financing is provided for 165.7 FTE positions.

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### Family Court

Within the Family Court program, the Governor recommends revised FY 2016 appropriations of \$23.5 million, including \$20.5 million from general revenue and \$3.0 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$425,453, while federal funds financing decreases by \$39,810, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$98,037 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$18.4 million from general revenue for personnel costs a decrease of \$731,630 from the enacted level. Financing is provided for 175.0 FTE positions.
- *Equipment.* The Governors recommendation includes \$25,000 in general revenue financing for steno machines, as required by union contract.

### District Court

Within the District Court program, the Governor recommends revised FY 2016 appropriations of \$12.2 million, including \$11.9 million from general revenue, \$172,655 from federal funds, and \$155,634 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$728,242, federal funds financing decreases by \$70,761, and restricted receipts financing decreases by \$13,617, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$58,777 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$10.1 million from general revenue for personnel costs a decrease of \$1.0 million from the enacted level. Financing is provided for 95.0 FTE positions.

### Traffic Tribunal

Within the Traffic Tribunal program, the Governor recommends revised FY 2016 appropriations of \$8.4 million from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$142,255, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$41,355 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$7.2 million from general revenue for personnel costs, a decrease of \$246,404 from the enacted level. Financing is provided for 78.3 FTE positions.
- *Contract Services.* The Governor includes an additional \$150,000 in general revenue financing for security services to fund an interagency charge of services for the Capitol Police at the Traffic Tribunal.

### Judicial Tenure and Discipline

Within the Judicial Tenure and Discipline program, the Governor recommends revised FY 2016 appropriations of \$121,462 from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$65.

### Workers' Compensation Court

Within the Workers' Compensation program, the Governor recommends revised FY 2016 appropriations of

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\$7.9 million from restricted receipts. Relative to FY 2016 enacted levels, recommended restricted receipt financing increases by \$89,247. The Governor includes \$6.5 million from restricted receipts for personnel costs, an increase of \$38,059 from the enacted level. Financing is provided for 78.3 FTE positions.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$116.7 million for the Judiciary, including \$96.3 million from general revenue, \$3.1 million from federal funds, \$11.7 million from restricted receipts, and \$5.5 million from the Rhode Island Capital Program Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$310,364, federal financing decreases by \$314,771, restricted receipts financing increases by \$345,243, and Rhode Island Capital Program Fund financing increases by \$25,000. The recommended FY 2017 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$194,705 in general revenue savings being allocated to the Judiciary.

### **All Courts**

- *Judges Pensions.* The Governor recommendation includes \$5.6 million for retired judges and their surviving spouses from the Supreme, Superior, Family, District Courts, and the Traffic Tribunal hired prior to December 31, 1989. This is an increase of \$426,583 from the enacted FY 2016 Budget, reflecting the annualized cost of the two judges, one in the District Court and one in the Family Court, who retired in FY 2016.
- *Contract Services-Interpreters.* The Governor includes \$182,000 in general revenue for language interpreter services in all five courts, an increase of \$66,554 from the enacted level.
- *Capital Equipment-Copiers.* The Governor includes \$437,226 in general revenue for copier machine replacement in all court programs. The increase of \$236,059 from the enacted FY 2016 budget will fund the replacement of 22 machines in FY 2017, with a total of 61 copiers to be replaced in FY 2016 through FY 2018.
- *Capital Equipment-Videoconferencing.* The Governor includes \$198,180 in general revenue, an increase of \$103,180 from the enacted FY 2016 Budget, to upgrade its digital recording and video conferencing equipment in all court programs. The requests includes the purchase of 73 replacement network switches (required to support the new technology's speed and security), digital displays and wireless routers (to be installed for public access in courthouses).

### **Supreme Court**

Within the Supreme Court program, the Governor recommends FY 2017 appropriations of \$40.0 million, including \$31.3 million from general revenue, \$128,933 from federal funds, \$3.1 million from restricted receipts, and \$5.5 million from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$662,308, while all other funds financing increases by \$3,142, attributable to the following adjustments:

- *Distribution of Statewide Medical Savings.* The Governor's recommendation includes \$45,047 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$17.7 million from general revenue for personnel costs, an increase of \$142,247 from the enacted FY 2017 Budget. Financing is provided for 159.3 FTE positions.

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- *Court Cost Allocations.* The Governor recommends the offset of the enacted \$1.1 million in general revenue facility operating costs to several state departments that occupy court space, including the Public Defender, the Attorney General, The Department of Corrections, the Department of Public Safety (Sheriffs), and the Department of Children, Youth and Families. The increase from the enacted level is \$124,098.
- *Defense of Indigents.* The Governor \$2.9 million in general revenue to the Defense of Indigents program, an increase of \$243,000 from the enacted level.
- *Capital Projects.* The Governor's recommendation includes \$5.5 million in Rhode Island Capital Plan Fund resources, an increase of \$25,000 from the enacted level, for asset protection, heating/air conditioning and restoration work on court facilities.

### Superior Court

Within the Superior Court program, the Governor recommends FY 2017 appropriations of \$23.2 million, including \$22.8 million from general revenue, \$51,290 from federal funds, and \$371,741 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$402,880, federal funds financing decreases by \$884, and restricted receipts increases by \$71,741, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$44,665 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$18.7 million from general revenue for personnel costs a decrease of \$426,001 from the enacted level. Financing is provided for 165.7 FTE positions.

### Family Court

Within the Family Court program, the Governor recommends FY 2017 appropriations of \$23.8 million, including \$21.0 million from general revenue and \$2.8 million from federal funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$127,055, while federal funds financing decreases by \$243,311, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$52,449 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$18.8 million from general revenue for personnel costs, a decrease of \$295,010 from the enacted level. Financing is provided for 175.0 FTE positions.

### District Court

Within the District Court program, the Governor recommends FY 2017 appropriations of \$12.3 million, including \$12.0 million from general revenue, \$165,428 from federal funds, and \$138,045 from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$555,416, while federal funds financing decreases by \$77,988 and restricted receipts decrease by \$31,206, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$29,537 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$10.4 million from general revenue for personnel costs, \$745,291 less than the enacted level. Financing is provided for 95.0 FTE positions.

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### Traffic Tribunal

Within the Traffic Tribunal program, the Governor recommends FY 2017 appropriations of \$9.0 million from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$475,959, attributable to the following adjustments:

- *Distribution of Statewide Medical and Other Savings.* The Governor's recommendation includes \$23,007 in general revenue savings allocated to this program.
- *Personnel.* The Governor includes \$7.9 million from general revenue for personnel costs, an increase of \$386,941 from the enacted level. Financing is provided for 78.3 FTE positions.
- *Contract Services.* The Governor includes an additional \$150,000 in security services to fund an interagency charge of services for the Capitol Police at the Traffic Tribunal.

### Judicial Tenure and Discipline

Within the Judicial Tenure and Discipline program, the Governor recommends FY 2017 appropriations of \$124,865 from general revenue. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$3,338.

### Workers' Compensation Court

Within the Workers' Compensation Court program, the Governor recommends FY 2017 appropriations of \$8.1 million from restricted receipts. Relative to FY 2016 enacted levels, recommended restricted receipt financing increases by \$332,210. The Governor includes \$6.7 million from restricted receipts for personnel costs, an increase of \$272,022 from the enacted level. Financing is provided for 78.3 FTE positions.

The Governor recommends 724.3 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

### MILITARY STAFF

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$3,461,473	\$2,144,129	\$2,065,434	\$2,363,408	\$2,659,719
Federal Funds	\$28,705,774	\$12,353,422	\$15,361,864	\$14,636,581	\$17,497,797
Restricted Receipts	\$301,196	\$211,281	\$323,300	\$387,300	\$337,300
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$1,633,448	\$835,920	\$1,657,500	\$2,236,085	\$4,182,500
<b>Total Funding</b>	<b>\$34,101,891</b>	<b>\$15,544,752</b>	<b>\$19,408,098</b>	<b>\$19,623,374</b>	<b>\$24,677,316</b>
<b>FTE Authorization</b>	117.0	85.0	92.0	92.0	96.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$19.6 million for the Military Staff, including \$2.4 million from general revenue, \$14.6 million from federal funds, \$387,300 from restricted receipts, and \$2.2 million from the Rhode Island Capital Plan Fund. Relative to the FY 2016 enacted level, recommended general revenue financing increases by \$297,974, federal funds financing decreases by \$725,283, restricted receipts financing increases by \$64,000, and Rhode Island Capital Plan Fund financing increases by \$578,585. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to



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state agencies, which resulted in a total of \$27,165 of general revenue savings being allocated to the Military Staff.

*General Revenue Financing.* The \$297,974 increase in general revenue financing includes: \$90,961 for underfunded Quonset firefighter payroll costs; \$60,000 for the state share of snow removal costs at National Guard armories; \$50,000 for National Guard support for the Governor's cyber defense initiative; \$60,000 for operations and maintenance expenditures at Quonset Air National Guard facilities; \$13,150 for the Military Funeral Honors program stipends; and \$51,028 for other personnel and operating costs.

*Federal Funds Financing.* The \$725,283 decrease in federal funds is largely associated with a \$1.3 million decrease in Miscellaneous Minor Construction expenditures, which is partially offset by a \$557,623 increase in Army National Guard Field Training Site expenditures.

*Rhode Island Capital Plan Fund Financing.* The \$578,585 increase in Rhode Island Capital Plan Fund expenditures is due to: \$773,423 of Benefit Street Arsenal expenditures being shifted from FY 2015 to FY 2016; a \$109,488 decrease for Asset Protection projects; and a \$107,500 decrease for the Army of Mounted Command Roof Replacement project.

*All Funds Financing.* On an all funds basis, the FY 2016 revised budget increases financing for personnel, operating, and assistance and grants, but decreases financing for capital purchases and equipment and contract services.

- *Personnel.* The Governor's recommendation includes \$8.3 million from all funds, an increase of \$34,768 from the enacted FY 2016 Budget.
- *Contract Services.* The Governor includes \$1.4 million from all funds for various contract services, including security, janitorial, information technology, and fire protection services. The recommendation is \$5,973 less than the enacted FY 2016 Budget.
- *Operating.* The Governor includes \$5.9 million for operating expenditures, an increase of \$914,165 from the enacted FY 2016 Budget. Most of the increase in operating expenditures is for snowplowing and sanding (\$513,251), followed by electricity (\$268,299), building machinery supplies and equipment (\$167,837) and natural gas (\$49,174).
- *Assistance and Grants.* The Governor includes \$515,150 for assistance and grants, which is \$13,150 more than the enacted FY 2016 Budget.
- *Capital.* The Governor includes \$3.4 million for capital purchases and equipment, a decrease of \$740,834 from the enacted FY 2016 Budget.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$24.7 million for the Military Staff, including \$2.7 million from general revenue, \$17.5 million from federal funds, \$337,300 from restricted receipts, and \$4.2 million from the Rhode Island Capital Plan Fund. Relative to the FY 2016 enacted level, recommended general revenue financing increases by \$594,285, federal funding increases by \$2.1 million, restricted receipts financing increases by \$14,000, and Rhode Island Capital Plan Fund financing increases by \$2.5 million.

- *Personnel.* The Governor's recommendation includes \$9.1 million from all funds, an increase of \$818,146 from the enacted FY 2016 Budget.

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- *Contract Services.* The Governor includes \$1.7 million from all funds for various contract services. The recommendation is \$241,329 more than the enacted FY 2016 Budget. Of the \$1.7 million amount, \$831,110 is for security services.
- *Operating.* The Governor includes \$6.6 million from all funds for operating expenses, which is \$1.5 million more than the enacted FY 2016 Budget. Of the \$1.6 million increase, \$598,397 is for snow removal activities while \$403,227 is for electricity.
- *Assistance and Grants.* The Governor's recommendation includes \$515,150 from all funds, an increase of \$13,150 from the enacted 2016 Budget.
- *Capital.* The Governor's recommendation of \$6.8 million for capital budget-related projects, includes: \$3.0 million for the new Joint Force Headquarters on Camp Fogarty; \$700,000 for asset protection projects; and \$357,500 for the Amory of Mounted Commands Roof Replacement project.

The Governor recommends 92.0 FTE positions in the revised FY 2016 Budget, which is consistent with the enacted FY 2016 level. For the FY 2017 Budget, the Governor recommends 96.0 FTE position. Two of the additional positions are for the Facilities Maintenance Office; both positions are 100 percent federally financed. Two of the positions are for the Air National Guard to improve Quonset facilities maintenance; these positions are financed with 25 percent general revenue and 75 percent federal funds.

### DEPARTMENT OF PUBLIC SAFETY

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$96,048,576	\$99,121,734	\$97,060,493	\$93,257,274	\$99,825,776
Federal Funds	\$6,597,933	\$5,986,537	\$6,764,072	\$10,093,127	\$9,292,391
Restricted Receipts	\$4,060,157	\$6,601,587	\$11,176,346	\$11,493,242	\$5,452,070
Other Funds	\$4,829,453	\$5,214,441	\$6,076,649	\$5,868,184	\$6,446,399
RI Capital Plan Fund	\$789,284	\$1,227,362	\$3,900,000	\$4,304,499	\$1,965,000
<b>Total Funding</b>	<b>\$112,325,403</b>	<b>\$118,151,661</b>	<b>\$124,977,560</b>	<b>\$125,016,326</b>	<b>\$122,981,636</b>
<b>FTE Authorization</b>	634.2	633.2	633.2	633.2	633.2

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$125.0 million for the Department of Public Safety, including \$93.3 million from general revenue, \$10.1 million in federal funds, \$11.5 million in restricted receipts, \$4.3 million from the Rhode Island Capital Plan Fund, and \$5.9 million in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$3.8 million, federal funds financing increases by \$3.3 million, restricted receipts financing increases by \$316,896, Rhode Island Capital Plan Fund financing increases by \$404,499, and other funds financing decreases by \$208,465. The revised FY 2016 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$442,433 of general revenue savings being allocated to the Department of Public Safety.

### **Central Management**

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$6.6 million, including \$1.3 million in general revenue and \$5.3 million in federal funds. Relative to the

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FY 2016 enacted levels, recommended general revenue financing decreases by \$21,100, while federal funds financing increases by \$1.5 million.

### **E-911 Division**

Within the E-911 program, the Governor recommends revised FY 2016 appropriations of \$5.5 million, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$121,626, attributable to the following adjustments:

- *E-911 Technology.* The Governor's recommendation includes an increase of \$197,975 in general revenue financing related to software and equipment maintenance agreements needed to maintain the E-911 technology and also implementation of Next Generation (NG 911) capabilities, which will allow for text messaging.

### **State Fire Marshal**

Within the State Fire Marshal program, the Governor recommends revised FY 2016 appropriations of \$7.1 million, including \$3.1 million in general revenue, \$717,201 in federal funds, \$286,672 in restricted receipts, \$2.9 million from the Rhode Island Capital Plan Fund, and \$61,240 in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$135,145, while federal funds financing increases by \$321,106, restricted receipts financing increases by \$97,834, financing from the Rhode Island Capital Plan Fund increases by \$874,614, and other funds financing increases by \$699.

### **Security Services – Capitol Police**

Within the Security Services' Capitol Police program, the Governor recommends revised FY 2016 appropriations of \$3.7 million, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$65,649.

### **Security Services – Sheriffs**

Within the Security Services' Sheriffs program, the Governor recommends revised FY 2016 appropriations of \$19.0 million, including \$19.0 million in general revenue and \$21,000 in federal funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$83,470, while federal funds financing increases by \$21,000, attributable to the following adjustments:

- *Sheriffs Training Academy.* The Governor's revised recommendation includes \$47,250 in general revenue to finance a Sheriffs' Training Academy in FY 2016.

### **Municipal Police Training Academy**

Within the Municipal Police Training Academy program, the Governor recommends revised FY 2016 appropriations of \$473,518 for the Municipal Police Training Academy Office, including \$255,383 in general revenue and \$218,135 in federal funds. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$716 and federal funds financing increases by \$52,381.

### **State Police**

Within the State Police program, the Governor recommends revised FY 2016 appropriations of \$81.6 million, including \$60.4 million in general revenue, \$3.9 million in federal funds, \$11.2 million in restricted receipts, \$1.4 million from the Rhode Island Capital Plan Fund, and \$4.7 million in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$3.8 million, while federal funds financing increases by \$1.4 million, restricted receipts financing increases by \$219,062, financing from the Rhode Island Capital Plan Fund decreases by \$470,115, and other funds financing decreases by \$96,517 attributable to the following adjustments:

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- *COLA Increase for State Police Troopers Sworn Members.* The Governor's recommendation includes a cumulative 10.0% wage increase for all sworn members of the State Police, which was approved through arbitration in July 2015. The total cost of the wage increase in FY 2016 is estimated at \$2.9 million all funds; \$2.7 million is financed through general revenues.
- *State Police Training Academy.* The Governor recommends financing for the 56<sup>th</sup> State Police Training Academy, to begin February 2016. To offset some of the general revenue expenditures related to holding an academy, the Governor recommends the use of Google Forfeiture Funds in the amount of \$836,892 that will be used to finance equipment and additional services provided to the recruits during the academy.
- *Google Forfeiture Funds – Overtime Expenditures.* To help offset the 10.0% wage increase in FY 2016, the Governor recommends use of \$2.5 million in Google forfeiture funds as a one-time appropriation towards the cost of overtime for the State Police budget, offsetting general revenue expenditures by the same amount.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$123.0 million, including \$99.8 million in general revenue, \$9.3 million in federal funds, \$5.5 million in restricted receipts, \$2.0 million from the Rhode Island Capital Plan Fund, and \$6.4 million in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$2.8 million, federal financing increases by \$2.5 million, restricted receipts financing decreases by \$5.7 million, Rhode Island Capital Plan Fund financing decreases by \$1.9 million, and other funds financing increases by \$369,750. The recommended FY 2017 Budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$438,330 of general revenue savings being allocated to the Department of Public Safety.

### **Central Management**

With the Central Management program, the Governor recommends FY 2017 appropriations of \$6.8 million, including \$1.4 million in general revenue and \$5.4 million in federal funds. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$82,332 and federal funds financing increases by \$1.6 million.

### **E-911**

Within the E-911 program, the Governor recommends FY 2017 appropriations of \$5.7 million, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$322,026.

### **State Fire Marshal**

Within the State Fire Marshal program, the Governor recommends FY 2017 appropriations of \$5.1 million, including \$3.2 million in general revenue, \$425,169 in federal funds, \$195,472 in restricted receipts, \$1.2 million from the Rhode Island Capital Plan Fund, and \$62,294 in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing decreases by \$1,590, while federal funds financing increases by \$29,074, restricted receipts increase by \$6,634, financing from the Rhode Island Capital Plan Fund decreases by \$785,000, and other funds financing increases by \$1,753.

### **Security Services – Capitol Police**

Within the Security Services' Capitol Police program, the Governor recommends FY 2017 appropriations of \$3.8 million, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$123,466.

# Public Safety

## Security Services – Sheriffs

Within the Security Services’ Sheriffs program, the Governor recommends FY 2017 appropriations of \$19.4 million, all from general revenue. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$359,015.

## Municipal Police Training Academy

Within the Municipal Police Training Academy program, the Governor recommends FY 2017 appropriations of \$486,141, including \$263,746 in general revenue and \$222,395 in federal funds. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$9,079 and federal funds financing increases by \$56,641.

## State Police

Within the State Police program, the Governor recommends FY 2017 appropriations of \$80.5 million, including \$66.0 million in general revenue, \$3.2 million in federal funds, \$5.3 million in restricted receipts, \$750,000 from the Rhode Island Capital Plan Fund, and \$5.2 million in other funds. Relative to the FY 2016 enacted levels, recommended general revenue financing increases by \$1.9 million, while federal funds financing increases by \$814,114, restricted receipts financing decreases by \$5.7 million, financing from the Rhode Island Capital Plan Fund decreases by \$1.2 million, and other funds financing increases by \$447,720, attributable to the following adjustments:

- *New Troopers.* The Governor recommends general revenue financing of \$4.2 million for 35 new Troopers from the 2016 State Police Academy. The recommendation assumes a completion rate of 88.0% (35.0 FTE Troopers) to be hired July 2016 (FY 2017) from the 56<sup>th</sup> State Police Training Academy. Based on upcoming mandatory retirements of 14.0 sworn members of the 1992 class in March 2017 along with additional Troopers ready to retire from other classes, the Governor does not increase the current FTE cap authorization in FY 2017.

The Governor recommends 633.2 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.

### OFFICE OF PUBLIC DEFENDER

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$10,742,068	\$10,829,860	\$11,621,977	\$11,503,708	\$11,784,382
Federal Funds	\$175,612	\$72,362	\$78,370	\$112,820	\$112,820
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
<b>Total Funding</b>	<b>\$10,917,680</b>	<b>\$10,902,222</b>	<b>\$11,700,347</b>	<b>\$11,616,528</b>	<b>\$11,897,202</b>
<b>FTE Authorization</b>	93.0	93.0	93.0	93.0	93.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$11.6 million for the Office of the Public Defender, including \$11.5 million from general revenue and \$112,820 from federal funds. Relative to FY 2016 working budget levels, recommended general revenue financing decreases by \$118,269, while federal financing increases by \$34,450. The revised FY 2016 budget is inclusive of enacted statewide medical benefit

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## Public Safety

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and other savings distributed to state agencies, which resulted in a total of \$56,799 of general revenue savings being allocated to the Office.

- *Personnel.* The Governor's recommendation includes \$10.3 million from general revenue, a decrease of \$117,491 from the enacted FY 2016 Budget, reflecting current services for the agency's 93.0 FTE positions.
- *Contract Services.* The Governor includes \$203,063 from general revenue for various services relating to clerical workers, trial related expert witnesses and interpreters, a paralegal to assist staff attorneys, and a social services caseworker for juvenile clients at arraignment. The recommendation is the same as the enacted FY 2016 Budget.
- *Operating/Capital.* The Governor includes \$1.0 million from general revenue for operating expenses, including property-related costs (rent, fuel, electricity), staff related costs (training, mileage, travel), and other operating expenses. The recommendation is \$778 less than the enacted FY 2016 Budget.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$11.9 million for the agency, including \$11.8 million from general revenue and \$112,820 from federal funds. Relative to FY 2016 enacted levels, the recommended general revenue financing increases by \$162,405 and federal financing increases by \$34,450.

- *Personnel.* The Governor's recommendation includes \$10.5 million, an increase of \$123,734 from the enacted FY 2016 Budget, which includes \$149,461 in statewide adjustments for employee benefits.
- *Contract Services.* The Governor includes \$203,063 from general revenue for various services. The recommendation is the same as the enacted FY 2016 Budget.
- *Operating/Capital.* The Governor includes \$1.1 million from general revenue for operating expenses, an increase of \$38,671 from the enacted FY 2016 Budget. The budget includes \$16,578 for adjustments in the lease cost for the agency's headquarters, reflecting a new ten-year lease, and an \$11,476 increase in the agency's share of court facility operating costs, a total of \$97,696.

The Governor recommends 93.0 FTE positions in the revised FY 2016 Budget and the recommended FY 2017 Budget, consistent with the enacted FY 2016 level. The staff consists of attorneys supported by social workers, investigators, interpreters, information technology, intake and clerical support.

# Public Safety

## RHODE ISLAND EMERGENCY MANAGEMENT AGENCY

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$0	\$1,796,019	\$1,766,002	\$1,762,453	\$1,848,876
Federal Funds	\$0	\$12,622,540	\$16,551,541	\$26,233,728	\$20,094,466
Restricted Receipts	\$0	\$117,294	\$220,375	\$301,860	\$861,046
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$232,075	\$1,189,750
<b>Total Funding</b>	<b>\$0</b>	<b>\$14,535,853</b>	<b>\$18,537,918</b>	<b>\$28,530,116</b>	<b>\$23,994,138</b>
<b>FTE Authorization</b>	0.0	32.0	32.0	32.0	32.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$28.5 million for the Emergency Management Agency, including \$1.8 million from general revenue, \$26.2 million from federal funds, \$301,860 from restricted receipts, and \$232,075 from the Rhode Island Capital Plan Fund. Relative to the FY 2016 enacted level, recommended general revenue financing decreases by \$3,549, while federal funds financing increases by \$9.7 million, restricted receipts financing increases by \$81,485, and Rhode Island Capital Plan Fund financing increases by \$232,075. The revised FY 2016 Budget is inclusive of enacted statewide medical benefits and other savings distributed to state agencies, which resulted in \$3,549 in general revenue savings being allocated to the Emergency Management Agency.

- *Personnel.* The Governor's recommendation includes \$3.3 million from all funds, a decrease of \$156,570 from the enacted FY 2016 Budget.
- *Contract Services.* The Governor includes \$911,323 from all funds for various contract services, including management consultants and temporary services. The recommendation is \$103,915 more than the enacted FY 2016 Budget.
- *Operating.* The Governor includes \$5.4 million for operating expenditures, an increase of \$1.7 million from the enacted FY 2016 Budget.
- *Assistance and Grants.* The Governor includes \$18.7 million for assistance and grants, which is \$8.1 million more than the enacted FY 2016 Budget. The additional \$8.1 million is primarily associated with disbursement of federal funds for natural disasters, including \$5.1 million for the 2012 and 2015 blizzards, and \$2.0 million for flood reimbursements.
- *Capital.* The Governor includes \$232,075 for capital purchases and equipment, an increase \$223,575 from the enacted FY 2016 Budget. The \$232,075 from Rhode Island Capital Plan Fund will finance the state match for Hurricane Sandy expenditures.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$24.0 million for the Emergency Management Agency, including \$1.8 million from general revenue, \$20.1 million from federal funds, \$861,046 from restricted receipts, and \$1.2 million from the Rhode Island Capital Plan Fund. Relative to the FY 2016 enacted level, recommended general revenue financing increases by \$82,874, federal funding increases by \$3.5 million, restricted receipts financing increases by \$640,671, and Rhode Island Capital Plan Fund financing increases by \$1.2 million.

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## Public Safety

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- *Personnel.* The Governor's recommendation includes \$3.6 million from all funds, an increase of \$147,692 from the enacted FY 2016 Budget.
- *Contract Services.* The Governor includes \$744,823 from all funds for various contract services. The recommendation is \$62,585 less than the enacted FY 2016 budget.
- *Operating.* The Governor includes \$2.0 million for operating expenses, which is \$1.6 million less than the enacted FY 2016 Budget. Of the \$2.0 million budgeted for operating expenses, \$1.1 million is for the maintenance contract on the Rhode Island Statewide Communications Network (RISCON).
- *Assistance and Grants.* The Governor's recommendation includes \$15.9 million from all funds, an increase of \$5.3 million from the enacted FY 2016 Budget. As with FY 2016, most of the grants disbursed by the Emergency Management Agency are for reimbursements for costs associated with natural disasters, including blizzards and Hurricane Sandy.
- *Capital.* The Governor's recommendation includes \$1.8 million for capital budget-related projects, including funding to renovate/replace RISCON equipment. The RISCON renovation project is financed in FY 2017 using \$1.0 million from the Rhode Island Capital Plan Fund, \$500,000 from federal funds, and \$585,735 from restricted receipts.

The Governor recommends 32.0 FTE positions in the revised FY 2016 Budget and in the recommended FY 2017 Budget, consistent with the enacted FY 2016 level.





# **Natural Resources**



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# Natural Resources

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## *Summary*

The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council. The Governor recommends total full-time equivalent positions of 428.0 in FY 2016 and 430.0 in FY 2017 for the Natural Resource function. Up to 350 temporary positions may also be used for seasonal support at state parks and beaches. Certain debt service for general obligation bonds issued to finance capital projects for the Narragansett Bay Commission and the Rhode Island Infrastructure Bank are appropriated in the Department of Administration, though the agencies themselves are not part of the State Budget. A major focus shaping the goals and mission of the Department of Environmental Management and the Coastal Resources Management Council is and will continue to be climate change and its impact on Rhode Island.

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

The Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the state. The Council is administered by sixteen appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, coastal policy analysts, marine resources and infrastructure specialists, an aquaculture and dredging coordinator, environmental scientists and administrative support staff. The Council issues permits regarding proposed changes in coastal facilities within an area from 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 and Special Area Management plans. The council develops guidelines and advises communities on harbor management plans; develops a Submerged Lands Management Licensing program for public trust areas; designates public rights-of-way to the shore; and serves as the aquaculture coordinator for permitting and planning actions. The Council is the lead agency for all dredging and implements an extensive habitat restoration effort. It also conducts public outreach and public communication campaigns on its programs and activities, and coordinates its programs with other government agencies.

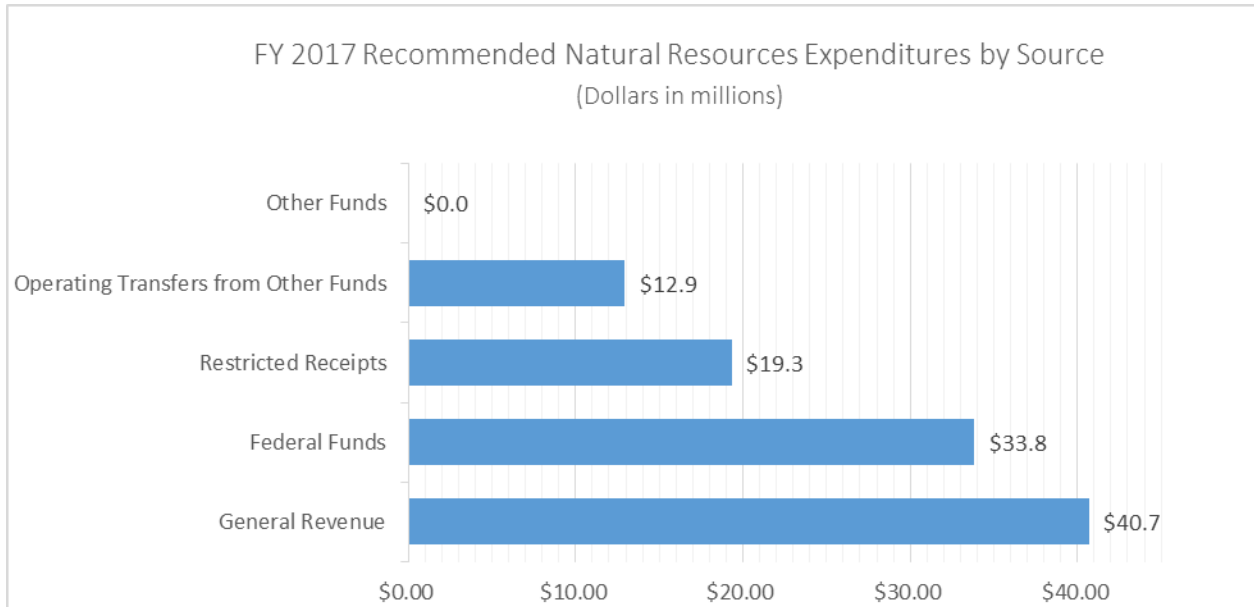
The Governor's FY 2016 revised budget in all funds for all natural resource agencies is \$110.0 million, an increase of \$5.0 million from the FY 2016 enacted appropriation of \$105.0 million. Of this amount, \$40.8 million, or 37.1 percent, is from general revenue, \$35.6 million, or 32.4 percent, is from federal funds, \$19.7 million, or 17.9 percent, is from restricted receipts, and \$13.9 million, or 12.6 percent, is from other funds. General revenues increase by \$827,284, or 2.1 percent, federal funds by \$3.7 million, or 11.5 percent, restricted receipts by \$1.1 million, or 6.0 percent, and other funds decrease by \$574,149, or 4.0 percent above the enacted level.

Of the \$110.0 million recommended for Natural Resources in FY 2016, personnel is budgeted at \$63.2 million, or 57.5 percent; operating at \$14.9 million, or 13.5 percent; assistance, grants, and benefits at

# Natural Resources

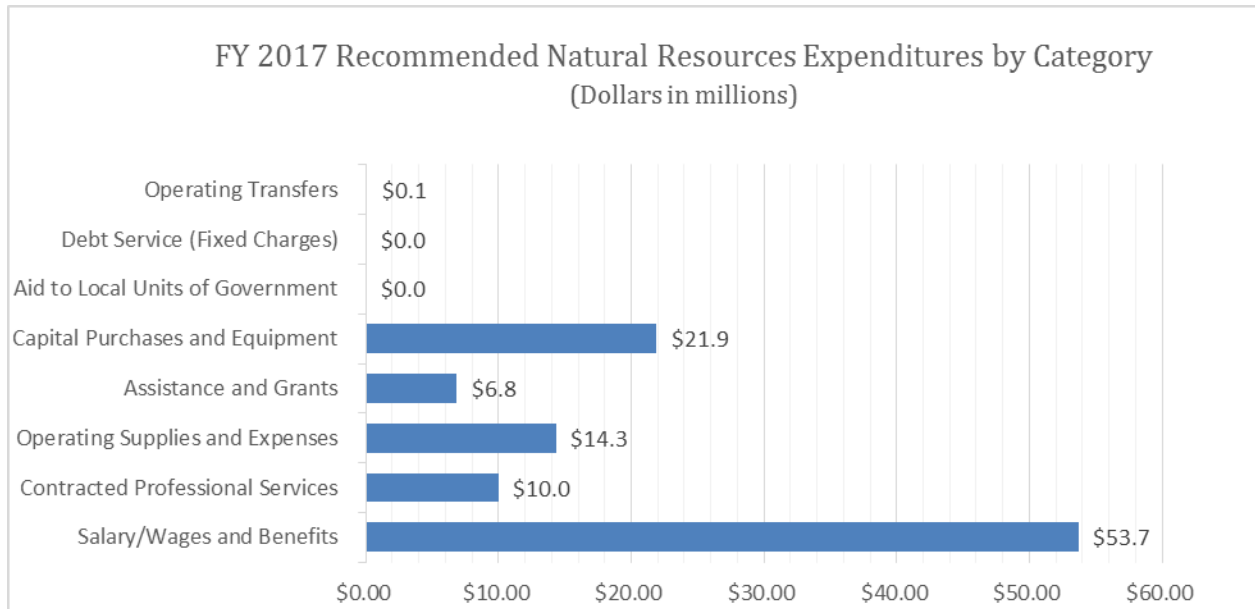
\$7.4 million, or 6.7 percent; capital improvements at \$24.4 million, or 22.2 percent; and operating transfers at \$131,077, or 0.1 percent.

The Governor’s FY 2017 Budget from all funds for Natural Resource agencies is \$106.8 million, an increase of \$1.8 million from the FY 2016 enacted appropriation of \$105.0 million. Of this amount, \$40.7 million, or 38.1 percent, is from general revenue; \$33.8 million, or 31.7 percent, is from federal funds; \$19.3 million, or 18.1 percent, is from restricted receipts; and \$12.9 million, or 12.1 percent, is from other funds. General revenues increase by \$673,671, or 1.7 percent; federal funds increase by \$1.9 million, or 6.0 percent; restricted receipts increase by \$727,419, or 3.9 percent; and other funds decrease by \$1.5 million, or 10.5 percent, from the enacted level.



Of the \$106.8 million recommended for Natural Resources for FY 2017, personnel is budgeted at \$63.7 million, or 59.7 percent; operating at \$14.3 million, or 13.4 percent; assistance, grants, and benefits at \$6.8 million, or 6.4 percent; capital improvements at \$21.9 million, or 20.5 percent; and operating transfers at \$50,000, or 0.1 percent.

