

State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2020

Gina M. Raimondo, Governor



State of Rhode Island and Providence Plantations

State House
Providence, Rhode Island 02903-1196
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Gina M. Raimondo
Governor

January 17, 2019

To the Honorable General Assembly:

Securing the future for all Rhode Islanders is not an easy task. While we may no longer be facing the Great Recession, the breadth of uncertainty – stemming from the very highest ranks of our nation – is a source of anxiety for the hard-working people of our state who simply want to provide for their families and live to the fullest in the 1,214-square-mile place they call home. Moreover, our work to bring jobs to Rhode Island is meaningless if we do not also find ways to address challenges related to education, climate change, violence, addiction and access to health care.

I am proposing a balanced budget for Fiscal Year 2020 that protects our priorities and critical short- and long-term investments. This detailed plan shields our health care progress from potential federal threats, helps to fuel the engine of our economy and everything in between. Our State continues to feel the pain of the nationwide addiction and opioids crisis, and this plan leverages federal funding to redouble our efforts. Because we know behavioral health is strongly linked to many of our challenges – including gun violence – I propose we start by providing teachers and educators with training and professional development to address students' mental health needs.

I am proud of the steps we have taken in education, from introducing computer science in every public school to finally beginning to rebuild our crumbling public schools. But it's not enough. We cannot begin to claim victory on student success when our system still lacks crucial access points to education. My proposal builds on my first term vision by taking aggressive action to remove financial and other impediments to student success. The reality is that our rapidly changing economy necessitates that we be life-long learners. We also know it's incredibly important that our little ones be set up early on a path to success. This budget lays the groundwork for universal Pre-K in the State of Rhode Island, starting with a 50 percent increase this budget year in the number of available public Pre-K seats. My proposal also extends the RI Promise Scholarship to students of Rhode Island College and adults who want the chance to return to school and finish their degrees.

My plan includes a reinvestment strategy for our beautiful parks, finding better ways to support needed maintenance of our recreational areas and ensure first-rate facilities for a collection of attractions that add an estimated \$315 million to the economy and support nearly 4,000 jobs per year.

Built into our investment strategy is a practical look at the policy and financial challenges Rhode Island faces. Rhode Island is sandwiched between states that have either legalized adult-use marijuana or are seriously considering doing so this year. Regardless of our public policy decision on this issue, Rhode Island will be dealing with the consequences of marijuana legalization in law enforcement, public health, employment issues and beyond. My proposal, which would establish the strictest regulatory framework in the country, will ensure that legalized marijuana will be tightly controlled in Rhode Island with the greatest priority on health and safety.

We are also facing a deficit for FY 2019 and FY 2020. Through a combination of new revenue, savings and efficiency measures, I have put forth a budget that closes this gap. With measures in place to control costs and generate revenue, I am hopeful that there will be opportunities to identify additional strategic investments before the budget is finally enacted. Under current law, these budget recommendations are based on projected revenues from the November Revenue Estimating Conference. If, however, revenues come in higher than anticipated such that there are additional resources available after the May conference, I recommend the General Assembly consider the following actions:

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

We are at an important juncture; the decisions we make today impact the promise of tomorrow. I urge you to join me in continuing to fund smart investments and help pave the way for a brighter future for Rhode Island.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gina Raimondo".

Gina M. Raimondo
Governor

Executive Summary

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Executive Summary

Introduction

Governor Gina M. Raimondo spent her first term building a strong, resilient foundation that supports every corner of Rhode Island, from its sterling coast lines to its urban centers. Following a powerful national recession, it was critical that our state’s leaders lock arms against the threat of decline. About 75 percent of the jobs we lost during the Great Recession were jobs that required no education or training beyond high school. Of the jobs created since then, almost 99 percent have gone to people with a certificate or degree beyond high school. Rhode Island struggled, but today the State is well positioned to continue protecting and expanding the programs we know are working so that we can ensure that we are never again the first state in and the last state out of a national recession.

With the submission of her Fiscal Year 2020 budget, Governor Raimondo is shifting her focus to securing the future of Rhode Island. The State has some proven tools to help continue the momentum: We wrote the playbook on rebuilding the local economy and creating an innovative, forward-thinking workforce strategy. We made unprecedented efforts to cut red tape – including taking 8,000 pages of duplicative or unnecessary regulations off the books – while also working with the Office of the Secretary of State to put them in an easily searchable code so that business owners don’t have to hire an attorney just to understand which requirements apply to them.

The Governor offers new tools to build on Rhode Island’s progress, including: a reinvestment strategy for a state parks program that already adds an estimated \$315 million back into the economy; a stronghold for the Affordable Care Act (ACA), which has been critical to our ability to cut our uninsured rate in half and retain some of the lowest health insurance premiums in the nation; and a pilot that will enable and speed development around the state by providing municipalities – at their request – a full suite of technical and financial support.

The Governor is also proposing to provide funding for classroom-based mental health interventions. A response to teachers who have asked for strategies to support Social Emotional Learning (SEL) within their classrooms, this investment funds voluntary trainings that would be accessible for educators across the state. A train-the-trainer model would help spread the positive impact years beyond our initial investment.

Economic Development and Workforce

The Governor proposes continuing investments in the State’s key Commerce programs, including Rebuild RI, the Wavemaker Fellowship, competitive cluster grants and others. A new program, Site Readiness Partnership, would expand expedited e-Permitting to grant state and local permits for priority sites identified by municipalities. This initiative would require a true partnership between the State and cities and towns, offering an exchange of expertise and technical assistance with the goal of becoming more business-friendly.

Removing Barriers to Business

In the past, Rhode Island residents and business leaders have repeatedly expressed their frustration with inefficient and disparate permitting systems, duplicative and confusing fee structures, and outdated business application or licensing requirements. Under the Governor’s leadership, the State has already made great strides with initiatives like e-Permitting and comprehensive reform of its regulatory landscape. In an effort to continue the momentum, the Governor proposes another small business omnibus package that will include:

- Establishing new, easy-to-use digital one-stop for the public to access state agencies
 - Revising, updating, and reducing volume of license and registration forms

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- Dedicating new, concierge staff at the Department of Business Regulation to perform business outreach and liaise with state and municipal agencies on behalf of the public and business communities
- Eliminating unnecessary and duplicative licenses
- Eliminating unnecessary notarization and oath requirements for business owners and professionals
- Creating efficiencies in the Contractors' Registration and Licensing Board + gasoline inspection units
- Eliminating bond requirement for roofing contractors
- Provides or increases civil penalties for certain licensing and certification violations

Leveling the playing field for individuals in the workforce is equally as important as creating job opportunities and cutting red tape. In her Fiscal Year 2020 proposal, the Governor proposes increasing the minimum wage from \$10.50 per hour to \$11.10 per hour, giving about 70,000 Rhode Island workers a boost and keeping the State competitive with Massachusetts and Connecticut.

The Administration also recommends expanding access to its signature program designed to grow business-led partnerships: Real Jobs RI. The Real Jobs RI program places new employees into immediate job openings, upskills current employees to remain competitive, and creates pipelines of talent for the future.

PK-12 and Higher Education

Under Governor Raimondo's leadership, she has made it a priority to tackle the first major barrier to equal opportunity: access to early education. Today, all-day kindergarten exists in every public elementary school. This FY 2020 budget proposal lays the groundwork for universal Pre-K by introducing funding to expand the number of available public Pre-K seats for our littlest learners. This plan couples the expansion with the implementation of a tiered reimbursement system for pre-schools.

In addition, with the threat of postsecondary education becoming out of reach for too many of Rhode Island's bright young students, Governor Raimondo paved the way for what we now know as the Rhode Island Promise Scholarship – a last-dollar scholarship that makes community college tuition free. In the FY2020 budget, the Governor proposes expanding the scholarship to include Rhode Island College students and adults who want the chance to return to community college to finish their degrees or get the credentials they need to get a job and stay ahead.

The FY2020 funding formula adds \$30 million year-over-year for Rhode Island's schools. The budget proposal also includes \$2.25 million in increased funding for English Language Learners and an requirement to maximize the use of a federal reimbursement program to ensure that no student goes hungry during the day.

The hunger elimination initiative, slated for school year 2020-2021, would require participation from all schools that are eligible for the federal Community Eligibility Provision (CEP), which allows them to receive federal reimbursement to provide all students with free breakfast and lunch. The proposal also offers a limited waiver process for schools that may experience financial hardship as a result of implementing the program. Schools with 70 percent or more eligible students would also be required to provide a school breakfast program after the instructional day has begun.

Health Care Access and Affordability

State government plays a critical role in today's health care system. Every policy decision we make has an impact on the individuals, children and families who need care. The Governor's FY20 budget proposal

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builds on this momentum, preserving vital ACA protections that promote market stability and help to keep uninsured rates low. There are no eligibility cuts or broad-based benefit impacts proposed.

Market Stability and Reinsurance Initiative

Rhode Island's healthcare insurance premiums are among the lowest in the country. Our healthcare exchange experienced the highest year-over-year growth nationally in 2017. Ensuring market stability is key to keeping health coverage affordable for Rhode Islanders. The Governor proposes to fund implementation costs to institute a reinsurance program and reduce market risk for insurers, which results in a more stable market and lower premium increases for Rhode Islanders.

To further mitigate any potential changes to the ACA that could impact Rhode Island's progress on access and affordability of health care, the Fiscal Year 2020 proposal also includes an individual mandate – modeled after the federal ACA program. This will ensure that Rhode Islanders have health coverage and that access to that coverage does not break the bank.

Other Health Care Initiatives

The FY2020 budget provides further support to our seniors, providers who care for our most vulnerable citizens and bringing greater parity between physical and behavioral health.

Expansion of the Home and Community Care Co-pay Program: Seniors who do not qualify for Medicaid Long-Term Services and Supports (LTSS) may be eligible for the Home and Community Care Co-Pay Program, administered by DEA. Currently, the co-pay program pays a portion of the cost of personal care and adult day services. An individual must be unable to leave home without considerable assistance and must need help with personal care. Today, the program is for seniors age 65 and older who are below 200 percent of the Federal Poverty Level (FPL). Governor Raimondo proposes expanding access to this program to include seniors who are 65 and older up to 250 percent below the FPL to promote choice and quality of life for more Rhode Islanders. The projected increase in the state's senior population – from 174,000 in 2016 to 265,000 by 2040 – coupled with the proven impact of community-based supports and services, highlights the need for continuing to invest in helping our seniors remain home, connected to their families and support networks. Support of aging-related and health-promotion initiatives are essential to maintain a high quality of life for Rhode Island seniors while minimizing aging-related healthcare costs.

Developmental Disability Service Workers Wage Increases: The Governor proposes adding \$3 million in new state funding for wage increases for direct support professionals to strengthen this critical workforce.

Independent Provider (IP) Model: The Governor continues her support for the IP model with almost \$200,000 in general revenue funds (about \$770,000 all funds) to cover implementation costs. The goal of this model is to increase workforce capacity and create a new option for delivery of direct support services for both seniors and people with developmental disabilities.

Behavioral Health Benchmarking Study: The FY 2020 proposal includes a \$150,000 general revenue request for a behavioral health benchmarking study. The purpose of the study is to determine an amount that insurers should invest in preventive and early intervention behavioral healthcare services, like screenings and counseling, with the goal of reducing more serious behavioral health challenges later in life.

New Revenues

The Governor proposes several new revenue initiatives in her FY 2020 budget proposal, including:

Introduction

Medicaid Employer Assessment: Too many Rhode Islanders are working multiple jobs without the benefit of health insurance through an employer. Medicaid is their only path to health care, placing the cost burden on taxpayers alone. The Medicaid Employer Assessment Fee charges large, for-profit employers with at least 300 employees an assessment for each employee they have on Medicaid, creating a shared investment in the health of Rhode Islanders. This is projected to generate about \$14.5 million in general revenue.

Remote Sports Betting: Last year, the Governor and the General Assembly enabled the launch of in-person sports betting at voter-approved locations in Lincoln and Tiverton. This proposal would allow adults who set up an account at one of the two casinos in-person the opportunity to place a sports bet at the two using a computer or mobile device within the geo-fenced boundaries of the State of Rhode Island. Sports betting (both in-person and remote) is expected to generate about \$30 million in FY20.

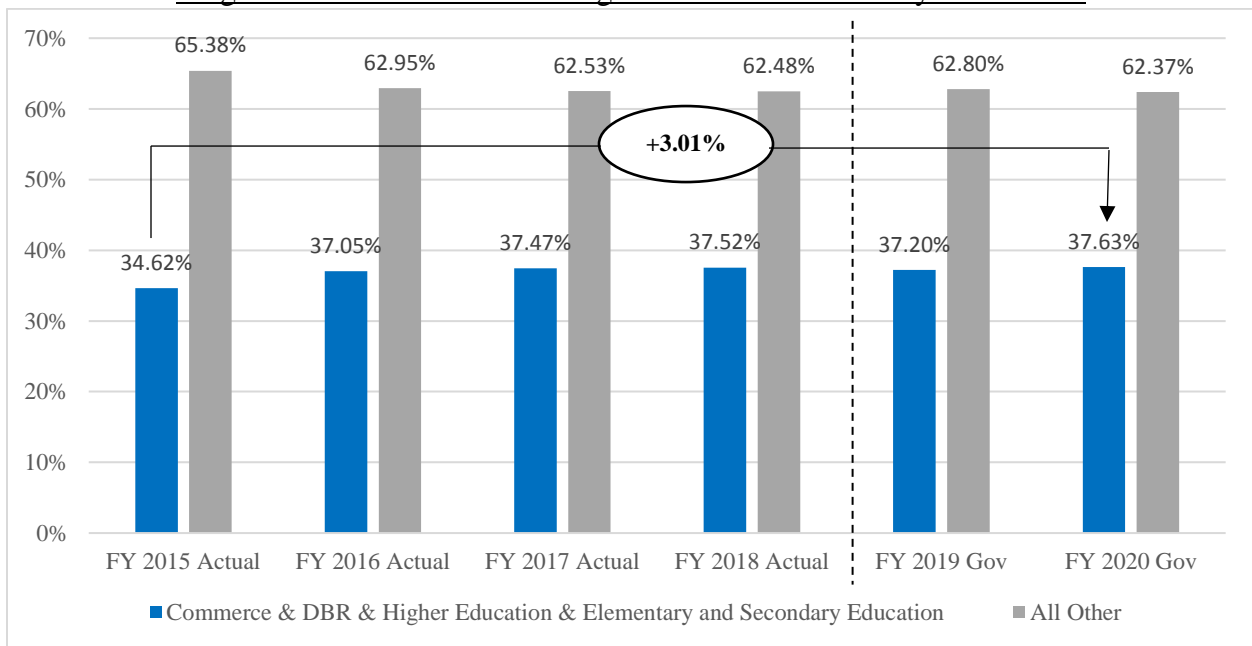
Expenditure Summary

The FY 2020 Recommended Budget addresses a projected combined two-year operating deficit of approximately \$200 million, while investing in key areas to improve the State’s overall financial outlook. The FY 2020 Budget reflects ongoing improvements in the State’s overall financial condition over the past several years. FY 2018 closed with a surplus of \$52.5 million, representing the ninth year in a row the State has closed with a strong surplus. The following outlines the FY 2019 Revised and the FY 2020 Recommended Budgets as proposed by Governor Raimondo on January 17, 2019.

Investment in Growth

The Raimondo Administration aims to rebalance state expenditures by constraining consumption-oriented spending and gaining efficiencies while increasing investments in education and job training, economic development, and infrastructure.

Target Investments as a Percentage of General Revenue by Fiscal Year



Expenditures by Source

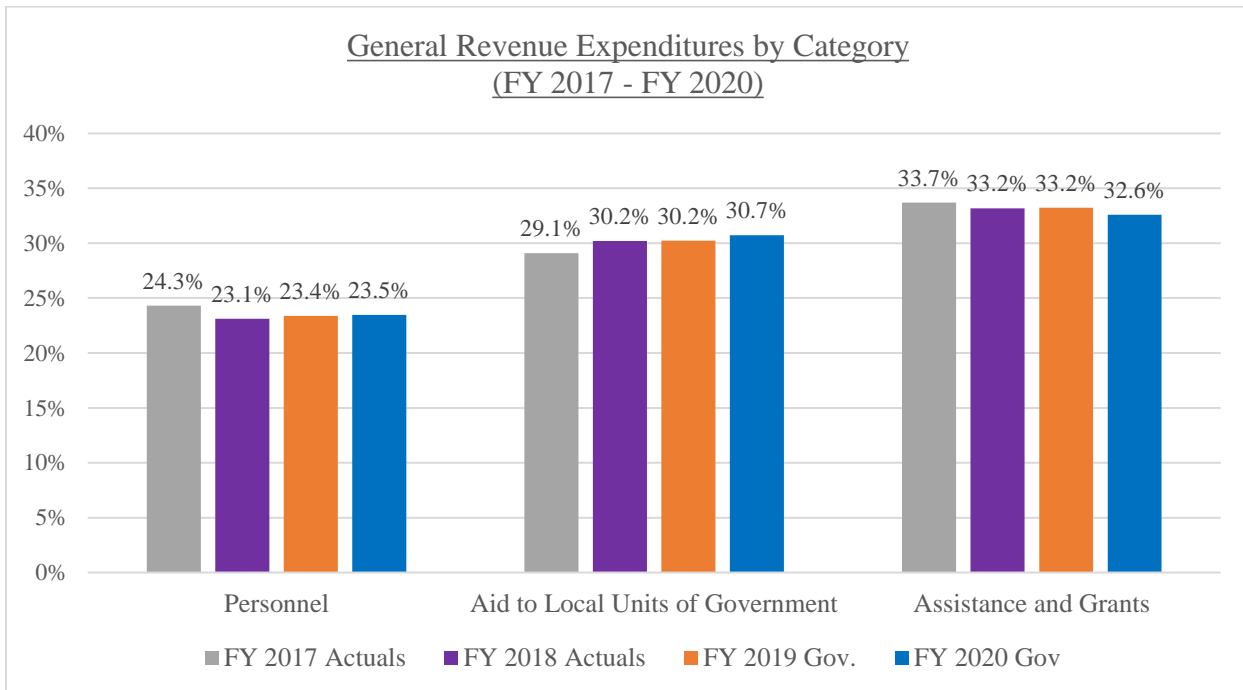
The following table shows state expenditures by source of funds. Statewide all fund expenditures for the revised FY 2019 budget total \$9,808.8 billion, an increase of \$236.1 million compared to the enacted level. Of this total, \$3.947 billion, or 40.2 percent, is from general revenue. All funds expenditures for FY 2020 are \$9,931.1 billion, an increase of \$358.4 million compared to the FY 2019 enacted level. Of this total, \$4.076 billion, or 41.0 percent, is from general revenue.

Expenditure Summary

Enacted and Proposed Expenditures by Source

Sources of Funds	FY 2019 Enacted	FY 2019 Revised	Change from Enacted	FY 2020 Recommended	Change from FY 2019 Enacted
General Revenue	\$3,908.2	\$3,947.1	\$38.8	\$4,076.1	\$167.9
Federal Funds	\$3,208.2	\$3,339.6	\$131.4	\$3,318.7	\$110.5
Restricted Receipts	\$281.8	\$294.3	\$12.5	\$301.4	\$19.6
Operating Transfers	\$239.7	\$283.2	\$43.4	\$240.4	\$0.6
Other Funds	\$1,934.8	\$1,944.7	\$9.9	\$1,994.6	\$59.7
Total (millions)	\$9,572.7	\$9,808.8	\$236.1	\$9,931.1	\$358.4

Expenditures are sorted into categories to group similar types of expenditures across departments. This chart further simplifies these categories into three areas that highlight the Administration’s continued focus on shifting resources from consumption to investment. Local aid has increased from 29.1 percent of general revenue spending in FY 2017 to 30.7 percent in FY 2020, driven by additional funding for local education, as well as the continued phase-out of the Motor Vehicle Excise Tax. Personnel expenditures have decreased from 24.3 percent of general revenues in FY 2017 to 23.5 percent in FY 2020. Meanwhile, spending on grants and benefits declined from 33.7 percent of general revenues in FY 2017 to 32.6 percent in FY 2020.



Expenditure Summary

Expenditures by Functional Unit of Government

The FY 2020 general revenue budget is up \$167.9 million compared to the Enacted Budget. The increases are primarily due to the following changes:

- General Government expenditures are up \$44.5 million; significant growth drivers include an additional \$21.7 million in reimbursements to cities and towns due to the motor vehicle excise tax phase-out and an increase in state employee compensation associated with recently negotiated cost of living adjustments.
- Health and Human Services expenditures are up \$43.6 million due to normal medical expenses inflation and caseload growth in addition to the phasedown of the enhanced federal match rate for Medicaid expansion and Children’s Health Insurance Program populations; this growth is constrained by a number of initiatives designed to bend the Medicaid cost curve.
- Education expenditures are up \$61.7 million due to record investments in PK-12 education, including funding the ninth year of the Education Aid Funding Formula and to continued investment in higher education, including the third year of the Rhode Island Promise Scholarship.
- Public Safety expenditures are up \$14.6 million due to investments in additional correctional officers, state troopers, and other support personnel.
- Natural Resources expenditures are up \$3.5 million due to increased investment in state parks.

General Revenue Appropriations by Function

Sources of Funds	FY 2019 Enacted	FY 2019 Revised	Change from Enacted	FY 2020 Recommended	Change from FY 2019 Enacted
General Government	\$489.8	\$492.5	\$2.7	\$534.2	\$44.5
Health and Human Services	\$1,462.7	\$1,498.0	\$35.2	\$1,506.4	\$43.6
Education	\$1,423.0	\$1,425.7	\$2.7	\$1,484.8	\$61.7
Public Safety	\$488.1	\$487.1	(\$1.0)	\$502.6	\$14.6
Natural Resources	\$44.6	\$43.8	(\$0.8)	\$48.1	\$3.5
Transportation	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total (millions)	\$3,908.2	\$3,947.1	\$38.8	\$4,076.1	\$167.9

Expenditures are divided into six functional areas aligned with state departments and agencies: General Government, Health and Human Services, Education, Public Safety, Natural Resources, and Transportation. Please see Appendix A to see a breakdown of each functional unit by source.

General Government

Approximately 16.4 percent of all expenditures are for General Government, totaling \$1.628 billion. This includes agencies that provide general administrative services to other state agencies, assist in developing the state’s workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions.

Human and Human Services

Approximately 42.3 percent of all expenditures are for Health and Human Services, totaling \$4.201 billion. The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential supports, behavioral healthcare, and services for at-risk children, advocacy, and medical provider regulation.

Expenditure Summary

Education

Approximately 27.7 percent of all expenditures are for Education, totaling \$2.747 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

Public Safety

Approximately 6.2 percent of all expenditures are for Public Safety, totaling \$618.7 million. Public Safety agencies provide law enforcement, adjudication, perform correction and rehabilitative services, and handle emergencies impacting Rhode Island's citizens.

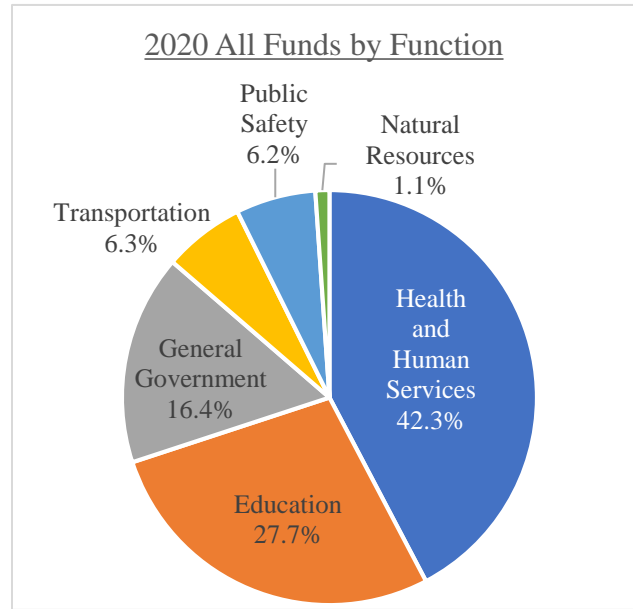
Natural Resources

Approximately 1.1 percent of all expenditures are for Natural Resources, totaling \$108.2 million.

Agencies include the Department of Environmental Management and the Coastal Resources Management Council. The Department of Environmental Management (DEM) manages and protects Rhode Island's public and common natural assets, including land, air and water resources, while the Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the State.

Transportation

Approximately 6.3 percent of all expenditures are for Transportation, totaling \$629.5 million. The Department maintains the State's transportation infrastructure.



Children's Budget

As required under R.I.G.L. §42-72.5 (2), the following constitutes the FY20 Children's Budget prepared by the Rhode Island Children's Cabinet.

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

FY2020 Investments

Governor Raimondo's FY20 recommended budget proposes transformational investments to support the success of Rhode Island's children and youth. Building on previous initiatives to increase quality early childhood education, invest in school construction, and college access, the following proposed investments will further ensure safe, healthy and bright futures for children, and in turn secure the long-term economic resilience of Rhode Island.

- *Pre-K Categorical.* The Governor recommends an increase of \$9.3 million in general revenues for early childhood education. This includes \$5.8 million to maintain the existing number of pre-K seats by replacing lapsing federal funds and Permanent School Funds. In addition, \$3.6 million of general revenue financing will go to new pre-K seats as part of the commitment to achieve Universal Pre-K in Rhode Island. This will support 4.0 FTE positions.
- *Tiered Reimbursement for Pre-K.* In the enacted FY 2019 budget the Governor proposed tiered reimbursement models for infant/toddler and pre-kindergarten classrooms. For FY 2020 the Governor recommends completing the transition of the pre-kindergarten cluster by increasing rates to the 75th percentile, consistent with federal recommendations. Doing so would cost \$0.7 million more than the enacted FY 2019 budget, providing services for approximately 3,400 pre-school children.
- *Tiered Reimbursement for Child Care.* The Governor recommends honoring an existing contract that takes effect July 1, 2019 by adjusting reimbursement rates for child care providers at an annual cost of \$150,000 from general revenue.
- *Family and Home Visiting.* The Governor recommends an increase of \$650,000 in general revenue funding to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn.
- *Funding Formula Aid.* The Governor recommends fully funding Year-9 of the Education Aid Funding Formula, an increase of \$29.4 million, excluding state-schools (Davies Career and Technical School and the Metropolitan Career and Technical Center), when compared to the enacted level. In addition, the Governor recommends a \$24,759 increase to account for a change in the FY 2019 EWAV calculation, with the funds being additive to FY 2020 rather than FY 2019.
- *English Learners Categorical.* The Governor recommends nearly doubling the general revenue commitment for the English Learners categorical increasing the total commitment to \$5.0 million. This represents an increase of \$2.3 million above the enacted level.
- *School-Based Mental Health Services.* The Governor recommends \$590,000 in general revenue financing to fund mental health/behavioral health training, curricula, and other materials to allow more in-classroom and in-school training resources. Teachers have power to intervene immediately

Children’s Budget

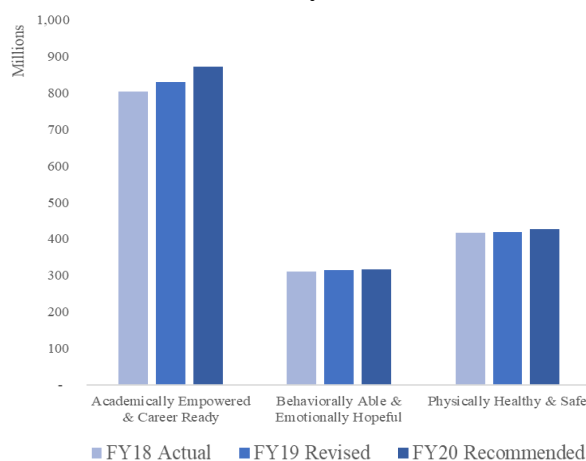
when a student shows signs of a behavioral health challenges and teach behavioral health skills directly to children and youth. Enhanced training will help teachers intervene more effectively.

- *RI Promise*. The Governor recommends a “last-dollar” scholarship to Rhode Island students attending RIC in their junior and senior years. The budgeted cost is \$3.3 million of other funds, of which \$2.4 million is direct scholarships.

Coordinated Budgeting

Per its strategic plan, the Rhode Island Children’s Cabinet – with leadership from the Office of Management and Budget – undertook a scan of Cabinet agency appropriations to identify and map investments supportive of the Cabinet’s desired outcomes for children and youth. Through this mapping exercise, the Children’s Cabinet will be better able to assess, align and maximize investments in children, develop resource maps to track spending towards desired outcomes, and leverage resources across public and private sources to achieve shared goals.

General Revenue by Desired Outcome

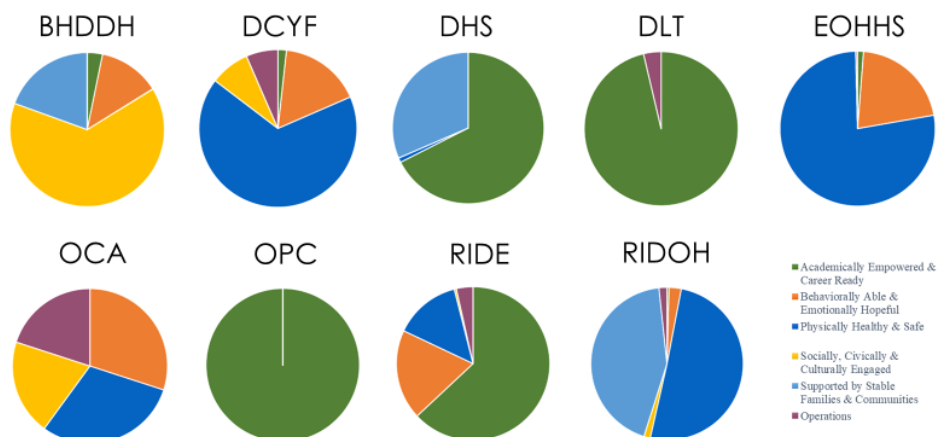


Note: Above chart includes funding identified on an initial basis as relating to children and youth ages 0-24 across Children’s Cabinet agencies.

This year’s initial budget scan results demonstrate year over year growth in general revenue investments in key desired outcome areas for children and youth over the last two fiscal years. While we identified declines in federal funding in some areas during this period –such as from the anticipated end dates of key federal grants, including the federal funding for Pre-Kindergarten at RIDE–the Children’s Cabinet and individual agencies continue to work on leveraging additional federal funds, such as a recently secured \$4.19M federal grant to support activities related to early childhood development and education.

Agency Budgets by Desired Outcome

The budget scan also demonstrated that investments in children and youth are allocated across departments, as several desired outcome areas have multiple departments with related programs and funding. The scan validated the ongoing value of coordination across agencies to leverage resources and ensure alignment to achieve shared goals. With input from stakeholders, the Children’s Cabinet will



Note: Above chart includes FY20 Recommended funding identified on an initial basis as relating to children and youth ages 0-24 by agency. The graphic is not representative of total agency activity.

Children's Budget

continue to use the budget scan to support future analysis to drive coordination and maximization of these funds.

Children's Budget Scan Background: The budget scan was a new initiative conducted as a partnership between the Children's Cabinet and the Office of Management and Budget, and State agencies. The scan used the desired outcome areas from the Children's Cabinet strategic plan to categorize investments. These desired outcome areas include:

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

Agencies were asked to make estimations and assumptions about budget items where data was not available, such as the percent of program recipients who were children and youth ages 0-24. Figures include these estimations and assumptions and therefore should be regarded as directional rather than conclusive. As this scan was a new initiative for FY20, it represents an initial review which must undergo further analysis and refinement to verify assumptions and ensure consistency across agencies. The Children's Cabinet and the Office of Management and Budget will continue to refine this scan and related governance processes with the input of stakeholders moving forward.

Rhode Island's Economy

Modest Growth Continues

The gradual recovery continues in Rhode Island, with job growth continuing to push the state's unemployment downward to 3.8% in November of 2018 vs. 4.5% in November of 2017. In the near term, both the number of residents employed and the state's total labor force are expected to grow. Another indicator of the health of the job market, unemployment claims, are down slightly from 2017.

These signs point to an economy that is continuing recovery and may be nearing full employment. Job growth is expected to slow over the next few years, with the tight labor market putting upward pressure on wages. This in turn is expected to fuel steady growth in consumer spending.

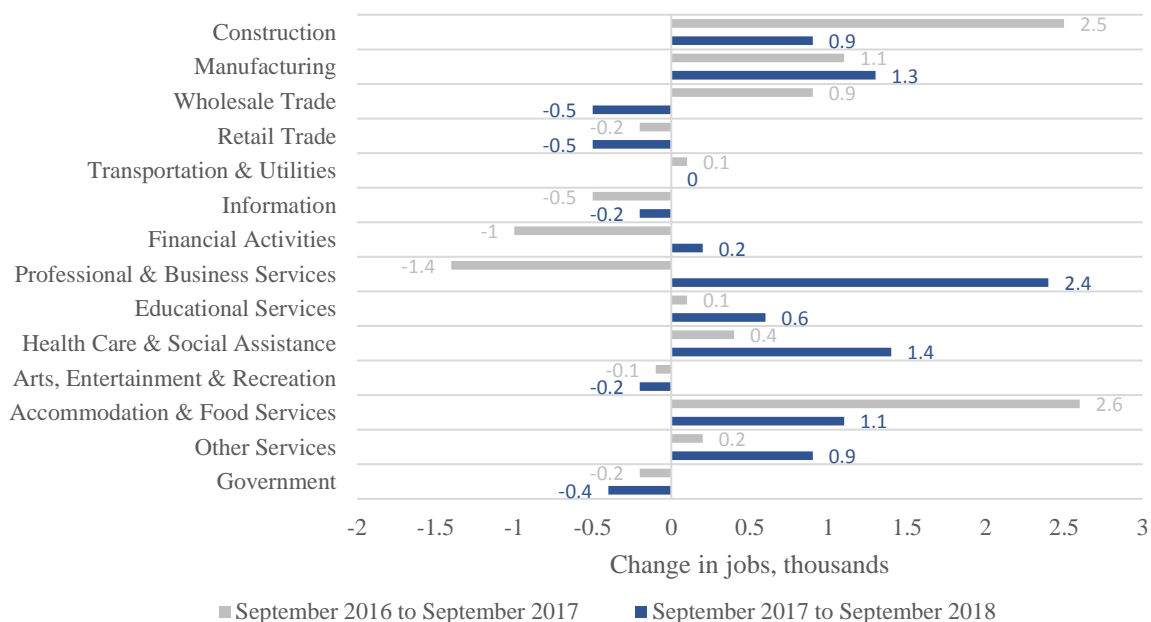
Tight Labor Market Expected to Increase Wages

Payroll growth in Rhode Island is forecasted to continue; payrolls are expected to expand 0.7 percent per year on average between 2017 and 2022. The tight labor market is expected to accelerate wage growth, from 3.5 percent in 2017 to 4.4 percent in 2020.

The consensus economic forecast adopted at the November 2018 Revenue Estimating Conference notes gains in the business services, healthcare, and construction sectors. Professional business services will drive payroll growth with over 60 percent of overall gains in the next two years. Healthcare spending in Rhode Island is expected to outpace the national average, which will help drive employment gains in that sector. The strength in the construction sector is being driven both by a pickup in residential home construction and an infusion of spending from programs such as RhodeWorks.

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

Professional Services and Healthcare Drive Job Growth
(Year-Over-Year Change in Payroll Employment by Industry, Thousands)



Source: DLT Labor Market Information

Rhode Island's Economy

Uptick in the Housing Market

Rhode Island currently has a limited inventory of homes for sale. This has precipitated an uptick in building, with total housing starts in the third quarter of 2017 at the highest level in nearly ten years. The economic forecast predicts that housing starts will level off through the end of the decade and home prices should continue to appreciate, although not at the high rates seen in the past few years.

Revisions to the Consensus Economic Forecast

The economic forecast adopted at the November 2018 Revenue Estimating Conference is shown below. The economic forecast assumes no significant changes in federal tax, infrastructure, healthcare, or international trade policies.

The November 2018 Consensus Economic Forecast					
Rates of Growth (%)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Non-Farm Employment	1.4	0.9	0.3	0.1	-0.1
Personal Income	3.9	4.4	4.0	3.8	3.7
Wage and Salary Income	4.0	4.4	4.2	4.1	4.0
Dividends, Interest and Rent	4.0	5.9	4.7	4.1	3.9
Personal Consumption	4.8	4.2	4.0	3.8	3.6
Nominal Rates					
Housing Starts (Thous.)	1.3	1.3	1.3	1.4	1.4
RI Unemployment Rate (%)	3.9	3.9	4.1	4.4	4.8
U.S. CPI-U (%)	2.6	2.4	2.4	2.4	2.2

The differences between the May 2018 and the November 2018 Consensus Economic Forecasts, primarily downward revisions, are shown below.

