

State of Rhode Island and Providence Plantations

# Executive Summary

Fiscal Year 2011

Donald L. Carcieri, Governor



# **Executive Summary**





## State of Rhode Island and Providence Plantations

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

Donald L. Carcieri  
Governor

February 2, 2010

To the Honorable, the General Assembly:

The submission of the state budget is not just an exercise in accounting. It reveals decisions and choices about the future. The budget for Fiscal Year 2011 that I am submitting for consideration and approval by the Legislature will solve the \$405 million deficit we face in the coming fiscal year and set the stage for a prosperous future.

In response to the poor economic conditions that are plaguing the whole country, Rhode Island government must make financial choices that are productive and wise. The choice I have made – a choice that guides this budget – is to avoid raising taxes and to control spending. This budget is balanced, does not raise taxes, and calls for new discipline in government spending on both the state and local level.

The best way for us to drive our state out of this recession is to provide tax relief and tax credits to our small business community. The only responsible way for the State to increase revenue is to support those that generate revenue – our business community.

Both this proposed FY2011 Budget and the FY2010 Revised Budget that I already submitted, cannot be viewed in isolation from previous budgets or state fiscal projections. In recent years, my budget proposals have addressed state budget deficits that have plagued Rhode Island for years - referred to as the “structural deficit” - and together we have made significant progress, particularly with personnel and social service expenditures. Going forward, state revenues will continue to lag even as the economy recovers; accordingly, difficult and, even unpopular choices, must be made if we are to make prudent use of taxpayer money.

The state and the local governments are bound together in this financial stewardship. While one-third of general state revenue is passed on to municipalities, municipal spending represents nearly two-thirds of the total government spending in our

To the Honorable, the General Assembly  
February 2, 2010  
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state. After significant reductions in state spending for personnel and social services, Local Aid to Cities and Towns cannot be immune from the need to find savings. While reductions are unavoidable, the General Assembly can assist municipalities with the daunting task of balancing their budgets by providing them with the management tools contained in my budget proposals.

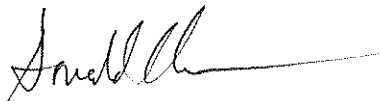
This budget submission is the beginning of a public conversation. The Legislature will conduct hearings and deliberations on what I have proposed. There will be many voices in that conversation, and the loudest ones will be those of the special interests that fear they have something to lose as we restructure Rhode Island government.

It is my hope that the members of the Legislature will turn an ear to the voice of the average taxpayer. It is my hope that the members of the General Assembly will recognize the broader and more lasting call to ensure the good of the whole state and the fortunes of the generations that follow. With our collective resolve and wisdom, I am confident we will do the best for Rhode Island.

Last week, as part of my State of the State address, I spoke of the "liberty of conscience" which upon this great state was founded. As elected leaders, we are bound by our own liberty of conscience, and must set aside our differences and work together to make Rhode Island a stronger, more prosperous state for all its citizens.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Carcieri", with a long horizontal flourish extending to the right.

Donald L. Carcieri  
Governor

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## Overview

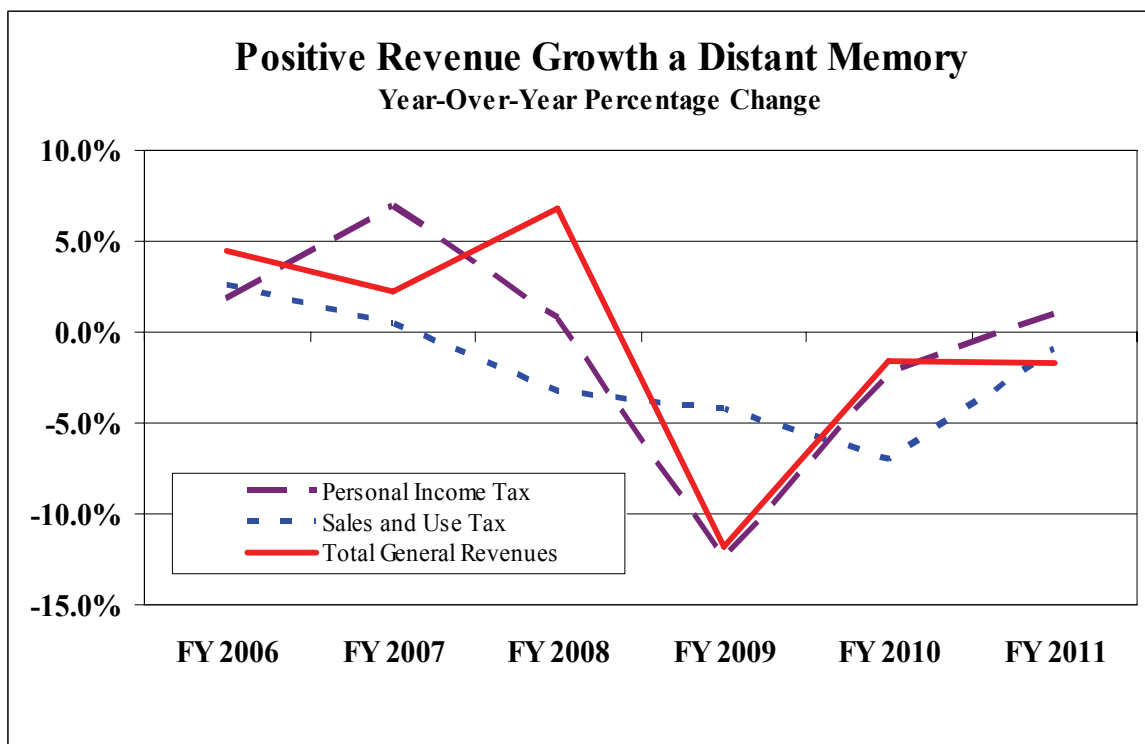
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***Rhode Island's  
Situation is  
Serious***

The nation is feeling the effects of the “Great Recession”, the worst economic downturn since the Great Depression. The impact on the State of Rhode Island has been severe, with over 73,500 Rhode Islanders unemployed. Through December 2009, Rhode Island had a net loss of 42,500 jobs from January 2007, the peak of employment in Rhode Island. The jobless rate peaked at 13.0 percent in September and the State currently ranks third in the nation with a 12.9 percent rate of unemployment as of

December 2010. The State has depleted the resources it set aside to pay unemployment benefits and is now borrowing from the Federal Trust Fund to make benefit payments to unemployed Rhode Islanders.

The impact of the high level of unemployment has translated into a sharp decline in tax receipts to the State, as less personal income taxes are received from employers through withholding taxes, and taxpayers transmit lower estimated and final payments, but request larger refunds. Personal income taxes are estimated to be \$919.2 million in FY 2010 and \$927.7 million in FY 2011. This level of personal income tax revenues is \$145.9 million less than the peak level of receipts collected in FY 2007 and is only slightly more than what was collected in FY 2004. Uncertainty about the economic future and the contraction of the state’s housing market has caused Rhode Islanders to pull back on spending and impacted the State’s second largest income stream, the sales and use tax. Sales tax receipts are estimated to be \$751.0 million in FY 2010 and \$743.7 million in FY 2011. This is \$129.5 million less than the peak level of receipts collected in FY 2007 and is approximately what was collected in FY 2002. The business corporations tax, which peaked in FY 2006 at \$165.1 million are estimated at \$94.1 million in FY 2010 and \$85.7 million in FY 2011. Rhode Island’s estimated general revenue receipts in FY 2010 and FY 2011 are estimated to be \$2.976 billion and \$2.927 billion respectively. This is less than the amount which was available in FY 2005.



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## Overview

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***Small Business  
Jobs Growth  
Initiative***

The Governor's recommended FY 2011 budget includes several tax provisions that are intended to provide tax relief to small businesses and reduce the cost of hiring new employees. The Governor recommends the reduction of the State's corporate/franchise minimum tax from \$500 to \$250. The corporate/franchise minimum tax is paid by businesses organized as subchapter S corporations (S Corps), limited liability companies (LLCs), and subchapter C corporations (C Corps). This tax is paid without regard to whether the business made a profit during the year. Given the severity of the economic downturn in Rhode Island, many small businesses, most of which are organized as S Corps and LLCs, have been hard pressed to turn a profit. The lowering of the minimum corporate/franchise tax to \$250 will provide some tax relief to Rhode Island's struggling small businesses and reduce the cost of doing business in the state. The FY 2011 recommended budget includes a revenue loss of \$11.5 million as a result of this initiative.

The Governor also proposes the implementation of the Small Business Jobs Growth Tax Credit. This initiative will allow businesses with between 5 and 100 employees in Rhode Island but no more than 200 employees worldwide a tax credit equal to \$2,000 per new full-time employee hired provided that the new employee had collected unemployment, received Temporary Assistance to Needy Families payments and/or graduated from a university, college, or technical school at anytime in the last 24 months. The new full-time employee must work at least 30 hours per week, earn at least 250.0 percent of the state's minimum wage in effect when the new employee was hired, and be eligible for employer provided health insurance benefits. The tax credit is intended to offset the unemployment insurance costs incurred by a small business when it hires a new employee. The tax credit is in effect for the July 1, 2010 to December 31, 2011 period and requires that the qualifying small business retain the newly hired employee for 18 consecutive months and have total employment after 18 months that is greater than the company's total employment prior to qualifying for the tax credit. The FY 2011 recommended budget includes foregone revenue of \$10.0 million in recognition of the expected 5,000 new hires that will be induced by the tax credit.

The Governor's recommended budget reflects no increases in broad-based taxes and continues to hold the line on state spending. General revenue funding for personnel costs in the FY 2011 Budget are projected to be \$797.3 million. This is only \$7.5 million higher than the level of spending in FY 2006 of \$789.8 million. This is the result of fewer FTE positions, increased medical insurance co-shares, and concessions negotiated with employees for pay reduction days and deferral of cost-of-living increases. Operating expenses are recommended at \$141.4 million, \$31.1 million less than the peak in FY 2006. Assistance, grants and benefits are recommended at \$838.7 million in FY 2011, or \$1,043.8 billion after adjusting for the impact of the enhanced federal Medicaid funds under the American Recovery and Reinvestment Act of 2009 (ARRA). This is \$37.0 million less than the \$1.080 billion spent in FY 2008. Aid to local government is recommended at \$838.7 million in FY 2011, or \$865.3 million after adjusting for the impact of stabilization funds under ARRA. This is \$243 million less than the \$1.108 billion spent in FY 2008. With significant cuts in local aid, it is imperative that local governments take action to reduce their own operating expenses. The Governor's Supplemental FY 2010 Budget included legislative changes to help the cities and towns reduce spending. The Governor proposes a major restructuring of state government which will better position the State for FY 2012 and thereafter when federal stimulus drops off. The FY 2011 Budget assumes that the enhanced Medicaid match component of the federal stimulus program will be extended through June 30, 2011. While this may

***No Increases  
In Broad-Based  
Taxes – Reductions  
In Expenditures***

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## Overview

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provided \$95 million of much needed relief, it makes the “cliff” effect greater in FY 2012. The outyear forecast assumes a long slow recovery, so the FY 2012 projected deficit is large.

Although the five-year financial projection shows serious deficits in FY 2012 and beyond, the proposals contained in the Governor’s recommended FY 2011 Budget do not worsen the long-term projections. The deferral of the repayment of the \$22.0 million to the RI Capital Plan Fund is a non-recurring expenditure in FY 2012. In the FY2011 Budget, the Governor has addressed two significant threats to the State’s financial health and future structural balance. The Governor recommends pension reform which reduces the benefit levels by eliminating the automatic cost of increase, and provides funding for the annual required contribution based upon the existing amortization schedule. For pension systems, GASB 25 requires that plans calculate an Annual Required Contribution (ARC) which must include a payment to amortize the unfunded actuarial accrued liability (UAAL). This amortization payment must be computed using a funding period no greater than 30 years. The amortization period for State Employees and Teachers was established as 30 years as of June 30, 1999. Therefore, there are 21 years remaining as of June 30, 2008. The period and amortization method comply with the requirements of GASB 25.

The Governor recommends also recommends funding the retiree health plans on an actuarial basis for the first time in FY2011. The rising cost of health care has been a cause of concern to both individuals and employers who sponsor health care plans. The accounting community became concerned that many sponsors of public plans were accounting for the cost of their other post employment benefits (OPEB) plans solely on the basis of benefits paid and that this method did not accurately reflect the ultimate cost of benefits promised to current and former employees. In 1988, the Governmental Accounting Standards Board (GASB) began working on a project to develop comprehensive standards for financial reporting of OPEB plans.

The GASB determined that an OPEB plan was similar to a pension plan in that benefits are earned during an active employee’s working lifetime but paid out at a future date. In the GASB’s view, accounting for OPEB should follow the same basic principle as accounting for public plan pension costs. These benefits are compensation for employees’ services and should be accounted for during the period of time that services are performed. Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution, or ARC. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years. The contribution rates included in the recommended budget include amortization of the unfunded actuarial accrued liability over 8 years for Teachers and 29 years for all other groups.

The proposal to fund retiree health on an actuarial basis recognizes this liability now, as opposed to deferring it to future years. The pension reform included in the FY 2010 Supplemental Appropriations Act would provide structural relief for the long term, and also does not defer funding of liabilities.

As dismal as the current situation appears, this challenging time can also be viewed as a period of great opportunity. The strain being felt by many Rhode Islanders has caused leaders to examine state and local government more critically to see if all of the services provided are needed and, if so, if there are more cost-effective ways to provide the necessary services.

*Time of  
Great  
Opportunity*

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# Overview

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

The recommended FY 2010 and FY 2011 budgets reduce local aid and education aid. The Governor again recommends a legislative package to provide local governments with the tools to rebuild budgets that are affordable for their taxpayers. The supplemental budget bill contains the following articles to address the present budget challenges for local governments which will help them build budgets that are affordable for their taxpayers.

- **Relating to Motor Vehicle Reimbursements – Article 2**

This article suspends payments to municipalities for reimbursement of the state \$6,000 exemption on the motor vehicle excise tax. The article also provides a procedure by which municipalities may choose to levy a supplemental tax to recover the revenues lost as a result of the suspended state payments.

- **Relating to Education Aid – Article 9**

This article, while reducing education aid, also provides for a suspension of the Carrulo process and authorizes the creation of a three member panel to oversee a corrective action plan to resolve education budget issues. The article also requires that city and town councils approve collective bargaining agreements for all school employees.

- **Relating to Police Officers and Firefighters – Injured on Duty - Article 12**

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

- **Relating to Municipal Retirement - Article 13**

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

- **Relating to Statewide Purchasing for Public Schools - Article 18**

This article clarifies the authority of the department of elementary and secondary education, acting with the department of administration, to join or allow public schools to join cooperatives for purchasing goods, supplies and services on a voluntary basis. This Article also amends Section 37-2-56 of the General Laws to clarify that municipalities and regional school districts may participate in state master price agreement contracts for the purchase of services, in addition to the purchase of materials, supplies and equipment, as is currently specified in the law. This will remove any obstacle to the extension of statewide efficiencies to this area of purchasing. This article also provides that when purchases are made for public schools by the department of elementary and secondary education under the statewide purchasing system established in R.I.G.L. 16-60-7.3, the department of education may be exempted from the provisions of this chapter, but only with the specific approval of the chief purchasing officer. This provision will

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## Overview

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enable the department of elementary and secondary education to participate in purchasing consortia and enter into purchasing agreements with public and non-profit entities in order to lower the costs of materials, supplies, equipment and services purchased for the public schools.

- **Relating to School Realignment Commission - Article 20**

This article creates a school realignment commission. The commission is modeled after the Base Closure and Realignment Commission framework used by the Federal government.

It creates a fourteen member school consolidation commission which includes five appointees of the Governor, four legislative appointments and four ex officio members. The Commission shall conduct a review of school realignment and recommend cost-sharing efficiencies, including the creation of regional and/or administrative services centers. The Commission shall demonstrate that its recommendations will result in long-term reductions of cost. In developing recommendations, the Commission shall consider infrastructure, physical plant, business operations and support services, the delivery of instructional programs, intra-local cooperation and other factors. The General Assembly shall reject or adopt the recommendations and adopt necessary legislation to place the recommendation on the November 2012 ballot for voter approval. Recommendations will be due by March 30, 2011.

- **Relating to Firefighters' and Municipal Police Manning - Article 21**

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

- **Relating to Municipal Health Insurance Cost Sharing - Article 22**

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

***Essential Government  
Services Continue to be  
performed by Fewer State  
Employees***

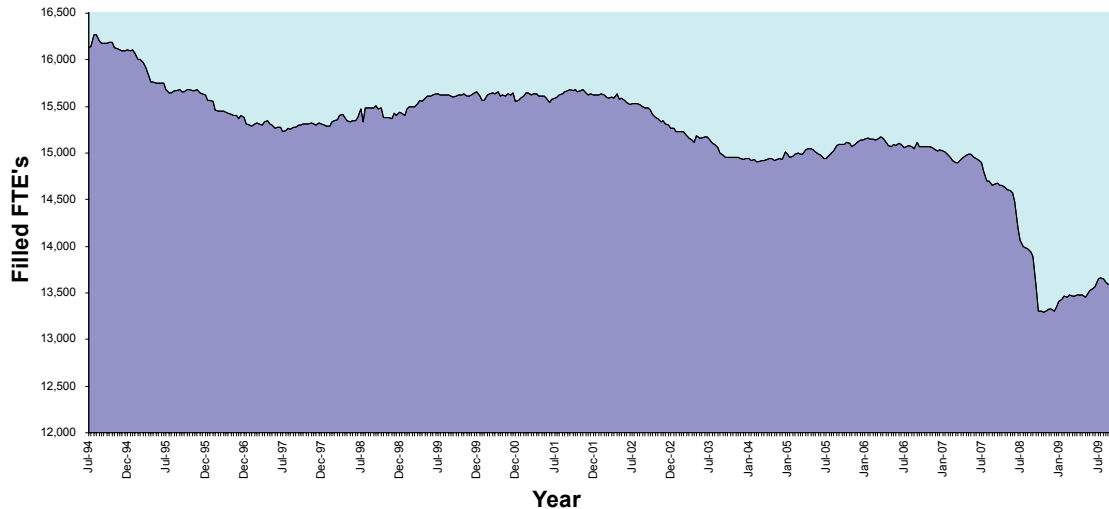
Personnel costs comprise 22 percent of total recommended spending in FY2011. Since records have been kept on FTE counts, FY 2009 recorded an all time low for filled full-time equivalent positions. Filled positions as of January 16, 2010, which totaled 13,564.9, reflected a reduction of 1,383.4 filled positions compared to July 2007. This is 1,298.1 FTE positions under enacted FY 2010 FTE cap, includes 1,086.5 vacant state positions and 211.6 vacant Higher Education sponsored research

funded positions. As can be seen on the following chart, the State has been able to sustain the reduced employment levels occurring at the end of FY2008.

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# Overview

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In order to maintain an acceptable level of critical services and reflecting the availability of federal stimulus funds under ARRA, the Governor recommends an increase in the number of full time equivalent positions. From the FY 2010 enacted level, the Governor recommends an increase of 41.3 to 14,904.3 FTE. The increase is due primarily to the addition of 56.0 ARRA funded positions. Major ARRA additions are in Administration, 15.0 FTEs, Labor and Training, 35.0 FTEs, the Office of the Governor, 3.0 FTEs, Public Utilities Commission, 2.0 FTEs, and the Office of the Public Defender, 2.0 FTEs. These join 98.6 FTE positions in the enacted budget that are funded through ARRA in Transportation, 89.0 FTEs, Office of the Governor, 4.0 FTEs, Corrections 0.5 FTE, Attorney General 1.1 FTEs, Environmental Management, 8.0 FTEs, and Elementary and Secondary Education, 5.0 FTEs. These are offset by the elimination of 9.0 limited period ARRA positions in Administration. Besides ARRA funded additions, the Governor recommends 14.1 additional positions in the Department of Health to be financed primarily by federal grants. The Governor recommends position transfers from Human Services to Administration, from the Office of the Governor to Military Staff (Emergency Management) in the enacted budget.

In FY 2011, the Governor recommends a total FTE level of 14,894.2, a net decrease of 10.1 FTEs from the revised FY 2010 level. Besides an addition of 15.0 ARRA competitive grant FTEs in Elementary and Secondary Education, there are decreases in Labor and Training, -20.1 FTEs (due to conversion to part time status of interviewers in Unemployment Insurance), program reprioritization and eliminations (Violent Fugitive Task Force in the Department of Public Safety, TASC in Mental Health, Retardation and Hospitals and the R.I. Commission on Women), and other vacancy reductions. The Governor recommends the transfer in FY 2011 of the Sheriffs, 180.0 FTEs, from Administration to Public Safety. The Governor recommends position transfers from the Department of Health to the Department of Human Services for the Supplemental Nutrition Program for Women, Infants, and Children (WIC).

The Governor's recommended budget reflects continued focus on the cost of space occupied by state agencies and the goal to reduce costs by fully utilizing state owned facilities or consolidating into already rented facilities. The Department of Children, Youth & Families has

***Continued Pursuit of  
Optimal Space Utilization  
for State Facilities***

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## Overview

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savings of \$513,708 in FY 2011 based on lease savings for a full year for the Pawtucket and North Kingstown Offices. Both rented sites will be vacated before July 1, 2010. This is based on a full year savings from the lease in Pawtucket, which will be relocated to the Friendship Street Facility in Providence and Woonsocket facility. The North Kingstown savings is based on a full year savings, net of the costs associated with the move to the Stedman Government Center in Wakefield. These plans are consistent with the goal to co-locate personnel from the Department of Children, Youth and Families and the Department of Human Services in order to serve clients more effectively.

To improve the level of care and achieve operating efficiencies in the out years, the Governor is proposing to physically restructure the Eleanor Slater Hospital at the Pastore Government Center by consolidating hospital operations into fewer, more appropriate patient settings that meet or exceed Joint Commission on Accreditation and Healthcare Organizations (JCAHO) standards. Over the next three years, the Governor proposes renovations to each of the four wards of the Varley building and each of the four wards of the Mathias building, and moving patients from the Pinel building, the Adolph Meyer building, and the Virks building into the newly renovated Varley and Mathias buildings.

Because severe financial constraints have prevented financing of additional payroll, contract, and operating costs, the Governor recommends retrofitting the now vacant men's Reintegration Center building to a new women's facility. This project will address deficiencies in program space, segregation concerns, and security issues in the current Dix and McDonald facilities. The project will also end the necessity of constructing a new women's facility elsewhere, for a potential savings of \$50.9 million. The Governor recommends expenditures of \$1.3 million in Rhode Island Capital Plan funds for bathroom, bathing area, and cell modifications, alleviation of privacy concerns, as well as furniture and other equipment. The building's capacity is sufficient to house most medium and high security female inmates currently housed at the McDonald facility. Because of security issues and the need for additional program space, the Governor also recommends the use of the neighboring Bernadette Guay building to house work release and minimum security inmates. This will address the facility issues without incurring significant costs for a new facility.

***Capital Budget Request  
Provides Funding for  
More Higher Education  
and Transportation  
Investments***

The Governor's capital budget recommendations include additional investment in Higher Education through the inclusion of several proposed bond referenda for the November 2010 ballot. These include funding of \$61.0 million for a new Chemistry Building at the University of Rhode Island, \$10.9 million for Infrastructure Modernization and \$17.0 million for renovations and an addition to the Art Center at Rhode Island College. Also included on the 2010 ballot would be funding of \$80.0 million for the Department of

Transportation's Highway Improvement Program and \$5.0 million for the construction of new and/or renovations to existing Salt Storage Facilities.

The Governor is also proposing two debt issuances that would be financed with Certificates of Participations. These include one for energy conservation projects at the University of Rhode Island (\$12.6 million) and the Community College of Rhode Island (\$15.5 million). The other would be to finance renovations to the Mathias and Varley buildings at the Pastore Center as part of a consolidation of facilities for the Eleanor Slater Hospital (\$28.3 million).

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# Overview

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**Proposed Ballots Items  
November 2010**

**Ballot Item #1**

**Higher Education Facilities**

<b>University of Rhode Island – New Chemistry Building</b>	<b>\$61.0 million</b>
<b>Rhode Island College – Infrastructure Modernization</b>	<b>\$10.9 million</b>
<b>Rhode Island College – Art Center</b>	<b>\$17.0 million</b>

**Ballot Item #2**

**Transportation**

<b>Highway Improvement Program</b>	<b>\$80.0 million</b>
<b>Salt Storage Facilities</b>	<b>\$5.0 million</b>

**Total Ballot November 2010** **\$173.9 million**

**Proposed Project Costs for New Certificates of Participation Financings**

<b>Pastore Center Hospital Consolidation</b>	<b>\$28.3 million</b>
<b>University of Rhode Island Energy Conservation</b>	<b>\$12.6 million</b>
<b>Community College of Rhode Island Energy Conservation</b>	<b>\$15.5 million</b>

The Governor proposed during the 2008 session of the General Assembly to redesign the State’s largest entitlement programs in order to secure long-term balance in the state’s expenditures for Medicaid. The reform will convert the service delivery model from provider based to client-centered programs in the Departments of Human Services;

***Medicaid  
Reform***

Children, Youth and Families; and Mental Health, Retardation and Hospitals. Pursued under the auspices of the *Rhode Island Global Consumer Choice Compact Section 1115 Demonstration* (often referred to as the Global Waiver), and in keeping with the Waiver’s goals of establishing a more person-centered, opportunity driven, and outcome-based program of medical assistance, these reforms are designed to fundamentally improve modes of service delivery and program integrity throughout the vast landscape of Rhode Island’s Medicaid program. Simultaneously, these measures are laying the foundation for a more financially sustainable Medicaid program in the challenging years ahead. In addition, the Global Waiver provides an opportunity for the State to qualify for Medicaid funding and achieve general revenue savings for Costs Not Otherwise Matchable, or “CNOM” items. These are formerly State-only programs that became eligible for federal financial participation under the provisions of the Global Waiver. Note that a “CNOM” does not entail systemic savings, but rather a zero-sum shift of cost between sources of funding.

For FY 2011, the Department has also identified opportunities for reform within its Medicaid program, many of which will provide significant budgetary relief in FY 2011. These initiatives represent a singular departure from past practice with respect to both benefit design and administrative flexibility in Rhode Island’s program of medical assistance for the poor. The initiatives are discussed in the Human Service functional section of this document.

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## Overview

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The Governor recommends that an organizational review of certain aspects of state government be performed for a more effective structure under which agencies would operate. The Governor also recommends consolidation of certain activities. The goal of the restructuring is to provide better, more streamlined services by consolidating similar activities into organizational units with coordinated management oversight. The proposed review and restructuring affects public safety, education, and transportation functions.

***State  
Government  
Restructuring***

***Restructuring of Public  
Safety Functions***

The Governor proposes further consolidation of the public safety functions into the Department of Public Safety. The Governor proposes that dispatch functions of the Department of Environmental Management be transferred to the Department of Public Safety no later than January 1, 2011. Also, the port security surveillance system will be transferred from the Department of Environmental Management to the Department of Public Safety. The Governor recommends consolidation of these functions being performed by these two state agencies on a 24 hour-a-day, 7 day-a-week basis. This will lead to improved public safety coordination and cost efficiencies over time. The timing of the transfer will be dependent upon the completion of the capital project currently underway in Scituate which will provide space for the consolidated organization. No savings are expected in the near term.

- Move Dispatch unit from Department of Environmental Management to DPS no later than January 1, 2011
- Move Port Security Surveillance from the Department of Environmental Management to DPS no later than January 1, 2011
- Move Sheriffs from Department of Administration to DPS Security Services program with Capitol Police

The Governor requests that the Legislature require the Board of Governors for Higher Education to develop a plan to integrate the functions of the Higher Education Assistance Authority and the Rhode Island Public Telecommunications Authority (Channel 36) under the Board of Governors' governance structure. The plan would be submitted no later than October 1, 2010, and would consider the services provided by the two organizations now and how they can be better integrated in order to improve the delivery and quality of educational programming in the state. The plan would recognize the goal of improving and coordinating educational programs at the pre-K-12 level as well. The Board of Governors would submit recommendations on the best way to provide for collaboration with these two independent bodies and the university and colleges under the purview of the Board of Governors and the Rhode Island Department of Education.

***Seeking Plan to  
Restructure of Education  
Functions***

***Seeking Plan to  
Restructure of  
Transportation Functions***

The Governor proposes that the Legislature require the Director of the Department of Transportation (DOT) to develop a plan to integrate the functions of the Rhode Island Public Transit Authority into the Department of Transportation. The plan would be submitted no later than October 1, 2010, and would consider all financial and operational issues which would need to be addressed under the proposed restructuring.

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## Overview

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The Governor is also requesting that the General Assembly approve legislation which would provide for the long term financing agreement of the new Sakonnet Bridge between the State to the Rhode Island Turnpike and Bridge Authority. The legislation provides for the tolling of the facility. The lease agreement would include a provision for a sharing of the tolls with DOT which would serve as consideration for payment of the Rhode Island's total costs of the bridge. This would provide much needed annual stream of resources to the Department of Transportation for its capital infrastructure program, including an accelerated bridge improvement program to address the State's structurally deficient bridges. Currently there are 164 structurally deficient bridges which cause 815 miles of detours due to the postings of these deficient bridges. Based on daily traffic, 250,000 truck trips are detoured each and every day adding costs to the delivery of products. It is expected that this program would provide the Department of Transportation with \$156.6 million over ten years. It is estimated that this program will reduce the number of structurally deficient bridges by 50% within the first six years.

***Wage and  
Benefit  
Savings***

After several years of focused efforts to reduce personnel costs, State government is expected to spend in FY 2011 approximately the same as it did in FY 2006 in the personnel category. In FY 2006, the State spent \$789.8 million; in FY 2011 the Governor recommends \$797.3 million. The recommended spending levels

reflect new pension reform and concessions negotiated with unions for FY 2010 and FY 2011, but also reflect the cumulative impact of two enacted pension reform initiatives, increased employee medical benefit co-shares and plan design changes, a successful wellness program, and a 10% reduction in filled FTE levels.

As a result of the continued revenue decline, the Administration entered into negotiations with its collective bargaining units in the summer of 2009. Through a cooperative effort, the parties reached agreement which resulted in wage concession for FY 2010 and FY 2011 in exchange for a "no layoff" provision and language which provides for reassignment as a result of reorganizations. In summary, the language provides an Appointing Authority (Agency Director/Head) with the right to transfer an employee between programs under his/her authority and/or from one agency to another due to transfer, reorganization, elimination or consolidation of functions, programs, units, divisions or departments within the Executive Branch. The language includes provisions regarding notice obligations, the opportunity for the union to present alternatives, and the process for determining placement of the affected employee(s) across bargaining units/unions.

***Pay Reduction Days  
and COLA  
Deferral for  
State Employees***

The Governor's recommendation includes eight pay reduction days in FY 2010 and four such days in FY 2011, to apply to all non-union employees and the members of unions that ratified the memorandum of agreement in FY 2010. For each of these pay reduction days, the employees will be entitled to accrue one and one quarter (1.25) additional days of paid leave, for a maximum of 10.0 days in FY 2010 and 5.0 days in FY 2011. Employees may request to discharge an additional leave day during any pay period following the payroll period in which it was earned and/or elect cash payment for four days upon termination from State service. Implementation of this measure will save \$17.2 million in salary costs in FY 2010, and \$9.0 million in FY 2011, as well as associated fringe benefit costs. These savings are depicted in the Personnel Supplement within each department or agency as a negative amount in the line entitled Pay Reduction Days, while the fringe benefit components (i.e., retirement, FICA, retiree health, and assessed fringe benefits) that are associated with this reduction are reflected in the respective codes associated with each benefit.

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## Overview

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### Pay Reduction Days Fiscal Year 2010 (July 1, 2009 – June 30, 2010)

	Pay Period	Paycheck
1	9/27/09-10/10/09	10/16/09
2	10/25/09-11/7/09	11/13/09
3	11/22/09-12/5/09	12/11/09
4	12/20/09-1/2/10	1/8/10
5	1/17/10-1/30/10	2/5/10
6	2/28/10-3/13/10	3/19/10
7	3/28/10-4/10/10	4/16/10
8	4/25/10-5/8/10	5/14/10

### Pay Reduction Days Fiscal Year 2011 (July 1, 2010 – June 30, 2011)

	Pay Period	Paycheck
1	1/2/2011-1/15/2011	1/21/2011
2	1/30/2011-2/12/2011	2/18/2011
3	2/27/2011-3/12/2011	3/18/2011
4	3/27/2011-4/9/2011	4/15/2011

In addition, the Governor recommends that the 3.0 percent across the board salary increase (COLA), which would otherwise have been effective July 1, 2010, not be effective until January 2, 2011 for all non-union employees and the members of unions that ratified the memorandum of agreement in FY 2010. Implementation of this measure will save \$9.6 million in salary costs in FY 2011, as well as associated fringe benefit costs. The salary reduction savings associated with the COLA deferral is shown as a negative amount in the line entitled COLA Deferral, while the fringe benefit components that are associated with this reduction are retirement, FICA, retiree health, and assessed fringe benefits and are reflected in the corresponding codes associated with each benefit.

The Board of Governors for Higher Education has also adopted a pay reduction of approximately 1.0 percent on an annualized basis for about 300 employees including the presidents, vice presidents, all staff at the Office of Higher Education, and most non-union, non-classified employees who are funded by unrestricted revenue.

It is important to emphasize the contribution that state employees are making during FY 2010 and FY 2011 and the impact that it has on operating budgets in FY 2010, FY 2011, and looking forward to FY 2012. As noted in the Personnel Supplement, the value of the concessions and corresponding budget reductions were roughly equal in FY 2010 and FY 2011. This results in a reduction of previously negotiated salaries of 3.1 percent in FY 2010 and 3.0 percent in FY 2011. In FY 2012, salaries would increase back up to the previously negotiated levels. When reviewing the statewide personnel costs, one must be cognizant of the aggregate dollar savings taken in both the FY 2010 and FY 2011 budget compared to what was previously negotiated and projected as the current service costs. Because these savings are roughly equivalent, the year over year comparison will not show a decrease, but rather an increase. It is also important to note, as discussed in the Five Year Forecast, that the FY 2012 budget is forecasted to have significant growth in personnel costs because the savings from the concessions do not continue and there is a negotiated 3.0 percent cost of living increase.

# Overview

The proposed FY 2010 Pension Reform eliminates the automatic cost of living adjustments for state employees, teachers, judges and state police for employees who are not eligible to retire on the date of passage of the legislation. Employees who are part of the state retirement system and are eligible to retire through the date of passage or those who retired through the date of passage of this legislation shall continue to receive a cost of living adjustment as previously provided. However, as proposed, the General Assembly will have the ability to review annually and give an ad hoc cost of living adjustment to retirees who are not otherwise eligible for a cost of living adjustment up to a maximum amount of 3.0 percent or the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less.

**Pension  
Reform**

The Governor had proposed pension reform which was contained in Article 32 of the Supplemental Budget submitted in January 2009. The proposal set forth in the budget article included a provision to eliminate the cost of living adjustments for state employees, teachers, judges and state police who were not eligible to retire as of July 1, 2009. The pension reform enacted by the General Assembly did not eliminate the cost of living adjustment as proposed by the Governor.

The proposed savings to state and local governments for state employees and teachers totals \$41.7 million from general revenues in FY 2010 and \$45.0 million from general revenues in FY 2011 as shown below:

FY2010 Difference between Board Certified and Governor's Recommended Rates								
Description	Current Rate	Proposed Rate	Change	General Revenue Savings	Federal Savings	Restricted Savings	Other Savings	Total Savings
Retirement: State Employees	21.64%	18.71%	2.93%	\$10,230,218	\$4,381,218	\$772,838	\$2,059,744	\$17,444,017
Retirement: State Police	26.03%	22.78%	3.25%	423,587	18,349	0	3,695	445,630
Retirement: Judges	24.06%	21.15%	2.91%	194,028	0	48,942	0	242,970
Retirement: Teachers	8.18%	6.86%	1.32%	12,343,022	0	0	0	12,343,022
<b>Total</b>				<b>\$23,190,854</b>	<b>\$4,399,567</b>	<b>\$821,780</b>	<b>\$2,063,438</b>	<b>\$30,475,639</b>
Teachers local	11.89%	9.90%	1.99%	18,464,315	0	0	0	18,464,315
<b>Total State and Local</b>				<b>\$41,655,170</b>	<b>\$4,399,567</b>	<b>\$821,780</b>	<b>\$2,063,438</b>	<b>\$48,939,954</b>

FY2011 Difference between Board Certified and Governor's Recommended Rates								
Description	Current Rate	Proposed Rate	Change	General Revenue Savings	Federal Savings	Restricted Savings	Other Savings	Total Savings
Retirement: State Employees	21.64%	18.71%	2.93%	\$10,641,848	\$4,457,792	\$911,465	\$2,126,637	\$18,137,742
Retirement: State Police	26.03%	15.33%	10.70%	1,499,533	47,635	0	12,798	1,559,966
Retirement: Judges	24.06%	14.00%	10.06%	658,020	0	151,891	0	809,911
Retirement: Teachers	8.18%	6.86%	1.32%	12,898,458	0	0	0	12,898,458
<b>Total</b>				<b>\$25,697,859</b>	<b>\$4,505,428</b>	<b>\$1,063,356</b>	<b>\$2,139,434</b>	<b>\$33,406,077</b>
Teachers local	11.89%	9.90%	1.99%	19,295,210	0	0	0	19,295,210
<b>Total State and Local</b>				<b>\$44,993,069</b>	<b>\$4,505,428</b>	<b>\$1,063,356</b>	<b>\$2,139,434</b>	<b>\$52,701,287</b>

**Retiree Health Funded  
On an Actuarial  
Basis**

The Governor recommends that the Rhode Island finance retiree health benefit costs on an actuarial basis and amortize the unfunded liability over a thirty year period. This funding mechanism will provide transparency with respect to the true cost of the benefit offered to state employees post employment. In compliance with Governmental

Accounting Standards Board (GASB) Statements 43 and 45, "Other Post Employment Benefits," (OPEB) the State obtained an actuarial estimate of the unfunded liability relating to retiree medical benefits in July 2007. Consistent with the standards provided in GASB 45, the State obtained an updated actuarial

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## Overview

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valuation of the unfunded liability relating to retiree medical benefits. The unfunded liability as of June 30, 2007 was determined to be approximately \$655.2 million, including \$563.6 million for state employees, \$47.1 million for State Police, \$23.3 million for Legislators, and \$11.8 million for Judges, and \$8.2 million for the State's share for teachers. This was calculated using an investment rate of return of 5.0 percent and assumes that future financing will be on an actuarial basis. The annual required contribution as a percentage of payroll would be 6.74 percent, 25.67 percent, 95.49 percent and 9.86 percent (no rate for teachers), respectively.

The total contributions made by the State and the other participating employees for retiree medical benefits were \$37.8 million in FY 2009. These contributions reflect only a pay-as-you-go amount necessary to provide for current benefits to retirees and administrative costs. The State has not set aside any funds on an actuarial basis to address the unfunded retiree medical benefit liabilities, which continue to grow. During the 2008 session of the General Assembly, in order to begin funding this liability, enacted legislation that required the State to finance on an actuarial basis and authorized the creation of a trust fund for retiree medical benefit liabilities. During the 2009 Session of the General Assembly, the actuarial funding requirement was delayed until FY 2011.

For FY 2011, the retiree health insurance rate for most state employees increases to 6.74 percent of salaries. This amount is 19.9 percent higher than the FY 2010 revised budget. This adjustment provides additional resources to the pension fund to finance retiree health benefit costs based on an actuarial basis. This amount would be disbursed to a trust fund, which would pay current benefits and hold assets for investment. It is important to note that the rate does not assume any changes in the administrative costs associated with the determination of the retiree health benefit cost sharing. This determination is currently performed through the Anchor system maintained by the Retirement Division of the Office of the General Treasurer. There are system enhancements under discussion that would appropriately shift the responsibility for costs from the Retirement System to the Retiree Health Care Trust.

There is a significant change in the cost of legislators' retiree health care. As shown in the June 30, 2007 OPEB valuation Report, legislators are allowed to continue health care coverage if they pay the active premium for life. The actuary had previously assumed that upon attaining age 65, legislators would elect Medicare and thus reduce the State's cost. In actuality, far fewer of them were entering Medicare. The actuary changed the assumption from 100.0 percent elect Medicare at age 65 to 25.0 percent transition to Medicare at age 65, in line with actual experience. Since the State is picking up any cost above the active premium paid by the retiree, this benefit is highly leveraged and the net impact of this assumption change was very large. If legislators were required to enter Medicare, this would reduce the cost to the State. The actuary also discussed the fact that fewer of the legislators who are not in the defined benefit plan are actually electing retiree health care. The actuary assumes 60.0 percent will elect retiree health care coverage when eligible, based on historical experience of defined benefit and non-defined benefit legislators.

The estimated cost of transitioning from a pay-as-you-go method to an actuarial based method is \$7.9 million of general revenues, and \$10.9 million from all fund sources.

# Overview

FY2011 Difference between "PayAs You Go" and Acturial Rates								
	Pay Go Rate	Actuarial Rate	Change	General Revenue	Federal	Restricted	Other	Total
Retiree Health: State Employees	5.62%	6.74%	1.12%	\$3,969,886	\$1,674,752	\$341,781	\$817,914	\$6,804,333
Retiree Health: State Police	14.62%	25.67%	11.05%	\$1,808,392	\$47,080	\$0	\$26,713	\$1,882,185
Retiree Health: Judges	1.79%	9.86%	8.07%	\$697,054	\$0	\$118,695	\$0	\$815,749
Retiree Health: Legislators	9.03%	95.49%	86.46%	\$1,435,673	\$0	\$0	\$0	\$1,435,673
<b>Total Difference</b>				<b>\$7,911,005</b>	<b>\$1,721,833</b>	<b>\$460,477</b>	<b>\$844,627</b>	<b>\$10,937,940</b>

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# The Economy

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## Introduction

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

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

## **ECONOMIC FORECAST**

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

During its November 2009 meeting, the Revenue Estimating Conference a forecast of the U.S. and Rhode Island economies was presented by Moody's Economy.com. The Rhode Island Department of Labor and Training (DLT) also presented current employment and labor force trends in Rhode Island. The conferees heard the testimony of Andres Carbacho-Burgos, an economist with Moody's Economy.com, and Robert J. Langlais, Assistant Director for DLT's Labor Market Information unit, on November 4, 2009.

The Revenue Estimating Conference adopted the economic forecast shown below on November 4, 2009 through a consensus process informed by the testimony of Dr. Carbacho-Burgos and Mr. Langlais. The updated economic forecast made significant changes to the consensus outlook adopted at the May 2009 Revenue Estimating Conference.

As reported at the November 2009 Revenue Estimating Conference, Rhode Island's labor market continued to feel the effects of the "Great Recession". The Rhode Island Department of Labor and Training reported that the unemployment rate rose through the third quarter of CY 2009 reaching 13.0 percent in September 2009. This was an increase of 4.5 percentage points from the unemployment rate recorded in September 2008. There was a year-over-year increase of 25,600 unemployed Rhode Islanders in September while the number of employed Rhode Islanders declined by 22,800.

Rhode Island establishment employment also declined over the period resulting in a decrease of 21,600 jobs from September 2008 to September 2009. The sector breakdown of these job losses were as follows: Professional and Business Services, -3,500; Construction, -3,200; Leisure and Hospitality, -1,000; Financial Activities, -900; Other Services, -900; Information, -800; Government, -800; and Educational & Health Services, -700. No broad sector of the Rhode Island economy added jobs year-over-year in September 2009. In fact, since the January 2007 peak employment of 496,400 jobs, Rhode Island businesses have shed 37,700 jobs as of September 2009, a decline of 7.6 percent.

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## The Economy

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While there is no official measurement and dating of recessions at the state level, employment is usually used to gauge the cyclical status of the state economy. In FY 2008, total non-farm employment declined by 1.3 percent, followed by a further 3.4 percent decline in FY 2009. Total non-farm employment is projected to dip by an additional 2.7 percent from 471,600 in FY 2009 to 458,900 in FY 2010. The principals anticipate a smaller decrease of 1,400 jobs in FY 2011 before non-farm employment begins to rebound in FY 2012. Over the FY 2012 through FY 2014 period, Rhode Island's economy is expected to add 38,500 jobs. It should be noted that while adopted growth rates suggest a positive trend from FY 2012 through FY 2014, the adopted number for total non-farm employment during these years is below that adopted for the same period at the May 2009 Conference.

The unemployment rate for FY 2011 is projected to decline slightly from 13.4 percent in FY 2010 to 13.2 percent. As recovery takes hold, Rhode Island's unemployment rate is expected to decline rapidly from 13.2 percent in FY 2012 to 6.9 percent in FY 2015. Even at this lower rate, Rhode Island's unemployment rate will be 2.0 percentage points higher than the unemployment rate achieved when the economy peaked in FY 2007.

Personal income is expected to hit bottom at a 0.2 percent rate of growth in FY 2010 down from 0.6 percent growth in FY 2009. The November 2009 Conference estimates for personal income growth suggest a downward revision in FY 2011 through FY 2012 relative to the growth estimates adopted in May of 2009. For FY 2011, the projected growth rate for personal income is 1.4 percent, down from 2.7 percent that was adopted in May. For FY 2012 it is 3.1 percent, down from 3.6 percent that was adopted in May. The personal income growth rate is expected to rise to 4.7 percent in FY 2013 and remain at or above 4.0 percent throughout the remainder of the forecast period. This projection is consistent with the forecast adopted in May 2009.

Similarly, estimates of dividend, interest and rental income are expected to decrease considerably in FY 2010 and FY 2011 before bouncing back in FY 2012 through FY 2014. Wage and salary income growth is estimated to decline from FY 2009 through FY 2013 relative to the estimates adopted in May 2009. In FY 2010 and FY 2011, wage and salary income growth is projected to be -3.2 and -0.6 percent respectively. Wage and salary income growth is expected to improve beginning in FY 2012 with projected growth of 2.4 percent. The rate of growth accelerates in FY 2013 to 4.6 percent and remains steady in FY 2014 at 4.7 percent before decelerating in FY 2015 to 3.7 percent.

The U.S. rate of inflation as measured by CPI-U fell to 1.4 percent in FY 2009 from 3.7 percent in FY 2008. The decrease was mainly due to declines in gasoline, fuel oil and natural gas prices. The CPI-U is forecasted to decrease further in FY 2010 to a 0.8 percent inflation rate before rising to 1.5 percent in FY 2011. In FY 2012 through FY 2015, inflation is expected to be around 2.0 percent annually.

From FY 2010 through FY 2011, the interest rate on three month Treasury bills is expected to remain low with rates of 0.2 and 1.0 percent respectively. In FY 2012, the interest rate on three month Treasury bills rises to 3.0 percent before stabilizing at a rate of approximately 4.1 percent in FY 2013 through FY 2015. The interest rate on ten year Treasury notes is expected to rise from 3.3 percent in FY 2009 to 3.8 percent in FY 2010 to 4.8 percent in FY 2011. The interest rate on ten year Treasury notes is anticipated to peak at 5.6 percent in FY 2012 and then steadily decline to 4.6 percent in FY 2015.

Consistent with the perspective discussed here in, the consensus economic forecast reflects the immediate adverse impacts of the nation's economic crisis in employment, income, and other coincidental economic indicators in the next six years. In particular, employment growth is expected to be negative in FY 2009 through FY 2011 before rebounding in FY 2012. More rigorous employment growth is expected in FY

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## The Economy

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2013 before the rate of growth declines to more sustainable levels in FY 2014 and beyond. Personal income growth is expected to follow a similar pattern over this same period.

The Consensus economic forecast for the fiscal years 2010 through 2015 agreed upon by the conferees at the November 2009 Revenue Estimating Conference is shown in the following table.

<b>The November 2009 Consensus Economic Forecast</b>						
<b>Rates of Growth</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Total Employment	-2.7	-0.3	2.4	3.4	2.4	1.1
Personal Income	0.2	1.4	3.1	4.7	4.6	4.1
Wage and Salary Income	-3.2	-0.6	2.4	4.6	4.7	3.7
Dividends, Interest and Rent	-2.5	2.0	3.9	7.4	7.0	5.2
<b>Nominal Rates</b>						
U.S. CPI-U	0.8	1.5	2.0	2.0	2.0	2.1
Unemployment Rate	13.4	13.2	10.7	8.6	7.6	6.9
Ten Year Treasury Notes	3.8	4.8	5.6	5.3	4.8	4.6
Three Month Treasury Bills	0.2	1.0	3.0	4.1	4.2	4.1

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# General Revenues

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## Introduction

The Governor's recommended budget is based on estimated general revenues of \$2.976 billion in FY 2010 and \$2.927 billion in FY 2011. Annual estimated growth during FY 2010 and FY 2011 is -1.6 percent and -1.7 percent, respectively. Estimated deposits of \$69.9 million and \$76.1 million will be made to the Budget Reserve and Cash Stabilization Fund during these fiscal years. The contributions to the Budget Reserve and Cash Stabilization Fund are funded by limiting annual appropriations to 97.6 percent of estimated revenues in FY 2010 and 97.4 percent of estimated revenues in FY 2011. The revenue estimates contained in the Governor's FY 2010 supplemental and FY 2011 recommended budgets are predicated upon the revenue estimates adopted at the November 2009 Consensus Revenue Estimating Conference (REC) and the Governor's recommended changes to the adopted general revenues.

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

## FY 2010 Revised Revenues

The principals of the November 2009 Revenue Estimating Conference reduced the enacted FY 2010 revenue estimate down by \$130.5 million, a decrease of 4.2 percent. As shown in the *General Revenue Changes to Adopted Estimates* table in Appendix A of this document, the Governor's revised FY 2010 budget recommends an increase of \$30.0 million in revenues. This \$30.0 million in recommended changes to the FY 2010 adopted estimates breaks down as follows:

- A decrease of \$8.6 million attributable to the re-categorization of the revenue generated by the statewide student transportation initiative from a general revenue receipt account to a restricted revenue receipt account;
- A decrease of \$202,852 from the exemption of the Underground Storage Tank Replacement Fund from the application of the state's indirect cost recovery fee of 10.0 percent;
- An increase of \$32,330 in indirect cost recovery fees as a result of increased revenue received by the Telecommunication Education Access Fund;
- An increase of \$10.8 million from the sale of the Veterans Memorial Auditorium to the Rhode Island Convention Center Authority;
- An increase of \$10.5 million from sales of surplus land by the state. These parcels include the old Training School in Cranston, the state's former computer facility in Johnston, and 2 Metacom Avenue in Bristol;
- An increase of \$6.0 million as a result of voluntary payments made by the private operators of group homes for the developmentally disabled;
- An increase of \$3.6 million from the transfer of unused monies that reside in the state's Automobile Replacement Fund;
- An increase of \$7.2 million from the collection of prior year child support payments;
- An increase of \$641,250 in unclaimed property that is due to unclaimed bail accounts presided over by the Judiciary and property forfeited to the Rhode Island State Police.

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## General Revenues

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### *FY 2010 Revised Revenues vs. FY 2009 Preliminary Revenues*

Recommended revenues for FY 2010 are based upon a \$47.0 million decrease in total general revenues over preliminary FY 2009, or growth of -1.6 percent. Much of this decrease can be found in Sales and Use Taxes, -\$57.1 million; Personal Income Taxes, -\$21.3 million; Health Care Provider Assessment, -\$11.1 million, Business Corporations Taxes, -\$10.3 million; Public Utilities Gross Earnings Taxes, -\$6.7 million; Gas Tax Transfer, -\$4.3 million; and Inheritance and Gift Taxes, -\$1.7 million. These decreases are partially offset by estimated increases in Insurance Companies Gross Premiums Taxes, of \$2.0 million; Cigarette taxes of \$9.8 million; Other Miscellaneous Revenues of \$28.9 million; and the Lottery Transfer of \$14.4 million.

Personal income tax collection continues to be the single largest source of state general revenues at 30.9 percent for FY 2010 despite an anticipated decline. Personal income tax collections are estimated to contract at an annual rate of 2.3 percent, or -\$21.3 million for FY 2010. Much of this decline is due to decreased income tax withholding payments of \$32.0 million, followed by an increase in refund payments of \$4.2 million. The overall decline, however, is slightly offset by an estimated increase of \$14.9 million in estimated income tax payments. Final income tax payments are expected to remain flat vis-à-vis preliminary FY 2009 collections.

General Business Tax collections are projected to drop by \$27.1 million or -7.5 percent, due primarily to an estimated decrease in Business Corporations taxes of \$10.3 million; Health Care Provider Assessments of \$11.1 million, and Public Utilities Gross Earnings taxes of \$6.7 million. The estimated foregone collection in Health Care Provider Assessments is due to the repeal of the assessment on group homes for the developmentally disabled and the rebasing of the nursing home provider tax as a result of the implementation of the Global Medicaid Waiver. These revenue decreases are partially offset by anticipated increases in Insurance Companies Gross Premiums taxes of \$2.0 million.

Sales and Use tax collections are projected to drop by \$57.1 million or -7.1 percent, over preliminary FY 2009 collections. Sales and Use taxes represent 25.2 percent of total general revenues in FY 2010. This decline incorporates the Office of Revenue Analysis' estimate of \$4.6 million of additional registry receipts that resulted from the federal government's "Cash for Clunkers" program that was in effect in late July and early August of 2009. For FY 2010 sales and use tax collections are projected to be \$751.0 million.

Excise Taxes other than the sales and use tax are expected to increase by \$10.3 million or 5.4 percent in FY 2010 over preliminary FY 2009 collections due primarily to a projected increase in cigarette tax payments of \$9.8 million. The state's cigarette excise tax stamp was increased from \$2.46 per pack of 20 cigarettes to \$3.46 on April 10, 2009. On that same date, the excise tax on other tobacco products was increased from 40.0 percent of the wholesale cost to 80.0 percent of the wholesale cost. FY 2010 is the first fiscal year in which these tax increases will be in effect for the entire year. Motor Vehicle operator's licenses and registration fees are projected to increase by \$674,195 in FY 2010 versus preliminary FY 2009 collections. Alcohol excise taxes are estimated to increase by \$188,169 in FY 2010 while Motor Carrier Fuel Use tax collections are anticipated to decline by \$325,034 in FY 2010.

Other taxes are projected to decrease by \$2.5 million, or 6.6 percent in FY 2010 relative to preliminary FY 2009 receipts. Of the total decrease in Other Taxes, Racing and Athletics tax collections constitute a \$450,809 decrease, the Realty Transfer tax constitutes a \$311,322 decrease, and Inheritance and Gift Taxes are expected to yield \$1.7 million less in FY 2010 than in preliminary FY 2009. The expected decrease in Inheritance and Gift Tax collections is due to the fact that the General Assembly increased the

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## General Revenues

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estate exemption amount from \$675,000 to \$850,000 effective January 1, 2010. Racing and Athletic Taxes' downward trend is expected to accelerate as Twin River reduces the number of racing days to the statutory minimum of 125. Racing and Athletics taxes are expected to total \$2.0 million in FY 2010 a decrease of 18.4 percent from preliminary FY 2009 collections. Realty Transfer Taxes are expected to total \$6.5 million in FY 2010, a decrease of 4.6 percent from preliminary FY 2009 collections.

In the Governor's FY 2010 supplemental budget, Departmental Receipts are projected at \$333.2 million, an increase of \$13.7 million from preliminary FY 2009 collections, or 4.3 percent. Departmental revenue changes include a decrease in general revenue receipts of \$8.6 million as a result of the reclassification of the collections received for the statewide student transportation initiative to restricted revenues, a decrease of \$202,852 from the exemption of the Underground Storage Tank Replacement Fund from the state's indirect cost recovery assessment, and an increase of \$32,330 from the assessment of the indirect cost recovery fee on increased revenues in the Telecommunication Education Access Fund.

In addition to the above general revenue components, increases are expected in FY 2010 for Other Miscellaneous general revenues of \$28.9 million and the Lottery Transfer to the general fund of \$14.4 million. The Gas Tax Transfer and the Unclaimed Property Transfer to the general fund are forecasted to decline by \$4.3 million and \$2.2 million respectively in FY 2010. The decrease in the Gas Tax Transfer is a result of the fact that, effective July 1, 2009, the general fund no longer receives any of the monies collected from the imposition of the state's \$0.32 per gallon gas tax. The decrease in the Unclaimed Property transfer is attributable to the testimony provided by the Office of the General Treasurer at the November 2009 REC. It should be noted that the decline in the Unclaimed Property Transfer incorporates the Governor's proposed revenue enhancement of \$641,250 from abandoned bail accounts and property forfeited to the State Police that has never been reclaimed.

For FY 2010, Other Miscellaneous general revenues are projected to increase by \$28.9 million. This increase includes the Governor's proposed revenue enhancements from the sale of Veterans Auditorium, \$10.8 million, the sale of three state-owned buildings and/or land, \$10.5 million, and several other proposals totaling \$16.9 million. The increased Lottery Transfer in FY 2010 is wholly due to the results of the November 2009 REC which increased the estimated transfer amount from the video lottery terminals installed at Twin River and Newport Grand by \$13.6 million and that from instant tickets and on-line games by \$747,409.

### **FY 2011 Proposed Revenues**

The Governor's recommended FY 2011 budget estimates general revenues of \$2.927 billion, a decrease of 1.7 percent from the revised FY 2010 level. The Governor's recommendation is comprised of \$2.834 billion of revenue estimated at the November 2009 Revenue Estimating Conference and \$92.3 million of changes to the adopted estimates. These changes are shown in the schedule *General Revenue Changes to Adopted Estimates* located in Appendix A of this document.

The largest source of FY 2011 general revenues is the Personal Income Tax, with estimated receipts of \$927.7 million, \$5.3 million less than the November 2009 REC estimate for FY 2011 or growth of 0.9 percent from the revised FY 2010 amount. This small revenue decrease is the net result of the Governor's proposal to eliminate two existing tax credits and institute a new tax credit, albeit one of a temporary duration. The Governor proposes the elimination of the state's Motion Picture Production Company Tax Credit and the Enterprise Zone Wage Tax Credit. The elimination of these two credits is estimated to increase personal income tax collections by \$2.7 million in FY 2011. The Governor further proposes increasing the annual cap for the tax credit given for Contributions to K-12 Scholarship Organizations

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## General Revenues

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from \$1.0 million to \$2.0 million. This proposal is estimated to reduce personal income tax collections in FY 2011 by \$730,000.

Finally, the Governor proposes the creation of the Small Business Jobs Growth Tax Credit. The Small Business Jobs Growth Tax Credit would allow employers with between 5 and 100 employees in the state (with no more than 200 employees worldwide) a \$2,000 tax credit per new hire provided that the newly hired employee is a resident of the state, has received unemployment compensation or Temporary Assistance to Needy Families (TANF) or has graduated from an accredited higher education institution at any time in the past 24 months. The newly hired employee must be paid 250.0 percent of the state's minimum wage at the time of hire, work at least 30 hours per week, and be offered health insurance by the employer. The employer must employ the new hire for 18 consecutive months and its total employment after 18 months must be greater than it was at the time credit eligible employee was hired. The program runs from July 1, 2010 through December 31, 2011. The Department of Revenue estimates that 3,625 individuals will be hired under this program by business entities that are not subject to the state's Business Corporations, Financial Institutions, or Insurance Companies tax. The estimated foregone personal income tax revenue from the implementation of the Small Business Jobs Growth Tax Credit is \$7.3 million.

General Business taxes are projected to represent 11.2 percent of total general revenue collections in the FY 2011 budget year. Business Corporations Tax revenues are expected to yield \$85.7 million, a decrease of \$14.3 million from the FY 2011 estimate agreed to at the November 2009 REC. This decrease is the result of the Governor's proposals to implement the Small Business Jobs Growth Tax Credit, reduce the minimum corporate/franchise tax to \$250, and increase the cap for the Contributions to K-12 Scholarship Organizations tax credit. These proposals are expected to reduce Business Corporations tax collections by \$2.8 million, \$11.5 million and \$180,000 respectively. These revenue reductions are offset in part by increased Business Corporations tax collections that result from the repeal of the Motion Picture Production Company Tax Credit, an increase of \$58,691, and the Enterprise Zone Wage Tax Credit, an increase of \$150,000. The estimated growth rate in Business Corporations taxes over the FY 2010 revised level is -8.9 percent.

Insurance Companies Gross Premiums taxes are projected to reach \$82.4 million in FY 2011. This amount is equal to the revenue estimate for Insurance Companies Gross Premiums taxes adopted at the November 2009 Revenue Estimating Conference and also includes an increase in revenue of \$70,078 from the repeal of the Motion Picture Production Company Tax Credit and a decrease in revenue of \$90,000 from the increase in the annual cap for Contributions to K-12 Scholarship Organizations tax credit. The recommended growth rate in FY 2011 Insurance Companies Gross Premiums taxes over the FY 2010 revised estimate is 3.0 percent.

FY 2011 recommended revenues for the Public Utilities Gross Earnings tax, the Financial Institutions tax, the Bank Deposits tax, and the Health Care Provider Assessment are at the same levels as were adopted at the November 2009 REC. The respective FY 2011 recommended growth rates for these taxes relative to the FY 2010 revised estimates are 0.8 percent, -50.0 percent, 0.0 percent, and -0.6 percent respectively.

Sales and Use Tax collections are expected to yield \$743.7 million in FY 2011, the same level that was adopted at the November 2009 Revenue Estimating Conference for FY 2011. The Governor's FY 2011 recommended estimate signifies growth of -1.0 percent over the FY 2010 revised estimate. Sales and Use Taxes are anticipated to contribute 25.4 percent to total general revenues in FY 2011.

Motor Vehicle operator license and vehicle registration fees are forecasted to equal \$48.1 million in FY 2011 the same level that was adopted at the November 2009 REC. Motor Carrier Fuel Use Taxes are

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## General Revenues

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estimated to reach \$1.0 million in FY 2011 and Cigarettes tax revenues are expected to total \$134.6 million. Each of these recommended revenue amounts are the same as the estimates adopted at the November 2009 Revenue Estimating Conference. Alcohol Tax revenues are projected to increase by \$100,000 or 0.9 percent in FY 2011 from the revised FY 2010 estimate.

Inheritance and Gift Taxes are projected to equal the \$26.0 million amount adopted at the November 2009 REC. Realty Transfer Taxes are estimated at the same level adopted at the November 2009 Revenue Estimating Conference and the revised estimate for FY 2010, with anticipated collections of \$6.5 million. Racing and Athletics Taxes are also estimated at the level adopted at the November 2009 REC. This estimate represents a decline of \$200,000, or -10.0 percent, from the revised FY 2010 estimate. Total Racing and Athletics Taxes projected in FY 2010 is \$2.0 million. Other taxes will comprise 1.2 percent of total general revenues in FY 2011.

FY 2011 departmental receipts are expected to generate \$1.3 million less than the revised FY 2010 budget. Inclusive of the Governor's proposed changes to departmental receipts, total departmental revenues are expected to be \$331.9 million in FY 2011, or 11.3 percent of total general revenues. In the licenses and fees category, \$129.9 million more is expected due primarily to the Governor's proposal to reinstate the Hospital Licensing fee for one year using the current rate of assessment of 5.237 percent and the current base of FY 2008 net patient revenues. The FY 2011 recommended departmental revenues figure includes the following proposals:

- An increase of \$128.8 million from reinstating the Hospital Licensing Fee;
- An increase of \$625,000 from the imposition of a \$25 fee for road tests performed by the Division of Motor Vehicles;
- An increase of \$130,000 from increasing the fee for a State Issued Identification Card to \$25;
- An increase of \$116,000 from increasing the motor vehicle dealers license fee to \$300 annually;
- An increase of \$34,500 from increasing the motor vehicle manufacturer / distributor license fee to \$300 annually;
- An increase of \$44,000 from increasing the flashing lights permit fee to \$25 annually;
- An increase of \$37,400 from increasing the registration fee for school buses to \$25
- An increase of \$26,910 from increasing the fee for an accident report to \$15
- A decrease of \$3,198,849 from the reclassification of board and support fees for patients at Slater and Zambarano Hospitals from general revenue to restricted receipts;
- A decrease of \$15,640,000 from the reclassification of receipts received for the statewide student transportation initiative from general revenue to restricted receipts;
- A decrease of \$202,852 from the exemption of the Underground Storage Tank Replacement Fund from the indirect cost recovery assessment;
- An increase of \$77,592 from the indirect cost recovery assessment on the Telecommunication Education Access Fund which is expected to have increased revenues in FY 2011

The FY 2011 recommended revenues for the other sources component totals \$367.7 million, a decrease of \$36.6 million, or 9.1 percent, compared to the revised revenue estimate for FY 2010. The change in other sources of revenue is primarily due to the decrease in Other Miscellaneous Revenues of \$41.1 million. Of this amount \$21.25 million is related to one-time land sales that are in the revised FY 2010 budget. Other

# General Revenues

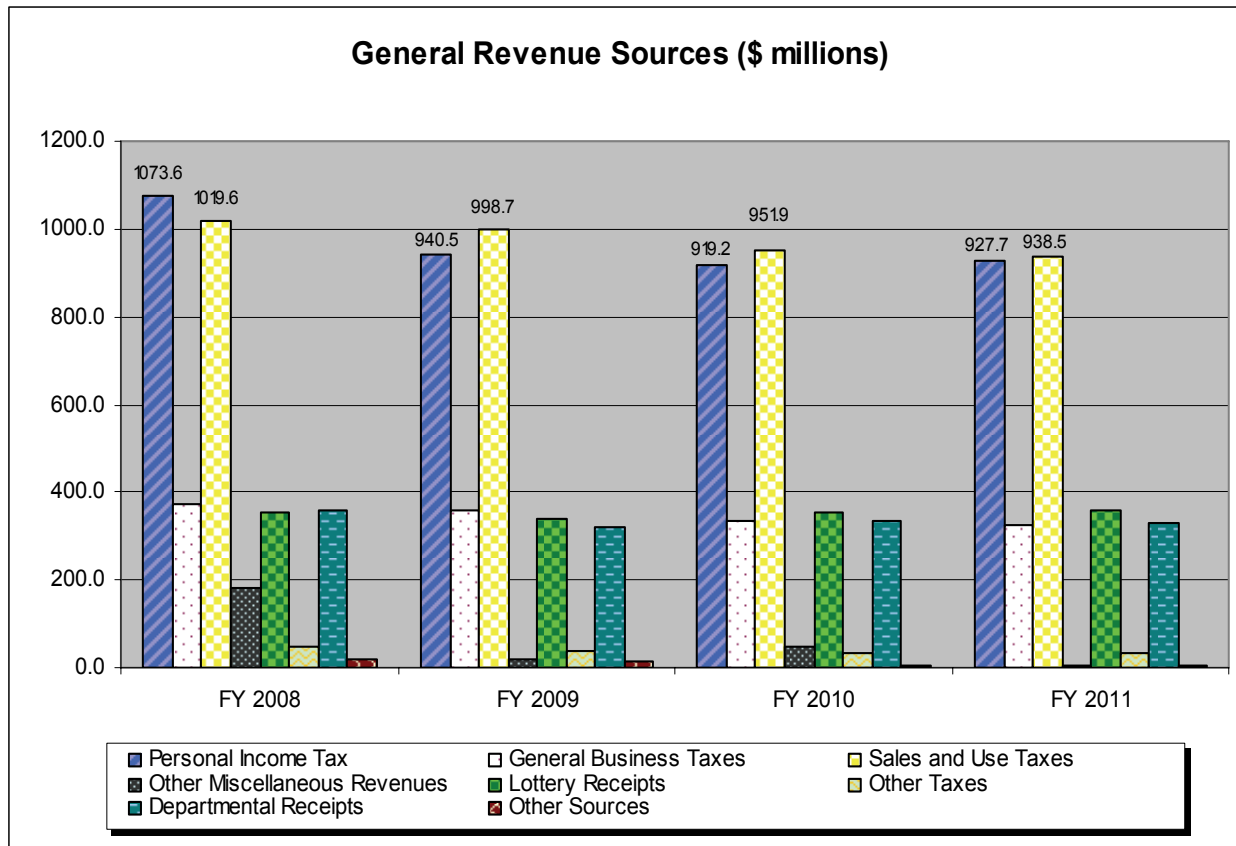
Miscellaneous Revenues are anticipated to generate \$5.5 million in FY 2011 an increase of \$1.0 million from the level adopted at the November 2009 Revenue Estimating Conference.