# Natural Resources



# Natural Resources

## DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$34,534,163	\$36,110,396	\$37,586,385	\$38,425,074	\$38,240,878
Federal Funds	\$22,231,819	\$26,411,282	\$29,307,477	\$31,376,799	\$29,728,792
Restricted Receipts	\$13,377,916	\$12,186,477	\$18,354,537	\$19,462,047	\$19,081,956
Other Funds	\$1,516,068	\$817,588	\$2,484,312	\$2,484,312	\$3,212,589
RI Capital Plan Fund	\$7,809,748	\$13,442,991	\$11,571,910	\$11,046,135	\$9,287,500
<b>Total Funding</b>	<b>\$79,469,714</b>	<b>\$88,968,734</b>	<b>\$99,304,621</b>	<b>\$102,794,367</b>	<b>\$99,551,715</b>
<b>FTE Authorization</b>	399.0	399.0	399.0	399.0	401.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$102.8 million for the Department of Environmental Management, including \$38.4 million from general revenue, \$31.4 million from federal funds, \$19.5 million from restricted receipts, \$11.0 million from the Rhode Island Capital Plan Fund, and \$2.5 million in other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$838,689, federal funds financing increases by \$2.1 million, restricted receipts financing increases by \$1.1 million, Rhode Island Capital Plan Fund financing decreases by \$525,775, and other funds financing is unchanged. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$116,340 of general revenue savings being allocated to the Department of Environmental Management.

### **Office of Director**

Within the Office of Director, the Governor recommends revised FY 2016 appropriations of \$9.7 million, including \$5.2 million from general revenue, \$150,000 from federal funds, and \$4.4 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$65,185, federal funds financing is unchanged, and restricted receipt financing increases by \$1.3 million, attributable to the following adjustments:

- *Increased Operating Expenses.* The Governor includes an increase of \$117,762 from general revenues to cover new software licenses in order for the Department's systems to be compatible with those of other state agencies as well as additional funding for actual electricity costs.

### **Bureau of Natural Resources**

Within the Bureau of Natural Resources, the Governor recommends revised FY 2016 appropriations of \$62.3 million, including \$21.4 million from general revenue, \$21.3 million from federal funds, and \$6.2 million from restricted receipts, \$11.0 million for the Rhode Island Capital Plan Fund, and \$2.3 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$756,814, federal fund financing increases by \$2.2 million, restricted receipt financing decreases by \$182,604, Rhode Island Capital Plan Fund financing decreases by \$525,775, and other funds financing is unchanged, attributable to the following adjustments:

- *Minimum Wage Increase.* The Governor's recommendation includes \$3.2 million in general revenue financing for the Seasonal Recreation Program. Financing for this program and all seasonal positions throughout the Department reflect the implementation of the increase in the

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## Natural Resources

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minimum wage to \$9.60 through RI State Minimum Wage R.I.G.L. 28-12-3 effective January 1, 2016.

- *Macrobust Thunderstorm State Facility Clean Up Costs.* The Governor's recommendation includes an \$800,000 increase in general revenue financing for the one-time expense of tree removal, and clearing of debris at state facilities associated with the August 2, 2015 storm.
- *Pilot Permit Bank Program.* The Governor recommends \$911,412 in additional revolving loan funds to commercial fishermen.
- *RICAP Adjustments.* The Governor's recommendation makes adjustments to RICAP funding across projects for the Department, including a \$425,775 decrease associated with a revised project schedule for the Fort Adams Sailing Improvements project.

### Bureau of Environmental Protection

Within the Bureau of Environmental Protection, the Governor recommends revised FY 2016 appropriations of \$30.8 million, including \$11.8 million from general revenue, \$9.9 million from federal funds, \$8.9 million from restricted receipts, and \$164,734 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$16,690, federal financing decreases by \$82,846, and restricted receipt financing increases by \$38,149, and other funds financing is unchanged.

#### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$99.6 million for the Department of Environmental Management, including \$38.2 million from general revenue, \$29.7 million from federal funds, \$19.1 million from restricted receipts, and \$9.3 million from the Rhode Island Capital Plan Fund, and \$3.2 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$654,493, federal funds financing increases by \$421,315, restricted receipt financing increases by \$727,419, Rhode Island Capital Plan Fund financing decreases by \$2.3 million, and other funds financing increases by \$728,777. The Governor recommends an additional \$87,980 in statewide medical and other savings within the Department of Environmental Management.

### Office of Director

Within the Office of Director program, the Governor recommends FY 2017 appropriations of \$9.1 million, including \$5.2 million from general revenue and \$3.9 million from restricted receipts. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$47,128, federal fund financing decreases by \$150,000 and restricted receipt financing increases by \$801,037 attributable to the following adjustments:

- *Increased IT Licensing Costs.* The Governor recommends an additional \$80,000 from general revenues to cover new software licenses in order for the Department's systems to be compatible with those of other state agencies.
- *Lease Space Costs.* The Governor includes an additional \$262,833 from general revenue for increased costs for the current lease space. The Department recently entered into a new ten-year lease, which begins July 6, 2016.



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# Natural Resources

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## Bureau of Natural Resources

Within the Bureau of Natural Resources, the Governor recommends FY 2017 appropriations of \$59.6 million, including \$21.4 million from general revenue, \$20.0 million from federal funds, and \$6.2 million from restricted receipts, \$9.3 million for the Rhode Island Capital Plan Fund, and \$2.3 million from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$352,291, federal fund financing increases by \$915,663, restricted receipt financing decreases by \$139,537, Rhode Island Capital Plan Fund financing decreases by \$2.3 million, and other funds financing decreases by \$728,277, attributable to the following adjustments:

- *Local Agriculture and Seafood Grants.* The Governor's recommendation includes a \$100,000 decrease in general revenue financing with a corresponding increase in restricted receipt financing to be derived from fees collected from the lease of submerged tidal lands from renewable energy projects to support the local agriculture and seafood grants program.
- *Pilot Permit Bank Program.* The Governor recommends \$911,412 in additional revolving loan funds for commercial fishermen.
- *RICAP Adjustments.* The Governor's recommendation makes adjustments to RICAP funding across projects for the Department, however the \$2.5 million decrease reflects revised project schedules primarily for the Fort Adams Sailing Improvements project, World War II State Park project and environmental liability clean-up for the former Rocky Point Amusement Park.

## Bureau of Environmental Protection

Within the Bureau of Environmental Protection, the Governor recommends FY 2017 appropriations of \$30.8 million, including \$12.0 million from general revenue, \$9.7 million from federal funds, \$9.0 million from restricted receipts, and \$164,734 from other funds. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$255,074, federal fund financing decreases by \$344,348, and restricted receipt financing increases by \$65,919, and other funds financing is unchanged, attributable to the following adjustments:

- *Additional Personnel.* The Governor's recommendation includes an additional \$207,868 in general revenue for 2.0 FTE positions within the division. An environmental scientist within the Office of Compliance and Inspection will be responsible for increasing response-time to non-compliance complaints and enforcing new provisions of the amended wetlands and cesspool statutes. A senior legal counsel position will pursue litigation to compel compliance and ensure payment of administrative fines and penalties.

The Governor recommends 399.0 FTE positions in the revised FY 2016 Budget and 401.0 FTE positions in the recommended FY 2017 Budget. Relative to the enacted 2016 level, the revised FY 2016 FTE authorization is unchanged and the FY 2017 authorization increases by 2.0 FTE positions.

# Natural Resources

## COASTAL RESOURCES MANAGEMENT COUNCIL

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$2,160,560	\$2,313,282	\$2,433,260	\$2,421,855	\$2,452,438
Federal Funds	\$2,127,181	\$1,876,791	\$2,614,348	\$4,220,154	\$4,098,312
Restricted Receipts	\$170,000	\$180,733	\$250,000	\$250,000	\$250,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$298,374	\$371,775	\$323,401	\$410,657
<b>Total Funding</b>	<b>\$4,457,741</b>	<b>\$4,669,180</b>	<b>\$5,669,383</b>	<b>\$7,215,410</b>	<b>\$7,211,407</b>
<b>FTE Authorization</b>	29.0	29.0	29.0	29.0	29.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$7.2 million for the Coastal Resources Management Council, including \$2.4 million from general revenue, \$4.2 million from federal funds, \$250,000 from restricted receipts, and \$323,401 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing decreases by \$11,405, federal financing increases by \$1.6 million, restricted receipt financing is unchanged, and Rhode Island Capital Plan Fund financing decreases by \$48,374. The revised FY 2016 budget is inclusive of enacted statewide medical benefit and other savings distributed to state agencies, which resulted in \$15,630 of general revenue savings being allocated to the Coastal Resources Management Council.

- *Personnel Financing.* The Governor's recommendation includes \$3.4 million from all funds for personnel expenditures for 29.0 FTE positions, a decrease of \$63,239 from the enacted FY 2016 level. The recommendation includes \$2.3 million in general revenue financing, a decrease of \$10,415 from the enacted 2016 level.
- *Federal Grant Financing.* The Governor's recommendation includes \$4.2 million in federal funds financing, an increase of \$1.6 million from the enacted 2016 level, primarily associated with a federal discretionary project grant. The Narrow River grant will be used to restore and rebuild wildlife refuges affected by Hurricane Sandy and to mitigate damage from future storms.

### *FY 2017 Recommended Budget*

The Governor recommends FY 2017 appropriations of \$7.2 million for the Coastal Resources Management Council, including \$2.5 million from general revenue, \$4.1 million from federal funds, \$250,000 from restricted receipts, and \$410,657 from the Rhode Island Capital Plan Fund. Relative to FY 2016 enacted levels, recommended general revenue financing increases by \$19,178, federal financing increases by \$1.5 million, restricted receipts financing is unchanged, and Rhode Island Capital Plan Fund financing increases by \$38,882. The Governor's recommendation includes \$7,555 in general revenue medical savings allocated to the Coastal Resources Management Council.

- *Personnel Financing.* The Governor's recommendation includes \$3.5 million for personnel expenditures for 29.0 FTE positions, a decrease of \$6,877 from the enacted level. The recommendation includes \$2.3 million in general revenue financing, an increase of \$20,168 from the enacted 2016 level.

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## Natural Resources

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- *Federal Grant Financing.* The Governor's recommendation includes \$4.1 million in federal funds financing, an increase of \$1.5 million from the enacted 2016 level, primarily associated with the Ninigret Pond grant. The grant will be used to restore salt marshes affected by Hurricane Sandy and to mitigate damage from future storms.

The Governor recommends 29.0 FTE positions in the revised FY 2016 Budget and 29.0 FTE positions in the recommended FY 2017 Budget, which represents no change from the enacted FY 16 level.

# **Transportation**



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# Transportation

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## *Summary*

The transportation function provides for the maintenance and construction of a quality infrastructure that reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation (DOT) through its core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance), transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation/replacement, and highway safety. The Department of Transportation maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

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

For FY 2016, the Intermodal Surface Transportation Fund is supported by 33.5-cents of Rhode Island's 34.0-cent per gallon gasoline tax. For FY 2016, the gasoline tax will increase by 1.0-cent based on the Consumer Price Index for all Urban Consumers (CPI-U). Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority (RITBA), and the Department of Human Services (formerly the Department of Elderly Affairs). The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies. As of FY 2010, there is no longer any contribution to the general fund from the gasoline tax. The Office of Revenue Analysis within the Department of Revenue has provided the estimates for FY 2016 and FY 2017. The Office of Revenue Analysis 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. There was a change to the disbursement schedule in the enacted FY 2010 Budget, which increased the RIPTA allocation and the total gasoline tax by 2.0-cents, and an increase to the Department of Transportation of 1.0-cent, with an offsetting reduction and elimination of the allocation of gasoline tax directed to the general fund. Starting in FY 2009, 0.5 of the State's 1.0-cent per gallon environmental protection regulatory fee collected by distributors of motor fuel when the product is sold to owners and/or operators of underground storage tanks has been recommended to support the Rhode Island Public Transit Authority (RIPTA).

The most recent change to this funding mechanism occurred when the 2014 General Assembly passed Article 21 of the FY 2015 Appropriations Act. Starting in FY 2015, 3.5-cents of the gasoline tax is transferred to the Turnpike and Bridge Authority, to be used for maintenance operations, capital expenditures and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge, with a corresponding decrease to the Department of Transportation. Furthermore, starting in FY 2016, the gasoline tax will be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Bureau of Labor Statistics. The adjustment will then be rounded to the nearest 1.0-cent increment while the total tax cannot be less than 32.0-cents per gallon on all taxable gallons of fuel sold or used in Rhode Island in any given year.

# Transportation

	Current Law Gasoline Tax Allocation (in cents)						
	Fiscal Year						
<u>Recipient</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
DOT	21.75 <sup>3</sup>	21.75	21.75	21.75	18.25 <sup>6</sup>	19.25 <sup>7</sup>	19.25
RIPTA <sup>1</sup>	9.75 <sup>4</sup>	9.75	9.75	9.75	9.75	9.75	9.75
RITBA	0.0	0.0	0.0	0.0	3.5	3.5	3.5
General Fund <sup>1</sup>	0.0 <sup>3</sup>	0.0	0.0	0.0	0.0	0.0	0.0
DEA/DHS	1.0 <sup>5</sup>	1.0	1.0	1.0	1.0	1.0	1.0
Underground Storage Tank-DEM	0.5 <sup>1</sup>	0.5	0.5	0.5	0.5	0.5	0.5
<b>Total:</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>34.0</b>	<b>34.0</b>

<sup>1</sup>Increased to 7.25 cents in May 2006 (FY 2006) with a corresponding decrease to the General Fund

<sup>2</sup>Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee was recommended for allocation to RIPTA

<sup>3</sup>Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund was recommended to finance Department of Transportation operations

<sup>4</sup>Starting in FY 2010, 2.0 new cents of gasoline tax were added to the total for 33.0 cents now collected; the additional two cents were allocated to finance RIPTA

<sup>5</sup>Starting in FY 2010, 1.0 cent formerly directed to DEA are now sent to DHS

<sup>6</sup>Starting in FY 2015, 3.5 cents of gasoline tax are distributed to Turnpike and Bridge Authority, with a corresponding decrease to the Department of Transportation

<sup>7</sup>Starting in FY 2016, the gasoline tax shall be adjusted by the percentage of increase in CPI-U

In recent years, the State of Rhode Island has modified its transportation financing system to reduce reliance on debt financing and to provide additional resources for state projects. Rhode Island General Law 39-18.1-4 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund. Article 22 included in the FY 2012 Budget as Enacted, passed by the General Assembly, increased registration and license fees and dedicated those new revenues to transportation purposes, namely as a piece of the state match used towards the department's federal highway program. The Article prescribed a three-year, phased increase in registration and license fees, which began in FY 2014. Two-year registrations and drivers licenses would each be increased by \$30 (\$10 per year for three-years), while one-year registrations would be increased by \$15 (\$5 per year for three-years). Article 21, which was included in the FY 2015 Budget as Enacted, passed by the General Assembly, allows for the flexibility to also use these funds towards eliminating the structural deficiencies of the state's road and bridge maintenance systems and infrastructure.

In the 2014 legislative session, the financing mechanism for transportation infrastructure and bridge repairs changed dramatically when the General Assembly, as part of the FY 2015 Budget as Enacted, passed Article 21 – Relating to Transportation. Article 21 furthered how the Rhode Island Highway Maintenance Account will be funded.

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- Raised the state vehicle inspection fee by \$16.00, from \$39.00 to \$55.00. Previously \$16.00 of this fee had been deposited into the general fund; now, a total of \$32.00 (\$16.00 previous funds and the \$16.00 increase) is deposited into the Highway Maintenance Account;
- Added a \$25.00 surcharge on all dismissals based on a good driving record. The previous fee of \$35.00 covers court costs; the additional \$25.00 is deposited into the Highway Maintenance Account;
- Transfers existing motor vehicle fees, surcharges and tax revenues from the general fund to the Highway Maintenance Account, including:
  - \$50.00 fee to receive a certificate of title for a purchased vehicle.
  - Rental Vehicle Surcharge – 8.0 percent of gross receipts per rental vehicle for the first thirty days.
  - A multi-year phase-in for all remaining motor vehicle fees beginning in FY 2016.

While the passage of Article 21 was an important step to creating a state-funded program for transportation infrastructure and transit, during the 2015 General Assembly session, RIDOT and the Governor's Administration put forward the RhodeWorks proposal, which is a \$4.7 billion program funding Rhode Island's transportation infrastructure needs for the next decade. The program represents a \$900 million increase over the baseline program. Sources include \$500 million in new bond proceeds from a truck-toll backed revenue bond and \$400 million in additional federal discretionary funding from the Federal Transit Administration (FTA). Additionally, the Department has proposed refinancing existing GARVEE debt to shift payments into the future and make \$120 million in federal funds more immediately available (years 1 through 4 of the proposed program). The focus of the program is the reduction of the number of structurally deficient bridges in Rhode Island, from 22% in 2014 to 10% in 2025. Please note the RhodeWorks project is primarily found in the Department's Capital Improvement Plan request, found in the Highway Improvement Program and the 6/10 Reconstruction project, but is touched on within the operating budget analysis.

## *Federal Funding*

Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA). Federal highway funding is provided through the Highway Trust Fund and other sources, as appropriated and allocated by Congress through transportation authorization legislation. Typically, these authorization provisions extend five to six years, allowing for mid-range capital planning at the state level. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which was passed in August 2005, authorized funding for highway construction, highway safety programs, mass transit operations, and other surface transportation projects over a five-year period, from 2005 to 2009. The Act expired in 2009, but was extended by Congress for one year in 2010. In subsequent years, SAFETEA-LU was extended for short periods with minor adjustments to the substantive provisions.

In June 2012, Congress approved a two-year transportation authorization, called Moving Ahead for Progress in the 21st Century (MAP-21). MAP-21 shifted the Federal planning and project model toward performance measurements. The limited time of the authorization was an improvement over short-term extensions, but the two-year authorization still required the state to make assumptions when projecting the availability of future Federal resources. MAP-21 intended to create a streamlined and performance-based surface transportation program and build on and refine many existing highway, transit, bike, and pedestrian programs and policies.



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# Transportation

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MAP-21 set forth the following goals:

- Strengthen America's highways
- Establish performance-based programs
- Create jobs and support economic growth
- Support the Department of Transportation's aggressive safety agenda
- Streamline Federal highway transportation programs
- Accelerate project delivery and promotes innovation

The Highway Trust Fund (HTF) is the source of funding for most MAP-21 programs. The HTF includes the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. Federal motor fuel taxes are the primary source of income for the HTF. MAP-21 extended highway-user fees (Federal gas tax and other related taxes), generally at the rates that were in place when the legislation was enacted.

In MAP-21, the metropolitan and statewide transportation planning processes are continued and enhanced to incorporate performance goals, measures, and targets into the process of identifying needed transportation improvements and project selection. Requirements for a long-range plan and a short-term Transportation Improvement Program (TIP) continue, with the development of the Long-Range Transportation Plan (LRTP) incorporating the performance plans required by the Act for certain programs. The TIP must also be developed to make progress toward established performance targets and must include a description of the anticipated achievements. Overall, MAP-21 includes an array of provisions designed to increase innovation and improve efficiency, effectiveness, and accountability in the planning, design, engineering, construction and financing of transportation projects.

The Rhode Island Department of Transportation Highway Improvement Program (HIP) includes highway and intermodal projects that use Federal funds administered by the FHWA that are typically funded with 80.0 percent Federal funding and 20.0 percent State matching funds. Prior to FY 2013, the State had traditionally matched Federal highway funds with general obligation bonds, which were approved by the voters as referenda questions at the November general election every two years. Debt service on the general obligation bonds issued was paid with gas tax revenue. As a result of continued borrowing, less gas tax revenue remained available each year for operations and maintenance costs.

Rhode Island relies heavily on federal funds to finance its Highway Improvement Program and other operations of the department. It is important to note that at a national level, the Federal Highway Trust Fund is being depleted with funds being expended faster than they are being replenished from federal fuel and other fees. The impending shortfall of the fund was expected to occur in August 2014, however the United State Congress and ultimately the President approved a nearly \$11.0 billion short-term fix to address the looming shortfall in the HTF and extend surface transportation programs short-term. After years of short-term fixes, on December 4, 2015, the President signed into law the Fixing America's Surface Transportation (FAST) Act that authorizes Federal highway, highway safety, transit, and rail programs for five-years from Federal fiscal year 2016 through 2020. The FAST Act represents the first long-term comprehensive surface transportation legislation since the SAFETEA-LU Act in 2005. The FAST Act provides a moderate increase in funding compared to MAP-21, adjusting for inflation, while continuing to distribute the Federal-aid Highway program contract authority to State departments of transportation through formula programs. Per the FAST Act, Rhode Island stands to receive an additional \$100.0 million in Federal-aid Highway funding over the next five-years.

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## *Transportation Improvement Program*

The Highway Improvement Program implements the Department's capital program as identified in the State's Transportation Improvement Program (TIP). The TIP is a listing of transportation projects that the state plans to finance over a four-year period from Federal highway and transit funds. Federal law requires that all projects using Federal transportation funds shall appear in a TIP adopted by the State Planning Council and approved by the Governor. Rhode Island's current TIP, developed in 2012 and covered the four-year period from FY 2013 – FY 2016, expires on September 30, 2016

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 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 and DEM staff, conducts a solicitation and evaluation of Congestion Mitigation and Air Quality (CMAQ) proposals, a TAC subcommittee reviews new bicycle/pedestrian projects, and the RIDOT Advisory Committee solicits and evaluates applications for funds earmarked for Transportation Enhancements.

In an effort to improve project planning and delivery, the Governor and her administration has proposed the adoption of a ten-year TIP, with updates and re-adoption of the TIP every year, instead of every four-years. This approach increases the frequency of public participation in transportation planning process, and allows transportation agencies throughout the state to more accurately plan their work. In order to facilitate the adoption of a ten-year TIP, the Rhode Island Department of Transportation has developed a ten-year plan, detailing proposed funding allocation for both categories of funding and specific projects for the ten-year period from Federal Fiscal Year 2016 – FFY 2025. The plan presents the projects and programs that would be funded with the resources provided by the proposed RhodeWorks initiative. The plan provides more funding for bridges, pavement, transit and transportation alternatives when compared to the existing funding option.

### DEPARTMENT OF TRANSPORTATION

Source Of Funds	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$284,457,818	\$267,656,266	\$263,615,422	\$274,256,147	\$272,409,980
Restricted Receipts	\$7,202,773	\$2,411,276	\$1,000,000	\$159,506	\$180,219
Other Funds	\$98,353,122	\$122,893,604	\$159,901,056	\$161,454,726	\$173,024,202
RI Capital Plan Fund	\$11,465,302	\$22,679,324	\$39,300,000	\$46,988,530	\$33,843,444
<b>Total Funding</b>	<b>\$401,479,015</b>	<b>\$415,640,470</b>	<b>\$463,816,478</b>	<b>\$482,858,909</b>	<b>\$479,457,845</b>
<b>FTE Authorization</b>	752.6	752.6	752.6	752.0	741.0

### *FY 2016 Revised Budget*

The Governor recommends revised FY 2016 appropriations of \$482.9 million for the Department of Transportation, including \$274.3 million from federal funds, \$161.5 million from other funds, \$47.0 million from the Rhode Island Capital Plan Fund, and \$159,506 in restricted receipts. Relative to FY 2016 enacted

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## Transportation

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levels, recommended federal funds increase by \$10.6 million, Rhode Island Capital Plan Fund financing increases by \$7.7 million, while restricted receipts decrease by \$840,494 from the enacted budget. Other funds for Transportation increase by a total of \$1.6 million from the enacted budget. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, RITBA, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, land sale proceeds, non-land surplus property revenues and other miscellaneous receipts.

Inclusive of the other funds category listed above are revenues derived from the gasoline tax and the Rhode Island Highway Maintenance Account, which combined, make up the state funded portion of the Intermodal Surface Transportation Fund. The revised estimated state gas tax revenue available in FY 2016 is \$153.4 million, which represents the revised per penny gasoline tax yield estimate of \$4,367,305, as well as a positive carry forward from FY 2015 of \$7.1 million, the majority of which is based on federal winter storm reimbursement carry forward funds that were previously paid using gas tax revenues due to a winter storm that occurred in FY 2015, and an additional \$2.2 million from 0.5-cent of the 1.0-cent Underground Storage Tank fee.

The revised estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2016 are \$59.1 million, which represents an increase of \$4.7 million from the FY 2016 enacted budget, primarily from a positive carry forward from FY 2015 of \$3.6 million.

General obligation bonds have been used up until very recently as the state match piece for the state's Federal Highway Program as a means towards providing the twenty percent state match for eighty percent federal funded projects. Over the last few years, the state has moved away from using general obligation bonds as a match while the ballot of 2012 marked the first time in years that general obligation bonds for transportation funding was not on the ballot.

Adjustments to the total gasoline tax appropriation for the Department of Transportation include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs of \$46.0 million for DOT. In addition, the Department receives \$1.9 million through the Build America Bond rebates that will be used to reduce the amount of gasoline tax used for debt service. On an all funds basis, the total debt service RIDOT is responsible for paying in FY 2016 remained at the enacted level of \$47.9 million as there was no change in the debt service schedule.

Due to projected deficits at the Rhode Island Public Transit Authority, the Governor recommends that debt service on outstanding RIPTA general obligation bonds be funded using \$1.7 million of general revenue in FY 2016 to supplement gas tax revenue previously used for debt service, consistent with the enacted budget.

### Central Management

Within the Central Management program, the Governor recommends revised FY 2016 appropriations of \$12.6 million, including \$8.9 million from federal funds and \$3.8 million from gas tax revenues. Relative to FY 2016 enacted levels, recommended federal financing increases by \$312,846, while gas tax revenue financing increases by \$1.6 million, attributable to the following adjustments:

- *Contracted Professional Services.* As part of the RhodeWorks proposal, the Governor's recommendation includes \$100,000 for public relation services, \$300,000 for engineering services, and an additional \$450,000 for legal services, all of which would utilize gas tax revenues.

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# Transportation

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- *Statewide Transportation Study.* The Governor includes \$350,000 from gas tax revenues for a statewide transportation study. The study will develop recommendations on the restructuring of the Department of Transportation internal procedures to include the administering of project management, reorganizing Department policies, and modifications to current personnel assignments as related to performing the Department's responsibilities to the State as efficiently as possible.

## Management and Budget

Within the Management and Budget program, the Governor recommends revised FY 2016 appropriations of \$3.7 million, entirely from gas tax revenues. Relative to FY 2016 enacted levels, recommended gas tax revenues decrease by \$835,167.

## Infrastructure-Engineering

Within the Infrastructure-Engineering program, the Governor recommends revised FY 2016 appropriations of \$384.2 million, including \$265.4 million from federal funds, \$72.5 million from gas tax revenues, \$43.6 million from the Rhode Island Capital Plan Fund, \$2.5 million from other funds, and \$159,506 in restricted receipts. Relative to FY 2016 enacted levels, recommended federal financing increases by \$10.3 million, gas tax revenues decrease by \$1.3 million, Rhode Island Capital Plan Funds increase by \$8.8 million, other funds decrease by \$8.3 million, and restricted receipt funds decrease by \$840,494, attributable to the following adjustments:

- *Highway Improvement Program – Rhode Island Capital Plan Fund Financing.* In addition to the gasoline tax revenues and the Rhode Island Highway Maintenance Account generated revenues, the Department of Transportation's Highway Improvement Program (HIP) represents those Highway and Intermodal projects that utilize federal funds administered by the Federal Highway Administration. Other than federal grant funds, the HIP utilizes state funds for matching and non-matching purposes. To begin the elimination of general obligation bond financing for the Department of Transportation's federal highway match, the General Assembly appropriated \$20.0 million in FY 2013 and \$21.1 million in FY 2014. The trend to use Rhode Island Capital Plan Fund financing as a portion of the state match was accelerated in the FY 2015 enacted budget, which contained \$27.7 million and even more so in the FY 2016 enacted budget, which contained \$34.7 million of state match financing. Based on unspent carry forward Rhode Island Capital Plan Fund financing in FY 2015, \$8.8 million will also be available in FY 2016 and is reflected in the Governor's FY 2016 recommendation.
- *Operating Transfer to RIPTA.* The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs as well. Operating assistance to the Rhode Island Public Transit Authority will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0-cent Underground Storage Tank fee. The Governor recommends an operating transfer of \$42.6 million to RIPTA for operating assistance, which is a decrease of \$596,437 from the FY 2016 enacted budget based on revised estimates to the per penny gas tax yield.
- *Operating Transfer to Rhode Island Turnpike and Bridge Authority.* The 2012 General Assembly had authorized the transfer of the Sakonnet River Bridge and the Jamestown Verrazzano Bridge from the Department of Transportation to the Turnpike and Bridge Authority. In doing so, the General Assembly also authorized the Turnpike and Bridge Authority to toll the Sakonnet River Bridge, using the additional revenue generated to finance operations and maintenance on all four bridges making up what is known as the Eastbay Bridge System (Newport, Jamestown, Sakonnet, and Mount Hope Bridges). After public debate over tolling, the 2014 General Assembly removed the authority to toll the Sakonnet River Bridge. To make up for the loss of revenue, the General

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Assembly transfers 3.5-cents of the gasoline tax to the Turnpike and Bridge Authority beginning in FY 2015. The Governor recommends an operating transfer of \$15.5 million to the Turnpike and Bridge Authority for operating assistance, which is a decrease of \$214,105 from the FY 2016 enacted budget based on revised estimates to the per penny gas tax yield.

- *Federal Highway Administration Pledge to Trustee.* FY 2004 marked the beginning of a major effort on the part of Rhode Island government to address the rebuilding and modernization of the State's transportation systems. In 2003, 2006 and 2009, the State completed the first, second and third parts of a three-part bond transaction that provided \$720.0 million in construction funds for five major infrastructure projects financed by two methods. The majority of the costs (\$544.4 million) have been financed through Grant Anticipation Revenue Vehicle bonds (GARVEE). GARVEE is a program approved by Congress that allows states to borrow funds, which are then repaid by the annual allocation of Federal Highway Administration construction funds. The remaining costs were provided through Motor Vehicle Tax Revenue Bonds. These bonds are financed through a 2.0-cent dedication of the Department's gasoline tax allocation. The projects financed under this program were the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the Freight Rail Improvement Program and Quonset Rt. 403 construction. The RhodeWorks supported ten-year plan includes a proposal to refinance GARVEE debt to shift payments into the future and make \$120 million in federal funds more immediately available. As such, the Governor's budget reflects the refinancing of the GARVEE bonds. In terms of the operating budget, this reflects a significant decrease as compared to the enacted budget in terms of the GARVEE debt service. In typical years, the Department has committed roughly \$50.0 million in federal highway funds be used to pay the debt service. The Governor's revised FY 2016 budget recommendation includes freeing up an additional \$40.3 million through GARVEE debt refinancing. The focus of the program is the reduction of the number of structurally deficient bridges in Rhode Island, from 22% in 2014 to 10% in 2025. The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$12.3 million in FY 2016 and is reflected in the Department's operating budget as a Federal fund source.
- *Operating Transfer – Motor Fuel Tax Revenue Bonds.* The gas tax funded debt service on the Motor Fuel Tax revenue bonds totals \$8.7 million in FY 2016, which is paid using 2.0-cents of total gas tax revenues.

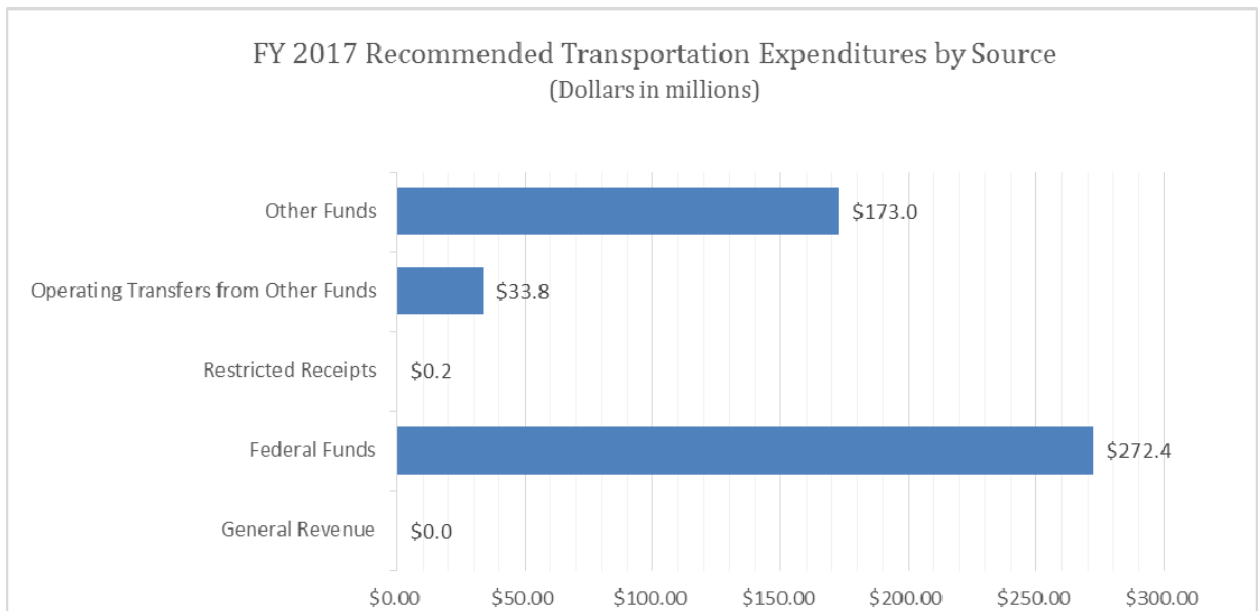
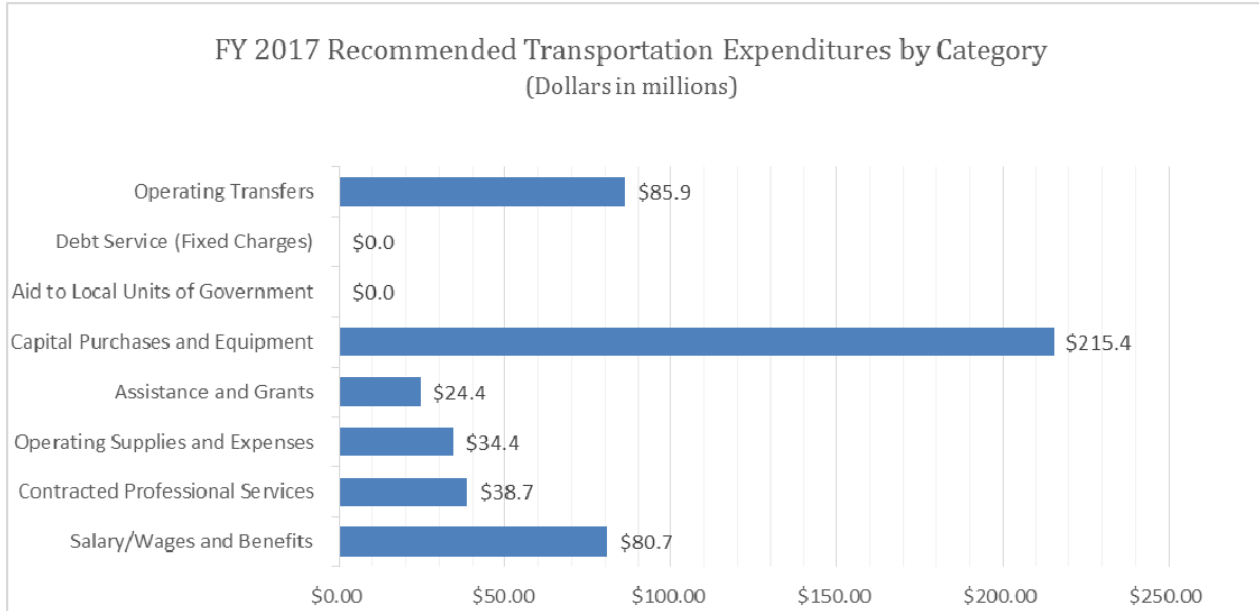
### Infrastructure-Maintenance

Within the Infrastructure-Maintenance program, the Governor recommends revised FY 2016 appropriations of \$82.3 million, including \$59.1 million from the Rhode Island Highway Maintenance Account, \$19.8 million from gas tax revenues, \$3.4 million from the Rhode Island Capital Plan Fund, and \$110,000 from other funds. Relative to FY 2016 enacted levels, recommended Rhode Island Highway Maintenance Account revenues increase by \$4.7 million, gas tax revenues increase by \$5.7 million, Rhode Island Capital Plan Fund financing decreases by \$1.1 million, while other funds remain at the enacted level, attributable to the following adjustments:

- *Winter Maintenance Operations.* The Governor recommends an increase of \$3.5 million from the FY 2016 enacted winter maintenance budget for a revised total of \$20.6 million. Costs include private vendors conducting snow plowing operations, materials such as liquid deicers, sand and salt, and vehicle repairs, maintenance, and fuel costs incurred during winter storm operations.
- *Operating Transfer to RIPTA – 5% Allocation.* Article 21 amended RIGL 39-18.1-5 by requiring that, beginning in FY 2016 and each year thereafter, the Rhode Island Public Transit Authority

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receive a transfer of five-percent of available proceeds in the Rhode Island Highway Maintenance Account for operating expenditures. Based on an estimated total of \$55.4 million expected to be deposited into the Highway Maintenance Account in FY 2016, RIPTA is scheduled to receive \$2.8 million of total available revenues.