Percentage Point Revisions from May 2018 to November 2018 Consensus Economic Forecasts					
Rates of Growth (%)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Non-Farm Employment	0.1	0.0	0.0	0.0	-0.1
Personal Income	-0.5	-0.2	-0.4	-0.3	-0.3
Wage and Salary Income	-0.3	-0.2	-0.3	-0.2	-0.4
Dividends, Interest and Rent	-0.5	0.8	-0.3	-0.7	-0.6
Personal Consumption	0.7	-0.2	-0.2	-0.1	-0.3
Nominal Rates					
Housing Starts (Thous.)	0.0	0.0	0.0	-0.1	0.0
RI Unemployment Rate (%)	-0.3	-0.3	-0.1	0.0	0.1
U.S. CPI-U (%)	0.8	0.0	-0.4	0.0	-0.1

Revenues

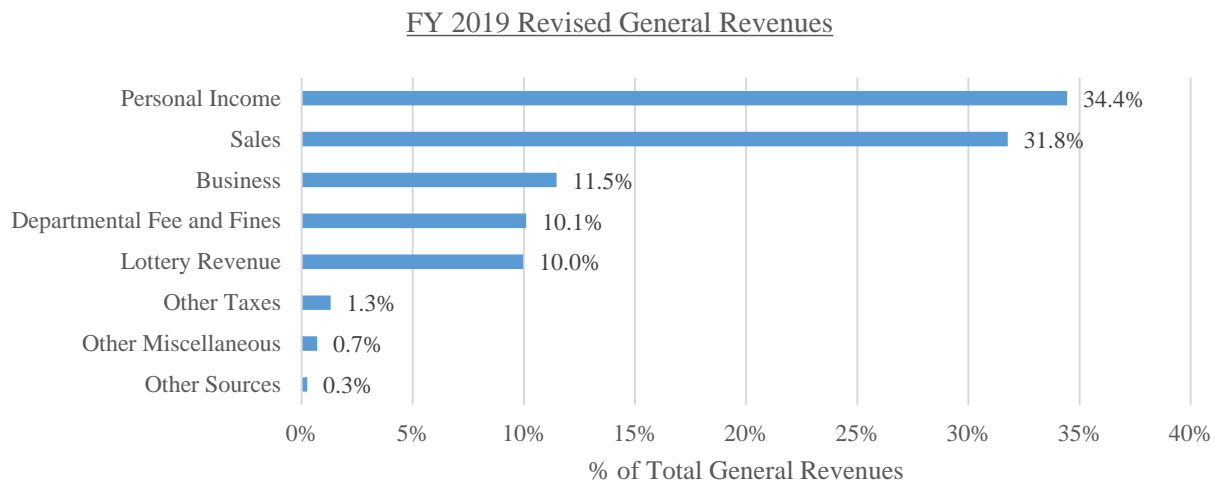
The Governor’s recommended budget is based on estimated general revenues of \$4.009 billion in FY 2019 and \$4.199 billion in FY 2020. Annual estimated growth during FY 2019 and FY 2020 is 2.6 percent and 4.7 percent, respectively.

FY 2019 Revised Revenues

The principals of the November 2018 Revenue Estimating Conference (REC) adopted revenue estimates that were \$5.4 million less than the enacted FY 2019 revenue estimates. The Governor’s revised FY 2019 Budget recommends an increase of \$16.2 million in revenues over the amount adopted at the REC. (See *Changes to FY 2019 Enacted Revenue Estimates* in Appendix A.)

The recommended change to the FY 2019 adopted estimates is mainly attributable to transfers of excess reserves from five quasi-governmental agencies, transfers of excess funds in three funds related to the Department of Environmental Management (to support DEM operating costs), and a transfer of unexpended bond funds.

After incorporating these changes, revenues for FY 2019 reflect 2.6 percent growth in total general revenues. Notable impacts to selected revenue categories in FY 2019 are described below.



Personal Income Tax

Revised FY 2019 personal income tax revenues are estimated to grow at an annual rate of 2.6 percent. Much of this increase is due to a projected increase in withholding, which is expected to grow at 4.4 percent. As the state nears full employment, the tight labor market has put upward pressure on wages. These revenue increases are partially offset by additional refund payments. Additionally, after double-digit growth in FY 2018 final and estimated payments due to a strong stock market and unique conditions caused by federal tax reform, these components of income tax are expected to be flat in FY 2019.

Sales and Use Taxes

FY 2019 revised sales and use tax revenues are projected to increase by 2.3 percent over final FY 2018 revenues. FY 2019 is impacted by the transfer of the majority motor vehicle fee revenue out of general revenue and into the Rhode Island Highway Maintenance Account. By itself, the state’s sale tax is expected to grow by 5.1 percent in FY 2019. This growth is partially attributable to the Supreme Court decision in *South Dakota v. Wayfair, Inc.*, which allowed states to impose sales tax on remote sellers who lack physical presence in the state. Additionally, strong wage growth has fueled increased personal consumption.

Revenues

Business Taxes

General business taxes are expected to increase in FY 2019 over final FY 2018 revenue by 3.9%. The expected increase in business tax collections is partly due to the Tax Cuts and Jobs Act (TCJA). TCJA requires businesses to repatriate and pay tax on foreign income, which has led to one-time revenues in FY 2019. Additionally, a change in the business tax estimated payment schedule (from biannual to quarterly) has caused fluctuations in collections as businesses adjust to the new scheme.

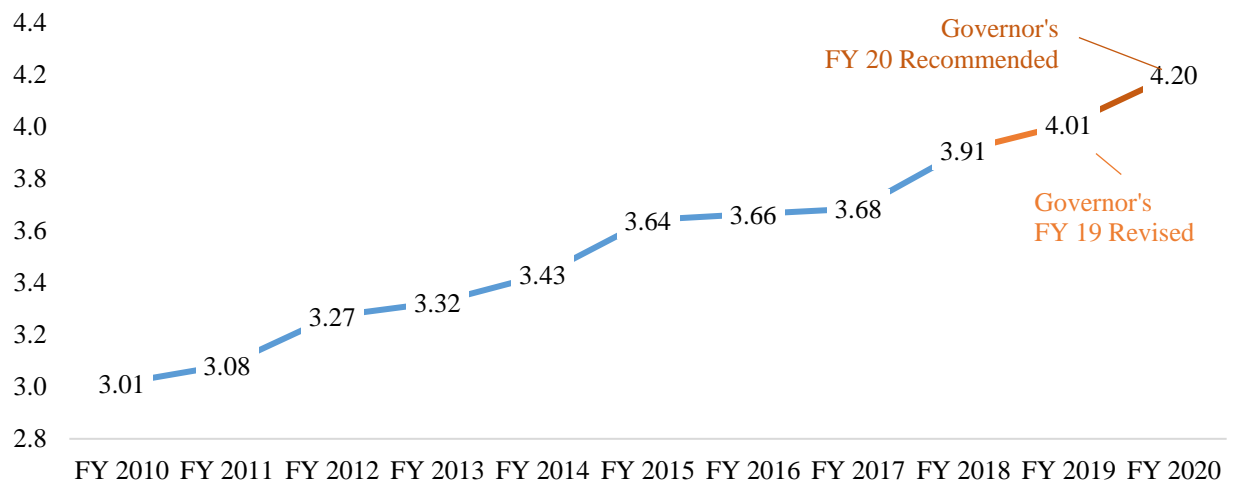
Lottery

Lottery revenues in FY 2019 are expected to be increased by three events: the opening of the Tiverton Casino (and the corresponding closure of Newport Grand) in September 2018, the opening of the hotel at Twin River Lincoln in October 2018, and the beginning of sports betting in the state in November 2018. The long-term trend in lottery revenues has been negative, with average annual growth of -0.7% from FY 2014 through FY 2018. This trend is the result of increased competition with neighboring casinos – a trend that continued with the opening of MGM Springfield in August 2018. However, in the near term the changes to Rhode Island gaming are expected to lead to 9.5% revenue growth in FY 2019.

FY 2020 Recommended Revenues

The Governor’s recommended FY 2020 revenues are comprised of \$3.950 billion of revenue estimated at the November 2018 Revenue Estimating Conference (REC) for FY 2020 and \$248.6 million of recommended changes to these adopted estimates. Below are descriptions of selected FY 2020 revenue proposals. A complete list is available in *Changes to FY 2020 Adopted Revenue Estimates* in Appendix A.

General Fund Revenue: Recent History & Forecast
(Billions of Dollars)



Medicaid Employer Assessment: Too many Rhode Islanders are working multiple jobs without the benefit of health insurance through an employer. Medicaid is their only path to health care, placing the cost burden on taxpayers alone. The Governor recommends that for-profit employers of 300 employees or greater be assessed for each non-fully-disabled employee receiving Medicaid, so that these employers share the costs of Medicaid with Rhode Island taxpayers. The quarterly assessment would be 10% of those employees’ wages, capped at \$1,500. This assessment, effective October 1, 2019, is expected to increase revenues by \$15.6 million.

Revenues

Sales Tax Modernization

The Governor recommends modernizing the sales tax to reflect the increasing share of retail activity that happens online. Like the majority of other states (27), this includes imposing sales tax on digital downloads of videos, music, and books. In addition, the Governor proposes to eliminate a loophole that allowed online third-party marketplaces to avoid sales tax. Finally, the Governor recommends adding additional services (lobbying, interior design, and services to commercial buildings) and activities (hunting) to the sales tax base. Together, these recommendations are expected to increase sales tax collections by \$22.4 million.

Tobacco Taxes

The Governor recommends raising the excise tax on cigarettes to \$4.50 per pack from \$4.25, effective August 1, 2019. The Governor also recommends imposing a 40% wholesale tax on electronic nicotine delivery systems (also called e-cigarettes or vaping). The Governor further recommends changing the tax per cigar cap from \$0.50 to \$0.80 and increasing the licensing and registration fees for cigarette dealers. These changes are expected to generate revenues of \$4.6 million.

Adult Use Marijuana Program

The Governor recommends creating a strictly-regulated legal market for adult use marijuana in the state. This proposal would create a weight-based excise tax on marijuana cultivation, an additional retail excise tax of 10%, and also apply sales tax to marijuana transactions. The proposal allocates 25% of these revenues (along with licensing fee revenue) to the regulatory, public health, and public safety costs associated with adult use marijuana. An additional 15% of these revenues are allocated to the cities and towns. In addition, the Governor proposes to apply an 80% wholesale tax to cannabidiol (CBD) products made from hemp, and to license dealers and distributors of hemp.

The FY 2020 adult use market is expected to yield \$3.6 million for state expenditures. Because adult use marijuana sales won't start until the last half of the fiscal year, the proposal would allocate an additional \$3.8 million beyond the 25% share. The share dedicated to municipalities is expected to be \$2.1 million in FY 2020. Net of these dedicated funds, the general revenue impact for adult use marijuana is \$4.9 million in FY 2020. When combined with changes to the medical marijuana market, described below, the total impact is \$6.5 million.

Medical Marijuana Expansion and Restructuring

The Governor recommends aligning the state's medical marijuana market to reflect the legalization of adult use marijuana. This proposal would license six new retail-only compassion centers. It would also restrict home growing to those patients with a hardship and require those patients to appoint a caregiver who would only cultivate marijuana for that patient's use. This proposal will increase retail sales of medical marijuana, resulting in increased sales tax and compassion center surcharge collections. Additionally, any excess fees from new licensees (those fees in excess of what is required to fund the medical marijuana program) would flow to the general fund. The general revenue impact of this proposal is \$1.6 million in FY 2020. When combined with the establishment of an adult use marijuana market, described above, the total impact is \$6.5 million.

Lottery Initiatives

The Governor recommends authorizing online sports betting, which is expected to lead to a \$3.0 million net change in lottery revenues. The Governor also recommends the Rhode Island Lottery offer the sale of traditional lottery products, such as Keno, through a mobile app, which is expected to increase FY 2020 lottery revenues by \$0.9 million.

Revenues

Hotel Tax

The Governor recommends increasing the state portion of the hotel tax rate from 5% to 6%, effective July 1, 2019, and dedicating that increase to general revenues. This is expected to increase revenues by \$4.4 million.

R&D Tax Credit

The Governor recommends enhancing the current research and development expense tax credit, targeted at new businesses. Businesses would apply to the Commerce Corporation for the enhanced credit. Usage of the enhanced credit is expected to decrease general revenue by \$1.3 million.

Fee Changes

The Governor recommends modifying various fees charged by the Department of Revenue, the Department of Business Regulation, and the Department of Environmental Management. The Governor also recommends a new surcharge of guns and ammunition. These modifications are expected to increase revenue by \$7.3 million in FY 2020.

Hospital Licensing Fee

The Governor recommends reauthorizing the hospital licensing fee for FY 2020. This proposal would increase revenue by \$180.8 million.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	%	FY 2020	%
	Audited	Audited	Audited	Audited	Revised	Change	Budget	Change
Personal Income Tax	1,227.58	1,217.43	1,243.81	1,345.27	1,380.70	2.6%	1,428.30	3.4%
General Business Taxes								
Corporations	147.98	134.91	119.29	127.67	154.70	21.2%	162.20	4.8%
Public Utilities	103.95	103.06	90.40	109.59	100.80	-8.0%	103.20	2.4%
Financial Institutions	22.74	21.10	22.19	29.18	23.30	-20.1%	24.40	4.7%
Insurance Companies	120.26	130.34	121.09	130.26	126.10	-3.2%	131.69	4.4%
Bank Deposits	2.26	2.56	2.97	1.64	3.00	83.1%	3.00	0.0%
Health Care Provider	44.13	43.24	43.49	44.10	51.87	17.6%	55.99	7.9%
Sales and Use Taxes								
Sales and Use	963.45	971.93	998.19	1,057.20	1,111.00	5.1%	1,181.04	6.3%
Motor Vehicle	49.12	39.69	26.02	20.82	3.10	-85.1%	5.30	71.0%
Cigarettes	138.05	142.78	140.26	146.88	139.00	-5.4%	138.50	-0.4%
Alcohol	18.36	19.63	19.74	19.93	20.70	3.9%	21.40	3.4%
Cannabis	*	*	*	*	*	*	2.69	*
Other Taxes								
Estate and Transfer	34.20	70.03	85.43	51.40	34.50	-32.9%	33.90	-1.7%
Racing and Athletics	1.11	1.06	1.16	1.08	1.10	1.8%	1.10	0.0%
Realty Transfer Tax	9.49	10.43	12.59	12.84	16.70	30.0%	15.50	-7.2%
Medicaid Assessment	*	*	*	*	*	*	15.60	*
Total Taxes	2,882.56	2,907.92	2,926.75	3,097.88	3,166.57	2.2%	3,323.82	5.0%
Departmental Receipts	354.12	367.64	370.07	397.58	405.00	1.9%	420.67	3.9%
Other Sources								

Revenues

Other Miscellaneous	8.78	4.10	12.12	37.05	28.13	-24.1%	15.03	-46.6%
Lottery Receipts	381.94	369.76	362.70	364.97	399.47	9.5%	429.87	7.6%
Unclaimed Property	13.71	14.17	12.73	10.90	10.10	-7.4%	9.50	-5.9%
Total General Revenues	3,641.11	3,663.59	3,684.36	3,908.38	4,009.27	2.6%	4,198.89	4.7%

General Government

General Government

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

General Government

Department of Administration

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Eliminated 8,000 pages of unnecessary or duplicative government regulations in the largest regulatory overhaul the State has seen in at least 50 years.
- Consolidated audit functions to build a more robust Office of Internal Audit, which cracks down on waste, fraud and abuse.
- Increased minority-owned business enterprise (MBE) utilization to a historic high of 19.54 percent.
- Exceeded the state government diversity hiring goal of 30 percent, originally set for 2020.
- Established Internal Service Funds for human resources, capital asset management and maintenance, and information technology functions within government to allow for direct billing of services and more flexibility over expenditures.
- Rhode Island's uninsured rate is among the lowest in the country at about 4 percent.
- Completed the Deepwater Wind Block Island Wind Farm, the nation's first offshore wind installation.

Budget Highlights

Efficiency Commission.

Create an OMB-led commission tasked with identifying at least \$10 million in structural savings across state government.

Water Resources Board

to PUC. Move the Water Resources Board from the Department of Administration to the Public Utilities Commission, gaining efficiency and effectiveness by housing the State's water programs in a single place.

IOD Reform. Part of the Administration's good government reform package, this is projected to generate \$1.7 million in general revenue savings as a result of changes to the Injured-on-Duty (IOD) statute.

General Government

DEPARTMENT OF ADMINISTRATION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$217,802,033	\$189,889,755	\$177,080,380	\$174,283,385	\$199,464,434
Federal Funds	\$16,553,489	\$7,678,087	\$3,877,255	\$4,669,039	\$4,048,409
Restricted Receipts	\$26,458,599	\$30,686,532	\$26,597,691	\$35,274,182	\$23,497,835
Other Funds	\$57,205,557	\$47,334,801	\$46,753,138	\$46,037,009	\$43,276,728
RI Capital Plan Fund	\$31,517,233	\$38,963,198	\$30,355,000	\$58,253,695	\$53,664,572
Total Funding	\$349,536,911	\$314,552,373	\$284,663,464	\$318,517,310	\$323,951,978
FTE Authorization	708.7	696.7	655.7	657.7	670.7

Full-Time Equivalent Positions

The Governor recommends 670.7 FTE positions in the FY 2020 budget, an increase of 15 from the enacted FY 2019 budget. The Governor recommends 657.7 FTE positions in the revised FY 2019 budget, an increase of two from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- Litigation Oversight Unit.* The Governor recommends an increase of \$105,537 in general revenue and \$105,537 from federal funds to establish a litigation oversight unit. The unit will consist of one Senior Legal counsel and one Paralegal who will help oversee litigation across state agencies. The unit will track hours worked on litigation cases and bill appropriate federal funds.
- Water Resources Board Transfer.* The Governor recommends a decrease of \$437,605 in general revenue from the transfer of the Water Resources Board to the Division of Public Utilities Commission and will be funded through restricted receipts. The merger will foster integrated water resources and supply planning management for water systems in the state.
- Census 2020 Data Analyst.* The Governor recommends an additional Data Analyst I, who will assist in Census data collection, analysis, and monitoring. The position will ensure Rhode Island maximizes its outreach and count. Census data drives future available funding and political representation, among other critical functions. An additional \$123,717 in general revenue is recommended to support the salary and benefit costs of the position. The FTE is a transfer of the Chief Program Development position in the Division of Municipal Finance.
- Complete Count Initiative.* The Governor recommends an increase of \$150,000 in general revenue for the complete count initiative, which will ensure Rhode Island maximizes its outreach and count. Census data drives future available funding and political representation, among other critical functions.
- Individual Mandate Implementation.* The Governor recommends an increase of \$400,000 in general revenue to fund HealthSource RI's implementation of Individual Mandate updates.
- MPA Assessment.* The Governor recommends the implementation of a 1% administrative fee on all Master Price Agreement expenditures.

General Government

- *E-Procurement User Acceptance Testing.* The Governor recommends an additional Programmer/Analyst Manager, who will manage the testing of upgrades to the E-procurement system. This position will ensure that the E-procurement system will be operational and that there are no interruptions in service due to malfunctioning software. An additional \$142,946 in restricted receipts, to support the Information Technology Internal Service Fund billing to the Division of Purchasing, is recommended to support the salary and benefits of the position.
- *E-Procurement Software Maintenance.* The Governor recommends an increase of \$162,500 in restricted receipts to fund the annual fee of the E-procurement software maintenance contract. The maintenance contract will ensure there are no service interruptions of the E-procurement system.
- *Employee Benefits Position.* The Governor recommends an additional Programming Services Officer, who will manage the co-share accounting system. An additional \$114,257 in Employee Benefits Internal Service Fund expenditures is recommended to support the salary and benefits of the position.
- *Human Resources Site Operations Positions.* The Governor recommends one additional HR Business Partner and one additional Senior HR Business Partner, who will focus on aligning Human Resources strategies with agency initiatives. An additional \$263,801 in Human Resources Internal Service Fund expenditures is recommended to support the salaries and benefits of the positions.
- *Recruitment Training and Development Position.* The Governor recommends one additional Training & Development Administrator/Trainer, who will work with the Chief Learning Officer to develop and implement training and development programs. An additional \$115,823 is recommended to support the salary and benefits of the position.
- *Information Technology Application/Development Positions.* The Governor recommends one Administrator Management Information Systems, one Programmer/Analyst III (UNIX/SQL), one Programmer Analyst Manager, one Systems Support Technician II, one Assistant Supervisor Computer Operations, and one Systems Analyst, for a total of 6 positions to support the implementation of Rhode Island's digital initiatives. An additional \$684,450 in Information Technology Internal Service Fund expenditures is recommended to support the salaries and benefits of the positions.
- *Information Technology Infrastructure and Operations Position.* The Governor recommends an additional Chief of Information Technology I, who will be responsible for enterprise architecture strategy and leading the migration to emerging technology. An additional \$227,615 in Information Technology Internal Service Fund expenditures is recommended to support the salaries and benefits of the position.
- *Information Technology Project Management Positions.* The Governor recommends three additional Interdepartmental Project Managers and one Chief Implementation Aid, for a total of 4 positions who will provide better project management and ensure IT Governance is followed across all IT projects. An additional \$534,954 in Information Technology Internal Service Fund expenditures is recommended to support the salaries and benefits of the positions.

General Government

- *Capital Asset Management and Maintenance Security Position.* The Governor recommends an additional Interdepartmental Project Manager, who will expediate the implementation of urgent security measures. An additional \$144,468 in Facilities Management Internal Service Fund expenditures is recommended to support the salaries and benefits of the position.
- *Capital Asset Management and Maintenance Integrated Facilities Management Position.* The Governor recommends an additional Interdepartmental Project Manager, who will facilitate effective and efficient implementations of pressing facilities management and maintenance improvements. An additional \$144,468 in Facilities Management Internal Service Fund expenditures is recommended to support the salaries and benefits of the position.
- *Statewide Savings.* The Governor recommends a decrease of \$1.3 million in general revenue for statewide savings. The recommendation includes an increase of \$6.4 million to the Department of Administration's budget for statewide savings allocated to the appropriate agencies, a decrease of \$4.2 million for savings from the detection of fraud and waste, a decrease of \$1.0 million for a statewide overtime savings initiative, a decrease of \$1.6 million for injured on duty (IOD) reform, and a decrease of \$10 million from savings expected to result from findings of a Statewide Efficiency Commission to be established by the Governor.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$768,405, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, and from renegotiated vendor contracts and insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.
- *Debt Service:* The Governor recommends a reduction of \$3.0 million in debt service compared to the anticipated current services level because of several items. First, general obligation bond debt service is lower in the Department of Administration due to a shift of funding to Higher Education for the most recent bond issuance. Second, additional funding of \$1.1 million for a proposed new COPS issuance for a redesigned High Security facility at the Department of Corrections. Third, savings of \$1.4 million for the debt on the EDC Job Guaranty debt resulting from additional resources available from the 38 Studios receivership. Finally, savings of \$1.3 million for the I-195 Land acquisition debt due to lower projected interest rates on this variable rate debt.

Proposed FY 2019 Budget Revisions

- *Employee Benefits Position.* The Governor recommends an additional Programming Services Officer, who will manage the co-share accounting system. An additional \$114,257 in Employee Benefits Internal Service Fund expenditures is recommended to support the salary and benefits of the position.
- *E-Procurement User Acceptance Testing.* The Governor recommends an additional Programmer/Analyst Manager, who will manage the testing of upgrades to the E-procurement

General Government

system. This position will ensure that the E-procurement system will be operational and that there are no interruptions in service due to malfunctioning software. An additional \$27,276 in general revenue, to support the Information Technology Internal Service Fund billing to the Division of Purchasing, is recommended to support the salary and benefits of the position.

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$1.8 million, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.
- *Debt Service:* The Governor recommends a reduction of \$11.1 million in debt service as a result a delay in the issuance of general obligation bonds and the historic structures tax credit financing in FY 2019, as well as lower debt service than enacted for the Eleanor Slater Hospital COPS issuance.

General Government

Department of Business Regulation

The Department of Business Regulation’s primary function is to implement state laws mandating the regulation and licensing of designated businesses, professions, occupations and other specified activities. The department is composed of seven divisions and Central Management, which includes the budget, regulatory standards, compliance and enforcement. The respective divisions are: Banking Regulation, Securities Regulation, Insurance Regulation, Building, Design and Fire Professionals, Commercial Licensing and Gaming and Athletics Licensing, the Office of the Health Insurance Commissioner, and the newly proposed Office of Cannabis Regulation. The Director of Business Regulation is appointed by the Governor and serves statutorily as the State Banking Commissioner, Commissioner of Insurance, Real Estate Administrator, Chief of Intoxicating Beverages, and State Boxing Commissioner. The Department also houses other commissions including the Real Estate Commission, Real Estate Appraisal Board, Rhode Island Board of Accountancy, the Certified Constables’ Board, and the Racing and Athletics Hearing Board. The Department issues over 200,000 licenses and conducts administrative hearings involving issuances, administrative penalties, denials, suspensions and/or revocations.

Some Department achievements and highlights during Governor Raimondo’s first term include:

- Worked with the Administration to put forth a small business package that eliminated a number of unnecessary and duplicative licenses, removed small application fees and consolidated or eliminated fees for secondary business activities, including an extra fee that restaurants previously paid in order to serve ice cream and other frozen desserts.
- Implemented a streamlined, online permitting process for 28 of the State’s 39 cities and towns. The system has successfully moved municipalities’ building, electrical, mechanical, plumbing, moving, and demolition permits into one easy-to-navigate online system, accessible by each community’s website. This is believed to be the only state in the country in which the state is leading an effort to digitize the municipal permitting processes. Since its initial launch in June 2016, there have been more than 100,000 permits and licenses processed.

Budget Highlights

Small Business

Friendliness Omnibus.

Improve and simplify processes related to doing business in Rhode Island and eliminate unnecessary restrictions or licensing requirements.

Adult-Use & Medical

Marijuana.

Establish the nation’s most restrictive adult-use marijuana legalization framework with an emphasis on public safety, health and product control. Make complimentary changes to RI’s medical marijuana program. FY 2020 net revenue projected to be \$6.5 million.

DEPARTMENT OF BUSINESS REGULATION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$9,864,377	\$10,534,356	\$17,430,457	\$16,864,098	\$18,508,156
Federal Funds	\$1,645,328	\$1,022,931	\$892,631	\$1,346,487	\$765,694
Restricted Receipts	\$2,619,311	\$3,145,496	\$6,119,812	\$6,379,524	\$11,115,466
Other Funds	\$0	\$0	\$66,497	\$65,641	\$71,199
RI Capital Plan Fund	\$0	\$0	\$0	\$489,717	\$310,000
Total Funding	\$14,129,016	\$14,702,783	\$24,509,397	\$25,145,467	\$30,770,515
FTE Authorization	100	106	161	162	187

General Government

Full-Time Equivalent Positions

The Governor recommends 162.0 FTE positions in the revised FY 2019 budget, an additional 1.0 FTE position from the enacted FY 2019 budget. The position will handle all fiscal matters in the Division of Building, Design, and Fire Professionals. The Governor recommends 187.0 FTE positions in FY 2020, an additional 26.0 FTE positions from the enacted FY 2019 budget. This increase includes 1.0 FTE position for the position that will handle fiscal matters in the Division of Building, Design, and Fire Professionals; 7.0 FTE positions for the Simplify and Streamline initiative; 17.0 FTE positions for the proposed Office of Cannabis Regulation; and 1.0 FTE position for the Small Business Omnibus.

Proposed FY 2020 Budget Actions

- *Fire Marshal – Identification Systems.* The Governor recommends an additional \$125,000 to finance three systems – an explosives identification system; a radioactive materials identification system; and a nano x-ray system. This funding will give the agency proper capability to detect and identify explosives and/or chemical and/or nuclear materials.
- *Simplify and Streamlining.* The Governor recommends \$0.5 million for a new initiative shared by the Executive Office of Commerce and the Department to create a government Simplify and Streamline Team, dedicated to improving the business experience in Rhode Island. The team will focus on maintaining and accelerating progress made over the last four years in creating a business-friendly environment in Rhode Island and address complex issues to solve challenges faced by those doing business in Rhode Island.
- *Office of Cannabis Regulation.* The Governor recommends creating the Office of Cannabis Regulation (OCR) within DBR. OCR would encompass the current regulatory activities at DBR related to medical marijuana and industrial hemp and would also regulate the new adult use marijuana market. OCR's mission will be to safeguard public health, maintain public safety, and prevent youth access. As the regulator of adult use marijuana, OCR will be tasked with licensing marijuana cultivators, processors, and retailers. OCR would process license applications, conduct inspections, and undertake enforcement actions when needed. OCR would work closely with the Division of Taxation, the Department of Public Safety, and health and human service agencies including the Executive Office of Health and Human Services, the Departments of Health, and Behavioral Healthcare, Developmental Disabilities and Hospitals. The FY 2020 recommended budget includes \$5.6 million from restricted receipts for the Office to support new positions, program start-up costs, and general operating costs.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$270,193 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

General Government

Proposed FY 2019 Budget Revisions

- *Contractor's Registration Board Online Licensing System.* The Governor recommends \$75,000 in restricted receipts to finance an online licensing system for the Contractor's Registration Board. DoIT will be involved with the establishment of this system with the vendor Viewpoint.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$320,383, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

General Government

Executive Office of Commerce

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

Some Office achievements and highlights during Governor Raimondo's first term include:

- From 2014 through 2017, the percentage point decrease in Rhode Island's average annual unemployment rate was the largest in the nation.
- Since the beginning of Governor Raimondo's Administration, 30 companies have relocated to or expanded in R.I. using the Qualified Jobs program, creating more than 3,200 new jobs.
- Created the first state-financed small business loan program in Rhode Island, providing more than 75 loans to small businesses that have traditionally had a hard time accessing capital.
- Helped more than 670 STEM (Science, Technology, Engineering and Mathematics) and design graduates repay their student loans so they can stay and work in Rhode Island through the Wavemaker Fellowship program.
- Developed the Innovation Voucher program, which allows companies to team up with the state's universities and medical centers for their research and development (R&D) needs. During the recession many companies were forced to lay off their R&D staff. This hurt companies' ability to bring new products to market and increase their revenues. So far, 62 local companies have benefited from this program.
- Helped improve commercial districts in Rhode Island through the creation of the Main Street Improvement Fund. Nearly \$3 million has been awarded to cities and towns to improve vital corridors of commerce. These improvements include funding for wayfinding signage, bike racks, and improved lighting.

Budget Highlights

Site Readiness

Partnership. Provide \$1.5 million for a pilot program to enable and speed development for priority sites across the state.

Small Business Assistance Program. Appropriate \$750,000 with the goal of doubling the number of small business loans.

P-TECH. Invest \$200,000 and expand Pathways in Technology Early College High School (P-TECH) into at least one additional school district in Rhode Island, ensuring the continuation of innovative public-private partnerships to fuel the talent pipeline.

General Government

EXECUTIVE OFFICE OF COMMERCE					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$54,708,755	\$32,403,452	\$30,289,375	\$30,226,612	\$35,365,201
Federal Funds	\$13,606,251	\$8,275,588	\$14,445,458	\$16,029,815	\$17,611,003
Restricted Receipts	\$4,391,678	\$6,662,699	\$4,754,319	\$4,754,319	\$4,754,319
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$711,606	\$2,527,719	\$6,960,000	\$7,872,298	\$10,450,000
Total Funding	\$73,418,290	\$49,869,458	\$56,449,152	\$58,883,044	\$68,180,523
FTE Authorization	16	17	16	16	18

Full-Time Equivalent Positions

The Governor recommends 16.0 FTE positions in the revised FY 2019 budget and 18.0 FTE positions in the FY 2020 budget. The additional two positions are to staff the Simplify and Streamline initiative.

Proposed FY 2020 Budget Actions

Economic Development

- Site Readiness.* The Governor’s recommended budget includes a total of \$3.3 million, including \$2.3 million from general revenues and \$1.0 million from Rhode Island capital plan funds, to fund a pilot program to enable and speed development around the state by providing municipalities, at their request, with: (1) training and technical assistance, (2) investments in site readiness, and (3) opportunities for process partnerships. The Site Readiness Initiative will provide the training, investments, and delegation of authority to enable and speed development. The Executive Office of Commerce will coordinate with the Department of Business Regulation to staff the initiative.
- Simplify and Streamlining.* The Governor recommends \$262,724 for a new initiative shared by the Executive Office and the Department of Business Regulation to create the Simplify and Streamline Team which will be dedicated to improving the business experience in Rhode Island. The team will focus on maintaining and accelerating progress made over the last four years in creating a business-friendly environment in Rhode Island and address complex issues to solve challenges faced by those doing business in Rhode Island.
- Small Business Assistance.* The Governor recommends \$750,000 for the Small Business Assistance program to provide funding that will enable the Commerce Corporation to double the number of small business and micro-loans it facilitates.
- R & D Tax Credit Enhancement.* The FY 2020 Budget includes legislation to enhance the state’s R&D tax credit to be the strongest in the Northeast for early-stage companies by creating a transferrable tax credit program for early stage companies and companies that substantially increase R&D investments in the state. The changes also extend the carryforward provision to 15 years where investments are made after June 30, 2019. The recommended legislation is anticipated to result in a \$1.3 million revenue reduction for a half-year impact.
- Innovation Initiative.* The Governor recommends the enacted level of \$1.0 million in FY 2020 to continue grant making for collaboration among Rhode Island companies and research institutions, with an added focus on company-based manufacturing research and development.

General Government

- *Wavemaker.* The Governor recommends \$1.2 million, \$0.4 million less than current services, for the Stay Invested in RI Wavemaker tax credit program for graduates of accredited institutions of higher education who receive an associate's, bachelor's or master's degree and who remain in, become a resident of, and are employed within the state in the fields of life, natural or environmental sciences; computer, information or software technology; engineering or industrial design; and medicine or medical device technology. The funding will provide a second year of funding for the FY 2019 cohort and a first year of funding for an FY 2020 cohort of approximately 100 people.
- *P-Tech.* The Governor recommends \$0.2 million in FY 2019. The recommendation will allow the Office to provide an award for at least one additional P-Tech program to create opportunity for students and a steady stream of talented, trained workers for businesses.
- *Rebuild RI.* The Governor recommends \$3.8 million from general revenue above the FY 2019 enacted level for the Rebuild RI Tax Credit program in FY 2020. The total set aside in FY 2020 would be \$15 million. The recommended funding sustains the program and aligns the needs of the program with expected obligations associated with increasing the total credit cap by \$100.0 million to a total of \$250.0 million. The credit program allows the State to incentivize catalytic development and redevelopment projects.
- *Air Service Development.* The recommended budget does not include funding for the Air Service Development program in FY 2020. Over its three years in existence, a total of \$2.5 million has been appropriated for the Air Service Development Fund. The RI Airport Corporation reports that it has secured approximately 20 new routes for T.F. Green Airport under this program to date.
- *Main Street Streetscape and Technical Assistance Program.* The Governor's recommendation does not include funding for the Main Street Streetscape program in FY 2020. The program awards loans, matching grants, and other forms of financing to enhance sidewalks, signage or public space and lighting to create an attractive environment in local business districts. The Budget reflects savings of \$0.5 million.
- *I-195 Redevelopment Fund.* The Governor recommends the enacted level of \$1.0 million for the I-195 Redevelopment Fund. A total of \$25.0 million was included in the FY 2016 Budget and a subsequent \$2.0 million was included in the FY 2018 enacted budget, much of which has been committed to major real estate developments in the I-195 Redevelopment District.
- *Competitive Cluster Grants.* The Governor's FY 2020 budget continues to fund the Competitive Cluster Grant program at the enacted level of \$0.1 million. The program provides startup businesses within industry clusters and technical assistance grants and competitive grants for activities within an industry cluster.
- *Supply RI.* The Governor's proposal includes the enacted level of \$0.3 million to connect small suppliers with some of the state's largest commercial purchasers. The program assists businesses by establishing infrastructure to allow match-making between large-scale purchasers and small businesses, including additional Commerce Corporation staff and advertising.
- *Chafee Center.* The FY 2020 Budget includes the enacted level of \$0.5 million for the Chafee Center at Bryant University. The Center is a resource for small businesses to receive support, research, and/or funding to enhance their international trade opportunities.

General Government

- *Polaris Manufacturing Technical Assistance Program.* The Governor also recommends the enacted level of \$0.4 million to support the State's manufacturers by continuing to deploy technical experts to help manufacturers optimize their businesses. Polaris provides group and individual trainings for operators, shares expertise, and promotes manufacturing state-wide. Importantly, Polaris leverages a significant amount of federal funding, and participates in the Real Jobs Rhode Island program.

Quasi-Public Corporations

- *Airport Impact Aid.* The Governor's FY 2020 budget reduces funding for Airport Impact Aid by \$0.3 million. These funds are distributed based on both a flat rate to the communities in which the state's airports are located and to those same communities based on each airport's annual rates of use in proportion to the other airports.

Central Management

- *Turnover Restoration.* The Governor provides \$49,923 to provide sufficient funding for the 3.0 filled FTE positions in the Executive Office's Central Management program.