Within the Gas Tax Transfer component, the Governor’s FY 2011 budget shows no change from the FY 2010 revised estimate. Effective July 1, 2009, the state’s general fund no longer receives any of the revenues generated by the state’s \$0.32 per gallon gas tax.

Within the Lottery category, the recommended FY 2011 budget is \$5.0 million greater than the revised FY 2010 budget, an increase of 1.4 percent. The Governor recommends no changes from the November 2009 REC estimate for the Lottery Transfer. In FY 2011, the Lottery Transfer is expected to be \$356.9 million and comprise 12.2 percent of total general revenues.

The final category of general revenue receipts is the Unclaimed Property Transfer. In FY 2011, this transfer is expected to decrease by \$541,250, or 9.3 percent, from the revised FY 2010 estimate. The Unclaimed Property Transfer is projected to be \$5.3 million in FY 2011, and comprises 0.2 percent of all general revenues.

The chart below shows the sources of general revenues for the period FY 2008 – FY 2011. The values of the two major sources of general revenues, personal income taxes and sales and use taxes, are highlighted.



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# **Restricted Receipts and Other Sources of Revenue**

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## **Introduction**

The Governor's recommended budget proposes changes to revenue sources other than general revenues for FY 2010 and FY 2011. The revenue estimates in the Governor's FY 2010 supplemental budget contain an additional \$9.1 million in restricted receipts. The FY 2011 recommended budget contains an additional \$19.7 million in restricted receipts.

## **FY 2010 Revised Non-General Revenues**

For FY 2010, the Governor has proposed reclassifying the monies received under the statewide student transportation initiative from general revenue receipts to restricted revenue receipts. This reclassification reduces general revenues by \$8.6 million and simultaneously increases restricted receipts by the same amount in FY 2010. The Governor also proposes exempting the Underground Storage Tank Replacement Fund from the state's indirect cost recovery assessment. By exempting this fund from the assessment, \$202,852 is transferred from general revenue receipts to restricted receipts in FY 2010.

Finally, in FY 2010, the Governor's proposes lowering the Telecommunication Education Access fee that is assessed on wireline phones and extend the reduced fee to wireless phones also. The reduction in the Telecommunication Education Access fee reduces restricted receipts from wireline phones by \$232,155 while the application of the reduced fee to wireless phones increases restricted receipts by \$523,125 in FY 2010.

## **FY 2011 Recommended Non-General Revenues**

In FY 2011, the reclassification of the monies received from the statewide student transportation initiative results in increased restricted receipts of \$15.6 million and a concomitant reduction in general revenues of the same amount. The FY 2010 proposal to exempt the Underground Storage Tank Replacement Fund from the state's indirect cost recovery assessment results in an increase in restricted receipts and a decrease in general revenues of \$202,852 in FY 2011. The reduction in the Telecommunication Education Access fee on wireline phones and the application of this reduced fee to wireless phones, first proposed in the FY 2010 supplemental budget, is estimated to reduce restricted receipts from wireline phones by \$557,172 and increase restricted receipts from wireless phones by \$1.3 million in FY 2011.

The Governor also recommends the reclassification of the revenues received from the board and support payments made by patients at the Eleanor Slater Hospital, including those patients cared for at the Zambarano unit, from general revenue receipts to restricted receipts in FY 2011. This reclassification reduces available general revenues and increases restricted receipts by \$3.2 million in FY 2011.

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## All Sources

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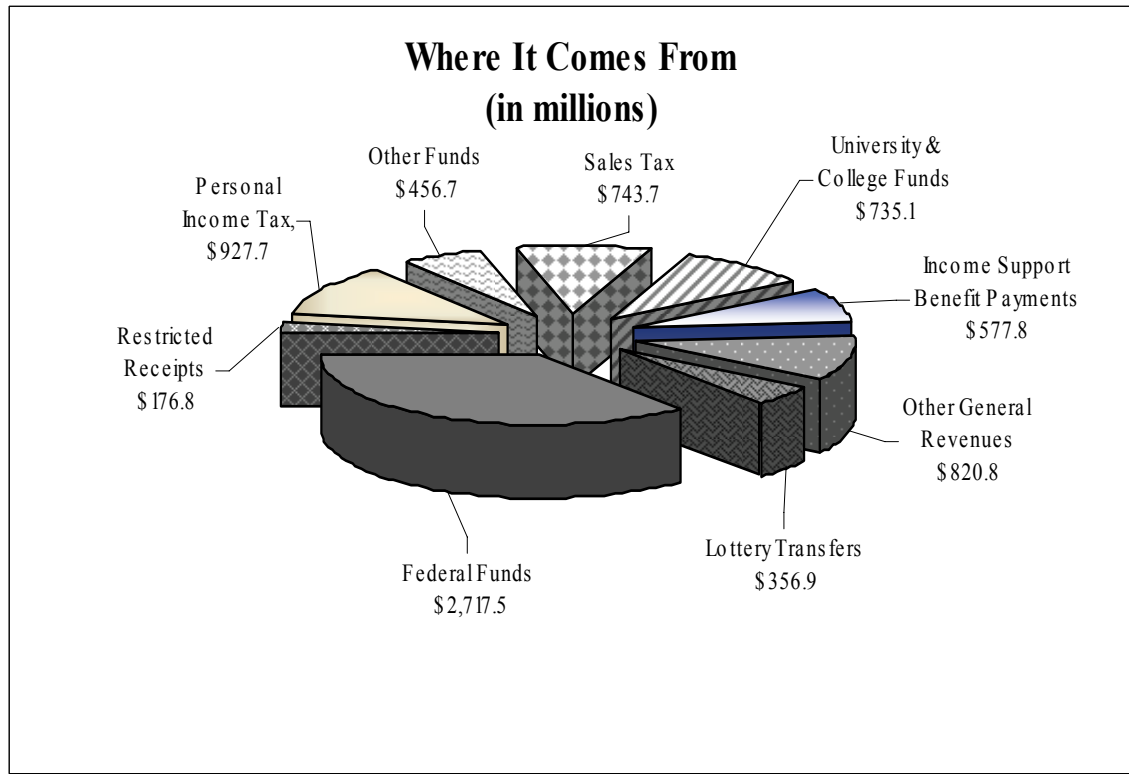
The total budget of \$7,512.9 million includes all sources of funds from which state agencies make expenditures.

Federal funds represent 36.2 percent of all funds. Over 68.4 percent of federal funds are expended for human services, primarily for Medicaid.

Income and Sales Taxes combined represent 22.2 percent of all revenue sources.

University and College Funds, and Income Support Benefit payments represent 9.8 percent, and 7.7 percent of the total, respectively.

Remaining sources include: Other General Revenues, 10.9 percent; the Lottery Transfer, 4.8 percent; Restricted Receipts, 2.4 percent; and Other Funds 6.1 percent.



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## All Expenditures

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The Governor's FY 2011 Budget recommendation is \$7,512.9 million all funds comprised of six functional units of state government: human services, education, general government, public safety, transportation, and natural resources.

Approximately thirty-nine percent of all expenditures are for human services, comprised of agencies that engage in a broad spectrum of activities including income support, client subsidies, case management and residential support, and medical regulation, prevention, treatment, and rehabilitation services. The FY 2011 recommended budget for all human service agencies is \$2,960.1 million.

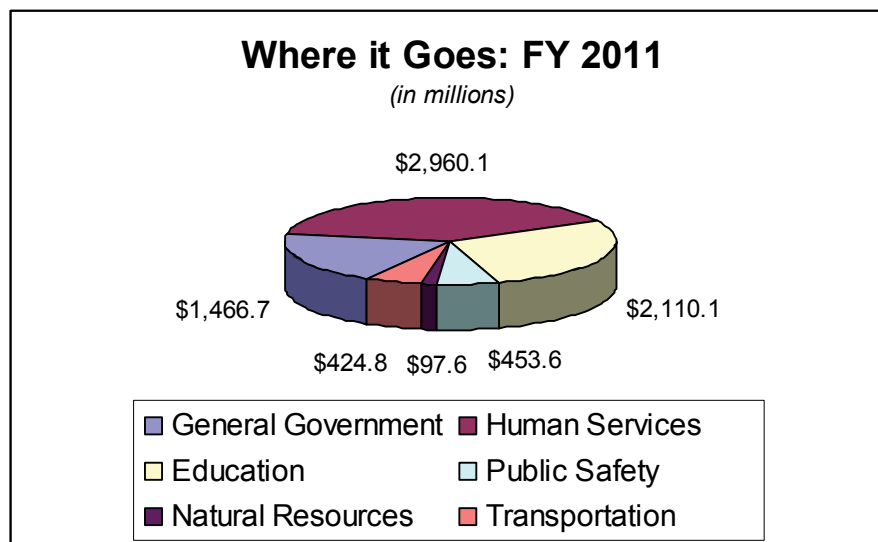
Approximately twenty-eight percent of all expenditures are for education, which includes the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, the Rhode Island Higher Education Assistance Authority, the Historical Preservation and Heritage Commission, and the Rhode Island Public Telecommunications Authority. The FY 2011 recommended budget for education is \$2,110.1 million.

Approximately twenty percent of all expenditures are for general government, which includes agencies that provide general administrative services to all other state agencies, and those that perform state licensure and regulatory functions. The FY 2011 recommended budget for all general government agencies is \$1,466.7 million.

Approximately six percent of all expenditures are for public safety, which is the system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The FY 2011 recommended budget for the public safety system is \$453.6 million.

Approximately six percent of all expenditures are for transportation, which provides for the state's maintenance and construction of a quality transportation infrastructure. The FY 2011 recommended budget for transportation is \$424.8 million.

Approximately one percent of all expenditures are for natural resources, which includes the Department of Environmental Management, the State Water Resources Board and the Coastal Resources Management Council. The FY 2011 recommended budget for natural resources is \$97.6 million.



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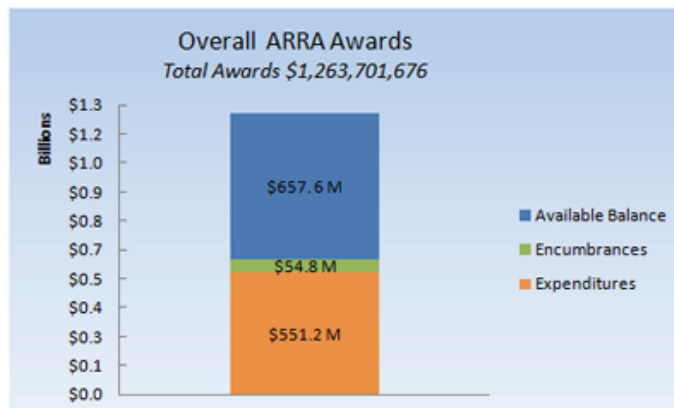
# ARRA Stimulus

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***Federal Stimulus  
Funds Included in  
Governor's  
Recommended FY 2010  
and FY 2011 Budgets***

Congress proposed and on February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA). The Act provides \$789 billion nationwide through spending programs, tax cuts, and other provisions. Over the life of the stimulus, it is estimated that the bill will provide over \$1.4 billion to Rhode Island, not including tax cuts for individuals and businesses.

The Governor has certified Rhode Island's participation in the ARRA and thereby has assumed the responsibility that the funds are used to support activities that will create jobs and promote economic development. Further, the Governor, by Executive Order 09-04, has established the Office of Economic Recovery and Reinvestment (OERR) within the Office of the Governor. The Office will be responsible for administering and complying with ARRA; establishing processes for identifying, evaluating, and tracking ARRA initiatives; and will be responsible for transparency, tracking, and reporting of the funds provided by the ARRA. OERR will be funded through a 0.05 percent administration fee applied to the stimulus funding which has been authorized by OMB memorandum 09-18. To date, over \$1.2 billion has been awarded with over \$551.2 million already expended.



Source: Office of Economic Recovery and Reinvestment, <http://www.recovery.ri.gov/>

The Governor has included \$774.2 million in the Revised FY 2010 budget and \$455.7 million in the FY 2011 budget. The categories in the stimulus act that affect the Governor's recommended budgets include:

- State Fiscal Stabilization Fund – ARRA provides grants to state governors for fiscal relief including funding for local schools and higher education, public safety, and other government organizations. The majority of the stabilization fund must be used for education and the balance is flexible for the Governor to allocate for fiscal relief. The Governor recommends \$57.8 million in the FY 2010 revised budget and \$26.6 million in the FY 2011 budget. The Governor also recommends a total of \$27.3 million over two years for Higher Education, which Higher Education will use for capital projects. This portion of stabilization funding will not offset any general revenues for the state and therefore does not provide direct fiscal relief to the state. In FY 2010, the Governor recommends \$47.7 million for the Rhode Island Department of Education, \$10.0 million for State Police, and \$100,000 for the Department of Corrections. In FY 2011, the Governor recommends \$26.6 million for Education which will exhaust the stabilization funds.

# ARRA Stimulus

The recommended stabilization allocation is as follows:

## Governor's Recommended Stabilization Funding

Department	FY2009 Actual	FY 2010 Rec	FY 2011 Rec	Totals
RIDE	33,207,223	47,715,384	26,645,522	<b>\$107,568,129</b>
Corrections	19,900,000	100,000	-	<b>\$20,000,000</b>
State Police	-	10,017,127	-	<b>\$10,017,127</b>
<b>Subtotal</b>	<b>\$53,107,223</b>	<b>\$57,832,511</b>	<b>\$26,645,522</b>	<b>\$137,585,256</b>
Higher Education*		16,100,000	11,200,000	27,300,000
<b>Totals</b>	<b>\$53,107,223</b>	<b>\$73,932,511</b>	<b>\$37,845,522</b>	<b>\$164,885,256</b>

\* Higher Education stabilization funds do not directly offset general revenues. The direct general revenue savings for the state due to stabilization are captured by the 'Subtotal' category.

- Health – ARRA includes provisions for increased aid for state health mandates. Of the health categories receiving additional funding, the increased Federal Medicaid Assistance Percentage (FMAP) is especially important to the State. This is the federal cost-share of Medicaid and Foster Care and Adoption Assistance. The increased percentage rate paid by the federal government provides direct relief to general revenues with the exception of the federal share of the LEA Special Education program. The Governor recommends \$194.1 million in FY 2010 and \$190.7 million in FY 2011, with the appropriation of these federal funds allowing for a withdrawal of an equivalent general revenue amount in the Medicaid program. An addition, the Governor recommends \$4.5 million in both years for LEA Special Education.

## Governor's Recommended FMAP Enhancement Funding

Department	FY 2009	FY 2010	FY 2011 (Jan 09 ARRA)	FY 2011 Projected	Change FY 2010 - FY 2011
Human Services	104,373,548	141,685,241	70,566,687	141,133,374	(551,867)
Health	90,509	142,752	71,376	142,752	-
Mental Health, Retardation	36,399,656	43,524,930	20,607,241	41,214,482	(2,310,448)
Elderly Affairs	686,286	882,404	441,201	882,402	-
Children, Youth, & Families	8,017,765	7,863,860	3,652,418	7,304,836	(559,024)
<b>Subtotals</b>	<b>\$149,567,764</b>	<b>\$194,099,187</b>	<b>\$95,338,923</b>	<b>\$190,677,846</b>	<b>(3,421,339)</b>
Share of LEA Special Ed.	2,211,992	4,473,222	2,237,175	4,474,350	1,128
<b>Total FMAP Enhancement</b>	<b>\$151,779,756</b>	<b>\$198,572,409</b>	<b>\$97,576,098</b>	<b>\$195,152,196</b>	<b>(\$3,420,211)</b>

\* Due to the continued economic downturn, it is widely believed that the federal FMAP enhancement will be extended from six months in FY 11 through the year. As such, the Governor's recommended budget includes a full year of FMAP enhancement.

- Human Services – ARRA provides additional grants for child care development, Head Start programs, community services, and child support enforcement. The Governor recommends \$15.2 million in the FY 2010 revised budget and \$5.6 million in the FY 2011 budget.
- Nutrition – ARRA includes additional funding for the Supplemental Nutrition Assistance Program (SNAP) benefits and administration. The Governor recommends \$35.9 million in the FY 2010 revised budget and \$43.9 million in the FY 2011 budget.
- Transportation – ARRA provides additional federal grants to state and local governments for transportation-related programs, including funding for federal highways, transit formula grants, fixed guide way modernization, surface transportation grants, competitive airport grants, and passenger rail grants. The Governor recommends \$65.6 million in the FY 2010 revised budget and \$44.2 million in the FY 2011 budget.

## ARRA Stimulus

- Education – ARRA provides additional funding through existing K-12 federal-state programs. This includes Title I, Special Education, Education for Homeless Children & Youth, Teacher Incentive Fund, Impact Aid, Vocational Rehabilitation, and the Race to the Top Fund. The Governor recommends \$72.4 million in the FY 2010 revised budget and \$63.7 million in the FY 2011 budget.
- Employment & Labor Force – Additional grants for employment and labor force programs are included in the ARRA. These programs are the Workforce Investment Act (WIA), Employment Service, and Unemployment Insurance, which are all dedicated to aiding and training the unemployed. The Governor recommends \$277.3 million in the FY 2010 revised budget and \$29.3 million in the FY 2011 budget.
- Housing & Community Development – ARRA provides additional funding for existing state housing programs including the Community Development Block Grant, neighborhood stabilization grants, HOME funds, and public housing authorities. The Governor recommends \$2.7 million in the FY 2010 revised budget and \$2.0 million in the FY 2011 budget.
- Energy & Environment – ARRA provides grants to the state for energy and environment improvements in three forms including the State Energy Program, Weatherization Assistance, and the Energy Efficiency and Conservation Block Grant. The Governor recommends \$19.5 million in the FY 2010 revised budget and \$28.2 million in the FY 2011 budget.
- Public Safety – ARRA provides additional funding for state justice programs including the Edward Byrne Memorial Justice Assistance Grant, the Violence against Women Grant, the Crime Victims Assistance Grant, the Internet Crimes against Children Grant, and the Operation and Maintenance – Army National Guard grant. Aside from the \$10.0 million in stabilization funds recommended in Public Safety, the Governor recommends grant funding of \$4.0 million in the FY 2010 revised budget and \$3.2 million in the FY 2011 budget.
- Natural Resources – ARRA provides additional funding for natural resource programs including the Leaking Underground Storage Tanks Grant, the Diesel Emission Program Grant, the Water Quality Planning Grant, Fish Passage Restoration, and the EPA Brownsfields Program Grant. The Governor recommends \$9.6 million in the FY 2010 revised budget and \$590,769 in the FY 2011 budget.

The Governor recommends that the stimulus funds are budgeted in twenty-four state agencies by function as follows:

### Governor's Recommended Stimulus Budget

Function	FY 2009 Actual	FY 2010 Rec	FY 2011 Rec	3 Year Totals
General Government	38,619,629	299,785,697	59,731,084	\$398,136,410
Human Services	158,042,357	251,443,029	246,363,057	\$655,848,443
Education	33,212,408	136,613,587	101,647,582	\$271,473,577
Public Safety	19,899,999	14,039,112	3,153,255	\$37,092,366
Natural Resources	0	6,635,595	590,769	\$7,226,364
Transportation	5,408,186	65,643,455	44,199,319	\$115,250,960
<b>Totals</b>	<b>\$255,182,579</b>	<b>\$774,160,475</b>	<b>\$455,685,066</b>	<b>\$1,485,028,120</b>

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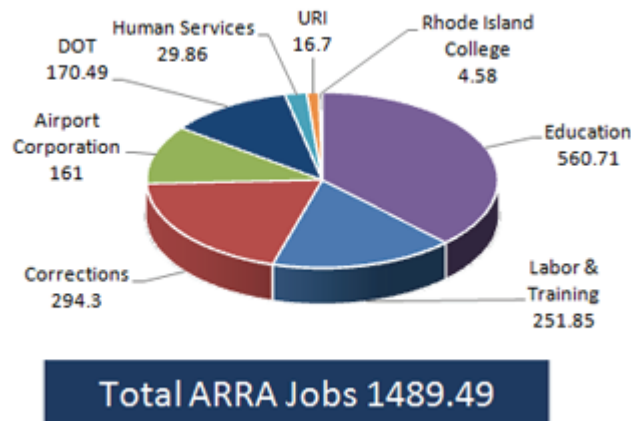
## ARRA Stimulus

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Of the stimulus funds anticipated to be received by the state, an estimated \$177.6 million will be used for capital projects. The Department of Transportation and Military Staff spending is reflected in the state budget, but the funds received and expended for clean water and drinking water projects are not. They are recorded in the Clean Water Finance Agency, a quasi-public agency of state government.

- Additional funds of \$137.9 million for the Department of Transportation for highway infrastructure investment which will be spent over three years for sixty-two separate projects throughout the state including highway, road and bridge repair, pavement resurfacing as well as enhancement projects, such as lighting and drainage improvements.
- Additional funds of \$604,900 for roof and window replacement to the U.S. Property and Fiscal Office and window replacement to the Federal Maintenance Shop of the Warwick Armory, which is used by the Rhode Island National Guard.
- Additional funds of \$36.1 million for the Clean Water Finance Agency for both clean water and drinking water projects that will be selected from the State of Rhode Island's priority project lists. This includes \$26.3 for the Clean Water State Revolving Loan Fund and \$9.8 million for safe drinking water projects.
- Additional funding of \$3.0 million for the Coastal Resources Management Council to continue construction on six high priority fish passage restoration projects that will be completed in the spring of 2010.

With the national unemployment rate at levels not seen since the recession of 1983, a major motivation of passing ARRA was to put Americans back to work. As such, one of the key metrics for measuring the success of the stimulus was the tracking of job created or saved. To date, 1,489 jobs have been created or saved for Rhode Islanders. The breakdown by agency is as follows:



Source: Office of Economic Recovery and Reinvestment, <http://www.recovery.ri.gov/>

While the ARRA provides needed relief and encourages job creation during this time of fiscal stress, the use of one time money for ongoing expenditures will create a larger structural deficit for the State. It is important that an appropriate “exit strategy” be developed in order to address the fall off in federal revenues which will occur. The five- year financial projection will reveal the significance of the problem.

# Unemployment Trust Fund

***High Unemployment  
Benefits Deplete  
Resources in Trust  
Fund***

The Employment Security Fund is comprised primarily of monies collected from a tax imposed on Rhode Island employers. These funds are used for the sole purpose of paying unemployment insurance benefits to eligible claimants. All funds are deposited in the State's account in the federal Unemployment Trust Fund which is administered by the United States Treasury.

An employer's contribution rate is determined by (a) the level of reserves in the fund and (b) the individual employer's history of unemployment. The level of reserves determines the tax rate schedule in effect for all covered employers in the State for a specific calendar year, while a particular company's experience with unemployment determines the tax rate within that schedule at which that company is assessed.

The balance in the Rhode Island Employment Security Fund was (\$120.9) million as of December 2009. This was a decrease of \$200.1 million from December 2008. The Rhode Island Department of Labor and Training borrowed \$70.3 in FY 2009 and \$81.8 million to date (as of January 25, 2010) in FY 10. The Department projects that it will need to continue to borrow as authorized by federal law in order to meet the cost of unemployment benefit payments in FY 2010 and FY 2011. The last time a borrowing occurred was when the Rhode Island Employment Security Fund borrowed a total of \$129.3 million between February 1975 and April 1980 from the Federal Unemployment Account under Title XII of the Social Security Act. In early November 1984, the Governor of the State of Rhode Island authorized the transfer of \$75.8 million from the Employment Security Fund to the Federal Unemployment Account to complete the \$129.3 repayment of the outstanding loan balance.

A history of the Employment Security Fund's financial status since 1975 when the first loan was made is presented in the table below. The first column of the chart presents the ending fund balance for each calendar year between 1975 and 2009. This figure is comprised primarily of a combination of employer contributions and Federal loans (receipts) and employee benefits and loan repayments (disbursements) less any outstanding loan balance.

Year Ended Dec. 31	Fund Balance (Millions)	Borrowings from Federal Unemployment Account	
		Amount Borrowed (Millions)	Amount Repaid (Millions)
1975	\$ -40.5	\$ 45.8	\$ -0-
1976	-53.9	20.0	-0-
1977	-66.6	9.0	3.73
1978	-88.0	31.0	-0-
1979	-96.3	5.0	4.31
1980	-94.5	18.5	.02

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## Unemployment Trust Fund

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Year Ended Dec. 31	Fund Balance (Millions)	Borrowings from Federal Unemployment Account	
		Amount Borrowed (Millions)	Amount Repaid (Millions)
1981	-71.0	0	9.26
1982	-76.6	0	10.22
1983	-46.6	-0-	12.15
1984	19.7	-0-	89.61
1985	71.4	-0-	-0-
1986	133.5	-0-	-0-
1987	211.5	-0-	-0-
1988	270.8	-0-	-0-
1989	295.0	-0-	-0-
1990	255.7	-0-	-0-
1991	140.2	-0-	-0-
1992	99.5	-0-	-0-
1993	114.0	-0-	-0-
1994	110.3	-0-	-0-
1995	107.6	-0-	-0-
1996	112.5	-0-	-0-
1997	157.0	-0-	-0-
1998	220.0	-0-	-0-
1999	260.5	-0-	-0-
2000	295.7	-0-	-0-
2001	278.0	-0-	-0-
2002	253.8	-0-	-0-
2003	205.5	-0-	-0-
2004	184.3	-0-	-0-
2005	185.8	-0-	-0-
2006	197.9	-0-	-0-
2007	168.4	-0-	-0-
2008	79.2	-0-	-0-
2009	120.9	-0-	-0-

In March 2009, the Governor applied for repayable advances to the account of the State in the Unemployment Trust Fund from the federal unemployment account in accordance with the provisions of Section 1201 of the Social Security Act. In FY 2009, the State received \$70.3 million in federal advances. The State has received authorization to borrow up to an additional \$35 million, \$20 million and \$40 million in January, February and March 2010, respectively. Through January 25, 2010, the State has borrowed \$24.6 million out of its authorized \$35 million for January 2010. It is expected that borrowing will continue throughout FY 2010 and into FY 2011, and could reach \$232.1 million by December 2010. Total borrowing is expected to peak at \$308.1 million at the end of April 2011.

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# Unemployment Trust Fund

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***RI is One of Many States Borrowing to make UI Benefit Payments***

Rhode Island is one of 27 states that has borrowed to pay benefits. As of January 21, 2010, states have borrowed a total of \$29.7 billion from the federal government to pay UI benefits. The four largest borrowers are California, \$6.7 billion, Michigan, \$3.3 billion, New York, \$2.4 billion, and Pennsylvania, \$2.1 billion.

Under ARRA, the loans from the federal account do not bear interest through December 2010. Beginning in 2011, any interest due on federal loans must be paid by October 1<sup>st</sup> of each year. Failure to pay this interest by the due date would result in a loss of state employer FUTA tax credits and the loss of the State's UI Administrative grant. The interest due on federal loans cannot be paid out of the State's UI Trust fund or by UI Grant funds. If the state is unable to repay federal loans, there are provisions for automatic cuts in federal tax credits that employers receive when state law is in conformity with federal law. Currently, employers pay a federal unemployment tax (FUTA) of 6.2% to the federal government less a credit of 5.4% when state UI law is in conformity with federal law. The net federal tax is, therefore, 0.8%. However, after a couple of years of outstanding loans, federal law requires cuts in the federal credit of 0.3% for each additional year that the loans remain outstanding. The additional money raised from the cut in the federal tax credit would be applied against the State's federal loan balance.

Rhode Island is eligible for up to \$23.5 million in Unemployment Insurance Modernization funds provided under ARRA. Rhode Island already qualifies for one third of this amount, \$7.8 million, based the alternative base period provision in the Rhode Island UI law. In order to qualify for the remaining \$15.6 million, Rhode Island must enact two of four qualifying provisions.

***Reforms to the Modernize the UI Benefits will Yield Additional Resources to RI***

Over the past several months, these options have been studied by the Employment Security Advisory Council. The Employment Security Advisory Council was established (RIGL 28-42-37) to aid the Department in formulating policies and solving problems with the broad goal of improving the state's Unemployment Insurance system.

The Employment Security Advisory Council has made a recommendation that two of the four qualifying provisions be adopted. These changes are:

- 1) Increase the state's minimum dependent's allowance from \$10 to \$15. This change includes prorating the dependent's allowance for those who are receiving partial UI benefits in the same manner as is done for individuals receiving benefits under the Workshare program.
- 2) Do not disqualify individuals who leave work for compelling family reasons from eligibility for UI benefits if they are able and available for work. Compelling family reasons include: (a) victims of domestic violence, (b) caring for an immediate family member due to illness or disability, and (c) leaving a job to accompany a spouse whose location of employment has changed to a place where it is impractical to commute to the former job.

The cost of these changes is estimated by the Department of Labor and Training to be \$0.4 million. The monies to be received into the fund, \$15.6 million will bolster the resources and help reduce the need to borrow. The addition of these monies into the fund will reduce the potential federal interest cost to the state by an estimated \$0.7 million per year.

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## Unemployment Trust Fund

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***Governor to  
Recommend Reforms  
to the Bring Structural  
Balance to the UI  
Fund***

The Governor will also recommend changes to the Rhode Island Unemployment programs during this legislative session which will bring structural balance to the program's finances. Given the program's intent, the optimum financial structure would provide sufficient tax revenue to build up fund reserves in the good years, to cover the benefit payments incurred during the periods of economic stress. Also, an important factor to be considered in developing any tax policy is fairness. Over the years, employers should pay into the fund an amount roughly equivalent to the benefits drawn for their employees. The Department of Labor and

Training is working with the Employment Security Advisory Council to study the causes for the severe mismatch between resources available and benefits paid under the program. The recommendations may include changes to increase the revenues into the fund, and or changes to the benefit structure. The Governor is also requesting that the Department consider the implications of the loans from the federal account and the interest that will be due on federal loans that must be paid by October 1st of each year. Failure to pay this interest by the due date would result in a loss of state employer FUTA tax credits and the loss of the State's UI Administrative grant.

# **Five-Year Financial Projection**



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## **FY 2011 – FY 2015 Overview**

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### *Summary*

This Five-Year Financial Projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws, which requires that, the Budget Officer:

- (6) Prepare a five-year financial projection of anticipated general revenue receipts and expenditures, including detail of principal revenue sources and expenditures by major program areas, which projection shall be included in the budget submitted to the general assembly pursuant to subsection 35-3-7.

The five-year projection includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2015. Tables which detail planning values are also included. 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 utilized as a benchmark in assessing the affordability and desirability of alternative policy options, caution should be exercised in the interpretation of the forecast.

From the FY 2011 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2015. The operating deficits range from \$362.2 million in FY 2012, \$416.2 million in FY 2013, \$457.8 million in FY 2014, and \$535.7 million in FY 2015. In percentage terms, the deficits are projected to approach 12.2 percent of spending in FY 2012 and 13.1 percent in FY 2015. The expenditure-side of the budget is estimated to increase at an average annual rate of 6.3 percent from the FY 2011 base to FY 2015. Inflation, however, as measured by the CPI, is expected to grow at an annual rate of 2.1 percent. A number of factors are responsible for the rate of growth above inflation, as discussed in detail below.

The five year projection anticipates average annual revenue growth of approximately 2.1 percent beyond the budget year, based upon the adopted November 2009 Revenue Estimating Conference forecast for the Rhode Island economy and the Governor's recommended changes to adopted revenues. The forecasts underlying the five year forecast assume that recovery in the Rhode Island economy does not take hold until FY 2012. Thus, both FY 2010 and FY 2011 continue to show year-over-year declines in general revenue. General revenue growth is expected to be modest in FY 2012 before strengthening in FY 2013 and FY 2014 as the economic recovery accelerates. General revenue growth remains positive in FY 2015 but at a rate below those projected for FY 2013 and FY 2014.

Personal income is forecast to grow at an average annual rate of 4.1 percent over the FY 2012 – FY 2015 period. Nonfarm employment is anticipated to grow at an average annual rate of 2.3 percent and wage and salary disbursements at an average annual rate of 3.8 percent over the FY 2012 — FY 2015 period. One risk to the revenue forecast is the timing of the economic recovery. If the recovery takes hold sooner than forecast, then the out-year growth rates, particularly in employment, would be lower. The tradeoff, of course, is that near-term revenue estimates would likely be better than currently estimated. Conversely, if the economic recovery takes hold later than forecast, then the out-year growth rates would be too optimistic and both the near-term and the out-year revenue forecasts may be overstated. Another risk to the revenue forecast is the behavior of consumers as the economy recovers. Consumer spending has historically comprised two-thirds of total spending. If post-recession, consumer spending does not rebound to pre-recession levels then the out-year revenue forecasts are likely to be overstated.

The FY 2011-FY 2015 five year forecast reflects the impact of federal action, which was aimed at generating economic activity and providing the states with fiscal relief. Congress proposed, and on

## FY 2011 – FY 2015 Overview

February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (“ARRA”). The Act provides \$787 billion of enacted funding nationwide through spending programs, tax cuts, and other provisions. While one of the goals of the ARRA is to generate economic activity that will result in improved financial performance, this five year forecast does not attempt to estimate the impact, if any, the stimulus will have on state revenues. It does discuss two major components of the ARRA, the State Fiscal Stabilization Fund and the increased Federal Medicaid Assistance Percentage (FMAP) both of which have a direct impact on the State operating budget. The Governor’s FY 2011 budget assumes that there will be an extension enacted to continue the increased FMAP for two more quarters through June 30, 2011. This forecast shows that the federal stimulus funds provide relief of \$217.3 million in FY 2011, of which \$121.9 million is already federally enacted. The forecast reveals the stress caused as the stimulus funds sunset.

### Governor’s Recommended General Revenue Offset from ARRA Funding

ARRA Program	FY 2009 Actual	FY 2010 Rec	FY 2011 Rec	Totals
Stabilization	53,107,223	57,832,511	26,645,522	<b>\$137,585,256</b>
Enhanced FMAP	149,567,764	194,099,187	190,677,846	<b>\$534,344,797</b>
<b>Totals</b>	<b>\$202,674,987</b>	<b>\$251,931,698</b>	<b>\$217,323,368</b>	<b>\$671,930,053</b>

\* The FY 2011 recommendation assumes an extension of FMAP

The provisions of the ARRA are temporary, providing an increase in the FMAP through June 30, 2011 under the assumptions in the Governor’s budget. The five year forecast reflects a change in the FMAP rate from 64.2 percent in State FY 2011 to an assumed reversion to a base FMAP level of 52.9 percent for the remainder of the forecast period. When applied to the applicable base FY 2011 Medicaid expenditures, the resultant increase in federal participation totals \$190.7 million, which is included in the Governor’s recommended FY 2011 budget. The appropriation of these additional federal funds allows a reduction of an equivalent amount of general revenue expenditures in the Medicaid program in FY 2011. The forecast includes an equivalent federal participation decline of \$190.7 million in FY 2012, when the FMAP enhancement program sunsets pursuant to federal law.

### Governor’s Recommended FMAP Enhancement Funding

Department	FY 2009	FY 2010	FY 2011 (Jan 09 ARRA)	FY 2011 Projected	Change FY 2010 - FY 2011
Human Services	104,373,548	141,685,241	70,566,687	141,133,374	(551,867)
Health	90,509	142,752	71,376	142,752	-
Mental Health, Retardation	36,399,656	43,524,930	20,607,241	41,214,482	(2,310,448)
Elderly Affairs	686,286	882,404	441,201	882,402	-
Children, Youth, & Families	8,017,765	7,863,860	3,652,418	7,304,836	(559,024)
<b>Subtotals</b>	<b>\$149,567,764</b>	<b>\$194,099,187</b>	<b>\$95,338,923</b>	<b>\$190,677,846</b>	<b>(3,421,339)</b>
Share of LEA Special Ed.	2,211,992	4,473,222	2,237,175	4,474,350	1,128
<b>Total FMAP Enhancement</b>	<b>\$151,779,756</b>	<b>\$198,572,409</b>	<b>\$97,576,098</b>	<b>\$195,152,196</b>	<b>(\$3,420,211)</b>

\* Due to the continued economic downturn, it is widely believed that the federal FMAP enhancement will be extended from six months in FY 11 through the year. As such, the Governor’s recommended budget includes a full year of FMAP enhancement.

The State Stabilization Fund for Rhode Island totals \$164.9 million and may be used in FY 2009, FY 2011, and FY 2012. Of the total, 81.8 percent is to be allocated to elementary and secondary education and public higher education and the remaining 18.2 percent for public safety or other government services, including K-12 or higher education. In FY 2009, \$53.1 million was spent, including \$33.2 in Elementary and Secondary Education and \$19.9 in Corrections. For FY 2010, a total of \$73.9 million is requested including \$47.7 for Elementary and Secondary Education, \$16.1 million for Public Higher Education, \$0.1

## FY 2011 – FY 2015 Overview

for Corrections, and \$10.0 million for State Police. For FY 2011, the Governor recommends spending the remaining \$37.8 million in Stabilization Funds, including \$26.6 million for Elementary and Secondary Education and \$11.2 million for Public Higher Education. In each year, general revenue funding is reduced in equal amounts for Elementary and Secondary Education, Corrections, and State Police, but not for Public Higher Education. No offset is recommended relating to Title I (\$26.5 million in FY 2010 and \$9.0 million in FY 2011) or IDEA (\$32.4 million in FY 2010 and \$10.9 million in FY 2011) funds which are distributed to the local governments. The table below displays the impact of the State Stabilization Fund.

### Governor's Recommended Stabilization Funding

Department	FY2009 Actual	FY 2010 Rec	FY 2011 Rec	Totals
RIDE	33,207,223	47,715,384	26,645,522	<b>\$107,568,129</b>
Corrections	19,900,000	100,000	-	<b>\$20,000,000</b>
State Police	-	10,017,127	-	<b>\$10,017,127</b>
<b>Subtotal</b>	<b>\$53,107,223</b>	<b>\$57,832,511</b>	<b>\$26,645,522</b>	<b>\$137,585,256</b>
Higher Education*		16,100,000	11,200,000	27,300,000
<b>Totals</b>	<b>\$53,107,223</b>	<b>\$73,932,511</b>	<b>\$37,845,522</b>	<b>\$164,885,256</b>

\* Higher Education stabilization funds do not directly offset general revenues. The direct general revenue savings for the state due to stabilization are captured by the 'Subtotal' category.

### Highlights

The forecast takes into account four major initiatives included in the Governor's FY 2010 and FY 2011 budgets which impact the revenue and expenditure estimates – pension reform, Medicaid reform, tax reform, and reduced state aid for local governments supported by proposed legislative changes to encourage spending efficiencies. In the three expenditure areas, the forecast assumes the Governor's proposed FY 2011 proposed budget is the baseline, and the out-year forecast adjusts for the sun setting of federal stimulus dollars and utilizes projected inflationary trends.

In the category of personnel costs, the forecast assumes the Governor's pension reform proposal contained in the FY 2010 Supplemental Act is enacted, resulting in \$12.8 million of general revenue savings in FY 2011 for state employees, state police and judges. The forecast also includes estimated increases in the state's retirement contributions due to recent investment losses in the pension fund, as described under the section discussing personnel and operating costs. The Governor's FY 2011 budget includes funding for retiree health benefits on an actuarial basis starting in FY 2011. Current law requires the state to fund retiree health benefit costs on an actuarial basis beginning in FY 2012, after a delay of two years was enacted. The forecast assumes that the actuarially determined contribution rate for the retiree health benefits remains constant through the forecast period. It is assumed that the medical benefit co-sharing and plan design changes which have been implemented also remain constant through the planning horizon.

Grants and benefits account for approximately 31.7 percent of the general revenue budget. Total Medicaid spending in FY 2011 is estimated to be \$745.7 million, reflecting reduced state support as a result of the federal enhancement. In FY 2009, the state spent \$704.4 million in general revenues, and \$1.9 billion from all funds. According to the Centers for Medicare and Medicaid Services (CMS) projections, general Medicaid growth is projected to be 8.25 percent annually, outpacing the average projected annual revenue growth of 2.1 percent. The projected annual growth for Medicaid costs included in the forecast range from 4.6 percent and 8.3 percent over the forecast period, depending upon the service provided. The Global Waiver is expected to lower costs below those baseline costs included in the forecast, based upon the

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## **FY 2011 – FY 2015 Overview**

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premise that serving clients in less restrictive settings will cost less, provide incentives for efficiencies, and increase competition amongst providers. In an attempt to present a conservative forecast, no additional Medicaid savings above those contained in the Governor's FY 2011 budget are assumed.

The local aid expenditures contained in the forecast assume level funding of general education aid, after restoration for federal stabilization funds, and estimated increases in charter schools and construction aid programs. It also assumes passage of the teacher pension reform proposed by the Governor resulting in state and local savings. The employer retirement contribution rate for teachers' system is adjusted upward in the out-years to reflect the anticipated increase in contributions resulting from recent investment performance.

The Governor's tax reform proposal is focused on small business. The tax reform includes a permanent reduction in the corporate minimum tax from \$500 to \$250 and a temporary tax credit for employers with between five and 100 employees that is designed to offset the unemployment insurance costs associated with hiring new employees. This tax credit, as proposed, will take effect for the July 1, 2010 through December 31, 2011 period. In addition, the Governor proposes the permanent repeal of the state's Motion Picture Production Company and Enterprise Zone Wage tax credits effective January 1, 2010.

### ***Economic Forecast and Revenues***

The economic forecast was developed by the principals of the November 2009 Revenue Estimating Conference with input from the consulting economist at *Moody's Economy* and respective staff. This forecast is derived from the U.S. macroeconomic model and the State of Rhode Island economic model that *Moody's Economy.com* has developed. A detailed analysis of the conferees near-term economic forecast for the State is contained in ***The Economy*** section of the Executive Summary. In that section, particular attention is paid to how the state fared relative to the past year with respect to non-farm employment and personal income growth. In addition, a brief explanation of the actual economic performance of the State against the economic forecast contained in the FY 2010 budget is undertaken. Finally, the economic forecast is presented for the out-years through FY 2015.

The biggest risk to the economic forecast is the actual rate of recovery for the Rhode Island economy. The economic forecast predicts a "U" shaped recovery for both the U.S. and Rhode Island economies, however, the bottom of the "U" for Rhode Island's economic recovery is expected to be significantly broader than the bottom of the "U" for the U.S.' economic recovery. If Rhode Island's recovery lags that of the U.S. by more than the length of time currently forecast, then personal income, employment, and wage and salary growth will be pushed out toward the end of the forecast horizon contained in this document.

In particular, employment growth rates are expected to be negative in the FY 2010 – FY 2011 period. During the FY 2012 – FY 2013 period, Rhode Island employment growth rates are expected to be positive and accelerating. In FY 2013, Rhode Island employment growth should peak at 3.4 percent and total nonfarm employment should exceed the peak reached in FY 2007 by FY 2014. In FY 2014 employment growth slows before reaching its steady-state level of growth at 1.1 percent in FY 2015. Growth in Rhode Island personal income is expected to be very weak in FY 2010 and FY 2011, averaging less than 1.0 percent over the period. Beginning in FY 2012, personal income growth is expected to pick up and average 4.1 percent, a rate below that achieved in the FY 2002 through FY 2008 period. Further, energy prices remain a risk to both the U.S. macroeconomic and Rhode Island forecasts. As an energy importer, Rhode Island's economy is vulnerable to both sharp increases and decreases in energy prices, with the former being more detrimental than the latter is beneficial. Finally, it should be noted that the economic forecast

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## **FY 2011 – FY 2015 Overview**

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adopted at the November 2009 Revenue Estimating Conference does not incorporate any additional federal economic stimulus.

The five year revenue projection includes the Governor's proposals to modify the adopted Revenue Estimating Conference estimates for FY 2011. Overall revenues are expected to grow from \$2.927 billion in FY 2011 to \$3.184 billion in FY 2015. This is growth of \$257.6 million, reflecting average annual growth of 2.1 percent. This revenue forecast includes the Governor's proposal to permanently reduce the corporate minimum tax to \$250 and to provide a temporary tax credit to small businesses that hire new employees, specifically those individuals that had been previously collecting unemployment benefits, Temporary Assistance to Needy Families, or are recent college and/or technical school graduates. The permanent reduction in the corporate minimum tax is expected to decrease revenues by \$11.5 million in FY 2011 and \$12.0 million in FY 2015. The Small Business Jobs Growth Tax Credit reduces revenues by \$10.0 million in FY 2011 and \$5.0 million in FY 2012 but has no further impact on revenues beyond FY 2012 due to its sunset provision.

The five year revenue forecast also includes increased revenues from the increase in several fees administered by the Division of Motor Vehicles beginning in FY 2011. The total value of these fee increases is approximately \$1.0 million in FY 2011 and a similar amount in FY 2015. As has been the case in the past, the five year forecast contains the reinstatement of the hospital licensing fee at the current rate of 5.237 percent of FY 2008 net patient revenues for a total of \$128.8 million in FY 2011. The revenue from the Hospital Licensing Fee is held constant over the forecast period. It should be noted that the Governor's recommended FY 2011 budget continues the phase-in of the alternative flat rate income tax system as is constituted in current law. That is, the alternative flat rate income tax system with a tax rate of 5.5 percent remains an option for taxpayers throughout the time horizon of the forecast. This optional personal income tax system is projected to save taxpayers \$51.6 million in FY 2011 and \$89.5 million by FY 2015.

Several revenue changes in the Governor's proposed FY 2011 Budget reclassify revenues as restricted receipts. These changes include the board and support payments received from the patients at the Eleanor Slater Hospital, including the patients cared for at the Zambarano unit, and the payments received from the statewide student transportation initiative. In FY 2011, the reclassification of these two revenue sources to restricted receipts reduces general revenues by \$18.8 million in FY 2011 and \$19.1 million by FY 2015. Although each of these reclassifications reduces general revenue, total available resources are unaffected. It should also be noted that the lottery estimates assume average annual growth of 3.4 percent in video lottery terminal revenues and do not factor in the impact of expanded gambling in the state or new competition in neighboring states.

In the FY 2010 five year forecast, the estimated revenues were projected to be \$3.438 billion by FY 2014, the last year of the forecast, reflecting average annual growth of over 2.2 percent. The current five year forecast projects \$3.129 billion of revenues by FY 2014, resulting in \$309.0 million less in resources than previously projected. Interestingly, the average annual growth rates in revenues for the two forecasts is not markedly different at 2.1 percent in the FY 2011 five year forecast and 2.2 percent in the FY 2010 five year forecast. The resulting drop in available resources in FY 2014 therefore is due more to the rebasing of revenues downward in FY 2009 and FY 2010 than it is to changes in the underlying economic drivers of revenue in the five year forecast.

### *Expenditures*

Expenditure side risks must also be noted within the five-year projection. As previously discussed, there are three major initiatives in the Governor's FY 2011 budget which set the expenditure base at a lower

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## **FY 2011 – FY 2015 Overview**

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level and therefore a risk to the forecast is the passage of those proposals and their successful implementation. These include pension reform, legislation changes promoting local efficiencies, and Medicaid reform. A recurring risk to the five-year forecast relates to medical services inflation, utilization, and technological change. Beneficial changes in medical technology and the resultant change in utilization of medical services are especially difficult to forecast. These factors are particularly influential, since a significant part of the budget is driven by medical costs and since costs have been accelerating at a rapid rate. This impacts both the costs incurred for the clients the state services and its employees. While costs for medical care will continue to be an underlying driver of state personnel costs in the forecast, it is assumed that there will be a deceleration in the rate of growth for state employee health benefit costs with an average annual rate of growth of 5.1 percent through FY 2015. The forecast also assumes that state employees will continue to share in the cost of medical insurance premiums and costs will moderate due to proposed plan design changes.

Another expenditure side risk involves demographic shifts such as the aging of the baby-boomer population which will present a greater need to enhance and expand the infrastructure for elderly care towards the end of the five year horizon. The forecast incorporates the savings contained in the Governor's FY 2011 budget which promotes serving clients into the least restrictive setting which reduces nursing home care estimates in FY 2011, but the forecast does not include any additional costs specific to Rhode Island demographics in the out-years.

### ***Personnel and Other Operations***

The wage projections contained in the personnel estimates assume a 3.0 percent COLA increase in FY 2011, offset by negotiated concessions equivalent to approximately 3.0 percent in FY2011, and a 3 percent COLA increase in FY 2012. Based upon negotiated settlements, there will be eight pay reduction days in FY 2010 and four such days in FY 2011. Implementation of this measure will save \$17.2 million in salary costs in FY 2010, and \$8.99 million in FY 2011, as well as associated fringe benefit costs. In addition, the Governor recommends that the three percent (3%) across the board salary increase, which would otherwise have been effective July 1, 2010, shall not be effective until January 2, 2011. Implementation of this measure will save \$9.6 million in salary costs in FY 2011, as well as associated fringe benefit costs. When reviewing the statewide personnel costs, one must be cognizant of aggregate dollar savings taken in both the FY 2010 and FY 2011 budget compared to what was previously negotiated and projected as the current service costs. Because these savings are roughly equivalent, the year over year comparison will not show a decrease, but rather an increase. It is also important to note, as discussed in the *Personnel Supplement*, that the FY 2012 budget is forecasted to have significant growth in personnel costs because the savings from the concessions do not continue. Step increases, longevity increases and educational incentives historically have added 1.7 percent annually to the estimated salary and fringe benefit costs and have been incorporated into the analysis. In FY2012, salary costs are projected to grow 9.2 percent reflecting the 3 percent cost of living adjustment, 1.7 percent for steps and longevity, and loss of the non-base concessions which provide saving in FY2011. COLAs reflecting the CPI are included for FY 2013 and thereafter. The FY 2011 base for correctional officers' compensation contains a yet to be finalized pay increase equivalent to those COLAs negotiated with other employee unions from 2007, commencing in FY 2010, but with no retroactive payment.

The forecast reflects cost sharing which is expected to offset health insurance costs in FY 2011 and throughout the forecast period. Average employee cost sharing of 18 percent of medical premium costs increasing to 19.0 percent in FY 2012 and thereafter is projected. This compares with average employee cost sharing of just 11.0 percent in FY 2009. Gross medical cost increases for health care premiums are expected to grow 5.2 percent annually on average in the forecast.

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## **FY 2011 – FY 2015 Overview**

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Despite pension reforms enacted in past legislative sessions, and the Governor's proposed reform to eliminate the automatic cost of living adjustment for those not eligible to retire, the costs of the State's defined benefit plan are expected to increase at pace greater than the rate of growth for salaries. The savings from benefit plan changes are expected to be offset by additional costs related to investment losses. The forecast assumes that the Governor's proposed pension reform is enacted, but that investment losses experienced to date will cause contribution rates to continue to rise. In the forecast, the rate of contribution increases from 18.71 percent in FY2011 to 31.06 percent in FY 2015 for state employees. Thus, retirement contribution costs are expected to increase from \$67.3 million in fiscal 2011 to \$130.5 million by fiscal 2015, and average increase of 24 percent a year.

Personnel and operating costs continue to be constrained during FY 2011. The Governor's proposed FY 2011 budget includes \$101.5 million less in personnel and operating than was projected for FY 2011 in the previous five year forecast. This highlights the success in managing costs within available resources. Personnel costs for FY 2011 are \$99.8 million less than last year's projection reflecting sustained reduction in the workforce, more projected ARRA resources of \$12.3 million, and savings from negotiated pay reduction days and the deferral of the cost of living adjustment. The current five year forecast assumes \$938.8 million of personnel and operating costs in FY 2011 and an average growth of 5.8 percent over the five year interval, resulting in an estimated cost of \$1.177 billion in FY 2015, an increase of \$238.6 million. Over \$21 million of this increase is attributable to restoring State Fiscal Stabilization Funds and FMAP participation to base levels in existence prior to enactment of the American Recovery and Reinvestment Act at the hospital in the Department of Mental Health, Retardation and Hospitals and the state schools operated by the Department of Elementary and Secondary Education. In FY2012, there is a \$22.0 million transfer of funds to the Rhode Island Capital Plan Fund to replenish resources that were used to restore the state rainy day fund in FY2009.

### ***Grants and Benefits***

Grants and Benefits are projected to increase by an average of 11.8 percent annually from FY 2011 to FY 2015. Most of this growth is reflected in the Department of Human Services budget, since this is where most of the Medicaid dollars are spent. This growth reflects the restoration of general revenue dollars totaling \$141.1 million in FY 2012 to replace non-recurring stimulus money.

The forecast for Department of Human Services grants and benefits is based on the assumption that the Federal Temporary Assistance to Needy Families Cash Assistance Program (TANF) and the RI Works Program (formerly FIP), will meet their stated objectives during the forecast period, and that federal block grants will continue at current levels, and that Medicaid matching rates will revert to pre-existing levels after June 30, 2011.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 1.5 percent annually. These exclusively reflect continuing additions for child care subsidies, which are extended to the working poor even after cash assistance clients gain access to unsubsidized employment, offset savings in cash assistance. The block grant resources are assumed to be insufficient to finance these incremental costs throughout the forecast period, and, therefore, general revenue dollars are added. No additional effects from the implementation of the new RI Works program are recognized in the estimates, and it is assumed that federal TANF resources will remain sufficient to meet the entire cost of the RI Works program throughout the forecast horizon. In the previous five year forecast, the estimated cost for TANF/Child Care/MOE was \$19.9 million in FY 2014; the current five year forecast assumes \$9.2 million in FY 2014. The significant decrease between the two forecasts reflects adoption of the assumption that RI Works be fully federally funded, while subsidized child care

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## **FY 2011 – FY 2015 Overview**

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retains its posture of state/federal financing.

SSI caseloads will increase slightly, as both the elderly and disabled population components are forecast to increase marginally over the five-year period, resulting in increased costs of 1.5 percent on average, including cost of living adjustments.

DHS Medicaid projections reflect proposed reforms in service delivery systems, such as reduced institutional care and greater participation in independent living and treatment arrangements, reform of the purchasing model from reimbursement-based to client-based, a shift toward a managed care (MCO) model for long term care, and the reprocurement of existing Medicaid managed care contracts in FY 2011. No further reform-based savings beyond those for FY 2011 are incorporated in the forecast, though currently recommended initiatives are embedded in the FY 2011 base.

Pharmacy inflation is assumed at 7.7 percent annually. Five-year estimates also reflect a schedule increasing federal “clawback” assessment charges for Part D Medicare benefits to dually eligible Medicaid clients at the pharmacy inflation rate.

The managed care forecast assumes that base costs will inflate at 4.6 percent per year until FY 2015. Incorporated into the FY 2011 expenditure base for managed care is a proposal in the Governor’s Budget for the reprocurement of Medicaid managed care under specific cost-saving guidelines, yielding a \$15.3 million reduction general revenues, offset by additional general revenues of \$1.2 million for the managed long-term care initiative.

Similarly, cost trends in institutional long term care include an annual growth rate increasing of 5.95 percent from FY 2011 through FY 2015. The FY 2011 expenditure base for nursing care contains savings of \$5.5 million in general revenues from the managed long term care initiative, slated for full implementation in FY 2011.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from \$64.8 million in FY 2011 to \$117.1 million in FY 2015, which equates to an average growth rate of approximately 18.9 percent per year. Approximately 42.6 percent of this increase, however, is associated with a loss of \$20.5 million of sun setting Medicaid federal stimulus funding. The remaining growth is a result of assumed trend of approximately 8.3 percent per year. There are several factors that could significantly impact expenditures during the forecast period. These include general economic conditions that negatively impacting Rhode Islanders; the aging of caregivers; the aging of the existing population; and greater public awareness of the availability and, therefore, the utilization of services. Efforts to restructure the network of providers serving persons with developmental disabilities and efforts to increase shared living arrangements over and above those contained in the Governor’s FY 2011 Budget should serve to constrain growth below those contained in the projection. It should be noted that the expenditures only reflect the residential, day program, respite and supported employment services. Medical costs under the Medicaid program are reflected in Department of Human Services’ grant costs.

Cost trends for general revenue state match expenditures to the Medicaid, Title IV-E, and other grant programs in the Department of Children Youth and Families are projected to grow from \$91.6 million to \$136.1 million between FY 2011 and FY 2015. This equates to an average annual growth rate of 10.5 percent. Of the \$44.5 million growth, \$7.5 million is attributable to restoration of general revenue dollars to replace federal stimulus monies which sunset. Excluding the savings provided by the Medicaid FMAP increase, costs are projected to increase by an 8.3 percent average annual growth rate through FY 2015.

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## **FY 2011 – FY 2015 Overview**

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### *Local Aid*

Local aid expenditures include education aid, the Motor Vehicle Excise Tax Reimbursement, aid to local libraries comprised of Library Resource Sharing and Library Construction Aid, the Payment in Lieu of Taxes (PILOT) program, the Property Revaluation program, and the Distressed Communities Relief program. The forecast assumes that the Motor Vehicle Excise program will be eliminated as recommended in the Governor's FY 2011 budget submission. Library Resource Sharing and PILOT are assumed to grow by CPI over the period averaged at 2.1 percent. Growth in Library Construction Aid and the Property Revaluation program are forecasted based on proposed schedules. Lastly, Distressed Communities Relief is assumed to be level-funded over the period at the currently enacted level of \$10.4 million.

In dollar terms, the largest driving force behind expenditure growth from FY 2011 to FY 2015 is Education Aid programs, which are expected to increase by a total of \$64.5 million from the FY 2011 base level, an average of 2.0 percent per annum. This aggregate growth rate reflects an increase of \$25.8 million in general revenue funding to offset the sun setting of stimulus funding in 2012. Also in 2012, there is an increase of \$467,346 to allow the East Bay Met School to expand to a 4<sup>th</sup> class. Charter school aid increases by \$13.2 million, from \$39.3 million in FY 2011 to \$52.5 million in FY 2015. The forecast assumes that the Governor's proposed pension reform is enacted, resulting in \$12.9 million in savings in FY 2011 to the state for its share (40 percent) of the employer contribution for teachers' pensions. The local governments' share is reduced by an estimated \$19.3 million in FY 2011, which is withdrawn as a reduction from general education aid in the Governor's FY 2011 recommended budget. Projections for future required employer contributions to the teacher's retirement fund reflect 4.5 percent teacher payroll growth and increased contribution rates due to year to date investment performance. State contributions for teacher's retirement increase by \$24.5 million, from \$66.8 million in fiscal 2011 to \$91.3 million by fiscal 2015. Housing aid, which reimburses communities for part of the debt incurred for new school construction is projected to increase by \$535,782 from \$71.8 million to \$72.3 million. The Governor's proposed FY 2011 budget assumes no growth in funding for any other category of distributed or non-distributed aid, including aid for the Central Falls School Department.

### *Capital*

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2011 – FY 2015 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations are projected to rise from \$162.4 million in FY 2011 to \$207.3 million in FY 2015. The increase is attributable largely to the issuance of debt for the Historic Tax Credit stabilization program, which increases by \$31.6 million, the issuance of general obligation debt, which increases by \$14.0 million, and is offset by reductions in other categories as described below

The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2011-2015 Capital Budget. - Interest rates for fixed rate general obligation bonds to be issued to fund FY 2009 projects are projected at 5.0 percent. Interest rates for issuance of twenty-year fixed rate certificates of participation are estimated at 5.5 percent. Division of Motor Vehicles debt is assumed to be issued at 4.5% and amortized over seven years. Convention Center Authority Bonds for the Veterans Memorial Auditorium are assumed to be issued at 7.0 % and amortized over twenty years. Historic Tax Credit debt is projected to be issued at 6% over 8 years in 2011 and 2012. Projected amortization schedules are found in the exhibits contained in Appendix C of the State's Capital Budget.

FY 2009 Pastore/Zambarano Energy- \$20.0 million

FY 2010 General Obligation Bonds - \$96.5 million

FY 2010 DMV System - \$11.5 million

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## **FY 2011 – FY 2015 Overview**

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FY 2011 General Obligation Bonds - \$105.0 million  
FY 2011 Historic Tax Credits - \$75.0 million  
FY 2011 Pastore/Zambarano Energy - \$33.1 million  
FY 2011 Hospital Consolidation - \$29.870 million  
FY 2012 Historic Tax Credits - \$66.2 million  
FY 2012 General Obligation - \$100.0 million  
FY 2013 General Obligation - \$100.0 million  
FY 2013 Historic Tax Credits - \$65.0 million  
FY 2014 General Obligation Bonds - \$100.0 million

Amortization of existing debt combined with new debt issuance, results in increased general revenue appropriations for debt service of \$44.8 million from FY 2011 to FY 2015. Disbursements for capital projects are reflected as Rhode Island Capital Plan Fund expenditures, not general revenue, and therefore are not reflected in the five-year report as operating costs. Between FY 2009 and FY 2015, there is an increase of \$31.7 million for debt for the Historic Tax Credit stabilization program, and a \$14.0 million increase for general obligation debt. Performance based obligations increase from \$6.1 million to \$7.0 million. Debt service on certificates of participation decreases by \$3 million from \$33.5 million in FY 2011 to \$30.5 million in FY 2015. Convention Center debt service increases by \$1.4 million. The obligations for the RI Refunding Bond Authority (former Public Building Authority) decline from \$6.1 million in FY 2011 to zero in FY 2012.

The projected general revenue requirements for debt service are dependent upon the allocation of debt service costs to other sources of funds. It is assumed that the Department of Transportation's general obligation bond debt service in FY 2011 will total \$44.8 million, and 57.5 million in FY2015. It is assumed that the two cents of the gas tax dedicated to Motor Fuel bonds issued by EDC is equal to approximately \$8.4 million annually. It is assumed that the Rhode Island Public Transit Authority debt service funded by gas tax revenues in FY 2011 will total \$1.1 million in FY2011 and \$1.6 million in FY2015.

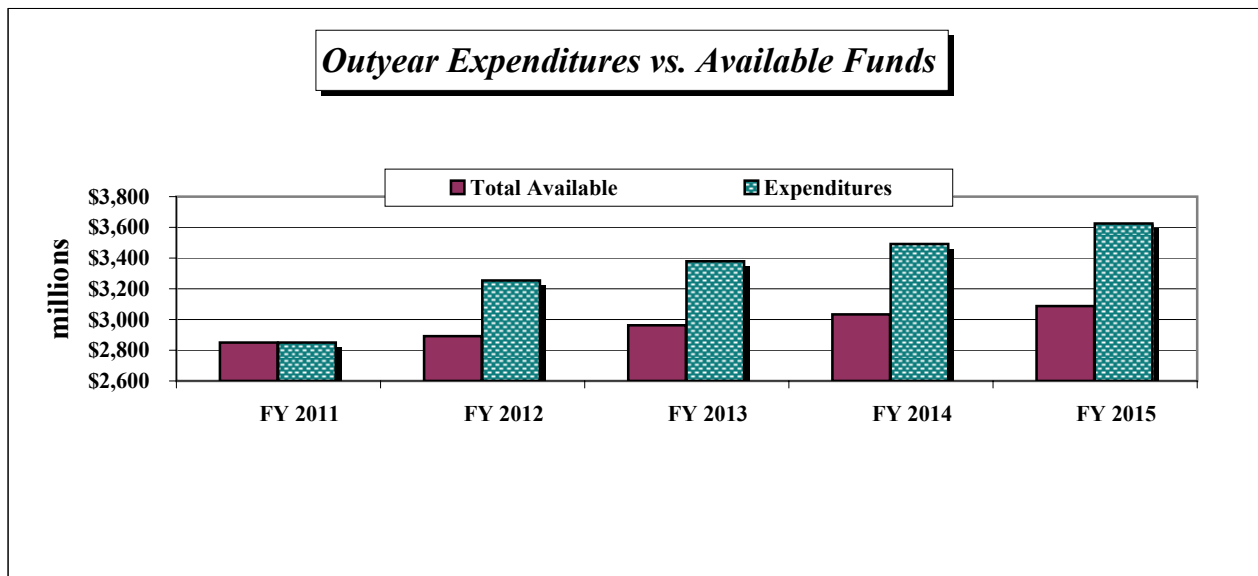
The obligations arising from performance based contracts between the Rhode Island Economic Development Corporation and private entities are projected to result in state appropriations due to the projected achievement of performance targets. Fidelity job rent credits are expected to result in a state obligation of \$2.5 million in FY 2010 and \$2.5 million in FY 2011. The FY 2011 obligation reflects projected payments of \$2.488 million on Phase I, plus \$0.05 million due on Phase II. The forecast assumes no requirement for the Bank of America obligation transaction, which if earned would total approximately \$0.3 million. The forecast assumes no requirement for the Bank of America obligation transaction, which if earned would total approximately \$0.3 million.

### Other

The projection also assumes that capital disbursements from general revenues would be \$6.0 million in FY 2011, and thereafter. This includes all expenditures which would be subject to fixed assets recording.