### ***FY 2017 Recommended Budget***

The Governor recommends FY 2017 appropriations of \$479.5 million for the Department of Transportation, including \$272.4 million from federal funds, \$173.0 million from other funds, \$33.8 million from the Rhode Island Capital Plan Fund, and \$180,219 in restricted receipts. Relative to FY 2016 enacted levels,

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recommended federal funds increase by \$8.8 million, Rhode Island Capital Plan Fund financing decreases by \$5.5 million, while restricted receipts decrease by \$819,781 from the enacted budget. Other funds for Transportation increase by a total of \$13.1 million from the enacted budget. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, RITBA, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, land sale proceeds, non-land surplus property revenues and other miscellaneous receipts.

The total estimated receipts for the gasoline tax portion of the Intermodal Surface Transportation Fund in FY 2017 are \$145.1 million, which represents a gasoline tax yield estimate of \$4,332,792 per penny of the gasoline tax. The total estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2016 are \$79.8 million, which represents an increase of \$25.4 million from the FY 2016 enacted budget. Rhode Island General Law 39-18.1-4 transfers 75.0% of all existing DMV fees to the Highway Maintenance Account as of July 1, 2016. In FY 2016, the transfer amount was 25.0%, as Article 21 included a three-year phase in schedule of all remaining DMV related fees. Beginning in FY 2018, 100.0% of all remaining DMV related fees will be transferred to the Highway Maintenance Account.

In October 2014, a major refunding and restructuring of transportation debt was completed that will greatly help level payments over time, eliminating the “spikes” that have caused additional pressure on the shrinking gas tax revenues for the Department of Transportation. Adjustments to the total gasoline tax appropriation for the Department of Transportation include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs of \$45.9 million for DOT. In addition, the department receives \$1.9 million through the Build America Bond rebates that will be used to reduce the amount of gasoline tax used for debt service. On an all funds basis, the total debt service RIDOT is responsible for paying in FY 2016 decreases by \$68,461 from the enacted level \$47.9 million.

Similar to FY 2016 and due to projected deficits at the Rhode Island Public Transit Authority, the Governor recommends that debt service on outstanding RIPTA general obligation bonds be funded with \$1.8 million of general revenue in FY 2017 to supplement gas tax revenue generally used for debt service. Based on adjustments to debt service payments, the state will be responsible for \$94,009 more than the enacted level of \$1.7 million.

Through consolidation efforts over the years, the Department of Transportation finances employees through gas tax revenues, but whose costs are budgeted within the Department of Administration. A total of \$2.9 million represents financing of Human Resources, Purchasing, Information Technology positions, along with a Civil Rights Administrator position that have been consolidated within the Department of Administration (DOA) for employees who work at the Department of Transportation. The Governor’s FY 2017 Budget includes an additional \$421,999 by consolidating construction, property and asset management functions in numerous departments within the Department of Administration. The consolidation supports efforts to provide greater oversight of capital projects, as well as to develop a more strategic approach to project planning and management, as well as asset management. Lastly, the Governor’s Budget includes \$302,948 by consolidating audit functions in numerous departments within the Department of Administration.

### **Central Management**

Within the Central Management program, the Governor recommends FY 2017 appropriations of \$9.2 million, including \$6.6 million from federal funds and \$2.6 million from gas tax revenues. Relative to FY 2016 enacted levels, recommended federal financing decreases by \$1.9 million, while gas tax revenue financing increases by \$411,705.

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## Management and Budget

Within the Management and Budget program, the Governor recommends FY 2017 appropriations of \$3.0 million, entirely from gas tax revenues. Relative to FY 2016 enacted levels, recommended gas tax revenues decrease by \$1.5 million.

## Infrastructure-Engineering

Within the Infrastructure-Engineering program, the Governor recommends FY 2017 appropriations of \$367.9 million, including \$265.8 million from federal funds, \$72.1 million from gas tax revenues, \$27.3 million from the Rhode Island Capital Plan Fund, \$2.5 million from other funds, and \$180,219 in restricted receipts. Relative to FY 2016 enacted levels, recommended federal financing increases by \$10.7 million, gas tax revenues decrease by \$1.7 million, Rhode Island Capital Plan Funds decrease by \$7.5 million, other funds decrease by \$8.3 million, and restricted receipt funds decrease by \$819,781, attributable to the following adjustments:

- *Highway Improvement Program – Rhode Island Capital Plan Fund Financing.* The Governor’s FY 2017 recommendation includes \$27.2 million from the Rhode Island Capital Plan Fund for transportation projects that can be started in FY 2017 and directed to the Highway Improvement Program.
- *Operating Transfer to RIPTA:* Operating assistance to the Rhode Island Public Transit Authority will be financed from a 9.25-cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0-cent Underground Storage Tank fee. In FY 2017, the Governor recommends an operating transfer of \$42.2 million to RIPTA for operating assistance, which is a decrease of \$932,939 from the FY 2016 enacted budget.
- *Operating Transfer to Rhode Island Turnpike and Bridge Authority.* Operating assistance to the Rhode Island Turnpike and Bridge Authority will be financed from a 3.5-cent allocation of the gasoline tax. In FY 2017, the Governor recommends an operating transfer of \$15.2 million to the Turnpike and Bridge Authority for operating assistance, which is a decrease of \$334,901 from the FY 2016 enacted budget.
- *Federal Highway Administration Pledge to Trustee.* The FY 2017 recommendation continues the RhodeWorks supported ten-year plan proposal to refinance GARVEE debt to shift payments into the future and make \$120 million in federal funds more immediately available. As such, the Governor’s budget reflects the refinancing of the GARVEE bonds. In terms of the operating budget, this reflects a significant decrease as compared to the enacted budget in terms of the GARVEE debt service. In typical years, the Department has committed roughly \$50.0 million in federal highway funds be used to pay the debt service. The Governor’s FY 2017 budget recommendation includes freeing up an additional \$40.0 million through GARVEE debt refinancing. The focus of the program is the reduction of the number of structurally deficient bridges in Rhode Island, from 22% in 2014 to 10% in 2025. The debt service on the GARVEE bonds to be paid through the FHWA allocation is \$12.6 million in FY 2017 and is reflected in the Department’s operating budget as a Federal fund source.
- *Operating Transfer – Motor Fuel Tax Revenue Bonds.* The gas-tax funded debt service on the Motor Fuel Tax revenue bonds totals \$8.7 million in FY 2017, which is paid using 2.0-cents of total gas tax revenues.



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## Infrastructure-Maintenance

Within the Infrastructure-Maintenance program, the Governor recommends FY 2017 appropriations of \$99.3 million, including \$79.8 million from the Rhode Island Highway Maintenance Account, \$12.8 million from gas tax revenues, \$6.5 million from the Rhode Island Capital Plan Fund, and \$110,000 from other funds. Relative to FY 2016 enacted levels, recommended Rhode Island Highway Maintenance Account revenues increase by \$25.4 million, gas tax revenues decrease by \$859,162, Rhode Island Capital Plan Fund financing increases by \$2.1 million, while other funds increase by \$365,017, attributable to the following adjustments:

- *Winter Maintenance Operations.* The Governor recommends an increase of \$4.6 million from the FY 2016 enacted winter maintenance budget for a revised total of \$21.7 million. Costs include private vendors conducting snow plowing operations, materials such as liquid deicers, sand and salt, and vehicle repairs, maintenance, and fuel costs incurred during winter storm operations.
- *Highway Drainage Program.* In FY 2017, the Governor recommends \$5.0 million as a dedicated source of funds from the Rhode Island Highway Maintenance account to implement a state-funded Highway Drainage Program. The Department intends this funding to augment future financing for an organized plan for the cleaning and repairing of storm water catch basins around the State. Under a recently signed consent decree and as mandated by the United States Environmental Protection Agency under the Municipal Separate Storm Sewer Systems (MS4) permit, the Department must annually inspect and clean the state's more than 25,000 catch basins.
- *Operating Transfer to RIPTA – 5% Allocation.* Article 21 amended RIGL 39-18.1-5 by requiring that, beginning in FY 2016 and each year thereafter, the Rhode Island Public Transit Authority receive a transfer of five-percent of available proceeds in the Rhode Island Highway Maintenance Account for operating expenditures. Based on an estimated total of \$79.8 million expected to be deposited into the Highway Maintenance Account in FY 2017, RIPTA is scheduled to receive \$4.0 million of total available revenues. The increase is a direct result of transferring 75% of all remaining DMV fees to the Highway Maintenance Account in FY 2017.

The Governor recommends 752.0 FTE positions in the revised FY 2016 Budget, 0.6 less than the enacted FY 2016 level. In FY 2017, the Governor recommends 741.0 FTE positions or a decrease of 11.0 FTE positions from the enacted FY 2016 level. The decrease accounts for shifting 8.0 Audit FTE positions and 3.0 Capital related FTE positions to the Department of Administration as part of consolidation efforts. Lastly, the Governor's recommendation includes the reallocation of 40.0 previously vacant administrative FTE positions that were reclassified to 40.0 in-house maintenance FTE positions in an effort for the Department of Transportation to prevent infrastructure from falling into disrepair and to address drainage needs.

# **Appendix A**

## **Schedules**



## FY 2017 General Revenue Budget Surplus

	FY 2014 Audited <sup>(1)</sup>	FY 2015 Audited <sup>(2)</sup>	FY 2016 Enacted <sup>(3)</sup>	FY 2016 Revised <sup>(4)</sup>	FY 2017 Recommend <sup>(5)</sup>
<b>Surplus</b>					
Opening Surplus	\$104,119,715	\$67,806,737	\$118,565,419	\$168,038,072	\$81,679,082
Adjustment to Opening Surplus	-	13,794,502	-	-	-
Reappropriated Surplus	7,052,524	7,378,665	-	6,890,273	-
Subtotal	<b>\$111,172,239</b>	<b>\$88,979,904</b>	<b>\$118,565,419</b>	<b>\$174,928,345</b>	<b>\$81,679,082</b>
<b>General Taxes</b>	2,674,140,830	\$2,882,561,175	2,843,383,194	2,843,383,194	2,937,000,000
Revenue estimators' revision	-	-	-	28,316,806	15,989,908
Changes to the Adopted Estimates	-	-	-	-	-
Subtotal	<b>\$2,674,140,830</b>	<b>\$2,882,561,175</b>	<b>\$2,843,383,194</b>	<b>\$2,871,700,000</b>	<b>\$2,952,989,908</b>
<b>Departmental Revenues</b>	360,678,655	\$354,121,814	357,236,271	357,236,271	191,400,000
Revenue estimators' revision	-	-	-	(536,271)	-
Changes to Adopted	-	-	-	5,000	178,100,902
Subtotal	<b>\$360,678,655</b>	<b>\$354,121,814</b>	<b>\$357,236,271</b>	<b>\$356,705,000</b>	<b>\$369,500,902</b>
<b>Other Sources</b>					
Other Miscellaneous	6,391,686	8,778,364	1,397,000	1,397,000	1,116,000
Revenue estimators' revision	-	-	-	(614,000)	22,225,000
Changes to Adopted	-	-	-	-	-
Lottery	376,327,121	381,935,510	331,740,000	331,740,000	354,700,000
Revenue estimators' revision	-	-	-	25,160,000	-
Changes to Adopted	-	-	-	-	-
Unclaimed Property	12,724,124	13,711,780	10,000,000	10,000,000	8,800,000
Revenue estimators' revision	-	-	-	100,000	-
Subtotal	<b>\$395,442,931</b>	<b>\$404,425,654</b>	<b>\$343,137,000</b>	<b>\$367,783,000</b>	<b>\$386,841,000</b>
<b>Total Revenues</b>	<b>\$3,430,262,416</b>	<b>\$3,641,108,643</b>	<b>\$3,543,756,465</b>	<b>\$3,596,188,000</b>	<b>\$3,709,331,810</b>
<b>Transfer to Budget Reserve</b>	<b>(106,031,464)</b>	<b>(111,267,461)</b>	<b>(109,869,657)</b>	<b>(112,926,782)</b>	<b>(113,730,327)</b>
<b>Total Available</b>	<b>\$3,435,403,191</b>	<b>\$3,618,821,086</b>	<b>\$3,552,452,228</b>	<b>\$3,658,189,563</b>	<b>\$3,677,280,565</b>
Actual/Enacted Expenditures	\$3,336,423,288	\$3,453,892,741	\$3,551,988,738	\$3,551,988,738	3,676,761,000
Reappropriations	-	-	-	6,890,273	-
Caseload Conference Changes	-	-	-	14,884,287	-
Other Changes in Expenditures	-	-	-	2,747,183	-
<b>Total Expenditures</b>	<b>\$3,336,423,288</b>	<b>\$3,453,892,741</b>	<b>\$3,551,988,738</b>	<b>\$3,576,510,481</b>	<b>\$3,676,761,000</b>
<b>Total Ending Balances</b>	<b>\$98,979,903</b>	<b>\$164,928,345</b>	<b>\$463,490</b>	<b>\$81,679,082</b>	<b>\$519,565</b>
<b>Transfer to/from Other Funds</b> <sup>(6)</sup>	<b>(\$23,794,501)</b>	<b>\$10,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Reappropriations	(7,378,665)	(6,890,273)	-	-	-
<b>Free Surplus</b>	<b>\$67,806,737</b>	<b>\$168,038,072</b>	<b>\$463,490</b>	<b>\$81,679,082</b>	<b>\$519,565</b>
<b>Budget Reserve and Cash</b>					
<b>Stabilization Account</b>	<b>\$176,719,107</b>	<b>\$185,445,769</b>	<b>\$183,116,094</b>	<b>\$188,211,304</b>	<b>\$189,440,023</b>

<sup>(1)</sup> Derived from the State Controller's final closing report for FY 2014, dated December 29, 2014, reflecting a closing surplus of \$67,806,737.

<sup>(2)</sup> Derived from the State Controller's final closing report for FY 2015, dated January 5, 2016 reflecting a closing surplus of \$168,038,072.

<sup>(3)</sup> Reflects the FY 2016 budget enacted by the General Assembly and signed into law by the Governor on June 30, 2015.

<sup>(4)</sup> Reflects the enacted revenues and expenditures adjusted for revenue and caseload estimates adopted at the November 2015 Revenue and Caseload estimating conferences and adjustments to revenues and expenditures as recommended by the Governor.

<sup>(5)</sup> Reflects the Governor's recommended FY 2017 budget, including results of the November 2015 Revenue and Caseload Estimating Conference and any proposed legislative changes to modify adopted estimates.

<sup>(6)</sup> Reflects restricted General Fund balances transferred from the Accelerated Depreciation Fund.

## Expenditures from All Funds

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommend
<b>General Government</b>					
Administration	\$412,495,073	\$415,448,655	\$368,031,640	\$396,014,187	\$397,694,673
Business Regulation	12,249,226	12,676,052	14,620,512	14,393,095	17,005,533
Executive Office Of Commerce (1)	-	203,145	74,924,345	76,378,826	83,622,348
Labor and Training	511,348,590	429,213,620	443,730,008	449,441,053	422,079,133
Revenue	422,287,255	449,017,632	423,207,249	478,228,453	502,599,539
Legislature	35,681,698	36,190,422	41,154,944	44,105,835	43,049,302
Lieutenant Governor	2,673,290	971,873	1,192,621	1,043,068	1,109,576
Secretary of State	6,668,513	7,691,503	7,986,884	7,764,433	10,749,205
General Treasurer	38,039,736	41,532,194	39,094,693	39,892,444	36,771,155
Board of Elections	1,573,262	4,656,136	1,818,305	1,797,868	1,982,707
Rhode Island Ethics Commission	1,541,741	1,579,038	1,644,876	1,611,119	1,653,383
Governor's Office	3,975,744	4,401,893	4,903,467	5,139,589	5,091,069
Commission for Human Rights	1,489,579	1,556,738	1,548,010	1,554,766	1,581,423
Public Utilities Commission	6,823,882	6,762,365	8,684,685	8,672,349	8,926,973
<b>Subtotal - General Government</b>	<b>\$1,456,847,589</b>	<b>\$1,411,901,266</b>	<b>\$1,432,542,239</b>	<b>\$1,526,037,085</b>	<b>\$1,533,916,019</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	1,945,613,900	2,334,650,460	2,387,903,953	2,463,562,045	2,409,316,489
Children, Youth, and Families	219,685,921	221,570,379	216,592,410	222,764,039	216,110,079
Health	108,576,130	111,422,584	121,401,905	131,108,001	163,332,529
Human Services	613,340,811	621,643,199	622,403,505	654,079,623	597,518,025
Behavioral Healthcare, Developmental Disabilities and Hospitals	445,714,460	375,214,014	370,945,694	379,842,987	375,005,876
Governor's Commission on Disabilities	871,546	1,215,102	428,524	435,961	440,570
Commission On Deaf and Hard of Hearing	399,505	430,792	491,883	539,040	587,746
Office of the Child Advocate	583,702	660,641	717,273	714,417	695,582
Office of the Mental Health Advocate	485,005	504,149	508,251	549,419	542,009
<b>Subtotal - Human Services</b>	<b>\$3,335,270,980</b>	<b>\$3,667,311,320</b>	<b>\$3,721,393,398</b>	<b>\$3,853,595,532</b>	<b>\$3,763,548,905</b>
<b>Education</b>					
Elementary and Secondary	1,197,362,280	1,232,188,487	1,308,490,695	1,317,358,312	1,350,379,573
Higher Education	1,061,770,203	1,047,360,269	1,090,159,436	1,123,009,185	1,163,417,439
RI Council on the Arts	2,280,949	2,387,241	4,036,698	3,539,374	2,618,274
RI Atomic Energy Commission	1,133,765	1,187,852	1,337,169	1,604,090	1,350,935
Higher Education Assistance Authority (3)	22,873,672	15,190,541	0	0	-
Historical Preservation and Heritage Comm.	2,000,284	5,446,730	3,956,703	4,064,257	2,974,999
Public Telecommunications Authority	0	-	-	-	-
<b>Subtotal - Education</b>	<b>\$2,287,421,153</b>	<b>\$2,303,761,120</b>	<b>\$2,407,980,701</b>	<b>\$2,449,575,218</b>	<b>\$2,520,741,220</b>

## Expenditures from All Funds

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommend
<b>Public Safety</b>					
Attorney General	31,009,997	30,936,848	34,035,317	35,724,802	34,882,783
Corrections	195,805,164	201,390,140	211,025,689	217,726,101	226,119,650
Judicial	107,052,063	109,785,453	116,299,126	115,972,127	116,664,962
Military Staff	34,101,891	15,544,752	19,408,098	19,623,374	24,677,316
Rhode Island Emergency Mng Agency (2)	0	14,535,853	18,537,918	28,530,116	23,994,138
Public Safety	111,609,833	117,204,896	123,725,416	123,876,829	121,809,215
Office Of Public Defender	10,917,680	10,902,222	11,700,347	11,616,528	11,897,202
<b>Subtotal - Public Safety</b>	<b>\$490,496,628</b>	<b>\$500,300,164</b>	<b>\$534,731,911</b>	<b>\$553,069,877</b>	<b>\$560,045,266</b>
<b>Natural Resources</b>					
Environmental Management	79,469,714	88,968,734	99,304,621	102,794,367	99,851,715
Coastal Resources Management Council	4,457,741	4,669,180	5,669,383	7,215,410	7,211,407
<b>Subtotal - Natural Resources</b>	<b>\$83,927,455</b>	<b>\$93,637,914</b>	<b>\$104,974,004</b>	<b>\$110,009,777</b>	<b>\$107,063,122</b>
<b>Transportation</b>					
Transportation	401,479,015	415,640,470	463,816,478	482,858,909	479,457,845
<b>Subtotal - Transportation</b>	<b>\$401,479,015</b>	<b>\$415,640,470</b>	<b>\$463,816,478</b>	<b>\$482,858,909</b>	<b>\$479,457,845</b>
<b>Total</b>	<b>\$8,055,442,820</b>	<b>\$8,392,552,254</b>	<b>\$8,665,438,731</b>	<b>\$8,975,146,398</b>	<b>\$8,964,772,377</b>

(1) New Agency effective February 1, 2015.

(2) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

## Expenditures from General Revenues

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Recommend	FY 2017 Recommend
<b>General Government</b>					
Administration	\$259,268,901	\$244,775,881	\$197,494,291	\$216,525,887	\$243,008,631
Business Regulation	8,526,389	8,556,174	9,236,495	9,135,640	12,750,654
Executive Office Of Commerce (1)	-	203,145	60,840,542	61,014,948	63,281,421
Labor and Training	8,027,721	8,553,272	8,324,769	8,472,717	10,322,779
Revenue	99,768,361	106,969,845	113,198,446	110,571,771	111,231,248
Legislature	34,498,448	34,865,422	39,474,071	42,490,012	41,352,730
Lieutenant Governor	957,446	959,864	1,127,621	1,043,068	1,109,576
Secretary of State	6,196,251	7,164,977	6,951,530	6,747,368	10,092,686
General Treasurer	2,384,819	2,400,368	2,420,250	2,407,642	2,856,231
Board of Elections	1,573,262	4,656,136	1,818,305	1,797,868	1,982,707
Rhode Island Ethics Commission	1,541,741	1,579,038	1,644,876	1,611,119	1,653,383
Governor's Office	3,975,744	4,401,947	4,903,467	5,139,589	5,091,069
Commission for Human Rights	1,138,859	1,225,335	1,252,174	1,243,892	1,258,128
Public Utilities Commission	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$427,857,942</b>	<b>\$426,311,404</b>	<b>\$448,686,837</b>	<b>\$468,201,521</b>	<b>\$505,991,243</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	839,589,446	915,652,909	909,934,065	926,021,780	914,720,115
Children, Youth, and Families	154,719,224	158,285,858	152,587,731	154,782,322	151,984,020
Health	23,469,936	22,821,939	25,835,956	25,719,200	26,501,994
Human Services	92,107,740	94,560,297	98,271,683	97,728,070	103,282,109
Behavioral Healthcare, Developmental Disabilities and Hospitals	200,160,407	173,264,827	172,488,711	174,461,291	168,143,778
Governor's Commission on Disabilities	339,529	355,439	383,056	381,890	386,147
Commission On Deaf and Hard of Hearing	375,549	387,625	411,883	409,040	477,746
Office of the Child Advocate	544,231	613,552	672,273	669,417	650,582
Office of the Mental Health Advocate	485,005	504,149	508,251	549,419	542,009
<b>Subtotal - Human Services</b>	<b>\$1,311,791,067</b>	<b>\$1,366,446,595</b>	<b>\$1,361,093,609</b>	<b>\$1,380,722,429</b>	<b>\$1,366,688,500</b>
<b>Education</b>					
Elementary and Secondary	959,927,061	1,002,464,660	1,067,719,085	1,067,544,042	1,109,259,026
Higher Education	179,174,880	188,223,129	196,304,956	180,983,077	199,498,689
RI Council on the Arts	1,310,474	1,490,966	1,863,052	1,859,778	1,539,620
RI Atomic Energy Commission	859,903	872,139	957,170	936,450	981,100
Higher Education Assistance Authority (3)	4,333,323	147,000	0	0	-
Historical Preservation and Heritage Comm.	1,282,682	1,138,182	1,380,972	1,430,963	1,373,860
Public Telecommunications Authority	0	-	-	-	-
<b>Subtotal - Education</b>	<b>\$1,146,888,323</b>	<b>\$1,194,336,076</b>	<b>\$1,268,225,235</b>	<b>\$1,252,754,310</b>	<b>\$1,312,652,295</b>

## Expenditures from General Revenues

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Recommend	FY 2017 Recommend
<b>Public Safety</b>					
Attorney General	23,235,530	23,949,930	25,193,210	25,122,410	25,595,982
Corrections	188,152,167	196,162,110	200,225,250	204,394,923	212,679,501
Judicial	91,551,391	94,371,203	96,031,046	95,581,117	96,341,410
Military Staff	3,461,473	2,144,129	2,065,434	2,363,408	2,659,719
Rhode Island Emergency Mng Agency (2)	-	1,796,019	1,766,002	1,762,453	1,848,876
Public Safety	96,048,576	99,121,734	97,060,493	93,257,274	99,825,776
Office Of Public Defender	10,742,068	10,829,860	11,621,977	11,503,708	11,784,382
<b>Subtotal - Public Safety</b>	<b>\$413,191,205</b>	<b>\$428,374,985</b>	<b>\$433,963,412</b>	<b>\$433,985,293</b>	<b>\$450,735,646</b>
<b>Natural Resources</b>					
Environmental Management	34,534,163	36,110,396	37,586,385	38,425,074	38,240,878
Coastal Resources Management Council	2,160,560	2,313,282	2,433,260	2,421,855	2,452,438
<b>Subtotal - Natural Resources</b>	<b>\$36,694,723</b>	<b>\$38,423,678</b>	<b>\$40,019,645</b>	<b>\$40,846,929</b>	<b>\$40,693,316</b>
<b>Transportation</b>					
Transportation	-	-	-	-	-
<b>Subtotal - Transportation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$3,336,423,260</b>	<b>\$3,453,892,738</b>	<b>\$3,551,988,738</b>	<b>\$3,576,510,482</b>	<b>\$3,676,761,000</b>

(1) New Agency effective February 1, 2015.

(2) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.



## Expenditures from Federal Funds

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Recommend	FY 2017 Recommend
<b>General Government</b>					
Administration	\$72,702,362	\$77,782,063	\$43,302,629	\$43,989,894	\$14,896,706
Business Regulation	2,038,842	2,216,757	2,795,240	2,768,904	1,100,710
Executive Office Of Commerce (1)	-	-	10,983,803	11,063,878	15,290,927
Labor and Training	72,019,823	35,913,567	38,164,061	56,691,604	38,514,938
Revenue	1,655,815	4,314,983	1,315,154	5,288,759	2,145,367
Legislature	-	-	-	-	-
Lieutenant Governor	1,583,196	9	65,000	0	0
Secretary of State	16,040	11,264	-	22,859	-
General Treasurer	852,195	649,120	891,955	1,019,884	952,881
Board of Elections	0	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	(53)	-	-	-
Commission for Human Rights	350,720	331,403	295,836	310,874	323,295
Public Utilities Commission	207,575	81,792	90,000	90,000	104,669
<b>Subtotal - General Government</b>	<b>\$151,426,568</b>	<b>\$121,300,905</b>	<b>\$97,903,678</b>	<b>\$121,246,656</b>	<b>\$73,329,493</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	1,093,456,235	1,402,816,157	1,462,232,758	1,522,294,853	1,476,096,972
Children, Youth, and Families	61,602,917	59,824,300	58,927,126	61,708,997	60,409,483
Health	55,777,861	57,741,431	65,752,434	70,070,913	100,365,021
Human Services	513,984,570	520,276,560	517,462,308	549,854,594	487,860,220
Behavioral Healthcare, Developmental Disabilities and Hospitals	228,621,075	187,771,526	182,605,186	189,408,411	187,490,274
Governor's Commission on Disabilities	50,799	263,931	35,459	21,181	10,297
Commission On Deaf and Hard of Hearing	-	-	-	-	-
Office of the Child Advocate	39,471	47,089	45,000	45,000	45,000
Office of the Mental Health Advocate	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$1,953,532,928</b>	<b>\$2,228,740,994</b>	<b>\$2,287,060,271</b>	<b>\$2,393,403,949</b>	<b>\$2,312,277,267</b>

## Expenditures from Federal Funds

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Recommend	FY 2017 Recommend
<b>Education</b>					
Elementary and Secondary	203,805,167	197,213,822	203,962,314	211,023,436	206,229,553
Higher Education	5,204,666	4,544,682	15,092,544	15,434,426	14,308,847
RI Council on the Arts	686,230	713,200	775,353	774,296	775,454
RI Atomic Energy Commission	12,301	89	54,699	325,555	50,308
Higher Education Assistance Authority (3)	10,244,455	7,375,001	0	0	-
Historical Preservation and Heritage Comm.	522,900	1,855,585	2,075,393	2,005,752	1,093,966
Public Telecommunications Authority	-	-	-	-	-
<b>Subtotal - Education</b>	<b>\$220,475,719</b>	<b>\$211,702,379</b>	<b>\$221,960,303</b>	<b>\$229,563,465</b>	<b>222,458,128</b>
<b>Public Safety</b>					
Attorney General	1,648,980	1,903,112	1,291,777	3,749,312	1,692,545
Corrections	1,834,575	1,534,164	1,337,381	1,885,937	1,130,008
Judicial	2,986,862	3,142,537	3,431,136	3,392,087	3,116,365
Military Staff	28,705,774	12,353,422	15,361,864	14,636,581	17,497,797
Rhode Island Emergency Mng Agency (2)	0	12,622,540	16,551,541	26,233,728	20,094,466
Public Safety	6,597,933	5,986,537	6,764,072	10,093,127	9,292,391
Office Of Public Defender	175,612	72,362	78,370	112,820	112,820
<b>Subtotal - Public Safety</b>	<b>\$41,949,736</b>	<b>\$37,614,674</b>	<b>\$44,816,141</b>	<b>\$60,103,592</b>	<b>\$52,936,392</b>
<b>Natural Resources</b>					
Environmental Management	22,231,819	26,411,282	29,307,477	31,376,799	29,728,792
Coastal Resources Management Council	2,127,181	1,876,791	2,614,348	4,220,154	4,098,312
<b>Subtotal - Natural Resources</b>	<b>\$24,359,000</b>	<b>\$28,288,073</b>	<b>\$31,921,825</b>	<b>\$35,596,953</b>	<b>\$33,827,104</b>
<b>Transportation</b>					
Transportation	284,457,818	267,656,266	263,615,422	274,256,147	272,409,980
<b>Subtotal - Transportation</b>	<b>\$284,457,818</b>	<b>\$267,656,266</b>	<b>\$263,615,422</b>	<b>\$274,256,147</b>	<b>\$272,409,980</b>
<b>Total</b>	<b>\$2,676,201,769</b>	<b>\$2,895,303,291</b>	<b>\$2,947,277,640</b>	<b>\$3,114,170,762</b>	<b>\$2,967,238,364</b>

(1) New Agency effective February 1, 2015.

(2) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

## Expenditures from Restricted Receipts

	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017
	Actual	Actual	Enacted	Recommend	Recommend
<b>General Government</b>					
Administration (1)	\$15,899,348	\$20,553,583	\$28,853,407	\$45,364,953	\$35,983,267
Business Regulation	1,683,995	1,903,121	2,588,777	2,488,551	3,154,169
Executive Office Of Commerce (1)	-	-	2,800,000	4,000,000	4,750,000
Labor and Training	36,675,422	35,172,518	21,495,150	39,298,684	23,878,696
Revenue	1,696,101	1,718,666	3,894,326	4,935,486	5,947,043
Legislature	1,183,250	1,325,000	1,680,873	1,615,823	1,696,572
Lieutenant Governor	132,648	12,000	-	-	-
Secretary of State	456,222	478,183	599,108	531,285	556,519
General Treasurer	34,602,288	38,279,369	35,263,670	35,875,484	32,286,796
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	(1)	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	6,616,307	6,680,573	8,594,685	8,582,349	8,822,304
<b>Subtotal - General Government</b>	<b>\$98,945,581</b>	<b>\$106,123,012</b>	<b>\$105,769,996</b>	<b>\$142,692,615</b>	<b>\$117,075,366</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	12,568,219	16,181,394	15,737,130	15,245,412	18,499,402
Children, Youth, and Families	2,762,996	3,043,630	2,838,967	3,700,363	3,466,576
Health	29,272,149	30,856,883	29,813,515	35,317,888	36,465,514
Human Services	2,355,044	2,396,897	2,076,036	1,368,481	1,282,218
Behavioral Healthcare, Developmental Disabilities and Hospitals	8,459,502	9,873,915	9,180,797	8,365,757	8,435,824
Governor's Commission on Disabilities	6,898	6,633	10,009	32,890	44,126
Commission On Deaf and Hard of Hearing	23,956	43,167	80,000	130,000	110,000
Office of the Child Advocate	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$55,448,764</b>	<b>\$62,402,519</b>	<b>\$59,736,454</b>	<b>\$64,160,791</b>	<b>\$68,303,660</b>
<b>Education</b>					
Elementary and Secondary	25,529,786	28,575,427	28,948,926	30,571,770	30,186,994
Higher Education	630,618	632,650	653,200	653,200	660,795
RI Council on the Arts	-	-	-	-	-
RI Atomic Energy Commission	-	-	-	-	-
Higher Education Assistance Authority (3)	-	-	-	-	-
Historical Preservation and Heritage Comm.	45,108	377,082	428,630	427,175	427,175
Public Telecommunications Authority	-	-	-	-	-
<b>Subtotal - Education</b>	<b>\$26,205,512</b>	<b>\$29,585,159</b>	<b>\$30,030,756</b>	<b>\$31,652,145</b>	<b>\$31,274,964</b>

## Expenditures from Restricted Receipts

	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017
	Actual	Actual	Enacted	Recommend	Recommend
<b>Public Safety</b>					
Attorney General	5,900,916	5,080,406	7,250,330	6,553,080	7,294,256
Corrections	53,383	169,484	47,058	269,614	60,141
Judicial	10,426,434	10,923,799	11,336,944	11,412,688	11,682,187
Military Staff	301,196	211,281	323,300	387,300	337,300
Rhode Island Emergency Mng Agency (2)	-	117,294	220,375	301,860	861,046
Public Safety	4,060,157	6,601,587	11,176,346	11,493,242	5,452,070
Office Of Public Defender	-	-	-	-	-
<b>Subtotal - Public Safety</b>	<b>\$20,742,086</b>	<b>\$23,103,851</b>	<b>\$30,354,353</b>	<b>\$30,417,784</b>	<b>\$25,687,000</b>
<b>Natural Resources</b>					
Environmental Management	13,377,916	12,186,477	18,354,537	19,462,047	19,081,956
Coastal Resources Management Council	170,000	180,733	250,000	250,000	250,000
<b>Subtotal - Natural Resources</b>	<b>\$13,547,916</b>	<b>\$12,367,210</b>	<b>\$18,604,537</b>	<b>\$19,712,047</b>	<b>\$19,331,956</b>
<b>Transportation</b>					
Transportation	7,202,773	2,411,276	1,000,000	159,506	180,219
<b>Subtotal - Transportation</b>	<b>\$7,202,773</b>	<b>\$2,411,276</b>	<b>\$1,000,000</b>	<b>\$159,506</b>	<b>\$180,219</b>
<b>Total</b>	<b>\$222,092,632</b>	<b>\$235,993,027</b>	<b>\$245,496,096</b>	<b>\$288,794,888</b>	<b>\$261,853,165</b>

(1) New Agency effective February 1, 2015.