Office of Housing and Community Development

- *Pay for Success.* The Governor includes \$0.5 million for a joint program between the state, Harvard Government Performance Lab, and private partners to improve outcomes for homeless, high-Medicaid users by providing members of that population with permanent, supportive housing. Total funding for the Pay for Success project included in the Governor's FY 2020 recommendation reflects an initial payment to be made by the state to secure an available \$1.0 million federal grant from the US Department of Justice and US Housing and Urban Development. The initial funding would also be used to secure investments from private partners. The total estimated budget for the project will require state investments up to \$6.2 million over the course of multiple years.

Statewide Adjustments

- The Governor recommends statewide adjustments totaling a downward adjustment of \$113,458, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for facilities maintenance and information technology internal service fund charges.

General Government

Proposed FY 2019 Budget Revisions

Central Management

- *Turnover Restoration.* The Governor provides \$40,128 to provide funding for the 3.0 filled FTE positions in the Executive Office's Central Management program.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$107,952 less than current services, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

General Government

Department of Labor & Training

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

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

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

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

Budget Highlights

Real Jobs RI. Continue general revenue financing of \$5.4 million and increase JDF funds by \$1.2 million to support and grow existing partnerships that connect industry employers and key stakeholders while building alliances to address workforce demands.

Employer Tax Division Transfer. Transfer the Division from the Department of Revenue to the Department of Labor and Training, centralizing work related to unemployment insurance, temporary disability/caregivers' insurance and the Job Development Fund.

New Skills For Youth Grant. Federal grant supports planning, oversight and employer engagement for youth. RI is one of 10 states selected to

General Government

Some Department achievements and highlights during Governor Raimondo's first term include:

- The Rhode Island-based job count reached an all-time high in July 2018 (504,300). The State's unemployment rate also hit its lowest point (3.8 percent) in nearly 30 years in 2018.
- Almost 20,000 jobs have been added to Rhode Island's economy since December 2014.
- Ranked nation's ninth best economy in 2018 Business Insider rankings (up from 36th in 2014).
- Trained more than 4,500 Rhode Islanders through DLT's Real Jobs RI program, the State's sector-based workforce development initiative that places new employees into immediate job openings, upskills current employees who want to remain competitive, and creates pipelines of talent for the future.

DEPARTMENT OF LABOR AND TRAINING					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$7,010,095	\$12,876,544	\$14,464,955	\$15,848,041	\$15,813,787
Federal Funds	\$43,869,516	\$37,929,711	\$40,753,823	\$45,437,758	\$39,989,080
Restricted Receipts	\$21,996,462	\$29,479,713	\$38,975,091	\$30,272,325	\$32,453,432
Other Funds	\$348,750,221	\$345,003,052	\$362,770,368	\$354,720,126	\$366,026,666
RI Capital Plan Fund	\$220,788	\$206,165	\$1,250,000	\$0	\$0
Total Funding	\$421,847,082	\$425,495,185	\$458,214,237	\$446,278,250	\$454,282,965
FTE Authorization	409.5	428.7	409.7	409.7	451.7

Full-Time Equivalent Positions

The Governor recommends 409.7 FTE positions in the revised FY 2019 budget, unchanged from the enacted FY 2019 budget. The Governor recommends 451.7 FTE positions in the FY 2020 budget, an additional 42.0 FTE positions from the enacted FY 2019 budget. The additional positions reflect the transfer of the Employer Tax division from the Department of Revenue to the DLT.

Proposed FY 2020 Budget Actions

- *Employer Tax Division Transfer.* The Governor recommends the transfer of the Employer Tax Division from the Department of Revenue to the Department of Labor and Training. This includes 42.0 FTE positions, including 5.0 FTE positions focused on the implementation of the proposed Medicaid Assessment. The transfer better aligns the responsibilities and fund source for the Division in its historical location. This effort centralizes work related to unemployment insurance, temporary disability/caregivers' insurance, and the Job Development Fund.
- *Continued funding for Real Jobs Rhode Island.* The Governor's recommendation includes financing of \$5.4 million in general revenue for the Real Jobs Rhode Island program, which continues to support existing partnerships, as well as an increase of \$1.2 million in funds from the Job Development Fund to help grow the program. The program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands.

General Government

- *Additional funding for Personnel in Income Support.* The Governor recommends an additional \$1.1 million in general revenue is included to finance the Income Support program. This funding will support current staff levels to meet customer demands for call centers and claims processing functions. Due to Rhode Island's decreasing unemployment rate, the Department received less federal funding, resulting in the need for additional general revenue.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$162,510, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *New Skills for Youth Grant.* The Governor's recommendation includes financing of \$469,194 in grant funds for the New Skills for Youth grant, which supports planning, oversight and employer engagement for youth programs. Rhode Island is one of the ten states selected to participate in New Skills for Youth, an initiative enhancing state efforts to increase the number of youth across the country who are prepared for success in both college and career.
- *Additional funding for Personnel in Workforce Regulation and Safety.* An additional \$1.2 million in general revenue is included to finance the Workforce Regulation and Safety program. This funding will support current staff levels to enforce safety laws which protect the State's workforce.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$116,542, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for information technology internal service fund charges.

General Government

Department of Revenue

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Collected \$22 million in net tax amnesty revenue, put money back into taxpayers' pockets more quickly by issuing personal and business refunds faster, and piloted new customer-service initiatives – including a call center and online appointments for taxpayers during amnesty.
- Issued more than 7,000 REAL IDs. REAL ID-compliant licenses and identification cards may be used for boarding a domestic flight or entering certain federal buildings or facilities. The DMV will offer these in compliance with the federal REAL ID Act of 2005, which established security standards for state-issued driver's licenses and ID cards.
- Opened the Twin River Tiverton casino and successfully launched sports betting operations in Rhode Island at Twin River casinos.
- Completed and released 12 tax credit/incentive reports analyzing the effectiveness of the state's economic development programs. Rhode Island has been recognized as a leader in state-level economic analysis.
- Created a unit to coordinate the collection of overdue fines, fees and court judgments on behalf of other state agencies.

Budget Highlights

Motor Vehicle Tax Phase-Out. Continue to fund the motor vehicle excise tax phase-out at \$68 million for FY 2020, bringing tax relief to Rhode Islanders.

Online Sports Betting. Offer online sports betting from Twin River Lincoln and Twin River Tiverton.

Non-Mission, Non-Profit Property Tax Option. Enable legislation to provide cities and towns with the option to levy tax on non-mission property of tax-exempt, non-profit hospitals and universities.

General Government

DEPARTMENT OF REVENUE					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$110,837,270	\$148,430,073	\$178,831,507	\$178,266,494	\$193,770,950
Federal Funds	\$3,087,713	\$1,640,041	\$2,109,465	\$1,925,417	\$545,243
Restricted Receipts	\$6,028,994	\$2,089,078	\$2,064,187	\$1,875,472	\$4,546,960
Other Funds	\$351,421,986	\$360,435,969	\$401,028,357	\$420,633,263	\$424,857,343
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$471,375,963	\$512,595,161	\$584,033,516	\$602,700,646	\$623,720,496
FTE Authorization	523.5	529.5	604.5	604.5	587.5

Full-Time Equivalent Positions

The Governor recommends 587.5 FTE positions in the FY 2020 budget, and 604.5 FTE positions in the revised FY 2019 budget. The latter is consistent with the enacted FY 2019 budget.

- The Governor recommends a decrease of 5.0 FTE positions in the Division of Municipal Finance to reflect vacancies and increased efficiencies.
- The Governor recommends a shift of 37.0 FTE positions from the Division of Taxation, Employer Tax Unit, to the Department of Labor and Training. This effort centralizes work related to unemployment insurance, temporary disability/caregivers' insurance, and the Job Development Fund. In addition, the Governor recommends an increase of 4.0 FTE positions in the Division of Taxation to ensure licensing compliance with new adult-use marijuana initiatives.
- The Governor recommends an increase of 10.0 FTE positions in the Division of Motor Vehicles. Eight of the positions are customer service representatives to support the increase in transaction volume related to the compliance with the federal mandate Real ID, and two are control inspectors to improve enforcement of license plate visibility and reflectivity standards in conjunction with vehicle registrations – allowing for more effective work of public safety officials and other first-responders, while controlling costs incurred by any wholesale license plate replacement.
- The Governor recommends an increase of 1.0 FTE position in the Division of Collections to improve the ability of the unit to represent the State in legal proceedings and collect delinquent payments.

Proposed FY 2020 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$2.2 million, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.
- *Municipal Tax Blocks.* The DMV will charge municipalities for placement of tax blocks to cover the costs of providing this service to local cities and towns.

General Government

- *Employer Tax Processing.* The Employer Tax unit of the Division of Taxation will move to the Department of Labor and Training to more effectively administer the state functions related to Unemployment Insurance, Temporary Disability and Caregivers' Insurance, and the Job Development Fund.
- *Adult-Use Marijuana.* The Governor recommends the appropriation of \$0.8 million in restricted receipts to allow the Division of Taxation to staff proposed new adult-use marijuana initiatives. The Division is expected to work closely with the Office of Cannabis Regulation in the Department of Business Regulation, the Department of Public Safety, and health and human service agencies including the Executive Office of Health and Human Services, the Departments of Health, and Behavioral Healthcare, Developmental Disabilities and Hospitals to tax and regulate the state's legal marijuana and hemp markets.
- *License Plate Reissuance.* Recognizing the value of legible and reflective license plates to the public, especially law enforcement and first responders, the Governor recommends \$169,038 towards the improved enforcement of license plate standards during the vehicle inspection process. By preempting a wholesale reissuance of license plates, taxpayers save over \$1.2 million and avoid having to pay \$6 or more for new license plates.
- *Real ID.* The Governor recommends full annual funding of the resources needed by the DMV at \$2.2 million to comply with federal mandate in producing and distributing driver's licenses and identification cards that meet updated security standards.
- *DMV Customer Service Cost-Sharing.* Under current law the proceeds from all DMV transactions fund transportation infrastructure projects. The Governor recommends that a portion of the DMV operating costs be covered by the Highway Maintenance Account, specifically \$4.3 million to offset personnel costs for the front-line staff who process transactions that generate these funds, such as license issuance and registration renewal.
- *Stabilizing DMV Technology.* The Governor recommends the current technology surcharge fee, applied to all DMV transactions, be raised to \$2.50 from \$1.50 in order to fully fund the ongoing maintenance of the RIMS internal software system and to allow for additional technology enhancements that will improve customer service.
- *Reforming State Aid.* The Governor recommends providing additional tools for municipalities to tax non-mission related commercial property owned by large non-profit institutions. As a result, the Governor recommends that the state aid program Payment-In-Lieu-Of-Taxes (PILOT) be funded at \$40.8 million. Compared to PILOT programs in other states, including Massachusetts, Rhode Island's current PILOT initiative is considerably more expensive to state taxpayers. The proposal will result in a savings of \$5.3 million from the enacted FY 2019 budget and savings of \$6.0 relative to fully-funding the program at the maximum statutory rate of 27.0 percent.
- *Motor Vehicle Excise Tax Phase-Out.* The Governor recommends that the Motor Vehicle Excise Tax Phase-Out be funded at \$68.0 million for FY 2020, for an increased cost of \$21.9 million over FY 2019.

General Government

Proposed FY 2019 Budget Actions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$2.3 million, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.
- *Motor Vehicle Excise Tax Phase-Out.* The most current available vehicle valuation files suggest an increase in the state's contribution to cities and towns in the form of the Motor Vehicle Excise Tax Phase-Out in the amount of \$1.5 million. The Governor recommends this adjustment be included in the current year budget

General Government

Legislature

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

GENERAL ASSEMBLY					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$36,925,853	\$37,831,305	\$43,691,627	\$49,000,993	\$44,754,101
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$1,400,000	\$1,450,774	\$1,720,695	\$1,768,948	\$1,832,014
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$38,325,853	\$39,282,079	\$45,412,322	\$50,769,941	\$46,586,115
FTE Authorization	298.5	298.5	298.5	298.5	298.5

Full-Time Equivalent Positions

The Governor recommends 298.5 FTE positions in the revised FY 2019 Budget and in the recommended FY 2020 Budget, unchanged from the enacted FY 2019 Budget.

Proposed FY 2020 Budget Actions

- *Personnel Costs.* The Governor recommends an additional \$1.5 million for estimated personnel costs, including an additional \$1.4 million for the Joint Committee on Legislative Services program which provides administrative support to the Legislature.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$429,724, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Reappropriation.* Pursuant to RIGL 35-3-15(a), the Legislature received a reappropriation of \$7,853,476. Of this amount, the Legislature requested \$6 million. The Governor recommends funding as requested. The reappropriation will support the initiatives below.

General Government

- *Building Maintenance and Repairs.* The Governor's recommendation includes an additional \$2.7 million for building maintenance and repairs which include renovations to and historical preservation of the House of Representatives and Senate chambers. Building maintenance for legislative staff offices is also planned, specifically upgrades to heating and air conditioning and floor renovations.
- *Computer Equipment and IT Programming.* An additional \$912,000 is included for the purchase of computer equipment, accessories and IT programming related to data center and equipment upgrades.
- *Preparation for Redistricting.* The Governor recommends \$615,000 for financial consulting services needed for the redistricting process.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$718,467 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended for information technology internal service fund charges.

General Government

Office of the Lieutenant Governor

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

OFFICE OF LIEUTENANT GOVERNOR					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,059,510	\$1,001,557	\$1,114,597	\$1,107,847	\$1,147,816
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,059,510	\$1,001,557	\$1,114,597	\$1,107,847	\$1,147,816
FTE Authorization	8	8	8	8	8

General Government

Secretary of State

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

DEPARTMENT OF STATE					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$9,478,004	\$8,832,367	\$9,875,734	\$9,800,081	\$9,233,255
Federal Funds	\$0	\$22,295	\$1,983,770	\$1,983,770	\$1,016,230
Restricted Receipts	\$421,688	\$427,255	\$440,658	\$469,712	\$451,672
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$42,454	\$103,610	\$0	\$0	\$0
Total Funding	\$9,942,146	\$9,385,527	\$12,300,162	\$12,253,563	\$10,701,157
FTE Authorization	59	59	59	59	59

Full-Time Equivalent Positions

The Governor recommends 59.0 FTE positions in the revised FY 2019 budget and in the recommended FY 2020 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- *Open Government and Corporation Database.* The Governor recommends \$300,000 to mitigate security concerns and vulnerabilities to the Open Government and Corporation database, and to improve functionality, making the application more efficient for filers and agencies.
- *Presidential Preference Primary Costs.* The Governor recommends an additional \$145,000 to support printing and postage expenditures required for the election.
- *APA Contractors.* The Governor continues support of the Administrative Procedures Act database through \$112,224 for a contract Senior Application Developer who will provide on-going technical assistance.
- *Virtual Environment Replacement.* For the agency to upgrade its infrastructure hardware, the \$85,000 is recommended. The funding will replace hardware that supports the agency's servers and applications.
- *Vulnerability Application Security Scanning.* The recommendation includes \$30,000 for software that continually scans all agency applications for vulnerabilities; informs the agency of any discovered; and, provides information on how to mitigate vulnerabilities. The software will also scan the Central Voter Registration System and on-line voter registration code.

General Government

- *Cyber Risk Vulnerability Assessment.* The Governor recommends \$25,000 for annual third-party vendor risk and vulnerability assessments, included in the agency's cyber security plan.
- *Business Scanning Project.* The Governor recommends \$19,060 to continue the agency's business scanning project, which entails the imaging and matching of approximately 38,000 active files, each containing up to 1,000 pages. The agency estimated that it would take more than twenty years to complete the project utilizing only existing staff and scanning hardware. To expedite the project, the agency leases scanners and contracts with temporary workers.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$74,485 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

The Governor's FY 2019 general revenue recommendation is unchanged from the enacted budget, but supports the following initiatives detailed below.

- *Open Government and Corporation Database.* The Governor recommends \$217,000 to mitigate security concerns and vulnerabilities to the Open Government and Corporation database and to improve user functionality.
- *APA Contractors.* Partial-year support totaling \$198,412 for an Application Developer and Senior Data Architect to support the Administrative Procedures Act application is included in the revised budget recommendation.
- *Business Services Advertising Campaign.* The recommendation includes \$20,000 for a marketing campaign that will advertise the agency's business tools and notary education campaign.
- *Business Scanning Project.* \$6,448 is included in the revised FY 2019 budget for temporary workers assisting with the scanning of business records.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$75,653 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for facilities maintenance and information technology internal service fund charges.

General Government

Office of the General Treasurer

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

TREASURY DEPARTMENT					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$2,653,651	\$2,819,265	\$2,973,776	\$2,953,922	\$3,037,551
Federal Funds	\$1,087,203	\$941,713	\$1,074,874	\$1,016,641	\$998,974
Restricted Receipts	\$37,596,086	\$38,675,476	\$38,419,246	\$37,807,908	\$37,518,001
Other Funds	\$665,201	\$640,181	\$654,684	\$639,343	\$663,859
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$42,002,141	\$43,076,635	\$43,122,580	\$42,417,814	\$42,218,385
FTE Authorization	87	89	89	89	89

Full-Time Equivalent Positions

The Governor recommends 89.0 FTE positions in the revised FY 2019 budget and in the recommended FY 2020 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- *Bank Reconciliation Software.* The Governor recommends an increase of \$34,000 in general revenue for bank reconciliation software, which will make the account reconciliation process consistent and will aid in the reduction of human error in the process.

General Government

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$20,693, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

The Governor's FY 2019 general revenue recommendation is unchanged from the enacted budget, but supports the following initiatives detailed below.

- *Bank Reconciliation Software.* The Governor recommends financing of \$34,000 in general revenue for bank reconciliation software, which will make the account reconciliation process consistent and will aid in the reduction of human error in the process.
- *Debt Affordability Study.* The Governor recommends financing of \$56,000 in general revenue to support the Public Finance Management Board's biennial debt affordability study. The biennial study examines the level of indebtedness of the State, its quasi-public agencies, municipalities and districts, and recommends debt affordability limits for each issuer.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$19,854, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

General Government

Board of Elections

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

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

BOARD OF ELECTIONS					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,969,669	\$1,505,698	\$5,252,516	\$4,654,527	\$2,462,583
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,969,669	\$1,505,698	\$5,252,516	\$4,654,527	\$2,462,583
FTE Authorization	12	12	13	13	13

Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the revised FY 2019 budget and in the recommended FY 2020 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- *Presidential Preference Primary Support.* Although the Governor’s recommendation is a net reduction of \$2.9 million compared to the enacted budget due to FY 2020 not being a statewide election year, the Governor recommends \$312,000 to support the presidential preference primary. This includes \$183,000 for seasonal employee and staff costs and \$100,000 for delivery and printing costs.

General Government

- *E-Poll Book Contract Support.* The Governor recommends an additional \$55,000 in general revenue to finance e-Poll book contract support, including inventory, maintenance, and programming. The additional general revenue funding offsets Help America Vote Act (HAVA) federal funding in the Secretary of State budget that will be unavailable in FY 2020.
- *Special Projects Coordinator Position.* Included in the Governor's recommendation is the conversion of a vacant Director of Operations position to a Special Projects Coordinator position. The position will have blended responsibilities, including public relations functions and oversight of risk-limiting audits. The position conversion will save the agency approximately \$5,700 annually.
- *Legal Expenses.* An additional \$30,000 is included for legal services. The funding better aligns the agency with historical expenditures and finances additional legal work sometimes necessary in election years.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$143,339 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Public Financing of Elections.* The Governor's recommendation includes \$789,858 less than the enacted budget to reflect actual expenditures for public financing of the 2018 general election.
- *General Election Costs.* An additional \$68,161 is recommended to support the 2018 general election, specifically seasonal workers and supplies.
- *Security Services.* To finance partial-year security services for election-equipment storage, an additional \$35,394 is recommended.
- *Legal Expenses.* The Governor recommends an additional \$20,000 for legal services to better align the agency with historical expenditures.
- *Copier Purchase.* An additional \$10,000 is included in the Governor's recommendation to finance the replacement of a copier.
- *E-Poll Book Contract Support.* The Governor recommends an additional \$5,000 in general revenue to finance e-Poll book contract support, including inventory, maintenance, and programming of the e-Poll books. The Secretary of State's Office is providing \$50,000 from HAVA federal funding to support the contract costs.

General Government

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$141,211 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

General Government

Rhode Island Ethics Commission

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

RHODE ISLAND ETHICS COMMISSION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,604,233	\$1,637,934	\$1,812,237	\$1,748,039	\$1,845,298
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,604,233	\$1,637,934	\$1,812,237	\$1,748,039	\$1,845,298
FTE Authorization	12	12	12	12	12

Full-Time Equivalent Positions

The Governor recommends 12.0 FTE positions in the revised FY 2019 budget and in the recommended FY 2020 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- *Online Legal Research.* The Governor recommends an increase of \$1,500 in general revenue to provide access to accurate, up-to-date online legal research.
- *Computers & Equipment.* The Governor recommends an increase of \$3,500 in general revenue to support the replacement of computers and equipment, which have reached the end of their useful life.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$15,864, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's

General Government

Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Online Legal Research.* The Governor recommends an increase of \$1,000 in general revenue to provide access to accurate, up-to-date online legal research.
- *Computers & Equipment.* The Governor recommends an increase of \$4,500 in general revenue to support the replacement of computers and equipment which have reached the end of their useful life.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$12,901, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

General Government

Executive Department

The Office of the Governor is established under the Rhode Island Constitution as one of the general offices and is subject to election by the voters of the State. The Office of the Governor is responsible for the enactment of reform and change in state government for the betterment of the citizens of the State of Rhode Island. In accomplishing this task, the Office of the Governor coordinates the services of a staff of professionals to include the Legislative Affairs Office, Legal Office, Communications Office, Community Engagement Office, Policy Office, and Boards and Commissions Office.

EXECUTIVE DEPARTMENT					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$5,008,393	\$5,481,059	\$5,633,047	\$6,407,071	\$6,493,211
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$5,008,393	\$5,481,059	\$5,633,047	\$6,407,071	\$6,493,211
FTE Authorization	45	45	45	45	45

Full-Time Equivalent Positions

The Governor recommends 45.0 FTE positions in the revised FY 2019 Budget and in the recommended FY 2020 Budget, unchanged from the enacted FY 2019 Budget.

Proposed FY 2020 Budget Actions

- Personnel Costs.* The Governor recommends an additional \$846,219 million for estimated personnel costs. In past years, these personnel costs were allocated among various agencies to reflect staff policy work performed in support of those departments. Beginning in the revised FY2019 Budget, the Governor recommends shifting these personnel expenses back to the Executive Department.
- Contingency Fund.* The Governor recommends an additional \$50,000 for the Governor's Contingency Fund, which is used to support unforeseen expenses that may occur. The additional funding will bring the Contingency Fund back to a level consistent with past budgets.
- Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$36,055, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

General Government

Proposed FY 2019 Budget Revisions

- *Personnel Costs.* The Governor recommends an additional \$788,303 million for estimated personnel costs. In past years, these personnel costs were allocated among various agencies to reflect staff policy work performed in support of those departments. Beginning in the revised FY2019 Budget, the Governor recommends shifting these personnel expenses back to the Executive Department.
- *Contingency Fund.* The Governor recommends an additional \$50,000 for the Governor's Contingency Fund, which is used to support unforeseen expenses that may occur. The additional funding will bring the Contingency Fund back to a level consistent with past budgets.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$64,279, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

General Government

Rhode Island Commission for Human Rights

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

RHODE ISLAND COMMISSION FOR HUMAN RIGHTS					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,247,603	\$1,273,387	\$1,335,441	\$1,335,441	\$1,353,591
Federal Funds	\$309,718	\$409,623	\$497,570	\$467,587	\$563,414
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,557,321	\$1,683,010	\$1,833,011	\$1,803,028	\$1,917,005
FTE Authorization	14.5	14.5	14.5	14.5	14.5

General Government

Public Utilities Commission

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

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

PUBLIC UTILITIES COMMISSION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$118,808	\$165,815	\$168,378	\$168,378	\$178,002
Restricted Receipts	\$7,896,086	\$8,848,412	\$9,766,453	\$10,455,119	\$12,034,581
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$8,014,894	\$9,014,227	\$9,934,831	\$10,623,497	\$12,212,583
FTE Authorization	51	54	53	53	60

Full-Time Equivalent Positions

The Governor recommends 60.0 FTE positions in the FY 2020 budget, and 53.0 FTE positions in the revised FY 2019 budget. The latter is consistent with the enacted FY 2019 budget.

- The Governor recommends an increase of 1.0 FTE position in the Division of Public Utilities and Carriers in the role of Consumer Agent. The role would support consumers facing potential utility shut-offs and otherwise help ratepayers in dealing with utility companies.
- The Governor recommends a shift of 3.0 FTE positions to the Division of Public Utilities and Carriers from the Department of Administration's Division of Planning to centralize oversight of water supply boards.

General Government

- The Governor recommends an increase of 2.0 FTE positions in the Division of Public Utilities and Carriers to bring on additional engineers. These positions would expand the agency's capacity to inspect and manage the integrity of utility infrastructure. Such proactive oversight may avert events similar to those in Massachusetts in September 2018 related to the Columbia Gas residential gas system.
- The Governor recommends an increase of 1.0 FTE position in the Public Utilities Commission in the role of Public Utilities Analyst. This position is needed to support effective regulatory proceedings in the wake of significant new policy related to renewable energy and energy-efficiency. As the state engages in power sector transformation under Governor Raimondo's leadership, the Public Utilities Commission has seen increased volume and complexity of utility rate cases and additional analytical capacity will reduce future burdens on Rhode Island ratepayers.

Proposed FY 2020 Budget Actions

- *Electronic Business Portal.* The Governor recommends a budget of \$250,000 for the development of an online portal to manage dockets and hearings, reducing administrative burden on staff facing an increase in docket volume.
- *Vehicle Replacement.* The Governor recommends \$60,000 be appropriated for the purchase of two electric vehicles, replacing an aging fleet with electric technology.
- *Reserve Account Increase in Budgetary Authority.* The Governor recommends appropriations to the Public Utilities Commission Reserve Account be increased by \$618,896 so that the regulator can bring in appropriate expert testimony during complex utility rate cases.
- *Water Resources Board.* In addition to the shift of personnel, the Governor recommends the appropriation of \$83,288 in operating expenses to the Public Utilities Commission.

Health and Human Services

Health and Human Services

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.

Health and Human Services

Executive Office of Health and Human Services

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

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

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Strengthened Rhode Island's Medicaid system, achieving \$100 million in cost savings without significantly reducing benefits or restricting eligibility.
- Established Medicaid Accountable Entities to transform the structure of Rhode Island Medicaid's delivery and payment system.
- Expanded access to life-saving Hepatitis C (HCV) treatment through a new policy that brings Rhode Island in line with federal medical necessity requirements for Medicaid. HCV, which is a bloodborne virus affecting the liver, is considered the deadliest communicable disease in the United States.
- Successfully fought for a Medicaid waiver to fund recovery coaching services for people fighting opioid and other substance use disorders.
- With funding through the Ryan White Foundation, EOHHS, its sister agencies, and the University of Rhode Island launched the state's first-ever integrated mobile health unit to help improve access to HIV screenings, care and other health services.

Budget Highlights

Independent Provider (IP) Model. Implement a model that will increase workforce capacity and create a new option for delivery of direct support services for seniors and people with developmental disabilities.

Adult-Use & Medical Marijuana. Establish the nation's most restrictive adult-use marijuana legalization framework with an emphasis on public safety, health and product control. Adds \$800,000 for the Office to direct grants to local substance use disorder prevention, treatment and recovery services.

Behavioral Health Benchmarking Study. Provide \$150,000 to be matched with federal funds for a benchmarking study to determine the appropriate level of investment made by Medicaid and commercial insurers in preventive and early intervention behavioral health services.

Health and Human Services

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$944,892,150	\$950,301,335	\$982,916,072	\$989,336,794	\$1,033,465,709
Federal Funds	\$1,473,416,718	\$1,546,083,323	\$1,605,800,743	\$1,664,241,111	\$1,685,722,447
Restricted Receipts	\$15,031,969	\$23,043,589	\$18,245,925	\$24,255,911	\$25,908,180
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$2,433,340,837	\$2,519,428,247	\$2,606,962,740	\$2,677,833,816	\$2,745,096,336
FTE Authorization	178.0	285.0	192.0	195.0	479.1

Full-Time Equivalent Positions

The Governor recommends 479.1 FTE positions in the FY 2020 Budget, an increase of 284.1 from the FY 2019 Revised Budget attributable to the following recommended budget actions: 1) an increase of 1.0 for an additional Sr. Legal Counsel; 2) an increase of 252.1 FTEs to reflect the shift of the Office of Veterans' Affairs to the Executive Office of Health and Human Services; and 3) an increase of 31.0 FTEs to reflect the shift of the Division of Elderly Affairs to the Executive Office of Health and Human Services. In the FY 2019 Revised Budget, the Governor recommends 195.0 FTE positions, an increase of 3.0 FTEs above the FY 2019 Enacted Budget, attributable to 3.0 Sr. Legal Counsel positions.

Proposed FY 2020 Budget Actions

Central Management

- MMIS Funding.** The Governor recommends that the Medicaid Management Information System (MMIS) be fully funded, allowing the Department to adequately process Medicaid claims. The FY 2019 enacted budget funded this contract well below historical actuals. This item will increase general revenue costs by \$1.2 million above the enacted budget and will also add \$0.5 million in federal funds.
- Medicaid Professional Services.** The Governor recommends funding these services at the same funding level seen from FY 2015 to FY 2017. This will enhance the level of service compared to the current state and address deficiencies, for a cost of \$1.7 million over the enacted budget, of which \$0.9 million is from general revenue.
- 1115 Waiver – Independent Evaluation.** The Governor recommends \$0.7 million for FY 2020, half from general revenue, to fund the federal mandate that the renewed waiver be subject to independent evaluation.
- Independent Provider Model Implementation Costs.** In the 2018 legislative session the Assembly directed the State to establish an independent provider model for the delivery of long term services and supports by October 1, 2019. This model establishes a public registry of home health aides that Medicaid beneficiaries may use to receive direct support services in lieu of using a current provider of these services. The goal of the model is to increase the supply of home care workers and promote choice among providers for beneficiaries. The Governor recommends funding for implementation costs of \$0.2 million in general revenue in FY 2020.

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- *RI Quality Institute (RIQI) Health Information Exchange (HIE)*. For eight years, RIQI has operated the statewide Health Information Exchange (HIE), relying on a set of financial conditions which are now in flux. The Governor recommends fully funding the Medicaid per-member/per-month fee for a general revenue cost of \$0.1 million, matching \$1.0 million in federal funds. These funds will support the annual ongoing operations and expansion of the HIE. Additionally, there is a need for a major upgrade to the current HIE technical infrastructure. Without this critical upgrade to the HIE infrastructure –delayed for several years for lack of funding – the State of Rhode Island will not be able to complete several contracted projects across the state without expensive workarounds and the State will fall short of federal requirements. The State will need to meet these requirements to continue to receive federal Medicaid matching funds in the coming years. The Governor recommends this item be funded with a one-time expense of \$0.1 million in state funds and \$1.1 million in federal funds.
- *Electronic Clinical Quality Measures*. The Governor recommends continued funding for a statewide clinical quality measurement system, already initiated under the SIM grant with community and stakeholder participation and support. Three years ago, the state recognized that a single service to gather data from electronic health records, calculate quality measures, and report results would reduce the overall cost to the healthcare system, reduce provider reporting burden, and enable small practices to participate in system transformation. Without such a system, healthcare organizations will have to invest in expensive electronic interfaces to connect to each payer individually, driving up system costs. With federal funding from SIM and strong, consistent community support, EOHHS has been building a statewide electronic clinical quality measurement system. Without further funding, two years of infrastructure development, technical connections, and measure alignment will be wasted, an existing contract would need to be terminated, and a complete and functional system will be shelved. For FY 2020 the Governor recommends that \$0.1 million in state funds and \$0.9 million in federal funds be committed to the endeavor.
- *Benchmarking Study*. The Governor recommends an investment of \$0.2 million in general revenue, to be matched through Medicaid with federal funds, for a “benchmarking” study that would determine the appropriate level of investment made by Medicaid and commercial insurers in preventive and early intervention behavioral health services. Earlier in the decade, following a determination that the state’s commercial insurers had historically underinvested primary medical care, the Office of the Health Insurance Commissioner undertook a study to determine the appropriate level of commercial insurer investment in primary medical care and subsequently directed insurers to bolster primary care for their clients through strategic investments in this area over multiple years. This proposal suggests doing the same for behavioral healthcare.
- *Adult-Use Marijuana*. The Governor recommends \$1.0 million in restricted receipts to facilitate new, adult-use marijuana government initiatives. Funding includes \$0.8 million for the Executive Office to direct grants to local substance use disorder prevention, treatment, and recovery services; \$0.2 million for the Executive Office to manage grant programs and work collaboratively with state and municipal health and human service agencies including the Executive Office of Health and Human Services, the Departments of Health, and Behavioral Healthcare, Developmental Disabilities and Hospitals; and \$0.1 million for operations costs associated with the legalization of the marijuana and hemp markets. The Executive Office is expected to work closely with the Office of Cannabis Regulation in the Department of Business Regulation, the Department of Revenue, and the Department of Public Safety to enhance public awareness and treatment opportunities.

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Elderly Affairs

- *Transfer to the Executive Office of Health and Human Services.* In FY 2020, the Governor recommends transferring the Division of Elderly Affairs at the Department of Human Services to the Executive Office of Health and Human Services (EOHHS) and renames the division to the Office of Elder Affairs. The Governor shifts financing for the office and 31.0 FTE positions to EOHHS to accomplish this recommended action.
- *Expansion of Home and Community Care Co-Pay Programs.* In order to enable seniors to stay in their homes longer, the Governor recommends expanding eligibility for the Elderly Affairs co-pay program, increasing the maximum income limit for eligibility from 200 percent of the Federal Poverty Level to 250 percent of the Federal Poverty Level. This program provides subsidized home care and adult day care for seniors not eligible for Medicaid, keeping those adults healthier longer, and reducing enrollment in more expensive residential treatment programs.

Veterans Affairs

- *Transfer to the Executive Office of Health and Human Services.* In FY 2020, the Governor recommends transferring the Office of Veterans Affairs at the Department of Human Services to the Executive Office of Health and Human Services (EOHHS) and shifts financing for the office and 257.1 FTE positions to EOHHS to accomplish this recommended action.
- *RI Serves.* In FY 2017, with assistance from the Division of Information Technology, the Office of Veterans Affairs established a Coordinated Care Network software solution called RI Serves for the case management of Veterans requesting assistance from various service providers in the community. This case management system allows any veteran who initiates a request for assistance from a community provider to establish a case file at that agency and then be referred to the appropriate provider for assistance. The Governor recommends financing of \$0.2 million from general revenue to continue support for this service in FY 2020.
- *Veterans at Risk.* Since FY 2017, the Office of Veterans Affairs has received authority to distribute \$0.2 million in community service grants for veterans' programs. Each year the amount requested by applicants has exceed available resources, which has led to the office having to either not fund worthwhile programs to support veterans, or to only partially fund those programs. To ensure that veterans' needs are adequately addressed in the community, reducing homelessness, increasing employment and providing assistance in obtaining federal VA benefits, the Governor recommends an additional \$0.2 million for this program in FY 2020, increasing total resources to \$0.4 million from general revenue.
- *RI Veterans' Home.* In FY 2020, the Governor recommends an additional \$2.3 million from all sources, of which \$1.4 million is from general revenue, to support operations at the RI Veterans' Home. Approximately \$0.4 million of this amount is attributable to the statewide adjustments described above. The other major drivers of this supplemental funding include significant increases in contracted medical services and janitorial services above FY 2019 enacted levels from general revenue, but largely consistent with FY 2018 actual expenditures for these services from all sources of funds. In FY 2018, the RI Veterans' Home was able to leverage available maintenance account (restricted receipt) revenue to support these additional costs, which are no longer available.

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Medical Assistance

- *Caseload Conference.* The Governor's recommended budget is predicated on the November 2018 Caseload Conference estimate of \$997.9 million in general revenue in FY 2020, \$43.6 million greater than the FY 2019 enacted level.