## General Revenue Outyear Estimates FY 2011 - FY 2015

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Opening Surplus</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Plus:</b>					
Taxes and Departmentals	2,559.0	2,599.3	2,667.4	2,731.7	2,776.8
Other Sources	367.7	376.0	386.1	397.1	407.3
Budget Stabilization Fund	(76.1)	(83.3)	(91.6)	(93.9)	(95.5)
<b>Total Available</b>	<b>2,850.7</b>	<b>2,892.0</b>	<b>2,961.9</b>	<b>3,034.9</b>	<b>3,088.6</b>
<b>Minus Expenditures</b>	<b>2,849.1</b>	<b>3,254.2</b>	<b>3,378.1</b>	<b>3,492.7</b>	<b>3,624.3</b>
<b>Equals Ending Balance</b>	<b>\$1.6</b>	<b>(\$362.2)</b>	<b>(\$416.2)</b>	<b>(\$457.8)</b>	<b>(\$535.7)</b>
<i>Operating Surplus or Deficit</i>	<i>\$1.5</i>	<i>(\$362.2)</i>	<i>(\$416.2)</i>	<i>(\$457.8)</i>	<i>(\$535.7)</i>
Budget & Cash Stabilization Balance	\$122.9	\$136.8	\$152.6	\$156.4	\$159.2
RI Capital Fund Balance	0.0	28.4	33.8	46.0	94.4
<b>Rhode Island Capital Fund</b>					
<i>Capital Projects Disbursements</i>	<i>78.3</i>	<i>63.4</i>	<i>70.4</i>	<i>77.9</i>	<i>44.4</i>



## General Revenue Outyear Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Personal Income Tax</b>	\$ 927,700,000	\$ 936,500,000	\$ 975,000,000	\$ 1,018,800,000	\$ 1,040,000,000
<b>General Business Taxes:</b>					
Business Corporations & Franchise	85,700,000	95,800,000	105,000,000	107,900,000	112,800,000
Public Utilities	121,000,000	121,700,000	126,000,000	130,200,000	134,400,000
Financial Institutions	1,000,000	600,000	-	-	(1,100,000)
Insurance Companies	82,400,000	85,300,000	88,400,000	91,800,000	95,700,000
Bank Deposits	1,800,000	1,800,000	1,900,000	1,900,000	2,000,000
Health Care Provider	34,700,000	36,000,000	37,600,000	39,200,000	40,800,000
<b>General Business Taxes</b>	<b>\$ 326,600,000</b>	<b>\$ 341,200,000</b>	<b>\$ 358,900,000</b>	<b>\$ 371,000,000</b>	<b>\$ 384,600,000</b>
<b>Sales and Use Taxes:</b>					
Sales and Use	743,700,000	764,200,000	780,900,000	793,200,000	803,900,000
Motor Vehicle	48,100,000	48,100,000	47,900,000	47,600,000	47,200,000
Motor Fuel	1,000,000	1,000,000	1,000,000	1,100,000	1,100,000
Cigarettes	134,600,000	130,500,000	124,600,000	119,000,000	113,800,000
Alcohol	11,100,000	11,300,000	11,300,000	11,600,000	11,800,000
Controlled Substances	-	-	-	-	-
<b>Sales and Use Taxes</b>	<b>\$ 938,500,000</b>	<b>\$ 955,100,000</b>	<b>\$ 965,700,000</b>	<b>\$ 972,500,000</b>	<b>\$ 977,800,000</b>
<b>Other Taxes:</b>					
Inheritance and Gift	26,000,000	26,800,000	28,100,000	29,400,000	30,500,000
Racing and Athletics	1,800,000	1,600,000	1,300,000	1,200,000	1,000,000
Realty Transfer Tax	6,500,000	6,400,000	6,400,000	6,900,000	7,300,000
<b>Other Taxes</b>	<b>\$ 34,300,000</b>	<b>\$ 34,800,000</b>	<b>\$ 35,800,000</b>	<b>\$ 37,500,000</b>	<b>\$ 38,800,000</b>
<b>Total Taxes</b>	<b>\$ 2,227,100,000</b>	<b>\$ 2,267,600,000</b>	<b>\$ 2,335,400,000</b>	<b>\$ 2,399,800,000</b>	<b>\$ 2,441,200,000</b>
<b>Total Departmental Receipts</b>	<b>\$ 331,900,000</b>	<b>\$ 331,700,000</b>	<b>\$ 332,000,000</b>	<b>\$ 331,900,000</b>	<b>\$ 335,600,000</b>
<b>Taxes and Departmentals</b>	<b>\$ 2,559,000,000</b>	<b>\$ 2,599,300,000</b>	<b>\$ 2,667,400,000</b>	<b>\$ 2,731,700,000</b>	<b>\$ 2,776,800,000</b>
<b>Other Sources</b>					
Gas Tax Transfers	-	-	-	-	-
Other Miscellaneous	5,500,000	3,800,000	3,500,000	3,500,000	3,500,000
Lottery Commission Receipts	356,900,000	366,800,000	377,200,000	388,100,000	398,200,000
Unclaimed Property	5,300,000	5,400,000	5,400,000	5,500,000	5,600,000
<b>Other Sources</b>	<b>\$ 367,700,000</b>	<b>\$ 376,000,000</b>	<b>\$ 386,100,000</b>	<b>\$ 397,100,000</b>	<b>\$ 407,300,000</b>
<b>Total General Revenues</b>	<b>\$ 2,926,700,000</b>	<b>\$ 2,975,300,000</b>	<b>\$ 3,053,500,000</b>	<b>\$ 3,128,800,000</b>	<b>\$ 3,184,100,000</b>

# General Revenue Outyear Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Personal Income Tax</b>	0.9%	1.0%	4.1%	4.5%	2.1%
<b>General Business Taxes:</b>					
Business Corporations	-8.9%	11.7%	9.6%	2.8%	4.5%
Public Utilities	0.8%	0.6%	3.5%	3.4%	3.2%
Financial Institutions	-50.0%	-43.3%	-99.6%	-1110.0%	5103.5%
Insurance Companies	3.0%	3.5%	3.6%	3.9%	4.2%
Bank Deposits	0.0%	2.0%	2.0%	2.0%	2.1%
Health Care Provider	-0.6%	3.8%	4.3%	4.3%	4.2%
<b>General Business Taxes</b>	<b>-1.9%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>3.4%</b>	<b>3.7%</b>
<b>Sales and Use Taxes:</b>					
Sales and Use	-1.0%	2.8%	2.2%	1.6%	1.3%
Motor Vehicle	-1.0%	0.1%	-0.6%	-0.6%	-0.7%
Motor Fuel	0.0%	2.2%	2.3%	2.2%	2.2%
Cigarettes	-4.1%	-3.0%	-4.6%	-4.5%	-4.3%
Alcohol	0.9%	2.0%	0.2%	2.0%	2.1%
Controlled Substances					
<b>Sales and Use Taxes</b>	<b>-1.4%</b>	<b>1.8%</b>	<b>1.1%</b>	<b>0.7%</b>	<b>0.6%</b>
<b>Other Taxes:</b>					
Inheritance and Gift	-1.5%	3.1%	4.7%	4.6%	4.0%
Racing and Athletics	-10.0%	-13.8%	-14.0%	-12.6%	-13.5%
Realty Transfer Tax	0.0%	-1.6%	0.4%	7.4%	5.3%
<b>Other Taxes</b>	<b>-1.7%</b>	<b>1.3%</b>	<b>3.1%</b>	<b>4.5%</b>	<b>3.7%</b>
<b>Total Taxes</b>	<b>-0.5%</b>	<b>1.8%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>1.7%</b>
<b>Total Departmental Receipts</b>	<b>-0.4%</b>	<b>-0.1%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>1.1%</b>
<b>Taxes and Departmentals</b>	<b>-0.5%</b>	<b>1.6%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>1.7%</b>
<b>Other Sources</b>					
Gas Tax Transfers	n/a	n/a	n/a	n/a	n/a
Other Miscellaneous	-88.2%	-30.7%	-7.2%	0.0%	0.0%
Lottery Commission Receipts	1.4%	2.8%	2.8%	2.9%	2.6%
Unclaimed Property	-9.3%	1.3%	1.5%	1.6%	1.8%
<b>Other Sources</b>	<b>-9.1%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.6%</b>
<b>Total General Revenues</b>	<b>-1.7%</b>	<b>1.7%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>1.8%</b>

## General Revenue Outyear Expenditure Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>State Operations</b>					
Personnel	\$797,300,000	\$858,600,000	\$902,300,000	\$949,600,000	\$1,003,000,000
Other State Operations	141,475,000	144,300,000	147,200,000	150,100,000	153,300,000
Less: CCA operating subsidy(debt)	0	0	0	0	0
MHRH Medicaid FMAP shift to GR	0	20,360,000	20,360,000	20,360,000	20,360,000
RIDE Stimulus shift to GR	0	745,252	745,252	745,252	745,252
<b>Subtotal</b>	<b>\$938,775,000</b>	<b>\$1,024,005,252</b>	<b>\$1,070,605,252</b>	<b>\$1,120,805,252</b>	<b>\$1,177,405,252</b>
	5.4%	9.1%	4.6%	4.7%	5.0%
<b>Grants and Benefits</b>					
<b>Department of Human Services</b>					
Hospitals	28,000,000	39,880,000	43,170,000	46,720,000	50,580,000
Managed Care	271,620,000	365,670,000	382,310,000	399,720,000	417,910,000
Nursing Care	102,530,000	142,910,000	151,410,000	160,420,000	169,970,000
Home Care	25,430,000	36,990,000	40,890,000	45,220,000	49,990,000
Other Medicaid	33,500,000	49,840,000	53,950,000	58,400,000	63,220,000
Pharmacy	3,980,000	5,630,000	6,070,000	6,540,000	7,040,000
Cash Assistance - TANF/FIP/Child Care	8,280,000	8,910,000	9,050,000	9,180,000	9,320,000
Cash Assistance - SSI	22,600,000	22,940,000	23,280,000	23,630,000	23,980,000
Clawback	46,200,000	49,770,000	53,620,000	57,760,000	62,220,000
DISH	58,790,000	59,670,000	60,570,000	61,480,000	62,400,000
<b>Department of Health</b>					
AIDS Medicaid	360,000	390,000	420,000	450,000	490,000
<b>Department of Elderly Affairs</b>					
Medicaid (Case Mang't & Core Waiver)	5,580,000	6,990,000	7,570,000	8,190,000	8,870,000
<b>Department of Children Youth &amp; Families</b>					
Children & Family Services	91,640,000	107,330,000	116,180,000	125,760,000	136,130,000
<b>Department of Mental Health Retardation &amp; Hospitals</b>					
Developmental Disabilities-Private	64,750,000	92,320,000	99,930,000	108,170,000	117,090,000
Other Grants and Benefits	139,910,000	142,010,000	144,140,000	146,300,000	148,500,000
<b>Subtotal</b>	<b>\$903,170,000</b>	<b>\$1,131,250,000</b>	<b>\$1,192,560,000</b>	<b>\$1,257,940,000</b>	<b>\$1,327,710,000</b>
	-0.3%	25.3%	5.4%	5.5%	5.5%
<b>Local Aid</b>					
Education Aid	788,284,421	830,625,654	839,466,736	846,953,399	852,732,389
General Revenue Sharing	0	0	0	0	0
GRS - VLT	0	0	0	0	0
Motor Vehicle Tax Reimbursements	0	0	0	0	0
Motor Vehicle - VLT	0	0	0	0	0
PILOT	27,770,000	29,090,000	30,390,000	31,690,000	32,950,000
Distressed Communities	10,380,000	10,380,000	10,380,000	10,380,000	10,380,000
Distressed - VLT	0	0	0	0	0
Library Aid	11,270,000	11,740,000	12,290,000	13,300,000	13,250,000
Property Revaluation Prgm	1,000,000	1,230,000	510,000	980,000	1,000,000
<b>Subtotal</b>	<b>\$838,704,421</b>	<b>\$883,065,654</b>	<b>\$893,036,736</b>	<b>\$903,303,399</b>	<b>\$910,312,389</b>
	-4.3%	5.3%	1.1%	1.1%	0.8%
<b>Capital</b>					
<i>Debt Service</i>					
General Obligation	73,620,000	83,650,000	91,070,000	88,140,000	87,580,000
Historic Tax Credit Program	23,800,000	36,990,000	48,830,000	55,450,000	55,480,000
RI Refunding Bond Authority	0	0	0	0	0
COPS/Other Leases	33,550,000	33,490,000	42,270,000	27,280,000	26,050,000
Convention Center	24,520,000	25,950,000	25,940,000	25,940,000	25,890,000
Performance Based	6,100,000	7,000,000	7,000,000	7,000,000	7,000,000
TANS	810,000	810,000	810,000	810,000	810,000
<i>Capital Improvements</i>					
Other Projects	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000
<b>Subtotal</b>	<b>\$168,420,000</b>	<b>\$193,910,000</b>	<b>\$221,940,000</b>	<b>\$210,640,000</b>	<b>\$208,830,000</b>
	-2.4%	15.1%	14.5%	-5.1%	-0.9%
<b>Repayment To RI Capital Fund</b>					
Operating transfer to RICAP		22,000,000			
<b>Total</b>	<b>\$2,849,069,421</b>	<b>\$3,254,230,906</b>	<b>\$3,378,141,988</b>	<b>\$3,492,688,651</b>	<b>\$3,624,257,641</b>
<b>Difference</b>	<b>\$4,127,126</b>	<b>\$405,161,485</b>	<b>\$123,911,082</b>	<b>\$114,546,663</b>	<b>\$131,568,990</b>
	0.15%	14.22%	3.81%	3.39%	3.77%

# General Revenue Outyear Planning Values

Estimates and Growth	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Personal Income (billions) [1]</b>	\$43.9	\$45.3	\$47.4	\$49.6	\$51.6
<i>Change</i>	1.4%	3.1%	4.7%	4.6%	4.0%
<b>Nonfarm Employment (thousands) [1]</b>	457.5	468.4	484.3	496.0	501.6
<i>Change</i>	-0.3%	2.4%	3.4%	2.4%	1.1%
<b>Personal Income Tax</b>					
Wages and Salaries [1]	-0.6%	2.4%	4.6%	4.7%	3.7%
<b>Business Corporation Tax [2], [3]</b>	2.9%	12.2%	9.8%	5.1%	4.3%
<b>Provider Tax [3]</b>	-0.6%	3.8%	4.3%	4.3%	4.2%
<b>Sales Tax</b>					
Wages and Salaries [1]	-0.6%	2.4%	4.6%	4.7%	3.7%
<b>Gasoline Tax</b>					
Real Consumption [4]	0.6%	2.2%	2.3%	2.2%	2.2%
<b>Other Taxes and Departmentals [3]</b>	0.5%	0.0%	0.3%	0.5%	0.9%
<b>CPI-U (U.S.) [1]</b>	1.5%	2.0%	2.0%	2.0%	2.1%
<b>Salaries and Fringe Benefits</b>					
Salary COLA - [13], CPI-U [1]	3.0%	3.0%	2.0%	2.0%	2.1%
Steps and Longevity Increases [3]	1.7%	1.7%	1.7%	1.7%	1.7%
Medical Benefits Costs [8]	4.6%	4.8%	5.0%	5.4%	5.8%
Retiree Health Costs [14]	6.74%	6.74%	6.74%	6.74%	6.74%
State Employees Retirement Costs [15]	20.77%	23.35%	26.91%	30.72%	30.72%
<b>Home Health Care</b>					
Expenditure Growth [6]	10.6%	9.9%	9.9%	10.0%	9.9%
<b>Nursing Home Care</b>					
Expenditure Growth [6]	6.0%	6.1%	6.5%	6.9%	7.1%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Managed Care/State Employee Plan</b>					
Expenditure Growth [8]	4.6%	4.8%	5.0%	5.4%	5.8%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Other DHS Medicaid</b>					
Expenditure Growth [7]	8.2%	7.9%	8.1%	8.4%	8.6%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
<b>MHRH- Mental Health</b>					
Expenditure Growth [8]	4.6%	4.8%	5.0%	5.4%	5.8%
<b>DCYF Services</b>					
Expenditure Growth [7]	8.2%	7.9%	8.1%	8.4%	8.6%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
<b>MHRH- MR/DD</b>					
Expenditure Growth [7]	8.2%	7.9%	8.1%	8.4%	8.6%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Pharmacy</b>					
Expenditure Growth [9]	7.7%	7.5%	7.3%	7.4%	7.4%

[1] November 2009 Revenue Estimating Conference Consensus Economic Forecast, FY 2010 - FY 2015.

[2] Moody's Economy.com Quarterly U.S. Economic Forecast November 2009, Nominal Corporate Profits Before Tax.

[3] State of Rhode Island Budget Office Estimate.

[4] Moody's Economy.com Quarterly U.S. Economic Forecast November 2009, Real Gasoline and Oil Consumption.

[5] CMS National Health Expenditures Projections February 2009, 2008-2018, Home Health Care: Total State and Local

[6] CMS National Health Expenditures Projections February 2009, 2008-2018, Nursing Home Care: Total State and Local

[7] CMS National Health Expenditures Projections February 2009, 2008-2018, Total Health Expenditures: State and Local Medicaid

[8] CMS National Health Expenditures Projections February 2009, 2008-2018, Total Health Expenditures: Private Insurance as proxy

[9] CMS National Health Expenditures Projections February 2009, 2008-2018, Prescription Drugs: Total State and Local

[10] No extraordinary decrease in expenditures unique to RI is forecasted in this five year forecast.

[11] November 2008 CEC estimates and DHS Fiscal Year FY 2009 Forecast.

[12] HCFA (CMS) National Health Care Expenditures Projections 1965-2017, Personal Health Care.

[13] Based on contractual obligations for 2011 and 2012; FY 2012 and thereafter - CPI.

[14] Reflects funding on an actuarial basis beginning with Fiscal 2011.

[15] Estimate of actuarially required contribution based upon a % of payroll, reflecting the Governor's proposed reform and estimated increases in rates due to investment losses as of January 2009.

# General Revenue Outyear Expenditure Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>State Operations</b>					
Personnel	6.0%	8.1%	3.5%	3.6%	3.9%
Other State Operations	1.0%	0.0%	0.0%	0.0%	0.0%
MHRH Medicaid FMAP shift to GR	0.0%	0.0%	0.0%	0.0%	0.0%
RIDE Stimulus shift to GR	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Subtotal</b>	5.4%	9.2%	2.9%	3.1%	3.3%
<b>Grants and Benefits</b>					
<b>Department of Human Services</b>					
Hospitals	-27.2%	42.4%	8.2%	8.2%	8.3%
Managed Care	4.4%	34.6%	4.6%	4.6%	4.6%
Nursing Care	-8.6%	39.4%	5.9%	6.0%	6.0%
Home Care	42.7%	45.5%	10.5%	10.6%	10.5%
Other Medicaid	-3.8%	48.8%	8.2%	8.2%	8.3%
Pharmacy	-20.9%	41.5%	7.8%	7.7%	7.6%
Cash Assistance - TANF/FIP/Child Care	45.0%	7.6%	1.6%	1.4%	1.5%
Cash Assistance - SSI	3.2%	1.5%	1.5%	1.5%	1.5%
Clawback	5.0%	7.7%	7.7%	7.7%	7.7%
DISH	2.0%	1.5%	1.5%	1.5%	1.5%
<b>Department of Health</b>					
AIDS Medicaid	0.0%	8.3%	7.7%	7.1%	8.9%
<b>Department of Elderly Affairs</b>					
Medicaid (Case Mang't & Core Waiver)	7.5%	25.3%	8.3%	8.2%	8.3%
Home Health Care	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Department of Children Youth &amp; Families</b>					
Children & Family Services	0.0%	17.1%	8.2%	8.2%	8.2%
<b>Department of Mental Health Retardation &amp; Hospitals</b>					
Developmental Disabilities-Private	-6.5%	42.6%	8.2%	8.2%	8.2%
<b>Other Grants and Benefits</b>					
	-0.9%	1.5%	1.5%	1.5%	1.5%
<b>Subtotal</b>	-0.3%	25.3%	5.4%	5.5%	5.5%
<b>Local Aid</b>					
Education Aid	4.2%	5.4%	1.1%	0.9%	0.7%
General Revenue Sharing	0.0%	0.0%	0.0%	0.0%	0.0%
GRS - VLT	0.0%	0.0%	0.0%	0.0%	0.0%
Motor Vehicle Tax Reimbursements	-100.0%	0.0%	0.0%	0.0%	0.0%
Motor Vehicle - VLT	0.0%	0.0%	0.0%	0.0%	0.0%
PILOT	0.7%	4.8%	4.5%	4.3%	4.0%
Distressed Communities	8.1%	0.0%	0.0%	0.0%	0.0%
Distressed - VLT	-100.0%	0.0%	0.0%	0.0%	0.0%
Library Aid	-2.1%	4.2%	4.7%	8.2%	-0.4%
Property Revaluation Prgm	-45.7%	23.0%	-58.5%	92.2%	2.0%
<b>Subtotal</b>	-4.3%	5.3%	1.1%	1.1%	0.8%
<b>Capital</b>					
<i>Debt Service</i>					
General Obligation	4.9%	13.6%	8.9%	-3.2%	-0.6%
Historic Tax Credit Program	0.0%	0.0%	0.0%	0.0%	0.0%
RI Refunding Bond Authority	0.0%	0.0%	0.0%	0.0%	0.0%
COPS/Other Leases	-11.8%	-0.2%	26.2%	-35.5%	-4.5%
Convention Center	0.7%	5.8%	0.0%	0.0%	-0.2%
Performance Based	0.7%	14.8%	0.0%	0.0%	0.0%
TANS	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Capital Improvements</i>					
Other Projects	2.2%	0.0%	0.0%	0.0%	0.0%
<b>Subtotal</b>	-2.4%	15.1%	14.5%	-5.1%	-0.9%
<b>Repayment To RI Capital Fund</b>					
Operating transfer to RICAP	0.0%	0.0%	-100.0%	0.0%	0.0%
<b>Total</b>	<b>0.1%</b>	<b>14.2%</b>	<b>3.3%</b>	<b>2.9%</b>	<b>3.2%</b>
<b>CPIU</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

# **General Government**



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# General Government

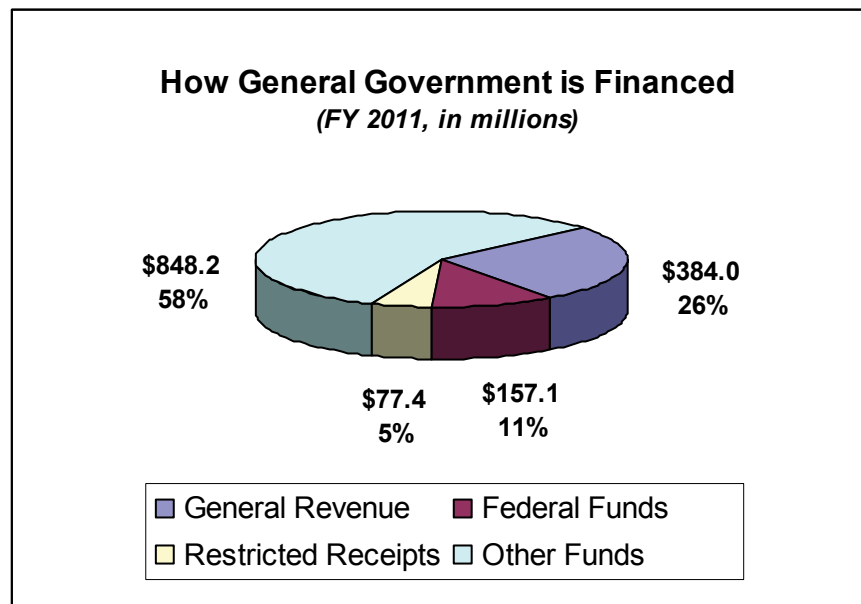
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## Summary

General Government includes agencies that provide general administrative services to all other state agencies, and those that perform state licensure and regulatory functions. It includes: most *elected officials*, including the Governor, Lieutenant Governor, General Treasurer, and the Legislature; *administrative agencies*, including the Department of Administration, the Department of Revenue, the Department of Labor and Training, the Board of Elections and the Commission for Human Rights; and *regulatory agencies*, including the Department of Business Regulation and the Public Utilities Commission. The Governor recommends 2,451.1 FTE positions in the revised FY 2010 budget and 2,249.0 FTE positions in FY 2011 within general government agencies.

The FY 2010 revised budget for General Government agencies totals \$1.941 billion, including \$465.8 million in general revenue, \$417.5 million in federal funds, \$88.7 million in restricted receipts, and \$968.8 million in other funds. The revised budget from all fund sources for General Government agencies is \$64.1 million, or 3.4 percent, more than the FY 2010 enacted budget of \$1.877 billion. Of the \$1.941 billion recommended for FY 2010, \$1,080.4 million is for grants and benefits, \$260.7 million is for operating, \$211.6 million is for personnel, \$120.9 million is for local aid, \$196.0 million is for debt service, \$47.5 million is for capital, and \$23.8 million is for operating transfers.

For FY 2011, the Governor recommends expenditures of \$1.467 billion for General Government programs. The programs are financed with \$384.0 million of general revenues, \$157.1 million of federal funds, \$77.4 million of restricted receipts, and \$848.2 million of other funds. The FY 2011 recommendation for General Government agencies is \$409.9 million, or 21.8 percent, less than the FY 2010 enacted level.

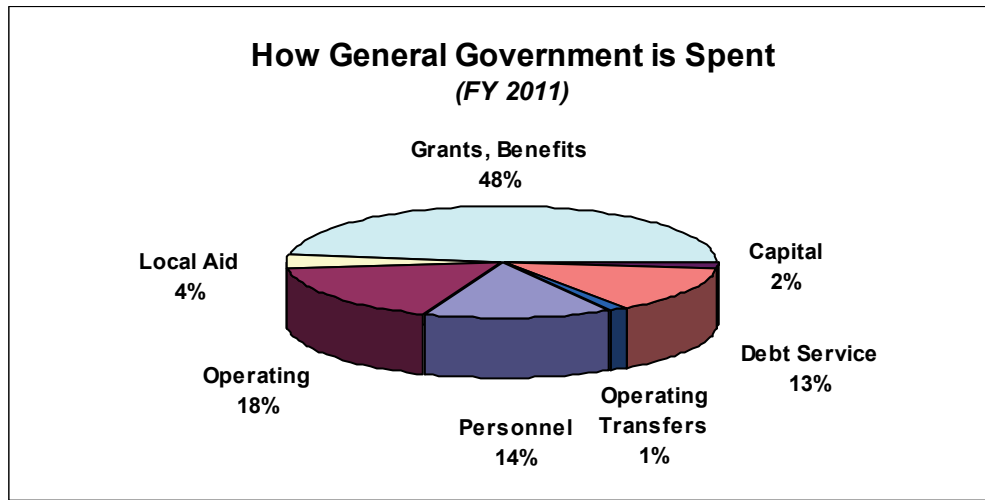


Of the \$1.467 billion recommended for FY 2011, \$706.0 million is for grants and benefits, \$258.8 million is for operating, \$206.8 million is for personnel, \$51.4 million is for local aid, \$195.6 million is for debt service, \$28.2 million is for capital, and \$20.0 million is for operating transfers. The General Government function represents 19.5 percent of the total budget for Rhode Island.

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## General Government

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General revenue financing for General Government agencies in FY 2011 decreases by \$152.2 million, or 35.9 percent, from the FY 2010 enacted appropriations. The decrease is primarily attributable to the Department of Administration, where the Governor recommends a decrease of \$154.1 million. Other notable decreases include \$820,315 less for the Department of Business Regulation, \$519,483 less for the Department of Revenue, \$233,760 less for the Governor's Office, \$107,844 less for the General Treasurer, and \$109,462 less for the Rhode Island Commission on Women. Notable increases from the FY 2010 enacted budget recommended in FY 2011 are \$2.3 million more for the Board of Elections and \$1.1 million more for the Secretary of State due to the November 2010 general elections, of which \$2.0 million is recommended for the matching public funds program.

In FY 2011, federal funds recommended in General Government agencies decrease by \$143.2 million, or 47.7 percent, from the FY 2010 enacted level. The change is primarily attributable to the Department of Labor and Training, where the Governor recommends a decrease of \$137.5 million. The decrease is due to the expiration of enhanced and extended federal stimulus unemployment compensation. The Governor also recommends \$4.0 million less for the Department of Administration, which reflects the net changes of anticipated grant funding. The FY 2011 budget also includes no funding for the federal Help America Vote Act grant which is \$750,000 less than the enacted due to the expiration of the program.

Recommended FY 2011 restricted receipts decrease by \$5.5 million, or 6.6 percent from the FY 2010 enacted level, which includes decreases of \$7.8 million for the Department of Labor and Training and \$2.1 million for the Department of Administration, which were partially offset by increases of \$2.2 million for the General Treasurer and \$1.5 million for the Governor's Office to manage the federal ARRA funding.

Other funds recommended in FY 2011 decrease by \$109.0 million, or 11.4 percent, from the FY 2010 enacted level. This change results from a net decrease of \$105.5 million for the Department of Labor and Training and \$2.7 million for the Department of Administration. The decrease in the Department of Labor and Training is mostly due to the anticipated exhaustion of unemployment benefits by the unemployed currently drawing on the fund.

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# General Government

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## *Department of Administration*

The Governor recommends revised appropriations of \$555.2 million in FY 2010 for the Department of Administration, excluding internal service funds. This includes \$365.7 million in general revenue, \$86.1 million in federal funds, \$25.7 million in restricted receipts, and \$77.8 million in other funds.

The revised FY 2010 budget is \$46.6 million less than the enacted budget. This includes a decrease in general revenue appropriations of \$63.9 million, an increase in federal funds of \$6.0 million, an increase in restricted receipts of \$6.7 million, and an increase in other funds of \$4.6 million. Internal service funds within the Department of Administration decrease \$2.9 million from \$388.5 million to \$385.6 million.

The FY 2010 enacted budget for the Department of Administration included a negative general revenue appropriation of \$67.9 million, representing formula driven Undistributed Statewide Savings, of which \$53.8 million was for personnel, \$5.1 for contract services, and \$8.9 for operating expenses. The enacted budget also included an appropriation of \$5.5 million for unachieved Pension Savings. The intent of the enacted budget was to allocate the savings and pension add-back budgeted in the Department of Administration to all State agencies. The Department of Administration's share of these appropriations was a net negative of \$6.8 million. Once these statewide items are distributed to other state agencies, the true FY 2010 enacted budget for the Department of Administration, less its allocated share, was \$485.2 million. Compared to this budget, the Department's revised budget represents a savings of \$119.5 million.

Of the \$119.5 million decrease in general revenue appropriations, core departmental programs realized savings of \$6.0 million from the enacted budget. The major general revenue changes within core departmental programs include:

- A net reduction of \$3.1 million, excluding pay reduction days and medical benefit holiday savings, for Department-wide personnel costs. This was achieved by maintaining or eliminating vacant positions where possible;
- A net savings of \$40,000 due to operational synergies from transferring the Office of Labor Relations from Human Resources to the Office of Legal Services;
- A reduction of \$227,693 for contract services within the Facilities Management program, due to reduced janitorial, security, and fire protection contracts that were assumed to increase in the enacted budget;
- A reduction of \$165,921 in the Facilities Management program for the transfer of security costs for the Department of Labor and Training (DLT). However, there are no statewide savings as the budget for DLT increases by an equal amount to reflect the transfer;
- A reduction of \$410,470 for operational expenditures within the Facilities Management program, due reducing maintenance and operating expenses to achieve savings;
- A further reduction of \$3.0 million in Facilities Management due to a moderation in utility prices;
- Additional funding of \$339,356 in the Division of Information Technology (DoIT) for contract services largely due to an incorrect assumption in the enacted budget that the Department of Human Service's desktop support group would be billed to federal funds;
- A reduction of \$135,553 for operational expenditures in DoIT based on current service needs;
- Additional funding in DoIT of \$960,604 for RIFANS operational expenditures. The FY 2010

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## General Government

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enacted budget eliminated the funding for all RIFANS operational and implementation expenditures. However, the State is contractually obligated to pay for its operational expenses, including licenses and maintenance;

- A reduction of \$123,733 for operational expenditures in Sheriff's program based on current service needs.

The FY 2010 revised budget includes eight (8) statewide pay reduction days for unions that agreed to the initiative. Also included in the revised budget are savings for three (3) medical benefit holidays. The Department of Administration's revised budget recognizes general revenue savings of \$1.6 million for the pay reductions days and \$691,356 for the medical benefit holidays.

Local aid funding decreases in the revised FY 2010 budget by \$66.8 million. This is largely due to the Governor's proposal to end the Motor Vehicle Excise Tax Phase-out program as of January 2010, which would result in the final two quarterly payments for FY 2010 not being paid to municipalities for savings of \$66.7 million. In addition, Library Construction Aid decreases by \$105,059, which brings funding in line with actual commitments for FY 2010.

The FY 2010 revised budget includes a reduction of \$22.0 million for the repayment of the Rhode Island Capital Plan Fund (RICAP). In FY 2009, the State accessed the Budget Stabilization Fund in order to fund the revenue deficit projected after the May 2009 Revenue Estimating Conference. The transfer to the General Fund was \$22.0 million. Once the Budget Stabilization Fund reaches 3.4% of total State resources, any additional funds are transferred to RICAP for capital projects. Thus, when any funds are withdrawn from the Budget Stabilization Fund, RICAP ends up receiving less revenue the following fiscal year. Under current law, any transfer from the Budget Stabilization Fund must be repaid to the RICAP fund in the year following the transfer. In the FY 2010 enacted budget, the General Assembly included \$22.0 million to repay the RICAP fund. The Governor recommends amending current law to allow this repayment of \$22.0 million to be delayed until after FY 2011.

The FY 2010 revised budget also includes a reduction of \$10.0 million for the Station Fire Fund. The Government Accounting Standards Board (GASB), in accordance with Generally Accepted Accounting Principles (GAAP), provides guidance that an estimated loss from a claim should be reported as an expenditure and a liability if both of the following conditions are met: 1) it is probable that an asset has been impaired or a liability had been incurred at the date of the financial statements, and 2) the amount of the loss can be reasonably estimated. Since the two conditions were met as of June 30, 2009, the Station Fire Settlement was appropriately recorded as a liability in FY 2009, thereby increasing FY 2009 expenditures by this amount. Therefore, the \$10.0 million budgeted in FY 2010 is no longer required.

Debt service adjustments account for a reduction of \$8.3 million in general revenue appropriations, decreasing from \$157.6 million to \$149.3 million. This reduction is the result of several factors, including savings of \$2.5 million for not yet issued Certificates of Participation, \$2.4 million for Tax Anticipation Notes (TANS), \$1.6 million for General Obligation Bonds, \$1.5 for the Historic Structures Tax Credit, and \$346,500 for Performance Based debt.

In the revised FY 2010 budget, the Governor recommends and includes savings for state employee pension reform. The proposed Pension Reform eliminates the automatic cost of living adjustment for state employees, teachers, judges and state police for employees who were not eligible to retire on September 30, 2009. Employees who are part of the state retirement system (state employees, teachers, judges and members of the state police) and who are eligible to retire on or before September 30, 2009, and those

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## General Government

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who become eligible and/or retire through the date of passage of this legislation shall continue to receive a cost of living adjustment as previously provided. However, as proposed, the General Assembly will have the ability to review annually and give an ad hoc cost of living adjustment to retirees who are not otherwise eligible for such an adjustment, up to a maximum amount of three percent (3%) or the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less. Also, this proposal provides that no supplemental contributions be made to the Employees Retirement System for Fiscal Years 2009, 2010, and 2011. The savings for state employees, judges, and state police are included in the recommended budget for the Department of Administration (the savings for teachers are budgeted in the Department of Elementary and Secondary Education). All funds savings included in the revised budget of the Department of Administration total \$18.1 million, comprised \$10.8 million in general revenues, \$4.4 million in federal funds, \$821,783 in restricted receipts, and \$2.1 million in other funds.

The revised FY 2010 budget includes a recommend of \$86.1 million in federal funds, which is an increase of \$6.0 million from the enacted budget. Major changes include a net \$10.4 million increase in ARRA stimulus funding and a \$10.1 million increase for the federal Low Income Home Energy Assistance Program (LIHEAP), partially offset by a net reduction of \$5.1 million for the Community Development Block Grant (CDBG) program and the pension savings discussed above, among other changes.

Due to passage of the American Recovery and Reinvestment Act of 2009, the Department of Administration anticipates additional federal funding of \$22.2 million in FY 2010. These stimulus funds are budgeted as follows:

- \$1.3 million for the Community Development Block Grant (CDBG) program;
- \$1.4 million for the Homelessness Prevention Fund;
- \$6.2 million in additional funds for the State Energy Plan;
- \$9.9 million in additional funds for weatherization assistance programs;
- \$2.1 million in additional funds for renewable energy and energy efficiency programs;
- \$1.0 million for the Low Income Energy Efficiency Appliance Rebate Program, which provides rebates to eligible residential consumers who purchase energy efficient appliances.

The revised FY 2010 budget includes recommended funding of \$25.7 million in restricted receipts, which is an increase of \$6.7 million from the enacted budget. The increase is largely due to an increase of \$6.4 million for the Regional Greenhouse Gas Initiative and \$1.9 million for Demand Side Management Grants, partially offset by the pension savings discussed above, among other changes.

The revised FY 2010 budget includes recommended funding of \$77.8 million in other funds, which is an increase of \$4.6 million from the enacted budget of \$73.2 million. The increase is largely attributable to an overall increase in Rhode Island Capital Plan Fund (RICAP) funding of \$8.0 million to \$28.2 million, primarily due to the reappropriation of unspent FY 2009 funds. The major changes in RICAP include a \$4.9 million carry forward for the purchase and renovation of a building to relocate the DoIT operations center, \$978,000 more for renovations to the Washington County Government Center to relocate some state personnel from leased space, a \$700,000 carry forward for renovations to the William Powers

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## General Government

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Building, a \$691,462 carry forward for renovations to buildings on the Zambarano Campus, and a \$592,500 carry forward for McCoy Stadium, which were slightly offset by a decrease of \$700,000 for Utilities Upgrades at the Pastore Center, among other smaller changes. The major other funds reductions include \$2.1 million for pension reform savings and \$1.0 million less for the operating transfer for debt service related to the Department of Transportation.

The Governor recommends a total of 879.6 FTE positions for the Department of Administration in the FY 2010 revised budget, a decrease of 16.0 FTE positions from the enacted authorization of 895.6 FTE positions. The recommend FTE level includes 15.0 FTE positions for ARRA stimulus-related work. The change in FTE positions from the enacted budget includes a reduction of 10.0 FTE programmer positions in DoIT and 8.0 FTE ARRA positions. These reductions were slightly offset by the addition of 1.0 FTE for Energy Resources and 1.0 FTE for the State Purchasing Agent, which was filled at the time of the FY 2010 budget submission but removed by the General Assembly in the FY 2010 enacted budget.

The Governor recommends total expenditures for FY 2011 of \$439.0 million for the Department of Administration, excluding internal service funds. This includes \$275.5 million in general revenues, \$76.2 million in federal funds, \$16.8 million in restricted receipts, and \$70.5 million in other funds.

On an all funds basis, the FY 2011 budget recommendation is a decrease of \$162.9 million from the enacted FY 2010 budget. This represents a decrease in general revenue funding of \$154.1 million, a decrease in federal funds of \$4.0 million, a decrease in restricted receipts of \$2.1 million, and a decrease in other funds of \$2.7 million. Internal service funds within the Department of Administration increase \$3.3 million from \$388.5 million to \$391.8 million.

In the FY 2011 budget, the Governor recommends the transfer of the Division of Sheriffs to the Department of Public Safety where the program is a better fit. The Department of Administration recognizes savings of \$17.3 million from the enacted budget due to this transfer. However, statewide there is no savings as the recommend for the Department of Public Safety increases by the same amount to recognize the transfer.

Of the \$138.0 million decrease in general revenue appropriations from the enacted budget, core departmental programs realized savings of \$5.0 million from the enacted budget (excluding the transfer of the Sheriffs). The major general revenue changes within core departmental programs include:

- A net reduction of \$1.3 million, excluding pay reduction days and medical benefit holiday savings, for Department-wide personnel costs. This will be achieved by maintaining or eliminating vacant positions, where possible;
- Of the \$1.3 million personnel savings, \$667,417 is attributable to the elimination of 10.0 FTE positions dedicated to Oracle programming in DoIT;
- A net savings of \$100,000 due to operational synergies from transferring the Office of Labor Relations from Human Resources to the Office of Legal Services;
- A reduction of \$201,171 for contract services within the Facilities Management program, due to reduced janitorial, security, fire protection contracts that were assumed to increase in the enacted budget, along with a reduction in lawn care and floor cleaning at the State House;
- A reduction of \$340,104 in the Facilities Management program for the transfer of cleaning costs

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## General Government

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for the Rhode Island Veteran's Home to the Department of Human Services (DHS), where control over the cleaning contracts resides. There are no statewide savings as the budget for DHS increases by an equal amount to reflect the transfer;

- A reduction of \$165,921 in the Facilities Management program for the transfer of security costs for the Department of Labor and Training. However, there are no statewide savings as the budget for DLT increases by an equal amount to reflect the transfer;
- A reduction of \$337,485 for operational expenditures within the Facilities Management program, due to reducing maintenance and operating accounts to achieve savings;
- A further reduction of \$2.5 million in Facilities Management for the continued moderation of utility prices;
- Additional funding of \$248,830 in DoIT for contract services largely due to an incorrect assumption in the enacted budget that the Department of Human Service's desktop support group would be billed to federal funds;
- Additional funding in DoIT of \$976,141 for RIFANS operational expenditures. The FY 2010 enacted budget eliminated the funding for all RIFANS operational and implementation expenditures. However, the State is contractually obligated to pay for its operational expenses, including licenses and maintenance;
- A reduction of \$100,000 in general revenue for grants for the Housing Resources Commission. The HRC identified additional federal grant money to offset this cost, so there is no net change to program funding.

The FY 2011 budget includes four (4) statewide pay reduction days and a six month deferral in the cost of living adjustment for unions that agreed to the initiative. Also included in the budget are savings from three (3) medical benefit holidays. The Department of Administration's FY 2011 budget recognizes general revenue savings of \$1.7 million for the pay reductions days and COLA deferral, along with \$679,561 for the medical benefit holidays.

Local aid funding decreases in the FY 2011 budget by \$136.3 million largely comprised of the Governor's recommended elimination of the Motor Vehicle Excise Tax Phase-out program. Legislation was included in the FY 2010 Supplemental Appropriations Act to eliminate the program and the FY 2011 budget assumes that the program will be eliminated and recognizes savings of \$135.3 million. Other changes to local aid are included at a net \$1.0 million less than the enacted budget. The estimates are based on current law and include reductions to the Property Revaluation program (\$843,500 less than enacted) and Library Construction Aid (\$351,573 less than enacted), which were partially offset by an increase in the Payment-in-Lieu-of-Taxes (PILOT) program (\$186,729 more than enacted).

The FY 2011 budget also includes an increase of \$400,000 for the Economic Development Corporation for the Welcome Center on Interstate 95. The amount will fund the operations of the center, which had been funded in recent years from gas tax resources in the Department of Transportation. Due to projected reductions in Gas Tax receipts, DOT will not be able to maintain this funding. The Governor recommends that general revenues be appropriated to fund the operations in order to keep the center open.

FY 2011 is an election year for the Governor, Lieutenant Governor, Secretary of State, General Treasurer, and the Attorney General. As such, the Department of Administration's budget includes \$100,000 in general revenue for potential transition costs associated with these offices.

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## General Government

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Debt service adjustments account for a reduction of \$14.7 million in general revenue appropriations, decreasing from \$157.6 million to \$142.8 million. This is largely due to debt retirement, including the Masonic Temple (\$5.0 million) and Refunding Bond Authority debt (\$6.1 million). In addition, the debt service on Tax Anticipation Notes (TANS) is forecasted at \$2.4 million less than enacted and the Historic Structures Tax Credit is expected to increase \$1.3 million to \$23.8 million in FY 2011, among other changes.

As in the FY 2010 revised budget, the Governor's FY 2011 budget includes savings for state employee pension reform. As previously discussed, the proposed Pension Reform eliminates the automatic cost of living adjustments for state employees, teachers, judges and state police for employees who were not eligible to retire on September 30, 2009. All funds savings included in the FY 2011 budget total \$20.5 million, comprised \$12.8 million in general revenues, \$4.5 million in federal funds, \$1.1 million in restricted receipts, and \$2.1 million in other funds.

The FY 2011 budget includes a recommend of \$76.2 million in federal funds, a decrease of \$4.0 million from the enacted budget. Major changes include a net \$18.5 million increase in ARRA stimulus funding, more than offset by a net \$9.0 million decrease for the federal Low Income Home Energy Assistance Program, a net reduction of \$6.7 million for the non-ARRA funded Community Development Block Grant (CDBG), and the pension savings discussed above, among other changes.

Due to passage of the American Recovery and Reinvestment Act of 2009, the Department of Administration anticipates additional federal funding of \$30.2 million in FY 2011. These stimulus funds will be budgeted as follows:

- \$100,249 for the Community Development Block Grant (CDBG);
- \$1.9 million for the Homelessness Prevention Fund;
- \$13.0 million in additional funds for the State Energy Plan;
- \$9.5 million in additional funds for weatherization assistance programs;
- \$5.3 million in additional funds renewable energy and energy efficiency programs.

The FY 2011 budget includes a recommend of \$16.8 million in restricted receipts, a decrease of \$2.1 million from the enacted budget. The decrease is largely due to the proposed pension savings coupled with a net restricted receipts reduction in Facilities Management of \$634,250, among other changes.

The FY 2011 recommended budget includes \$70.5 million in other funds, a decrease of \$2.7 million from the enacted budget of \$73.2 million. Overall, Rhode Island Capital Plan Fund (RICAP) funding decreases from the FY 2010 enacted level by \$6.2 million to \$14.0 million. The major changes in RICAP include \$1.3 million for the demolition of hazardous buildings at the Pastore Center and \$2.5 million for renovations to a portion of the Adolph Meyer Building for use by the Department of Children, Youth and Families to house female youth. These increases were more than offset by reductions reflecting the anticipated completion of the projects for the DoIT operations center (\$4.0 million less than enacted), Pastore Power Plant Upgrades (\$1.0 million less), and Pastore Center Relocations (\$650,000 less). The Governor also recommends no RICAP funding for the Neighborhood Opportunities Program, which is

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## **General Government**

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\$2.5 million less than the FY 2010 enacted amount. Other reductions to RICAP funding from the enacted budget include \$675,000 less for renovations to the State House, \$554,927 less for replacement of Fuel Tanks, and \$500,000 less for Utility Upgrades at the Pastore Center. In addition, \$2.9 million is included for pension reform savings. These major reductions were more than offset by other increases, including \$2.1 million for FHWA-PL Systems Planning and \$3.4 million more for the operating transfer for debt service related to the Department of Transportation.

The Governor recommends a total of 699.6 FTE positions in the FY 2011 budget, which is a decrease of 196.0 FTE positions from the FY 2010 enacted level of 895.6 and a decrease of 180.0 FTE positions from the FY 2010 revised budget. The recommendation includes 15.0 FTE positions for ARRA stimulus-related work. In addition to the changes in the revised FY 2010 budget, the FY 2011 budget includes a reduction of 180.0 FTE positions for the recommended transfer of the Division of Sheriffs to the Department of Public Safety. The FY 2011 budget also includes the addition of a Principal Janitor to supervise cleaning at the new Registry of Motor Vehicles when opened at the Forand Building in August 2010.

### ***Department of Business Regulation***

The Governor recommends a revised FY 2010 budget of \$10.5 million, including \$8.8 million in general revenue, no federal funds, and \$1.7 million in restricted receipts. All funds decrease \$826,265 from the enacted FY 2010 budget. Most of this decrease is in general revenues, which fall \$805,352 from the enacted level, including personnel costs that decreased by \$986,071, contract services decreased by \$4,167, a \$20,014 reduction in operating and capital expenses, and assistance and grants increased by \$204,900. The unbudgeted expense in assistance and grants represents the settlement of a lawsuit involving a former department employee. The following statewide adjustments also affect personnel expenses: a decrease of \$236,122 due to eight pay reduction days for all state employees and decreased medical insurance expenses of \$96,944.

For FY 2011, the Governor recommends \$11.1 million, including \$8.8 million in general revenue and \$2.3 million in restricted receipts. All funds decrease by \$270,101, of which general revenues decrease \$820,315, from the FY 2010 enacted level. Personnel costs decrease by \$738,514, contract services were reduced by \$23,433, and a decrease of \$58,368 in operating and capital expenses. The following statewide adjustments affect personnel expenses: a decrease of \$238,868 due to four pay reduction days and a 6 month deferral of the 3.0% COLA for all state employees; and decreased medical insurance expense of \$89,470, offset by a statewide increase for a 3.0 percent COLA of \$242,484. Restricted receipts increase \$550,214 from the FY 2010 enacted level primarily due to the Governor's recommendation to fund the Office of the Health Insurance Commissioner with restricted receipts instead of general revenue. The source of these funds will be the health insurers, who will be assessed a fee to supply the necessary funding.

The Governor recommends a total of 91.0 FTE positions in FY 2010 and FY 2011, unchanged from the enacted level.

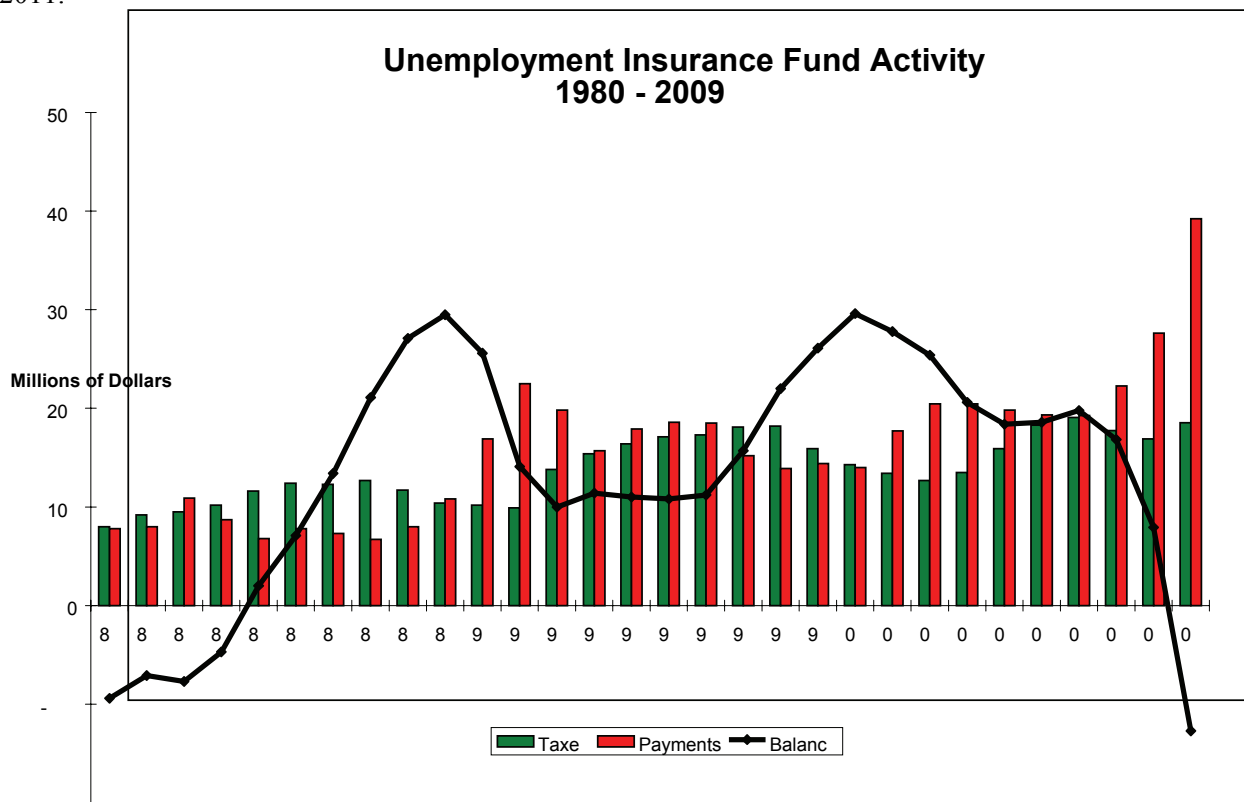
### ***Department of Labor and Training***

The Governor recommends revised FY 2010 expenditures of \$1.04 billion for the Department of Labor and Training, including \$6.5 million in general revenue, \$326.5 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$277.3 million, \$22.0 million in restricted receipts, and \$687.0 million in other funds. General revenues decrease a net \$136,191 from the enacted budget, reflecting

# General Government

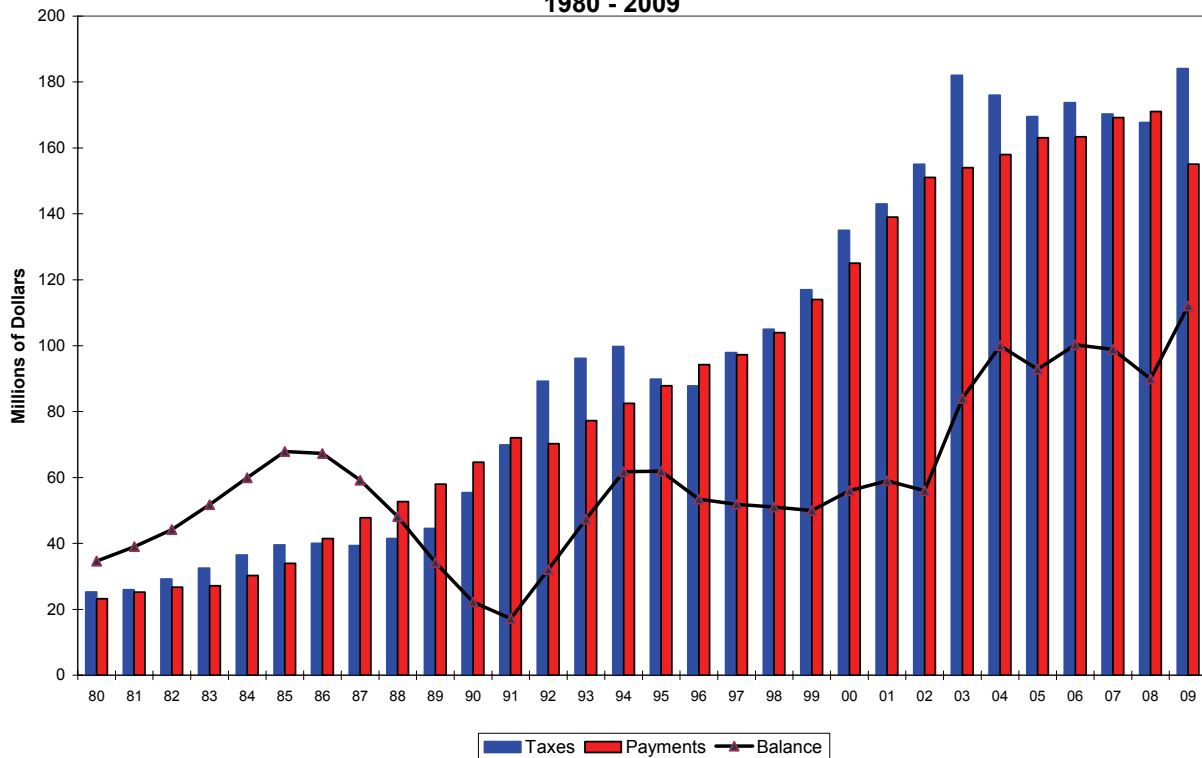
personnel savings and vacancies of \$366,840, contract services savings of \$33,362, operating savings of \$53,722, assistance savings of \$1,198, statewide medical health benefits less than anticipated of \$32,649, and statewide negotiated personnel payroll reductions of \$69,201; and increases for Police and Fire of \$362,632, for capital of \$15,219, and for security procurements of \$42,930 transferred from central facilities management in the Department of Administration. The Governor recommends 475.1 FTE positions in FY 2010, an increase of 38.8 FTE positions from the enacted level, including 35.0 FTE Federal Stimulus positions and a net 3.8 FTE positions for senior interviewers.

The recent fund balance trends for both the Employment Security Trust Fund and the Temporary Disability Insurance (TDI) Trust Fund are shown in the graphs below. It should be noted that Rhode Island's Employment Security Fund is in a declining condition due to the second highest unemployment rate in the country as of the end of calendar year 2009. At that time, the Employment Security Trust Fund and the TDI Trust Fund had balances of approximately negative \$127.0 million and \$112.0 million, respectively. These balances represent UI decreases of \$48.0 million (60.8 percent) and TDI increases of \$22.0 million (24.4 percent) in 2009, respectively. Revised estimates project continued borrowing from the federal Department of Labor through December 31, 2010. Borrowing, which could result in a \$232.1 million negative balance by December 31, 2010, is expected to peak at \$308.1 million at the end of April, 2011.



# General Government

**Temporary Disability Insurance Fund Activity  
1980 - 2009**



For FY 2011, the Governor recommends \$679.3 million for the Department of Labor and Training including \$6.7 million in general revenue, \$76.9 million in federal funds, \$17.5 million in restricted receipts, and \$578.2 million in other funds. This is a decrease of \$250.7 million from the FY 2010 enacted budget, and includes \$21,548 more general revenue, \$137.5 million less federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$29.3 million, \$7.8 million less in restricted receipts, and \$105.0 million less other funds. General revenues increase a net \$21,548 from the enacted budget, reflecting personnel savings and vacancies of \$43,980, contract services savings of \$22,016, operating savings of \$45,999, assistance savings of \$1,174, Police and Fire benefit savings of \$211,510 with State program termination except to grandfather benefits prior to July 1, 2010, statewide medical health benefits savings of \$31,132, and statewide negotiated personnel payroll reductions and COLA delays of \$76,930, and increases for Police and Fire benefits' caseloads of \$295,064, for capital of \$1,592, for personnel payroll and benefits COLA of \$114,703, and for security procurements of \$42,930 transferred from central facilities management in the Department of Administration.

The decrease in other funds is for the Income Support Program for unemployment benefits (\$95.9 million) and temporary disability administration and benefits (\$9.2 million), and for the Central Management program for the Center General Building roof (\$397,945). Estimated new continued borrowing, if drawn down as projected, as high as \$156.1 million more in addition through April 2011 will occur, with a total balance owed of \$232.1 million to the federal government in December 2010, compared to the balance owed in December 2009 of \$126.9 million.

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## General Government

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The Governor recommends a FY 2011 FTE authorization of 454.0 FTE positions for the Department of Labor and Training, the same as the revised FY 2010 level less 20.0 FTE positions due to 50 interviewer positions returned to part-time status, and less one retiree in the Injured Workers Program.

### *Department of Revenue*

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

The Governor recommends \$240.8 million in expenditures for the Department of Revenue in the FY 2010 revised budget, including \$33.9 million in general revenue, \$2.4 million in federal funds, \$739,952 of restricted receipts, and \$203.8 million in other funds. This represents an all funds increase of \$993,451 from the enacted FY 2010 budget. General revenue expenditures decrease \$2.3 million, including \$2.1 million in personnel to \$26.1 million from additional turnover savings due to delays in filling positions, freezing vacant positions, and various statewide adjustments. The statewide adjustments include reductions of \$671,480 for eight pay reduction days for all state employees, and additional medical health reductions of \$366,703. Federal funds decrease by \$202,047. Restricted receipts decrease by \$105,340 as a result of indirect cost recovery funds being less than projected in the enacted budget. Other funds increase by \$3.6 million, primarily due to an estimated increase in the Lottery collections, which translates into increased commission payments and other expenses at the Lottery Division.

One major change recommended in the FY 2010 revised budget is the closing of the Rhode Island Mall branch of the Registry of Motor Vehicles in March, 2010. The reason for this closure is due to the new computer system (RIMS) which will be implemented in March, 2010. The Mall branch would require extensive renovations to accommodate the new system, and since it is located only a few miles from the planned new main branch at the Forand Building, it was decided to close the branch to avoid the considerable costs involved in retrofitting the facility for the new RIMS system. No personnel savings are involved in the closure; however, because all staff will be transferred to existing branches. Work continues on a capital project to renovate the Forand Building at the Pastore Government Center in Cranston to house the main branch of the Registry. The Governor recommends funding of \$11.4 million from the Rhode Island Capital Plan Fund in FY 2010 for this project.

The Governor recommends \$238.0 million in expenditures from all funds for the Department of Revenue in FY 2011, including \$35.7 million in general revenue, \$2.3 million in federal funds, \$824,191 of restricted receipts, and \$199.2 million in other funds. This represents an all funds decrease of \$1.8 million from the enacted FY 2010 budget. General revenue expenditures decrease \$519,483, with personnel expenditures increasing by \$154,020 to \$28.4 million. The statewide adjustments include reductions of \$717,174 for four pay reduction days and a 6 month deferred COLA for all state employees, offset by an increase of \$706,545 for a statewide 3.0 percent COLA. There were additional medical health savings of \$360,162. Federal funds decrease by \$331,567. Restricted receipts decrease \$21,101, due to indirect cost recovery funds included in the FY 2010 enacted budget not projected to be available. Other funds decrease by \$926,531. This change is in part due to an estimated increase in Lottery collections, which have a corresponding impact on Lottery expenditures. Offsetting this increase is a decrease of \$5.3 million in the RICAP funds for the Forand Building which will be completed in FY 2011.

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## General Government

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Major changes recommended in the FY 2011 budget include:

- Registry of Motor Vehicles – Close the main Pawtucket branch of the Registry of Motor Vehicles as of August, 2010. The Governor also recommends \$5.6 million from the Rhode Island Capital Plan Fund to continue the capital project to renovate the Forand Building at the Pastore Government Center in Cranston to house the main branch of the Registry, with an anticipated completion in early FY 2011 to accommodate the opening of the relocated Registry in Cranston in August, 2010.

The Governor recommends 428.0 FTE positions in FY 2010 and FY 2011, an increase of 4.0 FTE positions from the enacted FY 2010 level. The increase reflects the hiring of four temporary scanner positions in the Registry to input information into the new RIMS computer system to be online in March, 2010.

### *Legislature*

The Governor's revised FY 2010 budget for the Legislature is \$35.7 million, including \$34.2 million in general revenue and \$1.5 million in restricted receipts. The recommendation includes a reduction of \$1.7 million to general revenue appropriations and a decrease of \$53,681 in restricted receipts. The general revenue recommend includes a \$969,732 reappropriation from FY 2009, which was requested under legislative grants as part of the revised budget submission. The general revenue savings are largely due to maintaining vacancies to achieve the enacted statewide savings, a constitutional reduction in Legislator salaries due to the negative consumer price index, and spreading planned IT upgrades over multiple years. The Governor's recommend also includes savings from statewide pay reduction days and medical benefit holidays.

For FY 2011, the Governor recommends \$37.6 million, including \$36.0 million in general revenue and \$1.6 million in restricted receipts. The recommendation includes an increase of \$164,409 to enacted general revenue and an increase of \$18,296 in restricted receipts. The general revenue change is primarily a result of a \$1.4 million increase in Legislator retiree health costs due to an actuarial analysis, coupled with the 3.0 percent cost of living adjustment planned for FY 2011 for state employees. These increased costs were almost offset by the Department's plan to maintain some vacancies and spreading planned IT upgrades over multiple years. The Governor's recommend also includes savings from statewide pay reduction days, a cost of living adjustment delay, and medical benefit holidays.

The Governor recommends 297.9 FTE positions in FY 2010 and FY 2011, which is no change from the enacted budget.

### *Office of the Lieutenant Governor*

The Governor's revised FY 2010 budget for the Office of the Lieutenant Governor is \$898,489 from general revenue. The recommendation is a decrease of \$74,773 from the enacted budget, reflecting reductions of \$69,602 to bring personnel funding in line with current requirements and a decrease of \$5,171 for operating and capital expenses. Personnel costs include the following statewide adjustments: savings from eight pay reduction days for all state employees of \$26,278, and a statewide decrease in medical health benefits of \$10,384.

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## General Government

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For FY 2011, the Governor recommends \$975,080 from general revenue. This is \$1,818 greater than the enacted budget and includes an increase of \$10,112 for personnel requirements, partially offset by a reduction of \$8,294 for operating and capital expenses. Personnel costs include a 3.0 percent cost of living adjustment for state employees increasing projected expenses by \$25,228, decreased funding for medical health benefits of \$10,081, and 4 pay reduction days and a 6 month deferred COLA decreasing expenses by \$28,217.

The Governor recommends 8.0 FTE positions in revised FY 2010 and 8.0 FTE positions in FY 2011, no change from the enacted FY 2010 level.

### *Secretary of State*

The Governor's revised FY 2010 budget for the Secretary of State is \$6.1 million, including \$5.2 million in general revenue, \$408,400 in federal funds, and \$496,925 in restricted receipts. General revenue decreases \$285,535 from the enacted budget, federal funds decrease \$91,600, and restricted receipts increase \$22,587. The decrease in general revenue is primarily due to the savings from statewide pay reduction days and the Governor's recommended medical benefit holidays. In addition, the Department anticipates grants and benefits savings in the Elections and Civics program by bringing work related to municipalities' RINET access to the Central Voter Registration System (CVRS) in-house; thereby reducing most of the expenses in the current year and eliminating all of the expenses in FY 2011. The enacted budget included federal funds of \$500,000 from the Help America Vote Act (HAVA) grant, which is split between the Board of Elections and the Office of the Secretary of State. However, due to a previous negative balance in the joint account, the actual amount anticipated to be received by the Secretary of State will be \$91,600 less than the enacted budget. The Department identified contract savings to offset this shortfall of federal funds.

For FY 2011, the Governor recommends \$7.2 million, including \$6.7 million in general revenue and \$494,567 in restricted receipts. The general revenue increase of \$1.1 million from the enacted budget is due to costs associated with running the 2010 general elections. This includes ballot and referenda printing and distribution, temporary staff, and general supplies and operating expenditures. In addition, it is expected that the HAVA grant will no longer be in FY 2011, which will shift costs to general revenue. These increased costs are partially mitigated by statewide pay reduction days, a cost of living adjustment delay, and medical benefit holidays; in addition to the CVRS grants and benefits savings included in FY 2010.

The Governor recommends 57.0 FTE positions in FY 2010 and FY 2011, which is no change from the enacted authorization.

### *Office of the General Treasurer*

The Governor recommends a revised FY 2010 budget of \$32.0 million for the Office of the General Treasurer, including \$2.3 million in general revenue, \$1.3 million in federal funds, \$28.2 million in restricted receipts, and \$214,174 in other funds. The revised budget for all funds represents an increase of \$1.2 million from the enacted level. Net changes to the enacted budget consist of reductions of \$200,616 in general revenue and \$16,935 in federal funds, and increases of \$1.4 million in restricted receipts and \$11,884 in other funds. The increase in restricted receipt expenditures is associated with additional Unclaimed Property receipts being transferred to the general fund, as well as State Retirement System

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## General Government

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contracted information technology and legal services expenditures.

Of the \$200,616 reduction in general revenue expenditures, \$130,895 is associated with savings from agency specific adjustments, while \$69,721 is associated with savings from statewide adjustments. Agency specific general revenue reductions include turnover savings of \$91,710 and operating savings of \$44,040. Contract services expenditures increase by \$4,855 for disclosure counsel costs. The statewide adjustments consist of savings associated with medical benefits, \$19,592; and savings from eight pay reduction days, \$50,129.

For FY 2011, the Governor recommends total expenditures of \$32.7 million, which includes \$2.4 million from general revenue, \$1.1 million from federal funds, \$29.0 million from restricted receipts, and \$222,984 from other funds. General revenue expenditures decrease by \$107,844 compared to the FY 2010 enacted budget, which include the following changes: decreases of \$68,857 for payroll costs and \$43,842 for operating costs, and an increase of \$4,855 for contract services. The decrease in payroll costs is primarily associated with statewide adjustments, including savings of \$52,049 from four statewide pay reduction days and a six-month cost-of-living increase delay, and savings from reduced costs of medical benefits.

An increase in restricted receipt expenditures of \$2.2 million in FY 2011 compared to the FY 2010 enacted budget includes an increase of \$2.0 million in the State Retirement System and an increase of \$242,858 in Unclaimed Property. The \$2.0 million increase in the State Retirement System is to fund the upgrade to the member benefit computer system. The State Retirement System is currently considering hiring a software application service provider to upgrade and maintain the computer system software. The increase in Unclaimed Property expenditures is due to an increase in the general fund transfer compared to the FY 2010 enacted budget. Federal funds expenditures decrease by \$181,990 in FY 2011 compared to the FY 2010 enacted budget, primarily due to a one-time \$186,000 Crime Victim Assistance Program grant funded from federal stimulus monies in FY 2010, but not in FY 2011.

The Governor recommends an authorized FTE level of 83.0 positions in both FY 2010 and FY 2011.

### *Board of Elections*

The Governor's revised FY 2010 budget for the Board of Elections is \$1.4 million, including \$1.2 million in general revenues and \$220,581 in federal funds. The recommendation includes a reduction of \$438,545 to general revenue appropriations and a decrease of \$29,419 in federal funds. The decrease in general revenues is primarily due to the optical scan voting equipment service and maintenance contract for the Board's voting machines. The Board signed a new 2-year contract which is \$330,904 less than the previous contract. The savings are a result of the Board forgoing previously included services that were deemed unnecessary since the Board's machines are ready for the 2010 general elections. Other notable savings include turnover on maintaining one vacancy through the fiscal year and relocating storage from a leased warehouse to state-owned property. The Governor's recommendation also includes savings from statewide pay reduction days and medical benefit holidays. The enacted budget included federal funds of \$250,000 from the Help America Vote Act (HAVA) grant, which is split between the Board of Elections and the Office of the Secretary of State. However, due to a previous negative balance in the joint account, the actual amount anticipated to be received by the Board of Elections will be \$29,419 less than the enacted budget. The Governor recommends paying the service and maintenance contract with the HAVA grant funds.

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## **General Government**

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For FY 2011, the Governor recommends \$3.9 million in general revenue and no federal funds. The general revenue increase of \$2.1 million from the enacted budget is due to the costs associated with running the 2010 general elections. This includes temporary staff, supplies, and general operating expenditures, as well as \$2.0 million for the Matching Public Funds program available to general election candidates. These costs are partially mitigated by the service and maintenance contract savings, statewide pay reduction days, a cost of living adjustment delay, and medical benefit holidays. Federal HAVA funds are not included in the budget recommend as it is believed the federal funding will no longer be available in FY 2011.

The Governor recommends 12.0 FTE positions in FY 2010 and FY 2011, which is no change from the enacted budget.