(2) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(3) In FY 2016, the RIHEEA was moved under the Public Higher Education Budget.

## Expenditures from Other Funds

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Recommend	FY 2017 Recommend
<b>General Government</b>					
Administration	\$64,624,462	\$72,337,128	\$98,381,313	\$90,133,453	\$103,806,069
Business Regulation	-	-	-	-	-
Executive Office Of Commerce (1)	-	-	300,000	300,000	300,000
Labor and Training	394,625,624	349,574,263	375,746,028	344,978,048	349,362,720
Revenue	319,166,978	336,014,138	304,799,323	357,432,437	383,275,881
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	-	37,079	436,246	462,921	100,000
General Treasurer	200,434	203,337	518,818	589,434	675,247
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$778,617,498</b>	<b>\$758,165,945</b>	<b>\$780,181,728</b>	<b>\$793,896,293</b>	<b>\$837,519,917</b>
<b>Health and Human Services</b>					
Executive Office of Health & Human Services	-	-	-	-	-
Children, Youth, and Families	600,784	416,591	2,238,586	2,572,357	250,000
Health	56,184	2,331	0	0	-
Human Services	4,893,457	4,409,445	4,593,478	5,128,478	5,093,478
Behavioral Healthcare, Developmental Disabilities and Hospitals	8,473,476	4,303,746	6,671,000	7,607,528	10,936,000
Governor's Commission on Disabilities	474,320	589,099	0	0	-
Commission On Deaf and Hard of Hearing	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$14,498,221</b>	<b>\$9,721,212</b>	<b>\$13,503,064</b>	<b>\$15,308,363</b>	<b>\$16,279,478</b>
<b>Education</b>					
Elementary and Secondary	8,100,266	3,934,578	7,860,370	8,219,064	4,704,000
Higher Education	876,760,039	853,959,808	878,108,736	925,938,482	948,949,108
RI Council on the Arts	284,245	183,075	1,398,293	905,300	303,200
RI Atomic Energy Commission	261,561	315,624	325,300	342,085	319,527
Higher Education Assistance Authority (2)	8,295,894	7,668,540	0	0	-
Historical Preservation and Heritage Comm.	149,594	2,075,881	71,708	200,367	79,998
Public Telecommunications Authority	0	0	-	-	-
<b>Subtotal - Education</b>	<b>\$893,851,599</b>	<b>\$868,137,506</b>	<b>\$887,764,407</b>	<b>\$935,605,298</b>	<b>\$954,355,833</b>

## Expenditures from Other Funds

	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2016 Recommend	FY 2017 Recommend
<b>Public Safety</b>					
Attorney General	224,571	3,400	300,000	300,000	300,000
Corrections	5,765,039	3,524,382	9,416,000	11,175,627	12,250,000
Judicial	2,087,376	1,347,914	5,500,000	5,586,235	5,525,000
Military Staff	1,633,448	835,920	1,657,500	2,236,085	4,182,500
Rhode Island Emergency Mng Agency (3)	0	0	0	232,075	1,189,750
Public Safety (4)	4,903,167	5,495,038	8,724,505	9,033,186	7,238,978
Office Of Public Defender	-	-	-	-	-
<b>Subtotal - Public Safety</b>	<b>\$14,613,601</b>	<b>\$11,206,654</b>	<b>\$25,598,005</b>	<b>\$28,563,208</b>	<b>\$30,686,228</b>
<b>Natural Resources</b>					
Environmental Management	9,325,816	14,260,579	14,056,222	13,530,447	12,800,089
Coastal Resources Management Council	0	298,374	371,775	323,401	410,657
<b>Subtotal - Natural Resources</b>	<b>\$9,325,816</b>	<b>\$14,558,953</b>	<b>\$14,427,997</b>	<b>\$13,853,848</b>	<b>\$13,210,746</b>
<b>Transportation</b>					
Transportation	109,818,424	145,572,928	199,201,056	208,443,256	206,867,646
<b>Subtotal - Transportation</b>	<b>\$109,818,424</b>	<b>\$145,572,928</b>	<b>\$199,201,056</b>	<b>\$208,443,256</b>	<b>\$206,867,646</b>
<b>Total</b>	<b>\$1,820,725,159</b>	<b>\$1,807,363,198</b>	<b>\$1,920,676,257</b>	<b>\$1,995,670,266</b>	<b>\$2,058,919,848</b>

(1) New Agency effective February 1, 2015.

(2) In FY 2015, the Rhode Island Emergency Management Agency was separated from the Military Staff.

(3) In FY 2016, the RIHEAA was moved under the Public Higher Education Budget.

## Full-Time Equivalent Positions

	FY 2014	FY 2015	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommend
<b>General Government</b>					
Administration	720.7	710.7	711.7	723.7	743.7
Business Regulation	94.0	98.0	98.0	98.0	104.0
Executive Office of Commerce	-	5.0	16.0	16.0	16.0
Labor & Training	410.0	410.0	410.0	416.5	416.5
Revenue	492.0	505.0	514.5	514.5	523.5
Legislature	298.5	298.5	298.5	298.5	298.5
Office of the Lieutenant Governor	8.0	8.0	8.0	8.0	8.0
Secretary of State	57.0	57.0	57.0	57.0	59.0
General Treasurer	83.0	83.0	84.0	87.0	88.0
Board Of Elections	11.0	11.0	11.0	11.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0
Office of the Governor	45.0	45.0	45.0	45.0	45.0
Commission for Human Rights	14.5	14.5	14.5	14.5	14.5
Public Utilities Commission	49.0	50.0	50.0	50.0	51.0
<b>Subtotal - General Government</b>	<b>2,294.7</b>	<b>2,307.7</b>	<b>2,330.2</b>	<b>2,351.7</b>	<b>2,391.7</b>
<b>Human Services</b>					
Office of Health and Human Services	184.0	184.0	187.0	187.0	187.0
Children, Youth, and Families	670.5	672.5	672.5	672.5	672.5
Health	491.1	491.3	490.6	490.6	503.6
Human Services	959.1	959.1	959.1	959.1	955.1
Behavioral Healthcare, Developmental Disabilities, and Hospitals (1)	1,422.4	1,420.4	1,421.4	1,419.4	1,417.4
Office of the Child Advocate	6.0	6.0	6.0	6.0	6.0
Commission On the Deaf & Hard of Hearing	3.0	3.0	3.0	3.0	4.0
Governor's Commission on Disabilities	4.0	4.0	4.0	4.0	4.0
Office of the Mental Health Advocate	3.7	3.7	4.0	4.0	4.0
<b>Subtotal - Human Services</b>	<b>3,743.8</b>	<b>3,744.0</b>	<b>3,747.6</b>	<b>3,745.6</b>	<b>3,753.6</b>
<b>Education</b>					
Elementary and Secondary Education	171.4	158.4	151.4	153.4	153.4
Davies	126.0	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0	60.0
<b>Elementary Secondary Education - Total</b>	<b>357.4</b>	<b>344.4</b>	<b>337.4</b>	<b>339.4</b>	<b>339.4</b>
Office of Postsecondary Commissioner Standard	15.8	14.0	24.0	24.0	23.0
URI Standard	1,996.6	1,882.7	1,882.7	1,882.7	1,915.7
RIC Standard	837.6	841.6	841.6	841.6	844.2
CCRI Standard	754.1	760.1	765.1	765.1	765.1
<b>Higher Education - Total Non-Sponsored</b>	<b>3,604.1</b>	<b>3,498.4</b>	<b>3,513.4</b>	<b>3,513.4</b>	<b>3,548.0</b>
RI Council On The Arts	6.0	6.0	8.6	8.6	6.0
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Higher Education Assistance Authority (2)	23.0	22.0	-	-	-
Historical Preservation and Heritage Commission	16.6	16.6	16.6	16.6	16.6
<b>Subtotal - Education</b>	<b>4,015.7</b>	<b>3,896.0</b>	<b>3,884.6</b>	<b>3,886.6</b>	<b>3,918.6</b>

## Full-Time Equivalent Positions

	FY 2014	FY 2015	FY 2016 Enacted	FY 2016 Revised	FY 2017 Recommend
<b>Public Safety</b>					
Attorney General	233.1	236.1	236.1	236.1	236.1
Corrections	1,419.0	1,419.0	1,419.0	1,419.0	1,432.0
Judicial	726.3	723.3	724.3	724.3	724.3
Military Staff	117.0	85.0	92.0	92.0	96.0
Emergency Management	-	32.0	32.0	32.0	32.0
Public Safety	634.2	633.2	633.2	633.2	633.2
Office of the Public Defender	93.0	93.0	93.0	93.0	93.0
<b>Subtotal - Public Safety</b>	<b>3,222.6</b>	<b>3,221.6</b>	<b>3,229.6</b>	<b>3,229.6</b>	<b>3,246.6</b>
<b>Natural Resources</b>					
Environmental Management	399.0	399.0	399.0	399.0	401.0
Coastal Resources Management Council	29.0	29.0	29.0	29.0	29.0
<b>Subtotal - Natural Resources</b>	<b>428.0</b>	<b>428.0</b>	<b>428.0</b>	<b>428.0</b>	<b>430.0</b>
<b>Transportation</b>					
Transportation	752.6	752.6	752.6	752.0	741.0
<b>Subtotal - Transportation</b>	<b>752.6</b>	<b>752.6</b>	<b>752.6</b>	<b>752.0</b>	<b>741.0</b>
<b>Total Standard</b>	<b>14,457.4</b>	<b>14,349.9</b>	<b>14,372.6</b>	<b>14,393.5</b>	<b>14,481.5</b>
<b>Higher Education Third Party*</b>					
Office	1.0	1.0	1.0	1.0	1.0
CCRI	58.7	94.0	89.0	89.0	89.0
RIC	82.0	82.0	82.0	82.0	82.0
URI	501.2	573.8	573.8	573.8	573.8
<b>Subtotal Third Party</b>	<b>642.9</b>	<b>750.8</b>	<b>745.8</b>	<b>745.8</b>	<b>745.8</b>
<b>Total Higher Education</b>	<b>4,247.0</b>	<b>4,249.2</b>	<b>4,259.2</b>	<b>4,259.2</b>	<b>4,293.8</b>
<b>Total Personnel Authorizations</b>	<b>15,100.3</b>	<b>15,100.7</b>	<b>15,118.4</b>	<b>15,139.3</b>	<b>15,227.3</b>

\*A total of 745.8 FTE positions in Higher Education in FY 2016 and FY 2017 represent FTE's supported by third party funds. Commencing in FY2005, these positions were included in the overall FTE Cap. In addition, there are separate caps for each program and for sponsored/non-sponsored research FTE's.

(1) formerly Mental Health, Retardation and Hospitals

(2) merged with Higher Education



## General Revenues as Recommended

	FY 2014 Audited	FY 2015 Audited	FY 2016 Revised	FY 2017 Recommended
<b>Personal Income Tax</b>	\$ 1,115,512,527	\$ 1,227,581,960	\$ 1,214,900,000	\$ 1,263,499,140
<b>General Business Taxes</b>				
Business Corporations	114,215,409	147,979,089	153,500,000	163,651,005
Public Utilities Gross Earnings	101,382,220	103,950,349	104,000,000	104,500,000
Financial Institutions	16,610,639	22,743,284	17,700,000	19,500,000
Insurance Companies	102,356,841	120,264,561	122,400,000	127,674,000
Bank Deposits	2,471,553	2,259,880	2,300,000	2,300,000
Health Care Provider Assessment	42,131,465	44,125,338	44,000,000	45,100,000
<b>Sales and Use Taxes</b>				
Sales and Use	916,035,065	963,446,369	981,000,000	1,017,677,054
Motor Vehicle	52,407,813	49,117,001	36,200,000	12,200,000
Motor Fuel	523,920	(124,650)	500,000	500,000
Cigarettes	139,461,685	138,045,483	142,100,000	145,088,709
Alcohol	18,252,450	18,363,285	19,000,000	19,500,000
Controlled Substances	48,188	6,177		
<b>Other Taxes</b>				
Estate and Transfer	43,592,370	34,202,383	23,000,000	20,400,000
Racing and Athletics	1,176,869	1,107,202	1,100,000	1,100,000
Realty Transfer	7,961,816	9,493,464	10,000,000	10,300,000
Statewide Property Tax *				
<b>Total Taxes</b>	<b>\$ 2,674,140,830</b>	<b>\$ 2,882,561,175</b>	<b>\$ 2,871,700,000</b>	<b>\$ 2,952,989,908</b>
<b>Departmental Receipts</b>	\$ 360,678,655	\$ 354,121,814	\$ 356,705,000	\$ 369,500,902
<b>Taxes and Departmentals</b>	<b>\$ 3,034,819,485</b>	<b>\$ 3,236,682,989</b>	<b>\$ 3,228,405,000</b>	<b>\$ 3,322,490,809</b>
<b>Other Sources</b>				
Other Miscellaneous	6,391,686	8,778,364	783,000	23,341,000
Lottery	376,327,121	381,935,510	356,900,000	354,700,000
Unclaimed Property	12,724,124	13,711,780	10,100,000	8,800,000
<b>Other Sources</b>	<b>\$ 395,442,931</b>	<b>\$ 404,425,654</b>	<b>\$ 367,783,000</b>	<b>\$ 386,841,000</b>
<b>Total General Revenues</b>	<b>\$ 3,430,262,416</b>	<b>\$ 3,641,108,643</b>	<b>\$ 3,596,188,000</b>	<b>\$ 3,709,331,809</b>

The audited revenues displayed above reflect gross receipts, including reimbursement of tax credits issued through the Historical Structures Tax credit program. The state's consolidated financial report reflects the reimbursement as a transfer from other funds, rather than within each tax source.

## Changes to FY 2016 Enacted Revenue Estimates

	FY 2016 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 1,215,737,125	\$ (837,125)	\$ -	\$ 1,214,900,000
<b>General Business Taxes</b>				
Business Corporations	136,380,000	17,120,000	-	153,500,000
Public Utilities Gross	104,700,000	(700,000)	-	104,000,000
Financial Institutions	16,500,000	1,200,000	-	17,700,000
Insurance Companies	125,228,416	(2,828,416)	-	122,400,000
Bank Deposits	2,000,000	300,000	-	2,300,000
Health Care Provider	44,936,976	(936,976)	-	44,000,000
<b>Sales and Use Taxes</b>				
Sales and Use	969,531,938	11,468,062	-	981,000,000
Motor Vehicle	36,538,048	(338,048)	-	36,200,000
Motor Fuel	500,000	-	-	500,000
Cigarettes	140,780,254	1,319,746	-	142,100,000
Alcohol	18,839,500	160,500	-	19,000,000
<b>Other Taxes</b>				
Estate and Transfer	20,400,000	2,600,000	-	23,000,000
Racing and Athletics	1,100,000	-	-	1,100,000
Realty Transfer	10,210,937	(210,937)	-	10,000,000
<b>Total Taxes</b>	<b>\$ 2,843,383,194</b>	<b>\$ 28,316,806</b>	<b>\$ -</b>	<b>\$ 2,871,700,000</b>
<b>Departmental Receipts</b>	357,236,271	(536,271)	\$ 5,000	356,705,000
<b>Total Taxes and Departmentals</b>	<b>\$ 3,200,619,465</b>	<b>\$ 27,780,535</b>	<b>\$ 5,000</b>	<b>\$ 3,228,405,000</b>
<b>Other Sources</b>				
Other Miscellaneous	1,397,000	(614,000)		783,000
Lottery	331,740,000	25,160,000	-	356,900,000
Unclaimed Property	10,000,000	100,000	-	10,100,000
<b>Other Sources</b>	<b>\$ 343,137,000</b>	<b>\$ 24,646,000</b>	<b>\$ -</b>	<b>\$ 367,783,000</b>
<b>Total General Revenues</b>	<b>\$ 3,543,756,465</b>	<b>\$ 52,426,535</b>	<b>\$ 5,000</b>	<b>\$ 3,596,188,000</b>

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## Changes to FY 2017 Adopted Revenue Estimates

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	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 1,265,400,000	\$ (1,900,860)	\$ 1,263,499,140
<b>General Business Taxes</b>			
Business Corporations	156,000,000	7,651,005	163,651,005
Public Utilities Gross	104,500,000	-	104,500,000
Financial Institutions	19,500,000	-	19,500,000
Insurance Companies	126,600,000	1,074,000	127,674,000
Bank Deposits	2,300,000	-	2,300,000
Health Care Provider	45,100,000	-	45,100,000
<b>Sales and Use Taxes</b>			
Sales and Use	1,015,000,000	2,677,054	1,017,677,054
Motor Vehicle	12,200,000	-	12,200,000
Motor Fuel	500,000	-	500,000
Cigarettes	138,600,000	6,488,709	145,088,709
Alcohol	19,500,000	-	19,500,000
<b>Other Taxes</b>			
Estate and Transfer	20,400,000	-	20,400,000
Racing and Athletics	1,100,000	-	1,100,000
Realty Transfer	10,300,000	-	10,300,000
<b>Total Taxes</b>	<b>\$ 2,937,000,000</b>	<b>\$ 15,989,908</b>	<b>\$ 2,952,989,908</b>
<b>Departmental Receipts</b>	\$ 191,400,000	\$ 178,100,902	\$ 369,500,902
<b>Total Taxes and Departmentals</b>	<b>\$ 3,128,400,000</b>	<b>\$ 194,090,809</b>	<b>\$ 3,322,490,809</b>
<b>Other Sources</b>			
Other Miscellaneous	\$ 1,116,000	\$ 22,225,000	\$ 23,341,000
Lottery	354,700,000	-	354,700,000
Unclaimed Property	8,800,000	-	8,800,000
<b>Other Sources</b>	<b>\$ 364,616,000</b>	<b>\$ 22,225,000</b>	<b>\$ 386,841,000</b>
<b>Total General Revenues</b>	<b>\$ 3,493,016,000</b>	<b>\$ 216,315,809</b>	<b>\$ 3,709,331,809</b>

## General Revenue Changes to Adopted Estimates

FY 2017	Governor Recommend
<b><u>Taxes</u></b>	
<b><u>Personal Income Tax</u></b>	
<b><u>Final Payments</u></b>	
Taxation: Add 3.0 new FTE Revenue Officer I positions to Collections	\$ 788,468
<b><u>Refunds and Adjustments</u></b>	
Increase allowable percentage of federal earned income tax credit to 15.0 percent in TY 2017	(2,689,328)
<b>Subtotal: Personal Income Taxes</b>	<b>\$ (1,900,860)</b>
<b><u>General Business Taxes</u></b>	
<b><u>Business Corporations Tax</u></b>	
Taxation: Transfer pricing audit project	\$ 6,696,000
Taxation: Reinstate nexus program for business corporations tax	750,000
Taxation: Add 3.0 new FTE Revenue Officer I positions to Collections	205,005
<b>Subtotal: Business Corporation Tax</b>	<b>\$ 7,651,005</b>
<b><u>Insurance Companies Gross Premiums</u></b>	
Increased enforcement of retaliatory assessments on foreign insurers	\$ 1,074,000
<b>Subtotal: Insurance Companies Gross Premiums Tax</b>	<b>\$ 1,074,000</b>
<b>Subtotal: General Business Taxes</b>	<b>\$ 8,725,005</b>
<b><u>Sales and Excise Taxes</u></b>	
<b><u>Sales and Use Tax</u></b>	
Increased sales tax from higher final retail price of cigarettes as a result of excise tax increase to \$4.00 per pack	\$ 633,248
Taxation: Add 2.0 new FTE Revenue Agent I positions to Field Audit	1,009,167
Taxation: Add 3.0 new FTE Revenue Officer I positions to Collections	784,639
Taxation: Reinstate nexus program for sales and use tax	250,000
<b>Subtotal: Sales and Use Tax</b>	<b>\$ 2,677,054</b>
<b><u>Cigarettes Excise Tax</u></b>	
Increase cigarette excise tax rate to \$4.00 per pack of 20 cigarettes eff August 1, 2016	\$ 5,685,325
Cigarette floor stock tax of \$0.25 per pack for all stock held as of 12:01 AM on August 1, 2016	803,384
<b>Subtotal: Cigarettes Excise Tax</b>	<b>\$ 6,488,709</b>
<b>Subtotal: Sales and Excise Taxes</b>	<b>\$ 9,165,763</b>
<b>Subtotal: All Taxes</b>	<b>\$ 15,989,908</b>
<b><u>Departmental Receipts</u></b>	
<b><u>Licenses and Fees</u></b>	
DBR: Medical marijuana \$150 plant tag fee for patients who self grow medical marijuana	\$ 1,440,000
DBR: Medical marijuana \$150 plant tag fee for caregivers who grow for Medicaid patients	611,902
DBR: Medical marijuana \$350 plant tag fee for caregivers who grow for non-Medicaid patients	8,253,228
DBR: Medical marijuana \$350 plant tag fee for co-op growers	399,000
DBR: Medical marijuana \$350 plant tag fee for growers with cultivator licenses	31,500
DOR: Reduction in compassion center surcharge from 4.0 percent to 3.0 percent	(172,405)
DOH: Transfer of medical marijuana patient registration fees to DOH restricted receipts	(516,866)
DOH: Transfer of medical marijuana caregiver registration fees to DBR restricted receipts	(384,781)
DHS: Reconstitute hospital licensing fee on hospital FY 2014 base year at 5.862 percent	169,050,449
Treasurer: Assess public finance management fees on re-financings and other exempt debt issuances	295,000
CRMC: Transfer submerged land rental fees to DEM restricted receipts	(150,000)
DBR: Bank/insurance examination fees at 150 percent of cost	400,000

## General Revenue Changes to Adopted Estimates

<i>Subtotal: Licenses and Fees</i>	\$	<i>179,257,028</i>
 <i>Fines and Penalties</i>		
Taxation: Add 3.0 new FTE Revenue Officer I positions to Collections	\$	645,110
<i>Subtotal: Fines and Penalties</i>	\$	<i>645,110</i>
 <i>Sales and Services</i>		
Delay motor vehicle plate reissuance from July 2016 to April 2017	\$	(2,000,415)
<i>Subtotal: Sales and Services</i>	\$	<i>(2,000,415)</i>
 <i>Miscellaneous Revenues</i>		
DBR: Indirect cost recovery fee on medical marijuana caregiver registraion fees	\$	38,478
DBR: Indirect cost recovery fee on cultivation site license fees		150
DOH: Indirect cost recovery fee on medical marijuana patient registration fees		51,687
DOA: Forward capacity market revenue		108,864
<i>Subtotal: Miscellaneous</i>	\$	<i>199,179</i>
<i>Subtotal: Departmental Receipts</i>	\$	<i>178,100,902</i>
 <u><i>Other Sources</i></u>		
<i>Other Miscellaneous Revenues</i>		
Fraud initiative	\$	5,000,000
Sales of state fleet motor vehicles		1,000,000
Transfer of excess reserves from Rhode Island Health and Educational Building Corporation		5,000,000
Transfer of excess reserves from Rhode Island Airport Corporation		275,000
Transfer of excess reserves from Narragansett Bay Commission		1,450,000
Transfer of excess reserves from Rhode Island Resource Recovery Corporation		1,500,000
Transfer of excess reserves from Rhode Island Infrastructure Bank		8,000,000
<i>Subtotal: Other Miscellaneous Revenues</i>	\$	<i>22,225,000</i>
<i>Subtotal: Other Sources</i>	\$	<i>22,225,000</i>
 <b>FY 2017 Total General Revenue Changes</b>	 <b>\$</b>	 <b>216,315,809</b>

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## Other Revenue Enhancements

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**Governor  
Recommend**

### **FY 2017**

#### **Restricted Receipts**

DOH: Transfer of medical marijuana patient registration fees from general revenues	\$	465,179
DBR: Transfer of medical marijuana caregiver registration fees from general revenues		346,303
DBR: Fees from \$500 medical marijuana cultivation site licenses		1,350
DEM: Transfer of submerged land lease fees from CRMC general revenues		150,000

#### ***Sub-Total Restricted Receipts***

**\$ 962,832**

### **FY 2017 Total Non-General Revenue Changes**

**\$ 962,832**



**Appendix B**  
**Changes to FY 2016**





## Changes to FY 2016 General Revenue Budget Surplus

	FY 2014 Audited <sup>(1)</sup>	FY 2015 Audited <sup>(2)</sup>	FY 2016 Enacted <sup>(3)</sup>	FY 2016 Revised <sup>(4)</sup>	Change From Enacted
<b>Surplus</b>					
Opening Surplus	\$104,119,715	\$67,806,737	\$118,565,419	\$168,038,072	\$49,472,652
Adjustment to Opening Surplus	-	13,794,502	-	-	\$0
Reappropriated Surplus	7,052,524	7,378,665	-	6,890,273	\$6,890,273
Subtotal	<b>\$111,172,239</b>	<b>\$88,979,904</b>	<b>\$118,565,419</b>	<b>\$174,928,345</b>	<b>\$56,362,925</b>
<b>General Taxes</b>	2,674,140,830	\$2,882,561,175	2,843,383,194	2,843,383,194	-
Revenue estimators' revision	-	-	-	28,316,806	28,316,806
Changes to the Adopted Estimates	-	-	-	-	-
Subtotal	<b>\$2,674,140,830</b>	<b>\$2,882,561,175</b>	<b>\$2,843,383,194</b>	<b>\$2,871,700,000</b>	<b>\$28,316,806</b>
<b>Departmental Revenues</b>	360,678,655	\$354,121,814	357,236,271	357,236,271	-
Revenue estimators' revision	-	-	-	(536,271)	(536,271)
Changes to Adopted	-	-	-	5,000	5,000
Subtotal	<b>\$360,678,655</b>	<b>\$354,121,814</b>	<b>\$357,236,271</b>	<b>\$356,705,000</b>	<b>(\$531,271)</b>
<b>Other Sources</b>					
Other Miscellaneous	6,391,686	8,778,364	1,397,000	1,397,000	-
Revenue estimators' revision	-	-	-	(614,000)	(614,000)
Changes to Adopted	-	-	-	-	-
Lottery	376,327,121	381,935,510	331,740,000	331,740,000	-
Revenue estimators' revision	-	-	-	25,160,000	25,160,000
Changes to Adopted	-	-	-	-	-
Unclaimed Property	12,724,124	13,711,780	10,000,000	10,000,000	-
Revenue estimators' revision	-	-	-	100,000	100,000
Subtotal	<b>\$395,442,931</b>	<b>\$404,425,654</b>	<b>\$343,137,000</b>	<b>\$367,783,000</b>	<b>\$24,646,000</b>
<b>Total Revenues</b>	<b>\$3,430,262,416</b>	<b>\$3,641,108,643</b>	<b>\$3,543,756,465</b>	<b>\$3,596,188,000</b>	<b>\$52,431,535</b>
<b>Transfer to Budget Reserve</b>	<b>(106,031,464)</b>	<b>(111,267,461)</b>	<b>(109,869,657)</b>	<b>(112,926,782)</b>	<b>(3,057,126)</b>
<b>Total Available</b>	<b>\$3,435,403,191</b>	<b>\$3,618,821,086</b>	<b>\$3,552,452,228</b>	<b>\$3,658,189,563</b>	<b>\$105,737,335</b>
Actual/Enacted Expenditures	\$3,336,423,288	\$3,453,892,741	\$3,551,988,738	\$3,551,988,738	-
Reappropriations	-	-	-	6,890,273	6,890,273
Caseload Conference Changes	-	-	-	14,884,287	14,884,287
Other Changes in Expenditures	-	-	-	2,747,183	2,747,183
<b>Total Expenditures</b>	<b>\$3,336,423,288</b>	<b>\$3,453,892,741</b>	<b>\$3,551,988,738</b>	<b>\$3,576,510,481</b>	<b>\$24,521,743</b>
<b>Total Ending Balances</b>	<b>\$98,979,903</b>	<b>\$164,928,345</b>	<b>\$463,490</b>	<b>\$81,679,082</b>	<b>\$81,215,592</b>
<b>Transfer to/from Other Funds</b> <sup>(5)</sup>	<b>(\$23,794,501)</b>	<b>\$10,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Reappropriations	(7,378,665)	(6,890,273)	-	-	-
<b>Free Surplus</b>	<b>\$67,806,737</b>	<b>\$168,038,072</b>	<b>\$463,490</b>	<b>\$81,679,082</b>	<b>\$81,215,592</b>
<b>Budget Reserve and Cash</b>					
<b>Stabilization Account</b>	<b>\$176,719,107</b>	<b>\$185,445,769</b>	<b>\$183,116,094</b>	<b>\$188,211,304</b>	<b>\$5,095,210</b>

<sup>(1)</sup> Derived from the State Controller's final closing report for FY 2014, dated December 29, 2014, reflecting a closing surplus of \$67,806,737.

<sup>(2)</sup> Derived from the State Controller's final closing report for FY 2015, dated January 5, 2016 reflecting a closing surplus of \$168,038,072.

<sup>(3)</sup> Reflects the FY 2016 budget enacted by the General Assembly and signed into law by the Governor on June 30, 2015.

<sup>(4)</sup> Reflects the enacted revenues and expenditures adjusted for revenue and caseload estimates adopted at the November 2015 Revenue and Caseload estimating conferences and adjustments to revenues and expenditures as recommended by the Governor.

<sup>(5)</sup> Reflects restricted General Fund balances transferred from the Accelerated Depreciation Fund.

## Summary of Changes to FY 2016 Enacted General Revenue Expenditures

	FY 2016 Enacted	Reappropriation	Distribution of Statewide Savings	Other Projected Changes	Total Projected Changes	FY 2016 Projected Expenditures
<b>General Government</b>						
Administration	197,494,291	1,022,991	4,959,607	13,048,998	19,031,596	216,525,887
Business Regulation	9,236,495	54,900	(44,489)	(111,266)	(100,855)	9,135,640
Labor and Training	8,324,769	164,945	(16,997)	-	147,948	8,472,717
Department of Revenue	113,198,446	136,542	(237,851)	(2,525,366)	(2,626,675)	110,571,771
Legislature	39,474,071	4,367,990	(255,142)	(1,096,907)	3,015,941	42,490,012
Lieutenant Governor	1,127,621	-	(5,616)	(78,937)	(84,553)	1,043,068
Secretary of State	6,951,530	-	(77,662)	(126,500)	(204,162)	6,747,368
General Treasurer	2,420,250	-	(9,775)	(2,833)	(12,608)	2,407,642
Board of Elections	1,818,305	-	(9,159)	(11,278)	(20,437)	1,797,868
Rhode Island Ethics Commission	1,644,876	-	(4,971)	(28,786)	(33,757)	1,611,119
Governor's Office	4,903,467	252,430	(16,308)	-	236,122	5,139,589
Commission for Human Rights	1,252,174	-	(7,953)	(329)	(8,282)	1,243,892
Executive Office of Commerce	60,840,542	188,405	(6,596)	(7,403)	174,406	61,014,948
Public Utilities Commission	-	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>448,686,837</b>	<b>6,188,203</b>	<b>4,267,088</b>	<b>9,059,393</b>	<b>19,514,684</b>	<b>468,201,521</b>
<b>Human Services</b>						
Office of Health & Human Services	909,934,065	637,605	(62,597)	15,512,707	16,087,715	926,021,780
Children, Youth, and Families	152,587,731	-	(296,515)	2,491,106	2,194,591	154,782,322
Health	25,835,956	-	(116,756)	-	(116,756)	25,719,200
Human Services	98,271,683	-	(296,663)	(246,950)	(543,613)	97,728,070
Behavioral Healthcare, Developmental Disabilities & Hosp	172,488,711	-	(414,859)	2,387,439	1,972,580	174,461,291
Office of the Child Advocate	672,273	-	(2,856)	-	(2,856)	669,417
Comm. on Deaf & Hard of Hearing	411,883	-	(2,843)	-	(2,843)	409,040
Governor's Commission on Disabilities	383,056	-	(1,166)	-	(1,166)	381,890
Office of the Mental Health Advocate	508,251	-	(3,371)	44,539	41,168	549,419
<b>Subtotal - Human Services</b>	<b>1,361,093,609</b>	<b>637,605</b>	<b>3,069,462</b>	<b>20,188,841</b>	<b>19,628,820</b>	<b>1,380,722,429</b>
<b>Education</b>						
Elementary and Secondary	1,067,719,085	-	(95,052)	(79,991)	(175,043)	1,067,544,042
Higher Education	196,304,956	-	(689,966)	(189,811,172)	(190,501,138)	5,803,818
RI Council on the Arts	1,863,052	-	(4,255)	981	(3,274)	1,859,778
RI Atomic Energy Commission	957,170	-	(3,637)	(17,083)	(20,720)	936,450
Historical Preservation & Heritage Comm	1,380,972	-	(7,625)	57,616	49,991	1,430,963
<b>Subtotal - Education</b>	<b>1,268,225,235</b>	<b>-</b>	<b>(800,535)</b>	<b>(189,849,649)</b>	<b>(190,650,184)</b>	<b>1,077,575,051</b>
<b>Public Safety</b>						
Attorney General	\$25,193,210	64,465	(147,498)	12,233	(70,800)	25,122,410
Corrections	200,225,250	-	(1,009,586)	5,179,259	4,169,673	204,394,923
Judicial	96,031,046	-	(449,928)	(1)	(449,929)	95,581,117
Military Staff	2,065,434	-	(27,165)	325,139	297,974	2,363,408
Emergency Management	1,766,002	-	(3,549)	-	(3,549)	1,762,453
Public Safety	97,060,493	-	(442,433)	(3,360,786)	(3,803,219)	93,257,274
Office Of Public Defender	11,621,977	-	(56,798)	(61,471)	(118,269)	11,503,708
<b>Subtotal - Public Safety</b>	<b>433,963,412</b>	<b>64,465</b>	<b>(2,136,957)</b>	<b>2,094,373</b>	<b>21,881</b>	<b>433,985,293</b>
Environmental Management	37,586,385	-	(116,340)	955,029	838,689	38,425,074
Coastal Resources Management Council	2,433,260	-	(15,630)	4,225	(11,405)	2,421,855
<b>Subtotal - Natural Resources</b>	<b>40,019,645</b>	<b>-</b>	<b>(131,970)</b>	<b>959,254</b>	<b>827,284</b>	<b>40,846,929</b>
<b>Total</b>	<b>3,551,988,738</b>	<b>6,890,273</b>	<b>-</b>	<b>(157,547,788)</b>	<b>(150,657,515)</b>	<b>3,401,331,223</b>

**Appendix C**  
**Aid to Cities and**  
**Towns**



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## Formula Aid to Cities and Towns

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The **Payment-in-Lieu-of-Taxes (PILOT)** program reimburses communities for up to 27.0 percent of what they would have collected in property taxes from certain designated tax exempt property (subject to appropriation). The FY 2016 revised budget is funded at \$40.1 million and the FY 2017 proposed budget at \$42.0 million which fully funds the aid program at 27.00% in FY 2017. Data used to determine distribution amounts is updated annually to reflect the most recent data.