Adjustments to the Adopted Caseload Estimate:

- *Cortical Integrative Therapy.* The Governor recommends the elimination of this state-only program that is not eligible for Medicaid matching funds. The proposal would generate savings of \$1.0 million from general revenue in FY 2020, and annually thereafter.
- *Estate Recovery Optimization.* The Governor recommends augmenting existing policies and procedures around estate recovery to increase collections for savings estimated at \$0.2 million general revenue, and \$0.3 million in federal funds. The initiative supports agency goals by seeking to achieve operational efficiencies.
- *J-Code Claiming Optimization.* The Governor recommends improvements to the claiming of pharmaceutical rebates for a savings of \$0.8 million general revenue and \$1.0 million federal funds.
- *Nursing Home 1% COLA.* The Governor recommends a one percent COLA instead of an annual adjustment of rates based on a national index, generating savings of \$3.5 million in general revenue and \$3.9 million in federal funds.
- *Hospice in a Nursing Facility.* The Governor recommends a technical correction in statute that would generate annual savings of \$2.6 million in state funds. The 2018 Appropriations Act included language providing for a base rate increase of 10% for home care providers, home nursing care providers, and hospice providers delivering personal care attendant services. It also provided for a base rate increase of 20% to providers delivering skilled nursing and therapeutic services and hospice care. As interpreted by the Executive Office, this rate increase was applied to all providers of hospice care, including to providers delivering such care in a nursing facility. In discussion with the Assembly, it became apparent the intent was to only provide this rate increase to providers outside of the skilled nursing setting.
- *Hospital Rate Freeze.* The Governor recommends that hospital payment rates be frozen. The most recently available information puts RI's hospital payment rates very close to the national average, with Connecticut and New Hampshire paying significantly less, and other New England states paying only slightly more. This proposal would generate \$5.3 million in general revenue savings, or \$15.1 million on an all-funds basis.
- *Inpatient Upper Payment Limit Elimination.* The Governor recommends that this policy be ended for FY 2020, for savings of \$3.6 million in general revenue, and \$5.8 million in federal funds. Upper Payment Limit (UPL) payments can detract from efforts to promote value-based purchasing. They are not linked to cost, quality or outcome metrics, and to the extent they constitute a large portion of hospitals' total Medicaid payments, they limit the opportunity for the state to leverage regular Medicaid payments to drive value.
- *Graduate Medical Education.* The Governor recommends that Graduate Medical Education Supplemental Payments be discontinued for savings of \$1.0 million. The program is not eligible

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for federal matching funds, and in practice, benefits only a single Rhode Island hospital to the exclusion of others. This proposal moves the agency toward increasing the proportion of resources committed to value-based payments, connected to quality outcomes.

- *Hepatitis C Treatment Cost.* The Governor's recommendation recognizes savings of \$4.5 million in general revenue in FY 2020 based on the introduction of a therapeutically-equivalent generic drug for the treatment of Hepatitis C to the market.
- *Dual-Eligible Utilization Management.* The Governor recommends implementing a set of techniques to enable a case-by-case approach to care for those individuals who have both Medicare and Medicaid coverage (dual-eligible beneficiaries) or Medicaid coverage due to a disability, chronic condition or require an institutional level of care and receive LTSS who were transitioned from RHO Phase I during SFY 2019. This will complement care management activities implemented in SFY19. Doing so would generate general revenue savings of \$2.0 million, and additional federal funds savings of \$2.2 million.
- *C-Section Births Reduction.* The Governor recommends that managed-care organizations implement a multi-year intervention to reduce C-section births from the current level of 30% of Rhode Island births, to the national recommendation of 20% of births. This effort would result in \$0.1 million of savings in general revenue in FY 2020.
- *MCO Performance Goal Program Elimination.* The Governor recommends the generation of \$0.9 million savings in general revenue (and \$4.2 million in federal funds) by ending the performance goal program that distributed additional resources to managed-care organizations for specific achievements.
- *Full Federally Qualified Health Center Payment (FQHC) In-Plan.* The Governor recommends that the full FQHC payment be built into managed-care organization rates, for \$1.9 million savings in general revenue, and \$3.4 million in federal funds.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling an increase of \$3,009, including the Office of Veterans' Affairs and the Division of Elderly Affairs which are transferred to the Executive Office of Health in Human Services in FY 2020. These adjustments reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

Medical Assistance

- *Caseload Conference.* The Governor's recommended revised FY 2019 budget is based on the consensus estimate from the November 2018 Caseload Conference. Largely due to the modification of Medicaid's Hepatitis C policy, general revenue costs are expected to increase \$11.9 million in FY 2019, matched with \$17.6 million of federal funds.
- *Hospice in a Nursing Facility.* The Governor recommends a technical correction in statute that would generate \$1.1 million of general revenue savings in FY 2019. The 2018 Appropriations Act

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included language providing for a base rate increase of 10% for home care providers, home nursing care providers, and hospice providers delivering personal care attendant services. It also provided for a base rate increase of 20% to providers delivering skilled nursing and therapeutic services and hospice care. As interpreted by EOHHS, this rate increase was applied to all providers of hospice care, including to providers delivering such care in a nursing facility. In discussion with the Assembly, it became apparent the intent was to only provide this rate increase to providers outside of the skilled nursing setting.

- *Hepatitis C.* The Governor's recommendation recognizes savings of \$2.9 million in general revenue in FY 2019 based on the introduction of a therapeutically-equivalent generic drug for the treatment of Hepatitis C to the market.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$315,441, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Health and Human Services

Department of Children, Youth and Families

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

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Since 2015, there has been a 30 percent reduction in the number of youth placed in congregate care and a 39 percent reduction in the number of youth placed in out-of-state congregate care. These are just a few results from the ongoing and intensive reform effort within the Department to help keep children safe at home, school and in their communities.
- Successfully advocated for the Voluntary Extension of Care Act, which allows youth to voluntarily stay in DCYF up until they turn 21. National research shows that extending foster care beyond age 18 improves outcomes for young adults and produces financial benefits to society.
- Held a first-of-its-kind foster care recruitment weekend – a three-day event that served as a one-stop shop for potential resource families. About 200 families attended the event and 84 are now licensed foster families.

Budget Highlights

Pivot to Prevention. Add \$74,000 to support DCYF's and RIDOH's joint effort to identify all children from birth to 3 years old who are victims in indicated cases of abuse and/or neglect and refer them to Early Intervention or other supportive services as appropriate.

Remove Barriers to Kinship Placements. Remove lead remediation requirement for DCYF youth placements and add funds to support youth lead exposure prevention.

RI Training School. Restructure the Juvenile Justice Program to align with the current census.

Home-Based Services Delivery. Align duration of home and community services with best practices and family outcomes.

Health and Human Services

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$159,769,534	\$173,652,189	\$161,614,041	\$173,630,931	\$167,263,422
Federal Funds	\$60,315,375	\$60,989,212	\$61,730,191	\$61,241,572	\$57,515,210
Restricted Receipts	\$2,493,806	\$2,469,050	\$2,674,422	\$2,422,535	\$1,887,557
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$83,397	\$439,547	\$1,900,000	\$1,725,000	\$1,925,000
Total Funding	\$222,662,112	\$237,549,998	\$227,918,654	\$239,020,038	\$228,591,189
FTE Authorization	625.5	616.5	631.5	629.5	629.5

Full-Time Equivalent Positions

The Governor recommends 629.5 FTE positions in the revised FY 2019 Budget and in the recommended FY 2020 Budget, a decrease of 2.0 FTE positions from enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

Child Welfare

- Accelerate the Voluntary Extension of Care (VEC) Programming.* This initiative involves a thorough review of all youth in placement and aligning placements and services consistent with the implementation of the Voluntary Extension of Care (VEC). The review of placements and services is under way and the program is now accepting admissions. The estimated savings are \$2.6 million of general revenue and \$3.7 million all funds in FY 2020.
- Home-Based Services Length of Service Delivery.* DCYF has changed the home-based services reauthorization timeframe to ensure alignment with best practices and the needs of the children and youth in the care of the department. This initiative reduces the length of renewal time to 60 days, where longer amounts of time may be granted if needed. The estimated savings in FY 2020 is \$1.3 million of general revenue and \$2.0 million all funds.
- Pivot to Prevention.* RIDOH and DCYF are working collaboratively to identify all children Birth to 3 years old who have been identified as victims in indicated cases of abuse and/or neglect and refer them in a timely manner to Early Intervention or other supportive services as appropriate. Additional staff capacity will ensure that RIDOH and DCYF develop policy and practices that support children who are known or at risk of involvement in the child welfare system so that they may have coordinated access to programs such as First Connections, Early Intervention, Family Home Visiting, and WIC. The Governor recommends investment of \$73,600 general revenue and \$136,600 all funds for DCYF's share of this initiative.
- Increase Federal Title IV-E Claiming.* This maximization of Title IV-E federal funding is through program improvement initiatives, including modifying foster care licensing requirements. This modification of licensing requirements will permit kinship families to obtain licensure, while remediating any identified lead hazards in the home. The Department believes that the child being

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placed in a kinship setting, with a family member or someone they have a relationship with, is in the best interest of the child. The loss in Title IV-E funding is estimated to be \$250,000 annually.

- *Tiered Reimbursement for Pre-K.* This proposal builds off last year's initiative to start the implementation of tiered reimbursement for infant/toddler and Pre-K classrooms. This will complete the Pre-K tier by increasing the rates to the 75th percentile as is federally recommended. Additionally, DHS will implement the infant/toddler and Pre-K tiers for family child care providers as is outlined in the collective bargaining agreement. The Governor recommends an investment of \$37,185 of general revenue and \$37,185 of all funds is recommended for DCYF.
- *Child Care Licensing Reorganization.* The Governor recommends transferring the Child Care Facilities Licensing function to DHS from DCYF to centralize oversight and partnership with Rhode Island child care providers.

Juvenile Correctional Services

- *Reconfiguration of Units at the Rhode Island Training School.* As part of a broader review and reorganization of the Juvenile Justice program, a feasibility study of the current layout and physical structure of the RI Training School is planned for FY 2019. This study will examine how to make best use of the current facility given reduced caseloads. It is anticipated that the results of the study will permit DCYF to reorganize and potentially repurpose existing mod(s) for residential programming, allowing the department to leverage federal funding and maximize current staffing levels. It is also anticipated that through this reorganization, DCYF will be able to continue to reduce overtime personnel costs. Anticipated savings from this initiative are \$0.5 million general revenue. In addition, DCYF is also making strides to reduce the lengths of stay of youth at the RITS and developing stronger networks of prevention.
- *Rhode Island Training School Educational Program.* As a result of a declining census, the demand for classroom and vocational education has decreased. From 2016 to 2018, the census has declined by 30% to 59 youth, and there are 14 full-time teachers. This initiative involves revisiting the educational program at RITS to address the declining census. The anticipated savings are \$0.4 million general revenue.
- *Local Education Authorities Investment in Education of Youth Involved in Juvenile Justice.* As current law stands, local education authorities (LEA) only contribute for educational costs for youth in group homes, where the funding follows the youth. This initiative will expand that to the RI Training School and Ocean Tides. Currently, DCYF is responsible for bearing the full cost of educating the youth at both facilities. The initiative will place these youth in the funding formula. DCYF will gain an additional \$0.25 million of general revenue and be reduced \$0.2 million all funds.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$44,262, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation

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program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

Child Welfare

- *Accelerate the Voluntary Extension of Care (VEC) Programing.* This initiative involves accelerating the transition of youth where appropriate into the Voluntary Extension of Care Act program. Implementation of the program is under way. This involves converting youth from the semi-independent living and the independent living programs to the VEC program. By insourcing these placements, the estimated savings are \$1.3 million of general revenue and \$1.8 million all funds in FY 2019. Youth will receive the same level of service at an estimated lower cost.
- *Realigning Foster Care Support Services.* A series of basic foster family support contracts were set to expire on December 31, 2018. DCYF did not renew those contracts, as it has developed and continues to expand internal capacity to support its foster families. Implementation is already under way and general revenue savings are \$0.9 million. All funds savings are \$1.0 million in FY 2019.
- *Home-Based Services Length of Service Delivery.* DCYF has changed the home-based services reauthorization timeframe to ensure alignment with best practices and the needs of the children and youth in the care of the department. This initiative reduces the length of renewal time to 60 days, where longer amounts of time may be granted if needed. The estimated savings in FY 2019 is \$0.6 million of general revenue and \$1.0 million all funds.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$192,724, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Health and Human Services

Department of Health

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

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Established and invested more than \$10.4 million in community-led Health Equity Zones, which are improving health, quality of life, and economic opportunities in communities across Rhode Island.
- Implemented the Rhode to End Hunger initiative, which has diverted more than 10 tons of safe food from the landfill so that Rhode Island's soup kitchens and food pantries have more resources.
- Co-led the Governor's Opioid Overdose Prevention and Intervention Task Force, charged with implementing an aggressive, multi-agency plan to reduce opioid overdose deaths. This task force continues to take steps every day to combat the opioid crisis. Accidental drug overdose deaths in Rhode Island decreased year-over-year in 2017 for the first time since 2011.
- Secured \$1.7 million in drug overdose prevention funds to support prevention, rescue, treatment and recovery strategies to stem the tide of opioid drug overdoses in the state. In 2018, RIDOH also secured an additional \$3.7 million in opioid overdose crisis response funds to accelerate the state's response, and support activities that provide critical data, expand the use of evidence-based practices at the state and community level, support medical systems, and improve linkages to care for individuals and families in need.
- Achieved best-in-the-nation flu vaccination rate for children under 17.

Budget Highlights

Pivot to Prevention.

Increase funding to expand and continue home visiting programs that support the physical, social and emotional health and growth of pregnant women, their children and families.

Health Facilities

Regulation Staffing.

Augment existing staffing with 3.0 FTEs to increase the number of inspections to state-licensed health care facilities.

Adult-Use Marijuana.

Establish the nation's most restrictive adult-use marijuana legalization framework with an emphasis on public safety, health and product control. Adds \$0.3 million in restricted receipts for food safety staffing and operations costs.

Health and Human Services

DEPARTMENT OF HEALTH					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$25,499,236	\$26,323,503	\$28,963,829	\$30,094,507	\$32,240,040
Federal Funds	\$92,729,507	\$93,523,083	\$101,214,203	\$110,670,928	\$106,001,980
Restricted Receipts	\$36,147,655	\$39,714,859	\$43,933,657	\$47,294,332	\$49,974,564
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$400,000
Total Funding	\$154,376,398	\$159,561,445	\$174,111,689	\$188,059,767	\$188,616,584
FTE Authorization	503.6	506.6	514.6	517.6	520.6

Full-Time Equivalent Positions

The Governor recommends 517.6 FTE positions in the revised FY 2019 Budget and 520.6 the recommended FY 2020 Budget, an increase of 6.0 in the recommended FY 2020 Budget.

Proposed FY 2020 Budget Actions

- Increase Health Facilities Regulation Staffing.* The Governor recommends a \$327,383 increase in restricted receipt funds for 3.0 FTE positions. These positions will bolster existing staffing to increase the number of inspections to state-licensed healthcare facilities. Funding is made available through one-time settlement funds from fines levied on healthcare facilities. Combined with federal funds, the Governor’s recommended budget will provide total funding for health facility regulation of \$5.5 million.
- Pivot to Prevention: Family and Home Visiting.* The Governor recommends an increase of \$650,000 in general revenue funding to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn. Options for additional funding are being explored, including potential federal match under the 1115 waiver. Combined with federal funds, the Governor’s recommended budget will provide total funding for family and home visiting of \$9.4 million.
- Pivot to Prevention: First Connections – Pre-Natal Expansion.* The Governor recommends an increase of \$378,000 in general revenue funding to expand home visiting programs to service women prenatally to provide services with the goal of healthier pregnancies, better birth outcomes, and better child outcomes, including school readiness. Combined with federal funds, the Governor’s recommended budget will provide total funding for first connections of \$0.8 million.
- Childhood Lead Poisoning Prevention.* The Governor recommends an increase of \$190,000 in general revenue funding to meet the goal of decreasing lead exposure and identifying children with elevated blood lead levels as early as possible. Childhood lead poisoning has been the most pervasive environmental health problem facing Rhode Island’s children for many decades. Combined with federal funds, the Governor’s recommended budget will provide total funding for lead prevention of \$1.7 million.

Health and Human Services

- *Adult-Use Marijuana.* The Governor recommends \$0.3 million in restricted receipts for food safety staffing and operations costs associated with the proposed adult-use marijuana initiatives. The Department is expected to work closely with the Office of Cannabis Regulation in the Department of Business Regulation, the Department of Revenue, Department of Public Safety, and other health and human service agencies including the Executive Office of Health and Human Services and Behavioral Healthcare, Developmental Disabilities and Hospitals to tax and regulate the state's legal marijuana and hemp markets.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling an increase of \$1.3 million, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Increase Health Facilities Regulation Staffing.* The Governor recommends a \$122,520 increase in restricted receipt funds for 3.0 FTE positions. These positions will bolster existing staffing to increase the number of inspections to state-licensed healthcare facilities. Funding is made available through one-time settlement funds from fines levied on healthcare facilities. Recommended funding will support the hiring of new staff in the third quarter of FY 2019. Combined with federal funds, the Governor's recommended budget will provide total funding for health facility regulation of \$5.1 million.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling an increase of \$1.2 million, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Health and Human Services

Department of Human Services

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

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

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

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

Some Department achievements and highlights during Governor Raimondo’s first term include:

- Invested in a tiered incentives program that directly links rates to the quality of home- and center-based child care programs with the goal of expanding the number of quality settings for infants and toddlers. Rhode Island has seen a 3.1 percent increase in the number of providers rated as “high quality” (4- or 5-Star BrightStars’ Rating).
- In October 2018, DHS processed 96 percent of SNAP applications on time the first time since the launch of the State’s integrated eligibility system in 2016. In November 2017, the State’s SNAP timeliness rate was 55 percent.
- As the result of customer service improvements, the Department significantly decreased DHS field office wait times. A study from summer 2018 showed that 85 percent of customers waited less than a half hour to get to an Eligibility Technician window.
- Doubled funding for senior centers across the state in 2018.

Budget Highlights

Tiered Reimbursement.

Expand tiered reimbursement to include preschool aged children and home-based child care programs to incentivize the highest quality care options for Rhode Island children and early learners.

Child Care for Low-Income Families in Higher Education.

Provide \$0.2 million to offer child care for dependents of low-income college students.

Home & Community Care Co-Pay Program.

Provide \$550,000 to expand access for eligible seniors to keep them healthier and allow them to stay in their homes longer.

DEA & Veterans Affairs.

Move DEA & Veterans Affairs to EOHHS to elevate their functions and more closely align their work with the secretariat.

Health and Human Services

- Increased funding for Meals on Wheels by more than \$300,000 in FY16.
- Established the State’s first collaborative network of care, RIServes, for Rhode Island’s veterans and their families. RIServes streamlines referrals among participating service providers to allow veterans, service members, and military families to get the right services, resources, and care.
- Opened a state-of-the-art Veterans Home in Bristol. Rhode Island is one of the first states to use this new “community living” concept for Veterans’ long-term care, dispensing with the traditional, institutional model.

DEPARTMENT OF HUMAN SERVICES					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$90,573,454	\$100,775,120	\$97,999,785	\$107,333,790	\$74,895,242
Federal Funds	\$529,124,400	\$490,216,143	\$521,070,844	\$502,965,046	\$494,120,978
Restricted Receipts	\$2,447,929	\$3,658,462	\$8,996,552	\$9,817,009	\$11,918,988
Other Funds	\$4,495,449	\$4,368,800	\$4,598,478	\$4,644,455	\$4,598,478
RI Capital Plan Fund	\$86,617	\$234,200	\$165,000	\$165,000	\$165,000
Total Funding	\$626,727,849	\$599,252,725	\$632,830,659	\$624,925,300	\$585,698,686
FTE Authorization	937.1	981.1	1020.1	1030.1	755

Full-Time Equivalent Positions

The Governor recommends 755.0 FTE positions in the FY 2020 Budget, a decrease of 275.1 from the FY 2019 Revised Budget attributable to the following recommended budget actions: 1) An increase of 8.0 FTEs to reflect the transfer of the Childcare Licensing Unit from DCYF to DHS; 2) A reduction of 2.0 FTEs which are shifted to the Department of Behavioral Healthcare Developmental Disabilities and Hospitals; 3) A reduction of 252.1 FTEs to reflect the shift of the Office of Veterans’ Affairs to the Executive Office of Health and Human Services; and 4) a reduction of 31.0 FTEs to reflect the shift of the Division of Elderly Affairs to the Executive Office of Health and Human Services. In the FY 2019 Revised Budget, the Governor recommends 1,030.1 FTE positions, an increase of 10.0 from the FY 2019 Enacted Budget, which reflects the aforementioned shift of 2.0 FTEs to the Department of Behavioral Healthcare Developmental Disabilities and Hospitals, coupled with an increase of 12.0 FTEs at the RI Veterans’ Home to reflect the conversion of seasonal positions to full time status.

Proposed FY 2020 Budget Actions

Individual and Family Support

- *Child Care Facility Licensing.* The Governor recommends transferring the Child Care Facilities Licensing unit to DHS from DCYF to centralize transactions with Rhode Island child care facilities. The proposal shifts 8.0 FTEs and \$0.8 million in associated funding from all sources to the Department of Human Services.
- *Elderly Transportation Program.* The Governor recommends additional resources of \$1.8 million above the FY 2019 enacted level from general revenue to support the State’s elderly transportation program. This program provides non-emergency transportation benefits to Rhode Island residents aged 60 and older who do not have access to any means of transportation. The program provides

Health and Human Services

transportation to and from medical appointments, adult day care, meal sites, dialysis/cancer treatment and the Insight Program.

Cash Assistance Programs

- *Caseload Conference.* The Governor's recommended budget is predicated on the November 2018 Caseload Conference estimate of \$31.9 million in general revenue in FY 2020, \$0.1 million greater than the FY 2019 enacted level.
- *Tiered Reimbursement for Pre-K.* In the enacted FY 2019 budget the Governor proposed tiered reimbursement models for infant/toddler and pre-kindergarten classrooms. For FY 2020 the Governor recommends completing the transition of the pre-kindergarten cluster by increasing rates to the 75th percentile, consistent with federal recommendations. Doing so would cost \$0.7 million more than the enacted FY 2019 budget, providing services for approximately 3,400 pre-school children.
- *Tiered Reimbursement for Child Care.* The Governor recommends honoring an existing contract that takes effect July 1, 2019 by adjusting reimbursement rates for child-care providers, at an annual cost of \$150,000 from general revenue.
- *Child Care for Low-Income Families in Higher Education.* Consistent with existing efforts by Governor Raimondo's administration to improve access to public higher education, the Governor recommends that the agency provide child care assistance for the dependents of students actively enrolled in studies at a Rhode Island public institution of higher education. To offer this service to households at or below 180% of the federal poverty level would cost an estimated \$0.2 million annually in general revenues.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$73,332, excluding the Office of Veterans' Affairs and the Division of Elderly Affairs which are transferred to the Executive Office of Health in Human Services in FY 2020. These adjustments reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

Individual and Family Support

- *Elderly Transportation Program.* The Governor recommends additional resources of \$1.1 million above the FY 2019 enacted level from general revenue to support the State's elderly transportation program, attributable to greater than anticipated utilization of this program.

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Cash Assistance Programs

- *Caseload Conference.* The Governor's revised FY 2019 budget is predicated on the November 2018 Caseload Conference estimate of \$31.9 million in general revenue in FY 2020, \$0.1 million greater than the FY 2019 enacted level.

Veterans' Affairs

- *RI Veterans' Home.* In the current year, the Governor recommends an additional \$3.4 million from all sources, of which \$2.7 million is from general revenue, to support operations at the RI Veterans' Home. Approximately \$0.3 million of this amount is attributable to the statewide adjustments described above. The other major drivers of this supplemental funding include significant increases in contracted medical and janitorial services above FY 2019 enacted levels from general revenue, but largely consistent with FY 2018 actual expenditures for these services from all sources of funds. In FY 2018, the RI Veterans' Home was able to leverage available maintenance account (restricted receipt) revenues to support these heightened operating costs, which are no longer available. The Governor has charged the Executive Office of Health and Human Services, in partnership with leadership at the Veterans' Home, with conducting an operational review to ensure that service levels align with national standards and that operating costs align with appropriated resources in FY 2020.

Child Support Enforcement

- *Unachieved Savings.* The FY 2019 Enacted Budget included \$1.0 million in savings attributable to an augmented effort to expand collections from non-custodial parents whose children are enrolled in Medicaid. Federal requirements implemented as part of the ACA prohibited information about non-custodial parents from being collected at the time of application and as a result the State has experienced a reduction in total collections from non-custodial parents over the past few years. Due to staffing constraints, the Department will not be able to achieve this savings.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$193,480, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Health and Human Services

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

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

Some Department achievements and highlights during Governor Raimondo's term include:

- In partnership with Community Care Alliance and Horizon Health Partners, BHDDH opened the State's first 24/7 Behavioral Health Link Triage & Call Center (BH Link). BH Link serves individuals who are experiencing a mental health or substance use crisis and fills a major gap in the behavioral healthcare system.
- Co-led the Governor's Opioid Overdose Prevention and Intervention Task Force, charged with implementing an aggressive, multi-agency plan to reduce opioid overdose deaths. This task force continues to take steps every day to combat the opioid crisis.
- Closed all sheltered workshops in Rhode Island as part of the State's commitment to the competitive supported employment model.
- Launched the Person-Centered Supported Employment Performance Program (PCSEPP) with 238 job placements with a 180-day retention rate of 92 percent.
- Certified Centers of Excellence (COE) for Opioid Use Disorders to expand access to Medication-Assisted Treatment for those in recovery. There are currently 14 COE sites throughout the state.
- With DLT and partners, launched the Governor's Recovery-Friendly Workplace Initiative – supported by a \$4 million federal labor grant – to expand skills training and job opportunities for Rhode Islanders in recovery.

Budget Highlights

Direct Service Workers' Pay. Invest \$3.0 million to raise wages for certain community-based BHDDH developmental disability private providers and self-directed consumer direct care service workers.

Developmental Disabilities Residential Rebalancing. Continue the DD residential rebalancing initiative to reduce overall residential group home census and allow clients more community-based alternatives.

Health and Human Services

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$182,335,174	\$190,690,753	\$188,091,966	\$194,621,346	\$195,293,312
Federal Funds	\$204,677,098	\$214,718,015	\$226,187,567	\$240,819,991	\$245,939,037
Restricted Receipts	\$5,369,048	\$5,529,182	\$5,072,422	\$5,614,502	\$6,088,347
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$6,506,130	\$4,798,555	\$3,100,000	\$1,065,362	\$1,150,000
Total Funding	\$398,887,450	\$415,736,505	\$422,451,955	\$442,121,201	\$448,470,696
FTE Authorization	1352.4	1319.4	1302.4	1304.4	1305.4

Full-Time Equivalent Positions

The Governor recommends 1304.4 FTE positions for the revised FY 2019 budget, and 1305.4 FTE positions for the FY 2020 budget. The recommendations are consistent with the enacted budget except for the transfer of 2.0 FTE positions from the Department of Human Services and the addition of a Substance Use Disorder Program Administrator in FY 2020.

Proposed FY 2020 Budget Actions

- Direct Service Workers' Pay Increase.* The Governor recommends a total of \$3.0 million in general revenue for a targeted wage increase for certain community-based BHDDH developmental disability private provider and self-directed consumer direct care service workers. The recruitment, retention and training of this crucial workforce has reached crisis levels in the long-term services and supports (LTSS) industry and having a well-trained accessible workforce is crucial for ensuring that the I/DD population has the supports essential to live the community and have a quality of life that promotes independence, self-determination and economic self-sufficiency. Additionally, investments in this workforce is crucial for Rhode Island to meet its service rebalancing goals through the provision of integrated day/community and employment services.
- Substance Use Disorder Program Administrator.* The Governor recommends adding one FTE position to Behavioral Healthcare to facilitate the Department's administration of substance use disorder prevention and treatment and recovery support services, to be funded through revenues associated with the adult use marijuana proposal.
- Division of Developmental Disability Program Caseload.* The Governor recommends a total increase of \$3.3 million to finance current developmental disabilities (DD) caseload projected expenditures. This includes a restoration of funding for a CMS designated "Health Home", a mechanism to achieve conflict-free case management which is eligible for an enhanced FMAP of 90 percent for the first eight quarters. The recommendation accepts the Department's most up to date projections to finance the current costs of the system ensuring no changes to services for DD consumers and continued financing to improve achievement of consent decree mandated services. As part of updating projections, the data set was refined to remove claims that were already counted under the Executive Office of Health and Human Services (EOHHS) Medicaid budget. After this adjustment, the Department's revised projection for FY 2020 was lowered to a \$3.3 million general revenue increase as compared to the enacted FY 2019 Budget, which is fully funded in the Governor's recommended budget.

Health and Human Services

- *Health Homes Initiative.* The Governor recommends savings of \$455,020 in general revenue for the Health Home Initiative. A CMS designated "Health Home" is a mechanism to achieve conflict-free case management which is eligible for an enhanced FMAP of 90 percent for the first eight quarters. The initiative is expected to achieve savings due to the enhanced match on certain existing eligible services dictated by the design of program.
- *Developmental Disabilities – Additional Home Health Rate Changes.* The Governor recommends a total increase of \$273,412 in general revenue to finance projected expenditures arising from an additional increase in the rates paid to homemaker license practical nurses (LPN) within the DD system. EOHHS, the single state agency for Medicaid, is implementing a change in the LPN rate stemming from the Rhody Health Partner redesign initiative and this adjustment seeks to estimate and budget for the impact within the Department's budget.
- *Developmental Disabilities Residential Rebalancing.* The Governor recommends the continuation of the DD residential rebalancing initiative in FY 2020 and includes savings worth \$1.5 million (a savings increase of \$331,740 from the enacted FY2019 Budget). The Department continues to implement this initiative that began in FY 2018, which seeks to reduce overall residential group home census in an effort to move forward in allowing clients alternatives to more community-based placements such as shared living.
- *Closure of a RICLAS Group Home.* The Governor recommends the closure of one group home within the RICLAS system which is estimated to save approximately \$91,909 in general revenue. Employees would be assigned to other group homes increasing staff coverage in the RICLAS system overall and a reduction in the need for overtime in RICLAS.
- *Right-Size Staffing of RICLAS.* The Governor recommends savings estimated at approximately \$202,721 in general revenue for a right sizing of the RICLAS personnel operations through a rebid of staffing, reassessing staffing patterns and reduction of overtime and overnight shifts.
- *Eleanor Slater Hospital – Institutional Laundry Services.* The Governor recommends a total of \$455,365 in general revenue to recognize the completion of an operating initiative to provide certain laundry services in a more cost-effective manner.
- *Improve Medicare Part B Billing at Eleanor Slater Hospital.* The Governor recommends improving Medicare Part B collections at the ESH from improvements in coding and physician documentation of services provided that are eligible to be reimbursed by Medicare. These billings are recognized as receipts for the hospital which offset personnel expenses. This initiative is expected to increase non-Medicaid receipts by approximately \$200,000 which will be a direct offset to general revenue expenses.
- *Eleanor Slater Hospital – Maximize Medicaid for Physicians.* The Governor recommends total savings worth approximately \$500,000 in general revenue from changing the method of calculating the professional and physician service cost component to the ESH included on the Medicare Hospital Cost Report. The method of capturing the professional cost to the provider will change from the current time sheet allocation method (for a few Physicians) to the Allocation agreement between all Physicians and the provider. The Allocation agreement compensation will continue to be limited to the RCE (Reasonable Cost Equivalents).
- *Eleanor Slater Hospital – Radiology Services.* The Governor recommends a total of \$95,000 of savings in general revenue to provide radiology services in a more cost-effective manner at ESH.

Health and Human Services

- *Eleanor Slater Hospital – Staffing.* The Governor recommends total of \$1.3 million in general revenue for additional funding of personnel expenses in order to reduce the risk of noncompliance with acceptable workplace standards and Joint Commission on Accreditation of Hospitals (JCAHO) requirements. It is important to note that the hospital reorganization capital project was approved with the expectation of operational savings in the hospital. These savings are not likely to be achieved until after the capital project is completed.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$148,037, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Transfer 2.0 FTE positions from DHS.* The Governor recommends transferring 2.0 program planner positions from the Department of Human Services to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The employees had already been working within the Quality Management program within the Central Management Division of the Department, but their positions were never formally transferred to reflect the permanent reporting structure.
- *Behavioral Healthcare – RICARES.* The Governor recommends a total of \$100,000 in general revenue to finance the ongoing cost of the RICARES program. This funding was originally included as part of the Overdose Task Force initiative to conduct certification training for recovery housing. The funding recognizes the ongoing need to resource new recovery houses coming on board as well as resources needed to field complaints, conduct investigations and to follow up on grievances.
- *Developmental Disability Program Caseload.* The Governor recommends a total increase of \$3.1 million to finance current DD caseload projected expenditures. This includes a restoration of funding for a CMS designated "Health Home", a mechanism to achieve conflict-free case management which is eligible for an enhanced FMAP of 90 percent for the first eight quarters. The recommendation accepts the Department's most up to date projections to finance the current costs of the system ensuring no changes to services for DD consumers and continued financing to improve achievement of consent decree mandated services. As part of updating projections, the data set was refined to remove claims that were already counted under the EOHHS Medicaid budget. After this adjustment, the Department's revised projection for FY 2019 was lowered to a \$3.1 million general revenue deficit as compared to the enacted FY 2019 Budget, which is fully funded in the Governor's recommended budget.
- *Developmental Disabilities – Additional Home Health Rate Changes.* The Governor recommends a total increase of \$276,718 in general revenue to finance projected expenditures arising from an additional increase in the rates paid to homemaker license practical nurses (LPN) within the DD system. EOHHS, the single state agency for Medicaid, is implementing a change in the LPN rate stemming from the Rhody Health Partner redesign initiative and this adjustment seeks to estimate and budget for the impact within the Department's budget.

Health and Human Services

- *Residential Rebalancing Initiative Partial Restoration.* The Governor recommends restoring a total of \$302,223 in general revenue for the Residential Rebalancing initiative. The Department continues to implement this initiative in FY 2019, which seeks to reduce overall residential group home census in an effort to move forward in allowing clients access to more community-based alternatives such as shared living. The restoration addresses current estimated achievement of savings of the initiative in the current budget year.
- *Eleanor Slater Hospital – Staffing.* The Governor recommends total of \$3.6 million in general revenue to finance the current staffing needs of the hospital and reduce the risk of noncompliance with acceptable workplace standards and Joint Commission on Accreditation of Hospitals (JCAHO) requirements. It is important to note that the hospital reorganization capital project was approved with the expectation of operational savings in the hospital. These savings are not likely to be achieved until after the capital project is completed.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$465,225, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Health and Human Services

Governor’s Commission on Disabilities

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

GOVERNOR'S COMMISSION ON DISABILITIES					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$418,544	\$444,657	\$1,002,537	\$951,910	\$1,055,069
Federal Funds	\$211,435	\$254,817	\$335,167	\$395,318	\$458,689
Restricted Receipts	\$39,140	\$10,701	\$49,571	\$42,580	\$44,901
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$669,119	\$710,175	\$1,387,275	\$1,389,808	\$1,558,659
FTE Authorization	4	4	4	4	4

Health and Human Services

Rhode Island Commission of the Deaf & Hard of Hearing

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

COMMISSION ON THE DEAF & HARD OF HEARING					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$421,448	\$428,285	\$523,178	\$525,902	\$563,338
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$72,125	\$72,061	\$80,000	\$110,843	\$130,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$493,573	\$500,346	\$603,178	\$636,745	\$693,338
FTE Authorization	4	4	4	4	4

Health and Human Services

Office of the Child Advocate

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

OFFICE OF THE CHILD ADVOCATE					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$470,981	\$703,984	\$969,922	\$896,811	\$986,701
Federal Funds	\$141,126	\$243,721	\$226,041	\$190,249	\$247,356
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$612,107	\$947,705	\$1,195,963	\$1,087,060	\$1,234,057
FTE Authorization	7	8	10	10	10

Health and Human Services

Office of the Mental Health Advocate

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

OFFICE OF THE MENTAL HEALTH ADVOCATE					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$540,899	\$629,731	\$653,260	\$567,389	\$602,411
Federal Funds	\$0	\$0	\$0	\$0	\$0
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$540,899	\$629,731	\$653,260	\$567,389	\$602,411
FTE Authorization	4	4	4	4	4

Education

Education

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

Education

Department of Elementary and Secondary Education

In 2014, the Council on Elementary and Secondary Education began developing the 2015-2020 RI Strategic Plan for Education. The collective efforts of 26 community writers and 15,000 Rhode Islanders resulted in a final plan that was approved by the Council on Elementary & Secondary Education on August 24, 2015.

The 2020 Vision for Education has six priority areas that focus and organize the work of the statewide strategic plan:

- **Teacher and Leader Support:** Every community has excellent teachers and building administrators for every student and in every school.
- **Early Childhood Education:** Youngest learners in every community are prepared to enter school.
- **Personalized Learning Statewide:** Every school provides every child with personalized instruction and resources that respond to his or her unique learning needs.
- **Globally-Competent Graduates:** Every student is supported and prepared throughout their PK-12 experience for college, career, and life.
- **Informed Instructional Decision-Making:** Every educational decision for every student is based on relevant, valid, and reliable data.
- **Student-Centered Resource Investment:** Every community works together to ensure every school system can provide every student with an excellent education.

Some Department achievements and highlights during Governor Raimondo's first term include:

- Tripled the number of high-quality, nationally-ranked pre-K classrooms in Rhode Island and instituted universal full-day kindergarten across Rhode Island. In 2014, 25 percent of kindergartners only had access to half-day K.
- Implementing a five-year, \$1 billion capital program to rebuild Rhode Island's elementary and secondary school buildings.
- 100 percent of public schools now offer computer science education opportunities to their students.
- Increased SAT participation by 20 percent after providing students the chance to take the SAT for free during school hours and increased the numbers of students taking AP and advanced classes by 40 percent.
- Increased high-quality career and technical education programming for high school students by nearly 60 percent.
- The high school graduating Class of 2017 had the highest rate of students attending college in Rhode Island history.

Budget Highlights

Universal Pre-K.