### ***Rhode Island Ethics Commission***

The Governor recommends a revised FY 2010 budget for the Rhode Island Ethics Commission of \$1.4 million composed entirely of general revenue. This is \$20,898 less than the FY 2010 enacted level, reflecting reductions of \$21,658 to bring personnel funding in line with current requirements, and an increase of \$760 for operating and capital expenses. Personnel costs include the following statewide adjustments: savings from eight pay reduction days for all state employees, \$37,443, and a statewide decrease in medical health benefits of \$8,284.

For FY 2011, the Governor recommends \$1.5 million composed entirely of general revenue. This is \$47,963 greater than the enacted budget and includes an increase of \$41,203 for personnel requirements representing a fully staffed office for the entire year, an increase of \$3,000 for contract services, and an increase of \$3,760 for operating and capital expenses. Personnel costs include a 3.0 percent cost of living adjustment for state employees for an increase of \$33,616, decreased funding for medical health benefits of \$7,579, and 4 pay reduction days and a 6 month deferred COLA decreasing expenses by \$38,909.

The Governor recommends the enacted level of 12.0 FTE positions in FY 2010 and FY 2011.

### ***Office of the Governor***

The Governor's revised FY 2010 budget for the Office of the Governor is \$6.0 million, including \$4.7 million from general revenue and \$1.3 million in restricted receipts. The recommendation includes a decrease of \$376,313 to the enacted general revenue appropriation. The savings are derived from the Office maintaining vacancies, statewide pay reduction days, medical benefit holidays, and operational reductions. In addition, the recommend level-funds the Governor's Contingency Fund at \$250,000.

The revised budget includes a new subprogram within the Office of the Governor entitled the Office of Economic Recovery and Reinvestment (OERR). The Office will be responsible for administering and complying with the provisions of the American Recovery and Reinvestment Act (ARRA); establishing processes for identifying, evaluating, and tracking ARRA initiatives; and will be responsible for transparency, tracking, accounting, and reporting of the funds provided by the ARRA. The OERR is authorized by federal OMB memorandum 09-18 to receive up to 0.5 percent of stimulus funding to cover oversight expenses. The enacted budget included \$630,630 in federal funds to staff 4.0 positions on loan from other agencies. In accordance with guidance from the Auditor General and the State Controller, the Office of Governor changed the fund source for the OERR account from federal funds to restricted receipts. Further, as new guidance has been released from the federal government regarding ARRA funds,

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## **General Government**

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the scope of responsibilities required of OERR has grown. To meet these federal requirements, the revised budget includes restricted receipts in the amount of \$1.3 million to fund 7.0 FTE positions, contract services, operating, capital purchases, and an operating transfer to the Economic Development Corporation for a staff person on loan. The office will exist until the ARRA program requirements end.

The Governor's revised FY 2011 budget for the Office of the Governor is \$6.4 million, including \$4.9 million from general revenue and \$1.5 million in restricted receipts. The recommendation represents a decrease of \$233,760 to enacted general revenue and includes \$250,000 for the Governor's Contingency Fund. The restricted receipts will fund OERR. The recommended budget includes turnover savings for vacancies, statewide pay reduction days, a cost of living adjustment delay, and medical benefit holidays.

The Governor recommends 46.0 FTE positions in FY 2010 and FY 2011, comprised of 39.0 for the Office of the Governor and 7.0 for OERR. This represents an increase from the enacted FY 2010 budget of 3.0 FTE positions.

### ***Rhode Island Commission for Human Rights***

The Governor recommends a revised FY 2010 budget of \$1.3 million for the Rhode Island Commission for Human Rights, including \$961,874 in general revenue and \$356,615 in federal funds. This is \$106,258 or 7.5 percent less than the FY 2010 enacted budget, consisting of \$54,368 less general revenues and \$51,890 less federal funds. The decrease in general revenue expenditures is due to employee turnover savings of \$19,205 and statewide payroll cost savings for eight pay reduction days agreed to by the employees' unions equal to \$22,305 and three medical benefit holidays equal to \$12,858. The decrease in federal funds expenditures is due to lower than expected federal financial resources from the US Equal Employment Opportunities Commission and Department of Housing and Urban Development for case resolutions and closures, the re-imbursement rates of which have not kept pace with the costs of generating those revenues, which may necessitate more general revenues allocation in the near future.

For FY 2011, the Governor recommends total expenditures of \$1.4 million, including \$1.0 million in general revenue and \$356,689 in federal funds. Compared to the FY 2010 enacted budget, the FY 2011 recommended expenditures are \$51,181 less, consisting of \$635 more general revenues and \$51,816 less federal funds. The decrease in federal funds expenditures is due to lower than expected federal financial resources from the US Equal Employment Opportunities Commission and Department of Housing and Urban Development for case resolutions and closures.

The Governor recommends 14.5 FTE positions in the FY 2010 revised and FY 2011 budgets---the same level authorized in the FY 2010 appropriations act.

### ***Public Utilities Commission***

The Governor recommends revised FY 2010 total expenditures of \$7.3 million for the Public Utilities Commission, comprising of \$203,864 from federal funds and \$7.1 million from restricted receipts. This recommendation is \$90,500 less than the enacted appropriations and consists of \$100,264 more federal funds and \$190,764 less restricted receipts. The net increase in federal funds, from FY 2010 enacted level, is due to a competitive federal award of \$107,334 from the US Department of Energy/National Energy Technology Laboratory to the Commission under the American Recovery and Reinvestment Act (ARRA) of 2009, to address various electricity initiatives, including energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, to name a few for a

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## General Government

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five year period, commencing in state fiscal year 2011. The decrease in restricted receipts, from the FY 2010 enacted level, is due primarily to payroll cost savings attributable to union concessions for eight pay reduction days, totaling \$126,967 and three medical holidays for cost savings of \$50,976.

For FY 2011, the Governor recommends total expenditures of \$7.7 million, consisting of \$296,330 from federal funds and \$7.4 million from restricted receipts. This reflects an increase of \$314,125 or 4.2 percent from the FY 2010 enacted budget and consists of \$192,730 more federal funds and \$121,395 more restricted receipts. The net increase in federal funds is due to the continuation of federal funding under a competitive federal award from the US Department of Energy/National Energy Technology Laboratory to the Commission under the American Recovery and Reinvestment Act (ARRA) of 2009. Anticipated expenditures in FY 2011 are \$194,105. The net increase in restricted receipts over the FY 2010 enacted level reflects primarily current service adjustments for employee salaries and benefits, which total \$71,852. This includes a cost of living adjustment of 3.0 percent, coupled with employee steps and longevity increases, as well as rate changes to retirement, retiree health and assessed fringe benefits. Recognized statewide four pay reduction days, a six month three percent cost of living adjustment (COLA) deferral to January 1, 2011 and employees' medical benefit holiday cost savings total approximately \$180,000.

The Governor recommends 46.0 FTE positions in the FY 2010 revised budget or two FTE positions more than FY 2010 enacted level, the costs of which are financed via the American Recovery and Reinvestment Act of 2009. The recommended FTE positions for FY 2011 are unchanged from the FY 2010 revised level. However, it should be noted that the Governor does not recommend adding the two FTE positions required by PL 2002, Chapter 144 (2002-H-7786B), which would have increased the FTE position recommendations in both fiscal years to 48.0 FTE positions. Related restricted receipts cost savings due to the exclusion in the Governor's FY 2011 FTE positions recommendation, based on the agency's revised FY 2010 and FY 2011 requests, are \$131,678 and \$271,686, respectively.

### *Rhode Island Commission on Women*

The Governor recommends a revised FY 2010 budget for the Rhode Island Commission on Women of \$69,270 in general revenue. This reflects a decrease of \$40,192 from the FY 2010 enacted level. Of this reduction, \$2,000 is related to the commission no longer requesting financing for the Women of Year Event, which will now be funded through the Rhode Island Commission on Women Project. This recommendation provides funding for operating expenses and 1.0 FTE until February 27, 2010.

In FY 2011, the Governor does not recommend financing for the Rhode Island Commission on Women.

# **Human Services**



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# Human Services

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## *Summary*

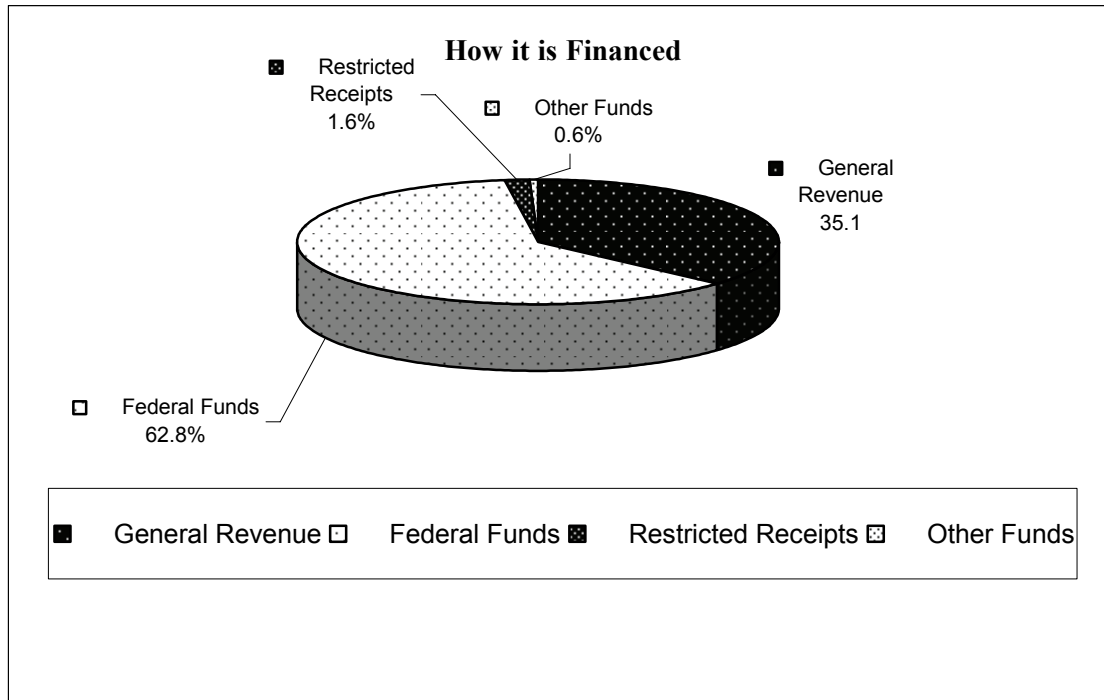
The Human Services function of state government engages in a broad spectrum of activities including, but not limited to, income supports, client subsidies, case management and residential supports, and medical regulation, prevention, treatment, and rehabilitation services.

For FY 2010, the Governor recommends a revised all funds budget of \$2.930 billion. Of this total, there is \$1.031 billion in general revenue, \$1.842 billion in federal funds, \$42.0 million in restricted receipts, and \$14.7 million in other funds. This includes a reduction of \$798,043 in general revenues, an increase of \$90.5 million in federal funds, a decrease of \$151,566 in restricted receipts, and a decrease of \$3.0 million in other funds from the enacted FY 2010 budget. The Governor recommends 3,602.6 full-time equivalent positions in both the FY 2010 revised and FY 2011 budgets, which is an increase of 13.5 FTE positions from the enacted FY 2010 budget.

For FY 2010, the Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve maximum potential and self-sufficiency. The social and economic needs of clients continue to be provided by the Executive Office and Health and Human Services and the Departments of Children, Youth, and Families, Elderly Affairs, Health, Human Services, and Mental Health, Retardation, and Hospitals. The Governor is committed to preventing child abuse and neglect by intervening for and on behalf of abused and neglected children and youths and rehabilitating delinquent youth through education and training. The dual role of advocacy and education continues to be provided by agencies including the Offices of the Child Advocate and Mental Health Advocate, the Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

The Governor's proposed funding level of \$2.960 billion for FY 2011 protects services for the state's most vulnerable populations, including the elderly, children and families, medically needy, mentally ill, developmentally disabled, deaf and hard of hearing, and persons with physical disabilities. This proposal consists of \$1.039 billion in general revenue, \$1.858 billion in federal funds, \$47.3 million in restricted receipts, and \$16.6 million in other funds. The recommendation constitutes 39.4 percent of the total proposed expenditures for the state. Social services block grants and cash and medical assistance programs constitute the major sources of federal funding. The chart below displays funding by source for the Governor's FY 2011 recommendation for the human service agencies and departments.

# Human Services

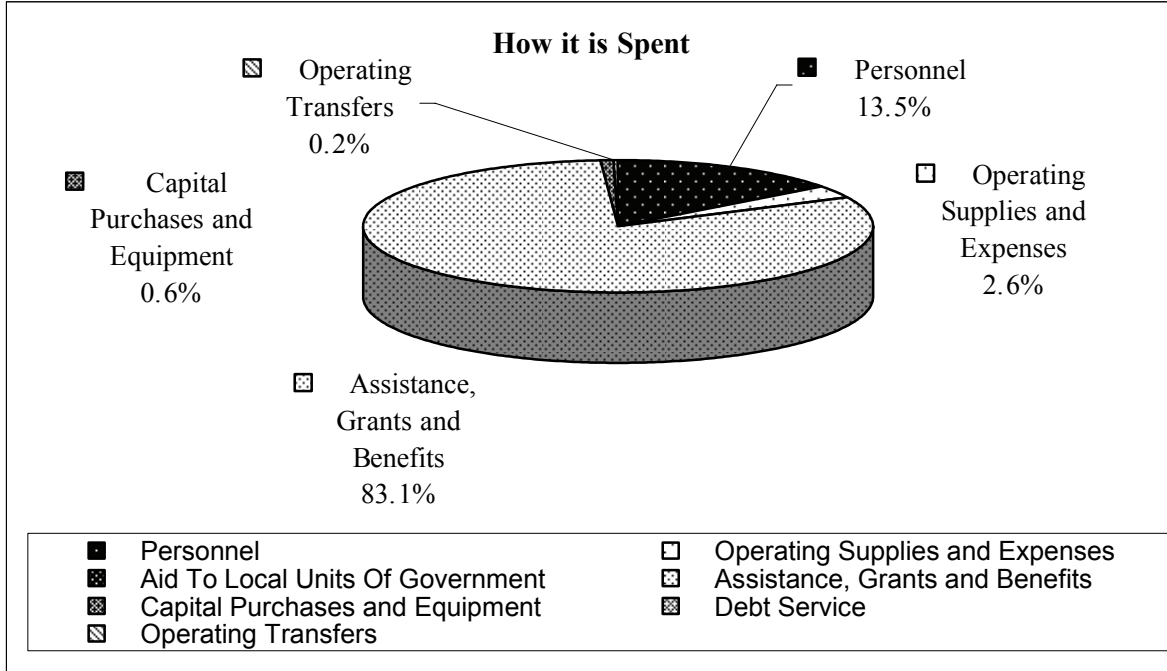


The Governor's FY 2011 recommendation includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals, and grant funding for non-governmental agencies. The operating costs associated with the administration of these social services programs are also included. Personnel, which includes purchased services, accounts for \$399.8 million, or 13.5 percent, of all expenditures programmed for human services. Other operating expenditures are recommended at \$77.0 million, or 2.6 percent of proposed total human services expenditures, with capital purchases slated for \$19.0 million, or 0.6 percent. Grants and benefits expenditures of \$2.459 billion account for the largest outflow of identified resources, reflecting 83.1 percent of the total human services function. The chart below shows the outflows of all resources by category of expenditure for the human services function.

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# Human Services

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# Human Services

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## *Executive Office of Health and Human Services*

The Governor's revised FY 2010 budget for the Executive Office of Health and Human Services is \$8.0 million, including \$3.3 million in general revenue, \$3.9 million in federal funds, and \$860,646 in restricted receipts. The recommendation includes an all funds decrease of \$1.4 million, or \$298,068 in general revenue appropriations, which reflects enacted federal appropriations that were not achievable and an interdepartmental transfer of \$699,693 to the Department of Human Services that would allow the department to utilize a more efficient cost allocation plan. Other adjustments to the FY 2010 revised budget include savings of \$92,529 in general revenue for eight pay reduction days. The Governor recommends 75.6 FTE positions in FY 2010, which is an increase of 1.5 FTE from the FY 2010 originally enacted budget. This increase adds the Secretary of the Executive Office and Health and Human Services position and makes a technical adjustment to positions that were enacted as part time.

For FY 2011, the Governor recommends \$7.3 million, including \$3.5 million in general revenue, \$2.9 million of federal funds, and \$874,013 in restricted receipts. Personnel costs include a reduction of \$97,616 for a six month delay in the 3.0 percent cost of living adjustment and four pay reduction days. Other adjustments to personnel include increases in salaries, medical benefits inflation, retirement, statewide benefit assessment, and retiree health insurance. As in the Governor's FY 2010 revised recommendation, there is an interdepartmental transfer to the Department of Human Services that totals \$728,350. The recommended FTE ceiling for FY 2011 is 75.6 FTE positions.

## *Department of Children, Youth and Families*

The Governor recommends \$242.0 million in the revised FY 2010 budget for the Department of Children, Youth and Families, including \$154.1 million in general revenue, \$85.3 million in federal funds, \$2.0 million in restricted receipts, and \$638,819 in other funds. The Governor's revised budget includes a net decrease of \$4.7 million in general revenue expenditures, which represents a 3.0 percent decrease from the enacted budget.

As part of the FY 2008 budget, a total of \$86.4 million (all funds) was transferred from the Department of Children, Youth and Families to the Department of Human Services, as part of the Managed Care Initiative. This included both residential and hospital-based funding. After the transfer had occurred, it was determined that the residential facilities did not lend themselves to a managed care model. The portion of this shift in funding representing residential facilities was transferred back to Children, Youth and Families in the revised FY 2009 budget. The total general revenue transfer is \$17.8 million, of which \$1.6 million is in Juvenile Corrections and \$16.2 million is in the Child Welfare Program. When the transfer took place, financing for the Day Care and Bradley Hospital components were erroneously left out of the department's budget when a new work plan was developed. This funding is restored in the FY 2010 revised budget and accounts for an increase of \$10.6 million in all funds and \$5.4 million in general revenues from the FY 2010 enacted budget.

There were significant decreases in other areas of the agencies' budget to offset the aforementioned increase. The following list represents departmental reductions taken as a corrective action plan:

- the department will be able to preserve core child welfare programs by redirecting federal block grants dollars and reprogramming other federal funds for programs currently funded with \$2.1 million in general revenues;

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- a savings of \$39,000 associated with the renegotiation of general counseling services at the Rhode Island Training School;
- a reduction of \$40,800 associated with a change in the educational curriculum for youth detained at the Roosevelt Benton Center; and
- aggressively continuing to implement the system of care transformation, which would result in further reductions of placements and produce a general revenue savings of \$875,000.

Other savings within the Department of Children, Youth & Families in the FY 2010 revised recommendation include the following:

- general revenue reduction of \$5.9 million in personnel expenses related to delayed hiring and increased turnover; and
- eight statewide pay reduction days totaling \$1.2 million in general revenues;

In FY 2009, a reduction of \$2.1 million in general revenue was associated with the Rhode Island Global Consumer Choice Compact Demonstration Waiver for costs not otherwise eligible for Medicaid (CNOM's) financing. The FY 2010 enacted budget contained a savings of \$4.1 million in general revenues related to these initiatives. These savings are attributed to the diversion of residential services for at-risk youth into a more community-based approach. The department continues to achieve the programmed savings associated with this initiative.

The Governor recommends total expenditures of \$236.9 million in FY 2011 for the Department of Children, Youth and Families. This is comprised of \$155.1 million in general revenue, \$77.9 million in federal funds, \$2.0 million in restricted receipts, and \$1.9 million in other funds. The recommended FY 2011 general revenue budget decreases by \$3.7 million from the enacted FY 2010 budget.

The Governor's FY 2011 recommendation remains relatively consistent with the revised FY 2010 proposal. It continues to include additional financing from the FY 2010 enacted budget for the Day Care and Bradley Hospital components of the budget, as well as achieving some savings for personnel expenses.

The Department has restructured programs into a more community-based system of support. The goal of the restructuring is to deliver more children's services in the home and community settings, giving the children, guardians, and community the benefit of inclusion in the rehabilitative process, and to allow the development of more natural supports.

Phase One of the implementation of these programs began in FY 2009 and is well under way. This Phase was the establishment of Family Care Community Partnerships (FCCP) for families with children and youth who are at risk for DCYF involvement due to abuse and neglect or serious emotional disturbance (SED) and youth who are returning to the community following a Rhode Island Training School sentence.

The Governor's FY 2011 budget includes a savings of \$10.0 million from all funds, or \$6.7 million from general revenues, for the implementation of Phase Two of the system of care transformation. This phase will include the procurement of purchased services.

The Department will contract with one or more operational and fiscal partners that will be responsible for building a comprehensive network of accessible formal and informal services and supports, including

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residential and home-based services that will strengthen and support the home setting during and following out-of-home placement and integrate wraparound principles into the service delivery networks. The partners will expand the continuum of available services for children and families inclusive of individualized rehabilitation and support services for children and families in the home setting. Each contractor will operate statewide service networks and ensure local community access.

The savings will be associated with the cost of the home and community-based services being lower than the cost of residential services, alternative programs to residential services being developed to both divert and more quickly discharge children and youth from out of home placements of all types, and the length of stay in out of home placements being shortened.

This recommendation includes a total of 700.0 FTE positions, which is consistent with the FY 2010 originally enacted and FY 2010 revised recommendations. Personnel costs include a 3.0 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits. Included in the recommendation is a statewide reduction of \$1.4 million in general revenues for the six month deferral of the 3.0 percent COLA and four pay reduction days.

### *Department of Elderly Affairs*

The Governor recommends a revised budget for FY 2010 of \$28.4 million for the Department of Elderly Affairs, comprised of \$9.9 million from general revenues, \$18.1 million from federal funds and \$358,784 from restricted receipts. This revised level is \$2.9 million more than the enacted FY 2010 budget and consists of \$20,298 more general revenue, \$2.9 million more federal funds and \$33,331 less restricted receipts. Major changes by source of funding, from the FY 2010 enacted level, include the following:

#### *General Revenue*

- A decrease of \$220,059 for in-home services case management services cost savings due to eligibility for financing under the Rhode Island Global Choice Compact Demonstration Waiver.
- An increase of \$313,780 to finance additional costs incurred in the Home and Community Based Services (HCBS) program for assisted living due to diversions from long term care (nursing homes) settings, attributable to the implementation of the Rhode Island Global Choice Compact Demonstration Waiver.

#### *Federal Funds*

- An increase of \$0.1 million due to unspent federal funds forwarded to FY 2010 for meal reimbursements to senior nutrition programs under federal authorization of the Nutrition Services Incentive Program administered by the Administration on Aging of the US Department of Health and Human Services.
- An increase of \$0.4 million due to unspent federal funds forwarded to FY 2010 for a variety of senior social services, including case management, information and referral, legal services and community senior centers under federal authorization of the Special Programs for the Aging, Title III, Part B (Grants for Supportive Services and Senior Centers), administered by the Administration on Aging of the US Department of Health and Human Services.
- An increase of \$0.8 million due to unspent federal funds forwarded to FY 2010 for elder nutrition services under federal authorization of the Special Programs for the Aging, Title III, Part C (Nutrition Services), administered by the Administration on Aging of the US Department of Health and Human Services.

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- An increase of \$0.4 million due to unspent federal funds of \$0.15 million forwarded to FY 2010 as well as renewed funding for the Rhode Island Aging and Disability Resource Center (the Point) of \$0.3 million under federal authorization of the Special Programs for the Aging, Title IV and Title II (Discretionary Projects), administered by the Administration on Aging of the US Department of Health and Human Services.
- An increase of \$0.8 million for elder and disabled senior medical assistance due to unspent federal funds from the prior fiscal year of \$0.6 million and federal outlay of \$0.2 million for eligibility of in-home case management services under federal authorization of the medical assistance program or Title XIX (Medicaid), administered by the Centers for Medicare and Medicaid Services of the US Department of Health and Human Services.

The Governor recommends expenditures of \$27.3 million for FY 2011, comprised of \$10.8 million from general revenues, \$16.3 million from federal funds and \$130,840 from restricted receipts. This proposed level of spending is \$1.7 million less than the level authorized in the FY 2010 enacted budget. It comprises \$0.9 million more general revenues, \$1.1 million more federal funds and \$261,275 less restricted receipts. The major changes contained in the Governor's proposed spending plan, when compared to original FY 2010 authorized levels, include the following:

### *General Revenue*

- An increase of \$1.0 million for current service requirements for elders and disabled senior medical assistance under federal Title XIX (Medicaid) authorization, including \$0.5 million for anticipated lapsed federal funding under the American Recovery and Re-investment Act of 2009.
- An increase of \$0.1 million for a price level (inflation) adjustment for the home and community-based (in-home services) co-pay program.
- A decrease of \$0.3 for in-home services case management services cost savings due to eligibility for financing under the Rhode Island Global Choice Compact Demonstration Waiver.
- An increase of \$0.1 million for anticipated costs of the home and community based (HCBS) services for the non-co-pay populations.
- An increase of \$0.1 million for anticipated costs of the home and community based (HCBS) services, co-pay day care clients.
- A decrease of \$0.4 million for cost savings due to an anticipated extension of the Federal Medical Assistance Percentage (FMAP) rate to June 30, 2011 from a sunset date of December 31, 2010, as provided for in the American Recovery and Reinvestment Act of 2009.

### *Federal Funds*

- An increase of \$0.3 million for a variety of senior social services costs anticipated, including case management, information and referral, legal services and community senior centers under federal authorization of the Special Programs for the Aging, Title III, Part B (Grants for Supportive Services and Senior Centers) administered by the Administration on Aging of the US Department of Health and Human Services.
- An increase of \$0.1 million for anticipated elder nutrition service costs under federal authorization of the Special Programs for the Aging, Title III, Part C (Nutrition Services), administered by the Administration on Aging of the US Department of Health and Human Services.

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- An increase of \$0.2 for anticipated costs related to the Rhode Island Aging and Disability Resource Center (the Point) under federal authorization of the Special Programs for the Aging, Title IV and Title II (Discretionary Projects), administered by the Administration on Aging of the US Department of Health and Human Services.
- An increase of \$0.9 million for elder and disabled senior medical assistance matching costs anticipated under federal authorization of the medical assistance program or Title XIX (Medicaid), administered by the Centers for Medicare and Medicaid Services of the US Department of Health and Human Services.

### *Restricted Receipts*

- A decrease of \$0.3 million for an anticipated reduction in rebates financial resources for eligible formulary in the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program due to lower prescription claims emanating from the use of generic drugs and mandatory enrollment in Medicare Part D as well as the RIPAE program being the payer of last resort.

The Governor recommends an FTE positions ceiling of 31.0 FTE positions in the FY 2010 revised and FY 2011 budgets, which is unchanged from the FY 2010 enacted level.

### **Department of Health**

The Governor recommends total expenditures of \$143.9 million in the FY 2010 revised budget, including \$28.5 million from general revenue, \$89.6 million from federal funds, \$25.7 million from restricted receipts and \$106,261 from other funds. This represents a net increase of \$11.6 million from FY 2010 enacted levels, including \$1.1 million less general revenues, \$11.8 million more federal funds, \$995,143 more restricted receipts and \$125,151 less other funds.

Major changes to general revenue expenditures from FY 2010 enacted levels include the following:

- \$0.2 million increase for the cost of replacing the computer information management system in the Environmental Health Laboratory, which tracks sample information, test results, and produces laboratory reports and billing data.
- \$0.1 million increase for the purchase of specialized legal services related to application reviews for certificate of need (CON), initial licensure (IL), change in effective control (CEC) and hospital consolidations/conversions.
- (\$0.2 million) decrease for employee medical benefit cost savings for three medical benefit holidays.
- (\$0.2 million) decrease for cost savings related to the cancellation of various professional services contracts.
- (\$0.4 million) decrease for cost savings related to the cancellation of certain case management services contracts related to the HIV/AIDS program.
- (\$0.4 million) decrease for managed turnover cost savings related to certain position vacancies.
- (\$0.6 million) decrease for payroll cost savings due to union concessions for eight pay reduction days.

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Major changes from FY 2010 enacted federal funds expenditures, as recommended by the Governor, include the following:

- \$8.6 million increase for new federal funding for pandemic influenza planning of \$7.5 million from the US Centers for Disease Control and Prevention and the balance for unspent federal financial resources from FY 2009, under federal authorization for public health emergency preparedness.
- \$1.2 million increase for additional federal funding from the Office of the US Secretary of the Department of Health and Human Services under federal authorization for national bioterrorism and hospital preparedness.
- \$0.4 million increase for federal Title 18 survey agencies' direct and indirect costs for quality monitoring and complaint inspections of both Medicare-certified long term and non-long term healthcare facilities.
- \$0.3 million increase for renewed federal project funding to reduce forensic casework DNA backlogs under federal authorization from the National Institute of Justice's research, evaluation and development project grants.
- \$0.2 million increase for a new Food Emergency Response Laboratory Network (FERN) cooperative agreement with the US Food and Drug Administration, including the collection and analysis of certain foods.
- (\$0.7 million) decrease for an anticipated reduction in activities for the development and implementation of a statewide health information exchange (HIE) under contract (pilot demonstration) with the Agency for Healthcare Research Quality (AHRQ).
- \$0.6 million increase for additional federal formula grant funding under authorization of the special supplemental nutrition program for women, infants and children (WIC), via the Food and Nutrition Service of the US Department of Agriculture.
- \$0.5 million increase for supplemental federal funding from the Office of Population Affairs, US Department of Health and Human Services for family planning services, to reduce maternal and infant mortality and promote the health of mothers, children and families.
- \$0.2 million increase to support statewide oral health workforce activities via a project grant funding from the Health Resources and Services Administration of the US Department of Health and Human Services.
- \$0.9 million increase for mental health consultation, education and training to pediatricians and childcare providers and youth suicide prevention under federal authorization from the Substance Abuse and Mental Health Services Administration of the US Department of Health and Human Services.
- (\$0.3 million) decrease due to reduced federal project funding via the US Centers for Disease Control and Prevention for preventive health services, related to immunization of individuals against vaccine-preventable diseases, including hepatitis A and B, measles, rubella, and mumps, to name a few.
- \$1.5 million increase due to available HIV/AIDS formulary rebates of \$0.8 million and supplemental federal authorization from the Centers for Disease Control and Prevention cooperative agreement for investigations and technical assistance to states for the control and prevention of communicable diseases, chronic diseases and other disorders.

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- (\$1.7 million) decrease due to lower than authorized expenditures for immunization under federal authorization of American Recovery and Reinvestment Act of 2009.
- (\$0.9 million) decrease due to lower than expected expenditures authorization for diabetes prevention and control, under a cooperative agreement funding with the US Centers for Disease Control and Prevention.
- \$0.1 million increase for a new healthy housing pilot project grant to address multiple residential health and safety hazards, including mold, carbon monoxide, pesticides and allergens from domestic pets (dogs and cats).
- \$0.3 million increase due to a new federal award for autism, its early detection, education and intervention activities at the state level.
- \$0.1 million increase due to funding from the American Recovery and Reinvestment Act of 2009 for Women, Infants and Children supplemental nutrition program from the Food and Nutrition Service of the US Department of Agriculture.

Major changes from FY 2010 enacted restricted receipts expenditures include:

- \$1.2 million increase due to an anticipated increase in indirect cost recovery assessment, resulting from increased federal funding from enacted levels, coupled with a \$0.2 million cash balance forward from the prior fiscal year.
- (\$0.4 million) decrease due to a lower than anticipated authorization for pandemic flu medication and supplies.
- \$0.2 million increase for increased current service costs under the Drinking Water State Revolving Loan Fund pursuant to the purposes and intent of the Safe Drinking Water Act.
- \$0.1 million increase for increased costs of managed care regulation, the costs of which are billed to health plans and utilization review agencies.

The decrease in other funds of \$0.1 million, as compared to the FY 2010 enacted level, is due primarily to reduced one-time funding from the Rhode Island Airport Corporation (RIAC) for an environmental health study of the airport.

For FY 2011, the Governor recommends total expenditures of \$112.6 million for the Department of Health. This includes \$28.6 million from general revenues, \$58.8 million from federal funds, \$25.1 million from restricted receipts and \$95,883 from other funds. This level of funding is \$19.7 million or 14.9 percent less than the level authorized in the FY 2010 enacted budget. This reduced level of funding consists of \$982,110 less general revenues, \$19.0 million less federal funds, \$389,516 more restricted receipts and \$135,529 less other funds.

Major changes to general revenue expenditures in FY 2011, compared to the FY 2010 enacted budget, include the following:

- \$0.8 million increase for current service cost adjustments to payroll for a three percent cost of living adjustment (COLA) to employees' salaries and wages and anticipated rate changes to retirement, assessed fringe benefits, and retiree health.

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- (\$0.2 million) decrease for the elimination of one-time funding in FY 2010 for radiology equipment in the State Medical Examiner's program of \$100,000 and swine flu antiviral of \$144,000.
- (\$0.5 million) decrease for a combined anticipated payroll turnover cost savings in the programs of State Medical Examiner, Environmental Health and Services Regulations, and Community and Family Health and Equity.
- (\$0.1 million) decrease for cost savings/reallocation related to tobacco control advertisements
- \$0.1 million increase for the purchase of specialized legal services related to application reviews for certificate of need (CON), initial licensure (IL), change in effective control (CEC) and hospital consolidations/conversions.
- (\$1.2 million) decrease for cost savings related to the HIV/AIDS program due to an anticipated program restructuring that reduces payments, and thus cost savings for case management services.
- (\$0.6 million) decrease for payroll cost savings due to union concessions for four pay reduction days and a six month cost of living adjustment (COLA) effective date deferral to January 1, 2011.
- (\$0.2 million) decrease for employee medical benefit cost savings for a three day holiday.

Major FY 2011 changes to federal funds expenditures, compared to the enacted FY 2010 appropriations, include the following:

- \$1.3 million increase for continued federal project funding for pandemic influenza planning of a net amount of \$1.3 million from the US Centers for Disease Control and Prevention under federal authorization for public health emergency preparedness.
- (\$1.3 million) decrease for an anticipated reduction of funding via the Office of the US Secretary of the Department of Health and Human Services under federal authorization for national bioterrorism and hospital preparedness.
- \$0.5 million increase for federal Title 18 survey agencies' direct and indirect costs for quality monitoring and complaint inspections of both Medicare-certified long term and non-long term healthcare facilities.
- \$0.2 million increase due to continued federal authorization for the Centers for Disease Control and Prevention cooperative agreement funding for investigations and technical assistance to states for food emergency response.
- (\$0.7 million) decrease for an anticipated reduction in activities for the development and implementation of a statewide health information exchange (HIE) under contract (pilot demonstration) with the Agency for Healthcare Research Quality (AHRQ).
- \$0.2 million decrease for anticipated reduction in federal funding for the collaborative work with the Research Triangle Institute (RTI), an independent, nonprofit, research and development organization, which develops and tests solutions for the privacy and security of interstate health information exchanges.
- (\$19.1 million) decrease for the transfer of the Women, Infants and Children (WIC) program to the RI Executive Office of Health and Human Services as mandated by the FY 2010 Budget Act, and as amended by the Governor's FY 2010 Revised Appropriations bill (Article 6 of 2010-H- 7105).

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- \$0.5 million increase for increased federal funding via the Office of Population Affairs, US Department of Health and Human Services for family planning services to reduce maternal and infant mortality and promote the health of mothers, children and families.
- \$0.2 million increase to support statewide oral health workforce activities via project grant funding from the Health Resources and Services Administration of the US Department of Health and Human Services.
- \$0.7 million increase for mental health consultation, education and training to pediatricians and childcare providers as well as youth suicide prevention, under federal authorization via the Substance Abuse and Mental Health Services Administration of the US Department of Health and Human Services.
- (\$0.3 million) decrease due to anticipated reduced federal project grant funding via the US Centers for Disease Control and Prevention for preventive health services related to immunization of individuals against vaccine-preventable diseases, including hepatitis A and B, measles, rubella, and mumps, to name a few.
- \$1.7 million increase due to available HIV/AIDS formulary rebates of \$0.8 million and other increased federal authorization from the Centers for Disease Control and Prevention cooperative agreement funding, for investigations and technical assistance to states for the control and prevention of communicable diseases, chronic diseases and other disorders.
- (\$1.7 million) decrease due to lower than authorized expenditures for immunization under federal authorization of the American Recovery and Reinvestment Act of 2009.
- (\$0.9 million) decrease due to lower than expected authorization for diabetes prevention and control under a cooperative agreement funding with the US Centers for Disease Control and Prevention.
- (\$0.4 million) decrease due to revised base Federal Medical Assistance Percentage (FMAP) participation rates and error reduction adjustment in the federal share equal to \$303,140 from FY 2010 enacted levels.

Major changes to FY 2011 restricted receipt expenditures, compared to FY 2010 enacted levels, include the following:

- \$0.2 million increase for additional current service costs under the Drinking Water State Revolving Loan Fund pursuant to the purposes and intent of the Safe Drinking Water Act.
- \$0.2 million increase for increased costs of managed care regulation, the costs of which are billed to health plans and utilization review agencies.
- \$1.2 million increase due to an anticipated increase in federal funds assessment resulting from increased federal funding from the 2010 enacted levels, coupled with a \$0.2 million cash balance forward from the prior year.
- (\$1.0 million) decrease due to a lower than anticipated authorization for pandemic flu medication and supplies.

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The decrease in other funds of \$0.1 million, as compared to the FY 2010 enacted level, is due primarily to reduced one-time funding from the Rhode Island Airport Corporation (RIAC) for an environmental health study of the airport.

The Governor's revised FY 2010 full time equivalent (FTE) positions recommendation is 428.7 FTE positions or 14.1 full time equivalent (FTE) positions more than the ceiling authorized in the FY 2010 enacted budget. For FY 2011, the Governor recommends 416.7 FTE positions or 2.1 FTE positions more than the original ceiling enacted for FY 2010 and 12.0 FTE positions less than the level recommended in the Governor's FY 2010 revised budget. For FY 2011, the Governor recommends transferring 12.0 FTE positions to the Executive Office of Health and Human Services in fulfillment of a provision in the FY 2010 Appropriations Act, as amended by the FY 2010 supplemental appropriations bill (Article 6 of 2010-H-7105), which transfers the Women, Infants and Children nutrition program from the Department of Health effective October 1, 2010.

### *Department of Human Services*

The Governor recommends total expenditures of \$2.045 billion for the revised FY 2010 budget of the Department of Human Services (DHS). This is comprised of general revenues totaling \$665.4 million, federal funds of \$1.367 billion, restricted receipts of \$8.5 million, and other fund expenditures of \$4.4 million. Relative to FY 2010 enacted levels, recommended general revenue financing increases by \$3.3 million, or 0.5 percent, while federal financing increases by \$78.1 million, or 6.1 percent. The additional general revenue in the revised budget is largely driven by a \$7.8 million increase in planned expenditures for the Medical Assistance (Medicaid) program, reflecting the combined result of estimates adopted at the November 2009 Caseload Estimating Conference and initiatives set forth in the Department's FY 2010 plan of corrective action (discussed below). Also included in the overall increase in general revenues is the transfer of \$1.1 million in expenditure authority from the Department of Mental Health, Retardation and Hospitals (MHRH) to the Department of Human Services for Supplemental Security Income (SSI) payments to recipients of MHRH residential services for the developmentally disabled. Offsetting decreases in general revenues are witnessed throughout many of the Department's other programs, most notably in personnel expenditures due to eight pay reduction days, statewide medical benefit savings, and significant managed as well as frictional turnover. The significant increase in federal funding is primarily the result of significant caseload growth in the Supplemental Nutrition Assistance Program (SNAP), outlays for which are anticipated to increase by \$60.5 million over enacted levels.

*The November 2009 Caseload Estimating Conference adopted an additional \$16.3 million in general revenues for the Medical Assistance program and \$50,128 in additional financing for programs of cash assistance in FY 2010. Where applicable, the following expenditure changes to these programs are incremental to those adopted by the Conferees.*

With respect to Medicaid expenditures, the Governor recommends FY 2010 revised general revenue financing commensurate with the Federal Medical Assistance Percentage (FMAP), as enhanced by the provisions of the American Recovery and Reinvestments Act (ARRA) where applicable. The ARRA enhancement increases the prevailing FMAP from a base level of 52.63 percent to an enhanced level of approximately 63.93 percent in (Federal) FY 2010. Although the enhanced FMAP provisions of ARRA avails the Department of significant fiscal relief in FY 2010, the Department has again undertaken a series of corrective actions to resolve fiscal imbalances within the State budget. Due to its predominance in the Department's program budget structure, the majority of these initiatives concern the Department's Medicaid program. For FY 2010, these include, but are not limited to, the following (with associated

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general revenue savings displayed):

- The removal of (state-only) supplemental payments to hospitals for unqualified uncompensated care expenses, \$3.7 million.
- A 5 percent reduction in subsidized child care reimbursement rates (effective until September 30, 2010), \$465,473.
- Optimization of third party liability (transitioning from RiteCare to RiteShare), \$522,799.
- A (5 percent) rate reduction for neonatal intensive care unit services, \$270,600.
- Reviews of hospital coding for emergency department visits, \$183,488.
- Institution of a State Maximum Allowable Cost (SMAC) program for generic drugs, \$90,200: DHS will establish an aggressive State Maximum Allowable Cost (SMAC) Program for multi-source generic drugs dispensed to Medicaid beneficiaries receiving prescription drugs through the fee-for-service delivery system.
- A temporary reduction in the rate utilized for the diagnosis related group (DRG) reimbursement and financing methodology, \$959,854.
- A reduction in costs for hospice services, \$71,980: The Department will review national standards of selection for hospice patients, develop guidelines and a prior authorization program, and ultimately decrease the amount reimbursed for hospice services provided in a nursing home due to duplicative services.
- Reevaluation of costs, expansion of oversight, and pursuance of less costly alternatives under the Personal Choice and Habilitation Waivers, \$144,320.
- A (4 percent) reduction in payment rates to Tavares Pediatric Center, \$72,160.

The Governor's FY 2010 revised budget for the Department maintains general revenue savings from Costs Not Otherwise Matchable, or "CNOM" items that were enacted as part of the original FY 2010 budget. These are formerly State-only programs that became eligible for federal financial participation under the provisions of the Global Consumer Choice Compact Section 1115 Demonstration (i.e. the "Global Waiver"). Note that a "CNOM" does not entail systemic savings, but rather a zero-sum shift of cost between sources of funding, resulting in general revenue cost-avoidance in the following CNOM areas: General Public Assistance (Medical), \$826,008; Early Intervention, \$1.9 million; Home Modification, \$105,240; Personal Care Attendants, \$186,856; Social Services for the Blind, \$145,397; the RIDE Transportation Program, \$619,662; and Community Health Centers, \$600,000.

The Governor recommends other adjustments to the Department's plan of general revenue expenditure in FY 2010 throughout a multitude of programs. Personnel financing decreases by \$3.0 million from the enacted level, the result of a highly constrained plan for the rehiring of FTE positions in the current year coupled with \$942,896 in savings from the institution of eight pay reduction days and \$495,157 in statewide medical benefit savings (relative to original FY 2010 revised working rates). Contract services expenditures decrease by \$1.4 million, primarily due to the successful renegotiation of the *InRhodes* system contract for eligibility determination and payment processing. Financing for operating expenses decrease by \$767,719. Staffing authorizations remain unchanged at 954.6 FTE positions.

### **FY 2011**

The Governor recommends total expenditures of \$2.126 billion for the FY 2011 budget of the Department of Human Services. This is comprised of general revenues totaling \$673.7 million, federal funds of \$1.439 billion, restricted receipts of \$9.1 million, and other fund expenditures of \$4.3 million. Relative to FY 2010 enacted levels, recommended general revenue financing increases by \$11.7 million, or 1.8 percent, while federal financing increases by \$150.4 million, or 11.7 percent. Again, the additional

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general revenue in the FY 2011 budget is largely driven by a \$7.7 million increase in planned expenditures for the Medical Assistance (Medicaid) program, reflecting the combined result of estimates adopted at the November 2009 Caseload Estimating Conference, the continuation of savings programs set forth in the Department's FY 2010 plan of corrective action, and a slate of newly developed Medicaid initiatives for FY 2011. Also included in the overall general revenue increase is the transfer of \$1.1 million in expenditure authority from the Department of Mental Health, Retardation and Hospitals (MHRH) to the Department of Human Services for Supplemental Security Income (SSI) payments to recipients of MHRH residential services. Moreover, significant general revenue increases to cash assistance programs were adopted at the November 2009 Caseload Estimating Conference, most notably for subsidized child care and SSI, and are discussed below. Again, the significant increase in federal funding is primarily the result of significant caseload growth in the Supplemental Nutrition Assistance Program (SNAP), outlays for which are anticipated to increase by \$111.7 million over FY 2010 enacted levels.

The Department will continue the operation of the "Costs Not Otherwise Matchable" initiatives, resulting in general revenue cost-avoidance in the following amounts:

- General Public Assistance (Medical), \$936,382
- Early Intervention, \$1.9 million
- Community Health Centers, \$600,000
- RIDE Transportation Program, \$623,138
- Home Modification, \$105,770
- Personal Care Attendants, \$186,856
- Social Services for the Blind, \$146,129

*The November 2009 Caseload Estimating Conference adopted an additional \$106.3 million in general revenues for the Medical Assistance program and \$4.3 million in additional financing for programs of cash assistance in FY 2011. Where applicable, the following expenditure changes to these programs are incremental to those adopted by the Conferees.*

With respect to Medicaid expenditures, the Governor recommends FY 2011 general revenue financing commensurate with the Federal Medical Assistance Percentage (FMAP), as enhanced by the provisions of the American Recovery and Reinvestments Act (ARRA) where applicable. The ARRA enhancement increases the prevailing FMAP from a base level of 52.97 percent to an enhanced level of approximately 61.45 percent in (Federal) FY 2011.

For FY 2011, the Department has again identified multiple opportunities for reform within its Medicaid program, many of which will provide significant budgetary relief in FY 2011 and beyond. Pursued under the auspices of the *Rhode Island Global Consumer Choice Compact Section 1115 Demonstration* (often referred to as the Global Waiver), and in keeping with the Waiver's goals of establishing a more person-centered, opportunity driven, and outcome-based program of medical assistance, these initiatives are designed to fundamentally improve modes of both service delivery and program integrity. Simultaneously, these measures are laying the foundation for a more financially sustainable Medicaid program in the challenging years ahead. Several of these initiatives are already contained in the plan of corrective action pursued in the FY 2010 revised budget, and will continue unabated in FY 2011 (with associated general revenue savings displayed):

- Reviews of hospital coding for emergency department visits, \$182,140.

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- Institution of a State Maximum Allowable Cost (SMAC) program for generic drugs, \$358,150.
- A reduction in costs for hospice services, \$141,469.
- Reevaluation of costs, expansion of oversight, and pursuance of less costly alternatives under the Personal Choice and Habilitation Waivers, \$143,260.

Specifically for FY 2011, the Governor recommends pursuance of the following major initiatives:

- Reprocurement of Medicaid managed care contracts, \$15.3 million: DHS contracts with managed care organizations (MCOs) for two core programs: RItE Care for children and families (including children with special health care needs) and Rhody Health Partners for community residing adults with disabilities. This initiative will accelerate the reprocurement with a start date for the new contracts of July 1, 2010. The savings will be achieved through adjustments to capitation rates resulting from specific areas of program redesign, including:
  - (a) The “Communities of Care” concept wherein identified enrollees would be required to participate in focused programs designed to address both chronic health care needs and appropriate service utilization using three core programmatic tools: Restricted Networks, Enhanced Care Coordination and Outreach, and Personal Responsibility, Accountability and Wellness Incentives.
  - (b) Provisions for limits for hospital payment rates under the inpatient All Patient Refined Diagnosis Related Groups (APR DRG) and outpatient Ambulatory Payment Classifications (APC) reimbursement methods.
  - (c) Pharmaceuticals: Extension of the generic first requirements now included in core RItE Care for children and families to children with special health care needs and to Rhody Health Partners.
  - (d) Use of Selective Contracting/Preferred Provider Networks for certain services when more favorable pricing can be secured through value-based contracting with preferred provider networks.
  - (e) Benefit redesign and management, with a focus on moving certain services into managed care that are currently out-of-plan and provisions to assure that services provided and paid for are appropriate, non-excessive and consistent with standards of medical necessity and evidence-based practice.
- Managed long-term care, \$4.3 million: As part of the Global Waiver, Rhode Island is working to re-balance the current system in favor of community-based care by diverting prospective admissions and transitioning current long-term care patients in high-end residential or institutional settings into community-based alternatives where appropriate. This second phase of Rebalancing Long-Term Care will include utilizing a contracted entity to manage primary, acute and long-term care services for Medicaid-only clients, but with a pronounced focus on managing long-term care benefits for clients with both Medicare and Medicaid (i.e. the “dual eligible” population).
- Program Integrity: Expanded Recovery, \$473,714: DHS will attempt to recoup foregone recoveries of medical assistance expenditures through an expansion of the current Medicaid Estate Recovery Program.

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- Program Integrity: Ensuring that Medicare Part B payments are appropriate, \$89,538: DHS will pursue system improvements to produce more accurate eligibility and demographic data for Medicare Savings Programs, thereby ensuring the State is paying Part B premiums appropriately.
- Program Integrity: Direct use of the Department of Motor Vehicles' data systems by the DHS Front-End Detection Unit: \$364,821. DHS will directly query the DMV database in order to verify demographic information on clients applying for DHS programs, thereby improving eligibility monitoring and reducing instances of fraud and abuse. Currently, the Front End Detection Unit (FRED) reviews cases for eligibility for RI Works, Supplemental Nutrition Assistance Program (SNAP), Medical Assistance, and Child Care. Attendant savings are distributed throughout these programs.
- Children's Health Account Enhancements, \$900,000: The Governor recommends a \$900,000 enhancement of the restricted revenues generated by Children's Health Account assessments. This will be achieved through an increase in the maximum per service spending level from \$5,000 to \$6,000. Children's Health Account receipts defray expenditures of general revenues on a dollar-for-dollar basis within the Medical Assistance program.

The Governor's FY 2011 recommendations for the programs of cash assistance administered by the Department of Human Services are as follows:

- Rhode Island Works (formerly the Family Independence Program) and Subsidized Child Care: Total Financing of \$90.3 million, consisting of \$8.3 million in general revenues, reflecting caseloads as adopted by the November 2009 Consensus Caseload Estimating Conference and deductions for: (a) the final quarter of a temporary 5 percent child care reimbursement rate reduction (\$498,586); (b) savings generated by the aforementioned program integrity initiative pursued in partnership with DMV (\$227,682); and (c) the substitution of \$596,350 in federal financing for child care, supplied through the Emergency Contingency Fund for TANF.
- Supplemental Security Income Program (SSI): Total financing of \$22.6 million, \$1.9 million greater than the enacted level, consisting entirely of general revenues.
- General Public Assistance (GPA): *Bridge Program*: \$739,440 in general revenues, consistent with adopted caseload levels. *Burials*: \$525,000 in general revenues, consistent with adopted caseload levels. *GPA Medical*: \$834,218 in general revenues, consistent with adopted caseload levels. *GPA Hardship Contingency Fund*: \$478,000 in general revenues, consistent with Article 17 of the FY 2011 Appropriations Act.

The Governor recommends downward adjustments to personnel financing totaling \$1.0 million in general revenues for both the deferral of the FY 2011 cost of living adjustment from July 1, 2010 to January 1, 2011 and for four pay reduction days during the second half of the fiscal year. Statewide medical benefit savings (relative to original FY 2011 working rates) of \$476,869 in general revenues are likewise recognized. The Governor recommends staffing authorizations of 967.6 FTE positions in FY 2011, reflecting an increase of 13.0 FTE compared to FY 2010 revised levels. This increase includes the addition of 12.0 federally funded FTE positions to be transferred from the Department of Health as of October 1, 2010 for the administration and management of the Supplemental Nutrition Program for Women, Infants, and Children (WIC) and 1.0 additional FTE for mailroom processing support.

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# Human Services

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## *Department of Mental Health, Retardation, and Hospitals*

The Governor's revised FY 2010 budget for the Department of Mental Health, Retardation, and Hospitals totals \$460.6 million, including \$168.1 million in general revenue, \$278.6 million in federal funds, \$4.5 million in restricted receipts, and \$9.4 million in other funds. On an all funds basis, the \$460.9 million revised budget is \$2.3 million less than the FY 2010 enacted budget of \$462.9 million, consisting of the following net changes: an increase of \$2.1 million in general revenue; and decreases of \$2.2 million in other funds, \$1.5 million in federal funds, and \$698,714 in restricted receipts.

On an all funds basis, changes in the FY 2010 revised budget compared to the enacted budget include: reductions of \$10.7 million in personnel costs, \$1.9 million in operating costs, \$2.2 million in capital purchases and equipment, and \$485,610 in operating transfers; and an increase of \$13.2 million for grants and benefits. Of the change in personnel costs, \$3.3 million is associated with statewide adjustments, including savings of \$1.9 million from eight uncompensated leave days and savings of \$1.4 million from the reduced cost of medical benefits. The change in grants and benefits expenditures included increases of \$15.6 million in the Developmental Disabilities program and \$1.5 million in the Substance Abuse program; and decreases of \$3.6 million in the Integrated Mental Health program and \$331,525 in the Hospital program.

For FY 2010, the Governor recommends an authorized FTE level of 1,396.2 FTE positions, 2.2 FTE positions less than the enacted level of 1,398.4 FTE positions. Major programmatic funding changes and program initiatives for FY 2010, excluding statewide changes, are described below:

For the *Central Management Program*, the Governor recommends expenditures of \$1.1 million from all funds, \$58,249 less than the enacted budget of \$1.2 million. The revised budget reflects decreases of \$3,356 for payroll, \$61,296 for operating, \$2,500 for capital purchases and equipment, and \$550 for grants and assistance; and an increase of \$9,453 for contracted services.

For the *Hospital and Community Support Program*, the Governor recommends expenditures of \$6.3 million from all funds. The revised budget includes a reduction of \$435,749 from all funds, including decreases of \$406,751 for payroll, \$17,087 for contract services, and \$241,122 for operating costs; and increases of \$31,119 for grants and assistance and \$198,092 for capital purchases and equipment. The FY 2010 revised budget transfers the remaining ground maintenance and motor pool staff of 5.0 FTE positions to the Hospital program. The personnel and operating costs associated with the unit that is transferred totals \$594,900.

For the *Services for the Developmentally Disabled Program*, the Governor recommends expenditures of \$243.0 million from all funds. This amount represents an increase of \$13.3 million from the enacted budget, and includes increases of \$8.1 million in federal funds, \$5.0 million in general revenue, and \$710,421 from other funds; and a decrease of \$803,714 from restricted receipts. The revised budget reduces expenditures for personnel by \$2.1 million, operating costs by \$765,344, and operating transfers by \$485,610; and increases grants and benefits by \$15.7 million and capital purchases by \$710,421. The increase in grants and benefit expenditures is the result of unachieved savings in the Developmental Disabilities Private System, which requires an additional appropriation of \$17.2 million from all funds, including \$6.2 million in general revenue and \$11.0 million federal funds. The FY 2010 revised budget also transfers back to the Department of Human Services \$1.1 million of general revenue for the state supplement to SSI payments, which continues to be funded through DHS. The Department is undertaking several department-wide corrective action initiatives to mitigate the projected deficit in the

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Developmental Disabilities program, and the resulting impact on the State's general fund, including the following:

- Reduce general revenue-funded operating costs department-wide by \$200,000, including \$19,492 in the Developmental Disabilities program.
- Maximize federal revenue at Eleanor Slater Hospital (\$926,200) and RICLAS (\$51,775), which will allow the Department to save \$975,356 of general revenue.

For the *Integrated Mental Health Program*, the Governor recommends total expenditures of \$78.6 million, which is \$3.8 million less than the enacted budget on an all funds basis. The revised budget includes \$28.3 million of general revenue, \$49.5 million of federal funds, and \$796,600 of other funds for RICAP projects. The revised budget reduces expenditures for salaries and benefits by \$69,582, operating costs by \$404,051, and grants and benefits by \$3.6 million; and increases expenditures for contract services by \$199,472 and capital purchases and equipment by \$71,429. Beginning in FY 2010, the Department is no longer eligible to receive Disproportionate Share (Pool I) funding from the Department of Human Services, resulting in foregone federal matching funds of \$1.8 million. The Department is not eligible to receive the funding because the payments for Inpatient Psychiatric Services are being made to SSTAR, which is not classified as a hospital. The Department is accessing federal funds for this program through Global Waiver CNOMs.

For the *Hospital and Community Rehabilitation Services Program*, the Governor recommends total expenditures of \$97.9 million, which is \$12.0 million less than the enacted budget of \$109.9 million. The revised budget reduces general revenue by \$2.1 million, federal funds by \$6.8 million, and other RICAP funds by \$3.2 million; and increases restricted receipt funds by \$105,000. The major changes include: decreases of \$7.8 million for salaries and benefits, \$150,156 for contract services, \$451,172 for operating costs, \$331,525 for grants and assistance, and \$3.2 million for capital purchases. As discussed above, the FY 2010 revised budget transfers to the Hospital program \$594,900 and 5.0 FTE positions for the remaining ground maintenance and motor pool staff formerly budgeted in the Hospital Support program.

For the *Substance Abuse Program*, the Governor recommends expenditures of \$33.7 million from all funds, including \$12.9 million in general revenue, \$20.5 million in federal funds, \$90,000 in restricted receipts, and \$200,000 in other funds. The revised budget is \$943,452 more than the enacted budget of \$32.7 million. The major changes include: decreases of \$253,332 for salaries and benefits, \$48,690 for contract services, and \$225,000 for capital purchases and equipment; and increases of \$11,857 for operating costs and \$1.5 million for grants and assistance.

The Governor's FY 2011 recommendation totals \$447.7 million, including \$165.1 million from general revenue, \$262.4 million from federal funds, \$10.1 million from restricted receipts, and \$10.1 million from other RICAP funds. The general revenue portion of the budget reflects a decrease of \$918,532 from the FY 2010 enacted budget. The Governor's FY 2011 recommended budget continues to seek opportunities to restructure the Department in order to create a more consumer-based system of care and to manage the growth in state expenditures for FY 2011 and beyond. Some of the initiatives the Governor proposes are classified as Category II amendments as defined by the Rhode Island Global Consumer Choice Compact Section 1115 Demonstration, usually referred to as the Global Medicaid Waiver, which will require the approval of the General Assembly and the Center for Medicare and Medicaid Services in order to be implemented.

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In the *Services for the Developmentally Disabled Program*, the Department proposes the following changes:

- Restructure the Network of Providers Serving Persons with Developmental Disabilities. The Department proposes to establish, through a competitive process, one or more networks of service providers for the purpose of maximizing services and operational efficiencies, and assuring beneficiaries' needs are met with the most appropriate services in the most appropriate setting. This is classified as a Category II change. This is expected to save \$7.0 million from all funds, of which \$2.5 million is general revenue.
- Consolidate RICLAS clients into group homes and close two RICLAS group homes. This is expected to save \$810,000 from all funds, of which \$242,281 is general revenue.
- Consolidate two day program sites into one location. This would result in lower rental, utility bills and repair costs, and allow one of the state-owned sites to be sold or used for other purposes. This is expected to save \$20,000 in operating costs and maintenance from all funds, of which \$5,982 is general revenue.

For FY 2011, the Governor recommends merging the Substance Abuse program into the Integrated Mental Health program for budgetary purposes, and renaming the program *Behavioral Healthcare Services*. While the programs were merged into the Behavioral Healthcare Services program by statute during the 2002 session of the General Assembly, they have retained their identities for budget presentation purposes. Other initiatives planned during FY 2011 include the following:

- Establish Behavioral Health Community Safety Net. The Department proposes to restructure the payment system to provide community health centers with a consistent and predictable payment system that provides performance and financial incentives. The contracting strategy proposed in this amendment may result in payment restructuring, requiring a Category II change under the Global Waiver. This is expected to save \$4.0 million from all funds, of which \$1.3 million is general revenue.
- Modify Payment System for Supportive Employment Program and Day Treatment. The Department proposes to modify the payment system for certain day programs and treatments provided to beneficiaries receiving behavioral health services. This proposal is classified as a Category II change under the Global Waiver. This proposal is expected to save \$1.0 million from all funds, of which \$358,150 is general revenue.
- Modify Payment System for Multi-disciplinary Treatment Planning. The Department proposes to modify the payment strategy while continuing to require a multipurpose disciplinary treatment plan. As the modification will change the payment structure of Medicaid funded services, this proposal is classified as a Category II change. This proposal is expected to save \$430,000 from all funds, of which \$154,004 is general revenue.
- Transfer State Funded Methadone Maintenance and Treatment Expenditures to Costs Not Otherwise Matchable (CNOM). The Department proposes an amendment to the Global Waiver to obtain federal matching funds for certain state-only funded methadone maintenance and treatment costs under the terms and conditions of the Global Waiver. The Department believes it may need to request certain Category II changes under the Global Waiver. This proposal is

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## Human Services

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expected to save \$438,000 from all funds, all of which is general revenue.

- Eliminate the Treatment Alternatives to Street Crime (TASC) Program. This program was established to provide an initial assessment, referral, and case management for individuals convicted of a second DUI offense. The Department proposes to eliminate this function in the Department, such that referrals from the Registry of Motor Vehicles, the Attorney General or CCRI would go directly to the provider agencies. The Department's assessment and case management is also a duplication of the work that is currently being performed by provider agencies. This proposal is expected to save \$73,457 of general revenue.

In the *Hospital and Community Rehabilitative Services Program*, the Governor is proposing to physically restructure the Eleanor Slater Hospital on the Pastore Government Center by consolidating hospital operations into fewer, more appropriate patient settings that meet or exceed Joint Commission on Accreditation and Healthcare Organizations (JCAHO) standards. Over the next three years, the Governor proposes renovations to each of the four wards of the Varley building and each of the four wards of the Mathias building, and moving patients from the Pinel building, the Adolph Meyer building, and the Virks building into the newly renovated Varley and Mathias buildings. Before the building renovations are initiated, the Fire Board and Parole Board will be relocated from the Varley building; and the Rhode Island Training School girls and Providence Center clients will be relocated from the Mathias building. The estimated cost of renovating the Varley and Mathias buildings for the Hospital, and renovating space for the Fire Board, Parole Board, and Providence Center, is a total of \$29.0 million, of which \$28.3 million will be financed from certificates of participation and \$670,000 from RICAP funds. Before the Rhode Island Training School girls can be moved from the Mathias building to the Adolph Meyers building, two units of the Adolph Meyers building will be renovated. The Varley building renovations are expected to be completed by June 2012, while the Mathias building renovations are expected to be completed by February 2013.

Beginning in FY 2011, the Department proposes to direct order dietary and housekeeping supplies, which is expected to save the Hospital \$400,000 from all funds, of which \$143,208 is general revenue.

For FY 2010, the Governor recommends an authorized FTE level of 1,396.2 positions, which is 2.2 FTE less than the enacted budget. For FY 2011, the Governor recommends an authorized FTE level of 1,395.2, reflecting the elimination of 1.0 FTE associated with the TASC program.

### *Office of the Child Advocate*

The Governor's revised FY 2010 budget for the Office of the Child Advocate is \$558,159, including \$512,265 in general revenue and \$45,894 in federal funds. The general revenue appropriation in the revised FY 2010 budget is \$34,783 less than the enacted budget of \$547,048, reflecting agency specific reductions of \$15,168, most of which are associated with turnover savings of \$11,322, and statewide reduction adjustments of \$19,615. The statewide adjustments consist of savings from eight uncompensated leave days for all state employees, \$14,297; and decreased costs associated with providing employer-funded medical benefits, \$5,318.

For FY 2011, the Governor recommends total expenditures \$590,863, including \$545,058 in general revenue and \$45,805 in federal funds. The general revenue increase of \$32,793 compared to the FY 2010 enacted budget includes a \$32,993 increase for personnel costs and a \$200 decrease for contract services. Personnel cost changes include increases for a 3.0 percent cost of living (COLA) adjustment for state

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## **Human Services**

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employees, offset by savings from four uncompensated leave days for all employees and a six-month COLA delay, and decreases for employer-funded medical benefits.

The Governor recommends an authorized FTE level of 5.8 positions in FY 2010 and FY 2011, which is 0.1 FTE higher than the FY 2010 enacted budget.

### ***Commission on the Deaf and Hard of Hearing***

The Governor's revised FY 2010 budget for the Commission on the Deaf and Hard of Hearing is \$349,670, consisting solely of general revenues to finance the Commission's personnel, operating, and interpreter referral services. This represents an overall decrease of \$20,476, or 5.5 percent, from the FY 2010 enacted budget. These revisions are largely attributable to statewide personnel adjustments for eight pay reduction days and medical benefit savings totaling \$8,002 and \$4,801, respectively. Also included is a reduction of \$1,576 to the Commission's operating expenditures and a \$6,550 downward rebasing for contracted professional services.

For FY 2011, the Governor recommends \$363,502 in general revenues, which again provides the resources necessary to support the Commission's current operations. This represents a decrease of \$6,644, or 1.8 percent, from the FY 2010 enacted level of \$370,146. This recommendation is consistent with that of the FY 2010 revised budget, but further includes a personnel adjustment totaling \$8,248 for both the deferral of the FY 2011 cost of living adjustment from July 1, 2010 to January 1, 2011 and for four pay reduction days during the second half of the fiscal year. Statewide medical benefit savings relative to original FY 2011 working rates of \$4,393 are likewise recognized. Staffing authorizations for the Commission remain unchanged at 3.0 FTE positions.

### ***Governor's Commission on Disabilities***

The Governor recommends revised expenditures of \$746,266 for FY 2010. This consists of \$344,227 in general revenue, \$198,329 in federal funds, \$190,151 from the Rhode Island Capital Plan Fund, and \$13,559 in restricted receipts. The revised funding level is \$19,866 more than the FY 2010 enacted level, and consists of a general revenue decrease of \$22,233, a federal funds increase of \$23,380, and a restricted receipts increase of \$3,558. There are general revenue savings of \$9,236 related to eight pay reduction days. Other savings are related to the elimination of the contract services position for the Disability Business Enterprise program.

The Governor recommends total expenditures of \$825,256 in FY 2011, including \$368,032 in general revenue, \$193,598 in federal funds, \$13,626 in restricted receipts, and \$250,000 from the Rhode Island Capital Plan Fund. The recommended general revenue funding in FY 2011 is \$1,582 more than the FY 2010 enacted level. Personnel increases are the result of a 3.0 percent COLA adjustment, medical benefits inflation, retirement, statewide benefit assessment, and retiree health insurance. Personnel costs also include a reduction of \$9,769 for a six month delay in the 3.0 percent cost of living adjustment and four pay reduction days.

The recommended FTE ceiling for FY 2010 and FY 2011 is 4.0 FTE positions.

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### Office of the Mental Health Advocate

The Governor recommends revised FY 2010 general revenue expenditures of \$391,609 for the Office of the Mental Health Advocate, a decrease of \$56,814 from the enacted level of \$448,423. The decrease is primarily attributable to the following statewide payroll adjustments: turnover savings associated with a position being vacant for a portion of the year, \$48,094; savings from eight uncompensated leave days for all state employees, \$10,746; and savings from a statewide decrease in the cost of employer-funded medical benefits, \$3,637. Offsetting a portion of the payroll savings were increases for contract services, \$4,500; and operating costs, \$1,163.

The Governor recommends total FY 2011 general revenue expenditures of \$441,956, reflecting full funding for agency current services and a decrease of \$6,467 over the enacted FY 2010 budget. The general revenue decrease of \$6,467 compared to the FY 2010 enacted budget includes a \$7,630 decrease for personnel costs and a \$1,163 increase for operating costs. Personnel costs include a 3.0 percent cost-of-living adjustment for state employees, offset by savings from four statewide pay reduction days and a six-month cost of living increase delay, and savings from reduced costs of medical benefits.

The Governor recommends the enacted staffing authorization of 3.7 FTE positions for both FY 2010 and FY 2011.