The **Distressed Communities Relief Fund** provides state assistance to municipalities with the highest property tax burdens relative to the wealth of taxpayers. Municipalities are eligible that meet the statutorily determined distressed test in three of four categories. The program is level funded at \$10.4 million in FY 2016 revised and FY 2017 proposed. The City of Cranston is qualifying for the Distressed Communities Relief Fund in FY 2017. In a year that a municipality newly enters the aid program, it receives 50 percent of current law requirements the first year it qualifies. The City of East Providence is falling out of program for FY 2017. When any community falls out of the Distressed Communities Relief Fund, it shall receive a one-time payment of 50 percent of the prior year requirement exclusive of any reduction for first year qualification.

**Municipal Incentive Aid** provided a new category of state assistance with the purpose of encouraging municipalities to improve the sustainability of their retirement plans and to reduce unfunded liabilities. Established in FY 2014, and intended to lapse after three years, this municipal incentive aid is distributed to eligible municipalities under chapter 45-13.2 of the Rhode Island General Laws, municipalities would be eligible to receive aid if: (1) the municipality has no locally-administered pension plan(s); or (2) transitioned all locally-administered pension plans into MERS by June 30, 2014; or (3) the municipality notified plan participants, beneficiaries and others pursuant to RIGL §45-65 and had submitted to the Department of Revenue a Funding Improvement Plan (“FIP”) pursuant to chapter 45-65, for every locally-administered pension plan and each submitted FIP meets the guidelines of the Study Commission on Locally-Administered Pension plans created pursuant to section 45-65-8 or otherwise applicable guidelines or regulations and each FIP has been approved by the plan sponsor and the governing body; or (4) the municipality has implemented the original recommended FIP or an amended FIP pursuant to chapter 45-65 within one month after the close of the fiscal year and made the required funding payment (formerly referred to as Annually Required Contribution, in compliance with the municipality’s adopted FIP(s) and the funding guidelines established by the Pension Study Commission and the FIPs are approved by the plan sponsor and the local governing body; or (5) there exists a locally-administered pension plan(s) in the municipality, but either (i) no FIP was required per RIGL 45-65 and either: (A) the municipality is funding 100 percent of its required funding payment; or (B) the municipality has a funded ratio of 100 percent or greater; or (ii) a FIP is required, but the due date for submission of the FIP is after the March payment of incentive aid. The aid is provided at \$5.0 million for FY 2015 and FY 2016.

The FY 2017 proposed budget continues to provide funding for the **Property Valuation Statistical Update Program**, which reimburses cities and towns for legislatively mandated property valuation statistical updates on a per parcel basis. Funding for FY 2016 revised is estimated at \$1.4 million. The proposed FY 2017 funding is \$559,901 for the estimated actual cost of reimbursement due to fewer communities undertaking revaluations and statistical updates. Funding for FY 2017 will be updated as community’s contract for statistical update services.

Funding for **Aid to Local Libraries** is at \$8.8 million in FY 2016 and FY 2017. In addition, funding for library construction aid is provided at \$2.7 million in FY 2016 and \$2.2 million in FY 2017 to finance anticipated debt service or construction reimbursement obligations under this program.

The 1998 General Assembly enacted the **Motor Vehicle Excise Tax Phase-Out** legislation to phase out the excise tax on motor vehicles and trailers over an original seven year period. There have been various

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## Formula Aid to Cities and Towns

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legislative changes to the legislation since its inception. For FY 2011 and thereafter, the General Assembly enacted legislation that mandates a \$500 exemption for which the State will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Assembly removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also allowed for rates and ratios of assessment to be lowered from the current frozen levels. Total funding in the FY 2016 revised and FY 2017 proposed budgets to support this program is \$10.0 million. Data used to determine distribution amounts for FY 2017 proposed budget is an estimate based on FY 2016 data and will change once finalized December 31, 2015 motor vehicle tax rolls are received and processed in the fall of 2016.

The **Public Service Corporation Tax** is for certain tangible personal property of telegraph, cable and telecommunications corporations and express corporations that is exempt from local taxation, and instead is subject to taxation by the State. The revenue from this tax flows through the State (it is not appropriated by the State). The revenues (apart from some administrative expenses) are apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State. The disbursements for FY 2017 proposed total \$13.0 million which is an estimate based on the FY 2016 distribution and will be updated in the spring of 2017 once finalized tax returns are received and processed. Data used to determine distribution amounts is updated annually to reflect the most recent data.

The 1986 General Assembly enacted the **Hotel Local Tax**, a five percent hotel tax upon the total consideration charged for occupancy of any space furnished by any hotel of the state. Twenty-five percent of the revenues generated from the 5.0 percent state hotel tax are distributed to the municipalities where the individual hotels are located. Furthermore, the 2004 General Assembly enacted a one percent gross receipts tax on the total consideration charged for occupancy of any space furnished by a hotel of the state. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the hotel was located. For FY 2016 revised, a combined amount is provided at \$9.7 million. For the FY 2017 proposed budget, the amount is estimated to be \$9.9 million and includes the Governor's recommended lodging tax initiatives.

The 2003 General Assembly enacted the **Local Meals and Beverage Tax**, a one percent additional tax on gross receipts from the sale of food and beverages sold in or on eating and drinking establishments. The tax is collected by the Division of Taxation and then distributed back to the city or town in which the meals and beverages were delivered. Distributions under this tax are projected to total \$25.2 million in FY 2016 revised and \$26.0 million in FY 2017 proposed .

## Summary of Formula Aid to Cities and Towns

	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised	FY 2017 Recommend
Public Service Corporation Tax	13,202,094	14,265,427	13,014,620	13,014,620
Meals and Beverage Tax	22,334,876	23,647,015	25,177,125	26,043,218
Hotel Tax (2.25%)	7,060,725	7,416,513	9,667,861	9,886,814
Payment In Lieu of Taxes (PILOT)	35,080,410	40,080,409	40,080,409	41,979,103
<b>Total Miscellaneous Aid</b>	<b>77,678,105</b>	<b>85,409,364</b>	<b>87,940,015</b>	<b>90,923,755</b>
Incentive Aid	4,833,838	5,029,724	5,136,542	-
<b>Total Incentive State Aid to Cities and Towns</b>	<b>4,833,838</b>	<b>5,029,724</b>	<b>5,136,542</b>	<b>-</b>
Dist. Comm. - General Appropriation	10,384,458	10,384,458	10,384,458	10,384,458
<b>Total Distressed Communities Aid</b>	<b>10,384,458</b>	<b>\$10,384,458</b>	<b>\$10,384,458</b>	<b>\$10,384,458</b>
Motor Vehicle Tax Phase-out Program <sup>1</sup>	10,000,000	10,000,000	10,000,000	10,000,000
<b>Total Motor Vehicle Tax Phase-out Prog.</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b>Subtotal Formula Aid - All Sources</b>	<b>\$102,896,401</b>	<b>\$110,823,546</b>	<b>\$113,461,015</b>	<b>\$111,308,213</b>
<b>Percent Change from prior year</b>	<b>7.01%</b>	<b>7.70%</b>	<b>2.38%</b>	<b>-1.90%</b>
Resource Sharing & Library Aid <sup>2</sup>	8,772,790	8,773,398	8,773,398	8,773,398
Library Construction Aid	2,500,665	2,331,590	2,663,300	2,223,220
<b>Total Library Aid</b>	<b>11,273,455</b>	<b>11,104,988</b>	<b>11,436,698</b>	<b>10,996,618</b>
Property Revaluation Program	436,537	696,500	1,384,250	559,901
<b>Total Other Aid</b>	<b>\$436,537</b>	<b>\$696,500</b>	<b>\$1,384,250</b>	<b>\$559,901</b>
<b>Total Aid</b>	<b>\$114,606,393</b>	<b>\$122,625,034</b>	<b>\$126,281,963</b>	<b>\$122,864,732</b>
<b>Percent Change from prior year</b>	<b>5.84%</b>	<b>7.00%</b>	<b>2.98%</b>	<b>-2.71%</b>

<sup>1</sup> Amounts for the Motor Vehicle Excise Tax represent final payments due each community based upon the exemption amounts in effect for the given fiscal year. Actual cash payments may have occurred over multiple fiscal years.

<sup>2</sup> Resource Sharing and Library Aid for state institutions is included in these totals.



## Fiscal Year 2016 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid <sup>(1)</sup>	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption <sup>(2)</sup>	FY 2016 Total Appropriated State Aid
Barrington	14,638		77,484	337,167	230,537	659,826
Bristol	784,361		107,118	168,505	95,718	1,155,701
Burrillville	127,468		76,139	144,949	201,655	550,211
Central Falls	21,411	211,123	92,170	26,046	94,066	444,816
Charlestown			37,183	46,654	44,361	128,197
Coventry			166,346	217,150	246,097	629,593
Cranston	5,645,800		382,573	553,271	1,006,431	7,588,074
Cumberland	119		160,241	266,665	247,431	674,456
East Greenwich	341,085		62,395	121,208	81,789	606,476
East Providence	218,245	685,142	223,919	354,339	505,623	1,987,269
Exeter			31,773	45,910	92,010	169,692
Foster	415		22,003	30,796	57,184	110,397
Glocester			46,596	70,625	103,123	220,344
Hopkinton			38,737	31,101	69,637	139,475
Jamestown			25,782	87,375	22,069	135,227
Johnston			137,340	116,751	422,956	677,047
Lincoln			100,680	195,339	197,861	493,880
Little Compton			16,592	30,355	12,978	59,925
Middletown			76,771	135,162	69,136	281,069
Narragansett			75,160	120,040	60,561	255,760
Newport	1,250,492		115,718	380,016	77,876	1,824,103
New Shoreham			3,975	80,325	6,564	90,864
North Kingstown	1,494		125,293	266,128	184,758	577,673
North Providence	713,714	989,710	152,777	175,272	393,578	2,425,052
North Smithfield			57,141	65,478	181,773	304,392
Pawtucket	508,302	1,430,131	338,325	336,605	792,999	3,406,362
Portsmouth			82,434	101,476	78,523	262,432
Providence	28,087,311	5,332,583	846,519	1,138,890	1,868,582	37,273,885
Richmond			36,403	26,246	66,715	129,364
Scituate			49,249	94,694	69,579	213,521
Smithfield	600,901		101,997	269,640	253,182	1,225,721
South Kingstown	173,566		145,475	201,734	138,803	659,578
Tiverton			75,141	100,382	58,977	234,499
Warren			50,381	54,101	91,943	196,424
Warwick	1,453,550		391,644	673,157	964,785	3,483,136
Westerly	137,538		108,016	274,847	208,608	729,009
West Greenwich			29,010	29,133	59,278	117,421
West Warwick		835,708	138,039	152,016	233,530	1,359,293
Woonsocket		900,062	195,461	178,865	408,725	1,683,112
<b>Subtotal</b>	<b>\$40,080,409</b>	<b>\$10,384,458</b>	<b>\$5,000,000</b>	<b>\$7,698,411</b>	<b>\$10,000,000</b>	<b>\$73,163,278</b>
Reappropriation of FY 2015 Funds to be distributed in FY 2016						
Johnston <sup>(3)</sup>			136,438			136,438
Statewide Reference Library Resource Grant				1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries				62,609		62,609
Library Construction Reimbursement				2,663,300		2,663,300
<b>Total</b>	<b>\$40,080,409</b>	<b>\$10,384,458</b>	<b>\$5,136,438</b>	<b>\$11,436,698</b>	<b>\$10,000,000</b>	<b>\$77,038,003</b>

(1) Estimate and subject to change once updated Census Population is released.

(2) Estimate as of 12/9/14. Subject to change once finalized motor vehicle tax rolls are received from cities and towns.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

## Fiscal Year 2016 Enacted Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax <sup>(1)(3)</sup>	Meals and Beverage Tax <sup>(3)</sup>	FY 2016 Total Shared Taxes State Aid	FY 2016 Total Shared & Appropriated Aid
Barrington	201,686	4,840	162,111	368,638	1,028,464
Bristol	278,819	56,246	377,506	712,571	1,868,271
Burrillville	198,184	1,543	203,076	402,803	953,014
Central Falls	239,912	1,029	117,130	358,071	802,887
Charlestown	96,784	92,261	139,438	328,483	456,680
Coventry	432,985	89,853	398,643	921,481	1,551,074
Cranston	995,808	16,367	1,688,939	2,701,114	10,289,188
Cumberland	417,096	-	429,643	846,739	1,521,196
East Greenwich	162,408	4,748	584,810	751,966	1,358,442
East Providence	582,845	50,607	917,015	1,550,467	3,537,736
Exeter	82,701	514	89,236	172,452	342,144
Foster	57,271	263	16,779	74,313	184,709
Glocester	121,286	4,372	78,615	204,274	424,617
Hopkinton	100,831	953	52,656	154,439	293,914
Jamestown	67,109	55,323	88,914	211,345	346,572
Johnston	357,486	8,524	514,948	880,958	1,558,004
Lincoln	262,063	111,019	811,193	1,184,276	1,678,156
Little Compton	43,188	44,706	39,787	127,682	187,607
Middletown	199,830	768,103	702,013	1,669,946	1,951,016
Narragansett	195,635	358,306	565,173	1,119,113	1,374,874
Newport	301,205	2,229,881	1,996,556	4,527,643	6,351,746
New Shoreham	10,345	374,713	309,919	694,977	785,841
North Kingstown	326,128	104,669	510,313	941,110	1,518,783
North Providence	397,667	1,029	339,375	738,071	3,163,123
North Smithfield	148,734	3,763	247,337	399,834	704,226
Pawtucket	880,635	58,948	763,503	1,703,086	5,109,448
Portsmouth	214,568	30,349	189,138	434,055	696,487
Providence	2,203,425	2,182,600	5,117,433	9,503,458	46,777,343
Richmond	94,755	4,214	130,980	229,949	359,313
Scituate	128,192	5,210	68,954	202,356	415,877
Smithfield	265,491	167,744	701,051	1,134,286	2,360,007
South Kingstown	378,660	217,045	761,377	1,357,082	2,016,660
Tiverton	195,585	9,739	214,872	420,196	654,695
Warren	131,137	6,384	268,762	406,282	602,706
Warwick	1,019,420	1,098,511	2,699,564	4,817,494	8,300,630
Westerly	281,158	560,026	806,342	1,647,526	2,376,534
West Greenwich	75,512	102,422	134,626	312,560	429,981
West Warwick	359,305	105,972	346,809	812,086	2,171,379
Woonsocket	508,769	55,548	507,239	1,071,556	2,754,668
<b>Subtotal</b>	<b>\$13,014,620</b>	<b>\$8,988,342</b>	<b>\$24,091,776</b>	<b>\$46,094,738</b>	<b>\$119,258,015</b>

Reappropriation of FY 2015 Funds to be distributed in FY 2016

Johnston <sup>(2)</sup>	136,438
Statewide Reference Library Resource Grant (Providence)	1,012,378
Grant-In-Aid to Institutional Libraries	62,609
Library Construction Reimbursement	2,663,300

<b>Total</b>	<b>\$13,014,620</b>	<b>\$8,988,342</b>	<b>\$24,091,776</b>	<b>\$46,094,738</b>	<b>\$123,132,740</b>
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(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

## Fiscal Year 2016 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2016 Total Appropriated State Aid
Barrington	14,638		77,484	337,167	217,477	646,766.15
Bristol	784,361		107,118	168,505	94,294	1,154,277
Burrillville	127,468		76,139	144,949	200,798	549,354
Central Falls	21,411	211,123	92,170	26,046	96,208	446,958
Charlestown			37,183	46,654	44,097	127,934
Coventry <sup>(1)</sup>			-	217,150	244,791	461,942
Cranston	5,645,800		382,573	553,271	1,005,084	7,586,728
Cumberland	119		160,241	266,665	247,485	674,511
East Greenwich	341,085		62,395	121,208	81,417	606,105
East Providence	218,245	685,142	223,919	354,339	501,297	1,982,943
Exeter			31,773	45,910	92,110	169,792
Foster	415		22,003	30,796	72,955	126,168
Glocester			46,596	70,625	102,420	219,640
Hopkinton			38,737	31,101	69,295	139,133
Jamestown			25,782	87,375	22,042	135,199
Johnston <sup>(1)</sup>			-	116,751	422,637	539,387
Lincoln			100,680	195,339	198,583	494,603
Little Compton			16,592	30,355	12,896	59,843
Middletown			76,771	135,162	63,006	274,939
Narragansett			75,160	120,040	60,810	256,009
Newport	1,250,492		115,718	380,016	77,989	1,824,216
New Shoreham			3,975	80,325	6,714	91,014
North Kingstown	1,494		125,293	266,128	185,691	578,606
North Providence	713,714	989,710	152,777	175,272	389,770	2,421,244
North Smithfield			57,141	65,478	177,990	300,610
Pawtucket	508,302	1,430,131	338,325	336,605	794,500	3,407,863
Portsmouth			82,434	101,476	84,669	268,579
Providence	28,087,311	5,332,583	846,519	1,138,890	1,882,415	37,287,718
Richmond			36,403	26,246	65,687	128,336
Scituate <sup>(1)</sup>			-	94,694	68,633	163,327
Smithfield	600,901		101,997	269,640	255,759	1,228,298
South Kingstown	173,566		145,475	201,734	139,730	660,505
Tiverton			75,141	100,382	59,170	234,693
Warren			50,381	54,101	92,183	196,664
Warwick	1,453,550		391,644	673,157	964,536	3,482,888
Westerly	137,538		108,016	274,847	216,507	736,907
West Greenwich			29,010	29,133	54,390	112,533
West Warwick		835,708	138,039	152,016	231,779	1,357,542
Woonsocket		900,062	195,461	178,865	402,183	1,676,570.17
<b>Subtotal</b>	<b>\$40,080,409</b>	<b>\$10,384,458</b>	<b>\$4,647,065</b>	<b>\$7,698,411</b>	<b>\$10,000,000</b>	<b>\$72,810,343</b>
Reappropriation of FY 2015 Funds to be distributed in FY 2016						
Johnston <sup>(2)</sup>			136,438			136,438
Reappropriation of FY 2016 Funds to be distributed in FY 2017						
Coventry <sup>(2)</sup>			166,346			166,346
Johnston <sup>(2)</sup>			137,340			137,340
Scituate <sup>(2)</sup>			49,249			49,249
Statewide Reference Library Resource Grant				1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries				62,609		62,609
Library Construction Reimbursement				2,663,300		2,663,300
<b>Total</b>	<b>\$40,080,409</b>	<b>\$10,384,458</b>	<b>\$5,136,438</b>	<b>\$11,436,698</b>	<b>\$10,000,000</b>	<b>\$77,038,003</b>

(1) Coventry, Johnston and Scituate do not meet eligibility criteria in FY 2016. Aid will be reappropriated to FY 2017 based on current law.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

## Fiscal Year 2016 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax <sup>(1)(2)</sup>	Meals and Beverage Tax <sup>(2)</sup>	FY 2016 Total Shared Taxes State Aid	FY 2016 Total Shared & Appropriated Aid
Barrington	201,686	4,840	169,571	376,098	1,022,864
Bristol	278,819	57,754	414,142	750,714	1,904,991
Burrillville	198,184	1,543	208,483	408,210	957,565
Central Falls	239,912	1,029	124,660	365,601	812,559
Charlestown	96,784	90,814	154,035	341,633	469,566
Coventry	432,985	105,225	413,426	951,636	1,413,578
Cranston	995,808	17,187	1,803,082	2,816,077	10,402,805
Cumberland	417,096	-	473,373	890,469	1,564,979
East Greenwich	162,408	4,451	636,056	802,915	1,409,020
East Providence	582,845	55,426	948,454	1,586,726	3,569,669
Exeter	82,701	514	96,201	179,416	349,208
Foster	57,271	237	16,700	74,208	200,376
Glocester	121,286	3,768	75,671	200,724	420,365
Hopkinton	100,831	953	50,748	152,532	291,664
Jamestown	67,109	57,465	98,430	223,004	358,204
Johnston	357,486	10,986	572,813	941,285	1,480,672
Lincoln	262,063	119,020	850,190	1,231,273	1,725,875
Little Compton	43,188	40,619	46,683	130,490	190,333
Middletown	199,830	870,392	685,478	1,755,700	2,030,639
Narragansett	195,635	362,759	614,542	1,172,936	1,428,945
Newport	301,205	2,346,221	2,179,413	4,826,839	6,651,056
New Shoreham	10,345	369,208	333,706	713,260	804,273
North Kingstown	326,128	113,977	534,560	974,666	1,553,272
North Providence	397,667	1,029	343,541	742,237	3,163,481
North Smithfield	148,734	4,158	255,353	408,244	708,854
Pawtucket	880,635	61,949	795,988	1,738,572	5,146,435
Portsmouth	214,568	38,729	188,709	442,006	710,585
Providence	2,203,425	2,370,595	5,190,931	9,764,951	47,052,669
Richmond	94,755	4,884	145,123	244,761	373,097
Scituate	128,192	7,085	72,034	207,311	370,638
Smithfield	265,491	174,905	714,442	1,154,838	2,383,136
South Kingstown	378,660	226,374	803,415	1,408,448	2,068,953
Tiverton	195,585	9,739	222,678	428,002	662,695
Warren	131,137	6,384	284,751	422,271	618,936
Warwick	1,019,420	1,200,354	2,799,504	5,019,277	8,502,165
Westerly	281,158	636,069	839,303	1,756,530	2,493,438
West Greenwich	75,512	104,408	144,141	324,061	436,594
West Warwick	359,305	126,423	355,931	841,659	2,199,201
Woonsocket	508,769	60,387	520,869	1,090,026	2,766,596
<b>Subtotal</b>	<b>\$13,014,620</b>	<b>\$9,667,861</b>	<b>\$25,177,125</b>	<b>\$47,859,606</b>	<b>\$120,669,949</b>
Reappropriation of FY 2015 Funds to be distributed in FY 2016					
Johnston <sup>(3)</sup>					136,438
Reappropriation of FY 2016 Funds to be distributed in FY 2017					
Coventry <sup>(3)</sup>					166,346
Johnston <sup>(3)</sup>					137,340
Scituate <sup>(3)</sup>					49,249
Statewide Reference Library Resource Grant (Providence)					
					1,012,378
Grant-In-Aid to Institutional Libraries					
					62,609
Library Construction Reimbursement					
					2,663,300
<b>Total</b>	<b>\$13,014,620</b>	<b>\$9,667,861</b>	<b>\$25,177,125</b>	<b>\$47,859,606</b>	<b>\$124,897,609</b>

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

## Changes in Formula Aid - FY 2016 Revised vs. FY 2016 Enacted

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	Total Appropriated Difference
Barrington	-	-	-	-	(13,060)	(13,060)
Bristol	-	-	-	-	(1,424)	(1,424)
Burrillville	-	-	-	-	(856)	(856)
Central Falls	-	-	-	-	2,142	2,142
Charlestown	-	-	-	-	(263)	(263)
Coventry (1)	-	-	(166,346)	-	(1,306)	(167,651)
Cranston	-	-	-	-	(1,347)	(1,347)
Cumberland	-	-	-	-	54	54
East Greenwich	-	-	-	-	(371)	(371)
East Providence	-	-	-	-	(4,326)	(4,326)
Exeter	-	-	-	-	100	100
Foster	-	-	-	-	15,771	15,771
Glocester	-	-	-	-	(703)	(703)
Hopkinton	-	-	-	-	(342)	(342)
Jamestown	-	-	-	-	(27)	(27)
Johnston (1)	-	-	(137,340)	-	(319)	(137,659)
Lincoln	-	-	-	-	723	723
Little Compton	-	-	-	-	(82)	(82)
Middletown	-	-	-	-	(6,131)	(6,131)
Narragansett	-	-	-	-	249	249
Newport	-	-	-	-	113	113
New Shoreham	-	-	-	-	149	149
North Kingstown	-	-	-	-	933	933
North Providence	-	-	-	-	(3,808)	(3,808)
North Smithfield	-	-	-	-	(3,782)	(3,782)
Pawtucket	-	-	-	-	1,501	1,501
Portsmouth	-	-	-	-	6,146	6,146
Providence	-	-	-	-	13,833	13,833
Richmond	-	-	-	-	(1,028)	(1,028)
Scituate (1)	-	-	(49,249)	-	(945)	(50,194)
Smithfield	-	-	-	-	2,577	2,577
South Kingstown	-	-	-	-	927	927
Tiverton	-	-	-	-	193	193
Warren	-	-	-	-	240	240
Warwick	-	-	-	-	(249)	(249)
Westerly	-	-	-	-	7,899	7,899
West Greenwich	-	-	-	-	(4,889)	(4,889)
West Warwick	-	-	-	-	(1,751)	(1,751)
Woonsocket	-	-	-	-	(6,541)	(6,541)
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$352,935)</b>	<b>\$0</b>	<b>\$0</b>	<b>(352,935)</b>
Reappropriation of FY 2015 Funds to be distributed in FY 2016						
Johnston (2)			-			-
Reappropriation of FY 2016 Funds to be distributed in FY 2017						
Coventry (2)			166,346			166,346
Johnston (2)			137,340			137,340
Scituate (2)			49,249			49,249
Statewide Reference Library Resource Grant				-		-
Grant-In-Aid to Institutional Libraries				-		-
Library Construction Reimbursement				-		-
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>

(1) Coventry, Johnston and Scituate do not meet eligibility criteria in FY 2016. Aid will be reappropriated to FY 2017 based on current law.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

## Changes in Pass Through and All Aid - FY 2016 Revised vs. FY 2016 Enacted

City or Town	Public Service Corporation Tax	Hotel Tax <sup>(1)</sup>	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	0	7,460	7,460	(5,600)
Bristol	-	1,508	36,636	38,144	36,720
Burrillville	-	(0)	5,407	5,407	4,551
Central Falls	-	0	7,530	7,530	9,671
Charlestown	-	(1,448)	14,597	13,149	12,886
Coventry	-	15,373	14,783	30,155	(137,496)
Cranston	-	820	114,143	114,963	113,617
Cumberland	-	-	43,730	43,730	43,784
East Greenwich	-	(296)	51,246	50,950	50,579
East Providence	-	4,819	31,440	36,259	31,933
Exeter	-	-	6,964	6,964	7,064
Foster	-	(26)	(79)	(105)	15,666
Glocester	-	(604)	(2,945)	(3,549)	(4,253)
Hopkinton	-	-	(1,908)	(1,908)	(2,250)
Jamestown	-	2,143	9,516	11,659	11,631
Johnston	-	2,462	57,865	60,327	(77,332)
Lincoln	-	8,000	38,996	46,997	47,719
Little Compton	-	(4,087)	6,895	2,808	2,726
Middletown	-	102,289	(16,535)	85,754	79,623
Narragansett	-	4,454	49,369	53,823	54,072
Newport	-	116,340	182,857	299,197	299,310
New Shoreham	-	(5,504)	23,787	18,283	18,433
North Kingstown	-	9,309	24,247	33,556	34,489
North Providence	-	0	4,166	4,166	358
North Smithfield	-	394	8,016	8,410	4,628
Pawtucket	-	3,002	32,484	35,486	36,987
Portsmouth	-	8,380	(429)	7,951	14,097
Providence	-	187,995	73,498	261,493	275,326
Richmond	-	669	14,143	14,812	13,784
Scituate	-	1,875	3,080	4,955	(45,239)
Smithfield	-	7,162	13,390	20,552	23,129
South Kingstown	-	9,329	42,037	51,366	52,293
Tiverton	-	-	7,806	7,806	7,999
Warren	-	-	15,989	15,989	16,229
Warwick	-	101,843	99,940	201,783	201,535
Westerly	-	76,044	32,961	109,005	116,903
West Greenwich	-	1,986	9,515	11,501	6,612
West Warwick	-	20,451	9,122	29,573	27,821
Woonsocket	-	4,839	13,631	18,470	11,928
<b>Subtotal</b>	<b>\$0</b>	<b>\$679,519</b>	<b>\$1,085,350</b>	<b>\$1,764,869</b>	<b>\$1,411,934</b>

Reappropriation of FY 2015 Funds to be distributed in FY 2016

Johnston <sup>(2)</sup> -

Reappropriation of FY 2016 Funds to be distributed in FY 2017

Coventry <sup>(2)</sup> 166,346

Johnston <sup>(2)</sup> 137,340

Scituate <sup>(2)</sup> 49,249

Statewide Reference Library Resource Grant (Providence) -

Grant-In-Aid to Institutional Libraries -

Library Construction Reimbursement -

<b>Total</b>	<b>\$0</b>	<b>\$679,519</b>	<b>\$1,085,350</b>	<b>\$1,764,869</b>	<b>\$1,764,869</b>
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(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

## Fiscal Year 2017 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption <sup>(1)</sup>	FY 2017 Total Appropriated State Aid
Barrington	15,995		335,108	217,477	568,579.85
Bristol	954,792		166,405	94,294	1,215,491
Burrillville	145,198		148,100	200,798	494,096
Central Falls	24,507	187,737	27,329	96,208	335,780
Charlestown			45,860	44,097	89,958
Coventry			218,795	244,791	463,586
Cranston	5,322,139	1,124,439	532,966	1,005,084	7,984,629
Cumberland	135		257,539	247,485	505,160
East Greenwich	434,980		120,238	81,417	636,635
East Providence	248,601	685,142	378,230	501,297	1,813,270
Exeter			46,635	92,110	138,745
Foster			30,855	72,955	103,809
Glocester			70,519	102,420	172,939
Hopkinton			32,498	69,295	101,793
Jamestown			103,012	22,042	125,054
Johnston			109,419	422,637	532,055
Lincoln			188,503	198,583	387,086
Little Compton			32,587	12,896	45,483
Middletown			132,148	63,006	195,154
Narragansett			137,056	60,810	197,866
Newport	1,357,719		373,835	77,989	1,809,543
New Shoreham			79,074	6,714	85,788
North Kingstown	1,737		262,939	185,691	450,367
North Providence		866,171	172,113	389,770	1,428,054
North Smithfield			70,542	177,990	248,533
Pawtucket	554,958	1,277,831	344,226	794,500	2,971,515
Portsmouth			104,692	84,669	189,361
Providence	30,137,743	4,699,234	1,149,685	1,882,415	37,869,078
Richmond			24,414	65,687	90,101
Scituate			93,578	68,633	162,211
Smithfield	710,097		267,699	255,759	1,233,555
South Kingstown	198,218		202,034	139,730	539,982
Tiverton			103,934	59,170	163,104
Warren			51,736	92,183	143,919
Warwick	1,712,951		662,405	964,536	3,339,892
Westerly	159,333		284,845	216,507	660,685
West Greenwich			28,930	54,390	83,320
West Warwick		747,878	145,607	231,779	1,125,264
Woonsocket		796,025	162,323	402,183	1,360,532
<b>Subtotal</b>	<b>\$41,979,103</b>	<b>\$10,384,458</b>	<b>\$7,698,411</b>	<b>\$10,000,000</b>	<b>\$70,061,972</b>

Reappropriation of FY 2016 Funds to be distributed in FY 2017

Coventry <sup>(2)</sup>					166,346
Johnston <sup>(2)</sup>					137,340
Scituate <sup>(2)</sup>					49,249
Statewide Reference Library Resource Grant			1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,223,220		2,223,220
<b>Total</b>	<b>\$41,979,103</b>	<b>\$10,384,458</b>	<b>\$10,996,618</b>	<b>\$10,000,000</b>	<b>\$73,713,114</b>

(1) Estimate as of 12/8/15. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2016.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.



## Fiscal Year 2017 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax <sup>(1)</sup>	Hotel Tax <sup>(2)(3)</sup>	Meals and Beverage Tax <sup>(3)</sup>	FY 2017 Total Shared Taxes State Aid	FY 2017 Total Shared & Appropriated Aid
Barrington	201,686	4,950	175,404	382,040	950,620
Bristol	278,819	59,062	428,388	766,269	1,981,760
Burrillville	198,184	1,578	215,655	415,417	909,513
Central Falls	239,912	1,052	128,948	369,913	705,693
Charlestown	96,784	92,870	159,334	348,988	438,946
Coventry	432,985	107,608	427,647	968,241	1,431,827
Cranston	995,808	17,576	1,865,108	2,878,492	10,863,121
Cumberland	417,096	-	489,657	906,753	1,411,912
East Greenwich	162,408	4,552	657,936	824,897	1,461,532
East Providence	582,845	56,682	981,081	1,620,608	3,433,877
Exeter	82,701	526	99,510	182,737	321,482
Foster	57,271	242	17,275	74,788	178,597
Glocester	121,286	3,853	78,274	203,413	376,351
Hopkinton	100,831	974	52,494	154,299	256,092
Jamestown	67,109	58,767	101,816	227,692	352,746
Johnston	357,486	11,234	592,518	961,238	1,493,294
Lincoln	262,063	121,715	879,436	1,263,215	1,650,301
Little Compton	43,188	41,539	48,288	133,016	178,499
Middletown	199,830	890,104	709,058	1,798,993	1,994,147
Narragansett	195,635	370,975	635,682	1,202,292	1,400,158
Newport	301,205	2,399,358	2,254,385	4,954,947	6,764,491
New Shoreham	10,345	377,570	345,185	733,101	818,888
North Kingstown	326,128	116,559	552,949	995,636	1,446,003
North Providence	397,667	1,052	355,358	754,078	2,182,132
North Smithfield	148,734	4,252	264,137	417,122	665,655
Pawtucket	880,635	63,352	823,370	1,767,357	4,738,872
Portsmouth	214,568	39,606	195,200	449,375	638,735
Providence	2,203,425	2,424,283	5,369,499	9,997,207	47,866,285
Richmond	94,755	4,994	150,115	249,864	339,965
Scituate	128,192	7,246	74,511	209,949	372,160
Smithfield	265,491	178,866	739,019	1,183,376	2,416,931
South Kingstown	378,660	231,501	831,052	1,441,212	1,981,194
Tiverton	195,585	9,959	230,338	435,883	598,987
Warren	131,137	6,528	294,546	432,211	576,130
Warwick	1,019,420	1,227,539	2,895,806	5,142,765	8,482,657
Westerly	281,158	650,475	868,175	1,799,808	2,460,492
West Greenwich	75,512	106,772	149,100	331,384	414,703
West Warwick	359,305	129,286	368,175	856,766	1,982,030
Woonsocket	508,769	61,755	538,787	1,109,312	2,469,843
<b>Subtotal</b>	<b>\$13,014,620</b>	<b>\$9,886,814</b>	<b>\$26,043,218</b>	<b>\$48,944,652</b>	<b>\$119,006,624</b>

Reappropriation of FY 2016 Funds to be distributed in FY 2017

Coventry <sup>(4)</sup>					166,346
Johnston <sup>(4)</sup>					137,340
Scituate <sup>(4)</sup>					49,249
Statewide Reference Library Resource Grant (Providence)					1,012,378
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,223,220
<b>Total</b>	<b>\$13,014,620</b>	<b>\$9,886,814</b>	<b>\$26,043,218</b>	<b>\$48,944,652</b>	<b>\$122,657,766</b>

(1) Estimate as of 12/8/15 based on FY 2016 data and will change once 12/31/15 data is received in the spring of 2016.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(4) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.