Invest \$10 million to maintain current Pre-K classrooms, expand additional classrooms, and implement DHS tiered reimbursement rates for preschool.

English Language Learners.

Provide \$2.25 million to increase categorical funding, to \$5 million to provide schools with dedicated funds to support English Language Learners.

K-12 Funding Formula.

Increase funding for K-12 education aid by nearly \$30 million.

Advanced Course Network.

Proposes a \$250,000 expansion of the Advanced Course Network, used by students to take advantage of courses that are not offered in their home school or district.

Education

ELEMENTARY AND SECONDARY EDUCATION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,113,255,421	\$1,161,321,686	\$1,188,639,908	\$1,187,465,595	\$1,235,838,953
Federal Funds	\$193,781,068	\$184,284,805	\$214,475,474	\$219,524,264	\$213,559,606
Restricted Receipts	\$27,919,914	\$30,921,135	\$35,755,376	\$37,784,310	\$37,560,566
Other Funds	\$450,082	\$358,826	\$1,479,000	\$1,579,000	\$659,000
RI Capital Plan Fund	\$3,201,900	\$2,853,068	\$3,900,000	\$5,030,715	\$1,150,000
Total Funding	\$1,338,608,385	\$1,379,739,520	\$1,444,249,758	\$1,451,383,884	\$1,488,768,125
FTE Authorization	325.1	325.1	321.1	323.1	328.1

Full-Time Equivalent Positions

The Governor recommends 328.1 FTE positions in the FY 2020 Budget, an increase of 7.0 from the FY 2019 enacted level. Of this 7.0 increase, 2.0 FTE positions are also recommended in the FY 2019 Revised Budget, increasing the total from 321.1 to 323.1 FTE positions.

- *School Construction.* 1.0 FTE position is for the School Building Authority, bringing the funded FTE total to 5.0 in FY 2020.
- *Pre-K Expansion.* 4.0 FTE positions to support the high-quality universal pre-K expansion initiative.
- *Federally-funded.* 2.0 FTE positions are for new federally-funded grants that RIDE received since the start of the fiscal year. 1.0 FTE position is part of a grant focusing on adolescent health and academic achievement and the other 1.0 FTE position is part of a Safe and Drug-Free Schools grant.

Proposed FY 2020 Budget Actions

Administration of the Comprehensive Education Strategy

- *Computer Science For Rhode Island.* The Governor recommends an additional \$50,000 in general revenues to provide additional professional development opportunities for teachers and to increase number of high school students earning post-secondary credentials related to computer science in the effort to make Rhode Island a national leader in computer science education. This builds on funding already included in the FY 2019 Enacted Budget.
- *School Meals Initiative.* The Governor recommends \$55,000 in general revenue financing to to expand the number of schools taking advantage of the Community Eligibility Provision, whereby all students receive free meals, and to expand the number of schools who offer a school breakfast program after the instructional day has begun.
- *School-Based Mental Health Services.* The Governor recommends \$590,000 in general revenue financing to fund mental health/behavioral health training, curricula, and other materials to allow more in-classroom and in-school training resources. Teachers have power to intervene immediately when a student shows signs of a behavioral health challenges and teach behavioral health skills directly to children and youth. Enhanced training will help teachers intervene more effectively.

Education

- *Advanced Course Network.* The Governor recommends an additional \$250,000, including \$50,000 from general revenues and \$200,000 from the Permanent School Fund, to expand access to the Advanced Course Network. The Network is used for students in participating districts throughout the state to take advantage of courses that are not offered in their home schools and districts.
- *Curriculum.* The Governor recommends \$100,000 to promote the adoption of high-quality curriculum by all Rhode Island LEAs. This initiative includes helping districts with the curriculum selection process, professional learning, evaluating existing LEA curriculum resources, and addressing the specific needs of students with disabilities.

Education aid / State School Support

- *Funding Formula Aid.* The Governor recommends fully funding Year-9 of the Education Aid Funding Formula, an increase of \$29.4 million, excluding state-schools (Davies Career and Technical School and the Metropolitan Career and Technical Center), when compared to the enacted level. In addition, the Governor recommends a \$24,759 increase to account for a change in the FY 2019 Adjusted Equalized Weighted Assessed Valuation (AEWAV) calculation, with the funds being additive to FY 2020 rather than FY 2019.
- *Pre-K Categorical.* The Governor recommends an increase of \$9.3 million in general revenues financing for early childhood education. This includes \$5.8 million to maintain the existing number of pre-K seats by replacing lapsing federal funds and Permanent School Funds. In addition, \$3.6 million of general revenue financing will go to new pre-K seats as part of the commitment to achieve Universal Pre-K in Rhode Island and will support 4.0 FTE positions. An additional \$0.7 million in general revenue financing is included in the Department of Human Services' budget to implement tiered reimbursement for preschool-aged children. In total, the Governor recommends an investment of an additional \$10 million for high-quality Pre-K.
- *English Learners Categorical.* The Governor recommends nearly doubling the general revenue commitment for the English Learners categorical, increasing the total commitment to \$5.0 million. This represents an increase of \$2.3 million above the enacted level.
- *School Resource Officers Categorical.* The Governor recommends a reduction of \$1.0 million of general revenue financing from the School Resource Officer categorical to reflect the expected utilization in FY 2020.
- *DCYF Student Billing.* The Governor recommends changing the payment method for students who are under the care of DCYF at the Training School or Ocean Tides to require districts to contribute funding for the education of their students. The net result of these changes is a reduction of \$1.3 million in FY 2020.
- *Central Falls.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$41.1 million for the Central Falls School District. This represents a general revenue increase of \$334,712 compared to the enacted level.
- *Davies Career and Technical High School.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$13.7 million for Davies Career and Technical High School. This represents a general revenue increase of \$36,894 compared to the enacted level.

Education

- *Metropolitan Career & Technical Center.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$9.3 million for the Metropolitan Career and Technical Center. This total is consistent with the enacted level.
- *Rhode Island School for the Deaf.* Funded outside of the funding formula, the Governor recommends total general revenue financing of \$6.7 million for Rhode Island School for the Deaf. This total represents a general revenue increase of \$230,959 compared to the enacted level.
- *Group Home Beds.* Per RIGL Sections 16-7-22 and 16-64-1.1, the Governor recommends a decrease of \$377,673 from general revenues in FY 2020 to reflect increased beds in Portsmouth and Exeter-West Greenwich and fewer beds in Lincoln, Middletown, Pawtucket, and Providence.
- *Davies P-Tech Grant.* The Governor recommends \$100,000 of funds from the Commerce Corporation to further the development of the Advance Manufacturing Center program at Davies. This is part of the Pathways in Technology Early College High School (P-TECH) initiative.

Teachers' Retirement

- *Defined Benefit and Defined Contribution plans.* The Governor recommends an increase of \$6.2 million in FY 2020 compared to the FY 2019 enacted level to accommodate a projected wage increase of 2.0 percent for eligible teachers.

School Housing Aid

- *School Building Authority.* The Governor recommends financing consistent with the enacted level of \$80.0 million.

Statewide

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$215,843, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

Education aid / State School Support

- *School Resource Officers Categorical.* The Governor recommends a reduction of \$1.8 million for the School Resource Officer Categorical Fund to reflect the actual utilization in FY 2019.
- *Mid-Year Adjustment.* Per RIGL 16-7.2-5, the Governor recommends an increase of \$124,045 tied to October 1 enrollments at the New England Laborer's charter school.

Education

- *Group Home Beds.* Per RIGL Section 16-64-1.1, increases in group home beds result in an increase in aid in the supplemental budget. Therefore, the Governor recommends an increase of \$119,000 in general revenues to reflect new beds in Portsmouth and Exeter-West Greenwich.
- *Non-public textbooks.* The Governor recommends a reduction of \$151,424 from general revenue financing for non-public textbook aid to reflect the actual utilization of the program in FY 2019.
- *Davies P-Tech Grant.* The Governor recommends \$100,000 of funds from the Commerce Corporation to further the development of the Advance Manufacturing Center program at Davies. This is part of the Pathways in Technology Early College High School (P-TECH) program.
- *State Schools and Central Falls.* The Governor recommends general revenue financing consistent with the enacted level for the Central Falls School District, Davies Career and Technical School, and the Metropolitan Career and Technical Center.
- *Rhode Island School for the Deaf.* The Governor recommends supplemental financing of \$100,099 to prevent cuts in the current year. Longer term, the School will work to increase other funding sources or reduce expenditures to fill the gap.

Teachers Retirement

- *Defined Benefit and Defined Contribution plans.* The Governor recommends an increase of \$635,098 compared to the enacted level to reflect estimated FY 2019 expenditures.

School Housing Aid

- *School Building Authority.* The Governor recommends the enacted level of \$80.0 million.

Statewide

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$333,636, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for information technology internal service fund charges.

Education

Higher Education

Office of the Postsecondary Education Commissioner

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

Some Office achievements and highlights during Governor Raimondo's first term include:

- Launched the Rhode Island Promise scholarship at the Community College of Rhode Island, a last-dollar scholarship that makes CCRI tuition-free for eligible students. In the first year of the program, CCRI saw a 43% increase in first-time, full-time student enrollment straight from high school, a 54% increase in students receiving federal Pell grants, and a 62% increase in first-time, full-time students of color. The program also saw a near quadrupling of the numbers of students earning 30 college-level credits in their first year. CCRI is on track to nearly triple their two-year graduation rate.
- Opened the Westerly Education Center, a model that has been universally heralded as a major success and an innovative connection between postsecondary education and workforce needs. The plan is to expand the model in northern Rhode Island.
- Opened the Rhode Island Nursing Education Center (RINEC), which hosts state-of-the-art facilities and technology for nursing students of URI and RIC.
- More than doubled enrollment in dual and concurrent courses since the program began in 2015.

Budget Highlights

RI Promise Scholarship – Rhode Island College. Extend the 'last-dollar' scholarship for Rhode Island students attending Rhode Island College in their junior and senior years.

RI Promise Scholarship – Adult Expansion. Expand the Rhode Island Promise Scholarship to now include adults, age 25 and older, attending part-time and full-time at the Community College of Rhode Island.

University of Rhode Island

The University of Rhode Island is the State's flagship research university. The University is committed to enriching the lives of its students through its land, sea, and urban grant traditions. URI is the only public institution in Rhode Island offering undergraduate, graduate, and professional students the distinctive educational opportunities of a major research university. The University's undergraduate, graduate, and professional education, research, and outreach serve Rhode Island and beyond. Students, faculty, staff, and alumni are united in one common purpose: to learn and lead together. Embracing Rhode Island's heritage of independent thought, the University values: Creativity and Scholarship; Diversity, Fairness, and Respect; Engaged Learning and Civic Involvement; and Intellectual and Ethical Leadership.

Rhode Island College

As a leading regional public college, Rhode Island College personalizes higher education of the finest quality for undergraduate and graduate students. The College offers vibrant programs in arts and sciences, business and professional disciplines within a supportive, respectful and diverse community. Dedicated

Education

faculty engage students in learning, research, and career attainment, and the innovative curricula and co-curricula foster intellectual curiosity and prepare an educated citizenry for responsible leadership.

Community College of Rhode Island

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

PUBLIC HIGHER EDUCATION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$198,362,974	\$220,928,014	\$230,093,700	\$233,869,330	\$244,302,858
Federal Funds	\$14,333,835	\$13,878,878	\$7,924,589	\$8,253,542	\$14,853,141
Restricted Receipts	\$1,237,723	\$2,568,201	\$2,679,609	\$3,478,357	\$3,386,377
Other Funds	\$852,346,099	\$910,129,342	\$930,421,400	\$920,350,693	\$953,611,129
RI Capital Plan Fund	\$23,555,605	\$25,805,884	\$36,455,219	\$48,739,463	\$34,146,029
Total Funding	\$1,089,836,236	\$1,173,310,319	\$1,207,574,517	\$1,214,691,385	\$1,250,299,534
FTE Authorization	4296.8	4307.8	4394.3	4394.3	4396.3

Full-Time Equivalent Positions

The Governor recommends 4,358.2 FTE positions in the FY 2020 Budget for the three institutions of higher education, consistent with the FY 2019 enacted level and the FY 2019 revised budget. Individual FTE totals are as follows:

- University of Rhode Island: 2,555.0
- Rhode Island College: 949.2
- Community College of Rhode Island 854.1

The Governor recommends 38.0 FTE positions in the FY 2020 Budget for the Office of the Postsecondary Commissioner, an increase of 2.0 FTE positions compared to the enacted level. Of this increase, 3.0 FTE positions are for the Westerly Education Center, now totaling 8.0 FTE positions, 1.0 FTE position for the Northern Rhode Island Higher Education Center, and a 2.0 FTE position reduction in the Commissioner’s Office. Fiscal year 2019 staffing is consistent to the enacted level, or 36.0 FTE positions.

Education

Proposed FY 2020 Budget Actions

Institutional Operations

- *Current Services.* The Governor recommends a general revenue increase of \$4.4 million compared to the enacted level. This increase is attributable to anticipated personnel increases for the three institutions to maintain their current operational capacity. Increases include but are not limited to cost of living adjustments (COLAs) and changes to personnel benefit rates. Total general revenue increases include:
 - University of Rhode Island: \$1.6 million
 - Rhode Island College: \$1.2 million
 - Community College of Rhode Island \$1.5 million
- *Online Education Expansion.* The Governor recommends an additional general revenue increase of \$1.8 million for the expansion of and support for URI online degree programs. Funds will be used to increase course offerings, introduce new degree programs, and establish online tutoring and a helpdesk.
- The Governor recommends general revenue appropriations of \$235,000 dedicated to new scholarships and work study opportunities for SNAP-eligible adults enrolled at the Community College of Rhode Island. This funding helps secure matching federal funds.

Rhode Island Promise

- *Community College.* The Governor recommends a general revenue increase of \$1.9 million for the continued support of the RI Promise for recently graduated high school seniors at CCRI. Total FY 2020 funding for this scholarship is \$7.9 million.
- *Adult RI Promise Expansion.* The Governor recommends an expansion of the Rhode Island Promise Scholarship at CCRI to now include adults age 25 and older attending part-time and full-time. The Governor recommends \$2.0 million from the Division of Higher Education Assistance's reserve proceeds for the first year of this program.
- *Expansion of the RI Promise Scholarship to Rhode Island College.* The Governor recommends establishing the Promise Scholarship for Rhode Island students attending Rhode Island College in their junior and senior years. The students immediately impacted by this expansion are those who enrolled in the Fall of 2017. The Governor recommends \$3.3 million from the Division of Higher Education Assistance's reserve proceeds, of which \$2.4 million is for direct scholarships. The remaining financing will be allocated for increasing program capacity at the College in support of the expansion.

Debt Service

- *University of Rhode Island and Rhode Island College.* The Governor recommends a general revenue increase of \$7.1 million above the enacted level for G.O. bond debt service, attributable to new issuances in support of capital projects at the University. The Governor also recommends a general revenue decrease of \$240,349 below the enacted level for G.O. bond debt service attributable to an updated debt service schedule for Rhode Island College.

Education

Statewide

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$1,051,471, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

Debt Service

- *University of Rhode Island.* The Governor recommends a general revenue increase of \$5.6 million above the enacted level for G.O. bond debt service, largely reflecting a recent issuance for the engineering center.

Statewide

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$1,805,344, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for information technology internal service fund charges.

Education

Rhode Island Council on the Arts

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

RHODE ISLAND COUNCIL ON THE ARTS					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,906,356	\$1,919,769	\$2,007,993	\$1,977,819	\$2,084,748
Federal Funds	\$710,269	\$671,367	\$719,053	\$723,497	\$762,500
Restricted Receipts	\$19,119	\$7,950	\$5,000	\$5,000	\$5,000
Other Funds	\$269,756	\$313,073	\$400,000	\$1,216,000	\$626,000
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$2,905,500	\$2,912,159	\$3,132,046	\$3,922,316	\$3,478,248
FTE Authorization	8.6	8.6	8.6	8.6	8.6

Full-Time Equivalent Positions

The Governor recommends 8.6 FTE positions in the revised FY 2019 Budget and in the recommended FY 2020 Budget, unchanged from the enacted FY 2019 Budget.

Proposed FY 2020 Budget Actions

- VSA Arts Rhode Island Collaboration.* The Governor recommends \$50,000 to support Vision Strength Access (VSA) Arts Rhode Island, a local non-profit organization. The funding will replace discontinued federal funding and help support the organization’s mission of enriching the lives of people with disabilities through active participation in the arts.
- Pilot Program – Workforce Development in the Arts.* The Governor recommends \$30,000 to support a pilot program focused on workforce development in the arts industry. This program will partner with the City of Providence Department of Art, Culture, and Tourism and the Rhode Island School of Design to provide a four-month program for young adults centered around arts-specific business training. The participants will also apprentice at local arts-based organizations and complete a culminating project.
- Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$7,033, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State’s Workers’ Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Education

Proposed FY 2019 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$4,075, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Education

Rhode Island Atomic Energy Commission

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

RHODE ISLAND ATOMIC ENERGY COMMISSION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$956,464	\$982,299	\$1,078,908	\$1,018,455	\$1,059,094
Federal Funds	\$11,973	\$28,948	\$0	\$7,936	\$0
Restricted Receipts	\$0	\$0	\$99,000	\$27,000	\$99,000
Other Funds	\$241,615	\$267,484	\$268,879	\$270,863	\$287,000
RI Capital Plan Fund	\$32,246	\$77,649	\$50,000	\$50,000	\$50,000
Total Funding	\$1,242,298	\$1,356,380	\$1,496,787	\$1,374,254	\$1,495,094
FTE Authorization	8.6	8.6	8.6	8.6	8.6

Education

Rhode Island Historical Preservation and Heritage Commission

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

HISTORICAL PRESERVATION AND HERITAGE COMMISSION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,131,750	\$1,031,076	\$1,210,054	\$1,381,551	\$1,488,293
Federal Funds	\$1,427,273	\$794,495	\$696,513	\$846,018	\$557,028
Restricted Receipts	\$27,987	\$67,462	\$465,870	\$439,802	\$421,439
Other Funds	\$79,732	\$90,995	\$81,589	\$125,219	\$128,570
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$2,666,742	\$1,984,028	\$2,454,026	\$2,792,590	\$2,595,330
FTE Authorization	15.6	15.6	15.6	15.6	15.6

Full-Time Equivalent Positions

The Governor recommends 15.6 FTE positions in the revised FY 2019 Budget and in the recommended FY 2020 Budget, unchanged from the enacted FY 2019 Budget.

Proposed FY 2020 Budget Actions

- *Personnel Costs.* The Governor recommends \$234,345 above the FY 2019 Enacted Budget to reflect estimated staffing costs for the agency, which includes an increase in the Executive Director’s salary and the shift of some costs from restricted receipts and general revenue, due to lower availability of funds.
- *Computer Router.* An additional \$5,000 is included in the Governor’s recommendation to finance the purchase of a new computer router.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$42,704, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed

Education

fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Personnel Costs.* The Governor recommends an additional \$116,629 to finance anticipated staffing costs for the agency. This includes an increase in the Executive Director's salary and the shift of some costs from restricted receipts and general revenue, due to lower availability of funds.
- *Hurricane Sandy Disaster Relief Grant.* The Governor's recommendation includes an additional \$130,000 in federal fund expenditures to reflect an extension in the agency's grant, which supports survey and data gathering of archaeological sites exposed by Hurricane Sandy. The grant also reimburses historic property owners whose property was damaged by Hurricane Sandy.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$47,638, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Public Safety

Public Safety

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The seven agencies included in public safety are the Department of Corrections; the court system (Attorney General; the Judiciary; and the Office of the Public Defender); the homeland security system (Military Staff/National Guard and the Emergency Management Agency); and the Department of Public Safety (State Police, Capitol Police & Sheriffs, E-911, and the Municipal Police Training Academy).

Public Safety

Department of Attorney General

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

DEPARTMENT OF ATTORNEY GENERAL					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$25,379,778	\$25,296,491	\$27,959,192	\$27,745,213	\$28,675,203
Federal Funds	\$5,581,143	\$21,612,204	\$12,710,334	\$15,377,486	\$3,552,999
Restricted Receipts	\$694,559	\$673,265	\$783,450	\$1,130,460	\$909,516
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$157,258	\$150,000	\$150,000	\$150,000	\$150,000
Total Funding	\$31,812,738	\$47,731,960	\$41,602,976	\$44,403,159	\$33,287,718
FTE Authorization	235.1	235.1	237.1	237.1	239.1

Full-Time Equivalent Positions

The Governor recommends 237.1 FTE positions in the revised FY 2019 budget and 239.1 positions in the recommended FY 2020 budget. An additional Principal Clerk Stenographer will work as an intake clerk and an additional Staff Attorney I will serve as a traffic safety resource prosecutor.

Proposed FY 2020 Budget Actions

- *Intake Clerk.* The Governor's recommends an additional \$71,327 in general revenue and 1.0 FTE position above the enacted budget to finance a new intake clerk. The clerk will assist the agency with intake and screening operations and help reduce instances of case dismissal due to untimely or incomplete package submission and processing.
- *Traffic Safety Resource Prosecutor.* An additional Staff Attorney I position and \$110,760 in federal funds is included in the Governor's recommendation. The increase in the agency's FTE authorization will allow for a dedicated employee to oversee the prosecution of all alcohol-related driving accidents, law enforcement training, and community outreach for motor vehicle safety issues, such as underage drinking and texting while driving.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$221,603, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed

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fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

The Governor's FY 2019 general revenue recommendation is unchanged from the enacted budget. The following non-general fund initiatives are supported with additional expenditures.

- *Carbon Study.* The Governor recommends an additional \$250,000 in restricted receipts for a carbon study. 2017 Senate Bill 0108 amended the Resilient Rhode Island Act of 2014, and required that the Climate Change Coordinating Council submit a plan to the General Assembly to advance the State's understanding of climate change and detail steps to reduce green-house gas emissions. The Office of the Attorney General plans to expend \$250,000 for a contract carbon study which will be integrated into the Climate Change Coordinating Council's required plan.
- *New Victims Outreach Grant.* An additional \$398,000 is included due to the agency's receipt of a new federal grant that finances consultant services to develop software which merges the agency's case management system with victim notification letters.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$213,979 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for information technology internal service fund charges.

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Department of Corrections

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- In partnership with the Governor's Opioid Overdose Prevention and Intervention Task Force, implemented a unique, nation-leading Medication-Assisted Treatment (MAT) program at the ACI, providing evidence-based addiction and overdose prevention treatment to more than 200 inmates. The State saw a 61 percent reduction in overdose deaths for those being discharged from the ACI.
- Graduated one of the largest and most diverse classes of correctional officers in June 2018, adding 72 officers to the State's ranks.

Budget Highlights

Correctional Facilities Improvements. About \$5.1 million in savings projected in relation to large-scale capital improvement projects that will increase programming space, improve energy efficiency, create maintenance and utility savings, and increase safety for correctional officers and inmates.

Cognitive Behavioral Therapy Services. Continue to support rehabilitation initiatives via the expansion of a pilot program that helps teach offenders to change negative patterns of thinking and respond in a more positive way. The program covers topics such as barriers to healthy relationships, trauma, triggers, boundaries, and power and control.

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DEPARTMENT OF CORRECTIONS					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$212,327,677	\$231,528,875	\$237,063,223	\$235,649,651	\$238,105,210
Federal Funds	\$1,564,506	\$835,705	\$1,796,840	\$2,217,131	\$1,886,711
Restricted Receipts	\$55,075	\$59,329	\$59,356	\$64,399	\$59,369
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$4,151,840	\$4,313,321	\$12,500,000	\$13,634,340	\$12,754,000
Total Funding	\$218,099,098	\$236,737,230	\$251,419,419	\$251,565,521	\$252,805,290
FTE Authorization	1423	1435	1416	1416	1426

Full-Time Equivalent Positions

The Governor recommends 1416.0 FTE positions in the revised FY 2019 budget and 1426.0 FTE positions in the FY 2020 budget. An additional 10.0 Correctional Officer positions are recommended to allow the agency to hire all graduates of its next correctional officer class.

Proposed FY 2020 Budget Actions

- Personnel Adjustments.* The Governor's recommendation includes a net addition of \$368,774 million in general revenue to finance agency-wide personnel costs, including cost-of-living and benefit rate adjustments, anticipated step increases, and RIBCO pay scale and contract stipend changes agreed to in the latest RIBCO contract. The additional general revenue is inclusive of projected overtime decreases and statewide adjustments detailed in several initiatives below.
- Correctional Officer Academy and Associated Overtime Savings.* An additional \$655,842 in general revenue is included to finance the remaining weeks of the correctional training academy. The funding will support staffing and operational costs, and two weeks of on-the-job shadowing for graduates. An additional 10.0 FTE positions are recommended to allow the agency to hire all graduates. It estimated that 70 new correctional officers will reduce the agency's estimated overtime costs by \$702,635.
- Inmate Population and Per Capita Cost Adjustments.* Based on FY 2018 actual expenditures and a projected inmate population of 2,691, an additional \$507,711 is recommended for custody and security contract and operating costs, including medical services, laboratory testing, food, kitchen, janitorial, and program supplies, and clothing and linens. The FY 2019 enacted budget financed 2,849 inmates. As of December 2018, the prison population totaled 2,640, and the average FY 2019 population was 2,728.
- Intake Service Center Savings.* Due to a projected decrease in the inmate population, the Governor recommends overtime savings at the Intake Services Center through the closure of housing units. Estimated savings total \$539,925, compared to the agency's FY 2020 estimated overtime costs in this facility.
- Capital Improvement Savings.* The Governor's recommendation includes \$5.1 million in savings related to the commencement of large-scale capital improvement projects, starting with the High Security Center. These projects will increase programming space, improve energy efficiency, create maintenance and utilities savings, and increase safety for correctional officers and inmates.

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Although savings are included in the recommendation, the FY 2020 proposed budget for the Custody and Security program is \$157,823 above the FY 2019 enacted budget, including statewide adjustments mentioned below.

- *Agency Directed Healthcare Initiatives.* The total Healthcare Services program budget is estimated to increase \$1.6 million above the FY 2019 enacted budget but includes savings of \$1.3 million compared to the agency's proposed budget. The Governor's recommendation assumes the agency will streamline its healthcare services and delivery methods, identifying efficiencies and implementing operational enhancements when possible. Throughout the remainder of FY 2019 and early FY 2020, the agency will work with the Department of Administration to identify proactive and effective solutions to better manage rising healthcare costs.
- *Expansion of HCV Treatment.* An additional \$2.4 million in general revenue is included in the Governor's recommendation to help treat inmates diagnosed with Hepatitis C. With this funding, an additional 120 inmates may be treated. Funding also supports increased testing for sexually transmitted diseases.
- *Other Healthcare Services Contract Changes.* The Governor's recommendation includes an additional \$147,513 in general revenue to finance contractual increases for dietician, laboratory, dental, and psychiatric services, hospital specialists, physicians, and nurses, and the electronic medical records system.
- *Expansion of Cognitive Behavioral Therapy Services.* The Governor continues to support rehabilitation initiatives through the addition of \$75,000 in general revenue for the expansion of a pilot program started in Medium Security to the Maximum-Security inmate population with gang affiliations. The program teaches offenders to change negative patterns of thinking to respond in a more positive way. Participating inmates meet twice a week for six months and cover topics, such as barriers to healthy relationships, trauma, triggers, boundaries, and power and control.
- *Substance Abuse Contract.* Continued support of substance abuse screening for inmates sentenced to a term between six months and three years is included in the budget recommendation with an additional \$87,336 in general revenue. The agency estimates that between 70 and 90 percent of its inmate population has a history of substance abuse. Last fiscal year, over 1400 inmates received counseling.
- *Clerical Services.* An additional \$204,397 in general revenue is included to maintain the agency's contract clerical employees hired to assist daily operations when full-time employees are on long-term leave.
- *Stonewall Solution Contract.* The recommendation includes an additional \$87,542 in general revenue to support an Oracle database administrator who maintains the offender tracking systems, including probation and parole, gang-affiliations, known offender enemies, and no contact orders.
- *Residential Substance Abuse Treatment.* An additional \$54,664 in federal funds is recommended for continued support of a 50-person residential drug treatment program in the men's Minimum Security Unit.

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- *STR Nurse Case Manager.* The agency collaborates with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to finance a Nurse Care Manager, for which, an additional \$100,000 in federal funds is recommended.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$4.5 million which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Personnel Adjustments.* The Governor's recommendation adds \$967,361 in general revenue for estimated personnel costs which include cost-of-living and benefit rate adjustments, anticipated step increases, and pay scale and contract stipend changes agreed to in the latest RIBCO contract.
- *Inmate Population and Per Capita Cost Adjustment.* Based on FY 2018 actual costs and a projected inmate population of 2,730, an additional \$714,822 in general revenue is included in the revised budget recommendation for custody and security contract and operating costs, including medical services, laboratory testing, food, kitchen, janitorial, and program supplies, and clothing and linens. The FY 2019 enacted budget financed 2,849 inmates. As of December 2018, the prison population was 2,640, and the fiscal year average prison population totaled 2,728.
- *Correctional Officer Exam.* The Governor recommends an additional \$170,000 in general revenue to develop a new correctional officer entrance exam.
- *Correctional Officer Academy.* The FY 2019 enacted budget included \$126,554 for recruitment, selection, and screening costs of new correctional officers. The Governor's revised recommendation adds \$314,060 to hold a correctional officer training academy beginning in June 2019. The additional support will finance the completion of candidate screening and two weeks of academy staffing and operational support.
- *Expansion of HCV Treatment.* An additional \$1.4 million in general revenue is included in the Governor's recommendation to treat inmates diagnosed with Hepatitis C. With this funding, an additional 70 inmates may be treated. Funding also supports increased testing for sexually transmitted diseases.
- *Clerical Service Contract.* An additional \$204,397 in general revenue is included to maintain the agency's contract clerical employees hired to assist daily operations when full-time employees are on long-term leave.
- *Stonewall Solution Contract.* Included in the revised recommendation is an additional \$87,542 in general revenue for an Oracle database administrator who maintains the offender tracking systems, including probation and parole, gang-affiliations, known offender enemies, and no contact orders.

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- *Substance Abuse Contract.* Continued support of substance abuse screening for inmates sentenced to a term between six months and three years is included in the budget recommendation with an additional \$87,336 in general revenue. The agency estimates that between 70 and 90 percent of its inmate population has a history of substance abuse. Over 1,400 inmates received counseling in FY 2018.
- *Other Healthcare Services Contract Changes.* An additional \$214,509 is included in the Governor's recommendation to finance contractual increases for dietician, laboratory, dental, and psychiatric services, electronic medical records system, and hospital specialists, physicians, and nurses.
- *Justice Reinvestment Initiative Grant.* The agency received a new grant from the Council of State Governments Justice Center. An additional \$50,000 in grant funds is included in the Governor's recommendation to support the hiring of a Justice Reinvestment Initiative Coordinator.
- *Medication Assisted Treatment (MAT) Program.* For continued support of the MAT program, an additional \$90,000 in federal funds is recommended to finance two Department of Health discharge planners who work with at-risk inmates. This funding is part of the state-wide response to opioid overdose incidences.
- *STR Nurse Case Manager.* The agency collaborates with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to finance a Nurse Care Manager, for which, an additional \$100,000 in federal funds is recommended.
- *Puncture-Proof Vest Program.* The Governor recommends an additional \$58,937 in federal funds to purchase puncture-proof or ballistic vests.
- *Residential Substance Abuse Treatment.* An additional \$48,394 in federal funds is recommended for continued support of a 50-person residential drug treatment program in the Men's Minimum Security Unit.
- *Violence Against Women Act.* Included in the recommendation is an additional \$42,326 in federal funds for a vendor to conduct inmate education programs at the Intake Service Center and the Gloria McDonald facility. The financing also supports training curriculum specific to the Prison Rape Elimination Act investigations and the coordination of a Sexual Assault Response Team.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$5.2 million, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

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Judicial Department

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

JUDICIAL DEPARTMENT - CONSTITUTION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$97,047,499	\$97,037,829	\$101,994,888	\$102,049,154	\$106,127,755
Federal Funds	\$3,382,829	\$3,222,742	\$2,914,044	\$3,054,397	\$3,144,740
Restricted Receipts	\$12,327,663	\$11,023,981	\$12,085,986	\$12,238,243	\$13,007,786
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$3,606,705	\$4,908,006	\$7,439,066	\$8,189,407	\$4,450,000
Total Funding	\$116,364,696	\$116,192,558	\$124,433,984	\$125,531,201	\$126,730,281
FTE Authorization	723.3	723.3	723.3	723.3	723.3

Full-Time Equivalent Positions

The Governor recommends 723.3 FTE positions in the revised FY 2019 budget and in the recommended FY 2020 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- *Defense of Indigents.* The Governor recommends an increase of \$459,598 for the defense of indigents fund to better align with historical expenditures.
- *Security Services.* An additional \$459,508 is also included for security services. Due to an increase in gang violence in and around State courthouses, this additional funding will aid in keeping the courthouses secure.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$915,803, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies.

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Proposed FY 2019 Budget Revisions

- *FY 2018 Reappropriation.* Pursuant to R.I. Gen. Law § 35-3-15(a), the Judiciary received a reappropriation of \$1,863,538 from FY 2018. The reappropriation was used to finance the items described below and the remaining balance of \$912,808 was carried forward to FY 2020.
- *Defense of Indigents.* The Governor recommends \$571,557 for the defense of indigents fund to better align with historical expenditures.
- *Security Services.* An additional \$451,420 is included for security services. Due to an increase in gang violence in and around State courthouses, this additional funding will aid in keeping the courthouses secure.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$896,464 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for information technology internal service fund charges.

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Militia of the State

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

MILITARY STAFF					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$2,571,436	\$2,976,112	\$3,081,090	\$3,097,681	\$3,219,493
Federal Funds	\$13,177,814	\$20,708,420	\$18,480,072	\$31,652,184	\$34,354,996
Restricted Receipts	\$56,876	\$38,728	\$100,000	\$55,000	\$55,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$499,002	\$3,078,487	\$8,631,152	\$9,489,209	\$2,500,000
Total Funding	\$16,305,128	\$26,801,747	\$30,292,314	\$44,294,074	\$40,129,489
FTE Authorization	92	92	92	92	98

Full-Time Equivalent Positions

The Governor recommends 92.0 FTE positions in the revised FY 2019 budget, unchanged from the enacted FY 2019 budget. The Governor recommends 98.0 FTE positions in the FY 2020 budget, an additional 6.0 FTE positions from the enacted FY 2019 budget, all of which are federally funded. The positions are mid-level professionals that will assist in facilities, security, and environmental programs.

Proposed FY 2020 Budget Actions

- *Six New Positions – Federally Funded.* The Governor recommends an additional \$619,950 in federal funds for the six new positions. These positions consist of – two security managers that will maintain the Electronic Security program; two planning positions that will provide environmental compliance on major capital projects and assist coordination of interdepartmental activities; two program management positions that will provide support in the control of the R.I. National Guard’s

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facilities.

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$49,270, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *2019 Inauguration Costs.* The Governor recommends \$66,000 for expenses related to the inauguration of the five general officers. The additional funding will support equipment rentals, interpreters, and invitation and program printing.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$49,409, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for information technology internal service fund charges.

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Emergency Management Agency

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

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$1,847,848	\$1,881,904	\$2,043,945	\$2,283,219	\$2,439,647
Federal Funds	\$12,200,421	\$10,590,168	\$16,335,897	\$20,028,796	\$9,295,523
Restricted Receipts	\$186,389	\$251,022	\$450,985	\$514,839	\$468,005
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$1,494,415	\$1,494,414	\$1,494,414	\$1,494,414	\$1,494,414
Total Funding	\$15,729,073	\$14,217,508	\$20,325,241	\$24,321,268	\$13,697,589
FTE Authorization	29	32	32	32	32

Full-Time Equivalent Positions

The Governor recommends 32.0 FTE positions in the revised FY 2019 budget and in the recommended FY 2020 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- Personnel – Salary and Benefits.** The Governor recommends an additional \$403,133 in general revenue for personnel. The FY 2019 enacted budget improperly allocated personnel to a federal grant at 100 percent when the grant required a 50/50 match. The additional general revenue funding will allow the agency to maintain the required matching funds ratio for their federal funds.
- Operations Costs.** An additional \$67,510 is included for specific operations costs. This includes cellular and mobile services, extermination services, fire protection services, and janitorial services. A number of facility-related expenditures have been historically shared with the Military Staff, which funded the entirety of those shared costs for FY 2018. As a result of these costs not appearing in the agency's actual expenditures, the agency previously did not request funding for them for FY 2019.
- Statewide Adjustments.** The Governor recommends statewide adjustments totaling \$96,813 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed

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fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, from renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended in financing for information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Personnel – Salary and Benefits.* The Governor recommends an additional \$262,994 in general revenue for personnel. The FY 2019 enacted budget improperly allocated personnel to a federal grant at 100% when the grant required a 50/50 match. The additional general revenue funding will allow the agency to maintain the required matching funds ratio for their federal funds.
- *Operations Costs.* The Governor recommends an additional \$66,860 for specific operations costs to better align with the agency's historical expenditures.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$90,580 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and information technology internal service fund charges.