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# **Education**



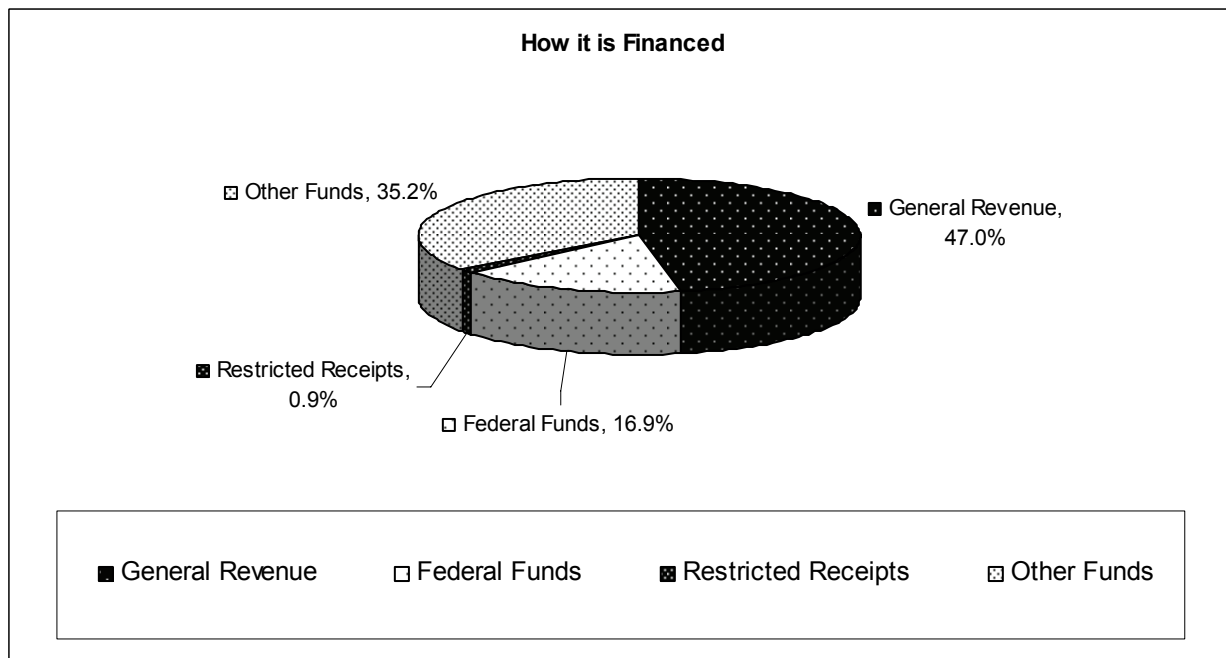
# Education

## Summary

The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, the Rhode Island Higher Education Assistance Authority, the Historical Preservation and Heritage Commission, and the Rhode Island Public Telecommunications Authority. The Governor recommends 3,816.9 FTE positions in FY 2010 and 3,831.9 FTE positions in FY 2011.

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

The FY 2010 revised recommendation for Education agencies totals \$2.062 billion, or \$11.8 million less than enacted appropriations of \$2.074 billion. As compared to the enacted budget, general revenue decreases \$73.6 million, or 7.1 percent, federal funds increase \$32.6 million or 10.3 percent, restricted receipts increase \$9.7 million or 111 percent, and other funds increase \$19.5 million, or 2.8 percent. American Recovery and Reinvestment Act of 2010 funding comprises \$136.6 million, or 39.3 percent of the federal funds.

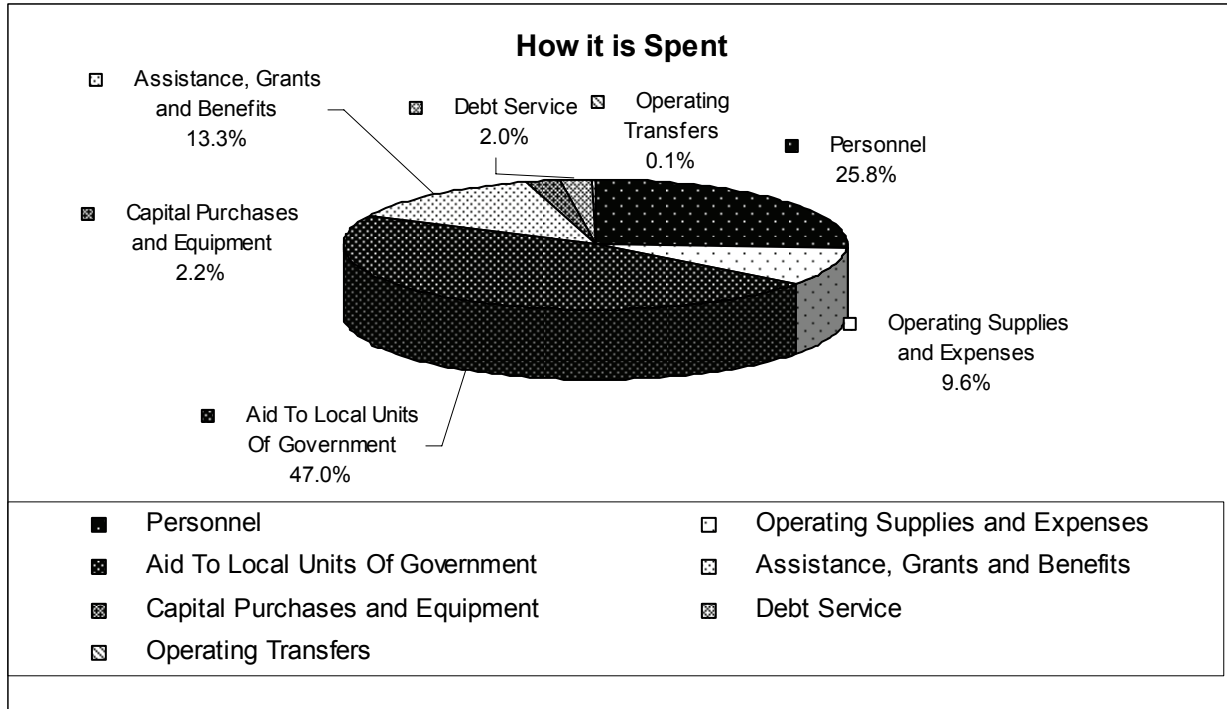


In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting grant to the Rhode Island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

The Governor recommends total expenditures of \$2.11 billion for Education in FY 2011, including \$1.003

# Education

billion from general revenue, \$311.8 million from federal funds, \$25.1 million from restricted receipts, and \$769.4 million from other funds. American Recovery and Reinvestment Act of 2009 funding comprises \$101.6 million, or 32.6 percent of the federal funds.



The Governor’s general revenue recommendation of \$1.003 billion for Education for FY 2011 is a decrease of \$39.8 million, or 3.8 percent from FY 2010 enacted levels.

Aid to Local Units of Government accounts for 47.0 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 35.4 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 17.6 percent of expenditures occur in grants and benefits and capital outlays.

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# Education

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## *Elementary and Secondary Education*

The Governor recommends \$1.131 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2010, a decrease of 1.7 percent from the enacted level of \$1.150 billion. Of this total, \$794.7 million is general revenue expenditures, \$313.8 million is federal grants, \$17.0 million is restricted receipt funds, \$4.8 million is Rhode Island Capital Plan Fund (RICAP) funding and \$383,624 million is other funds expenditures. General revenue expenditures decrease by \$63.0 million, federal expenditures increase by \$35.5 million, restricted receipt expenditures increase by \$9.5 million, RICAP funds decrease by \$1.4 million, and other funds expenditures increase by \$200,000. In addition to the agency-specific items discussed below, there were statewide savings for eight (8) pay reduction days and three (3) medical benefit holidays.

In both fiscal years 2010 and 2011, the Governor recommends across-the-board reductions for school districts, including Central Falls and charter schools. In addition, the budget contains adjustments that reduce general revenue expenditures but that do not represent actual cuts in funding. There is a reduction of general aid that is offset by a decrease in required pension contributions and there is a shift of \$5.0 million in State Fiscal Stabilization Funding from FY 2011 to FY 2010 and \$5.0 million in general revenue funding from FY 2010 to FY 2011.

As in last year's budget, the Governor has recommended pension reform changes to reduce the unfunded liability of the pension system. The Governor's proposal would realize savings for the department's budget in two ways: through a reduction in the required payments to fund the state portion of the employer share of teacher retirement and by reducing general Education Aid to local districts to capture the savings from the local portion of the employer share of teacher retirement. In FY 2010, the state would save \$12.3 million in lower contributions to teacher retirement and \$18.5 million in reduced education aid to capture the local share of the savings for total savings of \$30.8 million. In FY 2011, the state would save \$12.9 million in lower contributions to teacher retirement and \$19.3 million in reduced education aid to capture the local share of the savings for total savings of \$32.2 million.

The across-the-board reduction to local districts (including Central Falls), charter schools, and state schools totals \$20.5 million in FY 2010 and \$26.9 million in FY 2011. For local districts, the reduction amounts to \$17.6 million in FY 2010 and \$23.4 million in FY 2011. For Central Falls, the reduction amounts to \$1.3 million in FY 2010 and \$1.7 million in FY 2011. For charter schools, the reduction amounts to \$1.0 million in FY 2010 and \$1.3 million in FY 2011. For the Davies School, the reduction amounts to \$310,607 in both years. For the School for the Deaf, the reduction amounts to \$132,322 in both years. For the Met School, the reduction amounts to \$250,000 in FY 2010 and \$125,000 in FY 2011.

For State Fiscal Stabilization Funds, the Governor's budget distributes \$47.7 million in FY 2010 and \$26.6 million in FY 2011 to local districts, Central Falls, charter schools, and the state schools. In the FY 2010 enacted budget a total of \$37.2 million was included. The Governor proposes shifting \$5.0 million of Stabilization Funds originally planned for FY 2011 into FY 2010. In addition, the Governor proposes adding \$402,600 in FY 2010 and \$132,564 in FY 2011 to cover the OERR admin fee of 0.5 percent that is being assessed on most stimulus accounts. Finally the Governor recommends re-appropriating \$5.1 million in unspent Stabilization Funds from FY 2009.

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## Education

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For FY 2011, all remaining Stabilization Funds are recommended. Consistent with the FY 2010 proposal, the Governor moves \$5.0 million in Stabilization Funds into FY 2010 and adds \$132,564 for OERR fees and \$593,048 in additional funds stemming from updating the distribution calculation between Higher Education and Elementary and Secondary Education. The total for FY 2011 is \$26.6 million.

In both years there are statewide savings initiatives. In FY 2010, there are eight (8) pay reduction days that produce general revenue savings of \$273,282 for the ACES program, \$75,506 for the Davies School, and \$52,924 for the School for the Deaf. There are also three (3) medical benefit holidays which produce general revenue savings of \$89,142 for the ACES program, \$141,808 for the Davies School, and \$79,898 for the School for the Deaf. In FY 2011, there are four (4) pay reduction days and a 6-month delay for the cost-of-living-adjustment that produce general revenue savings of \$286,312 for the ACES program, \$76,157 for the Davies School, and \$52,667 for the School for the Deaf. There are also three (3) medical benefit holidays which produce general revenue savings of \$85,859 for the ACES program, \$123,430 for the Davies School, and \$70,248 for the School for the Deaf.

Other reductions in FY 2010 education aid include a mid-year adjustment to the School Housing Aid program that would reduce aid by \$3.2 million to \$58.4 million. This annual adjustment takes into account projects that did not complete in FY 2009 and therefore are not eligible for reimbursement in FY 2010. Charter School Aid decreases by \$268,165 from the enacted level, mostly because of delays to grade level expansions. General revenue support for the RI Telecommunications Education Access Fund (also known as E-rate) is eliminated, saving \$350,000. At the same time the Governor proposes lowering the RI-TEAF fee charged on phone lines and adding the same fee to wireless phones to backfill the general revenue funding. Lastly, the \$10.0 million that was enacted for the statewide student transportation initiative is transferred to a restricted receipt account and revised to a total of \$8.6 million.

Including the reduction and fund shifts described above, for FY 2010 general revenue support for the Davies School decreases from the enacted level by \$551,709. General revenue support for the School for the Deaf decreases by \$261,844. General revenue support for the Met School decreases by \$326,809. General revenue support for the Administration of the Comprehensive Education Strategy (ACES) program decreases by \$1,010,400. General revenue support for the Central Falls school district decreases by \$2,020,569.

For Fiscal Year 2011, the Governor recommends \$1.144 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$828.2 million is from general revenue, \$283.0 million is from federal funds, \$23.9 million is restricted receipts, \$8.0 million is from the Rhode Island Capital Plan Funds, and \$383,624 is from other funds. This financing level represents a decrease in general revenue expenditures of \$29.5 million, or 3.4 percent, from the enacted FY 2010 level, an increase of \$4.6 million in federal expenditures, an increase of \$15.9 in restricted receipt expenditures, an increase of \$2.3 million in RICAP funds, and an increase of \$200,000 in other funds expenditures.

Statewide, public employees who agreed to new union contracts in 2009 are to receive a 3.0 percent COLA in FY 2011. For the department, that amounts to an increase of \$747,570. Changes to retiree health rates, medical benefit rates, and retirement benefit rates cost an additional \$410,129 in FY 2011.

Funding for the department's Administration of the Comprehensive Education Strategy (ACES) program declines by \$256,978 in general revenue funding from the enacted FY 2010 level. The ACES program

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## Education

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also has budgeted \$63.6 million in federal stimulus funds, mostly in Race to the Top, Title I, and IDEA funding (\$35.0 million, \$9.0 million, and \$10.9 million, respectively). Race to the Top is a competitive grant that the department has applied for, whereas Title I and IDEA are formula grants. There is no offsetting decrease in general revenue funding for these dollars. Non-stimulus federal funding is set at \$190.8 million for FY 2011.

For the state-supported schools, general revenue funding for the Davies Career & Technical School increases by \$295,353 from the FY 2010 enacted level. General revenue funding for the School for the Deaf increases by \$97,856. General revenue funding for the Metropolitan Career & Technical School increases by \$430,972.

In the Education Aid category, there is a decrease in Group Home aid of \$600,000 to reflect fewer beds subject to reimbursement. Charter school aid increases by \$7.2 million to reflect program growth and new charter school options. Other than the reductions described above, the Central Falls program receives level funding.

Separate from the pension reform savings, teacher retirement contributions increase by \$460,515 to adjust for an increase payroll base. Housing Aid increases by \$10.2 million to account for projects that are expected to complete in FY 2010, and thus be subject to reimbursement in 2011.

For the entire Department, which includes the Davies Career & Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 327.4 FTE positions in FY 2010 and 342.4 FTE in FY 2011. The FY 2010 total is unchanged from the enacted level. The additional 15.0 FTE positions in FY 2011 are limited-term positions in the ACES program to be funded with ARRA competitive grant awards, principally the Race to the Top Fund. If the department does not receive the competitive funding, the positions will not be created.

### Public Higher Education

The Governor recommends a revised FY 2010 budget of \$897.1 million for Public Higher Education, including \$163.0 million in general revenue, \$19.6 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$16.2 million, \$713.7 million in other funds, \$754,577 in restricted receipts, and \$17.7 million from the Rhode Island Capital Plan Fund. General revenues decrease \$10.3 million from the enacted level, reflecting savings for working and current services adjustments as requested, \$9.4 million, and the following statewide adjustments: savings for three medical benefit holidays, \$1.2 million; and savings for union negotiated or staff concessions for payroll reductions, \$440,023; and increases for debt service, \$282,681. The Governor recommends 4,182.1 FTE positions in FY 2010, the enacted authorization.

For FY 2011, the Governor recommends \$932.9 million for Public Higher Education, including \$163.9 million in general revenue, \$14.8 million in federal funds, including America Recovery and Reinvestment Act of 2009 funding of \$11.3 million, \$753.6 million in other funds, \$690,000 in restricted receipts, and \$15.0 million from the Rhode Island Capital Plan Fund. General revenues decrease \$9.4 million from the FY 2010 enacted level. The Governor recommends a total of 4,182.1 FTE positions, the same as the FY 2010 enacted level. Debt service adjustments add \$2.5 million and personnel adjustments add \$3.4 million. In order to address expenditure forecasts statewide in excess of revenue estimates, the Governor proposes several reductions:

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## Education

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- Negotiated payroll reductions and COLA delays, \$335,537;
- Savings from medical health benefit plans, \$920,462;
- Level fund reductions (\$14.1 million, or 8.1 percent) excluding the debt service increase (\$2.3 million).

The budget proposed by the Governor includes total tuition and fee revenue growth of \$23.8 million, including \$14.2 million at the University, \$6.2 million at the College, and \$3.4 million at the Community College. Undergraduate in-state tuition and fees increases proposed by the Board are 9.9 percent at the University, 9.0 percent at the College, and 8.2 percent at the Community College for FY 2010. Pursuant to FY 2007 legislation, both the FY 2010 appropriation and FY 2011 recommended budgets include debt service appropriations within Public Higher Education that were formerly in the Department of Administration. In FY 2010, debt service is \$17.4 million, an increase of \$282,681 from enacted levels and in FY 2011, \$19.6 million is included, an increase of \$2.45 million from all sources.

The College Crusade of Rhode Island and other legislative grant awards both in FY 2010 and in FY 2011 are recommended at \$1.1 million.

### *Rhode Island Council on the Arts*

The Governor's revised FY 2010 budget for the Rhode Island Council on the Arts is \$3.7 million, including \$1.9 million in general revenue, \$1.2 million in federal funds, \$100,000 in restricted receipts and \$435,000 in other funds. The recommendation includes a decrease of \$44,112 from the enacted level of general revenue appropriations, including personnel savings from eight (8) pay reduction days of \$16,665, savings from three (3) medical benefit holidays of \$6,376, and withdrawing \$18,000 from discretionary grants that was to go to a now-bankrupt organization. Partially offsetting the decreases was an increase of \$7,500 to fund the Governor's official portrait, as required by law. Federal funds increase by \$339,436 from the enacted level to fund an additional position that was authorized in the enacted budget but not funded and to fund \$291,500 in stimulus funding that was originally included in the FY 2009 budget.

For FY 2011, the Governor recommends \$1.9 million, including \$1.0 million in general revenue and \$950,990 of federal funds. The general revenue decrease from the FY 2009 enacted level is \$992,845. The FY 2011 budget includes a reduction of \$700,000 that eliminates the discretionary grant program. It also includes a reduction of \$296,875 that eliminates the legislative grant to the Veteran's Memorial Auditorium, since the debt payments on the auditorium were completed in FY 2010. There are also savings from four (4) pay reduction days and a 6-month delay of the COLA of \$17,290.

There is a decrease of \$100,000 in restricted receipt funding in the FY 2011 because the Rhode Island Foundation grant was a one-time grant. In the other funds category, there is a decrease of \$435,000 in FY 2011 because of the ending of the Percent for Public Art program that required that at least one percent of the budget for most capital projects to be spent on art.

The Governor recommends 8.6 FTE positions in FY 2010 and FY 2011, which is unchanged from the enacted FY 2010 level.

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## Education

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### *Rhode Island Atomic Energy Commission*

The Governor's revised FY 2010 budget for the Rhode Island Atomic Energy Commission is \$1.4 million, including \$788,999 in general revenue, \$300,159 in federal funds, and \$303,683 in other funds. The recommendation includes a net increase of \$13,653 to general revenue appropriations, reflecting personnel adjustments of \$46,891 and operational savings of \$5,712, as well as the following statewide adjustments: savings from three medical benefit holidays, \$6,364; and savings from negotiated pay reduction days for all state employees, \$21,162.

For FY 2011, the Governor recommends \$1.5 million, including \$877,687 in general revenue, \$300,159 in federal funds, and \$316,410 in other funds. The increase of \$102,341 in general revenue from the FY 2010 enacted budget recognizes operational savings of \$5,712, reflecting current staff personnel costs, and increases of \$137,871, including a 3.0 percent cost of living adjustment of \$29,214, with savings from the following statewide adjustments: lower than anticipated health benefit costs, \$6,429; and savings from negotiated pay reduction days and COLA delays, \$23,389. The Governor recommends 8.6 FTE positions in both FY 2010 and FY 2011.

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

### *Rhode Island Higher Education Assistance Authority*

The Governor recommends a revised FY 2010 budget of \$25.6 million, including \$7.2 million in general revenue, \$11.9 million in federal grants, and \$6.5 million in other funds. General revenues decrease \$67,591 from the enacted level, reflecting reductions of \$49,400 for personnel, contract services, operating, and capital, and a statewide adjustment from a three medical benefit holidays, \$5,486; and savings from negotiated pay reduction days, \$12,705. State needs-based scholarships of \$6.37 million decrease \$7,631.

For FY 2011, the Governor recommends \$25.8 million, including \$7.3 million in general revenue, \$12.0 million in federal funds, and \$6.5 million in other funds. General revenues decrease \$31,383 from the FY 2010 enacted level. Personnel current services adjustments, including assessed fringe benefits, and capital and operations result in a net decrease of \$12,948. Statewide adjustments include savings from lower than anticipated health benefit costs, \$5,129; and savings from negotiated pay reduction days and COLA delays, \$13,306. State needs-based scholarships of \$6.4 million are level funded.

The Governor recommends 42.6 FTE positions in FY 2010 and in FY 2011.

### *Rhode Island Historical Preservation and Heritage Commission*

The Governor recommends total expenditures of \$2.6 million for the revised FY 2010 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.3 million in general revenue, \$819,367 in federal funds and \$479,069 in restricted receipts. The recommendation reflects a reduction of \$22,862 from the enacted level. Savings of \$27,018 from eight (8) pay reduction days and

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## Education

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\$14,408 from three (3) medical benefit holidays are partially offset by lower than anticipated restricted receipt revenues, which led to a shift in personnel expenses to general revenue funding.

The Governor recommends total financing of \$2.7 million for FY 2011, including \$1.4 million in general revenue appropriations, \$835,804 in federal funds, and \$479,450 in restricted receipts. General revenue increases by \$65,997 from the enacted FY 2010 level. Savings of \$28,464 from four (4) pay reduction days and \$14,058 from three (3) medical benefit holidays are offset by lower than anticipated restricted receipt revenues, which led to a shift in personnel expenses to general revenue funding.

### *Rhode Island Public Telecommunications Authority*

The Governor recommends total expenditures of \$1.6 million for the revised FY 2010 budget of the Public Telecommunications Authority. This consists of general revenue financing of \$1.0 million and \$614,029 in grant financing from the Corporation for Public Broadcasting (CPB). The recommendation reflects a decrease of \$133,150 in general revenue appropriations from the enacted level. This reduction includes a decrease of \$46,202 for personnel from the elimination of two unfilled positions, decreases of \$35,000 in utilities that are no longer needed with the new digital transmitter, \$10,000 in operations that the Authority has shifted to the RI-PBS Foundation, and \$1,300 for a ten percent reduction in contract services. There are also reductions of \$26,478 for eight (8) pay reduction days and \$14,170 for three (3) medical holidays.

The Governor recommends total financing of \$1.7 million for FY 2011, including \$1.0 million in general revenue appropriations and \$636,750 from the Corporation for Public Broadcasting (CPB) grant. This represents a decrease of \$104,468 in general revenue from the enacted FY 2010 budget. The savings follow from the FY 2010 initiatives, with personnel decreasing \$63,404, utilities by \$35,000, operations by \$10,000, contract services by \$1,300, four (4) pay reduction days by \$26,911 and three (3) medical holidays by \$11,693.

The Governor recommends a staffing authorization level of 16.0 FTE positions in both FY 2010 and FY 2011, which is a reduction of 2.0 from the enacted FY 2010 level.

# **Public Safety**



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## Public Safety

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### *Summary*

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The six agencies that expend six percent of the total FY 2011 state Budget from all sources of funds to provide public safety services to the state include: the Department of Corrections; the court system (Attorney General; the Judiciary; and the Office of the Public Defender); the homeland security system (Military Staff, including both the National Guard and the Emergency Management Agency); and the Department of Public Safety, comprising the State Police, Capitol Police, E-911, State Fire Marshal; the Rhode Island Justice Commission; and Municipal Police Training Academy. Since FY 2009, the budget has reflected the combination of the Rhode Island State Police, E-911 Emergency, Fire Marshal, Capitol Police (a former program of the Department of Administration), and the Municipal Police Training Academy, in a new Department of Public Safety. In addition, for the FY 2011 budget, the Governor recommends the transfer of the Sheriffs from the Department of Administration to the Department of Public Safety.

The FTE recommendation for the FY 2010 revised budget is 3,018.5 FTE positions, an increase of 1.0 FTE position from the enacted level, reflecting new positions in both the Military Staff and the Department of Public Safety, 2.0 additional FTE's in the Office of the Public Defender funded by the American Recovery and Reinvestment Act, and a reduction of 3.0 FTE trooper positions in the State Police. The FTE recommendation for FY 2011 is 3,195.5 FTE positions, an increase of 177.0 FTE positions, reflecting the transfer of 180.0 Sheriff positions, offset by a net reduction of 3.0 FTE's in the State Police.

The largest share of funding within the Public Safety function is for the Department of Corrections, representing 41.9 percent of the total. Because the Adult Correctional Institutions, which include eight secure facilities, operate twenty-four hours per day, the Department must provide continuous supervision of an annual average inmate population of 3,659. Additionally, the Community Corrections subprogram supervises 27,700 community-based offenders per year. The second largest share of the Public Safety budget is for the courts system, at 29.0 percent of the total. This includes 21.5 percent of expenditures for the Judiciary, supporting six courts statewide, and 7.5 percent for the Attorney General and the Office of Public Defender. The Department of Public Safety's share is 23.2 percent. The Military Staff comprises 5.9 percent of Public Safety expenditures.

In the FY 2010 revised budget, the Governor recommends an all-funds budget of \$458.2 million for public safety programs. Of this amount, \$342.4 million is from general revenue, \$65.8 million is from federal funds, \$12.0 million is from restricted receipts, and \$38.0 million is from other funds. All-fund spending increases by \$25.1 million, as compared to the enacted budget. There is a \$2.5 million all-funds decrease in personnel expenditures, a \$426,728 increase in operating expenditures, a \$14.1 million increase for grants and benefits and a \$13.2 million increase for capital expenditures. The FY 2010 general revenue budget decreases by \$7.6 million from the FY 2010 enacted level. \$5.9 million of this decrease is in personnel and reflects the statewide reductions in payroll costs due to the adjustment for eight pay reduction days. \$1.5 million of this reduction is due primarily to a reduction in the inmate population estimate to 3,659. Operating expenditures decrease due to less than anticipated per diem expenditures for inmates (food, clothing, pharmaceuticals) resulting from the reduced inmate census. Grant increases are concentrated in federal funds, where an increase of \$13.8 million reflects additional Emergency Management homeland security and related federal grants, as well as additional federal stimulus grants from the American Recovery and Reinvestment Act in Corrections for inmate education,

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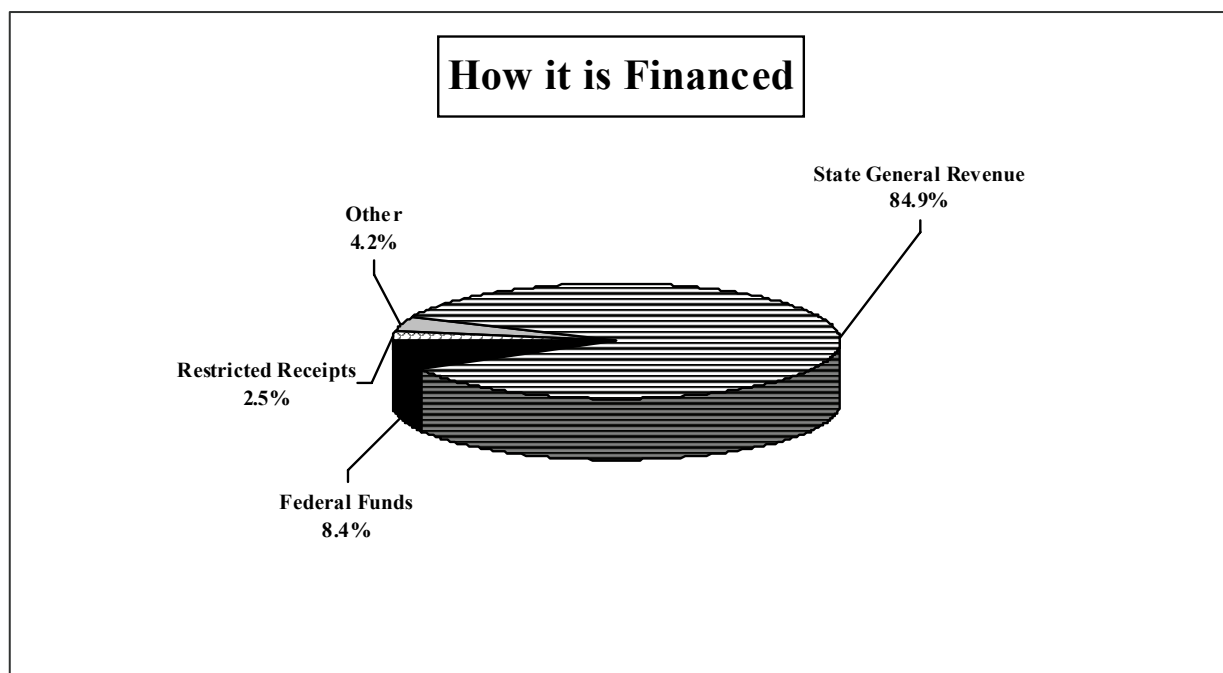
## Public Safety

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inmate family reunification, inmate transition through access to employment, and the Adult Drug Court, joining enacted stimulus grants in Military Staff and the Department of Public Safety. The increase in capital funding reflects \$10.7 million in additional Rhode Island Capital Plan funding, primarily due to the carry over of unspent FY 2009 funding, for new and existing projects, such as the State Police Training Academy, the Statewide Microwave/IT Upgrade project, the retrofit of the Reintegration Center to house female inmates and the Armory of Mounted Commands roof and HVAC project.

The Governor recommends a FY 2011 budget of \$453.6 million from all funds, a decrease from FY 2010 revised of \$0.5 million, but an increase of \$20.5 million from the FY 2010 enacted budget. Expenditures of \$384.8 million are recommended for general revenue, \$34.8 million, or 9.9 percent, more than enacted levels, \$29.6 million of which is in the Department of Public Safety due to the Sheriffs transfer. Decreases are recommended in restricted receipt expenditures (\$11.5 million, a \$161,000 decrease) federal funds (\$38.2 million, a \$6.1 million decrease), primarily in Public Safety, and other funds (\$19.1 million, an \$8.0 million decrease), primarily in the Rhode Island Capital Plan Fund for Public Safety. Categorically, the general revenue increase is primarily due to a \$34.3 million increase in personnel costs for salaries, benefits and contract services. The increase reflects provision for a 1.5 percent cost-of-living adjustment, as well as 180.0 Sheriff positions in Public Safety transferred from Administration. Other categories change relatively little: expenditures for grants and benefits increase by only \$802,169, while operating expenditures decrease by \$115,442, and capital purchases and equipment expenditures decrease by \$187,773.

Funding for the Public Safety function is derived mainly from state sources. General Revenue comprises 84.9 percent and 4.2 percent is other funds (primarily from the Rhode Island Capital Plan Fund for construction, repair and rehabilitation projects for Corrections, Military Staff, Judiciary, and State Police facilities). Federal funds are 8.4 percent of the total, and include Emergency Management homeland security expenditures; National Guard Bureau funding; adult education, discharge and reentry services, incarceration of undocumented aliens at Corrections; and Child Support Enforcement in the Judiciary. Restricted receipts account for the remaining 2.5 percent, primarily in the Judiciary.

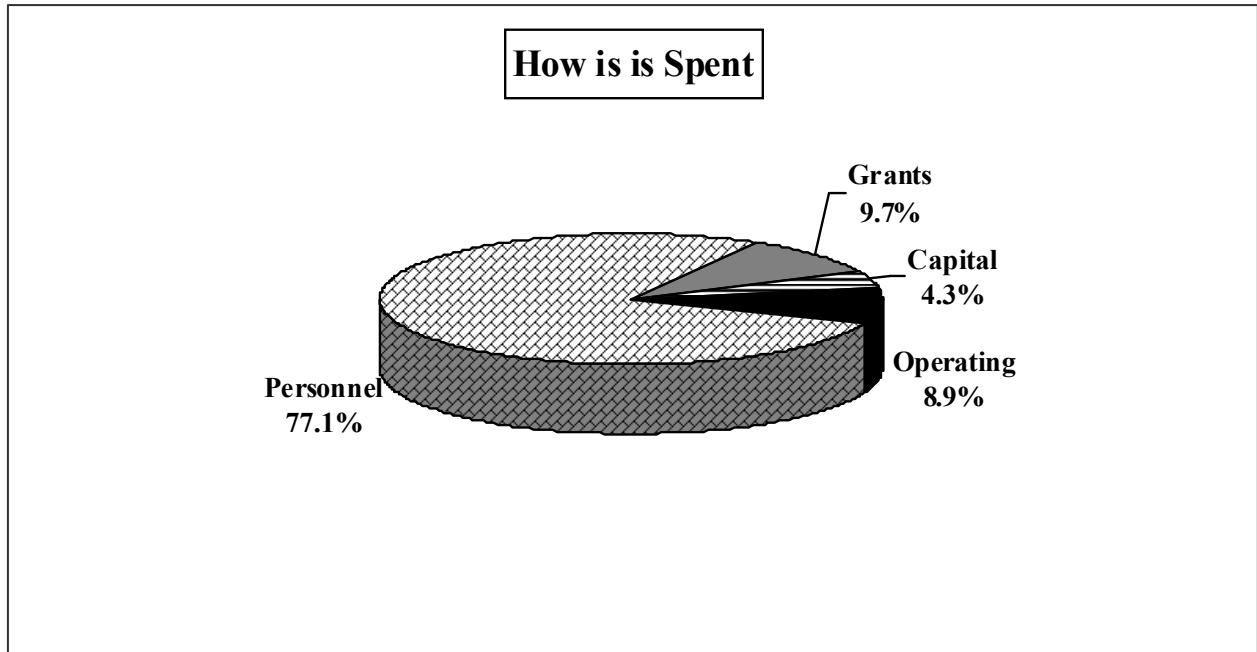


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## Public Safety

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By category of expenditures, state operations, including personnel (77.1 percent, \$349.9 million) and other operating costs (8.9 percent, \$40.2 million), total \$390.1 million, or 86.0 percent of total expenditures, and are financed primarily from general revenues. Assistance, grants and benefits are \$44.1 million or 9.7 percent, and are financed from general revenue and federal funds. Capital improvement projects, \$19.4 million for 4.3 percent, include the Rhode Island Capital Plan Fund and federal funds.



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## Public Safety

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### *Attorney General*

The Governor recommends revised FY 2010 appropriations totaling \$23.9 million for the Attorney General, including \$20.1 million from general revenue, \$1.9 million from federal funds, \$1.1 million from restricted receipts, and \$726,847 from the Rhode Island Capital Plan Fund. This is a general revenue decrease of \$1.0 million, or 4.9 percent, from FY 2010 enacted levels. There are statewide general revenue savings of \$531,995 for eight pay reduction days, \$215,360 for three medical benefit holidays, \$185,041 in operating costs, and \$361,929 in personnel and contracted professional services. There is an increase of \$114,148 for security services and \$151,400 for the nationwide tobacco litigation case.

For FY 2011, the Governor recommends total expenditures of \$23.8 million, including \$21.1 million from general revenue, \$1.2 million from federal funds, \$1.2 million from restricted receipts, and \$200,000 from the Rhode Island Capital Plan Fund. This includes a general revenue increase of \$32,418 from the FY 2010 enacted budget. This includes personnel increases for a 3.0 percent cost of living increase, medical benefits inflation, retirement, statewide benefit assessment, and retiree health insurance. Personnel costs also include a reduction of \$557,775 for a six month delay in the 3.0 percent cost of living adjustment and four pay reduction days.

The Governor recommends 231.1 FTE positions in FY 2010 and FY 2011, which represents no change from the enacted FY 2010 level.

### *Department of Corrections*

The Governor's revised FY 2010 budget for the Department of Corrections is \$186.3 million. This includes \$174.9 million in general revenue, \$3.5 million in federal funds, \$94,000 in restricted receipts, and \$7.9 million in other funds. The FY 2010 revised general revenue budget is \$2.5 million less than the enacted level of \$177.4 million. In addition to current service adjustments, including additional turnover to reflect existing vacancies, the Governor recommends the following statewide adjustments: additional savings in medical benefit costs of \$1.7 million, and savings of \$784,135 from eight pay reduction days for non-union state employees and some unionized state employees with wage agreements. The Governor recommends the following adjustments to the enacted budget:

- **Correctional Officer Training:** the FY 2010 revised budget includes the elimination of a scheduled spring 2010 training class for correctional officers. The savings are in personnel and stipends of \$576,156, contract services of \$70,878, and in operating (uniforms, office supplies, military supplies) of \$68,857. The latest class has been completed, the graduates from which will be used to fill correctional officer positions as they become vacant.
- **Electronic Medical Records System:** the Governor recommends an additional \$44,954 as a follow-up to the establishment of a complete electronic medical record for each inmate in order to increase the efficiency and the efficacy of treatment in the face of an aging inmate population with chronic medical conditions. The Governor also recommends an additional \$22,980 to finance programming services to develop a third-party billing and disbursement process more efficiently in the processing of payments. Funds will also finance the implementation of a utilization review process for inpatient hospitalizations, to achieve savings in inpatient bed days.

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## Public Safety

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- **Personnel Costs:** the Governor recommends a net \$1.1 million reduction in payroll expenditures due to managed turnover to keep 31.0 positions vacant for the remainder of the year. The FTE cap in the revised budget is 1,423.0 FTE positions, the same as the enacted level. The \$2.5 million reduction due to the statewide adjustments is offset by increases in overtime expenditures due to unachieved module closures.
- **Inmate Population-Related Overtime Expenditures:** the Governor recommends an additional \$4.0 million to finance supervisory costs at several housing units that were not closed despite the success of the Earned Good Time initiative approved in the 2008 legislative session. This initiative was anticipated to reduce sentenced days for offenders maintaining good behavior and/or completing rehabilitation programs. Although inmate reductions are in part attributable to this initiative, it has been offset by increases in the awaiting trial population. The Governor's recommended budget includes dorm closures in Maximum Security, Medium Security-Price, and the Intake Service Center. The estimated inmate population in the FY 2010 revised budget is 3,659, a decrease of 108 from the enacted level of 3,767.
- **Inmate Population-Related Operating Expenditures:** as a result of the above referenced population reductions the Governor recommends \$15.2 million in funding for per diem operating expenses, including linens, inmate clothing, program supplies, janitorial supplies, food, pharmaceutical and medical supplies as well as medical services, a reduction of \$1.0 million from the enacted level, primarily in food, but also in medical supplies, drugs, and medical services.
- **Building Maintenance and Repairs:** due to financial constraints, the Governor recommends a reduction of \$354,466 for general building maintenance repairs from the enacted budget. This action will involve postponement of project work. The total budget for such projects is \$1.2 million.
- **RIBCO Wage Base adjustments:** the Governor recommends continued funding of \$7.4 million to finance estimated salary and benefit wage base adjustments for anticipated RIBCO contract awards in FY 2010. The payments assume a COLA adjustment of 2.5 percent in FY 2010, as well as prior increases of 3.0 percent in FY 2007 and FY 2008. The payments are based on assumed cost of living increases and include reductions due to the implementation of co-share provisions that are consistent with contracts settled with other state unions. No increase not based on either contractual agreements or a new arbitration award is included in the budget recommendation.

For the FY 2011 budget, the Governor recommends \$190.3 million in total expenditures for the Department of Corrections. This consists of \$181.7 million in general revenue, \$2.6 million in federal funds, and \$5.97 million in other funds. The FY 2011 recommended general revenue budget increases by \$4.3 million from the FY 2010 enacted level and by \$6.9 million from FY 2010 revised budget recommendation. The budget includes turnover adjustments, filling of critical vacancies (including correctional officers from the latest training classes), as well as statewide benefit adjustments for four pay reduction days and COLA deferral (\$2.5 million), and medical benefit savings of \$1.6 million. The Governor recommends the following:

- An increase of \$1.4 million in general revenue to fill critical vacancies in Institutional and Community Corrections for one-half year.
- **Inmate Population-Related Overtime Expenditures:** the Governor recommends an additional \$3.3 million to finance supervisory costs at several housing units

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## Public Safety

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- Inmate population is estimated at 3,643, a decrease of 124, or 3.3 percent from the enacted level. Per diem expenditures of \$15.0 million decrease by \$1.2 million from the enacted budget, including \$294,7882 for medical supplies and pharmaceuticals, \$788,776 for medical services, and \$152,995 in non-medical costs.
- Correctional Officer Training: the Governor recommends funding one class in FY 2011, starting in October 2010, with graduation in January 2011 of 60 correctional officers; \$462,886 in general revenue is included in the FY 2011 budget for this purpose.
- Weapons Requalification: the Governor recommends an additional \$475,969 in overtime, military supplies, mileage, and firing range facility rental costs to initiate the weapons requalification process for over 1,000 correctional officers. The process will start in the spring and continue into FY 2012.
- RIBCO Wage Base Adjustments: the Governor recommends continued inclusion of the above referenced \$7.4 million to finance estimated salary and benefit wage base adjustments for anticipated RIBCO contract awards in FY 2010.
- Building Maintenance and Repairs: the Governor recommends \$1.4 million for general building maintenance repairs from the enacted budget, a decrease of \$178,000 from the enacted budget but an increase from the FY 2010 revised budget of \$298,270.

Federal funds of \$2.6 million in FY 2011 will finance core personnel through the State Criminal Alien Assistance program (\$846,306), as well as adult inmate education, AIDS counseling and reentry services. In addition, the Department has been awarded a total of \$674,666 in FY 2010 and \$504,666 in FY 2011 in federal stimulus grants from the American Recovery and Reinvestment Act (ARRA). These grants are for programs in inmate education, inmate family reunification, inmate transition through access to employment, and the Adult Drug Court.

In order to provide necessary repairs and renovations to the Department's aging facilities, the Governor recommends \$7.9 million in FY 2010 revised and \$5.97 million in FY 2011 from the Rhode Island Capital Plan Fund. Project funding in FY 2010-FY 2011, includes a total of \$5.6 million for both years for various asset protection projects, \$427,267 million for roof and infrastructure improvements to the Bernadette Guay Building, and \$3.6 million in renovation costs to enable the transfer of women inmates from their current facilities to the now vacant Reintegration Center. This is in addition to the \$1.4 million provided in FY 2011 in general revenue for ongoing facility maintenance.

The Governor's recommended budget includes funding for internal service funds accounts that include the following: the Central Distribution Center, which is responsible for the centralized purchase of food staples and other supplies for distribution to other state agencies and Correctional Industries, which employs inmates to manufacture products and provide services to state and other agencies. The total funding (to be paid by state agencies users of the internal service funds' services) is \$14.3 million in FY 2010 and \$14.1 million in FY 2011 and includes funding for 30.0 FTE's

The FY 2010 and FY 2011 FTE level for the Department remains the same as the enacted level, 1,423.

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## Public Safety

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### *Judiciary*

The Governor's revised FY 2010 budget for the Judiciary is \$94.1 million, including \$80.2 million in general revenue, \$3.6 million in federal funds, \$9.5 million in restricted receipts, and \$829,466 in other funds. The recommendation is a decrease of \$3.7 million in general revenue appropriations from the FY 2010 enacted budget. Changes in statewide personnel salaries and benefits account for \$2.5 million of this general revenue savings, which includes a decrease of \$829,270 for health benefit rates and \$1.7 million for eight pay reduction days.

The other major component of general revenue savings relates to a savings of \$1.2 million, which the Governor proposes to convert to restricted receipts. The Judiciary had been working with a professional consultant to assist in the development of an acceptable cost allocation plan, as well as a certified indirect cost rate for the Child Support Enforcement Unit within the Family Court. The fiscal year 2005 plan and rate was approved by the Department of Justice on October 6, 2009. The Judiciary continues to work with the consultant to develop plans and rates for subsequent fiscal years. This is estimated to bring in a federal reimbursement of approximately \$7.2 million in general revenues for the current fiscal year, as well as produce a general revenue savings of \$1.2 million for FY 2010 revised and FY 2011.

For FY 2011, the Governor recommends \$97.5 million, including \$84.7 million in general revenue, \$2.4 million in federal funds, \$9.6 million for restricted receipts, and \$850,000 from other funds. This recommendation represents a general revenue increase of \$821,129 from the FY 2010 enacted budget. The Governor's FY 2011 recommendation remains relatively consistent with the revised FY 2010 proposal. It continues to include a reduction of \$1.2 million in general revenues for the Child Support Enforcement Unit and significant savings in turnover.

Personnel costs include a 3.0 percent cost of living adjustment for state employees and adjustments for assessed fringe, retiree health, retirement, and medical benefits. Included in the recommendation is a statewide reduction of \$1.7 million in general revenues for the six month deferral of the 3.0 percent COLA and four pay reduction days.

The Governor recommends 729.3 FTE positions in FY 2010 and FY 2011, the same as the FY 2010 enacted budget.

### *Military Staff*

The mission of the Military Staff and its two programs, the National Guard, and the Emergency Management Agency, is to prepare for mobilization and deployment of armed forces in conditions of war or other national emergency, and to maintain public safety as directed by the Governor in cases of man-made or natural disaster. The Governor's revised FY 2010 budget for the Military Staff is \$40.9 million, including \$3.3 million general revenues, \$34.0 million in federal funds, \$3.3 million in other funds, and \$346,909 in restricted receipts. The FY 2010 revised general revenue budget is \$17,190 less than the enacted budget. There are increases of \$12.1 million in federal funds and \$9,460 in restricted receipts. Funding from the Rhode Island Capital Plan Fund increases by \$1.8 million. The recommendation includes the following statewide adjustments: savings in medical benefits of \$17,190 from the enacted level, and savings of \$41,567 from eight pay reduction days for all state employees. In addition to salary and benefit adjustments to reflect current services, the Governor recommends the following:

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- \$56,550 in salary costs to be used to compensate military retirees who wish to provide ceremonial services for the Funeral Honors program to conduct honorable and professional funeral ceremonies (including firing squads and buglers) for all eligible veterans in accordance with both state and federal legislation. The general revenue budget will finance firing squads and buglers in cases where federal regulations do not permit federal funds to be used.
- Personnel costs for 112.0 FTE's to include an \$184,041 increase from the enacted budget to fund personnel at their current service level. The budget includes a transfer of an administrative position from Emergency Management to the National Guard, as well as the addition of an administrative manager position within the Emergency Management Agency.
- Additional federal grant funding of \$11.9 million for Emergency Management programs, including \$6.1 million in expanded state homeland security grants. The Governor recommends in FY 2010 total spending of \$13.2 million for homeland security-related activities; state and municipal first responder equipment; equipment for local emergency response teams; interoperable communications; the Urban Search and Rescue program; municipal planning, exercises, and training; state homeland security equipment, training, exercise and planning activities; law enforcement terrorism prevention; and Citizens Corps and volunteer training programs. Other related program increases are in Transit Security (\$708,316), and Buffer Zone Protection (\$396,988).
- \$1.1 million in general revenue funding for the operation of the Rhode Island Statewide Communications Network (RISCON), a radio communications system designed to provide interoperable communications among cities and towns and the state. Funds for hardware maintenance and positions to operate the system have been transferred from the Department of Public Safety-State Police to the Emergency Management Agency.
- RISCON personnel will work with federal Department of Homeland Security funding for interoperable communications. The FY 2010 revised Budget includes \$1.4 million in federal funds to purchase such equipment for local first responders, an increase of \$848,251 from the enacted level.
- Two National Guard capital projects, U.S. Property and Fiscal Office Roof and Field Maintenance Shop #3/Warwick Armory Windows are financed with a total of \$604,900 in federal stimulus money from the American Recovery and Reinvestment Act.

For the FY 2011 budget, the Governor recommends \$26.7 million for Military Staff programs, including \$3.4 million from general revenue, \$22.6 million from federal funds, \$352,733 from restricted receipts, and \$362,500 from the Rhode Island Capital Plan Fund. Compared to the enacted FY 2010 budget, general revenue expenditures increase by \$95,430, federal funds increase by \$698,881, funding from the Rhode Island Capital Plan Fund decreases by \$2.9 million, and restricted funds increase by \$15,284.

The FY 2011 recommended budget reflects adjustments required for salary and employee benefit costs. In addition to statewide target adjustments, the budget includes statewide adjustments for medical benefits, four pay reduction days, and a COLA deferral from July 1, 2010 to January 1, 2011, (a total reduction of \$63,823). In addition to various adjustments for payroll projections and operating reductions, the Governor recommends the following:

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- \$57,800 in general revenue for the Funeral Honors program, to be used to compensate military retirees who wish to provide ceremonial services.
- State Guardsmen activation costs of \$72,775 in general revenue for tasks related to the Governor's and general officers' inauguration ceremonies in January 2011.
- General revenue operating reductions in repairs, fuel oil/natural gas, and electricity reflecting both current service levels and the increased utilization of federal funds.
- Continued funding of various benefits provided to National Guard personnel, including the Education Benefit (enrollment of eligible guardsmen in courses at state colleges), and the Life Insurance Benefit (reimbursement for federal funded life insurance for guardsmen deployed overseas).
- Continued funding in the Emergency Management program for interoperable communications of \$1.1 million general revenue, and homeland security and related transit protection and buffer zone protection activities of \$8.9 million.

The Governor recommends 112.0 FTE positions in FY 2010 and FY 2011.

### *Department of Public Safety*

The Department of Public Safety was created by Public Law 07-73 and includes the following programs: Central Management, E-911 Emergency Telephone System, State Fire Marshal, Capital Police, Rhode Island State Police, and Municipal Police Training Academy. In FY 2011, the Governor's recommendation includes the transfer of the Sheriffs into the Department of Public Safety from the Department of Administration.

The Governor's FY 2010 budget for the Department of Public Safety is \$103.3 million, including \$54.8 million in general revenue, \$22.4 million in federal funds, \$877,056 in restricted receipts, and \$25.2 million in other funds. This recommendation is an increase of \$11.9 million from the FY 2010 enacted budget of \$91.4 million, and reflects an increase of \$78,463, or 0.1 percent, in general revenue expenditures, an increase of \$5.2 million, or 30.2 percent, in federal funds expenditures, an increase of \$268,056, or 44.0 percent, in restricted receipts, and an increase of \$6.3 million, or 33.7 percent, of other funds. Included within the enacted FY 2010 budget was a \$10.0 million reduction in general revenue that is replaced with American Recovery and Reinvestment Act Stimulus – State Stabilization funds.

The \$78,463 increase in general revenue appropriations includes an additional \$17,127 in American Recovery and Reinvestment Act Stimulus – State Stabilization funds, a decrease of \$856,605 achieved from the eight pay reduction days and a decrease of \$337,186 for the medical benefit holidays.

Additional general revenue changes include:

- A decrease of \$1.2 million for payroll expenditures due to the reduction of 2.0 FTE positions from the enacted budget and 12.0 FTE positions vacancies left vacant throughout FY 2010.

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- A decrease of \$112,252 in operating expenses for E-911 Emergency Telephone System due to the reduction in cost for maintenance and support of the programs' hardware and software and telephone system payments.
- A decrease of \$181,889 for vehicle maintenance in the State Police program.
- A decrease of \$200,000 for the utilization of forfeited property for operating expenses.
- A decrease of \$346,530 due to the transfer in funding for the Violent Fugitive Task Force personnel from general revenue to the statewide assessed fringe benefit fund. The Governor's FY 2010 recommendation includes assigning the positions in the task force to the new Worker's Compensation investigative unit.
- An increase of \$127,594 for pension costs for the sworn members of the State Police.
- An increase of \$3,494,487 for the retirement contribution for the State Police program due to a shortfall in the pension appropriated contribution.

The Governor's recommendation for federal funds totals \$22.4 million in FY 2010, which is an increase of \$5.2 million from the enacted FY 2010 budget of \$17.2 million. Major changes include: a reduction of \$270,052 for the Juvenile Accountability grants, and increases of \$362,883 for the Crime Victim Assistance grant, \$427,114 for the 2007 Intelligence/Information Sharing Initiative RI Fusio grant, \$192,682 for the Drug Enforcement Program grant, \$871,928 for the FY 2008 Homeland Security grants, \$202,000 for the FY 2009 Urban Area Security Initiative grants, \$195,250 for the Motor Carrier Safety grant, \$1.2 million for the FY 2009 State Homeland Security grants, and \$1.8 million from the American Recovery and Reinvestment Act. The total for American Recovery and Reinvestment Act stimulus funds includes: \$84,443 for the Violence Against Women grant, \$173,432 for the Crime Victims Assistance grant, \$994,154 for the Edward Bryne Memorial Justice grants, \$57,022 for the Curriculum & Assessment Coordinator grant, \$53,465 for the Basic Training Coordinator grant, \$204,924 for the Internet Crimes Against Children grant, and \$180,265 for the ARRA Port Security Grant program.

The Governor's recommendation for restricted receipts totals \$877,056 in FY 2010, which is an increase of \$268,056 from the enacted FY 2010 budget of \$609,000. This increase is primarily due to the increase of \$235,000 in the Forfeited Property - Retained Fund.

The Governor's recommendation for other funds totals \$25.2 million in FY 2010, which is an increase of \$6.3 million from the enacted FY 2010 budget of \$18.8 million. This increase is primarily due to the increase of \$6.0 million from the carry forward of Rhode Island Capital Plan Funds. The changes for the Rhode Island Capital Plan Fund includes increases of \$3.3 million for the State Police Training Facility, \$50,150 for the State Police Headquarters repairs and renovations, \$94,490 for the Barracks and Training Headquarters, \$2.3 million for the Statewide Microwave/IT upgrade project, and \$293,049 for the Sewer Project - Headquarters.

For FY 2010, the Governor recommends 430.1 FTE positions for the Department of Public Safety. This is a decrease of 2.0 FTE positions from the enacted level of 432.1 FTE positions.

The Governor's FY 2011 budget for the Department of Public Safety is \$105.3 million, including \$84.3 million in general revenue, \$8.9 million in federal funds, \$377,761 in restricted receipts, and \$11.7

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## Public Safety

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million in other funds. This recommendation is an increase of \$13.9 million from the FY 2010 enacted budget of \$91.4 million, and reflects an increase of \$29.5 million, or 54.0 percent, in general revenue expenditures, a decrease of \$8.3 million, or 48.2 percent, in federal funds expenditures, a decrease of \$231,239, or 38.0 percent, in restricted receipts, and a decrease of \$7.2 million, or 38.0 percent, of other funds.

The \$29.5 million increase in general revenue appropriations, reflects the restoration of \$10.0 million in general revenue due to the utilization of American Recovery and Reinvestment Act Stimulus – State Stabilization funds in FY 2010, an increase of \$16.5 million due to the transfer of Sheriffs from the Department of Administration, and the following statewide adjustments: a decrease of \$1.2 million achieved from the four pay reduction days and a decrease of \$441,140 for three medical benefit holidays.

Major general revenue changes as compared to the FY 2010 enacted budget include:

- A decrease of \$113,014 in operating expenses for E-911 Emergency Telephone System due to the reduction in cost for maintenance and support of the programs' hardware and software and telephone system payments.
- A decrease of \$150,000 in capital purchases for E-911 Emergency Telephone System due to the department not requiring additional funding for the NG 911 system in FY 2011.
- An increase of \$200,000 for overtime cost within the Capitol Police Program.
- A decrease of \$181,889 for vehicle maintenance in the State Police program.
- A decrease of \$725,957 due to the transfer in funding for the Violent Fugitive Task Force personnel from general revenue to the statewide assessed fringe benefit fund.
- A decrease of \$253,869 for the COPS/State Fleet Revolving Fund payments.
- A decrease of \$485,095 for clothing expenses and military supplies in the State Police Program.
- An increase of \$701,476 for retiree health costs in the State Police Program.
- An increase of \$252,319 for operating costs for the new State Police Headquarters.
- An increase of \$3,822,393 for the retirement contribution for the State Police program due to a shortfall in the FY 2010 appropriated pension contribution.

The Governor's recommendation for federal funds totals \$8.9 million in FY 2011, which is a decrease of \$8.3 million from the enacted FY 2010 budget of \$17.2 million. The \$8.3 million decrease includes the sunset of the American Recovery and Reinvestment Act Stimulus – State Stabilization funds of \$10.0 million. Other major changes include: reductions of \$483,125 for the Juvenile Accountability grants, \$300,000 for the Commercial Vehicle Information/System (CVISN) grant, \$306,118 for the 2007 Intelligence/Information Sharing Initiative RI Fusio grant, \$125,000 for the Drug Enforcement Program grant, \$575,809 for the FY 2008 Homeland Security grants, and increases of \$366,614 for the Crime Victim Assistance grant, \$351,500 for the FY 2009 State Homeland Security grants, \$350,895 for the FY 2009 Urban Area Security Initiative grants, \$278,305 for the Motor Carrier Safety grant, and \$2.5 million

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from the American Recovery and Reinvestment Act. The total for American Recovery and Reinvestment Act Stimulus funds includes: \$620,055 for the Violence against Women grant, \$206,350 for the Crime Victims Assistance grant, \$1.3 million for the Edward Bryne Memorial Justice grants, \$53,522 for the Curriculum & Assessment Coordinator grant, \$53,465 for the Basic Training Coordinator grant, and \$153,385 for the Internet Crimes against Children grant.

The Governor's recommendation for restricted receipts totals \$377,761 in FY 2011, which is a decrease of \$231,239 from the enacted FY 2010 budget of \$609,000. This decrease is primarily due to the reduction of \$88,500 in the Forfeited Property - Retained Fund, the reduction of \$70,500 in the Forfeited Property – Gambling Fund, and the reduction of \$72,239 in the Federal Forfeited fund.

The Governor's recommendation for other funds totals \$11.7 million in FY 2011, which is a decrease of \$7.2 million from the enacted FY 2010 budget of \$18.8 million. This decrease is primarily due to the decrease of \$7.4 million in Rhode Island Capital Plan Funds. The increases for Rhode Island Capital Plan Funds includes: \$750,000 for the Barracks & Training Headquarters project, \$50,000 for the State Police Headquarters repairs and renovations, \$212,140 for the Statewide Microwave/IT upgrade project and \$150,000 for the HQ Complex Expansion. The decreases for Rhode Island Capital Plan funds include: \$8.3 million due to anticipated completion of the State Police Training Facility, \$225,000 for the Parking Area improvements, and \$55,000 for the Public Safety Answering Point Building Renovations.

The Department of Public Safety also includes the Capital Police Rotary program. The program includes 8.0 FTE positions funded from the internal service fund. The Governor's recommendation for the Capitol Police Rotary totals \$636,548 in FY 2010 and \$665,713 in FY 2011.

For FY 2011, the Governor recommends 607.1 FTE positions for the Department of Public Safety. This is an increase of 177.0 FTE positions and includes a reduction of 3.0 FTEs in the Worker's Compensation unit and an additional 180.0 FTE positions transferred with the Sheriffs program.

### *Office of the Public Defender*

The Rhode Island Public Defender provides legal representation to indigent adults and juveniles in criminal, delinquency, termination of parental rights, and dependency and neglect cases. This representation includes a significant social service component whose focus is obtaining community mental health and substance abuse alternatives to incarceration. The Governor's revised FY 2010 budget for the Office of the Public Defender is \$9.6 million, including \$9.2 million in general revenue and \$381,323 in federal funds. The general revenue recommendation is \$378,764 less than the FY 2010 enacted level, while the federal funds recommendation is \$155,425 greater than the FY 2010 enacted level. The recommendation includes the following statewide adjustments: revised cost estimates for medical insurance for a reduction of \$89,736, and savings from eight pay reduction days for all state employees of \$237,500. The budget further reduces payroll by \$43,288 due to current service adjustments for vacancies and benefits. The budget includes current service adjustments for contract services and operating expenditures, increasing the former by \$20,048 primarily in IT related services, and decreasing the latter by \$23,089 in office related expenditures.

The Governor recommends total expenditures of \$10.0 million in FY 2011, including \$9.6 million in general revenue and \$430,140 in federal funds. The FY 2011 general revenue recommendation is \$27,165 more than the FY 2010 enacted budget, while federal funds increase by \$204,242. The budget reflects

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## Public Safety

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adjustments to current services required for salary and employee benefits requirements of the existing staff, offset by statewide adjustments for medical insurance of \$82,185, as well as savings for four pay reduction days and deferral of the 3.0 percent COLA from July 1, 2010 to January 1, 2011, a total savings of \$246,781.

In both FY 2010 and FY 2011, the Governor's recommended budget reflects an additional federal grant under the American Recovery and Reinvestment Act. The Governor recommends the inclusion of \$66,358 and \$96,566 in FY 2010 and FY 2011, respectively, to fund the Providence Adult Drug Court. The Governor also recommends inclusion of \$76,561 and \$69,845 in FY 2010 and FY 2011, respectively, in federal funds for a new Byrne Grant to reduce caseload by establishing a felony screening process in Providence and other counties.

The FY 2010 and FY 2011 recommendations are for 93.0 FTE positions, 2.0 FTE positions more than the FY 2010 enacted level, reflecting additional federal funding. The staff consists of attorneys supported by social workers, investigators, interpreters, information technology, intake and clerical support

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# **Natural Resources**



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# Natural Resources

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## *Summary*

The Natural Resources function includes the Department of Environmental Management, the State Water Resources Board and the Coastal Resources Management Council. The Governor recommends total full-time equivalent positions of 450.0 FTE in FY 2010 and 450.0 FTE in FY 2011 for the natural resource function. Up to 350 temporary positions may also be utilized for seasonal support at state parks and beaches. Certain debt service for general obligation bonds issued to finance capital projects of the Narragansett Bay Commission and the Rhode Island Clean Water Finance Agency are appropriated in the Department of Administration, though the agencies themselves are not part of the state budget.

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

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

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

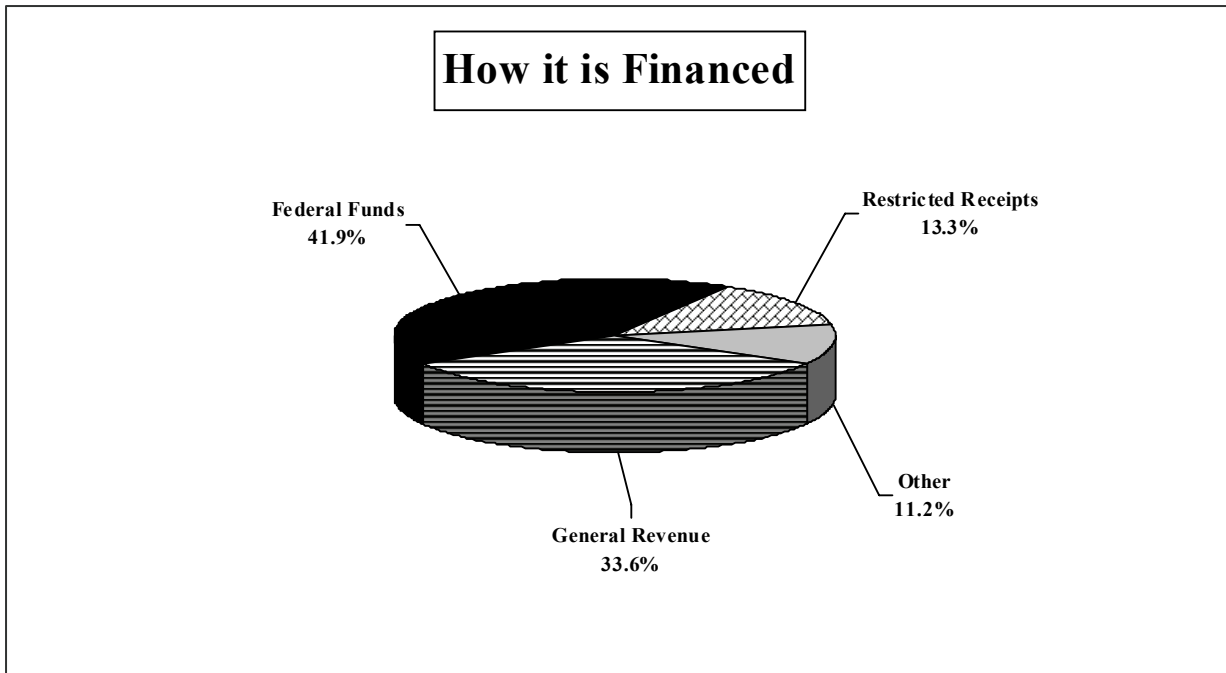
The Governor revised recommendation for FY 2010 from all funds for natural resource agencies is \$106.7 million, an increase of \$8.7 million from the enacted appropriations of \$98.0 million. Of this amount, \$35.9 million, or 33.6 percent, is from general revenue, \$44.7 million, or 41.9 percent, is from federal funds, \$14.2 million, 13.3 percent, is from restricted receipts, and \$12.0 million, or 11.2 percent, is from other funds. General revenues decrease by \$3.0 million, or 7.8 percent, federal funds increase by \$9.4

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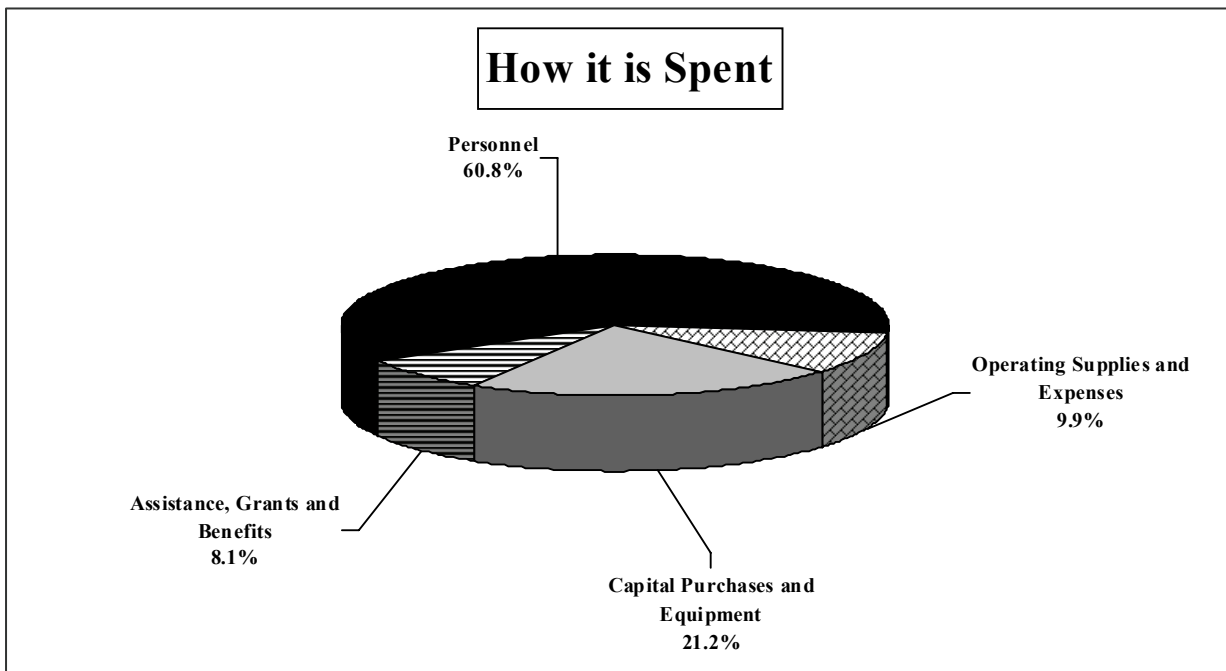
## Natural Resources

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million, or 26.7 percent, attributable to carryover, new awards and the American Recovery and Reinvestment Act, restricted receipts decrease by \$1.3 million, or 8.4 percent, and other funds increased by \$3.6 million, or 43.8 percent over the enacted level.