## Changes in Formula Aid - FY 2017 Proposed vs. FY 2016 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Municipal Incentive Aid	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	Total Appropriated Difference
Barrington	1,357	-	(77,484)	(2,059)	-	(78,186)
Bristol	170,431	-	(107,118)	(2,099)	-	61,214
Burrillville	17,730	-	(76,139)	3,151	-	(55,258)
Central Falls	3,096	(23,386)	(92,170)	1,282	-	(111,178)
Charlestown	-	-	(37,183)	(793)	-	(37,976)
Coventry	-	-	-	1,644	-	1,644
Cranston	(323,661)	1,124,439	(382,573)	(20,305)	-	397,901
Cumberland	16	-	(160,241)	(9,126)	-	(169,351)
East Greenwich	93,895	-	(62,395)	(970)	-	30,531
East Providence	30,356	(0)	(223,919)	23,890	-	(169,674)
Exeter	-	-	(31,773)	725	-	(31,047)
Foster	(415)	-	(22,003)	59	-	(22,358)
Glocester	-	-	(46,596)	(106)	-	(46,702)
Hopkinton	-	-	(38,737)	1,398	-	(37,340)
Jamestown	-	-	(25,782)	15,637	-	(10,145)
Johnston <sup>(1)</sup>	-	-	-	(7,332)	-	(7,332)
Lincoln	-	-	(100,680)	(6,836)	-	(107,516)
Little Compton	-	-	(16,592)	2,233	-	(14,360)
Middletown	-	-	(76,771)	(3,014)	-	(79,785)
Narragansett	-	-	(75,160)	17,016	-	(58,143)
Newport	107,227	-	(115,718)	(6,181)	-	(14,673)
New Shoreham	-	-	(3,975)	(1,251)	-	(5,226)
North Kingstown	243	-	(125,293)	(3,189)	-	(128,239)
North Providence	(713,714)	(123,540)	(152,777)	(3,159)	-	(993,190)
North Smithfield	-	-	(57,141)	5,064	-	(52,077)
Pawtucket	46,656	(152,299)	(338,325)	7,621	-	(436,348)
Portsmouth	-	-	(82,434)	3,216	-	(79,218)
Providence	2,050,432	(633,349)	(846,519)	10,795	-	581,359
Richmond	-	-	(36,403)	(1,832)	-	(38,235)
Scituate	-	-	-	(1,116)	-	(1,116)
Smithfield	109,196	-	(101,997)	(1,941)	-	5,257
South Kingstown	24,652	-	(145,475)	299	-	(120,523)
Tiverton	-	-	(75,141)	3,553	-	(71,588)
Warren	-	-	(50,381)	(2,365)	-	(52,746)
Warwick	259,401	-	(391,644)	(10,753)	-	(142,996)
Westerly	21,795	-	(108,016)	9,998	-	(76,223)
West Greenwich	-	-	(29,010)	(203)	-	(29,213)
West Warwick	-	(87,829)	(138,039)	(6,409)	-	(232,277)
Woonsocket	-	(104,036)	(195,461)	(16,542)	-	(316,039)
<b>Subtotal</b>	<b>1,898,694</b>	<b>\$0</b>	<b>(\$4,647,065)</b>	<b>\$0</b>	<b>\$0</b>	<b>(2,748,371)</b>
Reappropriation of FY 2015 Funds to be distributed in FY 2016						
Johnston <sup>(2)</sup>			(136,438)			(136,438)
Reappropriation of FY 2016 Funds to be distributed in FY 2017						
Coventry <sup>(2)</sup>			(166,346)			(166,346)
Johnston <sup>(2)</sup>			(137,340)			(137,340)
Scituate <sup>(2)</sup>			(49,249)			(49,249)
Statewide Reference Library Resource Grant				-		-
Grant-In-Aid to Institutional Libraries				-		-
Library Construction Reimbursement				(440,080)		(440,080)
<b>Total</b>	<b>\$1,898,694</b>	<b>\$0</b>	<b>(\$5,136,438)</b>	<b>(\$440,080)</b>	<b>\$0</b>	<b>(\$3,677,824)</b>

<sup>(1)</sup> Johnston does not meet eligibility criteria in FY 2016. Aid will be reappropriated to FY 2017 based on current law.

<sup>(2)</sup> For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

## Changes in Pass Through and All Aid - FY 2017 Proposed vs. FY 2016 Rev.

City or Town	Public Service Corporation Tax	Hotel Tax <sup>(1)</sup>	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	110	5,833	5,943	(72,243)
Bristol	-	1,308	14,246	15,554	76,769
Burrillville	-	35	7,172	7,207	(48,052)
Central Falls	-	23	4,288	4,312	(106,866)
Charlestown	-	2,057	5,299	7,356	(30,621)
Coventry	-	2,383	14,222	16,605	18,249
Cranston	-	389	62,026	62,415	460,317
Cumberland	-	-	16,284	16,284	(153,067)
East Greenwich	-	101	21,880	21,981	52,512
East Providence	-	1,255	32,627	33,882	(135,792)
Exeter	-	12	3,309	3,321	(27,726)
Foster	-	5	574	580	(21,779)
Glocester	-	85	2,603	2,688	(44,013)
Hopkinton	-	22	1,746	1,767	(35,572)
Jamestown	-	1,301	3,386	4,687	(5,458)
Johnston	-	249	19,705	19,954	12,622
Lincoln	-	2,696	29,247	31,942	(75,574)
Little Compton	-	920	1,606	2,526	(11,834)
Middletown	-	19,712	23,580	43,293	(36,492)
Narragansett	-	8,216	21,140	29,356	(28,787)
Newport	-	53,136	74,972	128,108	113,435
New Shoreham	-	8,362	11,479	19,841	14,615
North Kingstown	-	2,581	18,389	20,970	(107,269)
North Providence	-	23	11,818	11,841	(981,349)
North Smithfield	-	94	8,784	8,878	(43,199)
Pawtucket	-	1,403	27,382	28,785	(407,563)
Portsmouth	-	877	6,492	7,369	(71,849)
Providence	-	53,688	178,568	232,256	813,615
Richmond	-	111	4,992	5,103	(33,132)
Scituate	-	160	2,478	2,638	1,523
Smithfield	-	3,961	24,577	28,538	33,795
South Kingstown	-	5,127	27,637	32,764	(87,759)
Tiverton	-	221	7,660	7,881	(63,707)
Warren	-	145	9,795	9,940	(42,806)
Warwick	-	27,185	96,303	123,488	(19,508)
Westerly	-	14,405	28,872	43,277	(32,945)
West Greenwich	-	2,365	4,958	7,323	(21,890)
West Warwick	-	2,863	12,244	15,107	(217,170)
Woonsocket	-	1,368	17,918	19,286	(296,753)
<b>Subtotal</b>	<b>\$0</b>	<b>\$218,953</b>	<b>\$866,092</b>	<b>\$1,085,046</b>	<b>(1,663,325)</b>
Reappropriation of FY 2015 Funds to be distributed in FY 2016					
Johnston <sup>(2)</sup>					(136,438)
Reappropriation of FY 2016 Funds to be distributed in FY 2017					
Coventry <sup>(2)</sup>					(166,346)
Johnston <sup>(2)</sup>					(137,340)
Scituate <sup>(2)</sup>					(49,249)
Statewide Reference Library Resource Grant (Providence)					
-					
Grant-In-Aid to Institutional Libraries					
-					
Library Construction Reimbursement					
(440,080)					
<b>Total</b>	<b>\$0</b>	<b>\$218,953</b>	<b>\$866,092</b>	<b>\$1,085,046</b>	<b>(\$2,592,778)</b>

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.



# **Appendix D**

## **Aid to Schools**



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## Education Aid to Local Governments

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Education Aid to Local Governments totals \$1.113 billion from all sources of funds, of which \$1.084 billion is from general revenue, in the recommended FY 2017 Budget. Total general revenue financed education aid increases by \$37.1 million from the revised FY 2016 Budget, or 3.5 percent. Total Education Aid is defined to include local public schools, School for the Deaf, Davies Career and Technical School, charter schools, Central Falls School District, the Metropolitan Career and Technical School, support for the State's share of Teacher Retirement and School Housing Aid programs, the textbook expansion program, school breakfast program, and state support for the E-Rate program.

Fiscal year 2017 represents year six of the education aid funding formula. As of July 1, 2011, education aid to all districts, charter schools, and state schools (Davies and the Met) is formula based. The School for the Deaf is a special education program and the funding method has not changed since it already has a state, federal, and local share. Based on the principle that the money follows the student, the formula was developed with the following guiding principles: (1) build a strong foundation for all children; (2) improve equity among districts and schools; (3) be transparent; and (4) be financially responsible.

The funding formula has been designed to distribute aid based on three key components:

- Core Instructional Amount – (\$8,979 per student in FY 2017) Derived from a regional average of the National Center for Education Statistics (NCES) expenditure data, the core instructional amount is based on cost studies from states that have been deemed by education researchers to be best practice financial models or states. In order to be informed, objective, and geographically sensitive, the formula uses a New England average cost to provide a balanced perspective on what Rhode Island should be spending to provide a high quality of education. The core instruction amount accounts for costs that have the greatest impact on a child's ability to learn, including instruction, instructional support, and leadership costs.
- Student Success Factor – (\$3,592 per student in FY 2017) Provides additional funding to support student needs beyond the core services listed above with the ultimate goal of closing student achievement gaps. Within the formula, each student is entitled to a 40.0 percent student success factor, which is applied to the core instructional amount. This factor is also applied to PK-12 students who are eligible for free and reduced price lunch.
- State Share Ratio – After the core components have been determined, a state share ratio formula is applied to address two key questions: How to account for differences in the revenue-generation capacity of communities and how to allocate funding to communities based on the supports that students need. The state share ratio is dependent on district property values weighted for median family income and students eligible for free and reduced price lunch.

Data plays a crucial role in how education aid is distributed to districts, charter schools, Davies, and the Met. The funding formula incorporates annual data updates including student counts, the core instruction per pupil, and the most recently assessed community property values and median family income data in order to ensure aid distribution uses the best available data. The formula establishes a platform for creating horizontal equity. It attempts to get a like amount of funding to children who have similar characteristics regardless of where they sit, which in turn gradually rebalances education funding to provide all districts a common level of purchasing power.

In addition, specific categorical funds for certain high-cost items were established outside the formula distribution: high cost special education, career and technical education, early childhood education, transportation for non-public and regional districts, regional district bonuses, and in FY 2017 a new English learner categorical. A Central Falls Stabilization Fund was also created to assure that appropriate funding is available to support the district, due to concerns regarding local capacity. According to law, state stabilization funds are only paid upon transfer of a matching amount to the school district by the city. If Central Falls is unable to pay its share, the State will not provide funding under the stabilization

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## Education Aid to Local Governments

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fund. In addition, in FY 2017 the Governor recommends the creation of supplemental funding for both Davies Career and Technical High School and the Met School, also discussed in further detail below.

Lastly, funding allocations will be phased in over ten years based on a transition model where overfunded districts shall have a level decrease period, while underfunded districts will have a quicker transition of seven years. In FY 2017, the sixth year of formula implementation, the transition periods will be seven years for overfunded districts and two years for underfunded districts.

### **Working Group to Review the Permanent Education Foundation Aid Formula**

On October 22, 2015 Governor Gina M. Raimondo issued Executive Order 15-16, establishing the Funding Formula Working Group. The group organized its deliberations around three areas of review: (1) the degree to which the funding formula is meeting the needs of all students and schools, (2) ensuring formula fairness between school types, and (3) the degree to which the formula incorporates best practices in educational funding, efficiency, and innovation. The group issued a draft report on January 14, 2016, including 20 consensus recommendations, with some that would affect the amount of education aid distributed by the state and others that would affect how the local payment of education aid (which is remitted by sending districts to public schools of choice) is calculated.

Based on the recommendations of the working group, the Governor's FY 2017 Budget incorporates the following changes into the funding formula and categorical funds:

*English Learners.* The working group found that English Learners (ELs) have unique needs and their services are more extensive than general education ones. Further, the group found that while ELs will benefit from additional support through the funding formula, this support should not come at the expense of other educational programs. Towards this end, the Governor recommends the creation of an EL categorical fund, calculated at the level of 0.1 of the Core Instruction Amount, applied to students in the most intensive ELs programs. The funds may only be used on evidence-based programs that benefit ELs and its usage will be monitored by RIDE. The FY 2017 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount.

*Density Aid.* The working group found that "fixed and marginal costs" are real issues for all schools. Enrollment change affects marginal costs; precipitous or sustained enrollment decline can make this effect significant." Further, the working group found that student movement to public schools of choice has an effect on school budgets because it results in the transfer of both the state and local funding from the sending school to the new school. The working group recommended that Rhode Island consider providing additional support to traditional districts with high percentages of students enrolled in public schools of choice. Towards this end, the Governor recommends the creation of an additional factor to the funding formula which will provide density aid to districts with greater than or equal to 5 percent public school of choice enrollment. The total cost of this additional aid is \$2.6 million in FY 2017, which will provide a net gain of that same amount to six traditional districts.

*High Cost Special Education Categorical.* The working group found that "there are wide differences in students' special education needs and an associated variability in the costs." Further, the group found that "high-cost special education services have a significant impact on school budgets" and that Rhode Island should consider providing additional support for districts with high-cost special education students. Towards this end, the Governor recommends that the threshold for qualifying for the High Cost Special Education categorical be lowered from five times the core foundation amount (core instruction amount plus student success factor) to four times. The Governor further recommends that the fund be increased from \$2.5 million in FY 2016 to \$4.5 million in FY 2017, an increase of \$2.0 million from general revenue.

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## Education Aid to Local Governments

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*Innovation & Empowerment Fund.* The working group found that “there is a need for innovation and the promotion of best practices in education” and recommended that Rhode Island investigate the use of state funding to promote innovation, flexibility, and best practices and to encourage building-level autonomy. Towards this end, the Governor recommends the creation of an Innovation & Empowerment Fund, seeded with an initial appropriation of \$1.0 million in FY 2017. This Fund will be used to provide both planning grants and implementation grants directly to schools. As part of a strategic focus on building-level innovation and empowerment, the planning grants will be the first step toward the establishment of a statewide cohort of innovation and empowerment schools. Planning grants would likely range from \$25,000 - \$50,000 per school and would be used to start community and faculty-wide conversations relating to innovation, autonomy, and empowerment. During the planning period, the school applicants would prepare applications to support larger awards in subsequent years. The innovation and empowerment fund would ultimately deliver funding through a competitive process that results in more significant grants operating on a 3 to 5-year cycle. Once funded, schools would agree to expanded accountability including setting targets for both short-cycle and lagging indicators. Initiatives would be evaluated on criteria that include sustainability, connection to state priorities, commitment to addressing problems related to poverty and the achievement gap, and evidence of willingness to engage in dramatic changes in educational conditions. Chronically underperforming schools may be given a competitive advantage.

In addition to the changes above that affect the total amount of education aid distributed by the state, the Governor’s FY 2017 Budget incorporates changes that affect how the local funding that follows students from traditional districts to public schools of choice is calculated. Changes to the local funding calculation contained within the Governor’s FY 2017 Budget include:

*Calculation of Local Funding for Public Schools of Choice.* Currently the Department of Elementary and Secondary Education excludes tuition remitted to public schools of choice from the local funding calculation. The result of this exclusion is a reduction to the amount of local funding that follows students to public schools of choice. This does not affect state aid, but instead affects the amount of local funding that follows students from traditional districts to public schools of choice. The Governor recommends that the Department of Elementary and Secondary Education continue this practice while also ensuring that public schools of choice experience no further loss of funds by holding the tuition exclusion at the FY 2015 expenditure level to be utilized for the FY 2017 calculation.

*Differences in Expense Profiles of Traditional Districts and Public Schools of Choice.* The working group found that “the differences in expenses between charter public schools and traditional districts are largely the result of differences in fundamental nature, regulations, or statute. The differences, in and of themselves, cannot be used as a basis for qualitative judgment of practice.” Further, the group concurred “with the House Study Commission in finding that the critical categories that require adjustment are: (1) pre-school screening and services; (2) ages 18-to-21 pupil services; (3) nonpublic-school services; (4) career & technical education costs; (5) expenses associated with out-of-district placement; (6) retiree health expenses; (7) debt service; and (8) rental costs. The latter two are associated almost exclusively with charter public schools while the preceding six are associated almost exclusively with traditional districts.” Accordingly, the Governor recommends an adjustment to the local funding calculation for the net effect of all categories 1-8 listed above. On balance, this calculation results in a gain to traditional districts of \$3.6 million in FY 2017.

*Other Proposed Changes that Would Affect the Distribution of Funding:* The working group also recommended several proposed changes to statute that would affect the administration of the funding formula. The Governor recommends that as part of the FY 2017 formula revisions the following recommendations should be included in statute:



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## Education Aid to Local Governments

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1. *Maintenance-of-Effort Language Revisions*: Strengthening the maintenance-of-effort language to account for reasonable factors such as inflation and enrollment increases. The working group found that “In the last five years, some communities have maintained low levels of investment in public education”, and that current maintenance-of-effort language has not required local districts to maintain sufficient local aid appropriations. In certain communities, this lack of maintenance-of-effort has resulted in an erosion of funding for educational programs.

2. *Regular Review of the Formula*: Language regarding the funding formula should be reviewed on a standard interval to ensure that it is performing as intended and at optimum levels. The working group found that regular and public review of the funding formula is necessary to include in statute to ensure that it is functioning as intended. Towards this end, the Governor recommends that the formula be reviewed at a regular interval of no longer than every five years.

3. *William M. Davies Career and Technical High School and the Metropolitan Regional Career and Technical Center*: The working group found that “expenditure data indicate that free-standing career & technical education centers unaffiliated with a district are one of the most expensive delivery models. Though more expensive, these centers can provide unique benefits to students.” Towards this end, the Governor recommends categorical Stabilization Funds for the William M. Davies Career and Technical High School and the Metropolitan Regional Career and Technical Center. In FY 2017, the Governor recommends \$2.0 million in stabilization funding for Davies and \$297,135 in stabilization funding for the Met.

### *Other Proposed Changes that Will Affect the Funding Formula*

In addition to the changes described above resulting from the deliberations of the Funding Formula Working Group, the Governor recommends the removal of language enabling “career technical charter public schools” to bill districts of residence for special education costs in addition to the receiving the state and local share. Though not explicitly discussed by the working group, this proposed change will improve the overall fairness and efficiency of the funding formula’s distribution of resources between school types.

The following sections summarize changes to the various aid categories that comprise total FY 2017 Education Aid.

### **Distributed Aid**

Beginning in FY 2012, distributed aid reflects aid to both districts and charter schools as a result of the education aid funding formula. In prior years, charter schools were displayed within the non-distributed aid category of the education aid tables following this section. In FY 2017, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and Group Home Aid, increases by \$31.7 million over the revised FY 2016 Budget. Further, the Governor recommends that R.I.G.L. 16-7.2-7c be repealed, which results in cost avoidance totaling \$2.5 million from general revenue in FY 2017. R.I.G.L. 16-7.2-7c requires that increases in aid due to the conversion of kindergarten students from 0.5 full time equivalents to 1.0 full time equivalents be funded at the fully transitioned value of the formula beginning in FY 2017. Repealing this statute will treat all classrooms equally, consistent with the formula transition plan outlined in R.I.G.L. 16-7.2-7. Because FY 2017 would have been the first year this aid would have been required, the repeal results in a cost avoidance and not a reduction from the FY 2016 enacted level. Lastly, the recommended FY 2017 Budget includes a reduction of \$1.3 million in Group Home Aid to reflect updated group home bed census figures as of December, 31 2015.

One of the primary drivers for the growth in formula aid is the expansion of charter schools. Charter school growth is funded in full in the year of growth, while reductions in the sending communities are

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## Education Aid to Local Governments

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spread over the remaining years of transition. Upon full transition, money will follow the student and charter or state school growth will be offset by dollar-for-dollar reductions in the sending communities.

Moreover, the FY 2017 recommendation continues with year four of funding the Urban Collaborative through the funding formula, in accordance with the change made to RIGL §16-3.1-11 in the 2012 Session of the General Assembly. Although this change is revenue neutral to the state, the five current sending communities, Central Falls, Cranston, North Providence, Providence, and Warwick, will see a reduction in state education aid for these 137 students. The Urban Collaborative increases in the Governor's recommendation by \$285,505 to a total of \$1,141,708 in FY 2017. Finally, as required by RIGL 16-7.2-6(d), additional funding for the Central Falls Stabilization Fund is included in the Governor's FY 2017 Budget. In FY 2017 the Governor recommends \$4.6 million for Central Falls Stabilization Fund, an increase of \$912,961 from the revised FY 2016 Budget, to cover costs outside of those calculated by the education aid funding formula. This is the third year that Central Falls receives assistance through this Fund.

### State Schools

The State Schools, Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$28.9 million in general revenue for FY 2017 (including the proposed stabilization funds for both Davies and the Met), which constitutes an increase of \$1.1 million from the revised FY 2016 Budget. Only Davies and the Met fall under the funding formula.

### Non-Distributed Aid

Non-distributed aid in FY 2017 increases by \$8.9 million from the revised FY 2016 Budget, from \$15.1 million to \$24.1 million. Non-Distributed aid includes the following categories of aid in FY 2017: English learner categorical, density aid, early childhood categorical, transportation categorical, high cost special education categorical, career and technical categorical, nonpublic schools textbook reimbursements, school breakfast funds, and the Telecommunications Access (E-Rate) program.

*Density Aid.* The Governor recommends the creation of an additional factor to the funding formula which will provide density aid to districts with greater than or equal to 5 percent public school of choice enrollment. The total cost of this additional aid is \$2.6 million in FY 2017, which will provide a net gain of that same amount to six traditional districts.

*Categorical Funds – English Learners.* The Governor recommends the creation of an EL categorical fund, calculated at the level of 0.1 of the Core Instruction Amount, applied to students in the most intensive ELs programs. The funds may only be used on evidence-based programs that benefit ELs and its usage will be monitored by the Department of Elementary and Secondary Education. The FY 2017 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount.

*Categorical Funds – High Cost Special Education.* The Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2017, \$2.0 million greater than the FY 2016 enacted (and revised) level. The high cost special education categorical provides financial support to districts that are serving students with extraordinary needs. The Governor also recommends that the threshold for qualifying for the High Cost Special Education categorical be lowered from five times the core foundation amount (core instruction amount plus student success factor) to four times the core foundation amount.

*Categorical Funds – Early Childhood.* The Governor recommends \$5.2 million for the early childhood categorical fund in FY 2017, \$1.2 million greater than the FY 2016 enacted level. The early childhood education categorical is used to increase access to high quality pre-kindergarten programs. Early

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## Education Aid to Local Governments

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childhood categorical funds are distributed through a competitive process for high-quality programs. This increase is part of the overall plan to triple the number of state-sponsored high quality pre-kindergarten classrooms by 2019 and leverages \$5.8 million in federal funds.

*Categorical Funds – Transportation.* The Governor recommends \$4.4 million for the transportation categorical fund in FY 2017, consistent with the FY 2016 enacted (and revised) level. The transportation categorical is used to reimburse districts for a portion of the cost of transporting students outside their districts. Districts must participate in the statewide transportation system to be eligible. Reimbursement for regional district transportation accounts for approximately half of the categorical.

*Categorical Funds – Career and Technical.* The Governor recommends \$3.5 million for the career and technical categorical fund in FY 2017, consistent with the FY 2016 enacted (and revised) level. The career and technical categorical fund is used to support start-up for new programs and to offset the higher than average per pupil costs associated with existing career and technical programs. Twenty-one LEAs receive funding from this categorical in varying amounts ranging from an annual average of \$405,000 for free-standing centers to an annual average of \$25,000 for single programs embedded in comprehensive high schools.

*E-Rate.* The Governor recommends \$900,000 from general revenue for the state E-Rate program in FY 2017, \$500,000 greater than the FY 2016 enacted level in order to prevent LEAs from having to allocate additional local resources towards internet services in order to maintain current services. The additional general revenue requirement is attributable to a projected decline in collections to the restricted receipt account that funds this program, combined with an increased state share of e-rate contract expenses. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.

*School Breakfast:* Per R.I.G.L. 16-8-10.1, all public schools are required to provide a breakfast program and the Department of Education provides a subsidy for each breakfast served to students. The Governor recommends \$270,000 from general revenue for this purpose in FY 2017, consistent with the enacted (and revised) FY 2016 Budget.

*Nonpublic Schools -Textbook Reimbursement:* Per R.I.G.L. 16-23-3.1, the Department is required to reimburse LEAs for the cost of providing English/language arts and history/social studies textbooks to students in grades K-12 attending nonpublic schools. The Governor recommends \$240,000 from general revenue for this purpose in FY 2017, \$89,291 greater than the revised FY 2016 Budget and consistent with the FY 2016 enacted level.

### **Other Aid**

Other aid in FY 2017 decreases by \$4.6 million from the revised FY 2016 Budget, from \$183.7 million to \$179.1 million. Other aid includes School Construction Aid and contributions to the Teacher Retirement program.

*School Construction.* Within the School Housing Aid program, the Governor recommends FY 2017 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, \$10.9 million less than the revised FY 2016 Budget.

*Teacher Retirement.* Within the Teacher Retirement program, the Governor recommends FY 2017 appropriations of \$99.1 million from general revenue, \$6.3 million greater than the FY 2016 enacted level. Per RIGL 16-16-22, the state funds 40 percent of the employer's share of retirement contributions on behalf of teachers who are members of the Teacher's Retirement System.

# Education Aid to Local Governments

## FY 2017 Education Aid Increases (Decreases) From the Revised FY 2016 Budget (General Revenue)

Formula Aid: \$33,516,048, attributable to the following:

- Formula Aid (Traditional Districts & Charters): \$33,695,184
- Density Aid – Public Schools of Choice: \$2,634,492
- Central Falls School District: (\$1,570,730)
- Metropolitan Career and Technical School: (\$631,672)
- Davies Career and Technical School: (\$611,226)

Categorical Funds: \$5,704,939, attributable to the following:

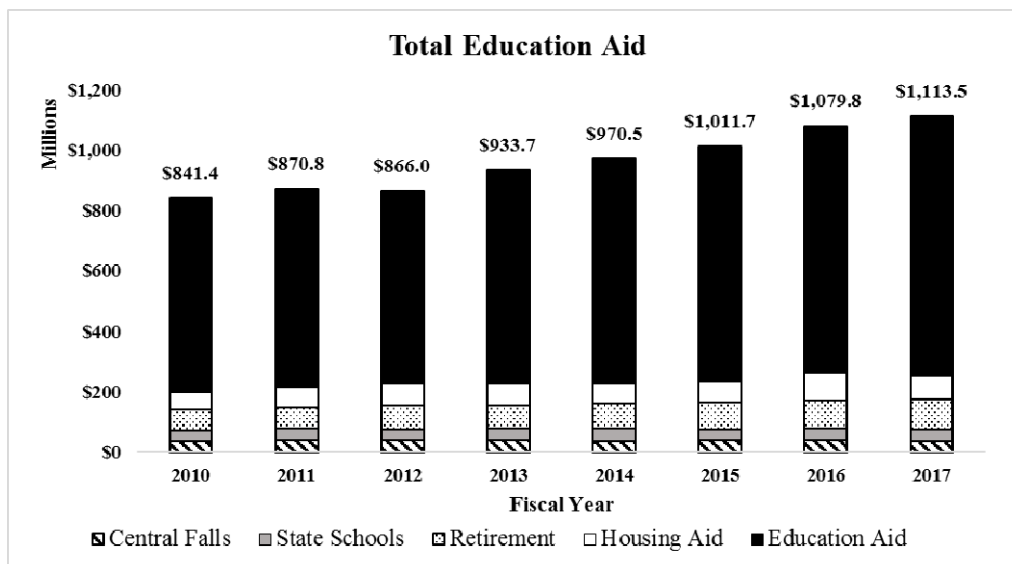
- English Learners: \$2,494,939
- Early Childhood: \$1,210,000
- High Cost Special Ed Categorical: \$2,000,000

Other changes: (\$2,110,650), attributable to the following:

- Davies Supplemental Funding: \$1,969,874
- Met School Supplemental Funding: \$297,135
- Central Falls Transition Fund: \$912,961
- Teachers' Retirement: \$6,270,746
- School Housing Aid: (\$10,907,110)
- Group Home Funding: (\$1,326,100)
- State E-Rate: \$504,374
- Textbooks (Non-Public School Reimbursement): \$89,291
- School for the Deaf: \$78,179

## Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2010 to FY 2017, from all sources of funds. The “Education Aid” component is comprised of all aid categories under the standard Education Aid program. For FY 2012 and on, this includes such items as the Funding Formula Distribution and Group Home Aid. FY 2011 and prior include, but are not limited to, General Aid, Targeted Aid, Charter School Aid, and the Student Investment Initiatives. Other components of total aid include: State Contributions for Teachers' Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).



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## **Education Aid to Local Governments**

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### ***School Construction Aid***

School Construction Aid provides school districts and charter schools with a reimbursement for approved and completed school construction, repair, and renovation projects supported by bonds or capital reserve funds. This aid is provided in order to guarantee adequate school housing for all public-school children in the State and to prevent the cost of school housing from interfering with the effective operation of the schools. The program proposes support of school-district building and infrastructure needs based on reimbursement of successfully completed locally funded capital projects. The reimbursement is linked to district wealth, with poorer communities receiving a higher reimbursement than wealthy districts. In FY 2016, these range from 35 percent to 96.1 percent. By statute, the charter school construction state reimbursement is set at 30 percent, below the traditional district minimum of 35 percent.

Since July 1, 2011, there has been a moratorium on new approvals with the exception of projects necessitated by immediate health and safety. The moratorium expired on May 1, 2015. There is no projected impact for fiscal year 2017 as aid is paid on projects completed by June 30 of a given year. Typically, larger projects take two to four years from approval to completion; thus, any significant impact from lifting the moratorium is not expected until fiscal year 2018 or after.

The 2015 General Assembly established a School Building Authority (SBA) at the Department of Elementary and Secondary Education to ensure equitable and adequate school housing for all public school children. The SBA within the Department shall oversee and manage the school housing aid program and the SBA capital fund. The fund will administered by the RI Health and Educational Building Corporation (RIHEBC). Upon transfer of the funding from the Department of Elementary and Secondary Education, RIHEBC will hold the funds in trust until they are ready for release to the appropriate LEA.

The Governor recommends FY 2017 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, \$10.9 million less than the enacted (and revised) level in FY 2016.

### ***Teachers' Retirement***

RIGL 16-16-22 requires the State of Rhode Island to make contributions to the teacher retirement system. The State shall contribute a percentage of the employer's share, with the school districts contributing the balance. The State's share has varied over the years based upon the total actuarially determined rate of payroll, but since FY 1993 it has been fixed at 40.0 percent, with the municipalities contributing 60.0 percent. Each district receives the same percentage, regardless of district wealth.

The State deferred the State's contributions to Teachers' Retirement in both FY 1991 and FY 1992. Most municipalities also deferred the local portion of teacher retirement contributions for this period. The state deferrals, valued at \$22.4 million in FY 1991 and \$22.2 million in FY 1992, is financed over twenty years, as will the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement includes an adjustment to accommodate the deferred liability.

Furthermore, the municipalities of Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield did not participate in the 1990 early retirement window for teachers and therefore contribute a slightly smaller percentage of teachers' salaries than the ones listed in the tables below.

The Governor recommends FY 2017 appropriations of \$99.1 million from general revenue for the Teacher's Retirement program, \$6.3 million greater than the enacted (and revised) level in FY 2016.

# Education Aid to Local Governments

## Contribution Rates for Teachers' Retirement Fund

- Defined Benefit Retirement Plan

	<u>Actuarial Contribution Rate of Payroll</u>	<u>Employer Share</u>			<u>Teacher</u>
		<u>Local (60.0%)*</u>	<u>State (40%)*</u>	<u>Sub Share</u>	
1999	21.02%	6.62%	4.90%	11.52%	9.50%
2000	24.14%	8.43%	6.21%	14.64%	9.50%
2001	21.51%	6.86%	5.15%	12.01%	9.50%
2002	19.45%	5.73%	4.22%	9.95%	9.50%
2003	21.47%	6.93%	5.04%	11.97%	9.50%
2004	23.22%	7.99%	5.73%	13.72%	9.50%
2005	24.34%	8.72%	6.12%	14.84%	9.50%
2006	25.97%	9.72%	6.75%	16.47%	9.50%
2007	29.14%	11.62%	8.02%	19.64%	9.50%
2008	31.51%	13.04%	8.97%	22.01%	9.50%
2009	29.57%	11.89%	8.18%	20.07%	9.50%
2010	28.51%	11.25%	7.76%	19.01%	9.50%
2011	28.51%	11.25%	7.76%	19.01%	9.50%
2012	31.82%	13.23%	9.09%	22.32%	9.50%
2013	23.04%	11.41%	7.88%	19.29%	3.75%
2014	24.43%	12.26%	8.42%	20.68%	3.75%
2015	26.35%	13.41%	9.19%	22.60%	3.75%
2016	26.89%	13.73%	9.41%	23.14%	3.75%
2017	26.88%	13.18%	9.95%	23.13%	3.75%
2018	26.88%	13.24%	9.89%	23.13%	3.75%

\*Adjusted for deferral liability

- Defined Contribution Retirement Plan

<u>Required Contribution</u>		<u>Employer Share*</u>			<u>Teacher Share</u>
<u>Rate of Payroll</u>		<u>Local (60%)</u>	<u>State (40%)</u>	<u>Subtotal</u>	
2016 and 2017	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2016 and 2017 (Non-Social Security-eligible position)	10.0% to 10.5%	2.6% to 2.9%	0.4% to 0.6%	3.0% to 3.5%	7.0%

\*For teachers with less than 20 years of service as of June 30, 2012 the employer contribution varies from 1.0% to 1.5% (for Social Security eligible positions). Teachers with 20+ years of service have no further contributions, employer or employee, as of July 1, 2015.