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Department of Public Safety

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Colonel Ann C. Assumpico was appointed as Superintendent of the Rhode Island State Police and Director of the Department of Public Safety on November 3, 2016, becoming the first woman to lead the agency since it was founded in 1925.
- Kicked off the Hope Initiative, the first statewide program that partners state and local law enforcement officers with substance use disorder professionals to proactively reach out and help people at risk of opioid addiction and overdose.
- Launched one of the largest, most diverse pools of candidates for the State Police Training Academy in the State's history. At least 44 percent of the 1,403 applicants were women and/or members of minority groups.

Budget Highlights

HOPE Initiative. Finances program that unites law enforcement officers and substance use disorder professionals to ensure individuals struggling with addiction receive the help and treatment they need.

Adult-Use Marijuana. Add \$850,000 in restricted receipts for public safety initiatives related to adult-use marijuana.

DEPARTMENT OF PUBLIC SAFETY					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$100,470,186	\$100,929,838	\$103,337,018	\$104,032,363	\$111,196,673
Federal Funds	\$28,088,332	\$10,676,653	\$15,613,903	\$23,653,909	\$19,986,405
Restricted Receipts	\$297,373	\$1,304,821	\$552,603	\$1,036,918	\$1,742,319
Other Funds	\$3,753,524	\$3,598,508	\$4,151,194	\$2,790,034	\$2,791,801
RI Capital Plan Fund	\$2,965,470	\$338,450	\$850,000	\$2,075,401	\$3,375,000
Total Funding	\$135,574,885	\$116,848,270	\$124,504,718	\$133,588,625	\$139,092,198
FTE Authorization	615.6	610.6	564.6	564.6	595.6

Full-Time Equivalent Positions

The Governor recommends 595.6 FTE positions in the FY 2020 budget, which includes the hiring of 30 troopers expected to graduate from the 2019 Rhode Island State Police Trooper Training Academy and 1 Grants Manager. The Governor recommends 564.6 FTE positions in the revised FY 2019 budget, unchanged from the enacted FY 2019 budget.

Proposed FY 2020 Budget Actions

- *Personnel Expenses.* The Governor recommends an increase of \$5.3 million in general revenue to fund personnel expenses for the department. This includes changes to the accounting of the funding of the Gaming Enforcement Unit and the hiring of 30 troopers expected to graduate from the 2019 Rhode Island State Police Trooper Training Academy.

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- *HOPE Initiative.* The Governor recommends financing \$1.5 million from multiple grants to fund the Heroin-Opioid Prevention Effort (HOPE) Initiative. The HOPE Initiative will unite law enforcement officers and substance abuse professionals to ensure individuals struggling with addiction receive the help and treatment they need.
- *Additional Grants Manager.* The Governor recommends an additional Grants Manager, who will manage the increased number of grants the department has received. An additional \$90,022 in general revenue is recommended to support the salary and benefit costs of the position.
- *Adult-Use Marijuana.* The Governor recommends an increase of \$850,000 in restricted receipts for public safety initiatives related to adult-use marijuana.
- *Replacement of Radios.* The Governor recommends financing of \$624,512 in general revenue to fund the start of a six-year replacement schedule of portable and vehicle mounted radios for the Capitol Police, Sheriffs, and State Police. The radio provider's support and repair of the radios have ended, and the replacement of radios will provide Rhode Island's law enforcement officers with reliable communication.
- *Replacement of Network Equipment.* The Governor recommends an increase of \$85,000 in general revenue to fund the annual cost of a lease for the replacement of the State Police network equipment. Support for the current network equipment will be discontinued and the equipment is approaching the end of its useful life.
- *Funding for IT Software Maintenance & Security Contracts.* The Governor recommends an increase of \$210,000 in general revenue to fund various software maintenance and security contracts.
- *Purchase of Tasers.* The Governor recommends an increase of \$54,900 in general revenue to fund the start of a three-year schedule to purchase tasers for the Capitol Police and Sheriffs. The tasers will provide a less than lethal force option for law enforcement officers.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$733,779, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *HOPE Initiative.* The Governor recommends financing \$1.8 million from multiple grants to fund the Heroin-Opioid Prevention Effort (HOPE) Initiative. The HOPE Initiative will unite law enforcement officers and substance abuse professionals to ensure individuals struggling with addiction receive the help and treatment they need.

Public Safety

- *Replacement of Radios.* The Governor recommends financing of \$250,000 in general revenue to fund the start of a six-year replacement schedule of portable and vehicle mounted radios for the Capitol Police, Sheriffs, and State Police. The radio provider's support and repair of the radios have ended, and the replacement of radios will provide Rhode Island's law enforcement officers with reliable communication.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling a decrease of \$1,095,589, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Public Safety

Office of the Public Defender

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

OFFICE OF PUBLIC DEFENDER					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$11,511,842	\$11,583,210	\$12,575,531	\$12,236,312	\$12,848,271
Federal Funds	\$60,879	\$63,638	\$100,985	\$75,665	\$75,665
Restricted Receipts	\$0	\$0	\$0	\$0	\$0
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$0	\$0	\$0	\$0	\$0
Total Funding	\$11,572,721	\$11,646,848	\$12,676,516	\$12,311,977	\$12,923,936
FTE Authorization	93	93	95	95	96

Full-Time Equivalent Positions

The Governor recommends 95.0 FTE positions in the revised FY 2019 budget and 96.0 FTE positions in the recommended FY 2020 budget. The FY 2020 position recommendation is 1.0 position above the enacted budget.

Proposed FY 2020 Budget Actions

- *Additional Social Services Case Worker Position.* The Governor recommends an additional social services case worker. Currently, the agency contracts with a social worker who assists at juvenile arraignments connecting at-risk juveniles to educational and social services to prevent long-term detention. Converting the contract worker to a full-time employee will provide continuity of services to clients. An additional \$38,053 in general revenue is recommended to support the benefit costs of the position. The salary costs will be financed through the transfer of funding from the agency's contract services budget.
- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$120,505 which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies.

Natural Resources

Natural Resources

The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council. Certain debt service for general obligation bonds issued to finance capital projects for the Narragansett Bay Commission and the Rhode Island Infrastructure Bank are appropriated in the Department of Administration, though these agencies themselves are not part of the state budget. A major focus shaping the goals and mission of the Department of Environmental Management and the Coastal Resources Management Council is and will continue to be climate change and its impact on Rhode Island.

Natural Resources

Department of Environmental Management

The Department of Environmental Management is charged with ensuring residents have equal access to environmental benefits and to prevent any segment of the State's population from bearing a disproportionate share of environmental risks and pollution. It ensures all residents and visitors will have the opportunity to enjoy a diverse mix of well-maintained, scenic, and accessible facilities and outdoor recreation opportunities and that the state's natural habitats are managed to maintain species biodiversity. The Department ensures air, water, and land resources are restored and maintained to protect public health and ecological integrity and educates residents and corporate entities to practice an environmental ethic based upon an understanding of their environment, and how their interactions affect it, including prevent pollution and minimize waste at the source. The Department promotes economic opportunity that preserves the State's resources and maintains Rhode Island's high quality of life for a sound economy. One of the top cross-cutting priorities of the Department is improving customer service. This includes training for all staff and development of improved systems and feedback. A critical component of this effort is the Department's LEAN government initiative, which is aimed at reducing waste, standardizing processes, and producing clear, predictable, and reliable regulations.

Some Department achievements and highlights during Governor Raimondo's first term include:

- Spearheaded the passage of two green economy bonds to provide more than \$82 million in investments for clean water infrastructure, resiliency, recreation, land cleanup, farmland and open space acquisition. The two bond issues, which were overwhelmingly approved by voters – 68% in 2016 and 79% in 2018 – promote public health, create green jobs, advance renewable energy goals, and increase access to outdoor recreational opportunity across the state.
- Created a state brownfields program aimed specifically at spurring job creation. Counting the most recent awards, \$10 million from DEM's Brownfields Remediation and Economic Development Fund has supported dozens of projects across the state.
- Implemented the Resilient Rhode Island Act, which established the Executive Climate Change Coordinating Council (EC4) to assess, integrate, and coordinate climate change efforts throughout state agencies to reduce emissions, strengthen the resilience of communities, and prepare for the effects of climate change.
- Played a key role in the Rhode Island Outdoor Recreation Council to promote effective management of state recreational and environmental assets.
- Developed and executed a statewide food strategy intended to preserve and grow the agriculture and fisheries industries, enhance the climate for food and beverage businesses, and ensure food security for all Rhode Islanders.

Budget Highlights

Executive Business Office.

Fundraise, hold events and gain sponsors for various natural resources, such as state parks, and environmental protection efforts.

Parks and Recreation.

Invest \$1.5 million to support additional maintenance workers, civil engineers and plumbers to help maintain the State's parks and beaches.

America's Cup. Provide \$0.4 million to support the America's Cup tournament, including event operations, surrounding activities and infrastructure.

Natural Resources

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$38,207,990	\$40,345,594	\$41,841,215	\$41,032,676	\$45,178,568
Federal Funds	\$19,397,456	\$20,537,000	\$31,763,160	\$31,738,097	\$32,309,520
Restricted Receipts	\$13,366,576	\$13,975,142	\$17,580,291	\$15,695,625	\$16,332,964
Other Funds	\$936,891	\$686,125	\$4,554,841	\$1,856,370	\$1,859,555
RI Capital Plan Fund	\$6,764,125	\$4,856,538	\$12,950,000	\$8,558,634	\$7,210,000
Total Funding	\$78,673,038	\$80,400,399	\$108,689,507	\$98,881,402	\$102,890,607
FTE Authorization	400	400	395	395	406

Full-Time Equivalent Positions

The Governor recommends 395.0 FTE positions in the revised FY 2019 Budget, unchanged from the enacted FY 2019 budget. In FY 2020, the Governor recommends 406.0 FTE, a change of positive 11.0 FTE from the enacted.

Proposed FY 2020 Budget Actions

- *Executive Business Office.* In FY 2020 the Governor recommends the establishment of an Executive Business Office within the Department of Environmental Management. The role of this office will be to fundraise, hold events and gain sponsors for various natural resources and environmental protection efforts. This is inclusive of efforts to improve our state parks, through donations, fundraisers and sponsorships.
- *Parks and Recreational Investments.* The Governor recommends \$1.5 million in general revenue for an investment in the Parks and Recreation division. This is inclusive of additional staffing of maintenance workers, civil engineers, and a plumber for the parks and beaches.
- *Enhancing Compliance and Monitoring.* The Governor recommends \$0.2 million in restricted receipt funding, to enhance compliance and monitoring of Brownfields and storm water management.
- *America's Cup World Series.* The Governor recommends \$0.4 million in general revenue for the America's Cup World Series race that will take place in Newport in the Spring of 2020. The funding would be to support the event, surrounding activities and infrastructure.
- *Minimum Wage Increase.* The Governor Recommends an increase of \$87,599 general revenue to fund a minimum wage increase. This will increase the minimum wage from \$10.50/hour to \$11.10/hour beginning January 1, 2020.
- *Increase Recreation Fees.* Fees would be increased to generate additional revenue. The increase would bring fees in line with neighboring states and enable further investment in state parks. The fee increases are estimated to generate \$1.5 million, of that \$0.2 million would be distributed to municipalities. These fees are set in regulation and would go through a public review process.

Natural Resources

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$220,545, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due in part to a new contract for management of the State's Workers' Compensation program; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are recommended in financing for facilities maintenance and information technology internal service fund charges.

Proposed FY 2019 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide adjustments totaling \$241,516, which reflect lower medical rates because of recent State employee contract negotiations; a lower assessed fringe benefit rate due to current collections exceeding projected expenditures; a medical holiday due to a Fiscal Year 2018 ending surplus in the Health Insurance Fund; and redistribution of savings included in the enacted budget for various statewide efficiencies, including savings from prompt payment agreements, renegotiated vendor contracts, and renegotiated insurance policies. In addition, adjustments are also recommended for Microsoft Office 365 license renewals and financing for facilities maintenance and information technology internal service fund charges.

Natural Resources

Coastal Resources Management Council

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

COASTAL RESOURCES MANAGEMENT COUNCIL					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$2,392,189	\$2,470,459	\$2,760,157	\$2,757,303	\$2,913,195
Federal Funds	\$3,112,357	\$2,704,146	\$2,733,267	\$4,376,554	\$1,597,735
Restricted Receipts	\$142,106	\$101,300	\$250,000	\$250,000	\$250,000
Other Funds	\$0	\$0	\$0	\$0	\$0
RI Capital Plan Fund	\$321,755	\$21,125	\$725,000	\$1,003,875	\$550,000
Total Funding	\$5,968,407	\$5,297,030	\$6,468,424	\$8,387,732	\$5,310,930
FTE Authorization	29	29	30	30	30

Transportation

Department of Transportation

Department of Transportation

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

The Department of Transportation provides for the maintenance and construction of quality infrastructure that reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation through its core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance) and transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation/replacement, and highway safety. The Department of Transportation maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

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

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

Some Department achievements and highlights during Governor Raimondo's first term include:

- Led the execution of the landmark 2016 RhodeWorks legislation, which has resulted in the replacement or repair of about 185 bridges.
- Contracted \$900 million worth of construction – a record amount – in 2018 in order to fix our roads and bridges. Four years ago, Rhode Island ranked dead-last in the nation for the condition of our infrastructure.

Budget Highlights

RhodeWorks. Continue to implement the landmark 2016 RhodeWorks legislation, an historic investment in maintaining and reconstructing the state's roads and bridges.

Reduced Fare Program. Continue to subsidize the transit of elderly and disabled Rhode Islanders through the Rhode Island Public Transit Authority.

Replacement Bus Fleet. Transfer \$3.1 million of the Highway Maintenance Account to RIPTA to leverage federal funding for the purchase of replacement fixed-route buses.

Department of Transportation

- Broke ground on the 6/10 Interchange replacement after decades of disrepair.
- Began work on a new Pawtucket-Central Falls Commuter Rail Station and Bus Hub, a planned intermodal transit center that will allow riders to switch modes easily between commuter rail and RIPTA's statewide bus network.

DEPARTMENT OF TRANSPORTATION					
Source of Funds	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommended
General Revenue	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$239,668,419	\$241,762,901	\$299,540,160	\$324,513,786	\$327,008,399
Restricted Receipts	\$1,278,394	\$1,620,091	\$3,034,406	\$3,006,725	\$3,007,550
Other Funds	\$142,218,692	\$169,558,951	\$246,623,783	\$254,693,155	\$261,353,166
RI Capital Plan Fund	\$32,649,645	\$40,517,778	\$41,822,782	\$50,160,032	\$38,111,346
Total Funding	\$415,815,150	\$453,459,721	\$591,021,131	\$632,373,698	\$629,480,461
FTE Authorization	701	775	755	755	785

Full-Time Equivalent Positions

The Governor recommends 785.0 FTE positions in the FY 2020 budget, and 755.0 FTE positions in the revised FY 2019 budget. The latter is consistent with the enacted FY 2019 budget. The 30.0 additional positions would enable the Department of Transportation to build in-house capacity and expertise in construction, reducing the state's reliance on private contractors.

Proposed FY 2020 Budget Actions

- *Highway Maintenance Account.* The Governor recommends that \$27.7 million of the anticipated \$40 million FY 2019 Highway Maintenance Account balance forward be appropriated for FY 2020 in addition to the \$97 million appropriated in the FY 2019 enacted budget. The year-end balance of the Highway Maintenance Account will be held in obligation to match federal funding for ongoing construction.
- *Reduced Fare Program.* The Governor recommends that \$5.0 million of the Highway Maintenance Account continue to be appropriated to Rhode Island Public Transit Authority to subsidize the transit of elderly and disabled Rhode Islanders, and cover scheduled debt service.
- *Replacement Bus Fleet.* The Governor recommends that \$3.1 million of the Highway Maintenance Account be appropriated to Rhode Island Public Transit Authority to match federal funding in the purchase of replacement fixed-route buses.
- *Additional Penny of Gas Tax.* The Governor recommends that the anticipated additional cent of gasoline tax resulting from a July 2019 consumer price index adjustment be split evenly between Department of Transportation and Rhode Island Public Transit Authority. This action, combined with revised projections, would increase resources to the Department by \$2.6 million, and to the Authority by \$2.4 million, relative to the enacted budget. The Department would direct these resources largely

Department of Transportation

towards winter maintenance efforts including snow removal. The Authority would invest in equipment and infrastructure to support the use of new electric vehicle technology.

Gasoline Tax Allocation (in cents)							
Fiscal Year							
<u>Recipient</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Revised</u>	<u>2020</u> <u>Proposed</u>	<u>2021</u> <u>Proposed</u>	<u>2022</u> <u>Proposed</u>
DOT	19.25 ¹	19.25	19.25 ²	19.25	19.75	19.75	20.75
RIPTA	9.75	9.75	9.75	9.75	10.25	10.25	10.25
RITBA	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Elderly Affairs	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total:	33.5	33.5	33.5	33.5	34.5	34.5	35.5

¹Starting in FY 2016, the gasoline tax shall be adjusted by the percentage of increase in the CPI-U.

²CPI-U growth was not high enough to increase the gasoline tax for FY 2018.

- *DMV Cost-Sharing.* The Governor recommends that \$4.3 million of the Highway Maintenance Account be transferred to the Department of Revenue's Division of Motor Vehicles to cover some of the direct costs related to the collection of Highway Maintenance Account funds, such as driver's license and vehicle registration fees.
- *Overweight and Oversize Vehicle Permit Program.* The Governor recommends changing Rhode Island fees so as to be consistent with current Massachusetts fees in the area of overweight and oversize vehicle permitting. This would increase general revenues by an estimated \$0.5 million.
- *Tolling Revenue.* The Governor recommends a revised tolling revenue estimate totaling \$26.0 million to maintain and repair the state's major bridges as part of the RhodeWorks plan.
- *Rhode Island Capital Improvement Program.* The Governor recommends \$38.1 million of Rhode Island Capital Plan Funding be appropriated to a variety of capital initiatives, including the rehabilitation of winter salt storage facilities, the maintenance of bike paths, and major infrastructure projects like the Route 6/10 Connector.

Proposed FY 2019 Budget Revisions

- *Highway Maintenance Account.* The Governor recommends that \$33.7 million of the FY 2018 Highway Maintenance Account balance forward be appropriated for FY 2019 expenditure, in addition to \$97 million appropriated in the enacted FY 2019 budget. Carrying forward into FY 2019 was a balance of \$73.7 million of unspent Highway Maintenance Account funds. The recommended

Department of Transportation

budget would leave a balance of \$40 million to carryforward into FY 2020, to be held in obligation to match federal funding for ongoing construction.

- *Gas Tax Carryforwards.* The Governor recommends that \$5.8 million of gas tax be appropriated for FY 2019 in addition to \$105.3 million in the enacted budget. \$3.8 million of those funds are carried forward from FY 2018, and \$2 million are from revised projections of FY 2019 gasoline tax receipts.
- *Tolling Revenue.* The Governor recommends a revised tolling revenue estimate totaling \$7.0 million.
- *Rhode Island Capital Improvement Program.* The Governor recommends \$38.1 million of Rhode Island Capital Plan Funding be appropriated to a variety of transportation capital initiatives, including the rehabilitation of winter salt storage facilities, the construction of the Pawtucket bus hub, and major infrastructure projects like the Route 6/10 Connector. Of this amount, \$8.0 million is a carryforward of unspent FY 2018 funds.
- *Materials Lab.* The Governor recommends the appropriation of \$2.8 million in land sales revenue toward the rehabilitation of the Materials Lab within the Department of Transportation headquarters. It is critical that the Materials Lab be brought up to current standards to maintain agency accreditation and access to federal funds.

Appendix A

Schedules

FY 2020 General Revenue Budget Surplus

	FY 2017 Audited	FY 2018 Audited	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommend
Surplus					
Opening Surplus	\$167,818,206	\$61,660,230	\$31,264,778	\$52,525,379	\$2,948,779
Adjustment to Opening Surplus	-	-	-		
Reappropriated Surplus	7,848,853	10,338,899	-	10,057,409	-
Subtotal	\$175,667,059	\$71,999,129	\$31,264,778	\$62,582,788	\$2,948,779
General Taxes	\$2,926,747,939	3,097,875,408	3,183,587,606	3,183,587,606	3,323,819,485
Revenue Est. Conference Changes		-		(16,887,606)	
Changes to the Adopted Estimates		-		(126,650)	
Subtotal	2,926,747,939	3,097,875,408	3,183,587,606	3,166,573,350	3,323,819,485
Departmental Revenues	370,065,817	397,579,143	404,148,229	\$404,148,229	\$420,668,644
Revenue Est. Conference Changes		-		851,771	
Changes to the Adopted Estimates		-			
Subtotal	\$370,065,817	\$397,579,143	\$404,148,229	\$405,000,000	\$420,668,644
Other Sources					
Other Miscellaneous	12,122,198	37,054,016	9,349,463	9,349,463	15,030,000
Revenue Est. Conference Changes		-		2,350,537	
Changes to the Adopted Estimates		-		16,427,184	
Lottery	362,696,628	364,974,286	391,700,000	391,700,000	429,869,322
Revenue Est. Conference Changes		-		7,900,000	
Changes to the Adopted Estimates		-		(128,364)	
Unclaimed Property	12,725,037	10,901,582	9,700,000	9,700,000	9,500,000
Revenue Est. Conference Changes		-		400,000	
Subtotal	387,543,863	412,929,884	410,749,463	437,698,820	454,399,322
Total Revenues	\$3,684,357,619	\$3,908,384,435	\$3,998,485,298	\$4,009,272,170	\$4,198,887,451
Transfer to Budget Reserve and Cash Stabilization Account	(115,565,275)	(119,101,340)	(120,892,502)	(121,853,926)	(126,055,087)
Total Available	3,744,459,404	3,861,282,224	3,908,857,574	3,950,001,032	4,075,781,143
Actual/Enacted Expenditures	\$3,672,460,275	\$3,798,699,436	\$3,908,207,061	\$3,908,207,061	\$4,075,093,139
Reappropriations (from prior year)				10,057,409	
Caseload Conference Changes				11,732,740	
Other Changes in Expenditures				17,055,043	
Total Expenditures	\$3,672,460,275	\$3,798,699,436	\$3,908,207,061	\$3,947,052,253	\$4,075,093,139
Total Ending Balances	\$71,999,129	\$62,582,788	\$650,513	\$2,948,779	\$688,004
Reappropriations (to following year)	(10,338,899)	(10,057,409)	-	-	
Free Surplus	\$61,660,230	\$52,525,379	\$650,513	\$2,948,779	\$688,004
Budget Reserve and Cash Stabilization Account	\$192,608,792	\$198,502,233	201,487,504	203,089,877	210,157,877

Expenditures from All Funds

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommend
General Government					
Administration	349,536,911	314,552,373	284,663,464	318,517,310	323,951,978
Business Regulation	14,129,016	14,702,783	24,509,397	25,145,467	30,770,515
Executive Office of Commerce	73,418,290	49,869,458	56,449,152	58,883,044	68,180,523
Labor and Training	421,847,082	425,495,185	458,214,237	446,278,250	454,282,965
Department of Revenue	471,375,963	512,595,161	584,033,516	602,700,646	623,720,496
Legislature	38,325,853	39,282,079	45,412,322	50,769,941	46,586,115
Lieutenant Governor	1,059,510	1,001,557	1,114,597	1,107,847	1,147,816
Secretary of State	9,942,146	9,385,527	12,300,162	12,253,563	10,701,157
General Treasurer	42,002,141	43,076,635	43,122,580	42,417,814	42,218,385
Board of Elections	1,969,669	1,505,698	5,252,516	4,654,527	2,462,583
Rhode Island Ethics Commission	1,604,233	1,637,934	1,812,237	1,748,039	1,845,298
Governor's Office	5,008,393	5,481,059	5,633,047	6,407,071	6,493,211
Commission for Human Rights	1,557,321	1,683,010	1,833,011	1,803,028	1,917,005
Public Utilities Commission	8,014,894	9,014,227	9,934,831	10,623,497	12,212,583
General Government Total	\$1,439,791,422	\$1,429,282,686	\$1,534,285,069	\$1,583,310,044	\$1,626,490,630
Human Services					
Office of Health & Human Services	2,433,340,837	2,519,428,247	2,606,962,740	2,677,833,816	2,745,096,336
Children, Youth, and Families	222,662,112	237,549,998	227,918,654	239,020,038	228,591,189
Health	154,376,398	159,561,445	174,111,689	188,059,767	188,616,584
Human Services	626,727,849	599,252,725	632,830,659	624,925,300	585,698,686
Behavioral Healthcare, Developmental Disabilities & Hosp	398,887,450	415,736,505	422,451,955	442,121,201	448,470,696
Office of the Child Advocate	612,107	947,705	1,195,963	1,087,060	1,234,057
Comm. on Deaf & Hard of Hearing	493,573	500,346	603,178	636,745	693,338
Governor's Commission on Disabilities	669,119	710,175	1,387,275	1,389,808	1,558,659
Office of the Mental Health Advocate	540,899	629,731	653,260	567,389	602,411
Human Services Total	\$3,838,310,344	\$3,934,316,877	\$4,068,115,373	\$4,175,641,124	\$4,200,561,956
Education					
Elementary and Secondary	1,338,608,385	1,379,739,520	1,444,249,758	1,451,383,884	1,488,768,125
Office of the Postsecondary Commissioner	31,326,057	39,894,341	39,298,624	40,206,228	45,957,809
University of Rhode Island	744,396,498	779,189,323	802,780,487	808,905,883	834,180,130
Rhode Island College	169,783,765	194,386,983	199,862,700	202,265,988	201,997,383
Community College of Rhode Island	144,329,916	159,839,672	165,632,706	163,313,286	168,164,212
RI Council on the Arts	2,905,500	2,912,159	3,132,046	3,922,316	3,478,248
RI Atomic Energy Commission	1,242,298	1,356,380	1,496,787	1,374,254	1,495,094
Historical Preservation & Heritage Comm	2,666,742	1,984,028	2,454,026	2,792,590	2,595,330
Education Total	\$2,435,259,161	\$2,559,302,406	\$2,658,907,134	\$2,674,164,429	\$2,746,636,331
Public Safety					
Attorney General	31,812,738	47,731,960	41,602,976	44,403,159	33,287,718
Corrections	218,099,098	236,737,230	251,419,419	251,565,521	252,805,290
Judicial	116,364,696	116,192,558	124,433,984	125,531,201	126,730,281
Military Staff	16,305,128	26,801,747	30,292,314	44,294,074	40,129,489
Emergency Management	15,729,073	14,217,508	20,325,241	24,321,268	13,697,589
Public Safety	135,574,885	116,848,270	124,504,718	133,588,625	139,092,198
Office Of Public Defender	11,572,721	11,646,848	12,676,516	12,311,977	12,923,936
Public Safety Total	\$545,458,339	\$570,176,121	\$605,255,168	\$636,015,825	\$618,666,501
Natural Resources					
Environmental Management	78,673,038	80,400,399	108,689,507	98,881,402	102,890,607
Coastal Resources Management Council	5,968,407	5,297,030	6,468,424	8,387,732	5,310,930
Natural Resources Total	\$84,641,445	\$85,697,429	\$115,157,931	\$107,269,134	\$108,201,537
Transportation					
Transportation	415,815,150	453,459,721	591,021,131	632,373,698	629,480,461
Transportation Total	\$415,815,150	\$453,459,721	\$591,021,131	\$632,373,698	\$629,480,461
Grand Total	\$8,759,275,861	\$9,032,235,240	\$9,572,741,806	\$9,808,774,254	\$9,930,037,416

Expenditures from General Revenue

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommend
General Government					
Administration	217,802,033	189,889,755	177,080,380	174,283,385	199,464,434
Business Regulation	9,864,377	10,534,356	17,430,457	16,864,098	18,508,156
Executive Office of Commerce	54,708,755	32,403,452	30,289,375	30,226,612	35,365,201
Labor and Training	7,010,095	12,876,544	14,464,955	15,848,041	15,813,787
Department of Revenue	110,837,270	148,430,073	178,831,507	178,266,494	193,770,950
Legislature	36,925,853	37,831,305	43,691,627	49,000,993	44,754,101
Lieutenant Governor	1,059,510	1,001,557	1,114,597	1,107,847	1,147,816
Secretary of State	9,478,004	8,832,367	9,875,734	9,800,081	9,233,255
General Treasurer	2,653,651	2,819,265	2,973,776	2,953,922	3,037,551
Board of Elections	1,969,669	1,505,698	5,252,516	4,654,527	2,462,583
Rhode Island Ethics Commission	1,604,233	1,637,934	1,812,237	1,748,039	1,845,298
Governor's Office	5,008,393	5,481,059	5,633,047	6,407,071	6,493,211
Commission for Human Rights	1,247,603	1,273,387	1,335,441	1,335,441	1,353,591
General Government Total	\$460,169,446	\$454,516,752	\$489,785,649	\$492,496,551	\$533,249,934
Human Services					
Office of Health & Human Services	944,892,150	950,301,335	982,916,072	989,336,794	1,033,465,709
Children, Youth, and Families	159,769,534	173,652,189	161,614,041	173,630,931	167,263,422
Health	25,499,236	26,323,503	28,963,829	30,094,507	32,240,040
Human Services	90,573,454	100,775,120	97,999,785	107,333,790	74,895,242
Behavioral Healthcare, Developmental Disabilities & Hosp	182,335,174	190,690,753	188,091,966	194,621,346	195,293,312
Office of the Child Advocate	470,981	703,984	969,922	896,811	986,701
Comm. on Deaf & Hard of Hearing	421,448	428,285	523,178	525,902	563,338
Governor's Commission on Disabilities	418,544	444,657	1,002,537	951,910	1,055,069
Office of the Mental Health Advocate	540,899	629,731	653,260	567,389	602,411
Human Services Total	\$1,404,921,420	\$1,443,949,557	\$1,462,734,590	\$1,497,959,380	\$1,506,365,244
Education					
Elementary and Secondary	1,113,255,421	1,161,321,686	1,188,639,908	1,187,465,595	1,235,838,953
Office of the Postsecondary Commissioner	6,125,462	13,945,549	16,288,918	16,214,222	18,176,011
University of Rhode Island	92,152,307	101,094,721	105,076,256	109,956,807	115,225,106
Rhode Island College	49,505,721	54,095,652	55,749,666	55,266,131	56,520,333
Community College of Rhode Island	50,579,484	51,792,092	52,978,860	52,432,170	54,381,408
RI Council on the Arts	1,906,356	1,919,769	2,007,993	1,977,819	2,084,748
RI Atomic Energy Commission	956,464	982,299	1,078,908	1,018,455	1,059,094
Historical Preservation & Heritage Comm	1,131,750	1,031,076	1,210,054	1,381,551	1,488,293
Education Total	\$1,315,612,965	\$1,386,182,844	\$1,423,030,563	\$1,425,712,750	\$1,484,773,946
Public Safety					
Attorney General	25,379,778	25,296,491	27,959,192	27,745,213	28,675,203
Corrections	212,327,677	231,528,875	237,063,223	235,649,651	238,105,210
Judicial	97,047,499	97,037,829	101,994,888	102,049,154	106,127,755
Military Staff	2,571,436	2,976,112	3,081,090	3,097,681	3,219,493
Emergency Management	1,847,848	1,881,904	2,043,945	2,283,219	2,439,647
Public Safety	100,470,186	100,929,838	103,337,018	104,032,363	111,196,673
Office Of Public Defender	11,511,842	11,583,210	12,575,531	12,236,312	12,848,271
Public Safety Total	\$451,156,266	\$471,234,259	\$488,054,887	\$487,093,593	\$502,612,252
Natural Resources					
Environmental Management	38,207,990	40,345,594	41,841,215	41,032,676	45,178,568
Coastal Resources Management Council	2,392,189	2,470,459	2,760,157	2,757,303	2,913,195
Natural Resources Total	\$40,600,179	\$42,816,053	\$44,601,372	\$43,789,979	\$48,091,763
Grand Total	\$3,672,460,276	\$3,798,699,465	\$3,908,207,061	\$3,947,052,253	\$4,075,093,139

Expenditures from Federal Funds

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommend
General Government					
Administration	16,553,489	7,678,087	3,877,255	4,669,039	4,048,409
Business Regulation	1,645,328	1,022,931	892,631	1,346,487	765,694
Executive Office of Commerce	13,606,251	8,275,588	14,445,458	16,029,815	17,611,003
Labor and Training	43,869,516	37,929,711	40,753,823	45,437,758	39,989,080
Department of Revenue	3,087,713	1,640,041	2,109,465	1,925,417	545,243
Secretary of State	-	22,295	1,983,770	1,983,770	1,016,230
General Treasurer	1,087,203	941,713	1,074,874	1,016,641	998,974
Commission for Human Rights	309,718	409,623	497,570	467,587	563,414
Public Utilities Commission	118,808	165,815	168,378	168,378	178,002
General Government Total	\$80,278,026	\$58,085,804	\$65,803,224	\$73,044,892	\$65,716,049
Human Services					
Office of Health & Human Services	1,473,416,718	1,546,083,323	1,605,800,743	1,664,241,111	1,685,722,447
Children, Youth, and Families	60,315,375	60,989,212	61,730,191	61,241,572	57,515,210
Health	92,729,507	93,523,083	101,214,203	110,670,928	106,001,980
Human Services	529,124,400	490,216,143	521,070,844	502,965,046	494,120,978
Behavioral Healthcare, Developmental Disabilities & Hosp	204,677,098	214,718,015	226,187,567	240,819,991	245,939,037
Office of the Child Advocate	141,126	243,721	226,041	190,249	247,356
Governor's Commission on Disabilities	211,435	254,817	335,167	395,318	458,689
Human Services Total	\$2,360,615,659	\$2,406,028,314	\$2,516,564,756	\$2,580,524,215	\$2,590,005,697
Education					
Elementary and Secondary	193,781,068	184,284,805	214,475,474	219,524,264	213,559,606
Office of the Postsecondary Commissioner	14,333,835	13,878,878	7,924,589	8,253,542	14,853,141
RI Council on the Arts	710,269	671,367	719,053	723,497	762,500
RI Atomic Energy Commissior	11,973	28,948	-	7,936	-
Historical Preservation & Heritage Comm	1,427,273	794,495	696,513	846,018	557,028
Education Total	\$210,264,418	\$199,658,493	\$223,815,629	\$229,355,257	\$229,732,275
Public Safety					
Attorney General	5,581,143	21,612,204	12,710,334	15,377,486	3,552,999
Corrections	1,564,506	835,705	1,796,840	2,217,131	1,886,711
Judicial	3,382,829	3,222,742	2,914,044	3,054,397	3,144,740
Military Staff	13,177,814	20,708,420	18,480,072	31,652,184	34,354,996
Emergency Management	12,200,421	10,590,168	16,335,897	20,028,796	9,295,523
Public Safety	28,088,332	10,676,653	15,613,903	23,653,909	19,986,405
Office Of Public Defender	60,879	63,638	100,985	75,665	75,665
Public Safety Total	\$64,055,924	\$67,709,530	\$67,952,075	\$96,059,568	\$72,297,039
Natural Resources					
	19,397,456	20,537,000	31,763,160	31,738,097	32,309,520
Environmental Management	3,112,357	2,704,146	2,733,267	4,376,554	1,597,735
Coastal Re Natural Resources Total	\$22,509,813	\$23,241,146	\$34,496,427	\$36,114,651	\$33,907,255
Transportation					
Transportation	239,668,419	241,762,901	299,540,160	324,513,786	327,008,399
Transportation Total	\$239,668,419	\$241,762,901	\$299,540,160	\$324,513,786	\$327,008,399
Grand Total	\$2,977,392,259	\$2,996,486,188	\$3,208,172,271	\$3,339,612,369	\$3,318,666,714