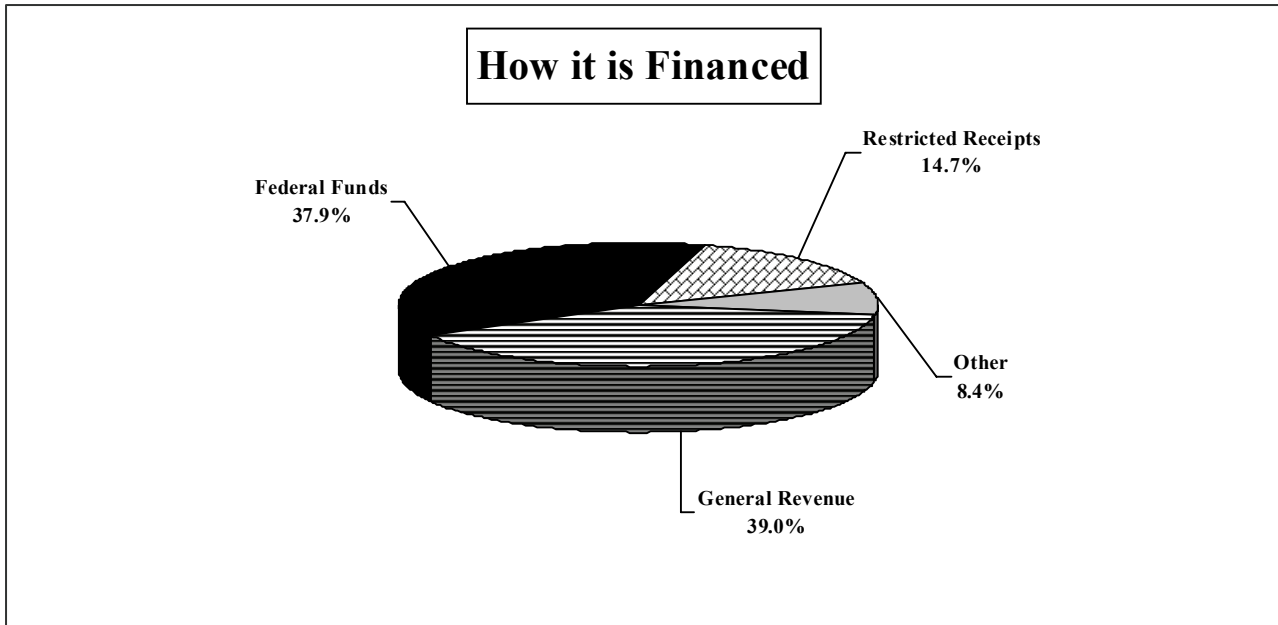


Of the \$106.7 million recommended for natural resources for FY 2010, personnel is budgeted at \$64.9 million; or 60.8 percent; operating at \$10.5 million, or 9.9 percent; capital improvements at \$22.7 million, or 21.2 percent; and assistance, grants, and benefits at \$8.6 million, or 8.1 percent.

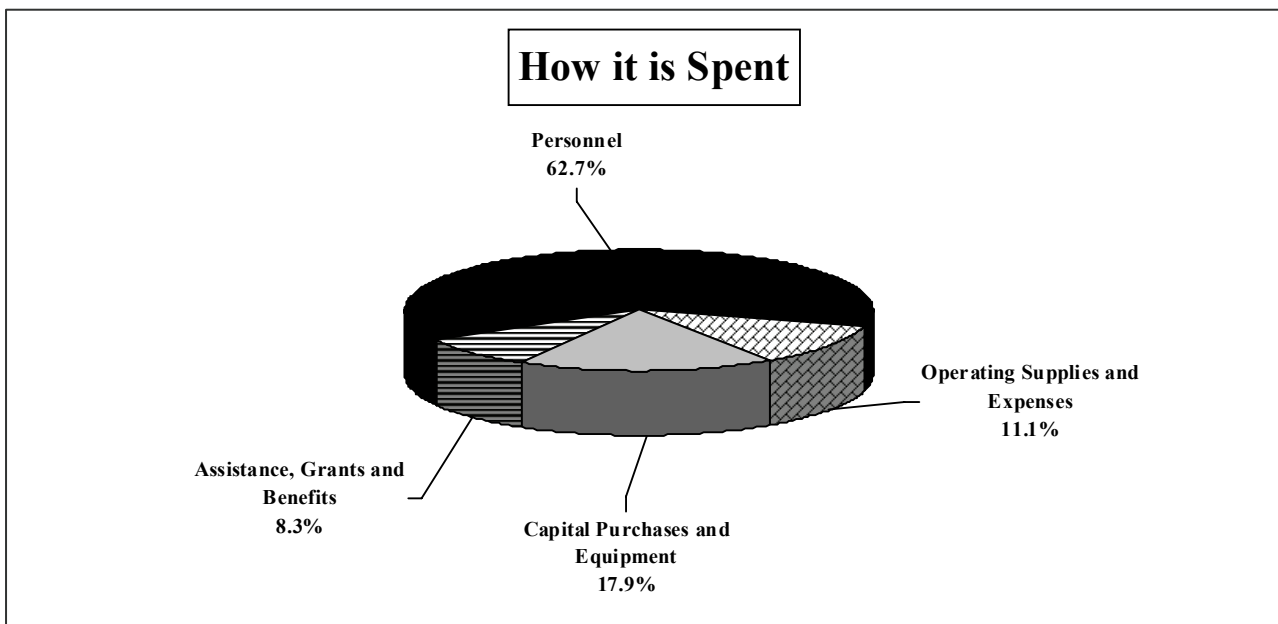


# Natural Resources

The Governor revised recommendation for FY 2011 from all funds for natural resource agencies is \$97.6 million, or a decrease of \$380,538 from the enacted appropriations of \$98.0 million. Of this amount, \$38.0 million, or 39.0 percent, is from general revenue, \$37.0 million, or 37.9 percent, is from federal funds, \$14.4 million, 14.7 percent, is from restricted receipts, and \$8.2 million, or 8.4 percent, is from other funds. General revenues decrease by \$856,243, or 2.2 percent, federal funds increase by \$1.7 million, or 4.7 percent, attributable to carryover, new awards and the American Recovery and Reinvestment Act, restricted receipts decrease by \$1.1 million, or 7.2 percent, and other funds decreased by \$86,173, or 1.0 percent over the enacted level.



Of the \$97.6 million recommended for natural resources for FY 2011, personnel is budgeted at \$61.2 million; or 62.7 percent; operating at \$10.8 million, or 11.1 percent; capital improvements at \$17.4 million, or 17.9 percent; and assistance, grants, and benefits at \$8.1 million, or 8.3 percent.



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# Natural Resources

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## *Environmental Management*

The Governor's revised FY 2010 budget for the Department of Environmental Management is \$95.0 million, including \$32.8 million in general revenue, \$38.5 million in federal funds, \$14.0 million in restricted receipts, and \$9.8 million in other funds. This represents a total increase of \$4.1 million from the enacted budget of \$91.0 million. Funding changes include a decrease of \$2.7 million or 7.5 percent, in general revenue expenditures, an increase of \$4.8 million, or 14.3 percent, in federal funds expenditures; a decrease of \$1.3 million, or 8.5 percent, in restricted receipts; and an increase of \$3.2 million, or 48.7 percent, in other funds.

The \$2.7 million decrease in general revenue appropriations, reflect the following statewide adjustments: a decrease of \$649,177 achieved from eight pay reduction days and a decrease of \$283,879 for three medical benefit holidays. Additional general revenue changes include:

- A decrease of \$803,928 for payroll expenditures due to the reduction of 3.0 FTE positions from the enacted budget and 5.0 FTE positions vacancies left vacant throughout FY 2010.
- A decrease of \$199,321 in the seasonal recreation program for payroll expenditures, contracted services, and operating expenses.
- An increase of \$43,901 for payments to beach host communities.
- A decrease of \$365,150 for contract professional services.
- A decrease of \$187,667 for COPS/State Fleet Revolving Fund payments.

The Governor's recommendation for federal funds totals \$38.5 million in FY 2010, which is an increase of \$4.8 million from the enacted FY 2010 budget of \$33.7 million. The decrease of \$135,000 from the enacted FY 2010 budget of \$791,315 in the Office of the Director is attributed to a reduction in financing for the One-Stop Reporting Program grant. In the Bureau of Natural Resources, the Governor recommends an increase of \$2.8 million from the enacted FY 2010 budget of \$18.2 million. Major changes include: increases of \$161,767 for the Estuarine Reserve Construction grant, \$138,322 for the Fresh Water Fisheries Restoration grant, \$280,326 for the Wildlife Development grant, \$350,000 for the Boating Infrastructure grant, \$670,000 for the Comprehensive Wildlife grant, and \$813,810 for the Bureau of Outdoor Recreation Projects grant. In the Bureau of Environmental Protection, the Governor recommends an increase of \$2.1 million from the enacted FY 2010 budget of \$14.7 million. Major changes include: a decrease of \$184,612 for the Ground Water 106 Program grant and increases of \$148,561 for the Air Pollution Control Program grant, \$155,000 for the MS-4 Data Compliance Management grant, \$311,197 for the RoseHill Superfund Site grant, and \$1.6 million from the American Recovery and Reinvestment Act. The total for the American Recovery and Reinvestment Act stimulus funds include: \$1.7 for the Diesel Emission Program grant, \$125,031 in the Water Quality Planning grant, \$1.0 million in EPA Brownsfields Program grants, \$750,000 for the Leaking Underground Storage Tanks grant.

The Governor's recommendation for restricted receipts totals \$14.0 million in FY 2010, a decrease of \$1.3 million from the enacted FY 2010 budget of \$15.2 million. This decrease is primarily due to the decrease of \$1.2 million in the Bureau of Environmental Protection. The Bureau's major changes include: decreases of \$1.6 million in the UST Reimbursement Fund and \$126,157 in the Environmental Response Fund II and an increase of \$424,670 in the Oil Spill Prevention, Administration, and Response Fund.

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## Natural Resources

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The Governor's recommendation for other funds totals \$9.8 million in FY 2010, which is an increase of \$3.2 million from the enacted FY 2010 budget of \$6.6 million. The major increases for the department include an additional \$1.2 million for DOT Recreational Projects, \$1.6 million for Retrofit Heavy-Duty Diesel Vehicles, and \$228,100 from the Rhode Island Capital Plan Fund. The increases from the Rhode Island Capital Plan Fund include \$838,044 for Recreational Facilities Improvements and \$228,386 for Newport Pier Upgrades. These increases are partially offset by a decrease of \$810,000 for Dam Repair.

For FY 2010, the Governor recommends 414.0 FTE positions for the Department of Environmental Management. This is a decrease of 3.0 FTE positions from the enacted level of 417.0 FTE positions.

The Governor's FY 2011 budget for the Department of Environmental Management is \$92.3 million, including \$34.7 million in general revenue, \$35.4 million in federal funds, \$14.1 million in restricted receipts, and \$8.1 million in other funds. This represents a total increase of \$1.3 million from the FY 2010 enacted budget of \$91.0 million and includes a decrease of \$819,113, or 2.3 percent, in general revenue expenditures; a increase of \$1.7 million, or 5.1 percent, in federal funds expenditures; a decrease of \$1.1 million, or 7.3 percent, in restricted receipts; and an increase of \$1.6 million, or 23.7 percent, of other funds.

The \$819,113 decrease in general revenue appropriations, reflects the following statewide adjustments: a decrease of \$674,731 achieved from the four pay reduction days/six month COLA delay and a decrease of \$280,899 for three medical benefit holidays.

Major general revenue changes as compared to the FY 2010 enacted budget include:

- An increase of \$25,998 for utilities and rent at the Promenade Street headquarters.
- A decrease of \$92,248 required for Permit Streamlining.
- A decrease of \$119,580 in the seasonal recreation program for payroll expenditures, contracted services, and operating expenses.
- A decrease of \$255,130 for contract professional services.
- A decrease of \$302,033 for COPS/State Fleet Revolving Fund payments.

The Governor's recommendation for federal funds totals \$35.4 million in FY 2011, and reflects an increase of \$1.7 million from the enacted FY 2010 budget of \$33.7 million. A decrease of \$225,015 in the Office of the Director is attributable to the decrease of \$175,015 for the One-Stop Reporting Program grant and the decrease of \$50,000 for the Blackstone Valley Watershed project grant. In the Bureau of Natural Resources, the Governor recommends an increase of \$3.2 million from the enacted FY 2010 budget of \$18.2 million. Major changes include: decreases of \$206,841 for the NOAA Enforcement grant and \$380,812 for the Marine Debris Removal and increases of \$210,247 for the Estuarine Reserve Construction grant, \$136,555 for the Fresh Water Fisheries Restoration grant, \$198,089 for the Fish and Wildlife Management Coordination, \$222,384 for the Marine Recreational Survey grant, \$580,000 for the Fish and Wildlife Construction Program grant, \$400,484 for the Wildlife Development grant, \$350,000 for the Boating Infrastructure grant, and \$778,911 for the Comprehensive Wildlife grant. In the Bureau of Environmental Protection, the Governor recommends a decrease of \$1.2 million from the enacted FY 2010 budget of \$14.7 million. Major changes include: increases of \$415,950 for the Diesel Emissions Program grant, \$175,000 for the MS-4 Data Compliance Management grant, \$152,663 for the Rose Hill Superfund Site grant, and decreases of \$187,194 for the UST Stag grant, \$409,108 for the Leaking

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## Natural Resources

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Underground Storage Tank grant, and \$1.4 million from the American Recovery and Reinvestment Act. The changes in stimulus funds include: decreases of \$1.3 million for the Diesel Emission Program grant and \$300,000 for the Leaking Underground Storage Tanks grant and an increase of \$140,769 for the Water Quality Planning grant.

The Governor's recommendation for restricted receipts totals \$14.1 million in FY 2011, which is a decrease of \$1.1 million from the enacted FY 2010 budget of \$15.2 million. This decrease is primarily due to the decrease of \$1.2 million in the Bureau of Environmental Protection. The Bureau's major changes include: decreases of \$1.6 million in the UST Reimbursement Fund and \$128,306 in the Environmental Response Fund II and an increase of \$478,992 in the Oil Spill Prevention, Administration, and Response Fund.

The Governor's recommendation for other funds totals \$8.1 million in FY 2011, which is an increase of \$1.6 million from the enacted FY 2010 budget of \$6.6 million. The major changes for the department include an increase of \$2.6 million for Retrofit Heavy-Duty Diesel Vehicles and a decrease of \$1.2 million from the Rhode Island Capital Plan Fund. The changes in the Rhode Island Capital Plan Fund include: increases of \$75,000 for the Fish and Wildlife Maintenance Facility and \$100,000 for Recreational Facilities Improvements and decreases of \$250,000 for Newport Pier Upgrades and \$1.2 million for Dam Repair, as compared to the FY 2010 enacted budget.

The Governor recommends 414.0 FTE positions for FY 2010, which is a decrease of 3.0 FTE positions from the enacted level of 417.0 FTE positions.

### *Coastal Resources Management Council*

The Coastal Resources Management Council's task is to preserve and protect the state's coastal resources through long-range planning, permitting, and enforcement actions in several fields, such as submerged lands management, rights-of-way designations, dredging coordination, coastal habitat preservation and restoration, harbor management, aquaculture development, and non-point pollution control. The Governor's revised FY 2010 budget for the Coastal Resources Management Council is \$10.0 million. This includes \$1.9 million of general revenue, \$6.2 million of federal funds, \$1.7 million in Rhode Island Capital Plan funds, and \$250,000 in restricted receipts. General revenue decreases by \$82,528, while federal funds increase by \$4.6 million, from the enacted level. General revenue personnel expenditures decrease due to the inclusion of statewide adjustments for both eight (8) pay reduction days (\$53,714) and medical benefits savings (\$20,980). In addition, the Governor recommends the transfer of \$36,416 in operating and contract services costs to available federal funds. Federal funds increase by \$295,183 due to the balance forward of unspent funds in the federal operating line item and increased expenditure in two other federal grants. In addition, the Governor recommends the inclusion of three newly awarded federal grants: Narragansett Bay Habitat Restoration Planning to study shorelines to determine how organic materials can be used to restore habitats (\$999,999); Aquaculture Research to foster the development of aquaculture (\$262,000); and \$3.0 million for the R.I. River Ecosystem project, funded by American Recovery and Reinvestment Act stimulus funds to construct four fish ladders and remove two dams. \$250,000 in restricted receipt expenditures is recommended for the Coastal and Estuary Habitat Restoration Program and Trust fund from the Oil Spill Prevention, Administration and Response Fund, to be spent on specific projects to rehabilitate coastal habitats. \$1.6 million of a total of \$5.3 million from the Rhode Island Capital Plan Fund has been paid for the state cost-share responsibilities for the Providence River Dredging project, as determined in a final closing and reconciliation process with the Army Corps of Engineers. The additional funding requirement arose due to federal formulas for calculating cost-share based on construction costs. Due to continuing dredging work, the final close-out

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## Natural Resources

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estimate for the project was delayed. The second payment of \$1.7 million is included in the FY 2010 revised budget.

In the FY 2011 budget, the Governor recommends \$3.9 million, including \$2.0 million of general revenue, \$1.6 million of federal funds, and \$250,000 in restricted receipts. In addition to statewide and agency specific target adjustments and the transfer of \$37,751 of contract and operating expenditures to available federal funds, the budget includes statewide adjustments for medical benefit savings (\$20,253), four pay reduction days, and a deferral of the July 1, 2010 COLA to January 1, 2011 (\$56,124).

The FTE position ceiling for the council is unchanged at 30.0 FTE positions for FY 2010 and FY 2011.

### *State Water Resources Board*

The State Water Resources Board's overall responsibility is for the management of the state's water resources, with a special emphasis on the drinking water supply, through financing of upgrades and land acquisition projects and through the coordination of efforts by regulatory agencies and water suppliers. The Governor's revised FY 2010 budget for the Water Resources Board is \$1.7 million, including \$1.1 million in general revenue and \$553,978 in other funds. The general revenue budget decreases by \$270,849 from the enacted budget. The Governor's recommended budget includes statewide adjustments for both eight pay reduction days (\$18,586) and medical benefit savings (\$7,379). General revenue personnel expenditures increase by \$27,350 from the FY 2010 enacted budget, reflecting full funding for the Agency's six positions. Contract services decrease by \$21,500 due to the transfer of water supplier audit and stream gauging costs to bond and federal funds. The Governor also recommends \$376,520 in full funding from the Rhode Island Capital Plan Fund for the completion of consulting services required to proceed with the development of the Big River Groundwater Supply Development project to ensure drinking water supply requirements in central Rhode Island, caused by residential, commercial and industrial expansion. This entails a transfer of \$130,000 in general revenues to Rhode Island Capital Plan Fund. The Governor also recommends reduced funding for the Water Allocation Plan to conduct studies of specific surface and subsurface water supply sources. This recommendation includes a reduction in the enacted budget of \$108,734. Operating expenditures decrease by \$12,000 in food, copier equipment and insurance. The Governor also recommends the expenditure of \$177,458, including \$74,458 in unspent FY 2009 funds, for ground and building repairs and improvements to the Big River Management area financed from the Rhode Island Capital Plan Fund.

In the FY 2011 budget, the Governor recommends \$1.4 million, \$1.3 million in general revenue and \$120,000 from the Rhode Island Capital Plan Fund, a reduction of \$50,719 from the enacted budget. In addition to statewide and agency specific target adjustments, including four days pay reduction as identified above, the budget includes statewide adjustments for medical benefit savings (\$6,660) and a COLA deferral from July 1, 2010 to January 1, 2011. The recommended budget includes \$249,734 to fund Water Allocation Plan studies. The budget also includes \$99,000 in education grants to Exeter/West Greenwich and a \$22,444 legislative grant to the Rhode Island Rivers Council.

The Governor recommends 6.0 FTE positions in both FY 2010 and FY 2011, unchanged from the FY 2009 enacted level.

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# Transportation



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# Transportation

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## *Summary*

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

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

For FY 2010, the Intermodal Surface Transportation Fund (ISTF) is supported by 32.5 of Rhode Island's 33.0-cent per gallon gasoline tax. Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (formerly the Department of Elderly Affairs). The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies. As of FY 2010, there is no longer any contribution to the general fund from the gasoline tax. The anticipated current and upcoming fiscal year revenue collection for the gasoline tax was established at each Revenue Estimating Conference; however, as there is no longer an impact on general revenues, the Conference is no longer determining the gasoline tax estimate. The Office of Revenue Analysis within the Department of Revenue has provided the estimates for FY 2010 and FY 2011. The Office of Revenue Analysis estimates gasoline tax collections on a cent per gallon revenue yield. This yield is the basis for the development of budgets for the various gasoline tax supported operations.

Since the inception of this funding mechanism for transportation activities, there have been numerous revisions to the allocation plan. Each change has been initiated in order to direct more revenues to transportation operations rather than to the general fund. There has been a change to the disbursement schedule in the enacted FY 2010 Budget, which increased the RIPTA allocation and the total gasoline tax by two cents, and an increase to the Department of Transportation of one cent, with an offsetting reduction and elimination of the allocation of gasoline tax directed to the general fund.

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

# Transportation

<u>Recipient</u>	<b>Current Law Gasoline Tax Allocation (in cents)</b>						
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>DOT</b>	<b>20.75</b>	<b>20.75</b>	<b>20.75</b>	<b>20.75</b>	<b>20.75</b>	<b>21.75<sup>3</sup></b>	<b>21.75</b>
<b>RIPTA</b>	<b>6.25</b>	<b>7.25<sup>1</sup></b>	<b>7.25</b>	<b>7.25</b>	<b>7.75<sup>2</sup></b>	<b>9.75<sup>4</sup></b>	<b>9.75</b>
<b>General Fund</b>	<b>2.00</b>	<b>1.0<sup>1</sup></b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0<sup>3</sup></b>	<b>0</b>
<b>DEA/DHS</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0<sup>5</sup></b>	<b>1.0</b>
<b>Underground Storage Tank</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.5<sup>2</sup></b>	<b>0.5</b>	<b>0.5</b>
<b>Total:</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>33.0</b>	<b>33.0</b>

<sup>1</sup> One additional cent is recommended for RIPTA with an offsetting reduction in the allocation of gasoline tax directed to the general fund starting in FY 2006 to finance a market survey of non-transit users and a management study of the agency

<sup>2</sup> Starting in FY 2009, 0.5 of the 1.0 cent Underground Storage Tank fee is recommended for allocation to RIPTA

<sup>3</sup> Starting in FY 2010, 1.0 of the remaining cent distributed to the General Fund is recommended to finance Department of Transportation operations

<sup>4</sup> Starting in FY 2010, 2.0 new cents of gasoline tax were added to the total for 33.0 cents now collected allocated to finance RIPTA

<sup>5</sup> Starting in 2010, 1.0 cent formerly directed to DEA will now be sent to DHS

The Department of Transportation provides services through four programs: Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance. Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA), under the authority of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Act, passed in August 2005, authorizes funds for highway construction, highway safety programs, mass transit operations, and other surface transportation projects for the five-year period 2005 - 2009. The Act combines the improvements scheduled for current programs with new initiatives for improving transportation safety and traffic flow efficiency, enhancing communities, and advancing economic growth. However, the Act has now expired, and only short-term extensions have been passed by Congress as they wrestle with shortfalls in the Federal Highway Trust Fund. The uncertainty of these conditions has impacted the Department of Transportation's budget, causing more conservative estimates to be employed.

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

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## Transportation

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In Rhode Island, the TIP is the product of extensive public outreach to all communities, public interest groups, and citizens throughout the state by the agencies involved in transportation planning and project implementation. Following extensive public solicitation for the current TIP, highway projects are selected by a twenty-seven member public body, known as the Transportation Advisory Committee (TAC), using criteria based on six major categories: mobility benefits; cost effectiveness; economic development; environmental impact; degree of support to local and state goals and plans; and safety/security/technology. Certain projects are reviewed by special public committees prior to selection for the TIP by the TAC. The transportation air quality subcommittee, assisted by DOT staff, conducts a solicitation and evaluation of Congestion Mitigation and Air Quality (CMAQ) proposals. A TAC subcommittee reviews new bicycle/pedestrian projects, and a DOT advisory committee solicits and evaluates application for funds earmarked in SAFETEA-LU for transportation enhancement activities.

As part of the American Recovery and Reinvestment Act of 2009, the Rhode Island Department of Transportation is expected to receive a total of \$137.1 million for highway infrastructure investment, which will be spent over the next few years for sixty-two separate projects throughout Rhode Island including highway, road and bridge repair, pavement resurfacing, as well as enhancement projects, such as lighting and drainage improvements. The Department is expected to receive a total of \$612,000 in fixed guideway infrastructure grants, which are expected to be spent over three years starting in FY 2010. An ARRA grant has been received which will provide training for \$350,000, scheduled to be expended over the next two years. In addition, applications for other stimulus grants have been submitted which would be utilized on various projects if they are awarded.

FY 2004 marked the beginning of a major effort on the part of Rhode Island government to address the rebuilding and modernization of the State's transportation systems. In November 2003, the State issued the first series in a bond program that authorizes \$709.6 million and currently programs \$668.1 million in construction funds for five major infrastructure projects to be completed over an 8 ½ year period. This undertaking will be primarily financed through two funding mechanisms. The majority of the costs (\$548.2 million) will be provided through Grant Anticipation Revenue Vehicle bonds (GARVEE). GARVEE represents a program approved by FHWA that allows states to borrow funds, which are backed and repaid by the annual allocation of Federal Highway Administration construction funds. A supplemental revenue bond issue known as the Motor Fuel Revenue Bonds program, which is secured by 2-cents of the department's gasoline tax allocation, will provide another \$119.9 million for this infrastructure initiative. The State has issued a second series of both the GARVEE and Motor Fuel Bonds program in 2006 and has completed the issuance of a third series in FY 2009. The projects being financed under this program are the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the construction of Quonset Rt. 403, and amounts for completion of the Freight Rail Improvement Program. The debt service on the GARVEE bonds in FY 2010 and FY 2011, to be paid through the FHWA allocation, is \$40.3 million and \$44.7 million, respectively and is reflected in the Department's operating budget as a federal fund source. The gasoline tax revenue supported debt service on the Motor Fuel Tax revenue bonds dedicated to the trust account is estimated to be \$8.4 million in FY 2010 and \$8.4 million in FY 2011.

The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs. As noted above, operating assistance of \$40.0 million in FY 2010 and \$39.9 million in FY 2011 to the Rhode Island Public Transit Authority will be financed from a 9.25 cent allocation of the gasoline tax, as well as an additional 0.5 of the 1.0 Underground Storage Tank fee. Another cent of the gasoline tax not included in the Department of Transportation budget supports the efforts of the Department of Human Services to streamline and enhance elderly and handicapped transportation services. Much of this allocation is transferred to RIPTA to underwrite pass programs for the elderly, and to finance compliance costs statewide associated with Americans with Disabilities Act requirements.

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## Transportation

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The revised FY 2010 budget for the Department of Transportation totals \$418.1 million, including \$317.0 million in federal funds, \$100.1 million in other funds, and \$1.0 million in restricted receipts. This represents a \$71.0 million decrease in all funds from the FY 2010 enacted budget. Federal funds decrease a total of \$64.3 million, while restricted receipts decrease \$500,000 from the enacted budget. Other funds for the Department decrease a total of \$6.1 million from the enacted budget. The other funds total includes gasoline tax expenditures for the Department, RIPTA, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Capital Plan Fund appropriations, land sale proceeds, nonland surplus property revenues, and other miscellaneous receipts.

The revised FY 2010 estimated revenue available within the ISTEPA fund is \$136.2 million, which represents the revised per penny gasoline tax yield estimate of \$4,185,000, as well as a carry forward from FY 2009 totaling \$192,261 and an additional \$2.1 million from 0.5 cent of the 1.0 cent Underground Storage Tank fee. Gasoline tax funds within the Department of Transportation total \$91.0 million, \$41.0 is recommended for the operations of the Department, \$39.9 is the operating transfer to finance RIPTA, and \$8.4 million is associated with the GARVEE/Motor Fuel Revenue Bonds program. Gasoline tax funds within the Department decrease \$4.2 million from the enacted budget. The decrease is primarily a result of the revision in the gasoline tax estimate. The original estimate used in the FY 2010 Enacted Budget was \$4.4 million. The estimate provided by the Office of Revenue Analysis has revised the per penny gasoline tax down to \$4,185,000, a loss of \$215,000 per penny. Other adjustments to the total gasoline tax appropriation for the Department include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs of \$40.3 million for DOT and \$824,797 for RIPTA in FY 2010. The debt service adjustment to the Department represents a decrease of \$1.0 million from the enacted budget. A total of \$1.5 million represents the financing of Human Resources, Information Technology, and Legal Services positions consolidated within the Department of Administration. The total transfer amount of these positions represents a decrease of \$266,750 from the FY 2010 enacted. Due to the decrease in gasoline tax revenue, an account to offset the Department's expenses was set up for FY 2010. The offset totals \$2.5 million, with the expectation that further savings will be identified in the near future. The Governor recommends a \$63 balance forecast for the end of FY 2010 to be carried forward into FY 2011.

A total recommendation of \$6.8 million in FY 2010 from the Rhode Island Capital Plan Fund finances the Pawtucket-Central Falls Train Station Study, RIPTA Elmwood Avenue Expansion Project, Salt Storage Facilities, and Maintenance Facility improvements. This is an increase of \$1.8 million from the enacted budget due to increases in projected spending on the East Providence Facility and RIPTA's Elmwood Expansion project, which is scheduled to be completed in FY 2010; with an offsetting decrease in expenditures on the Cherry Hill/Lincoln Facility, which has been delayed into later years.

Other funds changes also include a \$1.2 million decrease from the sale of land associated with the I-195 relocation project in order to reflect current project schedules. The Department estimates collecting \$100,000 in FY 2010 from administering a state highway logo sign program. This represents no change from the enacted budget. Unlike other states with such programs, the Department previously did not charge any fee for oversight to businesses utilizing the program. Revenue raised in FY 2010 is recommended to be used for operating expenses within the Division of Engineering, which do not qualify for federal reimbursement.

Federal funds decrease a total of \$64.3 million from the enacted budget. Part of the substantial decrease from the enacted budget is due to the Federal Highway Program projects. These expenditures are projected to decrease by \$30.6 million from the enacted level due to the high level of uncertainty about the availability of funds this fiscal year as the current federal highway program, SAFETEA-LU has expired. Only short-

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## Transportation

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term extensions have been enacted to date, as Congress wrestles with the shortfall in the Federal Highway Trust Fund. Therefore, the DOT has been conservative in their construction scheduling as the construction budget of the Department is driven by the availability of funding.

There is also a decrease attributable to the infrastructure investment stimulus funds from the American Recovery and Reinvestment Act of 2009. Expected expenditures have decrease \$31.9 million from the enacted level. These funds are not in jeopardy, as the time limit for expending the stimulus funds runs to FY 2015. The Department has made commitments for the majority of funds and is working to meet the commitment dates on the remaining funds to ensure that all resources will be received by the State.

This overall decrease in federal funds includes several offsetting increasing federal grants, such as a \$415,251 increase in National Highway Safety Administration grants to correct actual federal grants anticipated in FY 2010 and a decrease of \$289,600 in Federal Transit funds associated with the fixed guideway (commuter rail) project. National Highway Safety Administration grants total \$6.4 million while federal transit grants total \$11.4 million. GARVEE debt service is deducted from the total estimated obligation authority estimate for the federal highway fund, and totals \$44.5 million in the revised FY 2010 budget. The revised FY 2010 budget also includes a total of \$11.7 million related to personnel costs associated with the GARVEE program and general obligation bonds within the federal funds category.

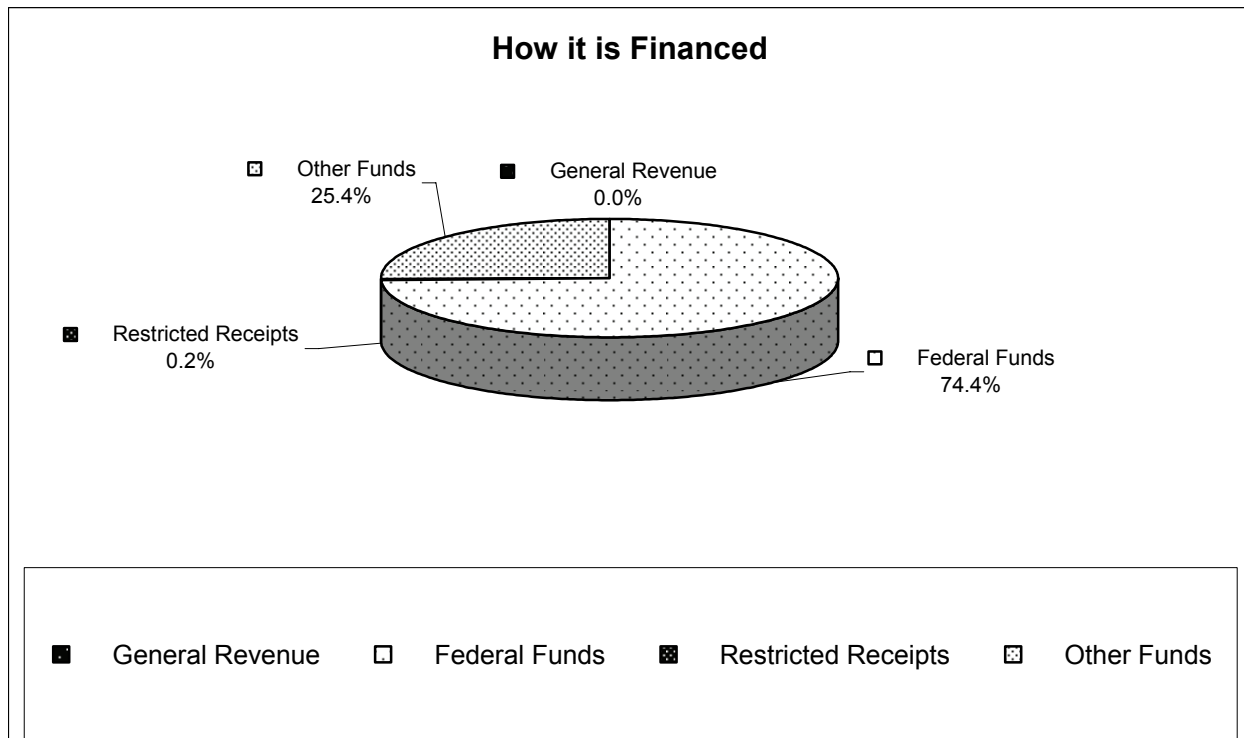
For the Department of Transportation, the Governor recommends 780.2 FTE positions for FY 2010. This is not changed from the enacted budget, and includes 89.0 FTE stimulus funded positions.

In FY 2011, recommended expenditures from all sources for transportation activities total \$424.8 million, a decrease of \$64.2 million from the FY 2010 enacted budget.

The following chart illustrates departmental expenditures by source of financing for FY 2011.

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

# Transportation



The other funds source represents 25.4 percent of the FY 2011 budget for the Department, or \$108.1 million. This represents an increase of \$1.9 million from the FY 2010 enacted budget. Other funds is comprised of total gasoline tax expenditures of \$85.4 million, of which \$37.0 million represents the Department of Transportation budget, \$38.9 million is budgeted for RIPTA's allocation of the gasoline tax, with an additional \$2.1 million for the 0.5 cents of the Underground Storage Fee allocated to RIPTA beginning in FY 2010, and \$8.4 million is budgeted for the Motor Fuel Bond allocation of the gasoline tax.

The total estimated receipts for the ISTEA fund in FY 2011 are \$136.8 million, which represents a gasoline tax yield estimate of \$4,210,000 per penny of the gasoline tax. The total gasoline tax budget within the Department of Transportation represents a reduction of \$11.8 million from the FY 2010 enacted budget. Included in the FY 2011 gasoline tax budget for the Department is a general obligation bond debt service payment of \$44.8 million, an increase of \$3.4 million from the FY 2010 enacted budget. The RIPTA portion of the debt service payment in the Department of Administration totals \$1.1 million, an increase of \$296,548 from the FY 2010 enacted budget. A total of \$1.3 million represents reductions to the Department's allocation of the gasoline tax in order to finance Human Resources, Legal Services and Information Technology positions consolidated within the Department of Administration. The transfer represents a decrease of \$423,523 from the FY 2010 enacted budget. Due to the increase in debt service for the Department, combined with the decrease in gasoline tax revenue, an offset to the expenses of DOT was again set up for FY 2011. The total amount of the offset is \$6.3 million for the budget year. The FY 2011 budget takes into account a \$63 carry forward surplus budgeted from FY 2010. The Governor recommends budgeting a carry forward in order to supplement the Department's FY 2011 budget to meet an increase in debt service costs, and a decrease in gasoline tax revenues.

The FY 2011 recommendation includes Rhode Island Capital Plan Fund expenditures totaling \$2.6 million, of which \$1.6 million is for the East Providence Facility project, \$70,000 for RIPTA Land and Buildings, \$190,400 for RIPTA Paratransit vehicles, \$650,000 for Maintenance Facilities, and \$125,000 is

# Transportation

recommended for outfitting of fire alarm systems for various maintenance facilities to comply with new fire code regulations.

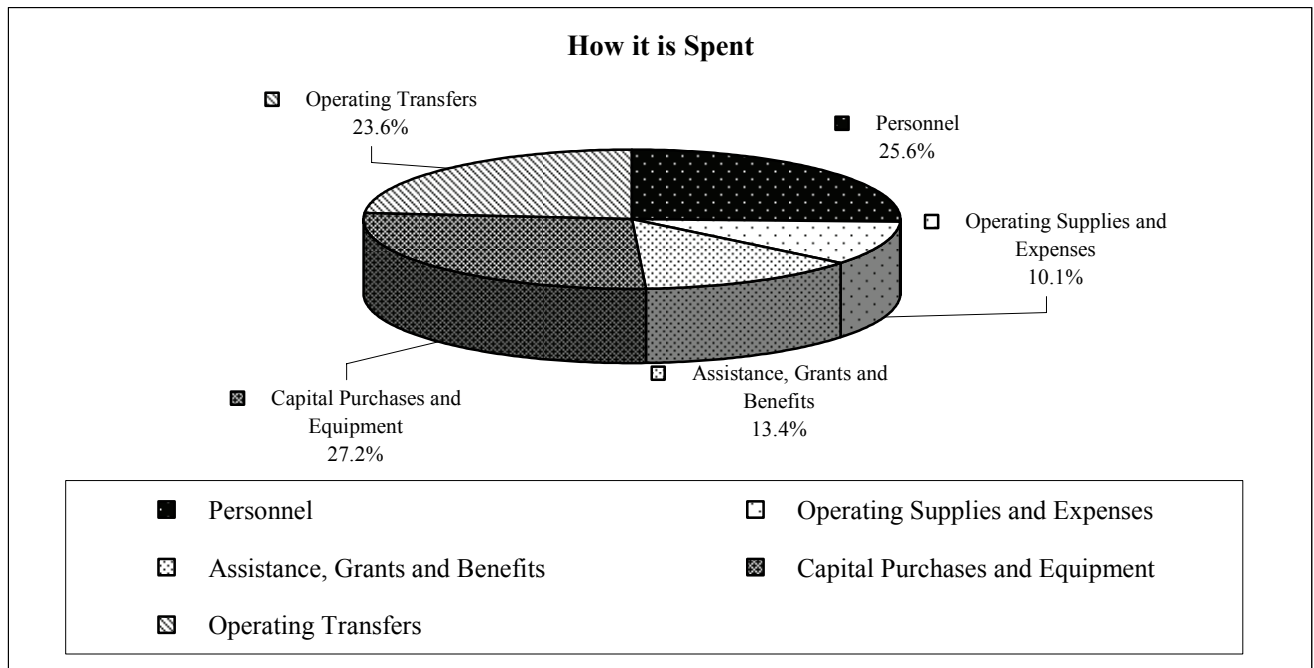
A total of \$18.2 million in other funds is from estimated land sale revenues. An additional \$16.2 million is estimated from land sales associated with the relocation of the I-195 project. The remaining other funds for the Department is comprised of \$1.4 million for the State Infrastructure Bank account, and \$430,000 for outdoor advertising, nonland surplus property collections and logo sign fee revenues for the budget year.

The total budget for federal grants for the department represents 74.4 percent of the budget, or \$315.7 million, of which \$189.3 million is federal highway funds, \$43.8 million represents federal highway infrastructure stimulus fund grants, \$260,000 is for fixed guideway stimulus funds, a total of \$48.4 million is GARVEE debt service payments from federal highway funds, \$7.3 million has been budgeted to account for personnel costs transferred to the GARVEE construction program, and \$5.0 million represents personnel costs allocated to general obligation bonds. Other federal grants for the Department are comprised of a total of \$2.6 million in Federal Transit funds and \$14.1 million in National Highway Safety funds. Federal transit funds increase by \$12.3 million in FY 2011. National Highway Safety funds decrease by \$3.1 million over the FY 2010 enacted budget to correct actual federal grants anticipated in FY 2011.

Restricted receipts represent 0.2 percent of the total budget or \$1.0 million. Restricted receipts decrease \$500,000 from the FY 2010 enacted budget.

For FY 2011 the Governor recommends 780.2 FTE positions for the Department of Transportation, which represents no change from the FY 2010 enacted budget, and includes 89 stimulus funded positions.

The following chart illustrates departmental expenditures on an all funds basis by category of expenditure for FY 2011.



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## Transportation

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The capital category of expenditure represents 27.2 percent of the total Department budget. Capital consists primarily of federal highway dollars located within the Engineering program for infrastructure construction costs, which have decreased due to the delayed expenditures of stimulus funds, as well as the uncertainty associated with the expiration of the SAFETEE-LU program, which has caused the Department to be conservative in its estimates. Available funding drives the projections for the Department of Transportation. Included in the Engineering program is \$18.2 million in estimated revenue from the sale and/or lease of properties. Included in this estimate is \$16.2 for the sale of land associated with the relocation of Route 195. This revenue, along with \$40.0 million in general obligation bond funds (not included in the operating budget), is utilized to meet matching requirements to federal highway funds provided under SAFETEA-LU.

A total of 25.6 percent represents personnel costs of the Department, which includes contract services. Initiated in FY 2008, the Department's federal indirect cost recovery plan allows a portion of personnel, as well as contract services and operating costs to be eligible for federal reimbursement. A total of \$16.8 million of personnel costs are located within the Maintenance program where the source of funding is the gasoline tax.

The category of operating transfers represents 23.6 percent of all funds total spending for DOT, which includes the pass-through gasoline tax revenue for RIPTA of \$39.9 million, and \$48.4 million which is paid for the GARVEE bonds through an operating transfer of Federal Highway funds.

The operating category represents 10.1 percent of all funds total spending for the Department with 43.9 percent of the category representing Maintenance activities, which include pavement repair, crack sealing, pothole repair, litter collection, vehicle fleet maintenance, street and sidewalk sweeping, signage, highway light maintenance, and bridge washing. Snow and ice removal operations also fall under the management of this program.

Assistance, grants, and benefits represent 13.4 percent of the FY 2011 budget and consist primarily of Federal Highway Administration and Federal Transit Administration grant funds.

# **Appendix A**

## **Schedules**



## FY 2011 General Revenue Budget Surplus

	FY2008 Actual(1)	FY2009 Preliminary(2)	FY2010 Enacted Budget(3)	FY2010 Revised(4)	FY2011 Recommended(5)
<b>Surplus</b>					
Opening Surplus	\$ -	\$ (42,950,480)	\$ 1,142,383	\$ (61,802,318)	\$ 79,471
Resrve for Audit Adjustments				\$ (600,000)	
Reappropriated Surplus	3,640,364	1,738,518		998,144	
Subtotal	<b>3,640,364</b>	<b>(41,211,962)</b>	<b>1,142,383</b>	<b>(61,404,174)</b>	<b>79,471</b>
<b>General Taxes</b>	2,516,400,542	2,336,417,942	2,378,626,289	2,378,626,289	2,246,700,000
Revenue estimators' revision	-	-	-	(139,826,289)	-
Changes to the Adopted Estimates	-	-	-	-	(19,595,062)
Subtotal	<b>2,516,400,542</b>	<b>2,336,417,942</b>	<b>2,378,626,289</b>	<b>2,238,800,000</b>	<b>2,227,104,938</b>
<b>Departmental Revenues</b>	356,546,075	319,361,734	335,532,188	335,532,188	221,000,000
Revenue estimators' revision	-	-	-	6,467,812	-
Changes to the Adopted Estimates	-	-	-	(8,770,522)	110,896,889
Subtotal	<b>356,546,075</b>	<b>319,361,734</b>	<b>335,532,188</b>	<b>333,229,478</b>	<b>331,896,889</b>
<b>Other Sources</b>					
Gas Tax Transfers	4,513,745	4,327,710	-	-	-
Revenue estimators' revision	-	-	-	-	-
Changes to the Adopted Estimates	-	-	-	-	-
Other Miscellaneous	181,810,134	17,739,819	9,000,000	9,000,000	4,500,000
Rev Estimators' revision-Miscellaneous	-	-	-	(500,000)	-
Changes to the Adopted Estimates	-	-	-	38,102,906	1,000,000
Lottery	354,321,087	337,529,754	348,700,000	348,700,000	356,900,000
Revenue Estimators' revision-Lottery	-	-	-	3,200,000	-
Changes to the Adopted Estimates	-	-	-	-	-
Unclaimed Property	15,387,030	8,044,126	5,000,000	5,000,000	5,300,000
Revenue Est revision-Unclaimed Property	-	-	-	200,000	-
Changes to the Adopted Estimates	-	-	-	641,250	-
Subtotal	<b>556,031,996</b>	<b>367,641,409</b>	<b>362,700,000</b>	<b>\$ 404,344,156</b>	<b>\$ 367,700,000</b>
<b>Total Revenues</b>	<b>\$ 3,428,978,613</b>	<b>\$ 3,023,421,085</b>	<b>\$ 3,076,858,477</b>	<b>\$ 2,976,373,634</b>	<b>\$ 2,926,701,827</b>
<b>Transfer to Budget Reserve</b>	<b>(68,579,573)</b>	<b>(66,054,353)</b>	<b>(73,872,021)</b>	<b>(69,949,712)</b>	<b>(76,096,314)</b>
<b>Total Available</b>	<b>\$ 3,360,399,040</b>	<b>\$ 2,957,366,732</b>	<b>\$ 3,002,986,456</b>	<b>\$ 2,906,423,922</b>	<b>\$ 2,850,605,513</b>
Actual/Enacted Expenditure:	<b>\$ 3,405,251,366</b>	<b>2,998,958,945</b>	<b>3,000,341,114</b>	<b>3,000,341,114</b>	<b>2,849,064,369</b>
Reappropriations				998,144	
Changes in Pass Through fund:				8,600,000	
Other Expenditure Change:	-	-	-	(164,998,981)	-
<b>Total Expenditures</b>	<b>\$ 3,405,251,366</b>	<b>\$ 2,998,958,945</b>	<b>\$ 3,000,341,114</b>	<b>\$ 2,844,940,277</b>	<b>\$ 2,849,064,369</b>
<b>Free Surplus</b>	<b>\$ (42,950,480)</b>	<b>\$ (61,802,318)</b>	<b>\$ 3,787,725</b>	<b>\$ 79,471</b>	<b>\$ 1,620,615</b>
<b>Transfer from the Budget Reserve Fund</b>		<b>\$ 22,000,000</b>			
<b>Reappropriations</b>	<b>(1,738,518)</b>	<b>(998,144)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Ending Balances</b>	<b>\$ (41,211,962)</b>	<b>\$ (82,804,174)</b>	<b>\$ 3,787,725</b>	<b>\$ 79,471</b>	<b>\$ 1,620,615</b>
<b>Budget Reserve and Cash Stabilization Account(6)</b>	<b>\$ 102,869,358</b>	<b>\$ 80,084,001</b>	<b>\$ 116,964,033</b>	<b>\$ 110,753,710</b>	<b>\$ 122,924,815</b>

<sup>(1)</sup>Reflects the audited annual consolidated financial report for FY 2008, reflecting a deficit of \$42,950,480. While the Governor requested an appropriation of \$42,950,480 from the Budget Reserve Fund by the General Assembly, no appropriation was made. The carryover deficit from 2008 was addressed in the FY 2009 supplemental through additional expenditure reductions and revenues, resulting in a balanced budget at the time the supplemental budget was enacted.

<sup>(2)</sup>Derived from the State Controller's preliminary closing report for FY 2009, reflecting a deficit of \$61,802,318, after transfer of \$22.0 million appropriated from the Budget Reserve Fund. The carryover deficit from 2009 is addressed in the FY 2010 supplemental.

<sup>(3)</sup>Reflects the FY 2010 budget enacted by the General Assembly in June 2009, reflecting the revenue estimates adopted at the May 2008 Revenue Estimating Conference, and further modified by legislative changes included in the enacted budget.

<sup>(4)</sup> Reflects the FY 2010 supplemental budget submitted by the Governor to the General Assembly on December 15, 2009, and modified by amendments thereto. The carryover deficit from 2009 is addressed in the FY 2010 supplemental through additional expenditure reductions and revenues, resulting in a balanced budget for FY2010 and a fully funded Budget Reserve Fund.

<sup>(5)</sup> Reflects the Governor's recommended FY2011 budget, including the results of the November 2009 Revenue and Caseload Estimating Conferences, and any proposed legislative changes to modify the adopted estimates.

<sup>(6)</sup> The Budget Reserve and Cash Stabilization funding is based upon a statutory formula which is contingent upon revenues and is capped at an increasing percentage of total resources.

## Expenditures from All Funds

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>General Government</b>						
Administration (1)	617,461,725	590,170,091	601,864,659	657,452,418	555,231,922	438,998,756
Business Regulation	11,812,170	9,890,282	11,332,045	10,722,415	10,505,780	11,061,944
Labor and Training	499,662,135	802,175,193	930,034,066	929,831,544	1,042,062,542	679,314,897
Revenue	254,603,213	224,429,886	239,805,187	237,466,215	240,798,638	238,006,505
Legislature	33,829,223	33,526,663	37,430,724	35,285,531	35,684,196	37,613,429
Lieutenant Governor	850,412	852,985	973,262	912,365	898,489	975,080
Secretary of State	6,819,947	7,031,773	6,495,579	6,124,073	6,141,031	7,164,027
General Treasurer	39,662,095	25,383,395	30,736,632	30,577,488	31,974,777	32,700,174
Board of Elections	1,926,493	2,042,871	1,850,141	1,710,252	1,382,177	3,919,591
Rhode Island Ethics Commission	1,343,029	1,349,725	1,437,730	1,347,336	1,416,832	1,485,693
Governor's Office	4,957,880	5,171,859	5,737,384	5,404,664	5,987,855	6,371,540
Commission for Human Rights	1,340,711	1,373,187	1,424,747	1,359,524	1,318,489	1,373,566
Public Utilities Commission	5,433,284	5,635,602	7,412,531	7,412,531	7,322,031	7,726,656
Rhode Island Commission on Women	105,953	112,319	109,462	102,822	69,270	-
<b>Subtotal - General Government</b>	<b>\$1,479,808,270</b>	<b>\$1,709,145,831</b>	<b>\$1,876,644,149</b>	<b>\$1,925,709,178</b>	<b>\$1,940,794,029</b>	<b>\$1,466,711,858</b>
<b>Human Services</b>						
Office of Health & Human Services	3,848,200	7,075,645	9,390,689	9,170,541	8,037,893	7,275,747
Children, Youth, and Families	226,983,230	249,961,027	247,749,655	243,460,201	242,035,994	236,894,644
Elderly Affairs	34,383,268	32,186,471	25,523,166	25,407,384	28,449,419	27,270,687
Health	126,552,009	122,192,186	132,310,791	130,474,221	143,907,813	112,565,829
Human Services	1,847,633,989	1,826,236,998	1,963,510,139	1,959,072,167	2,045,026,660	2,126,180,064
Mental Health, Retardation, & Hospitals	489,441,696	466,591,483	462,873,731	459,212,541	460,557,474	447,681,817
Governor's Commission on Disabilities	541,108	599,118	726,400	703,145	746,266	825,256
Commission On Deaf and Hard of Hearing	288,790	337,417	370,146	343,136	349,670	363,502
State Council on Developmental Disabilities	395,288	-	-	-	-	-
Office of the Child Advocate	485,449	512,005	588,148	553,544	558,159	590,863
Office of the Mental Health Advocate	419,127	441,060	448,423	419,706	391,609	441,956
<b>Subtotal - Human Services</b>	<b>\$2,730,972,154</b>	<b>\$2,706,133,410</b>	<b>\$2,843,491,288</b>	<b>\$2,828,816,586</b>	<b>\$2,930,060,957</b>	<b>\$2,960,090,365</b>
<b>Education</b>						
Elementary and Secondary	1,092,600,521	1,051,662,882	1,150,007,562	1,147,421,206	1,130,721,698	1,143,551,130
Higher Education - Board of Governors	789,906,567	840,759,237	886,769,732	877,536,814	897,109,495	932,884,178
RI Council on the Arts	2,934,389	2,602,169	3,274,826	3,232,532	3,670,150	1,942,131
RI Atomic Energy Commission	1,474,561	1,052,916	1,217,115	1,168,832	1,392,841	1,494,256
Higher Education Assistance Authority	25,921,954	27,244,765	28,631,338	28,587,530	25,556,789	25,840,120
Historical Preservation and Heritage Comm.	2,195,180	2,021,138	2,613,504	2,543,303	2,560,674	2,666,351
Public Telecommunications Authority	2,114,570	1,923,275	1,908,358	1,834,029	1,623,581	1,674,984
<b>Subtotal - Education</b>	<b>\$1,917,147,742</b>	<b>\$1,927,266,382</b>	<b>\$2,074,422,435</b>	<b>\$2,062,324,246</b>	<b>\$2,062,635,228</b>	<b>\$2,110,053,150</b>

## Expenditures from All Funds

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>Public Safety</b>						
Attorney General	22,873,248	23,273,474	23,507,213	22,163,632	23,874,309	23,783,650
Corrections	198,729,607	179,135,548	185,355,506	173,341,335	186,339,325	190,269,623
Judicial	94,506,571	93,784,589	95,984,801	91,480,927	94,133,976	97,533,099
Military Staff	23,773,234	28,850,441	27,041,133	26,825,826	40,900,392	26,731,138
Public Safety (2)	73,150,505	78,573,137	91,427,484	90,320,985	103,322,224	105,282,008
Office Of Public Defender	9,302,799	9,272,214	9,809,087	9,197,738	9,585,748	10,040,494
<b>Subtotal - Public Safety</b>	<b>\$422,335,964</b>	<b>\$412,889,403</b>	<b>\$433,125,224</b>	<b>\$413,330,443</b>	<b>\$458,155,974</b>	<b>\$453,640,012</b>
<b>Natural Resources</b>						
Environmental Management	70,373,524	66,566,213	90,973,245	88,711,349	95,023,648	92,302,638
Coastal Resources Management Council	5,474,935	3,607,015	5,541,521	5,409,414	10,045,740	3,867,225
Water Resources Board	1,635,666	1,133,329	1,473,785	1,370,431	1,653,914	1,438,150
<b>Subtotal - Natural Resources</b>	<b>\$77,484,125</b>	<b>\$71,306,557</b>	<b>\$97,988,551</b>	<b>\$95,491,194</b>	<b>\$106,723,302</b>	<b>\$97,608,013</b>
<b>Transportation</b>						
Transportation	305,436,562	362,791,116	489,066,491	489,066,491	418,100,369	424,818,766
<b>Subtotal - Transportation</b>	<b>\$305,436,562</b>	<b>\$362,791,116</b>	<b>\$489,066,491</b>	<b>\$489,066,491</b>	<b>\$418,100,369</b>	<b>\$424,818,766</b>
<b>Total</b>	<b>\$6,933,184,817</b>	<b>\$7,189,532,699</b>	<b>\$7,814,738,138</b>	<b>\$7,814,738,138</b>	<b>\$7,916,469,859</b>	<b>\$7,512,922,164</b>

(1) In FY 2009 Fire Code Board was moved to Department of Admistration.

(2) In FY 2009 agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

## Expenditures from General Revenues

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>General Government</b>						
Administration (1)	520,058,764	475,081,215	429,600,820	485,188,579	365,653,488	275,494,281
Business Regulation	10,333,679	8,527,973	9,577,234	8,967,604	8,771,882	8,756,919
Labor and Training	6,377,174	6,433,975	6,667,994	6,465,472	6,531,803	6,689,542
Revenue	35,086,502	32,332,034	36,191,064	33,852,092	33,882,287	35,671,581
Legislature	32,377,685	32,018,330	35,874,012	33,728,819	34,181,165	36,038,421
Lieutenant Governor	850,412	852,985	973,262	912,365	898,489	975,080
Secretary of State	5,488,114	6,318,527	5,521,241	5,149,735	5,235,706	6,669,460
General Treasurer	2,668,892	2,353,044	2,500,299	2,341,155	2,299,683	2,392,455
Board of Elections	1,315,331	1,547,547	1,600,141	1,460,252	1,161,596	3,919,591
Rhode Island Ethics Commission	1,343,029	1,349,725	1,437,730	1,347,336	1,416,832	1,485,693
Governor's Office	4,957,880	4,627,388	5,106,754	4,774,034	4,730,441	4,872,994
Commission for Human Rights	951,872	918,462	1,016,242	951,019	961,874	1,016,877
Public Utilities Commission	475,034	-	-	-	-	-
Rhode Island Commission on Women	105,953	112,319	109,462	102,822	69,270	-
<b>Subtotal - General Government</b>	<b>\$622,390,321</b>	<b>\$572,473,524</b>	<b>\$536,176,255</b>	<b>\$585,241,284</b>	<b>\$465,794,516</b>	<b>\$383,982,894</b>
<b>Human Services</b>						
Office of Health & Human Services	363,333	3,434,394	3,621,896	3,401,748	3,323,828	3,528,201
Children, Youth, and Families	151,491,614	161,307,641	158,822,427	154,532,973	154,127,876	155,086,402
Elderly Affairs	16,969,063	14,056,863	9,920,687	9,804,905	9,940,985	10,806,690
Health	29,985,420	26,238,737	29,554,572	27,718,002	28,502,412	28,572,462
Human Services	815,777,935	658,673,264	662,081,602	657,643,630	665,362,509	673,746,309
Mental Health, Retardation, & Hospitals	241,952,595	184,060,033	166,015,780	162,354,590	168,095,607	165,097,248
Governor's Commission on Disabilities	350,480	383,041	366,450	343,195	344,227	368,032
Commission On Deaf and Hard of Hearing	289,412	341,317	370,146	343,136	349,670	363,502
State Council on Developmental Disabilities	-	-	-	-	-	-
Office of the Child Advocate	445,443	501,518	547,048	512,444	512,265	545,058
Office of the Mental Health Advocate	419,127	441,060	448,423	419,706	391,609	441,956
<b>Subtotal - Human Services</b>	<b>\$1,258,044,422</b>	<b>\$1,049,437,868</b>	<b>\$1,031,749,031</b>	<b>\$1,017,074,329</b>	<b>\$1,030,950,988</b>	<b>\$1,038,555,860</b>
<b>Education</b>						
Elementary and Secondary	908,826,348	825,851,737	857,726,770	855,140,414	794,693,009	828,248,498
Higher Education - Board of Governors	189,982,773	170,814,823	173,306,844	164,073,926	162,966,485	163,878,632
RI Council on the Arts	2,111,963	1,591,482	1,983,986	1,941,692	1,939,874	991,141
RI Atomic Energy Commission	834,101	784,077	775,346	727,063	788,999	877,687
Higher Education Assistance Authority	10,219,792	7,283,678	7,305,741	7,261,933	7,238,150	7,274,358
Historical Preservation and Heritage Comm.	1,494,562	1,241,495	1,285,100	1,214,899	1,262,238	1,351,097
Public Telecommunications Authority	1,316,196	1,206,333	1,142,702	1,068,373	1,009,552	1,038,234
<b>Subtotal - Education</b>	<b>\$1,114,785,735</b>	<b>\$1,008,773,625</b>	<b>\$1,043,526,489</b>	<b>\$1,031,428,300</b>	<b>\$969,898,307</b>	<b>\$1,003,659,647</b>

## Expenditures from General Revenues

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>Public Safety</b>						
Attorney General	20,550,412	20,811,424	21,099,743	19,756,162	20,070,966	21,132,161
Corrections	193,138,298	154,269,696	177,390,562	165,376,391	174,850,922	181,711,505
Judicial	82,799,851	81,658,618	83,907,229	79,403,355	80,226,082	84,728,358
Military Staff	2,320,832	3,489,126	3,279,979	3,064,672	3,262,789	3,375,409
Public Safety (2)	62,946,519	63,138,445	54,745,909	53,639,410	54,824,372	84,281,696
Office Of Public Defender	9,030,938	8,986,912	9,583,189	8,971,840	9,204,425	9,610,354
<b>Subtotal - Public Safety</b>	<b>\$370,786,850</b>	<b>\$332,354,221</b>	<b>\$350,006,611</b>	<b>\$330,211,830</b>	<b>\$342,439,556</b>	<b>\$384,839,483</b>
<b>Natural Resources</b>						
Environmental Management	36,032,812	32,853,893	35,484,369	33,222,473	32,811,928	34,665,256
Coastal Resources Management Council	1,985,139	2,002,176	2,027,574	1,895,467	1,945,046	2,043,079
Water Resources Board	1,226,089	999,005	1,370,785	1,267,431	1,099,936	1,318,150
<b>Subtotal - Natural Resources</b>	<b>\$39,244,040</b>	<b>\$35,855,074</b>	<b>\$38,882,728</b>	<b>\$36,385,371</b>	<b>\$35,856,910</b>	<b>\$38,026,485</b>
<b>Transportation</b>						
Transportation	-	-	-	-	-	-
<b>Subtotal - Transportation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$3,405,251,368</b>	<b>\$2,998,894,312</b>	<b>\$3,000,341,114</b>	<b>\$3,000,341,114</b>	<b>\$2,844,940,277</b>	<b>\$2,849,064,369</b>

(1) In FY 2009 Fire Code Board was moved to Department of Administration.

(2) In FY 2009 agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

## Expenditures from Federal Funds

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>General Government</b>						
Administration (1)	39,828,801	48,933,450	80,173,897	80,173,897	86,129,991	76,215,134
Business Regulation	114,130	87,315	-	-	-	-
Labor and Training	28,883,497	62,635,505	214,366,612	214,366,612	326,479,058	76,870,788
Revenue	1,470,903	1,551,477	2,604,929	2,604,929	2,402,882	2,273,362
Legislature	-	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-	-
Secretary of State	911,443	285,130	500,000	500,000	408,400	-
General Treasurer	799,601	783,113	1,293,540	1,293,540	1,276,605	1,111,550
Board of Elections	611,162	495,324	250,000	250,000	220,581	-
Rhode Island Ethics Commission	-	-	-	-	-	-
Governor's Office	-	544,471	630,630	630,630	-	-
Commission for Human Rights	388,839	454,725	408,505	408,505	356,615	356,689
Public Utilities Commission	70,662	67,758	103,600	103,600	203,864	296,330
Rhode Island Commission on Women	-	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$73,079,038</b>	<b>\$115,838,268</b>	<b>\$300,331,713</b>	<b>\$300,331,713</b>	<b>\$417,477,996</b>	<b>\$157,123,853</b>
<b>Human Services</b>						
Office of Health & Human Services	3,168,914	2,989,143	4,484,003	4,484,003	3,853,419	2,873,533
Children, Youth, and Families	72,217,463	85,846,952	85,504,945	85,504,945	85,263,506	77,912,449
Elderly Affairs	11,980,485	12,831,308	15,210,364	15,210,364	18,149,650	16,333,157
Health	80,827,914	75,887,694	77,831,370	77,831,370	89,610,560	58,814,531
Human Services	1,024,128,776	1,161,607,333	1,288,587,124	1,288,587,124	1,366,734,550	1,439,002,554
Mental Health, Retardation, & Hospitals	241,728,740	273,867,200	280,058,238	280,058,238	278,567,342	262,420,126
Governor's Commission on Disabilities	77,450	56,245	174,949	174,949	198,329	193,598
Commission On Deaf and Hard of Hearing	(622)	(3,900)	-	-	-	-
State Council on Developmental Disabilities	395,288	-	-	-	-	-
Office of the Child Advocate	40,006	10,487	41,100	41,100	45,894	45,805
Office of the Mental Health Advocate	-	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$1,434,564,414</b>	<b>\$1,613,092,462</b>	<b>\$1,751,892,093</b>	<b>\$1,751,892,093</b>	<b>\$1,842,423,250</b>	<b>\$1,857,595,753</b>
<b>Education</b>						
Elementary and Secondary	175,708,363	210,014,722	278,346,091	278,346,091	313,814,070	282,960,896
Higher Education - Board of Governors	4,924,539	3,735,334	20,338,416	20,338,416	19,641,010	14,754,667
RI Council on the Arts	612,251	698,153	855,840	855,840	1,195,276	950,990
RI Atomic Energy Commission	352,771	51,548	107,000	107,000	300,159	300,159
Higher Education Assistance Authority	8,610,378	13,123,386	14,575,320	14,575,320	11,855,920	12,044,337
Historical Preservation and Heritage Comm.	509,240	509,473	819,367	819,367	819,367	835,804
Public Telecommunications Authority	-	-	-	-	-	-
<b>Subtotal - Education</b>	<b>\$190,717,542</b>	<b>\$228,132,616</b>	<b>\$315,042,034</b>	<b>\$315,042,034</b>	<b>\$347,625,802</b>	<b>311,846,853</b>

## Expenditures from Federal Funds

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>Public Safety</b>						
Attorney General	1,298,123	1,397,373	1,274,540	1,274,540	1,946,361	1,248,830
Corrections	2,688,836	22,288,285	2,196,668	2,196,668	3,460,879	2,587,994
Judicial	1,872,594	1,625,278	1,445,452	1,445,452	3,568,213	2,361,961
Military Staff	19,515,282	24,421,511	21,941,615	21,941,615	34,013,174	22,640,496
Public Safety (2)	5,957,636	7,925,798	17,227,246	17,227,246	22,425,845	8,932,131
Office Of Public Defender	271,861	285,302	225,898	225,898	381,323	430,140
<b>Subtotal - Public Safety</b>	<b>\$31,604,332</b>	<b>\$57,943,547</b>	<b>\$44,311,419</b>	<b>\$44,311,419</b>	<b>\$65,795,795</b>	<b>\$38,201,552</b>
<b>Natural Resources</b>						
Environmental Management	18,024,013	19,660,114	33,680,872	33,680,872	38,503,320	35,386,175
Coastal Resources Management Council	1,779,206	1,384,339	1,608,438	1,608,438	6,195,185	1,574,146
Water Resources Board	-	(1,034)	-	-	-	-
<b>Subtotal - Natural Resources</b>	<b>19,803,219</b>	<b>21,043,419</b>	<b>35,289,310</b>	<b>35,289,310</b>	<b>44,698,505</b>	<b>36,960,321</b>
<b>Transportation</b>						
Transportation	189,355,117	222,082,466	381,348,383	381,348,383	317,024,679	315,733,127
<b>Subtotal - Transportation</b>	<b>\$189,355,117</b>	<b>\$222,082,466</b>	<b>\$381,348,383</b>	<b>\$381,348,383</b>	<b>\$317,024,679</b>	<b>\$315,733,127</b>
<b>Total</b>	<b>\$1,939,123,662</b>	<b>\$2,258,132,778</b>	<b>\$2,828,214,952</b>	<b>\$2,828,214,952</b>	<b>\$3,035,046,027</b>	<b>\$2,717,461,459</b>

(1) In FY 2009 Fire Code Board was moved to Department of Administration.