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## Education Aid to Local Governments

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### State Contributions for Teacher Retirement

<u>Fiscal Year</u>	<u>State Share</u>
1999 Actual	\$30,202,943
2000 Actual	\$40,719,407
2001 Actual	\$35,365,234
2002 Actual	\$30,652,207
2003 Actual	\$38,242,690
2004 Actual	\$45,039,269
2005 Actual	\$48,503,125
2006 Actual	\$54,537,733
2007 Actual	\$70,286,753
2008 Actual	\$83,028,510
2009 Actual	\$73,592,722
2010 Actual	\$68,550,306
2011 Actual	\$70,286,261
2012 Actual	\$80,385,930
2013 Actual	\$75,777,027
2014 Actual	\$80,351,295
2015 Actual	\$88,625,881
2016 Revised	\$92,805,836
2017 Recommended	\$99,076,582

### Explanation of Education Aid Table by LEAs

The following table displays education aid by apportionment among the state's local and regional education agencies. "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, including Funding Formula Aid to all districts and charter schools and Group Home Aid. "State Schools" include the Metropolitan School, Davies, and School for the Deaf. "Non-Distributed Aid" includes several categories of aid including the various categorical funds, some of which are distributed on a monthly basis and others that are not distributed in regular intervals, but according to their own set of rules. "Other Aid" consists of allocations for School Housing Aid and State contributions to the Teachers' Retirement Fund.

## Education Aid to Local Units of Government

	FY 2016 Revised	FY 2017 Recommend	Difference
<b>Distributed LEA Aid</b>			
Barrington	\$ 5,040,087	\$ 5,160,756	\$ 120,669
Bristol/Warren	15,420,545	14,869,515	(551,030)
Burrillville	13,266,123	13,087,992	(178,131)
Central Falls (1)	39,520,102	38,862,333	(657,769)
Chariho District	191,602	153,282	(38,320)
Charlestown	1,706,421	1,706,432	11
Coventry (2)	21,860,814	22,659,513	798,699
Cranston (2)	50,401,338	53,793,153	3,391,815
Cumberland	16,552,780	17,448,623	895,843
East Greenwich (2)	2,770,431	2,604,808	(165,623)
East Providence	30,858,956	32,457,129	1,598,173
Exeter/W Greenwich	5,639,937	5,267,288	(372,649)
Foster	1,181,172	1,170,104	(11,068)
Foster/Glocester	4,872,233	4,742,128	(130,105)
Glocester	2,515,667	2,391,385	(124,282)
Hopkinton	5,470,735	5,383,618	(87,117)
Jamestown	438,478	440,769	2,291
Johnston	13,920,605	15,380,303	1,459,698
Lincoln	10,338,259	11,079,870	741,611
Little Compton	398,464	412,188	13,724
Middletown	8,671,430	8,425,943	(245,487)
Narragansett	2,134,161	2,125,658	(8,503)
New Shoreham	85,500	113,440	27,940
Newport	10,586,364	10,590,714	4,350
North Kingstown	10,662,516	10,686,618	24,102
North Providence	18,126,769	19,665,123	1,538,354
North Smithfield	5,784,932	6,104,562	319,630
Pawtucket	78,729,893	82,328,207	3,598,314
Portsmouth	4,748,745	4,566,762	(181,983)
Providence	222,296,542	228,840,432	6,543,890
Richmond	5,063,630	4,854,963	(208,667)
Scituate	3,909,685	3,714,834	(194,851)
Smithfield	5,308,406	5,682,827	374,421
South Kingstown	7,590,805	7,246,330	(344,475)
Tiverton	6,027,039	6,148,224	121,185
Warwick (2)	36,751,529	37,513,617	762,088
West Warwick	21,833,719	22,827,356	993,637
Westerly	8,272,261	8,912,224	639,963
Woonsocket	53,210,783	55,686,816	2,476,033
Subtotal (1)	\$ 752,159,458	\$ 775,105,839	\$ 22,946,381



## Education Aid to Local Units of Government

	FY 2016 Revised	FY 2017 Recommend	Difference
<b>Distributed LEA Aid- Charter Schools</b>			
ACE (Textron)	\$ 2,307,902	\$ 2,342,724	\$ 34,822
Achievement First	5,163,546	6,790,273	1,626,727
Beacon Charter School	1,944,354	2,290,265	345,911
Blackstone Academy	2,642,238	3,197,360	555,122
Compass School	509,957	491,445	(18,512)
Greene School	986,606	1,032,675	46,069
Highlander	4,426,538	5,067,184	640,646
Hope Academy	665,193	1,006,034	340,841
International Charter School	3,004,632	3,040,963	36,331
Kingston Hill Academy	604,518	598,534	(5,984)
Learning Community	6,122,713	6,122,454	(259)
New England Laborers	1,180,275	1,112,880	(67,395)
Nowell Academy	1,596,958	2,279,506	682,548
Nurses Institute	2,403,080	2,458,269	55,189
Paul Cuffee Charter School	7,950,707	7,948,330	(2,377)
RIMA Blackstone Valley	11,030,068	13,784,046	2,753,978
RISE Mayoral Academy	440,255	929,484	489,229
Segue Institute for Learning	2,670,896	2,713,573	42,677
Southside Elementary	508,072	766,747	258,675
Times 2 Academy	7,183,575	7,672,198	488,623
Trinity Academy	2,189,101	2,195,763	6,662
Village Green	1,883,074	2,052,980	169,906
Subtotal	\$ 67,414,258	\$ 75,893,687	\$ 8,479,429
 Urban Collaborative (RIGL 16-3.1-11)	 \$ 856,203	 \$ 1,141,708	 \$ 285,505
Subtotal	\$ 820,429,919	\$ 852,141,234	\$ 31,711,315
 <b>Non-Distributed Aid</b>			
Textbook Expansion	\$ 150,709	\$ 240,000	\$ 89,291
School Breakfast	270,000	270,000	-
Telecommunications Access	395,626	900,000	504,374
Early Childhood Demonstration	3,950,000	5,160,000	1,210,000
Transportation Categorical	4,351,360	4,351,360	-
High Cost Special Ed Categorical	2,500,000	4,500,000	2,000,000
Career and Tech Categorical	3,500,000	3,500,000	-
English Learner Categorical	-	2,494,939	2,494,939
Density Fund - Choice Schools	-	2,634,492	2,634,492
Subtotal	\$ 15,117,695	\$ 24,050,791	\$ 8,933,096

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## Education Aid to Local Units of Government

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	FY 2016 Revised		FY 2017 Recommend		Difference
<b>State Schools</b>					
Metropolitan School (1)	\$ 9,864,425	\$	9,529,888	\$	(334,537)
School for the Deaf	6,248,565		6,326,744		78,179
Davies School (1)	11,640,152		12,998,800		1,358,648
Subtotal (1)	\$ 27,753,142	\$	28,855,432	\$	1,102,290
 <b>Other Aid</b>					
Teachers' Retirement	\$ 92,805,836	\$	99,076,582	\$	6,270,746
School Housing Aid (3)	90,907,110		80,000,000		(10,907,110)
Subtotal	\$ 183,712,946	\$	179,076,582	\$	(4,636,364)
<b>Total</b>	<b>\$ 1,047,013,702</b>	<b>\$</b>	<b>1,084,124,039</b>	<b>\$</b>	<b>37,110,337</b>

(1) Includes Stabilization Funds in FY 2017 of \$4.6 million for Central Falls, \$2.0 million for Davies, and \$0.3 million for the Met.

(2) Assumes full implementation of full-day kindergarten for Coventry, Cranston, East Greenwich, and Warwick pursuant to RIGL 16-99-3(c).

(3) Includes the School Building Authority Capital Fund



**Appendix E**  
**Personnel**  
**Statewide Summary**



# Personnel - Statewide Summary

<u>Distribution by Category</u>	<u>FY 2016</u>		<u>FY 2017</u>	
	FTE Positions	Cost	FTE Positions	Cost
Classified	9,467.4	573,300,442	9,473.4	582,014,840
Unclassified	2,519.2	187,248,209	2,523.6	189,756,709
Nonclassified	3,098.2	238,937,789	3,146.4	248,886,883
Program Reductions/Reconciliations	54.5	-	83.9	(1,968,454)
Overtime	-	67,191,509	-	61,607,683
Turnover	-	(60,482,395)	-	(62,172,846)
Cost Allocation from program Y	96.2	16,052,891	67.5	15,311,527
Cost Allocation to program X	(96.2)	(16,052,891)	(67.5)	(15,311,527)
Interdepartmental Transfers	-	-	-	-
Road Construction (Public Safety)	-	2,031,649	-	2,031,649
<b>Salaries</b>	<b>15,139.3</b>	<b>\$1,008,227,203</b>	<b>15,227.3</b>	<b>\$1,020,156,464</b>
Benefits				
Retirement		194,388,640		206,846,142
Health Benefits		188,258,256		193,989,147
FICA		74,859,341		75,786,672
Retiree Health		50,893,456		51,877,108
Other		13,720,973		14,930,549
Holiday Pay		8,404,941		8,791,148
Payroll Accrual		4,566,144		4,649,571
<b>Salaries and Benefits</b>	<b>15,139.3</b>	<b>\$1,543,318,954</b>	<b>15,227.3</b>	<b>\$1,577,026,801</b>
Cost per FTE Position		101,941		103,566
Temporary and Seasonal		78,208,837		79,482,618
Statewide Benefit Assessment		40,288,876		43,595,893
Worker's Compensation		29,628,239		31,013,269
<b>Payroll Costs</b>	<b>15,139.3</b>	<b>\$1,691,444,906</b>	<b>15,227.3</b>	<b>\$1,731,118,581</b>

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# Personnel - Statewide Summary

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	<u>FY 2016</u>		<u>FY 2017</u>	
<b>Purchased Services</b>		<b>Cost</b>		<b>Cost</b>
Medical Services		14,118,721		13,622,940
Design & Engineering Services		45,679,162		47,779,277
Training & Educational Services		50,143,373		46,381,794
Buildings and Grounds Maintenance		6,842,423		7,132,090
Information Technology		132,664,097		45,050,251
Legal Services		6,210,374		5,208,906
Management & Consultant Services		103,965,839		97,842,654
Clerical & Temporary Services		4,331,641		4,022,144
Other Contract Services		17,915,962		15,061,769
University/Colleges Services		16,831,307		22,435,204
<b>Total</b>		<b>\$398,702,899</b>		<b>\$304,537,029</b>
<b>Total Personnel</b>	<b>15,139.3</b>	<b>\$2,090,147,805</b>	<b>15,227.3</b>	<b>\$2,035,655,610</b>

	<u>FY 2016</u>		<u>FY 2017</u>	
<u>Distribution by Source of Funds</u>	FTE	Cost	FTE	Cost
General Revenue	7,183.0	931,812,612	7,318.4	958,400,423
Federal Funds	2,680.6	550,028,401	2,659.5	448,990,015
Restricted Receipts	431.6	112,436,140	455.7	110,659,786
Internal Service Funds	44.8	5,942,112	44.8	8,982,233
Other Special Funds	4,812.1	489,928,540	4,761.5	508,623,153
Subtotal	<b>15,152.1</b>		<b>15,239.9</b>	
Reconcile to FTE Auth.	(12.8)		(12.6)	
<b>Total: All Funds</b>	<b>15,139.3</b>	<b>\$2,090,147,805</b>	<b>15,227.3</b>	<b>\$2,035,655,610</b>

**Appendix F**  
**Five-Year Financial**  
**Projection**





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# FY 2017 – FY 2021 Overview

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## Summary

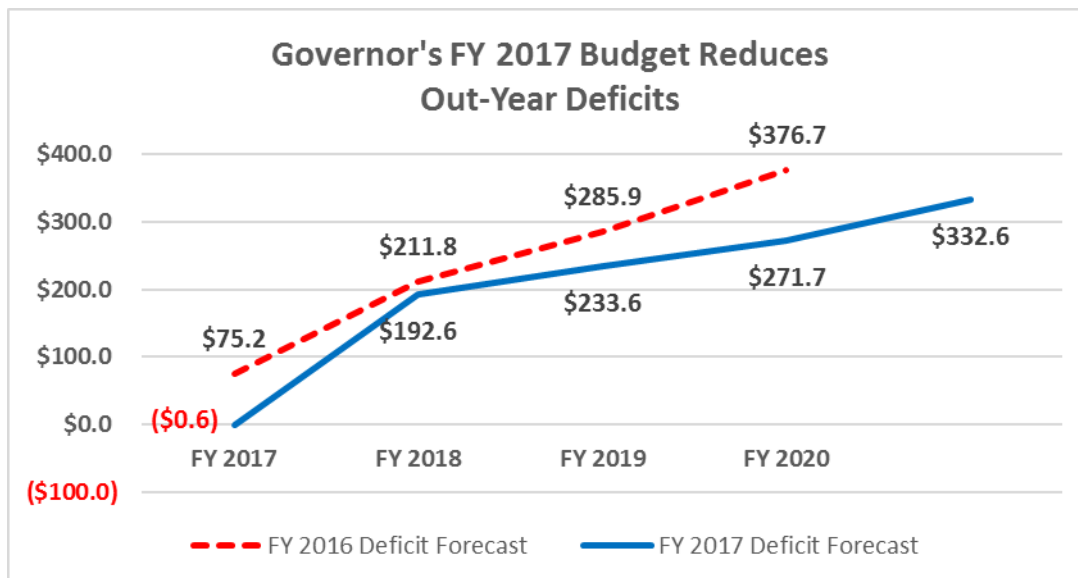
This Five-Year Financial Projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws, which requires that, the Budget Officer:

- (6) Prepare a five-year financial projection of anticipated general revenue receipts and expenditures, including detail of principal revenue sources and expenditures by major program areas, which projection shall be included in the budget submitted to the general assembly pursuant to subsection 35-3-7.

The five-year financial projection includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2021. Also included are tables that provide detail on the planning values used in these projections. The planning values reflect policy assumptions, as well as economic and demographic forecasts.

The purpose of the five-year forecast is to provide a baseline fiscal outlook for the State of Rhode Island. Although the forecast may be used as a benchmark in assessing the affordability and desirability of alternative policy options, caution should be exercised in the interpreting of the forecast. Forward-looking estimates, such as those made in this forecast, are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Many of these risks, such as national economic and business conditions, political or legal impediments, are beyond the control of the State. The estimates and forecasts made here are as of the date they were prepared and will change as factors used in the forecasts change.

From the FY 2017 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2021. The operating deficits by fiscal year are as follows: \$192.6 million in FY 2018, \$233.6 million in FY 2019, \$271.7 million in FY 2020, and \$332.6 million in FY 2021. In percentage terms, the deficits are projected to range from 5.0 percent of spending in FY 2018 to 7.9 percent of spending in FY 2021. The expenditure-side of the budget is estimated to increase at an average annual rate of 3.3 percent from the FY 2017 base to FY 2021. Inflation, however, as measured by the United States consumer price index for all urban consumers (CPI-U), is expected to grow at an average annual rate of 2.7 percent over this same period.



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## **FY 2017 – FY 2021 Overview**

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### *Revenues*

The revenue projections contained in the five-year forecast incorporate the Governor's proposed FY 2017 general revenue changes to the estimates adopted at the November 2015 Revenue Estimating Conference. Overall revenues are expected to grow from \$3.789 billion (including projected carry forward funding) in FY 2017 to \$3.975 billion in FY 2021. This is an increase of \$186.2 million, or 4.92 percent more revenues than in the FY 2017 recommended budget. Lottery transfers to the State general fund are projected to diminish by a total of \$52.4 million over the five-year forecast period, comprised of a \$2.0 million revenue loss in FY 2017, a \$3.4 million revenue gain in FY 2018 due to the opening of a 200 room hotel at Twin River, a \$50.2 million revenue loss in FY 2019 when Massachusetts' resort casinos are expected to open, a \$2.4 million revenue loss in FY 2020 and a \$1.2 million revenue loss in FY 2021 due to the increased competition from Massachusetts gaming facilities to Rhode Island's gaming facilities in Lincoln and Newport.

The five-year projection anticipates average annual general revenue growth of approximately 2.0 percent over the FY 2017 through FY 2021 period, based upon the adopted November 2015 Revenue Estimating Conference forecast for the Rhode Island economy and the Governor's recommended changes to adopted revenues. The forecasts underlying the five-year projection assumes that Rhode Island's economy will kick into a higher gear in FY 2017 through FY 2019. This is reflected in growth in non-farm employment of 1.7, 1.5, and 1.1 percent respectively for these three fiscal years. If the forecast proves correct, Rhode Island will have experienced non-farm employment growth in excess of 1.0 percent for seven consecutive fiscal years. The underlying forecasts in FY 2017 anticipate substantive growth for nominal wages and salaries and nominal personal income of 5.3 percent and 5.2 percent respectively, while the forecast projects growth in dividends, interest and rent income of 10.1 percent in FY 2017 and 8.0 percent in FY 2018. The state's unemployment rate is projected to decrease to 5.2 percent in FY 2017 and stabilize at approximately 5.0 percent over the FY 2018 through FY 2021 forecast horizon.

FY 2017 shows a robust increase in general revenue growth when compared to FY 2016 from -1.2 percent to 3.1 percent, the Rhode Island economy is expected to grow more slowly in FY 2018. General revenue growth remains positive but moderates for the FY 2018 to FY 2021 period at 1.8 percent annually, as the Rhode Island economy reaches a steady-state growth path and resort casinos come online in Massachusetts. The impact of Massachusetts-based gaming facilities is expected to be less impactful than in previous five-year revenue forecasts based on the actual performance of Rhode Island's gaming facilities when faced with the opening of a slots only facility in Plainville, MA in July 2015.

Personal income is forecasted to grow at an average annual rate of 4.0 percent over the FY 2017 – FY 2021 period. Non-farm employment is anticipated to grow at an average annual rate of 1.0 percent and wage and salary disbursements at an average annual rate of 4.3 percent over the same period. Dividends, interest and rent payments are forecasted to grow at an average annual rate of 5.0 percent over the FY 2017 – FY 2021 period, the strongest growth of any personal income component.

There are several downside risks to the revenue forecast. First, although Rhode Island's housing market is expected to make significant progress over the coming year any delay in pent-up household formation could set the housing market back with concomitant impacts on employment and personal income. Second, although Rhode Island's exposure to the wealth effects generated from volatile equity markets is less than its neighbors, the spillover effect from stock market price gyrations could seriously impact the State's leisure and hospitality industry, an industry that has seen robust growth in the past year. Third, Rhode Island's competitive position relative to Connecticut and Massachusetts, especially in biotechnology and information technology, could erode as these states aggressively expand their recruiting efforts for these

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## **FY 2017 – FY 2021 Overview**

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industries. Such erosion could have ramifications for income growth not in just these industries but also professional services an area that has been pivotal in fueling Rhode Island income growth now and in the future.

The upside risks to the revenue forecast are, not surprisingly, related to the downside risks. For example, a modest upside surprise in housing would help to boost employment in construction, an industry that has actually lost jobs during the economic recovery to date. Further, an expansion of high tech companies in the state, such as in the biotechnology and information technology sectors, would yield dividends not only in increased high tech jobs but, perhaps more importantly, allow Rhode Island to retain more of its college educated science, technology, engineering and math (STEM) majors resulting in the establishment of a critical mass of tech talent that would result in a strategic advantage for the state. Finally, increased research and development activities in the state would lay the groundwork for enhanced opportunities that could be leveraged by the state's research universities and accelerate the state economy's transition from a low value-added manufacturing focus to that of an innovative human capital centric base.

### ***Expenditures***

Expenditure side risks must also be noted within the five-year projection. There are initiatives contained in the Governor's FY 2017 Budget that set the expenditure base at a lower level and therefore a risk to the forecast is the passage of those proposals and their successful implementation. Conversely, as described above, if revenues are better than forecast in the near or long-term, adjustments could, and likely would, be made to some of the Governor's expenditure proposals thus impacting out year projections.

A recurring risk to the five-year forecast relates to medical services inflation, utilization, and technological change. Beneficial changes in medical technology and the resultant change in utilization of medical services are especially difficult to forecast. These factors are particularly influential; since a significant part of the budget is driven by medical costs and since costs have been accelerating at a rapid rate. This impacts both the costs incurred for the clients the state services and its employees. While costs for medical care will continue to be an underlying driver of state personnel costs in the forecast, it is assumed that growth for state employee health benefit costs will average 6.54 percent annually through FY 2021. The forecast also assumes that state employees will continue to share in the cost of medical insurance premiums and costs will moderate due to proposed plan design changes.

Another expenditure side risk involves demographic shifts such as the aging of the baby-boomer population which will present a greater need to enhance and expand the infrastructure for elderly care towards the end of the five year horizon. Also of concern is the implementation of the Affordable Care Act and the impact this will have on state expenditures for medical services to Medicaid eligible citizens.

### ***Personnel and Other Operations***

The wage projections contained in the personnel estimates include annualization of the cost of living adjustments (COLA) negotiated with employee unions in 2014. In addition, as a proxy for step and educational incentive increases and potential pay adjustments in years subsequent to current collective bargaining contracts, increases using 2.0 percent have been included for FY 2018 and thereafter. In FY 2017, salary costs are projected to grow 1.7 percent compared to the revised FY 2016 Budget. This is followed by increases of 2.0 percent in each fiscal year through FY 2021.

The forecast reflects employee cost sharing that will continue to offset health insurance costs in FY 2017 and throughout the forecast period. Average employee cost sharing of 20.0 percent of medical premium cost in FY

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## **FY 2017 – FY 2021 Overview**

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2017 and thereafter is projected. This compares with average employee cost sharing of just 11.0 percent in FY 2009. Gross medical cost increases for health care premiums are expected to grow 6.55 percent annually on average throughout the forecast period.

Pension reform legislation enacted in the fall of 2011 continues to have a major impact on personnel costs. According to actuarial projections by Gabriel, Roeder, Smith and Company, the annual required contribution rate for state employees is expected to decrease from 25.34 percent in FY 2017 to 24.69 percent in FY 2021. Based upon projected payroll growth and the forecasted retirement contribution rates, the general revenue funded contribution for state employee members would grow from a projected \$104.4 million in FY 2017 to \$113.4 million in FY 2021, reflecting growth of \$8.9 million in retirement costs, an average increase of 2.1 percent a year.

Personnel and operating costs continue to be constrained during FY 2017. The current five year forecast assumes \$1.162 billion of personnel and operating costs in FY 2017 and an average growth of 2.5 percent over the five year interval, resulting in an estimated cost of \$1.285 billion in FY 2021, an increase of \$122.3 million. This estimate incorporates the impact of a number of initiatives or other changes that will impact out year expenses.

### ***Grants and Benefits***

Grants and Benefits are projected to increase by an average of 4.1 percent annually from FY 2017 to FY 2021. This growth rate results in an increase of \$212.8 million in this category of spending over the five year horizon. The growth rates used in the five year forecast were derived from state-specific Medicaid expenditure projections released by the Centers for Medicaid and Medicare Services (CMS) in July 2015 as well as Budget Office estimates based on CPI-U for medical services. As these are national projections, they may or may not be valid for Rhode Island, but lacking more regionally applicable data, the State Budget Office selected these growth rates for use in this year's five year projections. Several projections under this section also use the CPI-U, particularly with respect to programs of (non-Medicaid) cash assistance.

The forecast for grants and benefits under the Office of Health and Human Services and the Department of Human Services is based on the assumption that the Federal Temporary Assistance to Needy Families Cash Assistance Program (TANF), known as the Rhode Island Works program (formerly FIP), and the Child Care Assistance Program will meet their stated objectives during the forecast period, that federal block grants will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect for FY 2017.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 2.7 percent annually. These exclusively reflect continuing additions for child care subsidies, which are extended to low-income families even after cash assistance clients gain access to unsubsidized employment. Federal block and matching grant resources are assumed to be insufficient to finance these incremental costs throughout the forecast period, and, therefore, general revenue dollars are added. No additional effects from the implementation of the new RI Works program are recognized in the estimates, and it is assumed that federal TANF resources will remain sufficient to meet the entire cost of the RI Works program throughout the forecast horizon. Supplemental Security Income (SSI) payments forecasted to grow at an average rate of 1.0 percent throughout the five-year period.

The managed care forecast assumes that base costs will inflate 2.9 percent per year on average until FY 2021. Incorporated into the FY 2017 expenditure base for managed care are various proposals in the

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## **FY 2017 – FY 2021 Overview**

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Governor's recommended FY 2017 Budget. In the Medical Assistance program, the Governor recommends an \$83.0 million reduction to the Caseload Estimating Conference's (CEC) adopted funding level from all sources of funds, or \$39.0 million from general revenue. This is achieved through various policy actions designed to contain the Medicaid program's expenditure growth in both FY 2017 and subsequent years.

Similarly, cost trends in institutional long term care include an average annual growth rate of 3.87 percent from FY 2017 through FY 2021. For home and community based long-term care, the growth rate over the forecast horizon is estimated at 6.54 percent.

Pharmacy inflation is assumed to average at 9.17 percent annually. Five-year estimates also reflect a schedule increasing federal "clawback" assessment charges for Part D Medicare benefits to dually eligible Medicaid clients.

The five year financial projection for Medical Assistance expenditures now incorporates the out-year implications of a key provision of the Patient Protection and Affordable Care Act (PPACA): the expansion of Medicaid coverage to non-pregnant adults without dependent children with incomes up to 138 percent of Federal Poverty Level, commencing on January 2014. Under PPACA, full federal financing of Medicaid services for the expanded eligibility population elapses on December 31, 2016, after which the federal matching rate declines incrementally until reaching 90 percent for 2020 and thereafter. Commencing in FY 2017, the forecast includes general revenue totaling \$165.4 million spanning the projection period to accommodate the loss of 100 percent federal financing.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from \$102.4 million in FY 2017 to \$124.4 million in FY 2021, which equates to an average annual growth rate of 5.0 percent over the five-year period. There are several factors that could significantly impact expenditures during the forecast period. These include general economic conditions that negatively impact Rhode Islanders; the aging of caregivers; the aging of the existing population; and greater public awareness of the availability and, therefore, the utilization of services. Efforts to restructure the network of providers serving persons with developmental disabilities and efforts to increase shared living arrangements over and above those contained in the Governor's FY 2017 Budget could serve to constrain growth below those contained in the projection. It should be noted that the expenditures only reflect the residential, day program, respite and supported employment services. Medical costs under the Medicaid program are reflected in the Executive Office of Health and Human Services' grant costs.

Cost trends for general revenue state match expenditures to the Medicaid, Title IV-E, and other grant programs in the Department of Children Youth and Families are projected to grow from \$90.6 million to \$110.1 million between FY 2017 and FY 2021. This increase of \$19.5 million over the five year period, equates to an average annual growth rate of 5.0 percent over the five-year period. The Governor's FY 2017 Budget recommendation for services provided by the Department of Children Youth and Families contains various retrenchment initiatives that set the FY 2017 base at a lower level. If these savings initiatives are not achieved, the forecast for these expenditures will be understated in the out-years.

### ***Local Aid***

Local aid expenditures include: Education Aid; Municipal Incentive Aid; Motor Vehicle Tax Reimbursements; Payment in Lieu of Taxes (PILOT) program; Distressed Communities; Fiscal Oversight Reimbursement; Library Aid; Library Construction Aid; the Property Revaluation Program; and the Central Falls Pension Plan.

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## **FY 2017 – FY 2021 Overview**

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The Motor Vehicle Excise Tax Reimbursement, Distressed Communities, PILOT, Fiscal Oversight Reimbursement, and Library Aid are level funded over the period; Motor Vehicle Excise Tax at \$10.0 million, Distressed Communities at \$10.4 million, PILOT at \$42.0 million, Fiscal Oversight at \$130,000, and Library Resource Sharing Aid at \$7.7 million.

Changes in Library Construction Aid, the Property Revaluation program, and contributions to the new Central Falls pension plan are forecasted based on proposed schedules from the responsible programs. The Municipal Incentive Aid program is budgeted at \$4.7 million in FY 2016, and sunsets after that period.

In dollar terms, the largest driving force behind local aid expenditure growth from FY 2017 to FY 2021 is Education Aid, which is expected to increase by a total of \$101.0 million from the FY 2017 base level of \$1,077.8 million. This growth is a direct result of the new education aid funding formula which contains a ten year transition period. Districts that stand to gain money will do so over a seven year period, while losing districts will gradually lose funding over the full ten years. In general, because of how the transition rules are structured, districts losing money are given more time to adjust, causing the early years of the transition period to cost more.

Additional drivers include the planned phase-in of various categorical funding streams. In FY 2017, the Governor includes \$20.0 million for the early childhood categorical, high cost special education categorical, transportation categorical, career and technical categorical, and a new English learner categorical. By FY 2021 these categorical programs grow to \$52.4 million, an increase of \$32.3 million.

The funding formula is primarily data driven. As a result, changes may occur in the core instruction amount, the state share calculation, increases or decreases in student populations, changes in median family income, student movement between charter schools or state schools, as well as increases or decreases in free and reduced lunch students. To plan for these changes, a 4.0 percent annual growth rate was used for FY 2018, with 1.0 percent annual growth in each year thereafter. The formula will be fully transitioned for underfunded districts in FY 2018. Reductions for overfunded districts will continue to be transitioned over the next three years and are estimated to be approximately \$2.5 million per year for FY 2019, FY 2020, and FY 2021.

State contributions for teachers' retirement increase by \$11.3 million, from \$99.1 million in FY 2017 to \$110.4 million in FY 2021. Projections for future required employer contributions to the teachers' retirement fund reflect average annual growth of 2.7 percent from FY 2018 through FY 2021, which is based on the projected CPI-U growth during this period. Housing aid, which reimburses communities for part of the debt incurred for new school construction is projected to remain at the FY 2017 enacted level of \$70.9 million, assuming the minimum state share ratio remains at 35.0 percent over the next five years. The School Building Authority Capital Fund is financed at \$9.1 million throughout the forecast horizon, level funding with the proposed FY 2017 level.

### *Capital*

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2017 – FY 2021 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations is projected to increase from \$150.7 million in FY 2017 to \$227.8 million in FY 2021, an increase of \$77.1 million. The primary driver of the increase is the outcome of the restructuring of general obligation bond debt in FY 2016 that will result in increased costs in several of the forecast years. This restructuring resulted in savings of approximately \$64.0 million in FY 2016 and \$36.2 million in FY 2017, but then debt service costs will increase above what they would have been by \$5.8 million in FY 2019, by \$15.0 million in FY 2020 and by \$6.6 million in FY 2021. Other debt service

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## **FY 2017 – FY 2021 Overview**

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increases are attributable to the issuance of debt for the Historic Tax Credit program, and annual issuance of voter approved and newly recommended general obligation bonds.

The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2017 - 2021 Capital Budget. Interest rates for fixed rate general obligation bonds to be issued to fund projects are projected at between 4.0 percent and 5.0 percent. Historic Tax Credit debt is projected to be issued at 4.5 percent over nine years in in 2017. Projected amortization schedules are found in the exhibits contained in Appendix C of the Capital Budget document.

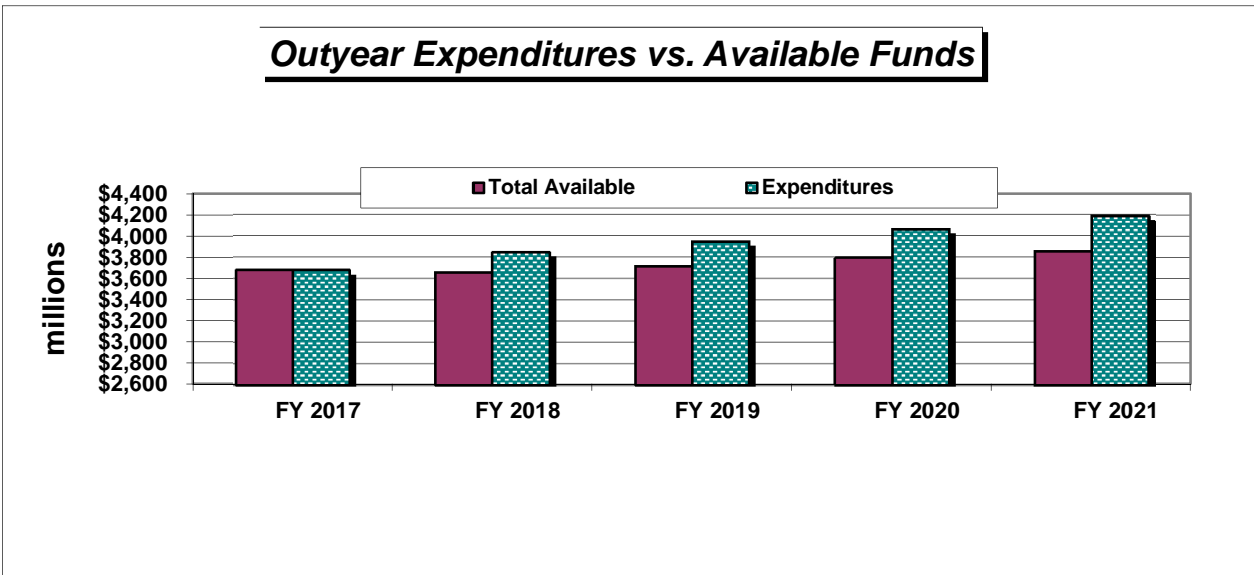
Amortization of existing debt, restructuring of current general obligation bonds, combined with new debt issuance, results in increased general revenue appropriations for debt service of \$77.1 million from FY 2017 to FY 2021. Disbursements for many capital projects are funded from the Rhode Island Capital Plan Fund, not general revenue, and therefore are not reflected in the five-year report as operating costs. Debt service for the Historic Structures Tax Credit stabilization program decreases by \$11.3 million in FY 2019 as the first issuance of this debt is paid off. General obligation debt service increases by \$84.9 million. Performance based obligations remain at \$7.0 million over the five year period. Debt service on certificates of participation decrease by \$6.6 million from \$32.1 million in FY 2017 to \$25.5 million in FY 2021. Current debt service includes full issuance of all COPS authorization, including those for the integrated tax system and an LEA Technology program. Convention Center debt service remains relatively stable over the five year period.

The obligations arising from performance based contracts between the Rhode Island Commerce Corporation and private entities are projected to require the same amount of state appropriations due to the projected achievement of performance targets. Fidelity job rent credits are expected to result in a state obligation of \$3.5 million through the forecast period. The FY 2017 obligation reflects projected payments of \$2.488 million on Phase I, plus \$0.9 million due on Phase II. The forecast assumes no requirement for the Bank of America (Fleet) obligation transaction, which if earned would total approximately \$0.3 million. The Providence Place Mall sales tax is expected to continue to fund the maximum \$3,560,000 debt service.