Expenditures from Restricted Receipts

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommend
General Government					
Administration	26,458,599	30,686,532	26,597,691	35,274,182	23,497,835
Business Regulation	2,619,311	3,145,496	6,119,812	6,379,524	11,115,466
Executive Office of Commerce	4,391,678	6,662,699	4,754,319	4,754,319	4,754,319
Labor and Training	21,996,462	29,479,713	38,975,091	30,272,325	32,453,432
Department of Revenue	6,028,994	2,089,078	2,064,187	1,875,472	4,546,960
Legislature	1,400,000	1,450,774	1,720,695	1,768,948	1,832,014
Secretary of State	421,688	427,255	440,658	469,712	451,672
General Treasurer	37,596,086	38,675,476	38,419,246	37,807,908	37,518,001
Public Utilities Commission	7,896,086	8,848,412	9,766,453	10,455,119	12,034,581
General Government Total	\$108,808,904	\$121,465,435	\$128,858,152	\$129,057,509	\$128,204,280
Human Services					
Office of Health & Human Services	15,031,969	23,043,589	18,245,925	24,255,911	25,908,180
Children, Youth, and Families	2,493,806	2,469,050	2,674,422	2,422,535	1,887,557
Health	36,147,655	39,714,859	43,933,657	47,294,332	49,974,564
Human Services	2,447,929	3,658,462	8,996,552	9,817,009	11,918,988
Behavioral Healthcare, Developmental Disabilities & Hosp	5,369,048	5,529,182	5,072,422	5,614,502	6,088,347
Comm. on Deaf & Hard of Hearing	72,125	72,061	80,000	110,843	130,000
Governor's Commission on Disabilities	39,140	10,701	49,571	42,580	44,901
Human Services Total	\$61,601,672	\$74,497,904	\$79,052,549	\$89,557,712	\$95,952,537
Education					
Elementary and Secondary	27,919,914	30,921,135	35,755,376	37,784,310	37,560,566
Office of the Postsecondary Commissioner	651,103	1,977,455	1,985,385	2,852,416	2,752,977
University of Rhode Island	-	-	-	-	-
Community College of Rhode Island	586,620	590,746	694,224	625,941	633,400
RI Council on the Arts	19,119	7,950	5,000	5,000	5,000
RI Atomic Energy Commission	-	-	99,000	27,000	99,000
Historical Preservation & Heritage Comm	27,987	67,462	465,870	439,802	421,439
Education Total	\$29,204,743	\$33,564,748	\$39,004,855	\$41,734,469	\$41,472,382
Public Safety					
Attorney General	694,559	673,265	783,450	1,130,460	909,516
Corrections	55,075	59,329	59,356	64,399	59,369
Judicial	12,327,663	11,023,981	12,085,986	12,238,243	13,007,786
Military Staff	56,876	38,728	100,000	55,000	55,000
Emergency Management	186,389	251,022	450,985	514,839	468,005
Public Safety	297,373	1,304,821	552,603	1,036,918	1,742,319
Public Safety Total	\$13,617,935	\$13,351,146	\$14,032,380	\$15,039,859	\$16,241,995
Natural Resources					
Environmental Management	13,366,576	13,975,142	17,580,291	15,695,625	16,332,964
Coastal Resources Management Council	142,106	101,300	250,000	250,000	250,000
Natural Resources Total	\$13,508,682	\$14,076,442	\$17,830,291	\$15,945,625	\$16,582,964
Transportation					
Transportation	1,278,394	1,620,091	3,034,406	3,006,725	3,007,550
Transportation Total	\$1,278,394	\$1,620,091	\$3,034,406	\$3,006,725	\$3,007,550
Grand Total	\$228,020,330	\$258,575,766	\$281,812,633	\$294,341,899	\$301,461,708

Expenditures from Other Funds

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Enacted	FY 2019 Revised	FY 2020 Recommend
General Government					
Administration	88,722,790	86,297,999	77,108,138	104,290,704	96,941,300
Business Regulation	-	-	66,497	555,358	381,199
Executive Office of Commerce	711,606	2,527,719	6,960,000	7,872,298	10,450,000
Labor and Training	348,971,009	345,209,217	364,020,368	354,720,126	366,026,666
Department of Revenue	351,421,986	360,435,969	401,028,357	420,633,263	424,857,343
Secretary of State	42,454	103,610	-	-	-
General Treasurer	665,201	640,181	654,684	639,343	663,859
Board of Elections	-	-	-	-	-
General Government Total	\$790,535,046	\$795,214,695	\$849,838,044	\$888,711,092	\$899,320,367
Human Services					
Children, Youth, and Families	83,397	439,547	1,900,000	1,725,000	1,925,000
Health	-	-	-	-	400,000
Human Services	4,582,066	4,603,000	4,763,478	4,809,455	4,763,478
Behavioral Healthcare, Developmental Disabilities & Hosp	6,506,130	4,798,555	3,100,000	1,065,362	1,150,000
Human Services Total	\$11,171,593	\$9,841,102	\$9,763,478	\$7,599,817	\$8,238,478
Education					
Elementary and Secondary	3,651,982	3,211,894	5,379,000	6,609,715	1,809,000
Office of the Postsecondary Commissioner	10,215,657	10,092,459	13,099,732	12,886,048	10,175,680
University of Rhode Island	652,244,191	678,094,602	697,704,231	698,949,076	718,955,024
Rhode Island College	120,278,044	140,291,331	144,113,034	146,999,857	145,477,050
Community College of Rhode Island	93,163,812	107,456,834	111,959,622	110,255,175	113,149,404
RI Council on the Arts	269,756	313,073	400,000	1,216,000	626,000
RI Atomic Energy Commission	273,861	345,133	318,879	320,863	337,000
Historical Preservation & Heritage Comm	79,732	90,995	81,589	125,219	128,570
Education Total	\$880,177,035	\$939,896,321	\$973,056,087	\$977,361,953	\$990,657,728
Public Safety					
Attorney General	157,258	150,000	150,000	150,000	150,000
Corrections	4,151,840	4,313,321	12,500,000	13,634,340	12,754,000
Judicial	3,606,705	4,908,006	7,439,066	8,189,407	4,450,000
Military Staff	499,002	3,078,487	8,631,152	9,489,209	2,500,000
Emergency Management	1,494,415	1,494,414	1,494,414	1,494,414	1,494,414
Public Safety	6,718,994	3,936,958	5,001,194	4,865,435	6,166,801
Public Safety Total	\$16,628,214	\$17,881,186	\$35,215,826	\$37,822,805	\$27,515,215
Natural Resources					
Environmental Management	7,701,016	5,542,663	17,504,841	10,415,004	9,069,555
Coastal Resources Management Council	321,755	21,125	725,000	1,003,875	550,000
Natural Resources Total	\$8,022,771	\$5,563,788	\$18,229,841	\$11,418,879	\$9,619,555
Transportation					
Transportation	174,868,337	210,076,729	288,446,565	304,853,187	299,464,512
Transportation Total	\$174,868,337	\$210,076,729	\$288,446,565	\$304,853,187	\$299,464,512
Grand Total	\$1,881,402,996	\$1,978,473,821	\$2,174,549,841	\$2,227,767,733	\$2,234,815,855

Full-Time Equivalent Positions

	FY 2017	FY 2018	FY 2019 Enacted	FY 2019 Revised	FY 2020
General Government					
Administration	708.7	696.7	655.7	657.7	670.7
Business Regulation	100.0	106.0	161.0	162.0	187.0
Executive Office of Commerce	16.0	17.0	16.0	16.0	18.0
Labor & Training	409.5	428.7	409.7	409.7	451.7
Revenue	523.5	529.5	604.5	604.5	587.5
Legislature	298.5	298.5	298.5	298.5	298.5
Office of the Lieutenant Governor	8.0	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0	59.0
General Treasurer	87.0	89.0	89.0	89.0	89.0
Board Of Elections	12.0	12.0	13.0	13.0	13.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0
Office of the Governor	45.0	45.0	45.0	45.0	45.0
Commission for Human Rights	14.5	14.5	14.5	14.5	14.5
Public Utilities Commission	51.0	54.0	53.0	53.0	60.0
Subtotal - General Government	2,344.7	2,369.9	2,438.9	2,441.9	2,513.9
Human Services					
Office of Health and Human Services	178.0	285.0	192.0	195.0	479.1
Children, Youth, and Families	628.5	612.5	631.5	629.5	629.5
Health	503.6	506.6	514.6	517.6	520.6
Human Services	937.1	981.1	1,020.1	1,030.1	755.0
Behavioral Healthcare, Developmental Disabilities, and Hospitals	1,352.4	1,319.4	1,302.4	1,304.4	1,305.4
Office of the Child Advocate	7.0	8.0	10.0	10.0	10.0
Commission On the Deaf & Hard of Hearing	4.0	4.0	4.0	4.0	4.0
Governor's Commission on Disabilities	4.0	4.0	4.0	4.0	4.0
Office of the Mental Health Advocate	4.0	4.0	4.0	4.0	4.0
Subtotal - Human Services	3,618.6	3,724.6	3,682.6	3,698.6	3,711.6
Education					
Elementary and Secondary Education	139.1	139.1	135.1	137.1	142.1
Davies	126.0	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0	60.0
Elementary Secondary Education - Total	325.1	325.1	321.1	323.1	328.1
Office of Postsecondary Commissioner Standard	26.0	37.0	35.0	35.0	37.0
URI Standard	1,915.7	1,915.7	1,932.2	1,670.0	1,670.0
RIC Standard	844.2	850.2	873.2	873.2	873.2
CCRI Standard	765.1	765.1	765.1	765.1	765.1
Higher Education - Total Standard	3,551.0	3,568.0	3,605.5	3,343.3	3,345.3
RI Council On The Arts	8.6	8.6	8.6	8.6	8.6
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Historical Preservation and Heritage Commission	15.6	15.6	15.6	15.6	15.6
Subtotal - Education	3,908.9	3,925.9	3,959.40	3,699.20	3,706.2

Full-Time Equivalent Positions

	FY 2017	FY 2018	FY 2019	FY 2019	FY 2020
Public Safety					
Attorney General	235.1	235.1	237.1	237.1	239.1
Corrections	1,423.0	1,435.0	1,416.0	1,416.0	1,426.0
Judicial	723.3	723.3	723.3	723.3	723.3
Military Staff	92.0	92.0	92.0	92.0	98.0
Emergency Management	29.0	32.0	32.0	32.0	32.0
Public Safety	615.6	611.6	564.6	564.6	595.6
Office of the Public Defender	93.0	93.0	95.0	95.0	96.0
Subtotal - Public Safety	3,211.0	3,222.0	3,160.0	3,160.0	3,210.0
Natural Resources					
Environmental Management	400.0	400.0	395.0	395.0	406.0
Coastal Resources Management Council	29.0	29.0	30.0	30.0	30.0
Subtotal - Natural Resources	429.0	429.0	425.0	425.0	436.0
Transportation					
Transportation	701.0	775.0	755.0	755.0	785.0
Subtotal - Transportation	701.0	775.0	755.0	755.0	785.0
Total Standard	14,213.2	14,446.4	14,420.9	14,179.7	14,362.7
Higher Education Third Party*					
Office of Postsecondary Commissioner	1.0	1.0	1.0	1.0	1.0
CCRI	89.0	89.0	89.0	89.0	89.0
RIC	82.0	76.0	76.0	76.0	76.0
URI	573.8	573.8	622.8	440.0	440.0
Subtotal Third Party	745.8	739.8	788.8	606.0	606.0
Auxiliary Enterprise*					
URI	-	-	-	445.0	445.0
Total Higher Education	4,296.8	4,307.8	4,394.3	4,394.3	4,396.3
Total Personnel Authorizations	14,959.0	15,186.2	15,209.7	15,230.7	15,413.7

*There is a total of 4,396.3 FTE positions in Higher Education in FY 2020, of which 606.0 FTE positions are supported by third party funds and 445.0 FTE positions are supported by auxiliary enterprise funds (URI only).

General Revenues as Recommended

	FY 2017 Audited	FY 2018 Audited	FY 2019 Revised	FY 2020 Recommended
Personal Income Tax	\$ 1,243,807,056	\$ 1,345,272,113	\$ 1,380,700,000	\$ 1,428,300,000
General Business Taxes				
Business Corporations	119,289,609	127,674,418	154,700,000	162,200,000
Public Utilities Gross Earnings	90,404,661	109,594,153	100,800,000	103,200,000
Financial Institutions	22,188,601	29,176,929	23,300,000	24,400,000
Insurance Companies	121,094,221	130,261,721	126,100,000	131,690,132
Bank Deposits	2,971,562	1,638,592	3,000,000	3,000,000
Health Care Provider Assessment	43,485,799	44,099,790	51,873,350	55,992,768
Sales and Use Taxes				
Sales and Use	998,193,789	1,057,189,921	1,111,000,000	1,181,039,814
Motor Vehicle	26,023,771	20,821,761	3,100,000	5,300,000
Motor Fuel	101,153	*	*	*
Cigarettes	140,263,281	146,877,686	139,000,000	138,504,135
Alcohol	19,740,536	19,928,711	20,700,000	21,400,000
Cannabis				2,694,298
Controlled Substances	2,778	15,466	-	-
Other Taxes				
Estate and Transfer	85,428,550	51,401,550	34,500,000	33,900,000
Racing and Athletics	1,163,304	1,081,031	1,100,000	1,100,000
Realty Transfer	12,589,268	12,841,566	16,700,000	15,500,000
Medicaid Employer Assessment				15,598,337
Total Taxes	\$ 2,926,747,939	\$ 3,097,875,408	\$ 3,166,573,350	\$ 3,323,819,485
Departmental Receipts	\$ 370,065,817	\$ 397,579,143	\$ 405,000,000	\$ 420,668,644
Taxes and Departmentals	\$ 3,296,813,756	\$ 3,495,454,551	\$ 3,571,573,350	\$ 3,744,488,129
Other Sources				
Other Miscellaneous	12,122,198	37,054,016	28,127,185	15,030,000
Lottery	362,696,628	364,974,286	399,471,636	429,869,322
Unclaimed Property	12,725,037	10,901,582	10,100,000	9,500,000
Other Sources	\$ 387,543,863	\$ 412,929,884	\$ 437,698,821	\$ 454,399,322
Total General Revenues	\$ 3,684,357,619	\$ 3,908,384,435	\$ 4,009,272,171	\$ 4,198,887,451

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 2019 Enacted Revenue Estimates

	FY 2019 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,385,592,630	\$ (4,892,630)	\$ -	\$ 1,380,700,000
General Business Taxes				
Business Corporations	\$ 177,592,100	\$ (22,892,100)	\$ -	\$ 154,700,000
Public Utilities Gross	101,800,000	(1,000,000)	-	100,800,000
Financial Institutions	21,800,000	1,500,000	-	23,300,000
Insurance Companies	130,507,235	(4,407,235)	-	126,100,000
Bank Deposits	2,700,000	300,000	-	3,000,000
Health Care Provider	51,422,610	577,390	(126,650)	51,873,350
Sales and Use Taxes				
Sales and Use	\$ 1,101,139,430	\$ 9,860,570	\$ -	\$ 1,111,000,000
Motor Vehicle	3,133,600	(33,600)	-	3,100,000
Motor Fuel	-	-	-	-
Cigarettes	139,500,000	(500,000)	-	139,000,000
Alcohol	20,700,000	-	-	20,700,000
Other Taxes				
Estate and Transfer	\$ 32,100,000	\$ 2,400,000	\$ -	\$ 34,500,000
Racing and Athletics	1,100,000	-	-	1,100,000
Realty Transfer	14,500,000	2,200,000	-	16,700,000
Total Taxes	\$ 3,183,587,605	\$ (16,887,605)	\$ (126,650)	\$ 3,166,573,350
Departmental Receipts	403,413,230	1,586,770	\$ -	405,000,000
Total Taxes and Departmentals	\$ 3,587,000,835	\$ (15,300,835)	\$ (126,650)	\$ 3,571,573,350
Other Sources				
Other Miscellaneous	\$ 10,084,463	\$ 1,615,537	\$ 16,427,185	\$ 28,127,185
Lottery	391,700,000	7,900,000	(128,364)	399,471,636
Unclaimed Property	9,700,000	400,000	-	10,100,000
Other Sources	\$ 411,484,463	\$ 9,915,537	\$ 16,298,821	\$ 437,698,821
Total General Revenues	\$ 3,998,485,298	\$ (5,385,298)	\$ 16,172,171	\$ 4,009,272,171

Changes to FY 2020 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,428,300,000		\$ 1,428,300,000
General Business Taxes			
Business Corporations	\$ 163,500,000	\$ (1,300,000)	\$ 162,200,000
Public Utilities Gross	103,200,000	-	103,200,000
Financial Institutions	24,400,000	-	24,400,000
Insurance Companies	132,100,000	(409,868)	131,690,132
Bank Deposits	3,000,000	-	3,000,000
Health Care Provider	56,700,000	(707,232)	55,992,768
Sales and Use Taxes			
Sales and Use	\$ 1,157,000,000	\$ 24,039,814	\$ 1,181,039,814
Motor Vehicle	5,300,000		5,300,000
Cigarettes	134,300,000	4,204,135	138,504,135
Alcohol	21,400,000	-	21,400,000
Cannabis		2,694,298	2,694,298
Other Taxes			
Estate and Transfer	\$ 33,900,000	\$ -	\$ 33,900,000
Racing and Athletics	1,100,000	-	1,100,000
Realty Transfer	15,500,000	-	15,500,000
Medicaid Employer Assessment		15,598,337	15,598,337
Total Taxes	\$ 3,279,700,000	\$ 44,119,485	\$ 3,323,819,485
Departmental Receipts	\$ 227,000,000	\$ 193,668,644	\$ 420,668,644
Total Taxes and Departmentals	\$ 3,506,700,000	\$ 237,788,129	\$ 3,744,488,129
Other Sources			
Other Miscellaneous	\$ 6,950,000	\$ 8,080,000	\$ 15,030,000
Lottery	427,100,000	2,769,322	429,869,322
Unclaimed Property	9,500,000	-	9,500,000
Other Sources	\$ 443,550,000	\$ 10,849,322	\$ 454,399,322
Total General Revenues	\$ 3,950,250,000	\$ 248,637,451	\$ 4,198,887,451

General Revenue Changes to Adopted Estimates

Governor
Recommend

FY 2019

Taxes

General Business Taxes

Health Care Provider Assessment

Nursing Homes

Technical Correction for Hospice and Nursing Facilities

\$ (126,650)

Subtotal: Nursing Homes

\$ (126,650)

Subtotal: Health Care Provider Assessment

\$ (126,650)

Subtotal: General Business Taxes

\$ (126,650)

Subtotal: All Taxes

\$ (126,650)

Other Sources

Other Miscellaneous Revenues

Transfer of Excess Reserves from the Rhode Island Resource Recovery Corporation

\$ 5,000,000

Transfer of Excess Reserves from the Rhode Island Student Loan Authority

1,500,000

Transfer of Excess Reserves from the Rhode Island Health & Educational Building Corporation

2,000,000

Transfer Excess Reserves from the Quonset Development Corporation

2,000,000

Transfer Excess Reserves from Rhode Island Housing

2,500,000

Transfer of Unexpended Bond Funds

1,427,185

Transfer Excess Reserves Funds for Oil Spill Prevention, Administration and Response

1,000,000

Transfer Excess Reserves in the Underground Storage Tank Trust Fund

1,000,000

Subtotal: Other Miscellaneous Revenues

\$ 16,427,185

Lottery

Correction to the November 2018 Revenue Estimating Conference Lottery Transfer

\$ (128,364)

Subtotal: Lottery

\$ (128,364)

Subtotal: Other Sources

\$ 16,298,821

FY 2019 Total General Revenue Changes

\$ 16,172,171

General Revenue Changes to Adopted Estimates

FY 2020	Governor Recommend
<u>Taxes</u>	
<u>General Business Taxes</u>	
<u>Business Corporation Tax</u>	
Enhanced R&D Tax Credit	\$ (1,300,000)
Subtotal: Business Corporation Tax	\$ (1,300,000)
<u>Insurance Companies Gross Premiums Tax</u>	
HMO	
Nursing Home 1% Cost of Living Adjustment	\$ (21,879)
Hospital Rate Freeze	(279,531)
Managed Care Organization Performance Goal Program Elimination	(102,758)
C-Section Births Reduction	(5,700)
Subtotal: HMO	\$ (409,868)
Subtotal: Insurance Companies Gross Premiums Tax	\$ (409,868)
<u>Health Care Provider Assessment</u>	
<u>Nursing Homes</u>	
Technical Correction for Hospice and Nursing Facilities	\$ (302,500)
Nursing Home 1% Cost of Living Adjustment	(349,629)
Dual Eligible Utilization Management	(55,103)
Subtotal: Nursing Homes	\$ (707,232)
Subtotal: Health Care Provider Assessment	\$ (707,232)
Subtotal: General Business Taxes	\$ (2,417,100)
<u>Sales and Excise Taxes</u>	
<u>Sales and Use Tax</u>	
Impose Sales Tax on Hunting, Trapping, and Shooting Ranges	\$ 604,088
Impose Sales Tax on Digital Downloads, Videos	1,537,001
Impose Sales Tax on Digital Downloads, Music	636,583
Impose Sales Tax on Digital Downloads, E-books	452,175
Impose Sales Tax on Professional Services, Lobbying	942,274
Impose Sales Tax on Professional Services, Interior Design	460,999
Impose Sales Tax on Services to Buildings	6,184,848
Impose Sales Tax on Remote Seller Marketplaces	11,548,847
Decreased Sales Tax from Cigarette Excise Tax Increase to \$4.50 per Pack	(123,434)
Adult Use Marijuana Sales Tax Collections (25% GR share + 26% special FY 2020 share)	1,002,130
New Retail-Only Compassion Centers (6 new) Sales Tax Collections	505,926
Sales Tax Due to Restricting Medical Marijuana Home Growing	288,378
Subtotal: Sales and Use Tax	\$ 24,039,814
<u>Cigarettes Excise Tax</u>	
<u>Cigarettes</u>	
Increase Cigarette Excise Tax by 25 Cents to \$4.50 Per Pack	\$ 2,459,609
Cigarette Floor Stock Tax	743,075
Subtotal: Cigarettes	\$ 3,202,684
<u>Other Tobacco Products</u>	
Increase OTP Cigar Tax Cap from \$0.50 to \$0.80	\$ 647,705
Subtotal: Other Tobacco Products	\$ 647,705
<u>E-Cigarettes</u>	
Apply 40% Wholesale Tax on Liquid Nicotine/E-Cigarette	\$ 353,746
Subtotal: E-Cigarettes	\$ 353,746

General Revenue Changes to Adopted Estimates

	<i>Subtotal: Cigarettes Excise Tax</i>	\$	4,204,135
<i>Cannabis Excise Tax</i>			
<i>Hemp</i>			
Hemp-derived CBD Products 80% Wholesale Tax		\$	100,854
	<i>Subtotal: Hemp</i>	\$	100,854
<i>Marijuana</i>			
Marijuana Cultivator Weight-Based Excise Tax (\$10/oz flower, \$3/oz trim) (25% GR share + 26% special FY 2020 sha		\$	1,161,830
Adult Use Marijuana Retail Excise Tax (10% rate) (25% GR share + 26% special FY 2020 share)			1,431,615
	<i>Subtotal: Marijuana</i>	\$	2,593,445
	<i>Subtotal: Cannabis</i>	\$	2,694,298
	<i>Subtotal: Sales and Excise Taxes</i>	\$	30,938,248
<u><i>Other Taxes</i></u>			
<i>Medicaid Employer Assessment</i>			
Impose a 10% Assessment on Wages per Employee on Medicaid for Companies Over 300 Employees		\$	15,598,337
	<i>Subtotal: Medicaid Employer Assessment</i>	\$	15,598,337
	<i>Subtotal: Other Taxes</i>	\$	15,598,337
Subtotal: All Taxes		\$	44,119,485
<u><i>Departmental Receipts</i></u>			
<i>Licenses and Fees</i>			
DHS: Reinstate hospital licensing fee to 6.0% on 2017 base w/out Memorial Hospital		\$	180,804,665
DBR: Increase the Fee for Debt Collector Licenses/Branch Certificates from \$100 to \$750			577,850
DBR: Increase Annual Registration Fee for a Mortgage Loan Originator License from \$100 to \$400			1,247,400
DOR: Increase Beverage Container Case Fee from \$0.04 to \$0.08			2,117,450
DOR: Increase the Cigarette Licensing Fee to \$400, Impose Fee on E-Cigarette Licensees			535,000
DEM: Beach Fees			737,801
DEM: Campground Fees			692,338
DEM: Other Fees			104,757
DEM: Hard to Dispose Tax			1,000,000
DMV: Oversized and Overweight Permits			501,840
Adult Marijuana Use Licensing Fees (25% GR share + 26% special FY 2020 share)			1,232,148
New Retail-Only Compassion Centers (6 new) Surcharge Collections			289,100
Surcharge Due to Restricting Medical Marijuana Home Growing			164,787
Surcharge on Ammunition and Guns			804,305
SARA Fees Moved to Restricted Receipts			(86,500)
	<i>Subtotal: Licenses and Fees</i>	\$	190,722,941
<i>Sales and Services</i>			
DOR: Delay Motor Vehicle Plate Reissuance Indefinitely		\$	(1,813,170)
DMV: \$5 Fee for Lifting Municipal Tax Blocks			406,250
	<i>Subtotal: Sales and Services</i>	\$	(1,406,920)
<i>Miscellaneous</i>			
Implement New State Share of 1% of Increased State Hotel Tax (6 total%)		\$	4,352,623
	<i>Subtotal: Miscellaneous</i>	\$	4,352,623
	<i>Subtotal: Departmental Receipts</i>	\$	193,668,644
<u><i>Other Sources</i></u>			
<i>Other Miscellaneous Revenues</i>			

General Revenue Changes to Adopted Estimates

Transfer Excess Reserves from the Rhode Island Infrastructure	\$	4,000,000
Transfer of Excess Reserves from the Rhode Island Student Loan Authority		1,500,000
Transfer Excess Reserves from Rhode Island Housing		1,500,000
DOR: Addition of One Lawyer and Case Management System to Collections Unit		750,000
Transfer of Excess Medical Marijuana Restricted Receipt Revenues		330,000
<i>Subtotal: Other Miscellaneous Revenues</i>	\$	8,080,000
 <i>Lottery</i>		
Correction to the November 2018 Revenue Estimating Conference Lottery Transfer	\$	(1,100,000)
Allow the Sale of Traditional Lottery Products through a Mobile App		900,956
Offer Remote Sports Betting		2,968,366
<i>Subtotal: Lottery</i>	\$	2,769,322
<i>Subtotal: Other Sources</i>	\$	10,849,322
 FY 2020 Total General Revenue Changes	 \$	 248,637,451

Other Revenue Enhancements

Governor

FY 2019

Restricted Receipts

Sub-Total Restricted Receipts

\$ -

Other Funds

Sub-Total Other Funds

\$ -

FY 2019 Total Non-General Revenue Changes

\$ -

FY 2020

Restricted Receipts

SARA Fees Moved to Restricted Receipts

86,500

Sub-Total Restricted Receipts

\$ 86,500

Other Funds

Sub-Total Other Funds

\$ -

FY 2020 Total Non-General Revenue Changes

\$ 86,500

Appendix B
Five-Year Financial
Projection

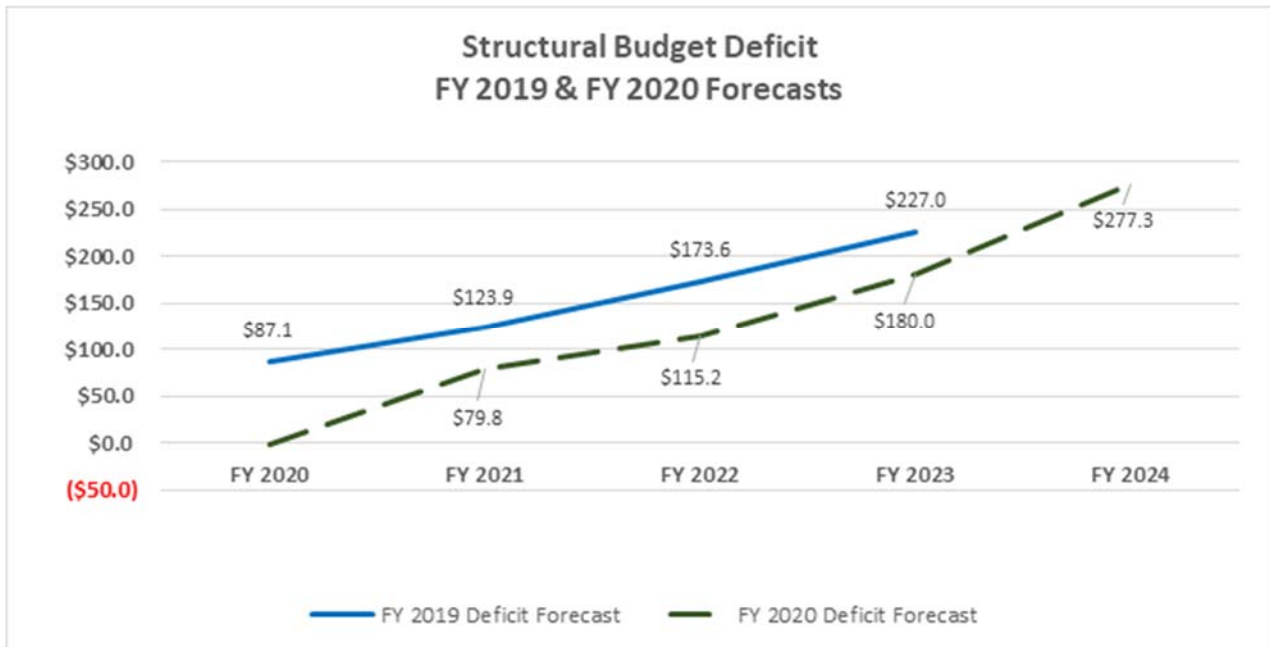
FY 2020 – FY 2024 Overview

Summary

This five-year financial projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws. It includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2024. 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.

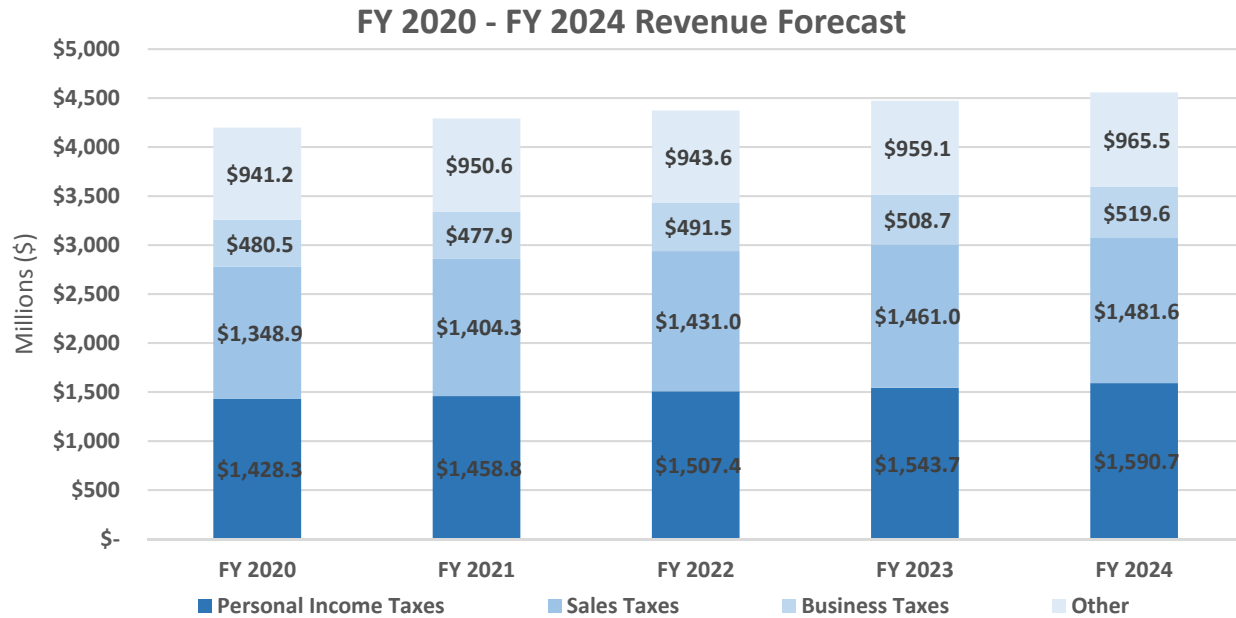
From the FY 2020 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2024. In percentage terms, the deficits are projected to range from 1.9 percent of spending in FY 2020 to 5.9 percent of spending in FY 2024. Inflation, however, as measured by the United States consumer price index for all urban consumers (CPI-U), is expected to grow at an average annual rate of 2.3 percent over this same period.



Revenues

The revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2020 general revenue changes to the estimates adopted at the November 2018 Revenue Estimating Conference (REC). Overall revenues are expected to grow from \$4.199 billion in FY 2020 to \$4.557 billion in FY 2024.

FY 2020 – FY 2024 Overview



Personal Income Taxes: The five-year projected personal income tax revenues are estimated to grow by average 2.9 percent annually over this period. This is down from average growth from FY 2014 through FY 2018 of 4.5 percent. The economic recovery, the strong stock market, and recent federal tax cuts and spending increases have led to strong growth in personal income tax revenue. Employment growth is expected to peak in FY 2019, and wage growth is expected to peak in FY 2020. In subsequent years, as the economy reaches full employment and wages adjust to this equilibrium, annual revenue growth is expected to slow. Withholding taxes, the largest component of personal income taxes, are expected to grow by 4.4 percent and 4.0 percent in the current year and budget year, respectively. The forecast calls for withholding taxes to grow at an average of 3.7 percent for the remaining four years of the forecast, reflecting a general slowing of the economy.

Sales Taxes: Average growth across all sales and use taxes is estimated at 3.1 percent annually over FY 2020 through FY 2024. This average includes growth at 5.9 percent in FY 2020 and drops to 1.4 percent by FY 2024. As with employment and wages, personal consumption expenditure growth is expected to peak in the near term, with FY 2019 growth at 4.8 percent which gradually falls to 3.5 percent by FY 2024. The tight labor market is expected to increase wages, which in turn drives consumer spending. This growth in spending is the main driver of strong sales tax growth. There are also base expansions, both in previous fiscal years and in the Governor’s Recommended FY 2020 budget, that help drive growth. Finally, the legalization of adult marijuana (which impacts regular sales tax and creates new marijuana excise taxes) and a proposed cigarette tax increase in FY 2020 drive additional growth. These impacts go from partial-year impacts to full-year impacts in FY 2021, which supports continued growth in FY 2021 of 4.3 percent that falls to 2.0 percent in the subsequent years.

Business Taxes: Average growth across all business taxes is estimated at 2.5 percent annually over FY 2020 through FY 2024. The largest component of business taxes, corporate income tax, is expected to see strong collections in FY 2019 and FY 2010 due to the impact of federal tax reform, the Tax Cuts and Jobs Act. This federal legislation led to one-time revenue increases due to the repatriation of foreign income by U.S. companies. There are also reoccurring impacts due to other changes in the federal tax code. With the absence of the one-time impact in FY 2021, overall growth in the business taxes becomes flat, before stabilizing around 2-3 percent annually.

FY 2020 – FY 2024 Overview

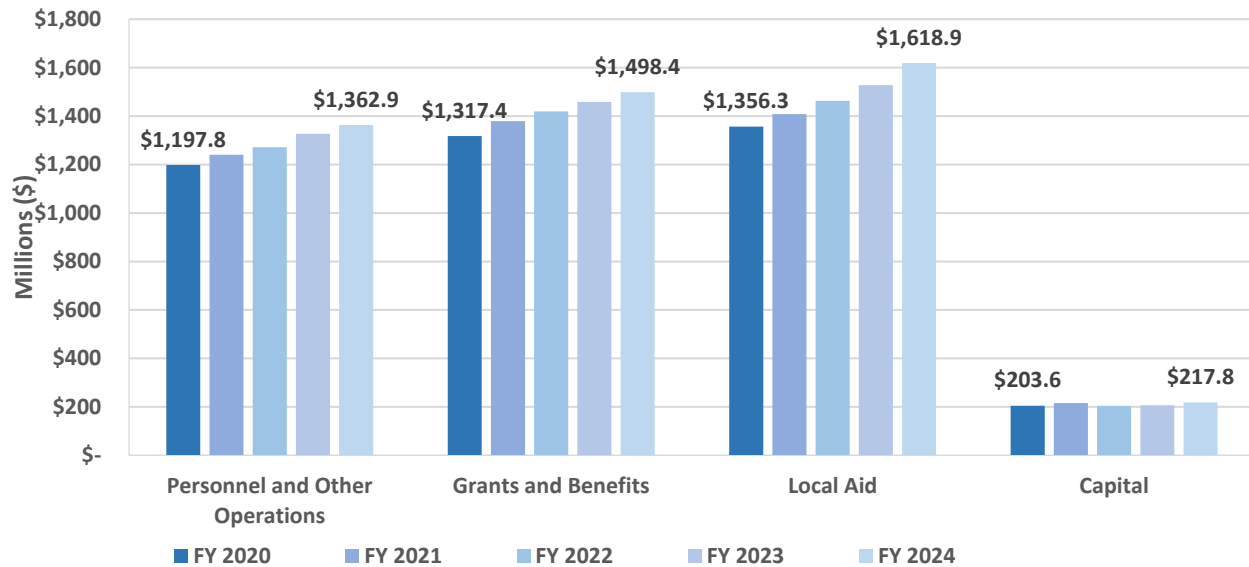
Other Taxes/Other Sources: The largest single category in other sources of revenue is the lottery transfer, which is expected to grow at 1.8 percent annually over FY 2020 through FY 2024. The long-term trend in lottery revenue has been downward, with increased competition from Massachusetts casinos drawing away patrons. MGM Springfield opened in August 2018, and a new casino in Everett, MA is expected to open late June or early July 2019. Lottery revenue is expected to grow in FY 2019 and FY 2020 by 9.5 percent and 7.6 percent, respectively. Short-term growth is bolstered by the introduction of sports betting in November 2018, along with the opening of the Tiverton Casino (which replaced Newport Grand) in September 2018 and the opening of a hotel at Twin River Lincoln in October 2018. Over the FY 2021 through FY 2024 period, lottery revenues are essentially flat as long-term trends reassert themselves.