(2) In FY 2009 agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

## Expenditures from Restricted Receipts

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>General Government</b>						
Administration (1)	9,973,069	9,476,353	18,938,514	18,938,514	25,652,492	16,802,039
Business Regulation	1,364,361	1,274,994	1,754,811	1,754,811	1,733,898	2,305,025
Labor and Training	20,098,434	18,912,729	25,314,950	25,314,950	22,018,670	17,529,145
Revenue	789,994	706,530	845,292	845,292	739,952	824,191
Legislature	1,451,538	1,508,333	1,556,712	1,556,712	1,503,031	1,575,008
Lieutenant Governor	-	-	-	-	-	-
Secretary of State	420,390	428,116	474,338	474,338	496,925	494,567
General Treasurer	35,987,392	22,088,138	26,740,503	26,740,503	28,184,315	28,973,185
Board of Elections	-	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-	-
Governor's Office	-	-	-	-	1,257,414	1,498,546
Commission for Human Rights	-	-	-	-	-	-
Public Utilities Commission	4,887,588	5,567,844	7,308,931	7,308,931	7,118,167	7,430,326
Rhode Island Commission on Women	-	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$74,972,766</b>	<b>\$59,963,037</b>	<b>\$82,934,051</b>	<b>\$82,934,051</b>	<b>\$88,704,864</b>	<b>\$77,432,032</b>
<b>Human Services</b>						
Office of Health & Human Services	315,953	652,108	1,284,790	1,284,790	860,646	874,013
Children, Youth, and Families	2,731,750	2,232,511	2,203,059	2,203,059	2,005,793	2,005,793
Elderly Affairs	956,578	850,000	392,115	392,115	358,784	130,840
Health	15,692,703	19,955,652	24,693,437	24,693,437	25,688,580	25,082,953
Human Services	7,027,278	5,923,901	8,316,413	8,316,413	8,519,601	9,146,201
Mental Health, Retardation, & Hospitals	2,587,327	4,695,837	5,203,044	5,203,044	4,504,330	10,055,752
Governor's Commission on Disabilities	13,178	8,432	10,001	10,001	13,559	13,626
Commission On Deaf and Hard of Hearing	-	-	-	-	-	-
State Council on Developmental Disabilities	-	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$29,324,767</b>	<b>\$34,318,441</b>	<b>\$42,102,859</b>	<b>\$42,102,859</b>	<b>\$41,951,293</b>	<b>\$47,309,178</b>
<b>Education</b>						
Elementary and Secondary	6,507,062	6,511,894	7,501,077	7,501,077	17,030,683	23,930,750
Higher Education - Board of Governors	715,937	651,932	667,543	667,543	754,577	690,000
RI Council on the Arts	-	83,440	-	-	100,000	-
RI Atomic Energy Commission	-	-	-	-	-	-
Higher Education Assistance Authority	-	-	-	-	-	-
Historical Preservation and Heritage Comm.	191,378	270,170	509,037	509,037	479,069	479,450
Public Telecommunications Authority	-	-	-	-	-	-
<b>Subtotal - Education</b>	<b>\$7,414,377</b>	<b>\$7,517,436</b>	<b>\$8,677,657</b>	<b>\$8,677,657</b>	<b>\$18,364,329</b>	<b>\$25,100,200</b>

## Expenditures from Restricted Receipts

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>Public Safety</b>						
Attorney General	867,559	843,798	932,930	932,930	1,130,135	1,202,659
Corrections	(61)	-	-	-	94,000	-
Judicial	8,395,390	8,796,528	9,807,120	9,807,120	9,510,215	9,592,780
Military Staff	158,275	99,797	337,449	337,449	346,909	352,733
Public Safety (2)	1,103,585	243,803	609,000	609,000	877,056	377,761
Office Of Public Defender	-	-	-	-	-	-
<b>Subtotal - Public Safety</b>	<b>\$10,524,748</b>	<b>\$9,983,926</b>	<b>\$11,686,499</b>	<b>\$11,686,499</b>	<b>\$11,958,315</b>	<b>\$11,525,933</b>
<b>Natural Resources</b>						
Environmental Management	13,483,302	11,413,374	15,246,049	15,246,049	13,950,042	14,136,916
Coastal Resources Management Council	120,000	220,500	250,000	250,000	250,000	250,000
Water Resources Board	327,378	109,816	-	-	-	-
<b>Subtotal - Natural Resources</b>	<b>\$13,930,680</b>	<b>\$11,743,690</b>	<b>\$15,496,049</b>	<b>\$15,496,049</b>	<b>\$14,200,042</b>	<b>\$14,386,916</b>
<b>Transportation</b>						
Transportation	(160,669)	370,919	1,500,000	1,500,000	1,000,000	1,000,000
<b>Subtotal - Transportation</b>	<b>(\$160,669)</b>	<b>\$370,919</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>Total</b>	<b>\$136,006,669</b>	<b>\$123,897,449</b>	<b>\$162,397,115</b>	<b>\$162,397,115</b>	<b>\$176,178,843</b>	<b>\$176,754,259</b>

(1) In FY 2009 Fire Code Board was moved to Department of Administration.

(2) In FY 2009 agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy, Capitol Police, and the Governor's Justice Commission.

## Expenditures from Other Funds

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>General Government</b>						
Administration (1)	47,601,091	56,679,073	73,151,428	73,151,428	77,795,951	70,487,302
Business Regulation	-	-	-	-	-	-
Labor and Training	444,303,030	714,192,984	683,684,510	683,684,510	687,033,011	578,225,422
Revenue	217,255,814	189,839,845	200,163,902	200,163,902	203,773,517	199,237,371
Legislature	-	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-	-
Secretary of State	-	-	-	-	-	-
General Treasurer	206,210	159,100	202,290	202,290	214,174	222,984
Board of Elections	-	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-	-
Governor's Office	-	-	-	-	-	-
Commission for Human Rights	-	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-	-
Rhode Island Commission on Women	-	-	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$709,366,145</b>	<b>\$960,871,002</b>	<b>\$957,202,130</b>	<b>\$957,202,130</b>	<b>\$968,816,653</b>	<b>\$848,173,079</b>
<b>Human Services</b>						
Office of Health & Human Services	-	-	-	-	-	-
Children, Youth, and Families	542,403	573,923	1,219,224	1,219,224	638,819	1,890,000
Elderly Affairs	4,477,142	4,448,300	-	-	-	-
Health	45,972	110,103	231,412	231,412	106,261	95,883
Human Services	700,000	32,500	4,525,000	4,525,000	4,410,000	4,285,000
Mental Health, Retardation, & Hospitals	3,173,034	3,968,413	11,596,669	11,596,669	9,390,195	10,108,691
Governor's Commission on Disabilities	100,000	151,400	175,000	175,000	190,151	250,000
Commission On Deaf and Hard of Hearing	-	-	-	-	-	-
State Council on Developmental Disabilities	-	-	-	-	-	-
Office of the Child Advocate	-	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$9,038,551</b>	<b>\$9,284,639</b>	<b>\$17,747,305</b>	<b>\$17,747,305</b>	<b>\$14,735,426</b>	<b>\$16,629,574</b>
<b>Education</b>						
Elementary and Secondary	1,558,748	9,284,529	6,433,624	6,433,624	5,183,936	8,410,986
Higher Education - Board of Governors	594,283,318	665,557,148	692,456,929	692,456,929	713,747,423	753,560,879
RI Council on the Arts	210,175	229,094	435,000	435,000	435,000	-
RI Atomic Energy Commission	287,689	217,291	334,769	334,769	303,683	316,410
Higher Education Assistance Authority	7,091,784	6,837,701	6,750,277	6,750,277	6,462,719	6,521,425
Historical Preservation and Heritage Comm.	-	-	-	-	-	-
Public Telecommunications Authority	798,374	716,942	765,656	765,656	614,029	636,750
<b>Subtotal - Education</b>	<b>\$604,230,088</b>	<b>\$682,842,705</b>	<b>\$707,176,255</b>	<b>\$707,176,255</b>	<b>\$726,746,790</b>	<b>\$769,446,450</b>

## Expenditures from Other Funds

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011
	Actual	Actual	Enacted	Working	Gov Rec	Gov Rec
<b>Public Safety</b>						
Attorney General	157,154	220,879	200,000	200,000	726,847	200,000
Corrections	2,902,534	2,577,567	5,768,276	5,768,276	7,933,524	5,970,124
Judicial	1,438,736	1,704,165	825,000	825,000	829,466	850,000
Military Staff	1,778,845	840,007	1,482,090	1,482,090	3,277,520	362,500
Public Safety (2)	3,142,765	7,265,091	18,845,329	18,845,329	25,194,951	11,690,420
Office Of Public Defender	-	-	-	-	-	-
<b>Subtotal - Public Safety</b>	<b>\$9,420,034</b>	<b>\$12,607,709</b>	<b>\$27,120,695</b>	<b>\$27,120,695</b>	<b>\$37,962,308</b>	<b>\$19,073,044</b>
<b>Natural Resources</b>						
Environmental Management	2,833,397	2,638,832	6,561,955	6,561,955	9,758,358	8,114,291
Coastal Resources Management Council	1,590,590	-	1,655,509	1,655,509	1,655,509	-
Water Resources Board	82,199	25,542	103,000	103,000	553,978	120,000
<b>Subtotal - Natural Resources</b>	<b>\$4,506,186</b>	<b>\$2,664,374</b>	<b>\$8,320,464</b>	<b>\$8,320,464</b>	<b>\$11,967,845</b>	<b>\$8,234,291</b>
<b>Transportation</b>						
Transportation	116,242,114	140,337,731	106,218,108	106,218,108	100,075,690	108,085,639
<b>Subtotal - Transportation</b>	<b>\$116,242,114</b>	<b>\$140,337,731</b>	<b>\$106,218,108</b>	<b>\$106,218,108</b>	<b>\$100,075,690</b>	<b>\$108,085,639</b>
<b>Total</b>	<b>\$1,452,803,118</b>	<b>\$1,808,608,160</b>	<b>\$1,823,784,957</b>	<b>\$1,823,784,957</b>	<b>\$1,860,304,712</b>	<b>\$1,769,642,077</b>

(1) In FY 2009 Fire Code Board was moved to Department of Admsintration.

(2) In FY 2009 agencies merged with Department of Public Safety include State Police, Fire Marshal, E-911 Emergency Telephone System, Municipal Police Training Academy,Capitol Police, and the Governor's Justice Commission.

# Full-Time Equivalent Positions

	FY 2008	FY 2009	FY 2010 Enacted	FY 2010 Revised	FY 2011
<b>General Government</b>					
Administration	1,032.8	845.6	895.6	879.6	699.6
Business Regulation	102.0	91.0	91.0	91.0	91.0
Labor & Training	417.5	395.3	436.3	475.1	454.0
Revenue	465.0	410.0	424.0	428.0	428.0
Legislature	297.9	297.9	297.9	297.9	297.9
Office of the Lieutenant Governor	9.0	8.0	8.0	8.0	8.0
Secretary of State	58.0	55.0	57.0	57.0	57.0
General Treasurer	88.0	83.0	83.0	83.0	83.0
Board Of Elections	14.0	12.0	12.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0
Office of the Governor	45.0	39.0	43.0	46.0	46.0
Commission for Human Rights	14.5	14.5	14.5	14.5	14.5
Public Utilities Commission	45.0	44.0	44.0	46.0	46.0
Rhode Island Commission on Women	1.0	1.0	1.0	1.0	-
<b>Subtotal - General Government</b>	<b>2,601.7</b>	<b>2,308.3</b>	<b>2,419.3</b>	<b>2,451.1</b>	<b>2,249.0</b>
<b>Human Services</b>					
Office of Health and Human Services	6.0	85.1	74.1	75.6	75.6
Children, Youth, and Families	788.5	694.0	700.0	700.0	700.0
Elderly Affairs	44.0	32.0	31.0	31.0	31.0
Health	437.1	409.6	414.6	428.7	416.7
Human Services	1,067.6	884.6	954.6	954.6	967.6
Mental Health, Retardation, & Hospitals	1,657.6	1,352.4	1,398.4	1,396.2	1,395.2
Office of the Child Advocate	5.8	5.7	5.7	5.8	5.8
Commission On the Deaf & Hard of Hearing	3.0	3.0	3.0	3.0	3.0
State Council on Developmental Disabilities (3)	2.0	-	-	-	-
Governor's Commission on Disabilities	5.6	4.0	4.0	4.0	4.0
Office of the Mental Health Advocate	3.7	3.7	3.7	3.7	3.7
<b>Subtotal - Human Services</b>	<b>4,020.9</b>	<b>3,474.1</b>	<b>3,589.1</b>	<b>3,602.6</b>	<b>3,602.6</b>
<b>Education</b>					
Elementary and Secondary Education	133.2	128.4	134.4	134.4	149.4
Davies	133.0	133.0	133.0	133.0	133.0
School for the Deaf	65.8	50.0	60.0	60.0	60.0
<b>Elementary Secondary Education - Total</b>	<b>332.0</b>	<b>311.4</b>	<b>327.4</b>	<b>327.4</b>	<b>342.4</b>
Office of Higher Education Non-Sponsored Research	21.0	19.4	19.4	19.4	19.4
URI Non-Sponsored Research	1,930.1	1,849.9	1,851.5	1,851.5	1,851.5
RIC Non-Sponsored Research	850.5	812.6	813.1	813.1	813.1
CCRI Non-Sponsored Research	748.2	713.1	713.1	713.1	713.1
<b>Higher Education - Total Non-Sponsored</b>	<b>3,549.8</b>	<b>3,395.0</b>	<b>3,397.1</b>	<b>3,397.1</b>	<b>3,397.1</b>
RI Council On The Arts	8.6	7.6	8.6	8.6	8.6
RI Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Higher Education Assistance Authority	42.6	42.6	42.6	42.6	42.6
Historical Preservation and Heritage Commission	17.6	16.6	16.6	16.6	16.6
Public Telecommunications Authority	20.0	18.0	18.0	16.0	16.0
<b>Subtotal - Education</b>	<b>3,979.2</b>	<b>3,799.8</b>	<b>3,818.9</b>	<b>3,816.9</b>	<b>3,831.9</b>

# Full-Time Equivalent Positions

	FY 2008	FY 2009	FY 2010 Enacted	FY 2010 Revised	FY 2011
<b>Public Safety</b>					
Attorney General	234.8	231.1	231.1	231.1	231.1
Corrections	1,515.0	1,423.0	1,423.0	1,423.0	1,423.0
Judicial	732.3	729.3	729.3	729.3	729.3
Military Staff	104.0	101.0	111.0	112.0	112.0
Public Safety	-	396.1	432.1	430.1	607.1
E-911 (1)	53.5	-	-	-	-
RI State Fire Marshal (1)	35.0	-	-	-	-
Commission on Judicial Tenure and Discipline	-	-	-	-	-
Rhode Island Justice Commission (1)	7.6	-	-	-	-
Municipal Police Training Academy (1)	4.0	-	-	-	-
State Police (1)	268.0	-	-	-	-
Fire Safety Code Board of Appeal and Review (2)	3.0	-	-	-	-
Office of the Public Defender	93.5	91.0	91.0	93.0	93.0
<b>Subtotal - Public Safety</b>	<b>3,050.7</b>	<b>2,971.5</b>	<b>3,017.5</b>	<b>3,018.5</b>	<b>3,195.5</b>
<b>Natural Resources</b>					
Environmental Management	482.0	409.0	417.0	414.0	414.0
Coastal Resources Management Council	30.0	30.0	30.0	30.0	30.0
Water Resources Board	6.0	6.0	6.0	6.0	6.0
<b>Subtotal - Natural Resources</b>	<b>518.0</b>	<b>445.0</b>	<b>453.0</b>	<b>450.0</b>	<b>450.0</b>
<b>Transportation</b>					
Transportation	733.2	691.2	780.2	780.2	780.2
<b>Subtotal - Transportation</b>	<b>733.2</b>	<b>691.2</b>	<b>780.2</b>	<b>780.2</b>	<b>780.2</b>
Statwide Retirement Vacancies	-	-	-	-	-
<b>Total Non Sponsored</b>	<b>14,903.7</b>	<b>13,689.9</b>	<b>14,078.0</b>	<b>14,119.3</b>	<b>14,109.2</b>
<b>Higher Education Sponsored Research *</b>					
Office	1.0	1.0	1.0	1.0	1.0
CCRI	100.0	100.0	100.0	100.0	100.0
RIC	82.0	82.0	82.0	82.0	82.0
URI	602.0	602.0	602.0	602.0	602.0
<b>Subtotal Sponsored Research</b>	<b>785.0</b>	<b>785.0</b>	<b>785.0</b>	<b>785.0</b>	<b>785.0</b>
<b>Total Personnel Authorizations</b>	<b>15,688.7</b>	<b>14,474.9</b>	<b>14,863.0</b>	<b>14,904.3</b>	<b>14,894.2</b>
<b>Total Personnel</b>	<b>15,688.7</b>	<b>14,474.9</b>	<b>14,863.0</b>	<b>14,904.3</b>	<b>14,894.2</b>

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

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

## General Revenues as Recommended

	FY 2008 Audited	FY 2009 Preliminary	FY 2010 Revised	FY 2011 Recommended
<b>Personal Income Tax</b>	\$ 1,073,616,875	\$ 940,513,781	\$ 919,200,000	\$ 927,681,919
<b>General Business Taxes</b>				
Business Corporations	150,468,827	104,436,811	94,100,000	85,742,941
Public Utilities Gross Earnings	99,436,915	126,664,890	120,000,000	121,000,000
Financial Institutions	1,830,270	2,901,945	2,000,000	1,000,000
Insurance Companies	67,997,274	78,016,930	80,000,000	82,380,078
Bank Deposits	1,710,050	1,802,796	1,800,000	1,800,000
Health Care Provider Assessment	53,356,431	46,030,570	34,900,000	34,700,000
<b>Sales and Use Taxes</b>				
Sales and Use	844,197,089	808,125,293	751,000,000	743,700,000
Motor Vehicle	48,610,020	47,925,805	48,600,000	48,100,000
Motor Fuel	991,473	1,325,034	1,000,000	1,000,000
Cigarettes	114,674,498	130,503,213	140,300,000	134,600,000
Alcohol	11,140,941	10,811,831	11,000,000	11,100,000
<b>Other Taxes</b>				
Inheritance and Gift	35,333,925	28,096,912	26,400,000	26,000,000
Racing and Athletics	2,812,860	2,450,809	2,000,000	1,800,000
Realty Transfer	10,223,094	6,811,322	6,500,000	6,500,000
<b>Total Taxes</b>	<b>\$ 2,516,400,542</b>	<b>\$ 2,336,417,942</b>	<b>\$ 2,238,800,000</b>	<b>\$ 2,227,104,938</b>
<b>Departmental Receipts</b>	<b>\$ 356,546,075</b>	<b>\$ 319,361,734</b>	<b>\$ 333,229,478</b>	<b>\$ 331,896,889</b>
<b>Taxes and Departmentals</b>	<b>\$ 2,872,946,617</b>	<b>\$ 2,655,779,676</b>	<b>\$ 2,572,029,478</b>	<b>\$ 2,559,001,827</b>
<b>Other Sources</b>				
Gas Tax Transfer	\$ 4,513,745	\$ 4,327,710	\$ -	\$ -
Other Miscellaneous	181,810,134	17,739,819	46,602,906	5,500,000
Lottery	354,321,087	337,529,754	351,900,000	356,900,000
Unclaimed Property	15,387,030	8,044,126	5,841,250	5,300,000
<b>Other Sources</b>	<b>\$ 556,031,996</b>	<b>\$ 367,641,409</b>	<b>\$ 404,344,156</b>	<b>\$ 367,700,000</b>
<b>Total General Revenues</b>	<b>\$ 3,428,978,613</b>	<b>\$ 3,023,421,085</b>	<b>\$ 2,976,373,634</b>	<b>\$ 2,926,701,827</b>

## Changes to FY 2010 Enacted Revenue Estimates

	Enacted	November Consensus Changes	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 963,200,000	\$ (44,000,000)	\$ -	\$ 919,200,000
<b>General Business Taxes</b>				
Business Corporations	113,000,000	(18,900,000)	-	94,100,000
Public Utilities Gross	115,000,000	5,000,000	-	120,000,000
Financial Institutions	3,750,000	(1,750,000)	-	2,000,000
Insurance Companies	81,900,000	(1,900,000)	-	80,000,000
Bank Deposits	1,730,000	70,000	-	1,800,000
Health Care Provider	36,126,589	(1,226,589)	-	34,900,000
<b>Sales and Use Taxes</b>				
Sales and Use	815,000,000	(64,000,000)	-	751,000,000
Motor Vehicle	50,400,000	(1,800,000)	-	48,600,000
Motor Fuel	920,000	80,000	-	1,000,000
Cigarettes	148,000,000	(7,700,000)	-	140,300,000
Alcohol	10,900,000	100,000	-	11,000,000
<b>Other Taxes</b>				
Inheritance and Gift	29,399,700	(2,999,700)	-	26,400,000
Racing and Athletics	2,100,000	(100,000)	-	2,000,000
Realty Transfer	7,200,000	(700,000)	-	6,500,000
<b>Total Taxes</b>	<b>\$ 2,378,626,289</b>	<b>\$ (139,826,289)</b>	<b>\$ -</b>	<b>\$ 2,238,800,000</b>
<b>Departmental Receipts</b>	\$ 335,532,188	\$ 6,467,812	\$ (8,770,522)	\$ 333,229,478
<b>Total Taxes and Departmentals</b>	<b>\$ 2,714,158,477</b>	<b>\$ (133,358,477)</b>	<b>\$ (8,770,522)</b>	<b>\$ 2,572,029,478</b>
<b>Other Sources</b>				
Gas Tax Transfer	\$ -	\$ -	\$ -	-
Other Miscellaneous	9,000,000	(500,000)	38,102,906	46,602,906
Lottery	348,700,000	3,200,000	-	351,900,000
Unclaimed Property	5,000,000	200,000	641,250	5,841,250
<b>Other Sources</b>	<b>\$ 362,700,000</b>	<b>\$ 2,900,000</b>	<b>\$ 38,744,156</b>	<b>\$ 404,344,156</b>
<b>Total General Revenues</b>	<b>\$ 3,076,858,477</b>	<b>\$ (130,458,477)</b>	<b>\$ 29,973,634</b>	<b>\$ 2,976,373,634</b>

## Changes to FY 2011 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 933,000,000	\$ (5,318,081)	\$ 927,681,919
<b>General Business Taxes</b>			
Business Corporations	100,000,000	(14,257,059)	85,742,941
Public Utilities Gross	121,000,000	-	121,000,000
Financial Institutions	1,000,000	-	1,000,000
Insurance Companies	82,400,000	(19,922)	82,380,078
Bank Deposits	1,800,000	-	1,800,000
Health Care Provider	34,700,000	-	34,700,000
<b>Sales and Use Taxes</b>			
Sales and Use	743,700,000	-	743,700,000
Motor Vehicle	48,100,000	-	48,100,000
Motor Fuel	1,000,000	-	1,000,000
Cigarettes	134,600,000	-	134,600,000
Alcohol	11,100,000	-	11,100,000
<b>Other Taxes</b>			
Inheritance and Gift	26,000,000	-	26,000,000
Racing and Athletics	1,800,000	-	1,800,000
Realty Transfer	6,500,000	-	6,500,000
<b>Total Taxes</b>	<b>\$ 2,246,700,000</b>	<b>\$ (19,595,062)</b>	<b>\$ 2,227,104,938</b>
<b>Departmental Receipts</b>	<b>\$ 221,000,000</b>	<b>\$ 110,896,889</b>	<b>\$ 331,896,889</b>
<b>Total Taxes and Departmentals</b>	<b>\$ 2,467,700,000</b>	<b>\$ 91,301,827</b>	<b>\$ 2,559,001,827</b>
<b>Other Sources</b>			
Gas Tax Transfer	\$ -	\$ -	\$ -
Other Miscellaneous	4,500,000	1,000,000	5,500,000
Lottery	356,900,000	-	356,900,000
Unclaimed Property	5,300,000	-	5,300,000
<b>Other Sources</b>	<b>\$ 366,700,000</b>	<b>\$ 1,000,000</b>	<b>\$ 367,700,000</b>
<b>Total General Revenues</b>	<b>\$ 2,834,400,000</b>	<b>\$ 92,301,827</b>	<b>\$ 2,926,701,827</b>

# General Revenue Changes to Adopted Estimates

FY 2010	December 2009 Governor Recommend	February 2009 Governor Recommend
<b><u>Departmental Revenues</u></b>		
<i>Miscellaneous</i>		
Statewide Student Transportation	\$ (8,600,000)	\$ (8,600,000)
Indirect Cost Recovery Exemption: Underground Storage Tank Replacement Fund	\$ (202,852)	\$ (202,852)
Indirect Cost Recovery: Telecommunication Education Access Fund		\$ 32,330
<i>Subtotal: Miscellaneous</i>	<b>\$ (8,802,852)</b>	<b>\$ (8,770,522)</b>
<b>Subtotal: All Departmental Revenues</b>	<b>\$ (8,802,852)</b>	<b>\$ (8,770,522)</b>
<b><u>Other Sources</u></b>		
<i>Other Miscellaneous</i>		
Convention Center Authority: Sale of Veterans Auditorium	10,750,000	10,750,000
Land Sale: Old Training School, Cranston	6,200,000	6,200,000
Land Sale: State Computer Facility, Johnston	1,500,000	1,500,000
Land Sale: 2 Metacom Ave., Bristol	2,800,000	2,800,000
Group Home Providers Voluntary Payment	6,000,000	6,000,000
Transfer from Automobile Replacement Fund	3,638,000	3,638,000
Prior Year Child Support Collections	7,214,906	7,214,906
<i>Subtotal: Other Miscellaneous</i>	<b>\$ 38,102,906</b>	<b>\$ 38,102,906</b>
<i>Unclaimed Property</i>		
Judiciary Bail Accounts and State Police Forfeited Property	641,250	641,250
<i>Subtotal: Other Miscellaneous</i>	<b>\$ 641,250</b>	<b>\$ 641,250</b>
<b>Subtotal: Other Sources</b>	<b>\$ 38,744,156</b>	<b>\$ 38,744,156</b>
<b>Total FY 2010 General Revenue Adjustments</b>	<b>\$ 29,941,304</b>	<b>\$ 29,973,634</b>

## General Revenue Changes to Adopted Estimates

FY 2011	December 2009 Governor Recommend	February 2009 Governor Recommend
<b><u>Taxes</u></b>		
<b><i>Personal Income Taxes</i></b>		
Motion Picture Tax Credit Elimination		\$ 1,811,919
Enterprise Zone Tax Credit: Elimination		850,000
Small Business Jobs Program Tax Credit		(7,250,000)
Increase Cap for Contributions to Scholarship Organizations to \$2.0 million		(730,000)
<b><i>Subtotal: Personal Income Taxes</i></b>		<b>\$ (5,318,081)</b>
<b><i>General Business Taxes</i></b>		
Business Corporations: Motion Picture Tax Credit Elimination		\$ 58,691
Business Corporations: Reduce Corporate Minimum from \$500 to \$250		(11,535,750)
Business Corporations: Enterprise Zone Tax Credit: Elimination		150,000
Business Corporations: Increase Cap for Contributions to Scholarship Organizations to \$2.0 million		(180,000)
Business Corporations: Small Business Jobs Program Tax Credit		(2,750,000)
Insurance Companies: Motion Picture Tax Credit Elimination		70,078
Insurance Companies: Increase Cap for Contributions to Scholarship Organizations to \$2.0 million		(90,000)
<b><i>Subtotal: General Business Taxes</i></b>		<b>\$ (14,276,981)</b>
<b><i>Subtotal: All Taxes</i></b>	<b>\$</b>	<b>- \$ (19,595,062)</b>
<b><u>Departmental Revenues</u></b>		
<b><i>Licenses and Fees</i></b>		
DHS: Reinststitute Hospital Licensing Fee		128,847,188
DMV: Impose Road Examination Fee of \$25		625,000
DMV: Increase State ID Card Fee from \$15 to \$25		130,000
DMV: Increase Motor Vehicle Dealers License Fee from \$100 to \$300		116,000
DMV: Increase Motor Vehicle Manufacturer / Distributor License Fee from \$200 to \$300		34,500
DMV: Increase Flashing Lights Permit Fee from \$5 to \$25		44,000
DMV: Increase School Bus Registration Fee from \$3 to \$25		37,400
Public Safety: Increase Accident Report Fee from \$10 to \$1.		26,910
<b><i>Subtotal: Licenses and Fees</i></b>	<b>\$</b>	<b>- \$ 129,860,998</b>
<b><i>Sales and Services</i></b>		
Board and Support Revenues: Slater and Zambarano Hospitals Converted to Restricted Receipts		(3,198,849)
<b><i>Subtotal: Sales and Services</i></b>	<b>\$</b>	<b>- \$ (3,198,849)</b>

## General Revenue Changes to Adopted Estimates

	<b>December 2009 Governor Recommend</b>	<b>February 2009 Governor Recommend</b>
<b><u>Departmental Revenues (continued)</u></b>		
<i>Miscellaneous</i>		
Statewide Student Transportation	\$ (15,640,000)	\$ (15,640,000)
Indirect Cost Recovery Exemption: Underground Storage Tank Replacement Fund	(202,852)	(202,852)
Indirect Cost Recovery: Telecommunication Education Access Fund		77,592
<b><i>Subtotal: Miscellaneous</i></b>	<b>\$ (15,842,852)</b>	<b>\$ (15,765,260)</b>
<b><i>Subtotal: Departmental Receipts</i></b>	<b>\$ (15,842,852)</b>	<b>\$ 110,896,889</b>
<b>Subtotal: Taxes and Departmental Revenues</b>	<b>\$ (15,842,852)</b>	<b>\$ 91,301,827</b>
<b><u>Other Sources</u></b>		
<i>Other Miscellaneous</i>		
RI Health & Educational Building Corporati		1,000,000
<b><i>Subtotal: Other Miscellaneous</i></b>	<b>\$ -</b>	<b>\$ 1,000,000</b>
<b>Subtotal: Other Sources</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>
<b>Total FY 2011 General Revenue Adjustments</b>	<b>\$ (15,842,852)</b>	<b>\$ 92,301,827</b>

## Other Revenue Enhancements

	<b>December 2009 Governor Recommend</b>	<b>February 2009 Governor Recommend</b>
<b>FY 2010</b>		
<b><u>Restricted Receipts</u></b>		
Statewide Student Transportation	\$ 8,600,000	\$ 8,600,000
Underground Storage Tank Replacement Fund Exemption	202,852	202,852
Telecommunication Education Access Fund-Wireline	(232,155)	(232,155)
Telecommunication Education Access Fund-Wireless	523,125	523,125
<i>Subtotal: Restricted Receipts</i>	<b>\$ 9,093,822</b>	<b>\$ 9,093,822</b>
<b>Total FY 2010 Other Revenue Adjustments</b>	<b>\$ 9,093,822</b>	<b>\$ 9,093,822</b>
<b>Total FY 2010 Other Revenue Adjustments</b>	<b>\$ 9,093,822</b>	<b>\$ 9,093,822</b>
<b>FY 2011</b>		
<b><u>Restricted Receipts</u></b>		
Statewide Student Transportation	\$ 15,640,000	\$ 15,640,000
Underground Storage Tank Replacement Fund Exemption	202,852	202,852
Telecommunication Education Access Fund-Wireline	(557,172)	(557,172)
Telecommunication Education Access Fund-Wireless	1,255,000	1,255,000
Board and Support Payments Slater and Zambarano Hospitals	-	3,198,849
<i>Subtotal: Restricted Receipts</i>	<b>\$ 16,540,680</b>	<b>\$ 19,739,529</b>
<b>Total FY 2010 Other Revenue Adjustments</b>	<b>\$ 16,540,680</b>	<b>\$ 19,739,529</b>
<b>Total FY 2010 Other Revenue Adjustments</b>	<b>\$ 16,540,680</b>	<b>\$ 19,739,529</b>

# **Appendix B**

## **Changes to FY 2010**



## Changes to FY2010 General Revenue Budget Surplus

	FY2009 Preliminary	FY2010 Enacted Budget	FY2010 First Quarter Report	FY2010 Revisd Budget	Change from Enacted
<b>Surplus</b>					
Opening Surplus	\$ (42,950,479)	\$ 1,142,383	\$ (61,802,318)	\$ (61,802,318)	\$ (62,944,701)
Adjustment				\$ (600,000)	(600,000)
Reappropriated Surplus	1,738,518		998,144	998,144	998,144
Subtotal	<b>(41,211,961)</b>	<b>1,142,383</b>	<b>(60,804,174)</b>	<b>(61,404,174)</b>	<b>(62,546,557)</b>
<b>General Taxes</b>	2,336,417,942	2,378,626,289	2,378,626,289	2,378,626,289	-
Revenue estimators' revision			(139,826,289)	(139,826,289)	(139,826,289)
Changes to the Adopted Estimates				-	-
Subtotal	<b>2,336,417,942</b>	<b>2,378,626,289</b>	<b>2,238,800,000</b>	<b>2,238,800,000</b>	<b>(139,826,289)</b>
<b>Departmental Revenues</b>	319,361,734	335,532,188	335,532,188	335,532,188	-
Revenue estimators' revision			6,467,812	6,467,812	6,467,812
Changes to the Adopted Estimates				(8,770,522)	(8,770,522)
Subtotal	<b>319,361,734</b>	<b>335,532,188</b>	<b>342,000,000</b>	<b>333,229,478</b>	<b>(2,302,710)</b>
<b>Other Sources</b>					
Gas Tax Transfers	4,327,710	-	-	-	-
Revenue estimators' revision					-
Changes to the Adopted Estimates		-	-	-	-
Other Miscellaneous	17,739,819	9,000,000	9,000,000	9,000,000	-
Rev Estimators' revision-Miscellaneous			(500,000)	(500,000)	(500,000)
Changes to the Adopted Estimates				38,102,906	38,102,906
Lottery	337,529,754	348,700,000	348,700,000	348,700,000	-
Revenue Estimators' revision-Lottery			3,200,000	3,200,000	3,200,000
Changes to the Adopted Estimates					-
Unclaimed Property	8,044,126	5,000,000	5,000,000	5,000,000	-
Revenue Est revision-Unclaimed Property			200,000	200,000	200,000
Revenue Est revision-Unclaimed Property				641,250	641,250
Subtotal	<b>\$ 367,641,409</b>	<b>\$ 362,700,000</b>	<b>\$ 365,600,000</b>	<b>\$ 404,344,156</b>	<b>\$ 41,644,156</b>
<b>Total Revenues</b>	<b>\$ 3,023,421,085</b>	<b>\$ 3,076,858,477</b>	<b>\$ 2,946,400,000</b>	<b>\$ 2,976,373,634</b>	<b>\$ (100,484,843)</b>
<b>Transfer to Budget Reserve</b>	<b>(66,054,353)</b>	<b>(73,872,021)</b>	<b>(69,230,344)</b>	<b>(69,949,712)</b>	<b>3,922,309</b>
<b>Total Available</b>	<b>\$ 2,916,154,771</b>	<b>\$ 3,004,128,839</b>	<b>\$ 2,816,365,482</b>	<b>\$ 2,845,019,748</b>	<b>\$ (159,109,091)</b>
Actual/Enacted Expenditures	2,998,958,945	3,000,341,114	3,000,341,114	3,000,341,114	-
Reappropriations			998,144	998,144	998,144
Caseload Estimating Conference Changes			16,302,195	16,302,195	16,302,195
Statewide Student Transportation Pass Through			8,600,000	8,600,000	8,600,000
Other changes in expenditures			7,980,200	(181,301,176)	(181,301,176)
<b>Total Expenditures</b>	<b>\$ 2,998,958,945</b>	<b>\$ 3,000,341,114</b>	<b>\$ 3,034,221,653</b>	<b>\$ 2,844,940,277</b>	<b>\$ (155,400,837)</b>
<b>Free Surplus</b>	<b>\$ (61,802,318)</b>	<b>\$ 3,787,725</b>	<b>\$ (217,856,171)</b>	<b>\$ 79,471</b>	<b>\$ (3,708,254)</b>
<b>Transfer from the Budget Reserve Fund</b>	<b>\$ 22,000,000</b>				
<b>Reappropriations</b>	<b>(998,144)</b>	-	-	-	-
<b>Total Ending Balances</b>	<b>\$ (82,804,174)</b>	<b>\$ 3,787,725</b>	<b>\$ (217,856,171)</b>	<b>\$ 79,471</b>	<b>\$ (3,708,254)</b>
<b>Budget Reserve and Cash</b>					
<b>Stabilization Account</b>	<b>\$ 80,084,001</b>	<b>\$ 116,964,033</b>	<b>\$ 109,614,712</b>	<b>\$ 110,753,710</b>	<b>\$ (6,210,323)</b>

## Summary of Changes to FY 2010 Enacted General Revenue Expenditures

	FY 2010 Enacted	Reappropriation	Redistribution Of Enacted Statewide Savings	Retirement Contribution/Pension Reform	Pay Reduction Day Savings	Medical Benefits Savings	Other changes from detail	Total Projected Changes	Projected Expenditures	Change From Enacted
<b>General Government</b>										
Administration	\$497,482,165	-	(\$7,138,549)	(\$5,155,037)	(\$1,648,601)	(\$691,356)	(\$117,195,134)	(131,828,677)	365,653,488	(\$131,828,677)
Statewide Savings	(\$67,881,345)	-	\$67,881,345	\$0	\$0	\$0	\$0	67,881,345	-	\$67,881,345
Business Regulation	9,577,234	-	(\$655,879)	\$46,249	(\$236,077)	(\$96,944)	\$137,299	(805,352)	8,771,882	(805,352)
Labor and Training	6,667,994	-	(\$216,814)	\$14,292	(\$69,212)	(\$32,649)	\$168,192	(136,191)	6,531,803	(136,191)
Department of Revenue	36,191,064	-	(\$2,472,207)	\$133,235	(\$694,288)	(\$366,703)	\$1,091,186	(2,308,777)	33,882,287	(2,308,777)
Legislature	35,874,012	969,732	(\$2,273,372)	\$128,179	(\$686,604)	(\$459,627)	\$628,845	(1,692,847)	34,181,165	(1,692,847)
Lieutenant Governor	973,262	-	(\$65,772)	\$4,875	(\$26,278)	(\$10,384)	\$22,786	(74,773)	898,489	(74,773)
Secretary of State	5,521,241	-	(\$394,168)	\$22,662	(\$122,230)	(\$51,369)	\$259,570	(285,535)	5,235,706	(285,535)
General Treasurer	2,500,299	-	(\$169,033)	\$9,889	(\$50,129)	(\$19,592)	\$28,249	(200,616)	2,299,683	(200,616)
Board of Elections	1,600,141	-	(\$145,188)	\$5,299	(\$27,714)	(\$13,069)	(\$257,873)	(438,545)	1,161,596	(438,545)
Rhode Island Ethics Commission	1,437,730	-	(\$96,882)	\$6,488	(\$37,443)	(\$8,284)	\$115,223	(20,898)	1,416,832	(20,898)
Governor's Office	5,106,754	-	(\$356,393)	\$23,673	(\$130,202)	(\$30,975)	\$117,584	(376,313)	4,730,441	(376,313)
Commission for Human Rights	1,016,242	-	(\$69,694)	\$4,471	(\$22,305)	(\$12,858)	\$46,018	(54,368)	961,874	(54,368)
Public Utilities Commission	-	-	\$0	\$0	\$0	\$0	\$0	-	-	-
Rhode Island Commission on Women	109,462	-	(\$7,183)	\$543	(\$1,389)	(\$364)	(\$31,799)	(40,192)	69,270	(40,192)
<b>Subtotal - General Government</b>	<b>536,176,255</b>	<b>969,732</b>	<b>53,820,211</b>	<b>(4,755,182)</b>	<b>(3,752,472)</b>	<b>(1,794,174)</b>	<b>(114,869,854)</b>	<b>(70,381,739)</b>	<b>465,794,516</b>	<b>(70,381,739)</b>
<b>Human Services</b>										
Office of Health & Human Services	3,621,896	-	(\$238,409)	\$18,261	(\$92,529)	(\$40,740)	\$55,349	(298,068)	3,323,828	(298,068)
Children, Youth, and Families	158,822,427	-	(\$4,552,792)	\$263,338	(\$1,269,995)	(\$551,663)	\$1,416,561	(4,694,551)	154,127,876	(4,694,551)
Elderly Affairs	9,920,687	-	(\$123,645)	\$7,863	(\$40,111)	(\$12,993)	\$189,184	20,298	9,940,985	20,298
Health	29,554,572	-	(\$1,938,876)	\$102,306	(\$554,876)	(\$176,066)	\$1,515,352	(1,052,160)	28,502,412	(1,052,160)
Human Services	662,081,602	-	(\$4,618,706)	\$180,734	(\$941,447)	(\$495,157)	\$9,155,483	3,280,907	665,362,509	3,280,907
Mental Health, Retardation, & Hosp.	166,015,780	-	(\$3,868,846)	\$207,656	(\$1,079,556)	(\$598,896)	\$7,419,469	2,079,827	168,095,607	2,079,827
Office of the Child Advocate	547,048	-	(\$37,277)	\$2,673	(\$14,297)	(\$5,318)	\$19,436	(34,783)	512,265	(34,783)
Comm. on Deaf & Hard of Hearing	370,146	-	(\$28,500)	\$1,490	(\$8,002)	(\$4,801)	\$19,337	(20,476)	349,670	(20,476)
RI Developmental Disabilities Council	-	-	\$0	\$0	\$0	\$0	\$0	-	-	-
Governor's Commission on Disabilities	366,450	-	(\$24,926)	\$1,671	(\$9,236)	(\$2,145)	\$12,413	(22,223)	344,227	(22,223)
Office of the Mental Health Advocate	448,423	-	(\$30,938)	\$2,221	(\$10,746)	(\$3,637)	(\$13,714)	(56,814)	391,609	(56,814)
<b>Subtotal - Human Services</b>	<b>1,031,749,031</b>	<b>-</b>	<b>(15,462,915)</b>	<b>788,213</b>	<b>(4,020,795)</b>	<b>(1,891,416)</b>	<b>19,788,870</b>	<b>(798,043)</b>	<b>1,030,950,988</b>	<b>(798,043)</b>
<b>Education</b>										
Elementary and Secondary	857,726,770	-	(\$2,728,619)	\$142,263	(\$381,775)	(\$310,848)	(\$59,754,782)	(63,033,761)	794,693,009	(63,033,761)
Higher Education - Board of Governors	173,306,844	-	(\$9,420,383)	\$187,465	\$0	(\$1,202,657)	\$95,216	(10,340,359)	162,966,485	(10,340,359)
RI Council on the Arts	1,983,986	-	(\$45,417)	\$3,123	(\$16,665)	(\$6,376)	\$21,223	(44,112)	1,939,874	(44,112)
RI Atomic Energy Commission	775,346	-	(\$51,955)	\$3,672	(\$21,162)	(\$6,364)	\$89,462	13,653	788,999	13,653
Higher Education Assistance Authority	7,305,741	-	(\$45,901)	\$2,093	(\$12,705)	(\$5,486)	(\$5,592)	(67,591)	7,238,150	(67,591)
Historical Preservation & Heritage Comm	1,285,100	-	(\$75,090)	\$4,889	(\$27,018)	(\$14,408)	\$88,765	(22,862)	1,262,238	(22,862)
Public Telecommunications Authority	1,142,702	-	(\$79,605)	\$5,276	(\$26,478)	(\$14,170)	(\$18,173)	(133,150)	1,009,552	(133,150)
<b>Subtotal - Education</b>	<b>1,043,526,489</b>	<b>-</b>	<b>(12,446,970)</b>	<b>348,781</b>	<b>(485,803)</b>	<b>(1,560,309)</b>	<b>(59,483,881)</b>	<b>(73,628,182)</b>	<b>969,898,307</b>	<b>(73,628,182)</b>

## Summary of Changes to FY 2010 Enacted General Revenue Expenditures

	FY 2010 Enacted	Reappropriation	Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefits Savings	Other changes from detail	Total Projected Changes	Projected Expenditures	Change From Enacted
<b>Public Safety</b>										
Attorney General	\$21,099,743	-	(\$1,443,820)	\$100,239	(\$531,995)	(\$215,360)	\$1,062,159	(1,028,777)	20,070,966	(1,028,777)
Corrections	177,390,562	-	(\$12,631,267)	\$617,096	(\$781,737)	(\$1,686,942)	\$11,943,210	(2,539,640)	174,850,922	(2,539,640)
Judicial	83,907,229	28,411	(\$5,135,150)	\$631,276	(\$1,698,902)	(\$829,270)	\$3,322,488	(3,681,147)	80,226,082	(3,681,147)
Military Staff	3,279,979	-	(\$221,761)	\$6,454	(\$35,775)	(\$17,190)	\$251,082	(17,190)	3,262,789	(17,190)
Public Safety	54,745,909	-	(\$3,192,794)	\$2,086,295	(\$673,528)	(\$337,186)	\$2,195,676	78,463	54,824,372	78,463
Office Of Public Defender	9,583,189	-	(\$655,603)	\$44,254	(\$237,500)	(\$89,736)	\$559,821	(378,764)	9,204,425	(378,764)
<b>Subtotal - Public Safety</b>	<b>350,006,611</b>	<b>28,411</b>	<b>(23,280,395)</b>	<b>3,485,614</b>	<b>(3,959,437)</b>	<b>(3,175,684)</b>	<b>19,334,436</b>	<b>(7,567,055)</b>	<b>342,439,556</b>	<b>(7,567,055)</b>
Environmental Management	35,484,369	-	(\$2,381,111)	\$119,215	(\$593,800)	(\$283,879)	\$467,134	(2,672,441)	32,811,928	(2,672,441)
Coastal Resources Management Council	2,027,574	-	(\$142,155)	\$10,048	(\$49,518)	(\$20,980)	\$120,077	(82,528)	1,945,046	(82,528)
Water Resources Board	1,370,785	-	(\$106,665)	\$3,311	(\$18,586)	(\$7,379)	(\$141,530)	(270,849)	1,099,936	(270,849)
<b>Subtotal - Natural Resources</b>	<b>38,882,728</b>	<b>-</b>	<b>(2,629,931)</b>	<b>132,574</b>	<b>(661,904)</b>	<b>(312,238)</b>	<b>445,681</b>	<b>(3,025,818)</b>	<b>35,856,910</b>	<b>(3,025,818)</b>
<b>Total</b>	<b>3,000,341,114</b>	<b>998,143</b>	<b>-</b>	<b>-</b>	<b>(12,880,411)</b>	<b>(8,733,821)</b>	<b>(134,784,748)</b>	<b>(155,400,837)</b>	<b>2,844,940,277</b>	<b>(155,400,837)</b>

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
<b><u>General Government</u></b>									
<b>Administration</b>									
Central Management	1,653,123		(107,012)	8,263	(38,178)	(9,942)	(142,909)		
Personnel-Salary & Benefits			(933)				(933)		
Contracted Professional Services			(3,158)				6,536		
Operating Supplies and Expenses									
	1,653,123	-	(111,103)	8,263	(38,178)	(9,942)	(137,306)	1,364,857	288,266
<b>Legal Services</b>									
Personnel-Salary & Benefits	1,088,274		(71,830)	5,312	(43,269)	(14,770)	(127,509)		
Transfer of Labor Relations from HR			(2,727)				767,841		
Operating Supplies and Expenses	1,088,274	-	(74,557)	5,312	(43,269)	(14,770)	2,727	1,604,049	(515,775)
<b>Accounts &amp; Control</b>									
Personnel-Salary & Benefits	3,814,166		(264,178)	18,247	(95,997)	(50,401)	196,909		
Operating Supplies and Expenses	3,814,166	-	(12,109)	18,247	(95,997)	(50,401)	5,218	3,611,855	202,311
			(276,287)				202,127		
<b>Budgeting</b>									
Personnel-Salary & Benefits	2,003,345		(155,329)	9,682	(49,406)	(16,454)	37,622		
Contracted Professional Services			(11,714)				990		
Operating Supplies and Expenses	2,003,345	-	(5,545)	9,682	(49,406)	(16,454)	(10,982)	1,802,209	201,136
			(172,588)				27,630		
<b>Purchasing</b>									
Personnel-Salary & Benefits	2,050,754		(186,176)	11,491	(57,863)	(26,640)	334,965		
Operating Supplies and Expenses	2,050,754	-	(2,864)	11,491	(57,863)	(26,640)	(19,113)	2,104,554	(53,800)
			(189,040)				315,852		
<b>Auditing</b>									
Personnel-Salary & Benefits	1,465,588		(98,948)	7,530	(34,936)	(8,042)	(95,745)		
Operating Supplies and Expenses	1,465,588	-	(2,955)	7,530	(34,936)	(8,042)	(271)	1,232,221	233,367
			(101,903)				(96,016)		
<b>Human Resources</b>									
Personnel-Salary & Benefits	9,872,296		(648,346)	47,052	(233,340)	(94,832)	527,961		
Transfer of Labor Relations to Legal			(32,540)				(807,841)		
Contracted Professional Services			(17,809)				74,832		
Operating Supplies and Expenses	9,872,296	-	(698,695)	47,052	(233,340)	(94,832)	(76,790)	8,610,643	1,261,653
			(698,695)				(281,838)		

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Personnel Appeal Board	84,090								
Personnel-Salary & Benefits			(2,420)		(1,243)	-	9,743		
Contracted Professional Services			(4,300)				(4,300)		
Operating Supplies and Expenses	84,090	-	(145)		(1,243)		(362)	81,063	3,027
			(6,865)				5,081		
Facilities Management	37,680,174								
Personnel-Salary & Benefits			(593,217)	38,103	(198,273)	(131,822)	2,161,239		
Contracted Professional Services			(354,149)				(214,967)		
Utility Costs							(3,025,235)		
Operating Supplies and Expenses			(1,651,011)				(339,199)		
Corrective Action: Eliminate Day Porter							(12,726)		
Corrective Action: Transfer DLT Security Costs							(165,921)		
Corrective Action: Capital Center Maint Reduction							(40,000)		
Corrective Action: Central Fac Maint Reduction	37,680,174	-	(2,598,377)	38,103	(198,273)	(131,822)	(31,271)	33,121,725	4,558,449
Capital Projects and Property Management	2,613,613								
Personnel-Salary & Benefits			(171,286)	12,674	(68,570)	(24,334)	201,175		
Contracted Professional Services			(200)				(500)		
Operating Supplies and Expenses	2,613,613	-	(10,524)	12,674	(68,570)	(24,334)	62,381	2,614,429	(816)
			(182,010)				263,056		
Information Technology	18,637,302								
Personnel-Salary & Benefits			(1,002,835)	72,818	(396,982)	(105,890)	653,075		
Contracted Professional Services			(97,964)				286,397		
Tech Initiatives							(73,860)		
RIFANS operational costs			(219,860)				960,604		
Operating Supplies and Expenses							(76,262)		
Corrective Action: Eliminate 10.0 FTEs	18,637,302	-	(1,320,659)	72,818	(396,982)	(105,890)	(153,092)	18,483,451	153,851
Library and Information Services	884,607								
Personnel-Salary & Benefits			(45,969)	3,525	(18,670)	(4,838)	36,686		
Contracted Professional Services			(500)				(2,000)		
Operating Supplies and Expenses	884,607	-	(12,488)	3,525	(18,670)	(4,838)	(6,970)	833,383	51,224
			(58,957)				27,716		
Statewide Planning	3,466,719								
Personnel-Salary & Benefits			(85,483)	6,545	(32,704)	(12,442)	(14,154)		
Operating Supplies and Expenses			(2,146)				(10,769)		

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Sheriffs	3,466,719	-	(87,629)	6,545	(32,704)	(12,442)	(24,923)	3,315,566	151,153
Personnel-Salary & Benefits	17,240,788		(1,104,178)	78,482	(379,170)	(190,949)	(74,318)		
Contracted Professional Services			(800)				(180)		
Operating Supplies and Expenses	17,240,788	-	(62,525)	78,482	(379,170)	(190,949)	(122,706)	15,458,942	1,781,846
			(1,167,503)						
Energy Resources	0								
Personnel-Salary & Benefits									
Contracted Professional Services	0								
General									
Operating Supplies and Expenses			(92,376)				92,376		
Economic Development Corp.	5,500,807								
EDC-RI Airport Corp. Impact Act	1,025,000								
EDC EPScore (Research Alliance)	1,500,000								
Miscellaneous Grants	395,956								
Slater Centers for Excellence	2,000,000								
Torts	400,000								
Transfer to R.I. Capital Plan Fund	22,000,000						(22,000,000)		
State/Teachers' Retiree Health Subsidy	2,344,502								
Motor Vehicle Excise Tax Payment(3/4)	135,306,888								
Motor Vehicle Excise Q3 / Q4 Withdrawal							(66,714,943)		
Property Valuation	1,843,500								
Station Fire	10,000,000						(10,000,000)		
Payment in Lieu of Tax Exempt	27,580,409								
Distressed Communities Relief	10,384,458								
Resource Sharing and State Library Aid	8,773,398								
Library Construction Aid	2,844,547								
EDC - Pay Reduction Days	231,899,465	-	(92,376)	-	-	-	(98,810,061)	132,997,028	98,902,437
Debt Service Payments	157,553,100								
General Obligation Bonds									
Certificates of Participation							(1,649,897)		
Other Debt Service							(2,453,190)		
TANS Net Interest Costs (\$350 million issuance)	157,553,100	-	-	-	-	-	(1,810,351)	149,265,346	8,287,754
							(2,374,316)		
							(8,287,754)		
Undistributed Personnel Savings					0				
Statewide Undistributed Savings	(67,881,345)								

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Undistributed Judicial share							-		
Undistributed Legislative share							-		
Personnel Savings			53,804,719						
Contracted Professional Services			5,146,345						
Operating Supplies and Expenses			8,930,281						
	(67,881,345)	-	67,881,345	-	-	-	-	0	(67,881,345)
Pension Changes	5,474,761			(5,474,761)			(10,847,833)		
	5,474,761	-	-	(5,474,761)	-	-	(10,847,833)	-10,847,833	16,322,594
<b>Total</b>	<b>429,600,820</b>	<b>-</b>	<b>60,742,796</b>	<b>(5,155,037)</b>	<b>(1,648,601)</b>	<b>(691,356)</b>	<b>(117,195,134)</b>	<b>365,653,488</b>	<b>63,947,332</b>
<b>Business Regulation</b>									
Central Management	1,084,422		(70,738)	5,385	(28,357)	(10,168)	520		
Personnel-Salary & Benefits			(432)				204,900		
Employee Retro Payment - Settlement			(2,755)				1,318		
Contracted Professional Services			(73,925)	5,385	(28,357)	(10,168)	206,738	1,184,095	(99,673)
Operating Supplies and Expenses	1,084,422	-							
Insurance Regulation	4,645,367		(302,724)	23,183	(113,608)	(40,868)	(84,235)		
Personnel-Salary & Benefits			(2,385)				-		
Contracted Professional Services			(11,446)				(643)		
Operating Supplies and Expenses	4,645,367	-	(316,555)	23,183	(113,608)	(40,868)	(84,878)	4,112,641	532,726
Board of Accountancy	164,526		(10,042)	710	(3,817)	(2,149)	9,480		
Personnel-Salary & Benefits			(900)				-		
Contracted Professional Services			(736)				381		
Operating Supplies and Expenses	164,526	-	(11,678)	710	(3,817)	(2,149)	9,861	157,453	7,073
Banking	1,749,677		(117,178)	8,723	(42,184)	(17,219)	(61,627)		
Personnel-Salary & Benefits			(170)				-		
Contracted Professional Services			(2,841)				1,475		
Operating Supplies and Expenses	1,749,677	-	(120,189)	8,723	(42,184)	(17,219)	(60,152)	1,518,656	231,021
Securities	823,110		(55,257)	3,925	(24,891)	(9,924)	(19,763)		
Personnel-Salary & Benefits									
Contracted Professional Services									

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Operating Supplies and Expenses	823,110		(2,036) (57,293)	3,925	(24,891)	(9,924)	1,057 (18,706)	716,221	106,889
Commercial Licensing, Racing & Athletics Personnel-Salary & Benefits	795,557		(50,556) (130)	3,164	(16,996)	(11,688)	63,854 -		0
Contracted Professional Services Operating Supplies and Expenses	795,557	-	(3,689) (54,375)	3,164	(16,996)	(11,688)	1,815 65,669	781,331	14,226
Board of Design Professionals Personnel-Salary & Benefits	314,575		(17,625) (150)	1,159	(6,224)	(4,928)	16,643 -		
Contracted Professional Services Operating Supplies and Expenses	314,575	-	(4,089) (21,864)	1,159	(6,224)	(4,928)	2,124 18,767	301,485	13,090
<b>Total</b>	<b>9,577,234</b>	<b>-</b>	<b>(655,879)</b>	<b>46,249</b>	<b>(236,077)</b>	<b>(96,944)</b>	<b>137,299</b>	<b>8,771,882</b>	<b>805,352</b>
<b>Labor and Training</b>									
Central Management Personnel-Salary & Benefits	310,311		(17,967) (4,485)	1,343	(1,269)	(602)	(219,024) 1,754		
Contracted Professional Services Operating Supplies and Expenses	310,311	-	(194) (22,646)	1,343	(1,269)	(602)	1,107 (216,163)	70,974	239,337
Workforce Development Personnel-Salary & Benefits	95,409		(6,268) (250)	479	(2,000)	(1,558)	(6,885) (2,250)		
Contracted Professional Services Operating Supplies and Expenses	95,409	-	(125) (6,643)	479	(2,000)	(1,558)	895 (8,240)	77,447	17,962
Workforce Regulation and Safety Personnel-Salary & Benefits	2,254,033		(139,892) (3,002)	10,266	(54,595)	(27,541)	1,297,612 (12,357)		
Contracted Professional Services Operating Supplies and Expenses Tardy and Interest Transfer	2,254,033	-	(11,503) (154,397)	10,266	(54,595)	(27,541)	(39,976) (1,219,926) 25,353	2,053,119	200,914
Income Support Personnel-Salary & Benefits	3,581,636		- (2,604)	186	(1,566)	(834)	6,483		
Contracted Professional Services Operating Supplies and Expenses Grants			(2) (387)				(1,873) 362,632		

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Labor Relations Board	3,581,636	-	(2,993)	186	(1,566)	(834)	367,242	3,943,671	(362,035)
Personnel-Salary & Benefits	426,605		(24,799)	2,018	(9,782)	(2,114)	(8,512)		
Contracted Professional Services			(4,600)				(8,157)		
Operating Supplies and Expenses	426,605	-	(736)	2,018	(9,782)	(2,114)	16,669	386,592	40,013
<b>Total</b>	<b>6,667,994</b>	<b>-</b>	<b>(216,814)</b>	<b>14,292</b>	<b>(69,212)</b>	<b>(32,649)</b>	<b>168,192</b>	<b>6,531,803</b>	<b>136,191</b>
<b>Legislature</b>									
Legislature	35,874,012	969,732							
Personnel-Salary & Benefits			(2,071,906)	128,179	(686,604)	(459,627)	352,789		
Contracted Professional Services			(61,135)				(8,613)		
Operating Supplies and Expenses			(140,331)				284,669		
<b>Total</b>	<b>35,874,012</b>	<b>969,732</b>	<b>(2,273,372)</b>	<b>128,179</b>	<b>(686,604)</b>	<b>(459,627)</b>	<b>628,845</b>	<b>34,181,165</b>	<b>1,692,847</b>
<b>Office of the Lieutenant Governor</b>									
Personnel-Salary & Benefits	973,262		(63,644)	4,875	(26,278)	(10,384)	25,829		
Contracted Professional Services			(2,128)				(3,043)		
Operating Supplies and Expenses/Capital									
<b>Total</b>	<b>973,262</b>	<b>-</b>	<b>(65,772)</b>	<b>4,875</b>	<b>(26,278)</b>	<b>(10,384)</b>	<b>22,786</b>	<b>898,489</b>	<b>74,773</b>
<b>Secretary of State</b>									
Administration	1,904,137								
Personnel-Salary & Benefits			(121,411)	9,685	(51,914)	(12,289)	125,236		
Contracted Professional Services			(100)				(100)		
Operating Supplies and Expenses	1,904,137	-	(5,674)	9,685	(51,914)	(12,289)	(5,906)	1,841,664	62,473
			(127,185)				119,230		
Corporations	1,782,133								
Personnel-Salary & Benefits			(102,206)	7,003	(39,148)	(24,303)	125,874		
Contracted Professional Services			(550)				(550)		
Operating Supplies and Expenses	1,782,133	-	(20,232)	7,003	(39,148)	(24,303)	21,952	1,749,973	32,160
			(122,988)				147,276		
State Archives	80,084								
Personnel-Salary & Benefits			(5,001)				-		
Operating Supplies and Expenses	80,084	-	(5,001)				5,001	80,084	0

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Elections	878,262								
Personnel-Salary & Benefits			(40,541)	2,579	(12,856)	(5,748)	21,282		
Contracted Professional Services			(25,227)				(31,406)		
Operating Supplies and Expenses	878,262		(23,257)	2,579	(12,856)	(5,748)	(63,826)	709,386	168,876
State Library	575,937		(89,025)						
Personnel-Salary & Benefits			(26,660)	1,912	(10,328)	(5,230)	28,200		
Operating Supplies and Expenses	575,937	-	(2,618)	1,912	(10,328)	(5,230)	(7,518)	553,695	22,242
			(29,278)				20,682		
Office of Civics and Public Information	300,688		(20,318)	1,483	(7,984)	(3,799)	20,547		
Personnel-Salary & Benefits			(20)				(180)		
Contracted Professional Services			(353)				10,840		
Operating Supplies and Expenses	300,688	-	(20,691)	1,483	(7,984)	(3,799)	31,207	300,904	(216)
<b>Total</b>	<b>5,521,241</b>	<b>-</b>	<b>(394,168)</b>	<b>22,662</b>	<b>(122,230)</b>	<b>(51,369)</b>	<b>259,570</b>	<b>5,235,706</b>	<b>285,535</b>
<b>Office of the General Treasurer</b>									
Treasury	2,367,841								
Personnel-Salary & Benefits			(127,176)	9,476	(48,077)	(18,747)	32,651		
Contracted Professional Services			(3,880)				3,880		
Disclosure Counsel							5,000		
Operating Supplies and Expenses	2,367,841	-	(29,049)	9,476	(48,077)	(18,747)	(13,305)	2,178,614	189,227
			(160,105)				28,226		
RI Refunding Bond Authority	41,641								
Personnel-Salary & Benefits			(1,778)	135	(488)	(172)	(6,856)		
Contracted Professional Services			(665)				665		
Operating Supplies and Expenses	41,641	-	(561)	135	(488)	(172)	561	32,482	9,159
			(3,004)				(5,630)		
Crime Victim Compensation Program	90,817								
Personnel-Salary & Benefits			(3,970)	278	(1,564)	(673)	5,530		
Contracted Professional Services			(15)				(130)		
Operating Supplies and Expenses	90,817	-	(1,939)	278	(1,564)	(673)	253	88,587	2,230
			(5,924)				5,653		
<b>Total</b>	<b>2,500,299</b>	<b>-</b>	<b>(169,033)</b>	<b>9,889</b>	<b>(50,129)</b>	<b>(19,592)</b>	<b>28,249</b>	<b>2,299,683</b>	<b>200,616</b>

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
<b>Board of Elections</b>									
Board Of Elections	1,600,141		(76,491)	5,299	(27,714)	(13,069)	(13,720)		
Personnel-Salary & Benefits			(60,409)				(246,763)		
1.0 FTE to be Filled after Jan. 1			(8,288)				2,610		
Contracted Professional Services									
Operating/Presidential Preference Primary									
<b>Total</b>	<b>1,600,141</b>	<b>-</b>	<b>(145,188)</b>	<b>5,299</b>	<b>(27,714)</b>	<b>(13,069)</b>	<b>(257,873)</b>	<b>1,161,596</b>	<b>438,545</b>
<b>RI Ethics Commissions</b>									
RI Ethics Commission	1,437,730		(82,874)	6,488	(37,443)	(8,284)	100,455		
Personnel-Salary & Benefits			(3,150)				3,150		
Contracted Professional Services			(10,858)				11,618		
Operating Supplies and Expenses									
<b>Total</b>	<b>1,437,730</b>	<b>-</b>	<b>(96,882)</b>	<b>6,488</b>	<b>(37,443)</b>	<b>(8,284)</b>	<b>115,223</b>	<b>1,416,832</b>	<b>20,898</b>
<b>Office of the Governor</b>									
Personnel-Salary & Benefits	5,106,754		(336,548)	23,673	(130,202)	(30,975)	142,629		
Operating /Contracted Services			(19,845)				(25,045)		
<b>Total</b>	<b>5,106,754</b>	<b>-</b>	<b>(356,393)</b>	<b>23,673</b>	<b>(130,202)</b>	<b>(30,975)</b>	<b>117,584</b>	<b>4,730,441</b>	<b>376,313</b>
<b>Commission for Human Rights</b>									
Personnel-Salary & Benefits	1,016,242		(63,711)	4,471	(22,305)	(12,858)	(12,099)		
Contracts (Steno Services) Shift to Federal			(100)				-		
Operating Supplies and Expenses			(5,883)				58,117		
<b>Total</b>	<b>1,016,242</b>	<b>-</b>	<b>(69,694)</b>	<b>4,471</b>	<b>(22,305)</b>	<b>(12,858)</b>	<b>46,018</b>	<b>961,874</b>	<b>54,368</b>
<b>Public Utilities Commission</b>									
Public Utilities Commission	0		-				-		
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Rhode Island Commission on Women</b>									
Rhode Island Commission on Women	109,462		(6,683)	543	(1,389)	(364)	(27,226)		
Personnel-Salary & Benefits			(500)				(2,573)		
Operating Supplies and Expenses							(2,000)		
Grants and Benefits									

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
<b>Total</b>	<b>109,462</b>	-	<b>(7,183)</b>	<b>543</b>	<b>(1,389)</b>	<b>(364)</b>	<b>(31,799)</b>	<b>69,270</b>	<b>40,192</b>
<b>Department of Revenue</b>									
Director of Revenue	562,988		(40,284)	2,850	(12,443)	(3,769)	(65,951)		
Personnel-Salary & Benefits			(15,150)				<b>15,150</b>		
Contracted Professional Services			(1,215)				<b>(6,434)</b>		
Operating Supplies and Expenses	562,988	-	(56,649)	2,850	(12,443)	(3,769)	(57,235)	435,742	127,246
Office of Revenue Analysis	598,055		(32,969)	2,496	(10,365)	(4,577)	(78,260)		
Personnel-Salary & Benefits			(372)				(69,628)		
Operating Supplies and Expenses	598,055	-	(33,341)	2,496	(10,365)	(4,577)	(147,888)	404,380	193,675
Office of Municipal Finance	1,173,544		(71,345)	5,189	(28,949)	(11,955)	74,971		
Personnel-Salary & Benefits			(10,000)				(20,000)		
Contracted Professional Services			(1,454)				(4,905)		
Operating Supplies and Expenses	1,173,544	-	(82,799)	5,189	(28,949)	(11,955)	50,066	1,105,096	68,448
Taxation	17,028,276		(1,008,150)	69,443	(355,389)	(171,826)	33,178		
Personnel-Salary & Benefits			(15,350)				84,655		
Contracted Professional Services			(128,931)				(199,704)		
Operating Supplies and Expenses	17,028,276	-	(1,152,431)	69,443	(355,389)	(171,826)	(5,460)	15,330,742	1,697,534
Assistance & Grants							(87,331)		
Registry	16,828,201		(799,158)	53,257	(287,142)	(174,576)	746,535		
Personnel-Salary & Benefits			(48,508)				(38,383)		
Contracted Professional Services			(299,321)				299,202		
Operating Supplies and Expenses	16,828,201	-					(2,651)		
Operating: Closure RI Mall Branch							266,743		
Operating: New Computer System							50,000		
DMV License Production Disaster Recovery							143,141		
DMV Personnel Overtime							126,669		
DMV Personnel Scanning Positions							(244,136)		
DMV Personnel Turnover							12,454		
Operating Transfers							(26,000)		
Capital	16,828,201	-	(1,146,987)	53,257	(287,142)	(174,576)	1,333,574	16,606,327	221,874
<b>Total</b>	<b>36,191,064</b>	-	<b>(2,472,207)</b>	<b>133,235</b>	<b>(694,288)</b>	<b>(366,703)</b>	<b>1,091,186</b>	<b>33,882,287</b>	<b>2,308,777</b>