# General Revenue Outyear Estimates FY 2017 - FY 2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Opening Surplus <sup>(1)</sup></b>	<b>\$81.7</b>	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Plus:</b>					
Taxes and Departmentals	3,322.5	3,400.1	3,508.2	3,592.6	3,659.0
Other Sources (incl. Lottery)	386.8	369.1	318.6	316.2	316.0
Budget Stabilization Fund	(113.7)	(113.1)	(114.8)	(117.3)	(119.3)
<b>Total Available</b>	<b>3,677.3</b>	<b>3,656.6</b>	<b>3,712.0</b>	<b>3,791.5</b>	<b>3,855.8</b>
<b>Minus Expenditures</b>	<b>3,676.8</b>	<b>3,848.8</b>	<b>3,945.6</b>	<b>4,063.3</b>	<b>4,188.3</b>
<b>Equals Ending Balance</b>	<b>\$0.5</b>	<b>(\$192.1)</b>	<b>(\$233.6)</b>	<b>(\$271.7)</b>	<b>(\$332.6)</b>
<i>Operating Surplus or Deficit</i>	<i>(\$81.2)</i>	<i>(\$192.6)</i>	<i>(\$233.6)</i>	<i>(\$271.7)</i>	<i>(\$332.6)</i>
Budget & Cash Stabilization Balance	\$191.7	\$190.7	\$193.5	\$197.6	\$198.8
RI Capital Fund Balance	\$21.1	(\$1.6)	(\$0.4)	\$13.2	\$50.3
<b>Rhode Island Capital Fund</b>					
<i>Capital Projects Disbursements</i>	<i>\$161.2</i>	<i>\$136.8</i>	<i>\$112.6</i>	<i>\$99.9</i>	<i>\$78.9</i>



<sup>(1)</sup> Under the Rhode Island Constitution, the budget must be balanced each year, thus deficits in any given fiscal year cannot be carried forward to the ensuing fiscal year.

# General Revenue Outyear Estimates

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Personal Income Tax</b>	\$ 1,263,499,140	\$ 1,309,123,338	\$ 1,375,333,179	\$ 1,418,227,408	\$ 1,454,463,374
<b>General Business Taxes:</b>					
Business Corporations	163,651,005	163,303,703	176,062,452	180,811,293	185,954,771
Public Utilities	104,500,000	105,296,752	106,742,865	108,188,976	109,635,089
Financial Institutions	19,500,000	18,854,403	20,046,589	19,168,751	17,484,378
Insurance Companies	127,674,000	124,235,859	128,400,122	130,417,753	135,534,334
Bank Deposits	2,300,000	2,374,680	2,449,360	2,524,040	2,598,720
Health Care Provider	45,100,000	46,705,882	48,089,941	49,476,583	50,857,705
<b>General Business Taxes</b>	\$ 462,725,005	\$ 460,771,280	\$ 481,791,328	\$ 490,587,397	\$ 502,064,997
<b>Sales and Use Taxes:</b>					
Sales and Use	1,017,677,054	1,054,299,058	1,082,852,916	1,112,040,508	1,142,363,891
Motor Vehicle	12,200,000	-	-	-	-
Motor Fuel	500,000	365,310	346,790	307,782	390,271
Cigarettes	145,088,709	143,638,144	140,729,110	136,677,625	132,238,463
Alcohol	19,500,000	19,972,371	20,633,573	21,288,185	21,936,640
Controlled Substances	-	-	-	-	-
<b>Sales and Use Taxes</b>	\$ 1,194,965,763	\$ 1,218,274,882	\$ 1,244,562,388	\$ 1,270,314,101	\$ 1,296,929,265
<b>Other Taxes:</b>					
Estate and Transfer	20,400,000	21,308,546	23,511,206	24,759,289	26,823,588
Racing and Athletics	1,100,000	1,079,953	1,051,080	1,014,257	967,983
Realty Transfer Tax	10,300,000	9,205,610	8,915,890	9,426,746	10,252,870
<b>Other Taxes</b>	\$ 31,800,000	\$ 31,594,109	\$ 33,478,175	\$ 35,200,293	\$ 38,044,441
<b>Total Taxes</b>	\$ 2,952,989,908	\$ 3,019,763,610	\$ 3,135,165,070	\$ 3,214,329,198	\$ 3,291,502,077
Total Departmental Receipts	369,500,902	380,382,163	373,024,013	378,228,758	367,531,427
<b>Taxes and Departmentals</b>	\$ 3,322,490,809	\$ 3,400,145,772	\$ 3,508,189,083	\$ 3,592,557,956	\$ 3,659,033,505
<b>Other Sources</b>					
Other Miscellaneous	23,341,000	769,975	740,597	712,515	662,922
Lottery Commission Receipts	354,700,000	359,250,507	308,575,513	305,981,054	304,553,707
Unclaimed Property	8,800,000	9,052,453	9,317,093	9,553,177	10,774,710
<b>Other Sources</b>	\$ 386,841,000	\$ 369,072,936	\$ 318,633,202	\$ 316,246,747	\$ 315,991,338
<b>Total General Revenues</b>	\$ 3,709,331,809	\$ 3,769,218,708	\$ 3,826,822,285	\$ 3,908,804,703	\$ 3,975,024,843

# General Revenue Outyear Estimates - Percentage Changes

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Personal Income Tax</b>	<b>4.0%</b>	<b>3.6%</b>	<b>5.1%</b>	<b>3.1%</b>	<b>2.6%</b>
<b>General Business Taxes:</b>					
Business Corporations	6.6%	-0.2%	7.8%	2.7%	2.8%
Public Utilities	0.5%	0.8%	1.4%	1.4%	1.3%
Financial Institutions	10.2%	-3.3%	6.3%	-4.4%	-8.8%
Insurance Companies	4.3%	-2.7%	3.4%	1.6%	3.9%
Bank Deposits	0.0%	3.2%	3.1%	3.0%	3.0%
Health Care Provider	2.5%	3.6%	3.0%	2.9%	2.8%
<b>General Business Taxes</b>	<b>4.2%</b>	<b>-0.4%</b>	<b>4.6%</b>	<b>1.8%</b>	<b>2.3%</b>
<b>Sales and Use Taxes:</b>					
Sales and Use	3.7%	3.6%	2.7%	2.7%	2.7%
Motor Vehicle	-66.3%	-100.0%	n/a	n/a	n/a
Motor Fuel	0.0%	-26.9%	-5.1%	-11.2%	26.8%
Cigarettes	2.1%	-1.0%	-2.0%	-2.9%	-3.2%
Alcohol	2.6%	2.4%	3.3%	3.2%	3.0%
Controlled Substances					
<b>Sales and Use Taxes</b>	<b>1.4%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.1%</b>
<b>Other Taxes:</b>					
Estate and Transfer	-11.3%	4.5%	10.3%	5.3%	8.3%
Racing and Athletics	0.0%	-1.8%	-2.7%	-3.5%	-4.6%
Realty Transfer Tax	3.0%	-10.6%	-3.1%	5.7%	8.8%
<b>Other Taxes</b>	<b>-6.7%</b>	<b>-0.6%</b>	<b>6.0%</b>	<b>5.1%</b>	<b>8.1%</b>
<b>Total Taxes</b>	<b>2.8%</b>	<b>2.3%</b>	<b>3.8%</b>	<b>2.5%</b>	<b>2.4%</b>
<b>Total Departmental Receipts</b>	<b>3.6%</b>	<b>2.9%</b>	<b>-1.9%</b>	<b>1.4%</b>	<b>-2.8%</b>
<b>Taxes and Departmentals</b>	<b>2.9%</b>	<b>2.3%</b>	<b>3.2%</b>	<b>2.4%</b>	<b>1.9%</b>
<b>Other Sources</b>					
Gas Tax Transfers	n/a	n/a	n/a	n/a	n/a
Other Miscellaneous	2881.0%	-96.7%	-3.8%	-3.8%	-7.0%
Lottery Commission Receipts	-0.6%	1.3%	-14.1%	-0.8%	-0.5%
Unclaimed Property	-12.9%	2.9%	2.9%	2.5%	12.8%
<b>Other Sources</b>	<b>5.2%</b>	<b>-4.6%</b>	<b>-13.7%</b>	<b>-0.7%</b>	<b>-0.1%</b>
<b>Total General Revenues</b>	<b>3.1%</b>	<b>1.6%</b>	<b>1.5%</b>	<b>2.1%</b>	<b>1.7%</b>

# General Revenue Outyear Expenditure Estimates

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>State Operations</b>					
Personnel	\$945,710,000	\$967,570,000	\$992,420,000	\$1,016,670,000	\$1,043,320,000
Other State Operations	216,510,000	222,960,000	229,670,000	235,640,000	241,220,000
<b>Subtotal</b>	<b>\$1,162,220,000</b>	<b>\$1,190,530,000</b>	<b>\$1,222,090,000</b>	<b>\$1,252,310,000</b>	<b>\$1,284,540,000</b>
		2.4%	2.7%	2.5%	2.6%
<b>Grants and Benefits</b>					
<b>Executive Office of Health and Human Services &amp; Department of Human Services</b>					
Hospitals	33,190,000	35,000,000	37,030,000	39,660,000	42,390,000
Managed Care	552,140,000	563,910,000	579,020,000	595,530,000	618,110,000
Nursing Care	98,060,000	101,980,000	105,960,000	110,060,000	114,130,000
Home Care (HCBS)	37,870,000	40,260,000	42,780,000	45,680,000	48,800,000
Other Medicaid	29,290,000	30,880,000	32,570,000	34,110,000	35,580,000
Pharmacy	50,000	50,000	60,000	60,000	70,000
DEA Medicaid/CNOM	3,390,000	3,600,000	3,830,000	4,090,000	4,360,000
Cash Assistance- RIW/CCAP/GPA	19,590,000	20,170,000	20,780,000	21,320,000	21,830,000
Cash Assistance - SSI	18,500,000	18,690,000	18,870,000	19,060,000	19,250,000
Clawback	56,530,000	58,210,000	59,960,000	61,520,000	62,980,000
DSH	62,120,000	63,970,000	63,970,000	63,970,000	63,970,000
ACA- MA Population Expansion	12,140,000	26,330,000	31,950,000	42,980,000	52,040,000
<b>Department of Children Youth &amp; Families</b>					
Children & Family Services	90,620,000	95,530,000	100,770,000	105,530,000	110,080,000
<b>Department of Behavioral Healthcare, Developmental Disabilities &amp; Hospitals</b>					
Developmental Disabilities-Private	102,390,000	107,940,000	113,850,000	119,240,000	124,380,000
<b>Other Grants and Benefits</b>	94,100,000	96,910,000	99,820,000	102,420,000	104,850,000
<b>Subtotal</b>	<b>\$1,209,980,000</b>	<b>\$1,263,430,000</b>	<b>\$1,311,220,000</b>	<b>\$1,365,230,000</b>	<b>\$1,422,820,000</b>
		4.4%	3.8%	4.1%	4.2%
<b>Local Aid</b>					
Education Aid	1,077,800,000	1,121,160,000	1,139,720,000	1,161,020,000	1,178,750,000
Municipal Incentive Aid	0	0	0	0	0
Motor Vehicle Tax Reimbursements	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
PILOT	41,980,000	41,980,000	41,980,000	41,980,000	41,980,000
Distressed Communities	10,380,000	10,380,000	10,380,000	10,380,000	10,380,000
Fiscal Oversight Reimbursement	130,000	130,000	130,000	130,000	130,000
Library Aid	8,770,000	8,770,000	8,770,000	8,770,000	8,770,000
Library Construction Aid	2,220,000	2,160,000	2,020,000	1,780,000	1,740,000
Property Revaluation Prgm	560,000	820,000	1,640,000	780,000	1,150,000
Central Falls New Pension Plan	0	330,000	300,000	290,000	290,000
<b>Subtotal</b>	<b>\$1,151,840,000</b>	<b>\$1,195,730,000</b>	<b>\$1,214,940,000</b>	<b>\$1,235,130,000</b>	<b>\$1,253,190,000</b>
	2.9%	3.8%	1.6%	1.7%	1.5%
<b>Capital</b>					
<i>Debt Service</i>					
General Obligation	55,190,000	99,430,000	109,540,000	122,790,000	140,090,000
Historic Tax Credit Program	30,995,000	31,110,000	19,820,000	19,820,000	19,830,000
EDC Job Creation Guaranty	3,025,000	12,880,000	12,350,000	12,320,000	12,290,000
COPS/Other Leases	32,060,000	27,080,000	27,090,000	27,120,000	25,500,000
Convention Center	22,460,000	21,570,000	21,570,000	21,560,000	23,040,000
Performance Based	7,000,000	7,000,000	7,000,000	7,000,000	7,040,000
<b>Subtotal</b>	<b>\$150,730,000</b>	<b>\$199,070,000</b>	<b>\$197,370,000</b>	<b>\$210,610,000</b>	<b>\$227,790,000</b>
		32.1%	-0.9%	6.7%	8.2%
<b>Expenditures</b>	<b>\$3,674,770,000</b>	<b>\$3,848,760,000</b>	<b>\$3,945,620,000</b>	<b>\$4,063,280,000</b>	<b>\$4,188,340,000</b>
		4.7%	2.5%	3.0%	3.1%
<b>Difference</b>	<b>\$98,260,000</b>	<b>\$173,990,000</b>	<b>\$96,860,000</b>	<b>\$117,660,000</b>	<b>\$125,060,000</b>
	2.75%	4.73%	2.52%	2.98%	3.08%

# General Revenue Outyear Planning Values

Estimates and Growth	FY2017	FY2018	FY2019	FY2020	FY 2021
<b>Personal Income (billions) [1]</b>	\$57.2	\$60.0	\$62.3	\$64.2	\$66.3
<i>Change</i>	5.2%	4.8%	3.8%	3.2%	3.1%
<b>Nonfarm Employment (thousands) [1]</b>	495.8	503.3	508.9	511.6	512.8
<i>Change</i>	1.7%	1.5%	1.1%	0.5%	0.2%
<b>CPI-U (U.S.) [1]</b>	2.44%	2.98%	3.01%	2.60%	2.37%
<b>Personal Income Tax [2]</b>	4.0%	3.6%	5.1%	3.1%	2.6%
<b>Business Corporation Tax [2]</b>	6.6%	-0.2%	7.8%	2.7%	2.8%
<b>Provider Tax [2]</b>	2.5%	3.6%	3.0%	2.9%	2.8%
<b>Sales Tax [2]</b>	3.7%	3.6%	2.7%	2.7%	2.7%
<b>Gasoline Tax [3]</b>	-0.8%	-0.7%	-0.5%	-0.8%	-0.8%
<b>Other Taxes and Departmentals [4]</b>	-0.3%	-0.7%	-0.1%	0.7%	-0.8%
<b>Salaries and Fringe Benefits</b>					
Salary COLA - [9]	2.44%	2.98%	3.01%	2.60%	2.37%
Steps and Longevity Increases [13]	0.00%	0.03%	0.03%	0.03%	0.03%
Medical Benefits Cost Growth [15]	5.80%	6.30%	6.40%	6.75%	6.70%
Retiree Health Rates [10]	5.97%	5.97%	5.97%	5.97%	5.97%
State Employees Retirement Rates [11]	25.34%	24.87%	24.91%	24.60%	24.69%
<b>Home Health Care</b>					
Expenditure Growth [5]	6.28%	6.32%	6.25%	6.79%	6.83%
<b>Nursing Home Care</b>					
Expenditure Growth [6]	3.96%	4.00%	3.91%	3.86%	3.70%
<b>Managed Care</b>					
Expenditure Growth [8]	2.53%	2.55%	2.68%	2.85%	2.93%
<b>Other Medicaid</b>					
Expenditure Growth [7]	4.44%	5.42%	5.48%	4.73%	4.31%
<b>DCYF Services</b>					
Expenditure Growth [7]	4.44%	5.42%	5.48%	4.73%	4.31%
<b>BHDDH- MR/DD</b>					
Expenditure Growth [7]	4.44%	5.42%	5.48%	4.73%	4.31%
<b>Pharmacy</b>					
Expenditure Growth [12]	7.99%	7.87%	6.79%	7.87%	7.72%
<b>Hospital Care</b>					
Expenditure Growth [14]	5.90%	5.45%	5.80%	7.12%	6.88%

- [1] November 2015 Consensus Economic Forecast based on Moody's Analytics Rhode Island Forecast adopted at the November 2015 Revenue Estimating
- [2] Growth in estimates for FY 2017 as adopted at the November 2015 REC inclusive of the Governor's proposals, Budget Office estimated growth for FY 2018 - FY
- [3] Office of Revenue Analysis projection for FY 2017. FY 2018 - FY 2021 period based on United States Energy Information Agency's Annual Energy Outlook 2015 with Projections to 2040, "Energy Consumption by Sector and Source, New England, Reference case, (quadrillion Btu): Transportation, Propane, Motor Gasoline, and Distillate Fuel Oil", Released April 15, 2015, adjusted for predicted increase in Rhode Island motor fuel excise tax rates.
- [4] Growth in estimates for FY 2017 as adopted at the November 2015 REC for total general revenues inclusive of the Governor's proposals, excluding personal income taxes, business corporations taxes, health care provider assessment, sales and use taxes and other sources.
- [5] CMS National Health Expenditure Projections, July 2015, Home Health Care: State Medicaid
- [6] CMS National Health Expenditure Projections, July 2015, Nursing Home Care: State Medicaid
- [7] CPI-U Medical Care, 2010-2015 Average applied to Budget Office Estimated CPI-U Growth for FY 2018 - FY 2021
- [8] CMS National Health Expenditure Projections, July 2015, Total Health Expenditures: Private Health Insurance as proxy. Adjusted for anticipated policy-based
- [9] Based on CPI-U [1].
- [10] State of Rhode Island Budget Office Estimate consistent with actuarial rate.
- [11] Estimate of actuarially required contribution based upon a % of payroll (GRS analysis of RI Retirement Security Act, Dec. 2013)
- [12] CMS National Health Expenditure Projections, July 2015, Prescription Drugs: State Medicaid
- [13] Step increases only; longevity increases no longer apply.
- [14] CMS National Health Expenditure Projections, July 2015, Hospital Care: State Medicaid
- [15] CMS National Health Expenditure Projections, July 2015, State and Local Government, Employer contributions to private health insurance premiums.

# **Appendix G**

## **The Budget Process**



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# The Budget Process: A Primer

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

**Appropriation Process.** According to Article IX Section 16 of the Rhode Island Constitution, and the Rhode Island General Laws Section 35-3-7, the Governor must present spending recommendations to the Legislature. *The Budget* reflects expenditures for both the current and upcoming fiscal year and identifies the sources of financing for those expenditures.

On or before the third Thursday in January, unless delayed by act of the Legislature, the Governor must submit to the General Assembly a budget containing a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency, and estimates of personnel costs for the next fiscal year. Commencing with the Governor's FY 2014 budget, this supplementary personnel information has been merged into the multivolume document entitled *Budget*.

The budget is proposed by the Governor and considered by the General Assembly, which may increase, decrease, alter, or strike out any item in the budget, provided that the action would not cause an excess of appropriations over anticipated revenue receipts. No appropriation in excess of budget recommendations may be made by the General Assembly unless it provides the necessary additional revenue to cover such appropriation. The Governor may veto legislative appropriations, although not on an individual "line item" basis. The Legislature may override any veto by a three-fifths majority vote. Supplemental appropriations measures must be submitted by the Governor to the General Assembly on or before the third Thursday in January. Supplemental appropriations by the General Assembly must also be supported by additional revenues.

The general laws of the state provide that if the General Assembly fails to pass the annual appropriation bill, amounts equal to those appropriated in the prior fiscal year shall be automatically available for expenditure, subject to monthly or quarterly allotments as determined by the Budget Officer. Expenditures for general obligation bond indebtedness of the state shall be made as required regardless of the passage of the annual budget or the amount provided for in the prior fiscal year.

**Fiscal Years.** It is important when reading the budget to consider which fiscal year is being discussed. The state *fiscal year* runs from July 1 to the following June 30 and is numbered for the calendar year in which it ends (e.g. FY 2016). The *current fiscal year* is the one which ends the coming June. The *actual fiscal years* are the years which concluded in June of the two previous years. The *budget year* refers to the next fiscal year, which begins the July following the Legislature's adjournment. Finally, *out-years* refer to any years beyond the budget year.

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

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

The State Revenue Estimating Conference was created by the 1990 General Assembly to provide the Governor and the Assembly with estimates of general revenues. It is composed of the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor, with the chair rotating among the three. It must



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# The Budget Process: A Primer

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meet no less than twice per year, in November and May, and can be convened at any other time by call of any member, and must reach consensus on revenues. The 1991 Assembly created a Medical Assistance and Public Assistance Caseload Estimating Conference similar to the Revenue Estimating Conference to adopt cash assistance entitlement caseload estimates. The 1998 Assembly amended the Medical Assistance and Public Assistance Caseload Estimating Conference to estimate medical assistance expenditures, upon which the Governor's expenditures budget shall be based, and the appropriations by the assembly shall be made.

The consensus revenue estimate is the official revenue projection for general revenue. Estimates of revenues for federal funds, restricted receipts, and other funds are prepared by individual state agencies, reviewed by the Budget Office, and included in *The Budget*.

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

**Function of government** classifies expenditures by grouping agencies that make expenditures for similar programs and purposes. There are six functions of government defined in *The Budget*: General Government, Human Services, Education, Public Safety, Natural Resources, and Transportation.

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

*General Government* includes the administrative and regulatory functions of state government. Certain elected officials (Governor, Lieutenant Governor, General Treasurer, Secretary of State), the Legislature, and the Department of Administration are agencies that perform an administrative function. The Department of Business Regulation, the Department of Labor and Training, and the Public Utilities Commission are examples of agencies that perform a regulatory function. The Department of Revenue coordinates revenue collection activities of several state divisions.

*Health and Human Services* includes agencies that provide services to individuals. These services provided include: the care of the disabled by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; child protective and social services provided by the Department of Children, Youth and Families; health programs at the Department of Health and the Executive Office of Health and Human Services; financial assistance and social services provided by the Department of Human Services; and pharmaceutical assistance and home health care at the Division of Elderly Affairs. The Executive Office of Health and Human Services centrally coordinates the legal, budgetary, and policymaking activities of the Human Services agencies.

The *Education* function provides educational services to Rhode Islanders. The State Board of Education and The Office of Postsecondary Education provide direct education services.

*Public Safety* is the function that provides safety and security services to Rhode Island citizens. Agencies in this function include the Department of Corrections, the Judiciary, the Attorney General and the Department of Public Safety.

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# The Budget Process: A Primer

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The *Natural Resources* function protects the natural and physical resources of the state and regulates the use of those resources. Agencies included in this function are the Department of Environmental Management and the Coastal Resources Management Council.

*Transportation* includes the Department of Transportation, which is the only agency in this function. It is responsible for maintaining and constructing highways in Rhode Island, and for planning and financing all surface transportation modes.

**Categories of expenditure** classify expenditures by budgeting and accounting objects of expenditure: personnel; state operations; aid to local units of government; assistance, grants, and benefits; and capital. Objects of expenditures define how funds are encumbered and expended.

*Personnel* includes the salaries, wages, and benefits of state employees, as well as personnel services purchased from outside contractors and vendors.

*Operating Supplies and Expenses* include expenses incurred while conducting the day-to-day business of state government. This category is often referred to simply as "operating". Operating expenses comprise non-personnel expenditures for operations of state government, including facilities maintenance, program and office supplies, rental of outside property, telecommunications, and insurance.

*Aid to Local Units of Government* is payments made to governmental units that provide services at the local level. Education Aid to local school districts is an example.

*Assistance, Grants and Benefits* constitutes payments to individuals and agencies which are not governmental units. Drugs, medicine and nursing facilities for the Medicaid programs, the pharmaceutical assistance program for the elderly, and cash assistance payments for the Rhode Island Works, Supplemental Security Income, and Child Care Assistance entitlements are a few examples.

*Capital Purchases and Equipment* include capital improvements and new capital construction financed via the Rhode Island Capital Plan Fund (RICAP), general revenues, or federal funds. Please note that the majority of capital improvements, supported by other forms of financing (i.e. state debt instruments), are generally found in the *Capital Budget*.

*Debt Service* includes payments on short term tax anticipation notes, long term general obligation bonds, Rhode Island Refunding Bond Authority lease payments, certificates of participation payments for the Intake Service Center, Attorney General's administrative office, Information Technology, and the Rhode Island School for the Deaf; and lease payments to the Convention Center Authority.

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

**State Employees.** A major part of the state operations category of expenditures is salary and wage payments to employees. Public service in state government is divided into the classified service, unclassified service, and non-classified service. The classified service comprises all positions in state service, now existing or to be created, except as specifically provided under R.I.G.L. 36-4-2 for unclassified employees and R.I.G.L. 16-59-7 for Higher Education non-classified employees. The classified service is divided into a competitive branch and a non-competitive branch. Employees hired to fill positions in the classified service must be hired on the basis of merit and fitness. The non-competitive branch includes positions that require the performance of routine tasks, or those that require licenses, certificates, or registrations. These employees

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# The Budget Process: A Primer

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are also promoted and discharged on the basis of rules and regulations established and administered by the Rhode Island State Employees Merit System.

Certain positions are specifically designated for inclusion in the unclassified service. These positions are defined to include those in specific agencies, or types of agencies for specific purposes. Examples are employees of the Legislature, elected officials, and employees of the courts. Compensation for unclassified positions is governed by the Unclassified Pay Board and other matters are governed by rules and regulations of the unclassified system.

State service also includes special types of positions. In addition to regular full-time positions, there are *seasonal* positions in the classified service. Such positions may require the employee to work an irregular schedule such that the employee is on call when needed, or for only a portion of the year, and only for a maximum of 925 hours in a 12-month period. Employees of the Department of Environment Management who staff the state's parks, beaches, and wildlands in the summer are an example of seasonal employees.

**Financing of State Spending.** Frequent reference is made in *The Budget* to "general revenue" expenditures and expenditures from "all funds". Expenditures from all funds include both general revenue expenditures and expenditures from federal funds, restricted receipts, and other or special revenue funds.

General revenue receives the most attention in the budget because it is the largest of the "uncommitted" revenue sources available to the state. It is also the fund to which most general tax receipts are credited. The Legislature may appropriate general revenue dollars for any purpose.

Federal funds, restricted receipts, and other funds, by contrast, are dedicated to specific purposes. For example, the Legislature may not appropriate monies from the Unemployment Insurance Fund to build new prisons. Other funds include the University and College Funds, the Transportation Fund, the Unemployment Insurance Fund, the Temporary Disability Insurance Fund, and the Rhode Island Capital Plan Fund.

Within the budget documents, schedules contain expenditure data for two actual fiscal years, the current fiscal year and the budget year. The schedules display agency data by fund source for All Funds, General Revenue, Federal Funds, Restricted Receipts, and Other Funds.

**Rhode Island Capital Plan Funds.** On November 7, 2006, Rhode Island voters approved a constitutional amendment limiting state expenditures commencing in FY 2008 such that appropriations do not result in general fund expenditures exceeding 98.0 percent of general fund revenues in FY 2008, and 97.0 percent in FY 2013 and thereafter. This amendment to the Rhode Island Constitution has also restricted, as of July 1, 2007, the use of excess funds in the Rhode Island Capital Fund solely for capital projects. Previously, the fund could be used for debt reduction, payment of debt service, and capital projects. Also, the constitutional amendment increased the budget reserve account by limiting annual appropriations to ninety-seven (97%) percent of estimated revenues and increasing the cap on the budget reserve account to five (5%) percent of estimated revenues. During the 2007 Session of the General Assembly, a statutory schedule was enacted to provide for incremental decreases of 0.2 percent to gradually move spending from 98 percent of revenues to 97 percent of revenues. Additionally, the budget reserve account maximum balance would be gradually increased by increments of 0.4 percent to gradually move from 3.0 percent to 5.0 percent of resources. In FY 2015, the spending is limited to 97.0 percent of revenues and the budget reserve fund is capped at 5.0 percent of resources.

Additionally, during the 2007 Session of the General Assembly, a law was enacted which requires that

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# The Budget Process: A Primer

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revenues received in excess of the amount estimated in the enacted budget, net of reserve fund contributions, would be transferred to the State Retirement Fund upon completion of the post audit.

**Budget Basis.** *The Budget* is prepared on the same basis that the state's year end financial statements, which is a modified accrual basis. Briefly, this means that obligations of the state are budgeted as expenditures if the goods or services are expected to be received during the fiscal year, regardless of whether a cash payment is expected to be made by the state by June 30<sup>th</sup> of that year. Revenues are estimated on the basis of when they are "earned" by the state. For example, the estimate of gas tax revenues reflects twelve months of revenues. However, due to a one month difference in the time the liability is incurred and the actual cash payment is made by the taxpayer, the revenue estimate reflects cash received from August through July.

The Comprehensive Annual Financial Report (CAFR) shows the status of the state's finances on the basis of "generally accepted accounting principles" (GAAP). Every attempt is made in preparing the budget to ensure that it is consistent with the auditing standards upon which the state's financial position will be determined.

**Program Performance Measures.** The current administration continues in its effort to develop and track measures of the performance of state agencies and departments. The performance measures included in the FY 2014 budget are derived from the on-going process to identify and refine measures for state decision-makers to evaluate on an annual basis. With few exceptions, all executive branch agencies, and most other government offices, have developed a mature set of program performance measures. These measures are included on the agency and program financing pages in *The Budget*. In some cases where no measures are identified, the process of developing measures continues. Performance measures for general officers and agency central management units are not required, indicated by NA (not applicable).

**The Budget Process.** Production of a budget is a continuous process. It does, however, have certain discrete phases. In the Executive Branch, the budget process begins as soon as the legislative session ends. At that time the budget staff prepares the *Budget as Enacted* which reflects the budget enacted by the Legislature.

In the spring and early summer, budget instructions and allocations are distributed by the Budget Office to state agencies. At those times, agencies are instructed by the Budget Office to prepare a capital and operating budget. The capital budget contains a five-year capital improvement plan.

Agencies are requested to prepare operating budgets at specified target levels for submission on or before September 15 or as specified by the Budget Officer. Agencies may also be allowed the opportunity to request additional funding through special white papers, separate from the agency's budget request.

The individual budgets submitted by the state agencies show program expenditures, with appropriate funding sources for each program within the agency. These data are shown for the actual year, the current year, and the target for the budget year.

In the fall and early winter, analysts in the Budget Office review agency budget requests. The Budget Office staff prepares recommendations for the Governor. An analysis of items added or reduced from the target request is presented to the Governor. The analysis includes the basis for the agency's request and the Budget Office recommendation and the basis for it. The Governor then makes a budget determination. This process is repeated for all issues in all agencies. These decisions form the Governor's recommendations. The Budget Office compiles the individual recommendations, aggregates them, and prepares *The Budget*. *The Budget*

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# The Budget Process: A Primer

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reflects the revised current year funding plan submitted to the Legislature on the third Thursday in January, as well as the budget year funding plan.

During this same period between September and the start of the legislative session, House and Senate fiscal staffs also have the agency budget requests for analysis. Following receipt of the Governor's recommendations, the legislative fiscal analysts begin their analysis of the recommendations of the Governor.

The Governor's budget recommendations traditionally are incorporated in one omnibus appropriations bill, which normally includes articles containing any statutory changes which would be required to implement the Governor's budget.

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

Mid-July	Capital Budget Requests due to Budget Office.
Late July	Budget Instructions and Funding Targets distributed to Agencies.
Mid September	Budget requests of Agencies with enacted all funds budget of \$10.0 million or less due to Budget Office.
Late Sept./ Early Oct.	Budget requests of Agencies with enacted all funds budget of over \$10.0 million due to Budget Office.
Oct./Nov.	Agency Meetings to review Budget Recommendations.
Late Dec./ Early Jan.	Gubernatorial Decisions on current year supplement and budget year recommendations.
3 <sup>rd</sup> Thursday in January	Statutory date for current-year Governor's Supplemental Appropriation bill submitted to Legislature.
3 <sup>rd</sup> Thursday in January	Statutory date for budget-year Governor's Budget Recommendation bill submitted to Legislature.

**Consideration by House of Representatives and Senate.** Appropriation bills are introduced into the House and are first considered by the House Finance Committee. The Senate Finance Committee also begins hearings on the budget bill, as introduced by the Governor. The chairpersons of the committees appoint subcommittees to consider appropriations for various agencies. Subcommittees vary in size, usually between two and five persons. After reviewing the budget requests and the Governor's budget, the subcommittees recommend adjustments to the full committee for consideration. A committee may adjust the recommendations of its subcommittee. Appropriation bills are reprinted to reflect the recommendations of the full committee. The bill is then presented to the full House, and upon passage is transmitted to the Senate. The process for review of an appropriation bill in the Senate mirrors the steps followed in the House of Representatives. Usually, however, consideration by the Senate occurs in a much shorter span of time. Once the bill is presented and approved by the full Senate, the Governor has three options: 1) sign the bill into law, 2) veto the bill, or 3) allow the bill to become law without signature (after six days, Sundays excepted, the bill automatically becomes law without the Governor's signature). The General Assembly may overturn the Governor's veto with a three-fifths vote in each house.

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# Office of Budget

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**Suzanne Amerault****Programming Services Officer**

Personnel Actions  
Employee Contract Tracking  
Office Management  
Official Statement

**Ronald Bickham****Budget Analyst I**

Department of Business Regulation  
Department of Labor and Training  
Commission for Human Rights  
Legislature

**Andres Blanco****Programmer Analyst III**

Network Database Management  
Information Processing Liaison  
Technical Support  
Web Page

**Adam Brusseau****Budget Analyst II**

Department of Behavioral Healthcare,  
Developmental Disabilities and Hospitals  
Commission on the Deaf and Hard of Hearing  
Department of Health  
Mental Health Advocate  
NASBO Surveys

**Carmela Corte****Principal Budget Analyst**

Executive Office of Commerce  
Treasury Department  
Coastal Resources Management Council  
Department of Environmental Management  
Governor's Office  
Secretary of State  
Quonset Development Corporation  
Resource Recovery Corporation  
Capital Center Commission  
Rhode Island Commerce Corporation  
Rhode Island Industrial Facilities Corporation  
Rhode Island Industrial Recreational Building  
Authority

**Joe Codega****Policy Analyst**

Revenue Estimating  
Economic Impact Studies

**Ryan Gardiner****Principal Budget Analyst**

Department of Transportation  
Department of Public Safety  
Rhode Island Airport Corporation  
Rhode Island Public Transit Authority  
Rhode Island Turnpike and Bridge Authority

**Elizabeth A. Leach****Supervising Budget Analyst**

Higher Education  
College Crusade of Rhode Island  
Student Loan Authority  
Assessed Fringe Benefit Fund

**Dennis A. Michaud****Budget Analyst II**

Office of the Attorney General  
Department of Corrections  
Public Utilities Commission  
Judicial  
Office of the Public Defender  
Clean Water Finance Agency  
Narragansett Bay Commission

**Thomas Mullaney****Executive Director/State Budget Officer**

Capital Development, Planning and  
Oversight Commission (Chair)  
OPEB Board (Chair)  
Tobacco Settlement Financing Corp (Chair)  
State Investment Commission  
State Employee Retirement Board  
Information Statement

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Department of Health

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Elementary and Secondary Education  
R.I. Council on the Arts  
Historical Preservation & Heritage Commission  
Atomic Energy Commission  
Rhode Island Health and Educational Building  
Corporation  
Five Year Forecast

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# Office of Budget

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Department of Human Services  
Office of Health and Human Services

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Department of Administration  
Department of Revenue  
Lieutenant Governor  
Convention Center Authority  
Housing Resources Commission  
Rhode Island Housing and Mortgage Finance  
Corporation  
Water Resources Board Corporate

**Sharon R. Savicki****Administrative Officer**

RIFANS - Purchasing  
Fiscal Note Database

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Department of Children, Youth & Families  
Governor's Commission on Disabilities  
Child Advocate

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Military Staff  
RI Emergency Management Agency  
Board of Elections  
R.I. Ethics Commission  
Appropriations Act

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