Limitations: There are several potential weaknesses in the economic forecast. Rhode Island population growth is expected to be weak. This low population growth, combined with a graying population, leads to a lack of household formation and minimal growth in the labor force. Job growth in the professional business service sector has been a source of strength for the state, but job gains are expected to be concentrated in lower-skilled, lower-wage administrative support positions. As discussed at the 2018 November Revenue Estimating Conference, there is a “contained” risk of recession in the near term, but a recession is likely within the next five years.

Expenditures

The expenditure projections contained in the five-year forecast incorporate the Governor’s FY 2020 proposed expenditures. Overall expenditures are expected to grow by 15.3 percent from \$4.075 billion in FY 2020 to \$4.698 billion in FY 2024.

FY 2020 - FY 2024 Expenditure Forecast



Personnel and Other Operations

FY 2020 – FY 2024 Overview

The current five-year forecast assumes 13.8 percent average growth with \$1.198 billion of personnel and operating costs in FY 2020 and \$1.363 billion in FY 2024. Salary costs are projected to grow 9.4 percent from FY 2020 to FY 2024.

The forecast reflects employee cost sharing of 20.0 percent of medical premium cost that will continue to offset health insurance costs in FY 2020 and throughout the forecast period. Gross medical cost increases for health care premiums are expected to grow at between 4.1 and 5.1 percent annually on average throughout the forecast period.

Based upon projected payroll growth and the forecasted retirement contribution rates, the general revenue funded contribution for state employee members would grow from a projected \$111.3 million in FY 2020 to \$131.1 million in FY 2024, reflecting growth of \$19.8 million in retirement costs, an average increase of 4.3 percent a year.

Grants and Benefits

Grants and benefits are projected to increase by an average of 3.3 percent annually from \$1.317 billion in FY 2020 to \$1.498 billion in FY 2024. This growth rate results in an increase of \$181.1 million in this category of spending over the five-year horizon. The growth rates used in the five-year forecast were derived from Medicaid expenditure projections released by the Centers for Medicaid and Medicare Services (CMS) in February 2018. This forecast assumes that major federal block grants for major programs such as Rhode Island Works program and the Child Care Assistance Program will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect for FY 2020.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 2.3 percent annually. It is assumed that federal TANF resources will remain sufficient to meet the entire cost of the RI Works program throughout the forecast horizon. Supplemental Security Income (SSI) payments are forecasted to grow at an average rate of 0.5 percent throughout the five-year period.

Similarly, cost trends in institutional long-term care include an average annual growth rate of 4.18 percent from FY 2020 through FY 2024. For home-care, the growth rate over the forecast horizon is estimated at 6.7 percent.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from \$113.4 million in FY 2020 to \$124.9 million in FY 2024. 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.

Also included under the Grants category are scholarship funds within the Office of the Postsecondary Commissioner. Beginning in FY 2020, the Governor's *Rhode Island Promise* initiative will expand eligibility for qualifying adults as well as eligible students attending Rhode Island College. This expansion in coverage will result in an overall increase from \$7.9 million in 2020 to \$15.9 million in 2024 of general revenues. These eligibility expansions will be financed through the Division of Higher Education Assistance's reserve funds in FY 2020.

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 \$97.7 million to

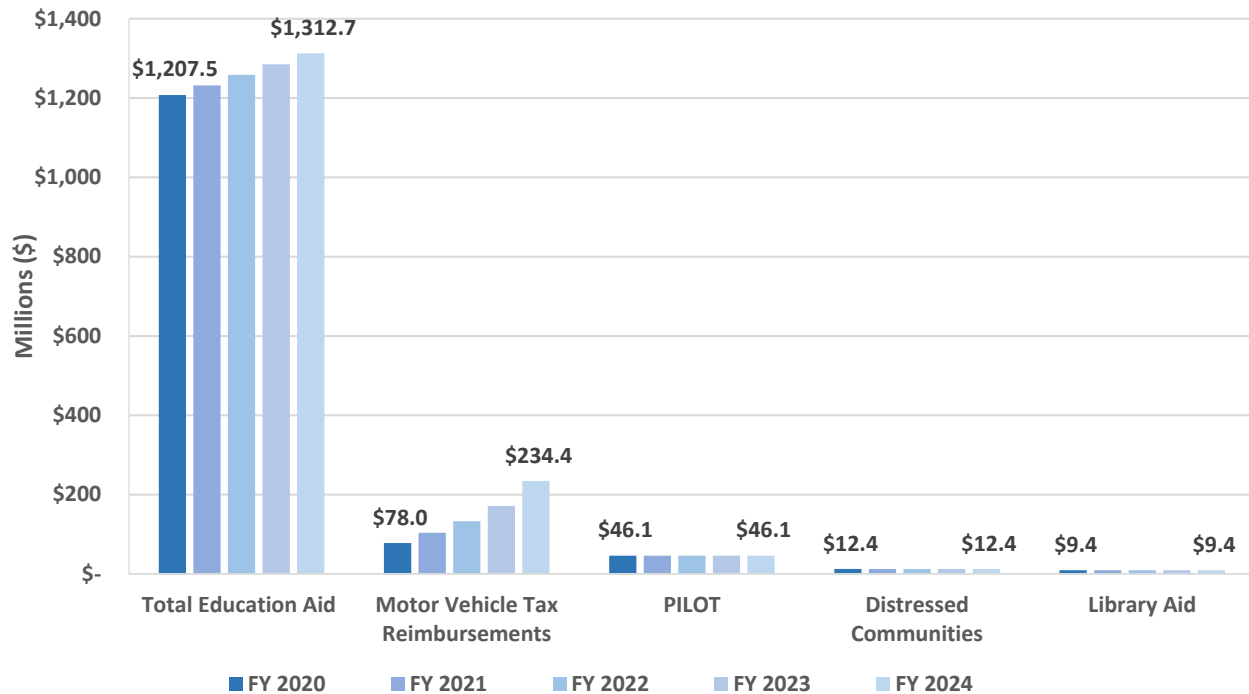
FY 2020 – FY 2024 Overview

\$107.3 million between FY 2020 and FY 2024, an increase of 9.7 percent.

Local Aid

The current five-year forecast assumes 19.4 percent total growth with \$1.356 billion of local aid in FY 2020 and \$1.619 billion in FY 2024.

FY 2020 - FY 2024 Local Aid Expenditure Forecast



Of the five largest local aid categories, three are expected to be level funded over the next five years: Payment in Lieu of Taxes (PILOT), Distressed Communities Aid, and Library Aid.

Within the category Total Education Aid, the Education Aid program is expected to increase from \$951.1 million in FY 2020 to \$1.026 billion in FY 2024. This growth is a direct result of the education aid funding formula, which is nearing the end of its original a ten-year transition period. Districts that stood to gain money completed their seven-year transition period in FY 2018, while losing districts will gradually continue to lose funding through FY 2021. FY 2020 is the ninth year of the transition period. The five-year forecast assumes annual growth of the educational aid funding formula of 2.0 percent from FY 2021 through FY 2024.

State contributions for teachers’ retirement are projected to increase from \$112.3 million in FY 2020 to \$137.8 million in FY 2024. The School Construction Aid program will continue to contribute \$80.0 million annually towards school construction projects.

The total aid for the Motor Vehicle Excise Tax Phase-Out program is estimated to be \$78 million in 2020, \$103.7 million in 2021, \$132.8 million in 2022, \$171.5 million in 2023, and \$234.4 million in 2024.

FY 2020 – FY 2024 Overview

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2020 – FY 2024 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations is projected to increase from \$203.6 million in FY 2020 to \$217.8 million in FY 2024, an increase of 7.0 percent. Other debt service increases are attributable to the issuance of debt for the Historic Tax Credit program, and annual issuance of voter approved and newly recommended general obligation bonds. These increases are offset over the next five years as certain debts are paid off.

Growth in debt service is driven by its largest component, General Obligation. This category is expected to increase by 20.2 percent, from \$116.8 million in FY 2020 to \$140.3 million in FY 2024. This is offset by decreases to debt service related to EDC Job Creation Guaranty, COPS and Other Leases, and Performance Based debt.

Disbursements for many capital projects are funded from the Rhode Island Capital Plan Fund, not general revenue, and therefore are not reflected in the five-year report as operating costs.

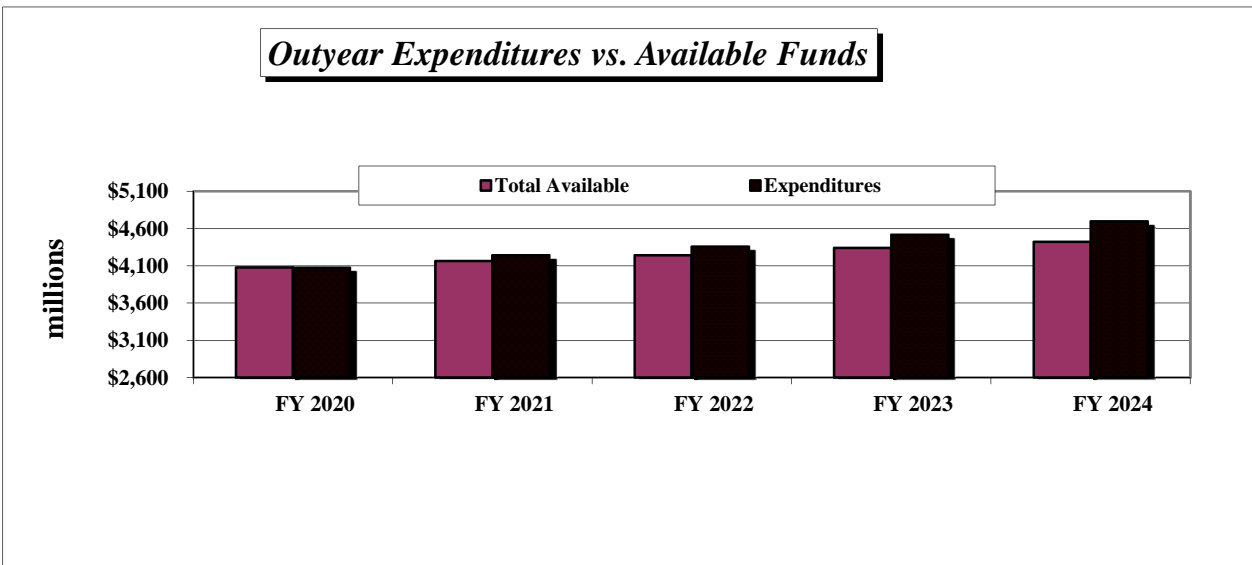
Risks

Expenditure-side risks must also be noted within the five-year projection. There are initiatives contained in the Governor's FY 2020 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.

Another expenditure-side risk involves demographic shifts, such as the aging of the baby-boomer population that will present a greater need to enhance and expand the infrastructure for elderly care toward the end of the five-year horizon. Also of concern is the status of the Affordable Care Act at the federal level and the impact any changes will have on state expenditures for medical services to Medicaid-eligible and other citizens.

General Revenue Outyear Estimates FY 2020 - FY 2024

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Opening Surplus ⁽¹⁾	\$2.9	\$0.7	\$0.0	\$0.0	\$0.0
Plus:					
Taxes and Departmentals	3,744.5	3,838.5	3,925.9	4,019.1	4,101.6
Other Sources (incl. Lottery)	454.4	453.2	447.6	453.4	455.8
Budget Stabilization Fund	(126.1)	(128.8)	(131.2)	(134.2)	(136.7)
Total Available	4,075.8	4,163.6	4,242.3	4,338.3	4,420.7
Minus Expenditures	4,075.1	4,242.7	4,357.5	4,518.3	4,698.0
Equals Ending Balance	\$0.7	(\$79.1)	(\$115.2)	(\$180.0)	(\$277.3)
<i>Operating Surplus or Deficit</i>	<i>(\$2.3)</i>	<i>(\$79.8)</i>	<i>(\$115.2)</i>	<i>(\$180.0)</i>	<i>(\$277.3)</i>
Budget & Cash Stabilization Balance	\$218.1	\$212.9	\$217.0	\$221.9	\$226.1
 Rhode Island Capital Fund	 <i>174.0</i>	 <i>151.4</i>	 <i>129.2</i>	 <i>135.5</i>	 <i>119.6</i>
Capital Projects Disbursements					



⁽¹⁾ Under the Rhode Island Constitution, the budget must be balanced each year, thus deficits in any given fiscal year cannot be carried forward to the ensuing fiscal year.

General Revenue Outyear Estimates

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income Tax	\$ 1,428,300,000	\$ 1,458,830,234	\$ 1,507,417,930	\$ 1,543,723,909	\$ 1,590,686,068
General Business Taxes:					
Business Corporations	162,200,000	151,664,528	160,376,000	172,378,477	177,103,800
Public Utilities	103,200,000	104,420,143	105,656,630	106,839,815	107,982,563
Financial Institutions	24,400,000	24,305,013	23,794,413	23,264,694	22,853,243
Insurance Companies	131,690,132	136,915,478	139,370,067	141,374,640	143,939,646
Bank Deposits	3,000,000	2,633,226	2,648,676	2,584,099	2,773,200
Health Care Provider	55,992,768	57,951,195	59,610,108	62,269,673	64,929,040
General Business Taxes	\$ 480,482,900	\$ 477,889,582	\$ 491,455,894	\$ 508,711,399	\$ 519,581,491
Sales and Use Taxes:					
Sales and Use	1,181,039,814	1,232,264,897	1,263,175,019	1,294,503,003	1,316,765,151
Motor Vehicle	5,300,000	2,100,226	1,025,052	1,012,153	1,012,153
Motor Fuel	*	*	*	*	*
Cigarettes	138,504,135	135,027,820	131,127,488	129,122,746	126,704,901
Alcohol	21,400,000	22,188,117	22,633,972	23,070,193	23,531,642
Cannabis	2,694,298	12,759,098	13,035,003	13,310,857	13,586,732
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	\$ 1,348,938,248	\$ 1,404,340,158	\$ 1,430,996,534	\$ 1,461,018,951	\$ 1,481,600,579
Other Taxes:					
Estate and Transfer	33,900,000	34,843,356	35,389,439	35,954,722	36,533,682
Racing and Athletics	1,100,000	1,092,177	1,087,036	1,080,660	1,075,051
Realty Transfer Tax	15,500,000	14,316,687	14,666,430	15,016,173	15,365,916
Medicaid Employer Assessment	15,598,337	19,469,623	20,257,362	21,040,184	21,839,424
Other Taxes	66,098,337	69,721,843	71,400,268	73,091,739	74,814,073
Total Taxes	\$ 3,323,819,485	\$ 3,410,781,817	\$ 3,501,270,626	\$ 3,586,545,998	\$ 3,666,682,210
Total Departmental Receipts	420,668,644	427,707,381	424,630,740	432,525,470	434,954,759
Taxes and Departmentals	\$ 3,744,488,129	\$ 3,838,489,199	\$ 3,925,901,367	\$ 4,019,071,468	\$ 4,101,636,969
Other Sources					
Other Miscellaneous	15,030,000	7,685,407	7,685,407	7,685,407	8,685,407
Lottery Commission Receipts	429,869,322	435,154,483	429,354,483	434,954,483	435,054,483
Unclaimed Property	9,500,000	10,333,950	10,574,786	10,808,524	12,037,266
Other Sources	\$ 454,399,322	\$ 453,173,840	\$ 447,614,676	\$ 453,448,414	\$ 455,777,156
Total General Revenues	\$ 4,198,887,451	\$ 4,291,663,038	\$ 4,373,516,043	\$ 4,472,519,882	\$ 4,557,414,125

General Revenue Outyear Estimates - Percentage Changes

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income Tax	3.4%	2.1%	3.3%	2.4%	3.0%
General Business Taxes:					
Business Corporations	4.8%	-6.5%	5.7%	7.5%	2.7%
Public Utilities	2.4%	1.2%	1.2%	1.1%	1.1%
Financial Institutions	4.7%	-0.4%	-2.1%	-2.2%	-1.8%
Insurance Companies	4.4%	4.0%	1.8%	1.4%	1.8%
Bank Deposits	0.0%	-12.2%	0.6%	-2.4%	7.3%
Health Care Provider	7.9%	3.5%	2.9%	4.5%	4.3%
General Business Taxes	4.5%	-0.5%	2.8%	3.5%	2.1%
Sales and Use Taxes:					
Sales and Use	6.3%	4.3%	2.5%	2.5%	1.7%
Motor Vehicle	71.0%	-60.4%	-51.2%	-1.3%	0.0%
Motor Fuel	*	*	*	*	*
Cigarettes	-0.4%	-2.5%	-2.9%	-1.5%	-1.9%
Alcohol	3.4%	3.7%	2.0%	1.9%	2.0%
Cannabis	n/a	373.6%	2.2%	2.1%	2.1%
Controlled Substances					
Sales and Use Taxes	5.9%	4.1%	1.9%	2.1%	1.4%
Other Taxes:					
Estate and Transfer	-1.7%	2.8%	1.6%	1.6%	1.6%
Racing and Athletics	0.0%	-0.7%	-0.5%	-0.6%	-0.5%
Realty Transfer Tax	-7.2%	-7.6%	2.4%	2.4%	2.3%
Medicaid Employer Assessment		24.8%	4.0%	3.9%	3.8%
Other Taxes	26.4%	5.5%	2.4%	2.4%	2.4%
Total Taxes	5.0%	2.6%	2.7%	2.4%	2.2%
Total Departmental Receipts	3.9%	1.7%	-0.7%	1.9%	0.6%
Taxes and Departmentals	4.8%	2.5%	2.3%	2.4%	2.1%
Other Sources					
Gas Tax Transfers	*	*	*	*	*
Other Miscellaneous	-46.6%	-48.9%	0.0%	0.0%	13.0%
Lottery Commission Receipts	7.6%	1.2%	-1.3%	1.3%	0.0%
Unclaimed Property	-5.9%	8.8%	2.3%	2.2%	11.4%
Other Sources	3.8%	-0.3%	-1.2%	1.3%	0.5%
Total General Revenues	4.7%	2.2%	1.9%	2.3%	1.9%

General Revenue Outyear Expenditure Estimates

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
State Operations					
Personnel and Contract Services	\$1,007,300,000	\$1,035,180,000	\$1,064,280,000	\$1,093,760,000	\$1,119,170,000
Other State Operations	190,479,000	194,980,000	199,600,000	204,070,000	208,440,000
Impact of Initiatives/Other Changes	-	10,110,000	7,746,505	28,746,505	35,263,685
Subtotal	\$1,197,779,000	\$1,240,270,000	\$1,271,626,505	\$1,326,576,505	\$1,362,873,685
Grants and Benefits					
Executive Office of Health and Human Services & Department of Human Services					
Hospitals	21,790,000	23,050,000	24,300,000	25,590,000	26,970,000
Managed Care	504,240,000	526,620,000	541,080,000	553,660,000	567,230,000
Nursing Care	164,770,000	172,060,000	179,460,000	186,740,000	194,060,000
Home Care (HCBS)	41,840,000	44,770,000	47,760,000	50,870,000	54,140,000
Other Medicaid	95,140,000	97,400,000	99,590,000	101,900,000	104,400,000
Pharmacy	50,000	60,000	60,000	70,000	70,000
DEA Medicaid/CNOM	4,040,000	4,320,000	4,610,000	4,910,000	5,230,000
Cash Assistance- RIW/CCAP/GPA	12,850,000	13,150,000	13,470,000	13,770,000	14,060,000
Cash Assistance - SSI	20,170,000	20,270,000	20,370,000	20,470,000	20,580,000
Clawback	74,710,000	76,470,000	78,280,000	80,040,000	81,750,000
DSH	66,260,000	67,830,000	69,440,000	70,990,000	72,510,000
ACA- MA Population Expansion	41,130,000	49,540,000	50,650,000	51,830,000	53,100,000
Department of Children Youth & Families					
Children & Family Services	97,740,000	100,060,000	102,320,000	104,690,000	107,260,000
Department of Behavioral Healthcare, Developmental Disabilities & Hospitals					
Developmental Disabilities-Private	113,390,000	115,930,000	119,000,000	121,920,000	124,910,000
Rhode Island Promise Scholarship					
	7,880,000	15,000,000	15,300,000	15,620,000	15,940,000
Other Grants and Benefits					
	51,360,000	52,570,000	53,820,000	55,030,000	56,210,000
Subtotal	\$1,317,360,000	\$1,379,100,000	\$1,419,510,000	\$1,458,100,000	\$1,498,420,000
Local Aid					
Education Aid	1,207,510,000	1,231,660,000	1,257,950,000	1,284,960,000	1,312,730,000
Motor Vehicle Tax Reimbursements	77,990,000	103,710,000	132,750,000	171,510,000	234,420,000
PILOT	46,090,000	46,090,000	46,090,000	46,090,000	46,090,000
Distressed Communities	12,380,000	12,380,000	12,380,000	12,380,000	12,380,000
Fiscal Oversight Reimbursement	130,000	130,000	130,000	130,000	130,000
Library Aid	9,360,000	9,360,000	9,360,000	9,360,000	9,360,000
Library Construction Aid	1,890,000	3,180,000	2,730,000	2,540,000	2,560,000
Property Revaluation Prgm	690,000	1,120,000	1,560,000	360,000	920,000
Central Falls New Pension Plan	290,000	280,000	260,000	250,000	280,000
Subtotal	\$1,356,330,000	\$1,407,910,000	\$1,463,210,000	\$1,527,580,000	\$1,618,870,000
Capital					
<i>Debt Service</i>					
General Obligation	116,756,000	113,756,000	122,808,000	128,571,000	140,303,000
Historic Tax Credit Program	19,822,000	19,826,000	19,829,000	19,830,000	19,835,000
EDC Job Creation Guaranty/Other	4,568,000	15,248,000	3,190,000	2,442,000	4,143,000
COPS/Other Leases	31,491,000	33,604,000	30,453,000	30,465,000	26,650,000
Convention Center Debt	24,434,000	25,924,000	25,918,000	23,787,000	25,904,000
Performance Based	6,553,000	7,038,000	954,000	954,000	954,000
Subtotal	\$203,624,000	\$215,396,000	\$203,152,000	\$206,049,000	\$217,789,000
Expenditures	\$4,075,093,000	\$4,242,676,000	\$4,357,498,505	\$4,518,305,505	\$4,697,952,685

General Revenue Outyear Planning Values

Estimates and Growth	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income (billions) [1]	\$64.5	\$66.9	\$69.4	\$72.1
<i>Change</i>	4.0%	3.8%	3.7%	3.8%
Nonfarm Employment (thousands) [1]	510.5	510.9	510.6	510.1
<i>Change</i>	0.3%	0.1%	-0.1%	-0.1%
CPI-U (U.S.) [1]	2.36%	2.37%	2.24%	2.14%
Personal Income Tax [2]	2.1%	3.3%	2.4%	3.0%
Business Corporation Tax [2]	-6.5%	5.7%	7.5%	2.7%
Provider Tax [2]	3.5%	2.9%	4.5%	4.3%
Sales Tax [2]	4.3%	2.5%	2.5%	1.7%
Other Taxes and Departmentals [3]	3.6%	0.8%	2.1%	1.5%
Salaries and Fringe Benefits				
Salary COLA/Steps/Longevity - [7]	2.36%	2.37%	2.24%	2.14%
Medical Benefits Cost Growth [12]	4.85%	4.55%	4.85%	5.05%
Retiree Health Rates [8]	6.65%	6.65%	6.65%	6.65%
State Employees Retirement Rates [9]	27.54%	28.20%	28.94%	29.77%
Home Health Care				
Expenditure Growth [4]	7.00%	6.69%	6.51%	6.43%
Nursing Home Care				
Expenditure Growth [5]	4.42%	4.30%	4.06%	3.92%
Managed Care				
Expenditure Growth [6]	2.38%	2.25%	2.33%	2.45%
Other Medicaid				
Expenditure Growth [6]	2.38%	2.25%	2.33%	2.45%
DCYF Services				
Expenditure Growth [6]	2.38%	2.25%	2.33%	2.45%
BHDDH- DD				
Expenditure Growth [6]	2.38%	2.25%	2.33%	2.45%
Pharmacy				
Expenditure Growth [10]	7.55%	7.12%	6.94%	6.88%
Hospital Care				
Expenditure Growth [11]	5.76%	5.43%	5.31%	5.40%

[1] November 2018 Consensus Economic Forecast based on IHS Market Rhode Island Forecast adopted at the November 2018 REC.

[2] Growth in estimates for FY 2020 as adopted at the November 2018 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2021 - FY 2024.

[3] Growth in estimates for FY 2020 as adopted at the November 2018 REC for total general revenues inclusive of the Governor's proposals, excluding personal income taxes, business corporations taxes, health care provider assessment, sales and use taxes and other sources.

[4] CMS National Health Expenditure Projections, February 2018, Home Health Care: State

[5] CMS National Health Expenditure Projections, February 2018, Nursing Home Care: State

[6] CMS National Health Expenditure Projections, February 2018, National Health Expenditures-Private Health Insurance as proxy with 50 percent policy adjustment

[7] Personnel Growth based on CPI-U; no specific COLA is assumed except for FY 2020 (annualized) as recently ratified, but it is expected there will be some COLA's awarded over

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

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

[10] CMS National Health Expenditure Projections, February 2018, Prescription Drugs: State

[11] CMS National Health Expenditure Projections, February 2018, Hospital Care: State Medicaid

[12] CMS National Health Expenditure Projections, February 2018, State and Local Government, Employer contributions to private health insurance premiums.

Appendix C

The Budget Process

The Budget Process: A Primer

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

Appropriation Process. According to Article IX Section 16 of the Rhode Island Constitution, and the Rhode Island General Laws Section 35-3-7, the Governor must present spending recommendations to the Legislature. *The Budget* reflects expenditures for both the current and upcoming fiscal year and identifies the sources of financing for those expenditures.

On or before the third Thursday in January, unless delayed by act of the Legislature, the Governor must submit to the General Assembly a budget containing a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency, and estimates of personnel costs for the next fiscal year. Commencing with the Governor's FY 2014 budget, this supplementary personnel information has been merged into the multivolume document entitled *Budget*.

The budget is proposed by the Governor and considered by the General Assembly, which may increase, decrease, alter, or strike out any item in the budget, provided that the action would not cause an excess of appropriations over anticipated revenue receipts. No appropriation in excess of budget recommendations may be made by the General Assembly unless it provides the necessary additional revenue to cover such appropriation. The Governor may veto legislative appropriations, although not on an individual "line item" basis. The Legislature may override any veto by a three-fifths majority vote. Supplemental appropriations measures must be submitted by the Governor to the General Assembly on or before the third Thursday in January. Supplemental appropriations by the General Assembly must also be supported by additional revenues.

The general laws of the state provide that if the General Assembly fails to pass the annual appropriation bill, amounts equal to those appropriated in the prior fiscal year shall be automatically available for expenditure, subject to monthly or quarterly allotments as determined by the Budget Officer. Expenditures for general obligation bond indebtedness of the state shall be made as required regardless of the passage of the annual budget or the amount provided for in the prior fiscal year.

Fiscal Years. It is important when reading the budget to consider which fiscal year is being discussed. The state *fiscal year* runs from July 1 to the following June 30 and is numbered for the calendar year in which it ends (e.g. FY 2018). 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 Budget Process: A Primer

the House Fiscal Advisor, and the Senate Fiscal Advisor, with the chair rotating among the three. It must meet no less than twice per year, in November and May, and can be convened at any other time by call of any member, and must reach consensus on revenues. The 1991 Assembly created a Medical Assistance and Public Assistance Caseload Estimating Conference similar to the Revenue Estimating Conference to adopt cash assistance entitlement caseload estimates. The 1998 Assembly amended the Medical Assistance and Public Assistance Caseload Estimating Conference to estimate medical assistance expenditures, upon which the Governor's expenditures budget shall be based, and the appropriations by the assembly shall be made.

The consensus revenue estimate is the official revenue projection for general revenue. Estimates of revenues for federal funds, restricted receipts, and other funds are prepared by individual state agencies, reviewed by the Budget Office, and included in *The Budget*.

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

Function of government classifies expenditures by grouping agencies that make expenditures for similar programs and purposes. There are six functions of government defined in *The Budget*: General Government, Human Services, Education, Public Safety, Natural Resources, and Transportation.

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

General Government includes the administrative and regulatory functions of state government. Certain elected officials (Governor, Lieutenant Governor, General Treasurer, Secretary of State), the Legislature, and the Department of Administration are agencies that perform an administrative function. The Department of Business Regulation, the Department of Labor and Training, and the Public Utilities Commission are examples of agencies that perform a regulatory function. The Department of Revenue coordinates revenue collection activities of several state divisions.

Health and Human Services includes agencies that provide services to individuals. These services provided include: the care of the disabled by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; child protective and social services provided by the Department of Children, Youth and Families; health programs at the Department of Health and the Executive Office of Health and Human Services; financial assistance and social services provided by the Department of Human Services; and pharmaceutical assistance and home health care at the Division of Elderly Affairs. The Executive Office of Health and Human Services centrally coordinates the legal, budgetary, and policymaking activities of the Human Services agencies.

The *Education* function provides educational services to Rhode Islanders. The State Board of Education and The Office of Postsecondary Education provide direct education services.

Public Safety is the function that provides safety and security services to Rhode Island citizens. Agencies in this function include the Department of Corrections, the Judiciary, the Attorney General and the Department of Public Safety.

The Budget Process: A Primer

The *Natural Resources* function protects the natural and physical resources of the state and regulates the use of those resources. Agencies included in this function are the Department of Environmental Management and the Coastal Resources Management Council.

Transportation includes the Department of Transportation, which is the only agency in this function. It is responsible for maintaining and constructing highways in Rhode Island, and for planning and financing all surface transportation modes.

Categories of expenditure classify expenditures by budgeting and accounting objects of expenditure: personnel; state operations; aid to local units of government; assistance, grants, and benefits; and capital. Objects of expenditures define how funds are encumbered and expended.

Personnel includes the salaries, wages, and benefits of state employees, as well as personnel services purchased from outside contractors and vendors.

Operating Supplies and Expenses include expenses incurred while conducting the day-to-day business of state government. This category is often referred to simply as "operating". Operating expenses comprise non-personnel expenditures for operations of state government, including facilities maintenance, program and office supplies, rental of outside property, telecommunications, and insurance.

Aid to Local Units of Government is payments made to governmental units that provide services at the local level. Education Aid to local school districts is an example.

Assistance, Grants and Benefits constitutes payments to individuals and agencies which are not governmental units. Drugs, medicine and nursing facilities for the Medicaid programs, the pharmaceutical assistance program for the elderly, and cash assistance payments for the Rhode Island Works, Supplemental Security Income, and Child Care Assistance entitlements are a few examples.

Capital Purchases and Equipment include capital improvements and new capital construction financed via the Rhode Island Capital Plan Fund (RICAP), general revenues, or federal funds. Please note that the majority of capital improvements, supported by other forms of financing (i.e. state debt instruments), are generally found in the *Capital Budget*.

Debt Service includes payments on short term tax anticipation notes, long term general obligation bonds, Rhode Island Refunding Bond Authority lease payments, certificates of participation payments for the Intake Service Center, Attorney General's administrative office, Information Technology, and the Rhode Island School for the Deaf; and lease payments to the Convention Center Authority.

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

State Employees. A major part of the state operations category of expenditures is salary and wage payments to employees. Public service in state government is divided into the classified service, unclassified service, and non-classified service. The classified service comprises all positions in state service, now existing or to be created, except as specifically provided under R.I.G.L. 36-4-2 for unclassified employees and R.I.G.L. 16-59-7 for Higher Education non-classified employees. The classified service is divided into a competitive branch and a non-competitive branch. Employees hired to fill positions in the classified service must be hired on the basis of merit and fitness. The non-competitive branch includes positions that require the performance of routine tasks, or those that require licenses, certificates, or

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registrations. These employees 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.

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Additionally, during the 2007 Session of the General Assembly, a law was enacted which requires that revenues received in excess of the amount estimated in the enacted budget, net of reserve fund contributions, would be transferred to the State Retirement Fund upon completion of the post audit.

Budget Basis. *The Budget* is prepared on the same basis that the state's year end financial statements, which is a modified accrual basis. Briefly, this means that obligations of the state are budgeted as expenditures if the goods or services are expected to be received during the fiscal year, regardless of whether a cash payment is expected to be made by the state by June 30th of that year. Revenues are estimated on the basis of when they are "earned" by the state. For example, the estimate of gas tax revenues reflects twelve months of revenues. However, due to a one-month difference in the time the liability is incurred and the actual cash payment is made by the taxpayer, the revenue estimate reflects cash received from August through July.

The Comprehensive Annual Financial Report (CAFR) shows the status of the state's finances on the basis of "generally accepted accounting principles" (GAAP). Every attempt is made in preparing the budget to ensure that it is consistent with the auditing standards upon which the state's financial position will be determined.

Program Performance Measures. The current administration continues in its effort to develop and track measures of the performance of state agencies and departments. The performance measures included in the 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

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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* reflects the revised current year funding plan submitted to the Legislature on the third Thursday in January, as well as the budget year funding plan.

During this same period between September and the start of the legislative session, House and Senate fiscal staffs also have the agency budget requests for analysis. Following receipt of the Governor's recommendations, the legislative fiscal analysts begin their analysis of the recommendations of the Governor.

The Governor's budget recommendations traditionally are incorporated in one omnibus appropriations bill, which normally includes articles containing any statutory changes which would be required to implement the Governor's budget.

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

Mid-July	Capital Budget Requests due to Budget Office.
Late July	Budget Instructions and Funding Targets distributed to Agencies.
Mid September	Budget requests of Agencies with enacted all funds budget of \$10.0 million or less due to Budget Office.
Late Sept./ Early Oct.	Budget requests of Agencies with enacted all funds budget of over \$10.0 million due to Budget Office.
Oct./Nov.	Agency Meetings to review Budget Recommendations.
Late Dec./ Early Jan.	Gubernatorial Decisions on current year supplement and budget year recommendations.
3 rd Thursday in January	Statutory date for current-year Governor's Supplemental Appropriation bill submitted to Legislature.
3 rd Thursday in January	Statutory date for budget-year Governor's Budget Recommendation bill submitted to Legislature.

Consideration by House of Representatives and Senate. Appropriation bills are introduced into the House and are first considered by the House Finance Committee. The Senate Finance Committee also begins hearings on the budget bill, as introduced by the Governor. The chairpersons of the committees appoint subcommittees to consider appropriations for various agencies. Subcommittees vary in size, usually between two and five persons. After reviewing the budget requests and the Governor's budget, the subcommittees recommend adjustments to the full committee for consideration. A committee may adjust the recommendations of its subcommittee. Appropriation bills are reprinted to reflect the recommendations of the full committee. The bill is then presented to the full House, and upon passage is transmitted to the Senate. The process for review of an appropriation bill in the Senate mirrors the steps followed in the House of Representatives. Usually, however, consideration by the Senate occurs in a much shorter span of time. Once the bill is presented and approved by the full Senate, the Governor has three options: 1) sign the bill into law, 2) veto the bill, or 3) allow the bill to become law without signature (after six days, Sundays excepted, the bill automatically becomes law without the Governor's signature). The General Assembly may overturn the Governor's veto with a three-fifths vote in each house.

Office of Budget

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
Governor's Office
Lieutenant Governor
Governor's Commission on Disabilities
Office of the Mental Health Advocate
Coastal Resources Management Council
Rhode Island Resource Recovery Corporation

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Department of Children, Youth & Families
Commission on the Deaf and Hard of Hearing
Office of the Child Advocate
Department of Environmental Management
Narragansett Bay Water Quality Commission
Children's Budget

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Department of Administration
Office of the General Treasurer
Ethics Commission
Department of Public Safety
Convention Center Authority
Capital Center Commission

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Office Management
Official Statement

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Legislature
Board of Elections
Secretary of State
Office of the Public Defender
Office of the Attorney General
Department of Corrections
Historical Preservation and Heritage Commission

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Department of Business Regulation
Department of Labor and Training
Military Staff
RI Emergency Management Agency
Judiciary

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Department of Revenue
Public Utilities Commission
Department of Transportation
Rhode Island Airport Corporation
Rhode Island Public Transit Authority
Rhode Island Turnpike and Bridge Authority
Rhode Island Infrastructure Bank

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Higher Education
Department of Elementary and Secondary
Education
Rhode Island Health and Educational Building
Corporation
Rhode Island Atomic Energy Commission
Student Loan Authority

Bernard Lane**Associate Dir., Financial Management**

Capital Improvement Program
Special Projects

Abby McQuade**Supervising Budget Analyst**

Executive Office of Commerce
Rhode Island Commerce Corporation
Rhode Island Industrial Facilities Corporation
Rhode Island Industrial Recreational Building
Authority
I-195 Commission
Quonset Development Corporation
Housing Resources Commission
Rhode Island Housing and Mortgage Finance
Corporation

Office of Budget

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Department of Behavioral Healthcare,
Developmental Disabilities and Hospitals
Assessed Fringe Benefit Fund
Council on the Arts
Commission for Human Rights

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Department of Human Services
Caseload Estimating

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