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
<b>Sub-Total General Government</b>	<b>536,176,255</b>	<b>969,732</b>	<b>53,820,211</b>	<b>(4,755,182)</b>	<b>(3,752,472)</b>	<b>(1,794,174)</b>	<b>(114,869,854)</b>	<b>465,794,516</b>	<b>70,381,739</b>
<b><u>Human Services</u></b>									
<b>Office of Health and Human Services</b>									
Personnel-Salary & Benefits	3,621,896		(234,872)	18,261	(92,529)	(40,740)	47,946		
Contracted Professional Services			(3,537)				24,792		
Operating Supplies and Expenses							(17,389)		
	<b>3,621,896</b>	<b>-</b>	<b>(238,409)</b>	<b>18,261</b>	<b>(92,529)</b>	<b>(40,740)</b>	<b>55,349</b>	<b>3,323,828</b>	<b>298,068</b>
<b>Children, Youth, and Families</b>									
Central Management	5,077,434								
Personnel-Salary & Benefits			(189,060)	13,755	(63,057)	(25,067)	(245,755)		
Contracted Professional Services			(92,372)				67,924		
Operating Supplies and Expenses			(86,807)				82,374		
Capital Purchases and Equipment	5,077,434	-	(368,239)	13,755	(63,057)	(25,067)	(1,142)	4,538,227	539,207
Children's Behavioral Health	10,687,390			8,440	(29,802)	(11,300)	(458,405)		
Personnel-Salary & Benefits			(109,215)				9,904		
Contracted Professional Services			(6,122)				1,873		
Operating Supplies and Expenses			(6,597)				(154,700)		
Grants and Benefits							(383,768)		
Project Reach/Project Hope							1,947,056		
Bradley Group Homes	10,687,390	-	(121,934)	8,440	(29,802)	(11,300)	961,960	11,494,754	(807,364)
Juvenile Corrections	34,117,789			111,180	(575,125)	(265,408)	311,930		
Personnel-Salary & Benefits			(1,695,639)				486,727		
Overtime			(49,394)				(183,291)		
Contracted Professional Services			(120,597)				3,169		
Operating Supplies and Expenses							(497,195)		
Grants and Benefits							(39,000)		
CAP/RITS Counseling Svcs							(40,800)		
CAP/RITS Detention Center Ed. Prog.							50,000		
Appraisal/Survey Costs/RITS							40,800		
Training School Repairs							75,511		
Howards Teachers Union Pay Red. Reversal							(16,606)		
Capital Purchases and Equipment									

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement/ Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Child Welfare	34,117,789	-	(1,865,630)	111,180	(575,125)	(265,408)	191,245	31,714,051	2,403,738
18 to 21 Year Olds	99,526,633								
Personnel-Salary & Benefits	9,213,181		(1,827,766)	129,963	(602,011)	(249,888)	(2,010,087)		
Contracted Professional Services			(46,831)				59,577		
Operating Supplies and Expenses			(322,392)				95,958		
Consolidation of Facilities							(46,346)		
Grants and Benefits							1,914,424		
Day Care							3,458,044		
CAP/Block Grants Shift							(2,068,000)		
CAP/Child Placements							(875,000)		
Medicaid/CNOM/Title IV-E Adjustment							(37,148)		
Child Care Rate Reduction- 5 Percent							(88,700)		
Capital Purchases and Equipment	108,739,814	-	(2,196,989)	129,963	(602,011)	(249,888)	(42,767)	106,180,844	2,558,970
Higher Education Opportunity Incentive Gr	200,000	-	-	-	-	-	-	200,000	0
	200,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>158,822,427</b>	<b>-</b>	<b>(4,552,792)</b>	<b>263,338</b>	<b>(1,269,995)</b>	<b>(551,663)</b>	<b>1,416,561</b>	<b>154,127,876</b>	<b>4,694,551</b>
<b>Elderly Affairs</b>									
Elderly Affairs	8,776,624		(106,021)	7,863	(40,111)	(12,993)	27,777		
Personnel-Salary & Benefits			(7,147)				-		
Contract Professional Services			(10,477)				(45,497)		
Operating Supplies and Expenses							(220,059)		
In-home Services - Case Mang't Grants (CNOMs)							313,780		
Assisted Living Waiver/Nursing Home Diversion Cases							79,852		
RIPAE	1,142,763						33,331		
Rebates Offset							-		
Safety & Care of the Elderly	1,300								
<b>Total</b>	<b>9,920,687</b>	<b>-</b>	<b>(123,645)</b>	<b>7,863</b>	<b>(40,111)</b>	<b>(12,993)</b>	<b>189,184</b>	<b>9,940,985</b>	<b>(20,298)</b>
<b>Health</b>									
Central Management	1,811,914		(66,633)	5,150	(29,314)	(8,609)	15,333		
Personnel-Salary & Benefits			(1,210)				-		
Contract Professional Services			(6,433)				-		
Operating Supplies and Expense							122,418		
Program Expansion - Executive Legal Counsel	1,811,914	-	(74,276)	5,150	(29,314)	(8,609)	137,751	1,842,616	(30,702)

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
State Medical Examiner	2,439,972								
Personnel-Salary & Benefits			(166,763)	9,936	(44,692)	(14,248)	(206,706)		
Contract Professional Services			(10,975)				755,148		
Operating Supplies and Expense			(13,431)						
Budget Deficit Resolution - Deferred Capital	2,439,972	-	(191,169)	9,936	(44,692)	(14,248)	(20,500)	2,727,741	(287,769)
Community & Family Health & Equity	5,089,737								
Personnel-Salary & Benefits			(135,903)	9,434	(50,540)	(15,395)	279,647		
Contract Services - HIV Case Management & Tobacco Cessation			(32,976)				-		
Contract Services							(2,000)		
Budget Deficit Resolution - Charity Care Consultant Services							(24,579)		
Budget Deficit Resolution - Translation Services							(3,550)		
Grantee Services - HIV/AIDS Case Management							(375,000)		
Grantee Services - Minority Health Promotion Contracts							(1,579)		
Grantee Services - Choices for Self Care Grant							(20,968)		
Grantee Services - Tobacco Control							134,210		
Operating - Tobacco Media Campaign			(26,968)				(149,000)		
Operating	5,089,737	-	(195,847)	9,434	(50,540)	(15,395)	(148,691)	4,525,879	563,858
Environmental and Health Services Reg.	8,914,730								
Personnel-Salary & Benefits			(621,425)	40,516	(221,654)	(69,858)	440,449		
Budget Deficit Resolution - Managed Turnover							(293,627)		
Contract Professional Services			(24,749)				(1,084)		
Contract Professional Services - Legal							120,000		
Contract Professional Services - Health Professionals							29,000		
Budget Deficit Resolution - Contract Services			(24,148)				(56,700)		
Operating Supplies and Expense	8,914,730	-	(670,322)	40,516	(221,654)	(69,858)	(24,157)	8,207,293	707,437
Public Health Information	1,945,787								
Personnel-Salary & Benefits			(107,646)	7,306	(40,649)	(17,698)	113,761		
Budget Deficit Resolution - Managed Turnover							(47,894)		
Rite Care Data Network							62,640		
Contract Professional Services			(36,770)				-		
Budget Deficit Resolution - Contracts			(5,862)				(65,250)		
Operating Supplies and Expenses	1,945,787	-	(150,278)	7,306	(40,649)	(17,698)	(2,600)	1,805,125	140,662
Health Laboratories	7,079,007								
Personnel-Salary & Benefits			(370,946)	23,871	(135,527)	(39,778)	560,767		

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Budget Deficit Resolution - Managed Turnover							(62,181)		
Contract Professional Services			(90,126)				-		
Budget Deficit Resolution - Contracts							(67,500)		
Laboratory Information Management System							200,000		
Hepatitis A, B and C Supplies			(86,842)				89,995		
Operating Supplies and Expense	7,079,007	-	(547,914)	23,871	(135,527)	(39,778)	721,081	7,100,740	(21,733)
Infectious Disease and Epidemiology									
Personnel-Salary & Benefits	2,273,425		(84,635)	6,093	(32,500)	(10,480)	83,649		
Grantee Services - AIDS/STDs			(24,435)				117,000		
Operating Supplies and Expenses	2,273,425	-	(109,070)	6,093	(32,500)	(10,480)	(35,099)	2,293,018	(19,593)
<b>Total</b>	<b>29,554,572</b>	<b>-</b>	<b>(1,938,876)</b>	<b>102,306</b>	<b>(554,876)</b>	<b>(176,066)</b>	<b>1,515,352</b>	<b>28,502,412</b>	<b>1,052,160</b>
<b>Human Services</b>									
Central Management									
Personnel-Salary & Benefits	5,980,973		(89,596)	7,486	(14,828)	(3,828)	(808,348)		
Contract Professional Services			(5,000)				5,000		
Operating Supplies and Expense	5,980,973	-	(3,990)	7,486	(14,828)	(3,828)	(1,021)	5,066,848	914,125
			(98,586)				(804,369)		
Child Support Enforcement									
Personnel-Salary & Benefits	2,373,898		(114,314)	8,062	(41,699)	(18,276)	19,242		
Contract Professional Services			(35,380)				14,324		
Operating Supplies and Expense	2,373,898	-	(23,364)	8,062	(41,699)	(18,276)	33,437	2,215,930	157,968
			(173,058)				67,003		
Individual and Family Support									
Personnel-Salary & Benefits	22,152,850		(888,654)	58,578	(312,085)	(157,327)	(478,532)		
Personnel- OHHS Transfer (Cost Allocation-in)							1,100,000		
Contract Professional Services			(270,178)				309,896		
Operating Supplies and Expense			(150,911)				362,791		
RIW Employment Services							(579,000)		
ORS- Realignment							72,066		
Contract Services- InRhodes							(655,173)		
Lease Savings: Woonsocket Regional Office	22,152,850	-	(1,309,743)	58,578	(312,085)	(157,327)	(17,562)	20,546,759	1,606,091
							114,486		
Veterans' Affairs	17,852,470								

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement/ Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Personnel-Salary & Benefits			(949,557)	57,383	(334,867)	(197,946)	1,534,051		
Contract Professional Services			(145,702)				118,836		
Operating Supplies and Expense	17,852,470	-	(162,705)	57,383	(334,867)	(197,946)	(20,124)	17,751,839	100,631
			(1,257,964)				1,632,763		
Health Care Quality, Financing and Purcha:									
Personnel-Salary & Benefits	21,771,668		(698,673)	49,225	(237,968)	(117,780)	(340,413)		
Contract Professional Services			(1,013,122)				703,520		
Operating Supplies and Expense			(67,560)				(147,499)		
Contract Services- InRhodes							(380,775)		
	21,771,668	-	(1,779,355)	49,225	(237,968)	(117,780)	(165,167)	19,520,623	2,251,045
Medical Benefits									
Managed Care- November CEC	205,075,368						2,864,432		
Hospitals- November CEC	97,221,709						4,663,167		
Other- November - November CEC	28,303,764						6,740,295		
Nursing Facilities- November CEC	105,152,488						7,850,072		
Home & Community Based Services- No	24,491,324						(6,270,924)		
Pharmacy- November CEC	48,704,880						418,480		
Rhody Health- November CEC	53,398,400						-		
Eliminate Unqualified Uncompensated Care Payment							(3,650,000)		
Hospice Cost Reduction							(71,980)		
Review of Personal Choice Waiver							(72,160)		
Cost Reductions in Habilitation Waiver							(72,160)		
Optimizing Third Party Liability							(522,799)		
Review of Hospital Coding for Emergency Department Visits							(183,488)		
High Cost Case Review							(1,443,200)		
Selective Contracting: DME							(151,628)		
Certification of Assisted Living Care Settings-HCBS							(259,776)		
State Maximum Allowable Cost							(90,200)		
Reduce Payment Rates to Tavares Pediatric Center							(72,160)		
Reduce Hospital Reimbursement for NICU							(270,600)		
Redesign Eligibility System to Enhance Claiming Opportunity							(605,925)		
Temporary reduction in rate for the DRG Reimbursement							(959,854)		
	562,347,933	-	-	-	-	-	7,839,592	570,187,525	(7,839,592)
S.S.I. Program	20,706,354								
MHRH Admin for DD Residential- Benefits							1,055,000		
November CEC							299,446		
Certification of Assisted Living Care Settings	20,706,354						(168,480)	21,892,320	(1,185,966)
							1,185,966		

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Family Independence Program Child Care	6,500,000	-	-	-	-	-	(326,523) (465,473) (791,996)	5,708,004	791,996
November CEC Child Care Provider Rate Reduction	6,500,000	-	-	-	-	-			
State Funded Programs November CEC	2,395,456	-	-	-	-	-	77,205 77,205	2,472,661	(77,205)
<b>Total</b>	<b>662,081,602</b>	<b>-</b>	<b>(4,618,706)</b>	<b>180,734</b>	<b>(941,447)</b>	<b>(495,157)</b>	<b>9,155,483</b>	<b>665,362,509</b>	<b>(3,280,907)</b>
<b>Mental Health, Retardation, &amp; Hospitals</b>									
Central Management	1,035,453	-	-	-	-	-			
Personnel-Salary & Benefits			(41,697)	2,972	(16,760)	(6,001)	58,130		
Contracted Professional Services			(4,189)				13,642		
Operating Supplies and Expenses			(14,070)				(11,738)		
Grants - Supplemental Pensions							(550)		
Corr Action Plan - Reduce Operating							(35,488)		
Capital Pur - Computer Equip	1,035,453	-	(59,956)	2,972	(16,760)	(6,001)	21,496	977,204	58,249
Hosp. & Community System Support	2,655,402	-	-	-	-	-			
Personnel-Salary & Benefits			(156,367)	11,526	(53,577)	(17,318)	(191,123)		
Contracted Professional Services			(5,920)				(11,167)		
Operating Supplies and Expenses			(19,496)				(211,394)		
Grants - Supplemental Pensions							(171)		
Corr Action Plan - Reduce Operating							(10,447)		
Capital Purchases and Equipment	2,655,402	-	(181,783)	11,526	(53,577)	(17,318)	(435,102)	1,979,148	676,254
<b>Total</b>	<b>80,278,072</b>	<b>-</b>	<b>(876,697)</b>	<b>53,885</b>	<b>(255,725)</b>	<b>(157,404)</b>	<b>338,579</b>		
Services. for the Developmentally Disabled			(3,432)				(13,741)		
Personnel-Salary & Benefits			(39,956)				(2,937)		
Contracted Professional Services							1,205,947		
Operating Supplies and Expenses							692,363		
Grants - Provider Payments							(141,844)		
Underachieved CNOM Savings							(37,928)		
DD Less than 24 Hr Supports							(591,000)		
DD Job Training/Placement							(1,055,000)		
DD Day Programming/Supported Employment									
MHRH Admin for DD Residential- SSI Benefits									

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Capital Purchases and Equipment							(8,392)		
Corr Action Plan - DD Private Deficit							6,000,000		
Corr Action Plan - Reduce Operating							(50,393)		
Corr Action Plan - Inc Fed Revenue/Shift Cost to Fed							(51,775)		
	80,278,072	-	(920,085)	53,885	(255,725)	(157,404)	6,283,879	85,282,622	(5,004,550)
Integrated Mental Health Services	28,312,837								
Personnel-Salary & Benefits			(59,340)	5,367	(21,654)	(4,566)	20,444		
Contracted Professional Services			(2,048)				(18,432)		
Operating Supplies and Expenses			(31,575)				(5,971)		
CIMAP Pharmaceuticals							(399,999)		
Grants - Community MH Provider Payments							489,835		
Corr Action Plan - Reduce Operating							(12,948)		
Capital Pur - Computer Equip	28,312,837	-	(92,963)	5,367	(21,654)	(4,566)	829	28,272,779	40,058
Hosp. & Community Rehab. Services	40,770,397								
Personnel-Salary & Benefits			(2,097,174)	126,327	(705,439)	(398,395)	2,493,334		
Contracted Professional Services			(40,837)				(118,551)		
Operating Supplies and Expenses			(385,059)				(525,284)		
Grants and Assistance - Medical Services							567,463		
Capital Purchases and Equipment							(158)		
Corr Action Plan - Reduce Operating							(89,741)		
Corr Action Plan - Inc Fed Revenue/Shift Cost to Fed							(923,581)		
	40,770,397	-	(2,523,070)	126,327	(705,439)	(398,395)	1,403,482	38,673,302	2,097,095
Substance Abuse	12,963,619								
Personnel-Salary & Benefits			(89,999)	7,579	(26,401)	(15,212)	(79,253)		
Operating Supplies and Expenses			(990)				1,448		
Corr Action Plan - Reduce Operating							(983)		
Grants - Providers - Community Programs	12,963,619	-	(90,989)	7,579	(26,401)	(15,212)	150,744	12,910,552	53,067
<b>Total</b>	<b>166,015,780</b>	<b>-</b>	<b>(3,868,846)</b>	<b>207,656</b>	<b>(1,079,556)</b>	<b>(598,896)</b>	<b>7,419,469</b>	<b>168,095,607</b>	<b>(2,079,827)</b>
<b>Office of the Child Advocate</b>	547,048								
Personnel-Salary & Benefits			(36,115)	2,673	(14,297)	(5,318)	22,120		
Contracted Professional Services			(100)				(700)		
Operating Supplies and Expenses			(1,062)				(1,984)		

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
<b>Total</b>	<b>547,048</b>	-	<b>(37,277)</b>	<b>2,673</b>	<b>(14,297)</b>	<b>(5,318)</b>	<b>19,436</b>	<b>512,265</b>	<b>34,783</b>
<b>Commission on Deaf and Hard of Hearin</b>									
Personnel- Salary & Benefits	370,146		(21,282)	1,490	(8,002)	(4,801)	20,245		
Contracted Professional Services			(6,550)				(908)		
Operating Supplies and Expenses			(668)						
<b>Total</b>	<b>370,146</b>	-	<b>(28,500)</b>	<b>1,490</b>	<b>(8,002)</b>	<b>(4,801)</b>	<b>19,337</b>	<b>349,670</b>	<b>20,476</b>
<b>Governor's Commission on Disabilities</b>									
Personnel-Salary & Benefits	366,450		(21,816)	1,671	(9,236)	(2,145)	24,436		
Contracted Professional Services			(2,279)				(16,590)		
Operating Supplies and Expenses			(831)				(1,233)		
Grants and Benefits							5,800		
<b>Total</b>	<b>366,450</b>	-	<b>(24,926)</b>	<b>1,671</b>	<b>(9,236)</b>	<b>(2,145)</b>	<b>12,413</b>	<b>344,227</b>	<b>22,223</b>
<b>Office of the Mental Health Advocate</b>									
Personnel-Salary & Benefits	448,423		(29,986)	2,221	(10,746)	(3,637)	(20,329)		
Contracted Professional Services			(250)				4,750		
Operating Supplies and Expenses			(702)				1,865		
<b>Total</b>	<b>448,423</b>	-	<b>(30,938)</b>	<b>2,221</b>	<b>(10,746)</b>	<b>(3,637)</b>	<b>(13,714)</b>	<b>391,609</b>	<b>56,814</b>
<b>Sub-Total Human Services</b>	<b>1,031,749,031</b>	-	<b>(15,462,915)</b>	<b>788,213</b>	<b>(4,020,795)</b>	<b>(1,891,416)</b>	<b>19,788,870</b>	<b>1,030,950,988</b>	<b>798,043</b>
<b><u>Education</u></b>									
<b>Elementary and Secondary Education</b>									
State Education Aid	623,428,385								
Statewide Transportation									
Across-the-board cut-Local Districts							(17,614,254)		
Pension reform-Local Districts							(17,820,209)		
Shift to Stabilization Funding-Local Districts							(4,293,521)		
Charter School Aid							(268,165)		
Across-the-board cut-Charter Schools							(960,249)		
Pension reform-Charter Schools							(190,130)		
Shift to Stabilization Funding-Charter Schools							(197,752)		
Contracted Professional Services			(105,463)				521,765		

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings (53,364)	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Operating Supplies and Expenses							53,364		
Group Home aid							105,000		
Non-public textbook aid							(6,139)		
Transfer to ACES and Miscellaneous							(700,502)		
E-Rate	623,428,385	-	(158,827)	-	-	-	(41,720,792)	581,548,766	41,879,619
School Housing Aid	61,538,663	-	-	-	-	-	(3,182,767)	58,355,896	3,182,767
Teachers' Retirement	77,752,559	-	-	-	-	-	(1,457,022)		
Base adjustment							(12,343,022)		
Pension Reform	77,752,559	-	-	-	-	-	(13,800,044)	63,952,515	13,800,044
RI School for the Deaf	5,947,646								
Personnel				27,082	(47,296)	(79,898)	343,292		
Contracted Professional Services							(3,400)		
Operating Supplies and Expenses							(32,724)		
Shift to Stabilization Funding	5,947,646	-	(424,904)	27,082	(47,296)	(79,898)	263,172	5,685,802	261,844
Central Falls School District	42,428,937								
Across-the-board cut							(1,275,222)		
Pension reform							(453,973)		
Shift to Stabilization Funding	42,428,937	-	-	-	-	-	(291,374)	40,408,368	2,020,569
Davies Career & Technical School	14,056,193								
Personnel				62,964	(72,760)	(141,808)	274,940		
Contracted Professional Services							484,169		
Operating Supplies and Expenses							(162,418)		
Capital Purchases and Equipment							62,500		
Shift to Stabilization Funding	14,056,193	-	(962,748)	62,964	(72,760)	(141,808)	(96,548)	13,504,484	551,709
Met. Career & Tech. School	12,187,381								
Shift to Stabilization Funding	12,187,381	-	-	-	-	-	(250,000)	11,860,572	326,809
Administration of the Comp. Education Str:	20,387,006								
Personnel-Salary & Benefits				52,217	(261,719)	(89,142)	221,796		
Contracted Professional Services							(288,758)		

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings (70,351)	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Operating Supplies and Expenses							(47,654)		
Transfer from Education Aid and Misc.	20,387,006		(1,182,140)	52,217	(261,719)	(89,142)	470,384	19,376,606	1,010,400
<b>Total</b>	<b>857,726,770</b>	<b>-</b>	<b>(2,728,619)</b>	<b>142,263</b>	<b>(381,775)</b>	<b>(310,848)</b>	<b>(59,754,782)</b>	<b>794,693,009</b>	<b>63,033,761</b>
<b>Higher Education</b>									
Board of Governors/Office of Higher Ed	7,364,037			4,217		(27,227)	(62,137)		
Personnel-Salary & Benefits			(159,009)				(131,462)		
Contracted Professional Services			(33,709)				9,758		
Operating Supplies and Expenses			(221,637)				(434,314)		
Assistance and Grants							85,735		
Capital Purchases							528,203		
Operating Transfers	7,364,037		(414,355)	4,217	-	(27,227)	(4,217)	6,922,455	441,582
University of Rhode Island	61,485,106			64,805		(411,452)	(1,655,283)		
Personnel-Salary & Benefits			(2,618,018)				8,202		
Contracted Professional Services			(143,903)				857,077		
Operating Supplies and Expenses			(632,640)				662,608		
Assistance and Grants							62,591		
Capital Purchases	14,299,321		-	64,805		(411,452)	(80,580)	71,897,834	3,886,593
Debt Service	75,784,427		(3,394,561)	64,805	-		(145,385)		
Rhode Island College	40,818,151			60,463		(361,725)	(1,061,491)		
Personnel-Salary & Benefits			(2,124,995)				(80,381)		
Contracted Professional Services			(63,619)				(182,653)		
Operating Supplies and Expenses			(334,869)				742,662		
Assistance and Grants							416,189		
Capital Purchases							105,211		
Operating Transfers	1,368,648		-	60,463		(361,725)	362,190	39,663,781	2,523,018
Debt Service	42,186,799		(2,523,483)	60,463	-		301,727		
Community College of Rhode Island	46,527,444			57,980		(402,253)	(1,328,305)		
Personnel-Salary & Benefits			(2,617,693)				(235,444)		
Contracted Professional Services			(84,162)				734,711		
Operating Supplies and Expenses			(386,129)				331,754		
Assistance and Grants							439,304		
Capital Purchases							1,071		
Debt Service	1,444,137		-						

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
	47,971,581		(3,087,984)	57,980	-	(402,253)	(56,909)	44,482,415	3,489,166
<b>Total</b>	<b>173,306,844</b>	<b>-</b>	<b>(9,420,383)</b>	<b>187,465</b>	<b>-</b>	<b>(1,202,657)</b>	<b>95,216</b>	<b>162,966,485</b>	<b>10,340,359</b>
<b>RI Council On The Arts</b>	1,983,986		(41,945) (3,472)	3,123	(16,665)	(6,376)	31,723 (18,000) 7,500		
Personnel-Salary & Benefits									
Operating Supplies and Expenses									
Grants									
Governor's Portrait									
<b>Total</b>	<b>1,983,986</b>	<b>-</b>	<b>(45,417)</b>	<b>3,123</b>	<b>(16,665)</b>	<b>(6,376)</b>	<b>21,223</b>	<b>1,939,874</b>	<b>44,112</b>
<b>RI Atomic Energy Commission</b>	775,346		(46,441) (200) (5,314)	3,672	(21,162)	(6,364)	105,381 3,358 (19,277)		
Personnel-Salary & Benefits									
Contracted Professional Services									
Operating Supplies and Expenses									
<b>Total</b>	<b>775,346</b>	<b>-</b>	<b>(51,955)</b>	<b>3,672</b>	<b>(21,162)</b>	<b>(6,364)</b>	<b>89,462</b>	<b>788,999</b>	<b>(13,653)</b>
<b>RI Higher Education Assistance Authority</b>	7,305,741		(34,501) (900) (10,500)	2,093	(12,705)	(5,486)	5,537 -		
Personnel-Salary & Benefits									
Contracted Professional Services									
Operating Supplies and Expenses									
Capital									
Scholarships									
<b>Total</b>	<b>7,305,741</b>	<b>-</b>	<b>(45,901)</b>	<b>2,093</b>	<b>(12,705)</b>	<b>(5,486)</b>	<b>(5,592)</b>	<b>7,238,150</b>	<b>67,591</b>
<b>RI Historical Preservation &amp; Heritage Con</b>	1,285,100		(69,605) (423) (5,062)	4,889	(27,018)	(14,408)	90,003 1,695 (2,933)		
Personnel-Salary & Benefits									
Contracted Professional Services									
Operating Supplies and Expenses									
Capital									
<b>Total</b>	<b>1,285,100</b>	<b>-</b>	<b>(75,090)</b>	<b>4,889</b>	<b>(27,018)</b>	<b>(14,408)</b>	<b>88,765</b>	<b>1,262,238</b>	<b>22,862</b>
<b>RI Public Telecommunications Authority</b>	1,142,702		(74,402) (1,300) (3,903)	5,276	(26,478)	(14,170)	22,924 (41,097)		
Personnel-Salary & Benefits									
Contracted Professional Services									
Operating Supplies and Expenses									
<b>Total</b>	<b>1,142,702</b>	<b>-</b>	<b>(79,605)</b>	<b>5,276</b>	<b>(26,478)</b>	<b>(14,170)</b>	<b>(18,173)</b>	<b>1,009,552</b>	<b>133,150</b>

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Sub-Total Education	1,043,526,489	-	(12,446,970)	348,781	(485,803)	(1,560,309)	(59,483,881)	969,898,307	73,628,182
<b><u>Public Safety</u></b>									
<b>Attorney General</b>									
Criminal	13,010,243								
Personnel-Salary & Benefits			(837,898)	62,181	(328,430)	(130,246)	502,704 (53,717)		
Contracted Professional Services			(8,445)				73,034		
Operating Supplies and Expenses	13,010,243	-	(891,202)	62,181	(328,430)	(130,246)	522,021	12,244,567	765,676
Civil	4,385,190								
Personnel-Salary & Benefits			(277,485)	20,234	(105,165)	(47,916)	116,433 117,139		
Contracted Professional Services			(922)				(42,276)		
Operating Supplies and Expenses	4,385,190	-	(21,997)	20,234	(105,165)	(47,916)	191,296	4,143,235	241,955
Operating Supplies and Expenses			(300,404)						
Bureau of Criminal Identification	1,000,244								
Personnel-Salary & Benefits			(64,785)	4,842	(26,982)	(10,544)	99,825 263		
Contracted Professional Services			(263)				26,072		
Operating Supplies and Expenses	1,000,244	-	(3,083)					1,025,589	(25,345)
Operating Supplies and Expenses			(68,131)	4,842	(26,982)	(10,544)	126,160		
General	2,704,066								
Personnel-Salary & Benefits			(171,443)	12,982	(71,418)	(26,654)	231,926 89		
Contracted Professional Services			(89)				(9,333)		
Operating Supplies and Expenses	2,704,066	-	(12,551)	12,982	(71,418)	(26,654)	222,682	2,657,575	46,491
Operating Supplies and Expenses			(184,083)						
<b>Total</b>	<b>21,099,743</b>	<b>-</b>	<b>(1,443,820)</b>	<b>100,239</b>	<b>(531,995)</b>	<b>(215,360)</b>	<b>1,062,159</b>	<b>20,070,966</b>	<b>1,028,777</b>
<b>Corrections</b>									
Central Management	8,021,430								
Personnel-Salary & Benefits			(426,959)	28,836	(93,173)	(57,984)	255,354 9,612		
Weapons Qualification-Personnel							(576,156)		
CO Training Class-Personnel			(40,893)				103,636		
Contracted Professional Services							(70,878)		
CO Training Class-Contract Services			(78,746)				(34,594)		
Operating Supplies and Expenses							(108,824)		
Computer Equipment							23,899		
Weapons Qualification-Operating									

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement/ Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Parole Board	8,021,430	-	(546,598)	28,836	(93,173)	(57,984)	(397,951)	6,954,560	1,066,870
Personnel-Salary & Benefits	1,269,396		(75,225)	4,245	(28,935)	(12,541)	130,465		
Contracted Professional Services			(11,595)				27,655		
Other Operating/Grants/Capital	1,269,396	-	(90,812)	4,245	(28,935)	(12,541)	(5,628)	1,293,845	(24,449)
Institutional Corrections	153,293,213		(8,954,580)	516,311	(332,132)	(1,481,656)	4,069,994		
Personnel-Salary & Benefits							3,543,154		
OT adjustment							2,613,620		
Unachieved Module Closures							1,272,232		
Vacancy reduction (26.0 FTE's)							(101,927)		
Litter Crew Overtime							352,824		
SCAAP							287,901		
Contracted Professional Services			(1,053,684)				(764,820)		
Inmate Per Diem Expenses-Medical			(957,562)				1,303,811		
Operating Supplies and Expenses							(238,804)		
Inmate Per Diem Expenses-Operating							100,000		
HINI Medical Supplies	153,293,213	-	(10,965,826)	516,311	(332,132)	(1,481,656)	12,437,985	153,467,895	(174,682)
Community Corrections	14,806,523		(945,530)	67,704	(327,497)	(134,761)	(244,023)		
Personnel-Salary & Benefits			(40,290)				(33,210)		
Contracted Professional Services			(42,211)				27,917		
Operating Supplies and Expenses	14,806,523	-	(1,028,031)	67,704	(327,497)	(134,761)	(249,316)	13,134,622	1,671,901
<b>Total</b>	<b>177,390,562</b>	<b>-</b>	<b>(12,631,267)</b>	<b>617,096</b>	<b>(781,737)</b>	<b>(1,686,942)</b>	<b>11,943,210</b>	<b>174,850,922</b>	<b>2,539,640</b>
<b>Judiciary</b>									
Supreme Court	28,043,805	26,665	(1,040,853)	125,070	(414,929)	(203,804)	1,317,970		
Personnel-Salary & Benefits			(148,069)				218,464		
Contracted Professional Services			(411,954)				420,850		
Operating Supplies and Expenses							8,259		
Judges Pensions							(157,421)		
Capital Purchases and Equipment	28,043,805	26,665	(1,600,876)	125,070	(414,929)	(203,804)	1,808,122	27,784,053	259,752
Superior Court	19,861,308	1,451	(1,146,016)	195,024	(455,464)	(199,755)	986,572		
Personnel-Salary & Benefits			(6,500)				(24,951)		
Contracted Professional Services									

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Operating Supplies and Expenses			(67,499)				47,703		
Judges Pensions	19,861,308	1,451	(1,220,015)	195,024	(455,464)	(199,755)	1,268,285	19,450,834	410,474
Family Court	18,151,560	295		140,484	(409,616)	(219,248)	383,941		
Personnel-Salary & Benefits			(1,158,317)				84,075		
Contracted Professional Services			(17,225)				52,535		
Operating Supplies and Expenses			(19,360)				(1,179,671)		
Child Support Enforcement/Shift to Federal							(68,869)		
Judges Pensions	18,151,560	295	(1,194,902)	140,484	(409,616)	(219,248)	(727,989)	15,740,584	2,410,976
District Court	10,175,958			120,683	(231,731)	(113,359)	567,538		
Personnel-Salary & Benefits			(592,077)				29,683		
Contracted Professional Services			(14,827)				7,033		
Operating Supplies and Expenses			(13,441)				(50,000)		
Grants and Benefits							(109,287)		
Judges Pensions	10,175,958	-	(620,345)	120,683	(231,731)	(113,359)	444,967	9,776,173	399,785
Traffic Tribunal	7,545,676			49,500	(184,422)	(92,409)	519,356		
Personnel-Salary & Benefits			(473,326)				743		
Contracted Professional Services			(100)				24,896		
Operating Supplies and Expenses			(15,879)				(6,000)		
Judges Pensions							538,995		
Capital Purchases and Equipment	7,545,676	-	(489,305)	49,500	(184,422)	(92,409)		7,368,035	177,641
Judicial Tenure and Discipline	128,922			515	(2,740)	(695)	6,882		
Personnel-Salary & Benefits			(6,353)				(16,800)		
Contracted Professional Services			(3,200)				26		
Operating Supplies and Expenses	128,922		(154)	515	(2,740)	(695)	(9,892)	106,403	22,519
<b>Total</b>	<b>83,907,229</b>	<b>28,411</b>	<b>(5,135,150)</b>	<b>631,276</b>	<b>(1,698,902)</b>	<b>(829,270)</b>	<b>3,322,488</b>	<b>80,226,082</b>	<b>3,681,147</b>
<b>Military Staff</b>									
National Guard	1,517,828		(49,813)	2,224	(14,489)	(10,112)	100,315		
Personnel-Salary & Benefits							(26,200)		
Funeral Honors							2,312		
Contracted Professional Services			(3,277)				(51,557)		
Operating Supplies and Expenses			(44,152)						

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Active Guard Member Life Insurance	1,517,828	-	(97,242)	2,224	(14,489)	(10,112)	(39,400) (14,530)	1,383,679	134,149
Emergency Management Personnel-Salary & Benefits	1,762,151		(66,870) (57,649)	4,230	(21,286)	(7,078)	248,521 17,091		
Operating Supplies and Expenses	1,762,151	-	(124,519)	4,230	(21,286)	(7,078)	265,612	1,879,110	(116,959)
<b>Total</b>	<b>3,279,979</b>	<b>-</b>	<b>(221,761)</b>	<b>6,454</b>	<b>(35,775)</b>	<b>(17,190)</b>	<b>251,082</b>	<b>3,262,789</b>	<b>17,190</b>
<b>Public Safety</b>									
Central Management Personnel-Salary & Benefits	770,605		(45,427) (45,427)	4,024 4,024	(17,648) (17,648)	(8,014) (8,014)	(29,621) (29,621)		96,686
E-911 Emergency Telephone System Personnel-Salary & Benefits	4,831,572		(269,400) (17,054) (43,225)	16,927	(92,413)	(65,833)	493,634 (6,212) (69,027) 5,000		47,603
Contracted Professional Services Operating Supplies and Expenses Capital	4,831,572	-	(329,679)	16,927	(92,413)	(65,833)	423,395	4,783,969	
State Fire Marshal Personnel-Salary & Benefits	2,631,162		(153,547) (5,304) (16,497)	11,291	(54,662)	(19,972)	79,088 (4,738) (28,298) (2,024) 44,028		194,663
Contracted Professional Services Operating Supplies and Expenses Capital	2,631,162	-	(175,348)	11,291	(54,662)	(19,972)	44,028	2,436,499	
Capitol Police Personnel-Salary & Benefits	3,310,591		(222,056)	14,809	(68,737)	(34,878)	212,594 1,000		
Contracted Professional Services Operating Supplies and Expenses	3,310,591	-	(5,224) (227,280)	14,809	(68,737)	(34,878)	(6,521) 207,073	3,201,578	109,013
Municipal Police Training Academy Personnel-Salary & Benefits	349,696		(20,367) (1,400) (2,638) (24,405)	1,479	(7,350)	(3,214)	16,673 (1,100) (11,103) 4,470		29,020
Contracted Professional Services Operating Supplies and Expenses	349,696	-	(24,405)	1,479	(7,350)	(3,214)	4,470	320,676	
State Police	42,852,283								

## Changes to FY 2010 Enacted Agency General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
Personnel-Salary & Benefits									
Shortfall in add back for Pension reform modifications			(2,079,896)	2,037,765	(432,718)	(205,275)	346,053		1,427,407
Contracted Professional Services			(25,585)				(51,659)		(303,064)
Operating Supplies and Expenses			(285,174)				127,594		
Assistance and Grants	42,852,283	-	(2,390,655)	2,037,765	(432,718)	(205,275)	1,546,331	43,407,731	(555,448)
<b>Total</b>	<b>54,745,909</b>		<b>(3,192,794)</b>	<b>2,086,295</b>	<b>(673,528)</b>	<b>(337,186)</b>	<b>2,195,676</b>	<b>54,824,372</b>	<b>(78,463)</b>
<b>Office Of Public Defender</b>									
Personnel-Salary & Benefits	9,583,189		(593,551)	44,254	(237,500)	(89,736)	509,475		
Contracted Professional Services			(11,757)				28,339		
Operating Supplies and Expenses			(50,295)				22,007		
<b>Total</b>	<b>9,583,189</b>		<b>(655,603)</b>	<b>44,254</b>	<b>(237,500)</b>	<b>(89,736)</b>	<b>559,821</b>	<b>9,204,425</b>	<b>378,764</b>
<b>Sub-Total Public Safety</b>	<b>350,006,611</b>	<b>28,411</b>	<b>(23,280,395)</b>	<b>3,485,614</b>	<b>(3,959,437)</b>	<b>(3,175,684)</b>	<b>19,334,436</b>	<b>342,439,556</b>	<b>7,567,055</b>
<b><u>Natural Resources</u></b>									
<b>Environmental Management</b>									
Office of the Director	5,185,950		(155,512)	11,482	(56,671)	(23,607)	(348,352)		
Personnel-Salary & Benefits			(17,100)				(91,250)		
Contracted Professional Services			(162,799)				88,146		
Operating Supplies and Expenses							(14,250)		
Capital	5,185,950	-	(335,411)	11,482	(56,671)	(23,607)	(365,706)	4,416,037	769,913
Bureau of Natural Resources	18,222,294		(930,288)	49,900	(250,679)	(133,945)	739,310		
Personnel-Salary & Benefits			(53,285)				(81,415)		
Contracted Professional Services			(225,639)				(50,971)		
Operating Supplies and Expenses							56,876		
Assistance and Grants							(22,500)		
Capital	18,222,294	-	(1,209,212)	49,900	(250,679)	(133,945)	641,300	17,319,658	902,636
Environmental Protection	12,076,125		(790,057)	57,833	(286,450)	(126,327)	308,152		
Personnel-Salary & Benefits			(32,170)				(89,930)		
Contracted Professional Services			(14,261)				(12,482)		
Operating Supplies and Expenses							(14,200)		
Capital	12,076,125	-	(836,488)	57,833	(286,450)	(126,327)	191,540	11,076,233	999,892

## Changes to FY 2010 Enacted General Revenue Expenditures

	FY2010 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Original July Redistribution Of Enacted Statewide Savings	Retirement Contribution/ Pension Reform	Pay Reduction Day Savings	Medical Benefit Savings	Projected Changes	FY 2010 Projected Expenditures	Projected Surplus/ (Deficit)
<b>Total</b>	<b>35,484,369</b>	-	(2,381,111)	119,215	(593,800)	(283,879)	467,134	32,811,928	2,672,441
<b>Coastal Resources Management Council</b>									
Personnel-Salary & Benefits	2,027,574		(132,991)	10,048	(49,518)	(20,980)	150,775		
Contracted Professional Services - Legal			(8,760)				(30,573)		
Operating Supplies and Expenses			(404)				(125)		
<b>Total</b>	<b>2,027,574</b>	-	(142,155)	10,048	(49,518)	(20,980)	120,077	1,945,046	82,528
<b>State Water Resources Board</b>									
Personnel-Salary & Benefits	1,370,785		(43,955)	3,311	(18,586)	(7,379)	122,317		
Contracted Professional Services-General			(54,323)				(21,500)		
Big River Well Development to RICAP							(130,000)		
Water Allocation Plan							(108,734)		
Operating Supplies and Expenses			(8,387)				(3,613)		
<b>Total</b>	<b>1,370,785</b>	-	(106,665)	3,311	(18,586)	(7,379)	(141,530)	1,099,936	270,849
<b>Sub-Total Environment</b>	<b>38,882,728</b>	-	(2,629,931)	132,574	(661,904)	(312,238)	445,681	35,856,910	3,025,818
<b>Statewide General Revenue Total</b>	<b>3,000,341,114</b>	998,143	-	-	(12,880,411)	(8,733,821)	(134,784,748)	2,844,940,277	155,400,837

## Changes to FY 2010 Enacted Transportation Expenditures

	FY 2010 Enacted Appropriation	Change to Carryforward from FY2009	Pay Reduction Day Savings	Medical Benefit Savings	Supplemental Changes	Governor's Recommend
<b>Total ISTF Fund Revenue Collections</b>	<b>143,000,000</b>				<b>(6,987,500)</b>	<b>136,012,500</b>
<b>Transportation ISTEA Fund Changes - Surplus</b>	<b>1,530,791</b>				<b>(1,338,530)</b>	<b>192,261</b>
<b>Total Revenues Available</b>	<b>144,530,791</b>					<b>136,204,761</b>
<b>Central Management</b>	<b>1,905,734</b>					
Salaries & Benefits				(11,428)	(754,163)	
Uncompensated Leave Days(1)			(26,495)			
Purchased Services					(5,780)	
Operating					84,574	
Grants & Benefits					(700)	
Capital Improvements					(7,500)	
	1,905,734	-	(26,495)	(11,428)	(683,569)	1,184,242
<b>Management &amp; Budget</b>	<b>1,186,330</b>					
Salaries & Benefits				(25,681)	(998,234)	
Uncompensated Leave Days(1)			(15,060)			
Purchased Services					739,817	
Operating					467,122	
Capital Improvements					2,698	
	1,186,330	-	(15,060)	(25,681)	211,403	1,356,992
<b>Infrastructure-Engineering</b>	<b>5,484,407</b>					
Salaries & Benefits				(48,747)	(1,396,159)	
Uncompensated Leave Days(1)			(76,559)			
Gas Tax Allocation from Payroll Clearing Account					(715,133)	
Federal Indirect Cost Allocation Department Wide					364,614	
Purchased Services					500	
Operating					106,822	
Grants & Benefits					(1,000)	
Move Weight Enforcement Details Bridge 550 to GARVEE					(495,000)	
Capital Improvements					(5,100)	
Other Operating Transfers						
	5,484,407	-	(76,559)	(48,747)	(2,140,456)	3,218,645
<b>Infrastructure-Maintenance</b>	<b>36,749,879</b>					
Salaries & Benefits				(281,384)	35,254	
Uncompensated Leave Days(1)			(369,018)			
Overtime					(368,000)	
Purchased Services					7,000	
Operating					(180,071)	
Grants & Benefits						
Capital Improvements					(75,500)	
Operating Transfers						
Winter Maintenance - Overtime					600,600	
Winter Maintenance - materials & Contractors					243,284	
Highway Lighting Electricity					720,114	
Vehicle Repairs/Fuel					719,667	
Target Adjustment to Reduce Expenses					(2,532,070)	
	36,749,879	-	(369,018)	(281,384)	(829,722)	35,269,755
<b>Total Department of Transportation Operations</b>	<b>45,326,350</b>	<b>-</b>	<b>(487,132)</b>	<b>(367,240)</b>	<b>(3,442,344)</b>	<b>41,029,633</b>
Operating Transfers to Motor Fuel Bonds - debt serv	8,800,000				(430,000)	8,370,000
Operating Transfers to RIPTA	42,111,130				(2,132,177)	39,978,953
<b>Total Transfers</b>	<b>50,911,130</b>				<b>(2,562,177)</b>	<b>48,348,953</b>
<b>Total Transportation</b>	<b>96,237,480</b>				<b>(6,004,521)</b>	<b>89,378,586</b>

## Changes to FY 2010 Enacted Transportation Expenditures

	FY 2010 Enacted Appropriation	Change to Carryforward from FY2009	Pay Reduction Day Savings	Medical Benefit Savings	Supplemental Changes	Governor's Recommend
<b>Gas tax budgeted outside DOT</b>						
DOT Debt service(est DOT refunding allocation)	41,350,022				(1,015,585)	40,334,437
RIPTA Debt Service	826,370				(1,573)	824,797
<b>Gas tax budgeted in DOA-planning</b>	<b>42,176,392</b>				<b>(1,017,158)</b>	<b>41,159,234</b>
Consolidations Transfer	1,748,628				(266,750)	1,481,878
<b>Total Transfers</b>	<b>1,748,628</b>				<b>(266,750)</b>	<b>1,481,878</b>
<b>Gas Tax Budgeted outside of DOT</b>	<b>43,925,020</b>				<b>(1,283,908)</b>	<b>42,641,112</b>
DHS - Elderly Transportation	4,400,000				(215,000)	4,185,000
General Fund Transfer	-					-
<b>Total ISTE A Fund</b>	<b>144,562,500</b>				<b>(7,503,429)</b>	<b>136,204,698</b>
<b>Change in Fund Balance</b>	<b>(1,562,500)</b>				<b>1,562,563</b>	<b>63</b>
<sup>1</sup> Beginning Balance						63
Ending Balance	(31,709)					63

<sup>1</sup> Planned balance from FY 09 programmed into enacted budget



**Appendix C**  
**Aid to Cities and**  
**Towns**



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## Formula Aid to Cities and Towns

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The Governor's FY 2011 budget recommends formula aid to cities and towns totaling \$78.2 million. This represents a 57.7 percent, or \$106.7 million decrease from the FY 2010 enacted level of funding. The tables on the following pages display the FY 2010 enacted, FY 2010 revised, and FY 2011 recommended levels of funding for formula aid to cities and towns by community. In general, formula state aid programs were level funded from the revised level with the exception of the motor vehicle tax phase-out program, which the Governor recommends eliminating in the FY 2011 budget. The narrative below describes each of the programs included on the tables. It should also be noted that updated formula drivers for PILOT and Distressed Community Relief Fund were incorporated for FY 2011. This results in increases and decreases by community depending on changes in relative wealth and other factors which are incorporated in determining entitlements.

Payment in Lieu of Taxes - Legislation creating this program requires the State of Rhode Island to reimburse cities and towns for property taxes that would have been due on certain types of real property that are exempted from taxation by state law. This includes property owned by nonprofit educational institutions, nonprofit hospitals, or any state owned hospital, veteran's facility, or correctional facility. Reimbursement is made for twenty-seven percent of all tax that would have been collected had the property been taxable, prorated to the amount appropriated for a given year. The Governor's recommendation is to level fund the program at the FY 2010 enacted level of \$27.6 million for the FY 2010 revised and FY 2011 budgets. Entitlements by community have been adjusted to reflect revenue which would have been lost resulting from eligible properties in the statutory reference year.

Distressed Communities Relief Fund - This program provides state assistance to those Rhode Island communities with the highest property tax burdens relative to the wealth of taxpayers. The amount of total funding distributed under this program is based on the amount enacted in the annual appropriations act. Entitlements for FY 2010 and FY 2011 by community reflect computations based upon the latest available qualifying data. The Governor's recommendation is to level fund the program at the FY 2010 enacted level of \$10.4 million for the FY 2010 revised and FY 2011 budgets.

State Library Aid - This program provides financial support for local public library services and for the construction and capital improvement of any free public library. A portion of library aid is disbursed directly to local libraries, including private libraries, while other aid is disbursed to the individual cities and towns. The Governor's recommendation is to level fund the program at the FY 2010 enacted level of \$8.7 million for the FY 2010 revised and FY 2011 budgets. Although total funding is level funded at the FY 2010 enacted level, distributions by community/library have been calculated based upon the latest available qualifying data from the statutory reference year. Library construction aid is fully funded in both years based on outstanding commitments.

Motor Vehicle Excise Tax - Legislation enacted during the 1999 General Assembly provides for a phase-out of the local excise tax on motor vehicles and trailers. This legislation was amended in 2002 to make the full phase out of the tax subject to the annual review and appropriation of the General Assembly. For fiscal year 2007, the value of the exemption from local taxes was increased to \$6,000 per vehicle. For FY 2009, the legislation was amended to reimburse only 98 percent of the exemption value, reflecting comparability with municipal motor vehicle tax collection rates. In FY 2010, \$135.3 million was enacted for the program. In the FY 2010 revised budget, the Governor recommends eliminating the final two quarter payments and recommends total funding of \$68.6 million. In FY 2011, the Governor recommends eliminating the program entirely and includes no appropriation in the budget recommendation.

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## **Formula Aid to Cities and Towns**

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Public Service Corporation Tax - The tangible personal property of telegraph, cable and telecommunications corporations is exempt from local taxation, but is subject to taxation by the state at the average property tax statewide. For FY 2010 and FY 2011, the Governor recommends level funding the program as no growth is forecasted. Funds collected from this tax are distributed to cities and towns within the state on the basis of the ratio of the city or town population to the population of the state as a whole.

Meals and Beverage Local Sales and Use Tax – During the January 2003 session, the General Assembly enacted a one percent gross receipts tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered. For FY 2010 and FY 2011, the Governor recommends level funding the program as no growth is forecasted.

## Fiscal Year 2010 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2010 Total Appropriated State Aid
Barrington	48,674	-	321,077	2,983,208	3,352,959
Bristol	634,467	-	58,525	1,533,679	2,226,671
Burrillville	70,725	508,392	91,281	2,806,626	3,477,024
Central Falls	21,195	289,687	76,209	1,478,058	1,865,149
Charlestown	-	-	45,556	522,331	567,887
Coventry	-	-	189,995	2,954,920	3,144,915
Cranston	3,564,549	-	567,847	12,229,010	16,361,406
Cumberland	119	-	242,267	2,787,441	3,029,827
East Greenwich	7,852	-	106,867	1,365,583	1,480,302
East Providence	59,510	-	472,150	6,195,221	6,726,881
Exeter	-	-	32,881	1,020,562	1,053,443
Foster	476	-	33,174	857,971	891,621
Glocester	-	-	67,171	1,218,863	1,286,034
Hopkinton	-	-	28,195	850,943	879,138
Jamestown	-	-	74,753	432,967	507,720
Johnston	-	-	105,464	5,064,868	5,170,332
Lincoln	-	-	176,403	2,922,165	3,098,568
Little Compton	-	-	25,583	292,210	317,793
Middletown	-	-	130,962	1,097,078	1,228,040
Narragansett	-	-	120,292	1,224,495	1,344,787
Newport	754,667	-	355,526	1,811,310	2,921,503
New Shoreham	-	-	93,402	93,112	186,514
North Kingstown	6,499	-	236,452	2,824,194	3,067,145
North Providence	457,836	1,021,040	174,633	4,901,389	6,554,898
North Smithfield	50,270	-	57,152	2,121,675	2,229,097
Pawtucket	349,008	1,497,807	415,117	10,090,288	12,352,220
Portsmouth	-	-	100,332	1,559,418	1,659,750
Providence	19,651,148	5,294,786	1,224,950	23,572,708	49,743,592
Richmond	-	-	26,120	834,514	860,634
Scituate	-	-	92,783	1,579,960	1,672,743
Smithfield	457,147	-	244,438	3,542,318	4,243,903
South Kingstown	139,158	-	199,346	2,178,075	2,516,579
Tiverton	-	-	91,028	1,413,809	1,504,837
Warren	-	-	49,036	1,125,745	1,174,781
Warwick	1,025,527	-	669,452	13,715,293	15,410,272
Westerly	124,499	-	281,816	2,999,237	3,405,552
West Greenwich	-	-	23,819	594,921	618,740
West Warwick	-	946,360	188,581	3,183,440	4,318,381
Woonsocket	157,083	826,382	207,774	5,451,446	6,642,685
<b>Subtotal</b>	<b>\$27,580,409</b>	<b>10,384,458</b>	<b>7,698,411</b>	<b>\$133,431,051</b>	<b>\$179,094,324</b>
Statewide Reference Library Resource Grant (Providence)			1,012,378		1,012,378
Library Construction Reimbursement			2,844,547		2,844,547
Motor Vehicle Excise Tax Reimbursement - Fire Districts				\$1,875,837	1,875,837
<b>Total</b>	<b>\$27,580,409</b>	<b>\$10,384,458</b>	<b>\$11,555,336</b>	<b>\$135,306,888</b>	<b>\$184,827,086</b>

## Fiscal Year 2010 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2010 Total Shared Taxes State Aid	FY 2010 Total Shared & Appropriated Aid
Barrington	163,557	119,179	282,736	3,635,694
Bristol	218,500	318,548	537,048	2,763,719
Burrillville	153,609	166,966	320,575	3,797,598
Central Falls	184,066	82,663	266,729	2,131,878
Charlestown	76,425	98,886	175,311	743,198
Coventry	327,405	332,829	660,234	3,805,148
Cranston	770,853	1,317,327	2,088,180	18,449,586
Cumberland	309,629	346,547	656,176	3,686,003
East Greenwich	125,913	389,810	515,723	1,996,025
East Providence	473,467	710,794	1,184,261	7,911,142
Exeter	58,785	63,081	121,866	1,175,309
Foster	41,563	17,846	59,409	951,031
Glocester	96,740	57,561	154,301	1,440,335
Hopkinton	76,201	39,880	116,081	995,219
Jamestown	54,671	65,241	119,912	627,633
Johnston	274,183	406,973	681,156	5,851,488
Lincoln	203,223	585,041	788,264	3,886,832
Little Compton	34,940	27,577	62,517	380,311
Middletown	168,565	566,748	735,313	1,963,353
Narragansett	159,103	473,967	633,070	1,977,858
Newport	257,457	1,552,832	1,810,289	4,731,792
New Shoreham	9,822	208,610	218,432	404,946
North Kingstown	256,008	430,806	686,814	3,753,959
North Providence	315,181	365,348	680,529	7,235,428
North Smithfield	103,255	155,376	258,631	2,487,728
Pawtucket	709,481	640,642	1,350,123	13,702,343
Portsmouth	166,766	159,493	326,259	1,986,009
Providence	1,688,352	3,912,275	5,600,627	55,344,219
Richmond	70,230	101,458	171,688	1,032,322
Scituate	100,396	55,036	155,432	1,828,175
Smithfield	200,452	480,155	680,607	4,924,511
South Kingstown	271,518	516,680	788,198	3,304,777
Tiverton	148,396	146,356	294,752	1,799,590
Warren	110,471	205,217	315,688	1,490,468
Warwick	834,442	2,199,207	3,033,649	18,443,921
Westerly	223,333	589,951	813,284	4,218,836
West Greenwich	49,449	79,531	128,980	747,720
West Warwick	287,661	330,731	618,392	4,936,773
Woonsocket	420,333	491,063	911,396	7,554,081
<b>Subtotal</b>	<b>\$10,194,401</b>	<b>\$18,808,231</b>	<b>\$29,002,632</b>	<b>\$208,096,956</b>
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,844,547
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
<b>Total</b>				<b>\$213,829,718</b>

## Fiscal Year 2010 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2010 Total Appropriated State Aid
Barrington	48,732	-	321,077	1,454,314	1,824,123
Bristol	610,478	-	58,525	747,669	1,416,672
Burrillville	70,809	508,392	91,281	1,368,230	2,038,712
Central Falls	21,220	289,687	76,209	720,553	1,107,669
Charlestown	-	-	45,556	254,636	300,193
Coventry	-	-	189,995	1,440,523	1,630,518
Cranston	3,560,464	-	567,847	5,961,643	10,089,953
Cumberland	119	-	242,267	1,358,878	1,601,264
East Greenwich	7,861	-	106,867	665,722	780,449
East Providence	54,586	-	472,150	4,688,640	5,215,376
Exeter	-	-	32,881	497,524	530,405
Foster	476	-	33,174	418,261	451,911
Glocester	-	-	67,171	594,196	661,366
Hopkinton	-	-	28,195	414,835	443,030
Jamestown	-	-	74,753	211,071	285,825
Johnston	-	-	105,464	2,469,123	2,574,587
Lincoln	-	-	176,403	1,424,555	1,600,958
Little Compton	-	-	25,583	142,452	168,036
Middletown	-	-	130,962	534,825	665,787
Narragansett	-	-	120,292	596,941	717,234
Newport	755,574	-	355,526	883,014	1,994,114
New Shoreham	-	-	93,402	45,392	138,794
North Kingstown	6,509	-	236,452	1,376,795	1,619,756
North Providence	458,386	1,021,040	174,633	2,389,427	4,043,486
North Smithfield	50,330	-	57,152	1,034,316	1,141,798
Pawtucket	349,427	1,497,807	415,117	4,919,015	7,181,366
Portsmouth	-	-	100,332	760,216	860,548
Providence	19,679,744	5,294,786	1,224,950	11,491,695	37,691,175
Richmond	-	-	26,120	406,826	432,946
Scituate	-	-	92,783	770,230	863,014
Smithfield	457,696	-	244,438	1,726,880	2,429,014
South Kingstown	139,325	-	199,346	1,061,812	1,400,483
Tiverton	-	-	91,028	689,232	780,260
Warren	-	-	49,036	548,801	597,836
Warwick	1,026,754	-	669,452	6,686,205	8,382,411
Westerly	124,648	-	281,816	1,462,128	1,868,592
West Greenwich	-	-	23,819	290,024	313,843
West Warwick	-	946,360	188,581	1,551,927	2,686,868
Woonsocket	157,271	826,382	207,774	2,657,580	3,849,007
<b>Subtotal</b>	<b>\$27,580,409</b>	<b>\$10,384,458</b>	<b>\$7,698,411</b>	<b>\$66,716,108</b>	<b>\$112,379,380</b>
Statewide Reference Library Resource Grant (Providence)			1,012,378		1,012,378
Library Construction Reimbursement			2,739,488		2,739,488
Motor Vehicle Excise Tax Reimbursement - Fire Districts				\$1,875,837	1,875,837
<b>Total</b>	<b>\$27,580,409</b>	<b>\$10,384,458</b>	<b>\$11,450,277</b>	<b>\$68,591,945</b>	<b>\$118,007,083</b>

## Fiscal Year 2010 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2010 Total Shared Taxes State Aid	FY 2010 Total Shared & Appropriated Aid
Barrington	163,557	119,179	282,736	2,106,858
Bristol	218,500	318,548	537,048	1,953,720
Burrillville	153,609	166,966	320,575	2,359,287
Central Falls	184,066	82,663	266,729	1,374,398
Charlestown	76,425	98,886	175,311	475,503
Coventry	327,405	332,829	660,234	2,290,752
Cranston	770,853	1,317,327	2,088,180	12,178,133
Cumberland	309,629	346,547	656,176	2,257,440
East Greenwich	125,913	389,810	515,723	1,296,173
East Providence	473,467	710,794	1,184,261	6,399,637
Exeter	58,785	63,081	121,866	652,271
Foster	41,563	17,846	59,409	511,321
Glocester	96,740	57,561	154,301	815,668
Hopkinton	76,201	39,880	116,081	559,111
Jamestown	54,671	65,241	119,912	405,737
Johnston	274,183	406,973	681,156	3,255,744
Lincoln	203,223	585,041	788,264	2,389,222
Little Compton	34,940	27,577	62,517	230,553
Middletown	168,565	566,748	735,313	1,401,101
Narragansett	159,103	473,967	633,070	1,350,304
Newport	257,457	1,552,832	1,810,289	3,804,403
New Shoreham	9,822	208,610	218,432	357,226
North Kingstown	256,008	430,806	686,814	2,306,570
North Providence	315,181	365,348	680,529	4,724,016
North Smithfield	103,255	155,376	258,631	1,400,429
Pawtucket	709,481	640,642	1,350,123	8,531,489
Portsmouth	166,766	159,493	326,259	1,186,807
Providence	1,688,352	3,912,275	5,600,627	43,291,803
Richmond	70,230	101,458	171,688	604,634
Scituate	100,396	55,036	155,432	1,018,445
Smithfield	200,452	480,155	680,607	3,109,621
South Kingstown	271,518	516,680	788,198	2,188,681
Tiverton	148,396	146,356	294,752	1,075,013
Warren	110,471	205,217	315,688	913,524
Warwick	834,442	2,199,207	3,033,649	11,416,060
Westerly	223,333	589,951	813,284	2,681,876
West Greenwich	49,449	79,531	128,980	442,823
West Warwick	287,661	330,731	618,392	3,305,260
Woonsocket	420,333	491,063	911,396	4,760,403
<b>Subtotal</b>	<b>\$10,194,401</b>	<b>\$18,808,231</b>	<b>\$29,002,632</b>	<b>\$141,382,012</b>
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,739,488
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
<b>Total</b>				<b>\$147,009,715</b>

## Changes in Formula Aid - FY 2010 Revised vs. FY 2010 Enacted

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	58	-	-	(1,528,894)	(1,528,836)
Bristol	(23,989)	-	-	(786,010)	(809,999)
Burrillville	84	-	-	(1,438,396)	(1,438,312)
Central Falls	25	-	-	(757,505)	(757,480)
Charlestown	-	-	-	(267,695)	(267,695)
Coventry	-	-	-	(1,514,397)	(1,514,397)
Cranston	(4,085)	-	-	(6,267,367)	(6,271,452)
Cumberland	-	-	-	(1,428,563)	(1,428,563)
East Greenwich	9	-	-	(699,861)	(699,852)
East Providence	(4,924)	-	-	(1,506,581)	(1,511,505)
Exeter	-	-	-	(523,038)	(523,038)
Foster	-	-	-	(439,710)	(439,710)
Glocester	-	-	-	(624,667)	(624,667)
Hopkinton	-	-	-	(436,108)	(436,108)
Jamestown	-	-	-	(221,896)	(221,896)
Johnston	-	-	-	(2,595,745)	(2,595,745)
Lincoln	-	-	-	(1,497,610)	(1,497,610)
Little Compton	-	-	-	(149,758)	(149,758)
Middletown	-	-	-	(562,253)	(562,253)
Narragansett	-	-	-	(627,554)	(627,554)
Newport	907	-	-	(928,296)	(927,389)
New Shoreham	-	-	-	(47,720)	(47,720)
North Kingstown	10	-	-	(1,447,399)	(1,447,389)
North Providence	550	-	-	(2,511,962)	(2,511,412)
North Smithfield	60	-	-	(1,087,359)	(1,087,299)
Pawtucket	419	-	-	(5,171,273)	(5,170,854)
Portsmouth	-	-	-	(799,202)	(799,202)
Providence	28,596	-	-	(12,081,013)	(12,052,417)
Richmond	-	-	-	(427,688)	(427,688)
Scituate	-	-	-	(809,730)	(809,730)
Smithfield	549	-	-	(1,815,438)	(1,814,889)
South Kingstown	167	-	-	(1,116,263)	(1,116,096)
Tiverton	-	-	-	(724,577)	(724,577)
Warren	-	-	-	(576,944)	(576,944)
Warwick	1,227	-	-	(7,029,088)	(7,027,861)
Westerly	149	-	-	(1,537,109)	(1,536,960)
West Greenwich	-	-	-	(304,897)	(304,897)
West Warwick	-	-	-	(1,631,513)	(1,631,513)
Woonsocket	188	-	-	(2,793,866)	(2,793,678)
<b>Subtotal</b>	-	-	-	<b>(\$66,714,943)</b>	<b>(\$66,714,943)</b>
Statewide Reference Library Resource Grant (Providence)			-	-	-
Library Construction Reimbursement			(105,059)	-	(105,059)
Motor Vehicle Excise Tax Reimbursement - Fire Districts			-	-	-
<b>Total</b>	-	-	<b>(\$105,059)</b>	<b>(\$66,714,943)</b>	<b>(\$66,820,002)</b>

## Changes in Pass Through and All Aid - FY 2010 Rev vs. FY 2010 Enacted

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	-	(1,528,836)
Bristol	-	-	-	(809,999)
Burrillville	-	-	-	(1,438,312)
Central Falls	-	-	-	(757,480)
Charlestown	-	-	-	(267,695)
Coventry	-	-	-	(1,514,397)
Cranston	-	-	-	(6,271,452)
Cumberland	-	-	-	(1,428,563)
East Greenwich	-	-	-	(699,852)
East Providence	-	-	-	(1,511,505)
Exeter	-	-	-	(523,038)
Foster	-	-	-	(439,710)
Glocester	-	-	-	(624,667)
Hopkinton	-	-	-	(436,108)
Jamestown	-	-	-	(221,896)
Johnston	-	-	-	(2,595,745)
Lincoln	-	-	-	(1,497,610)
Little Compton	-	-	-	(149,758)
Middletown	-	-	-	(562,253)
Narragansett	-	-	-	(627,554)
Newport	-	-	-	(927,389)
New Shoreham	-	-	-	(47,720)
North Kingstown	-	-	-	(1,447,389)
North Providence	-	-	-	(2,511,412)
North Smithfield	-	-	-	(1,087,299)
Pawtucket	-	-	-	(5,170,854)
Portsmouth	-	-	-	(799,202)
Providence	-	-	-	(12,052,417)
Richmond	-	-	-	(427,688)
Scituate	-	-	-	(809,730)
Smithfield	-	-	-	(1,814,889)
South Kingstown	-	-	-	(1,116,096)
Tiverton	-	-	-	(724,577)
Warren	-	-	-	(576,944)
Warwick	-	-	-	(7,027,861)
Westerly	-	-	-	(1,536,960)
West Greenwich	-	-	-	(304,897)
West Warwick	-	-	-	(1,631,513)
Woonsocket	-	-	-	(2,793,678)
<b>Subtotal</b>	-	-	-	<b>(\$66,714,943)</b>
Statewide Reference Library Resource Grant (Providence)				-
Library Construction Reimbursement				(105,059)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
<b>Total</b>		-	-	<b>(\$66,820,002)</b>

## Fiscal Year 2011 State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2011 Total Appropriated State Aid
Barrington	85,188	-	323,140	-	408,328
Bristol	579,478	-	106,449	-	685,927
Burrillville	66,485	487,620	124,196	-	678,301
Central Falls	19,133	267,573	76,712	-	363,418
Charlestown	-	-	46,444	-	46,444
Coventry	-	-	198,364	-	198,364
Cranston	4,234,275	-	564,855	-	4,799,130
Cumberland	109	-	242,455	-	242,564
East Greenwich	7,589	-	107,800	-	115,389
East Providence	91,068	757,605	454,240	-	1,302,913
Exeter	-	-	32,685	-	32,685
Foster	417	-	34,283	-	34,700
Glocester	-	-	68,546	-	68,546
Hopkinton	-	-	28,903	-	28,903
Jamestown	-	-	76,368	-	76,368
Johnston	-	-	96,481	-	96,481
Lincoln	-	-	179,391	-	179,391
Little Compton	-	-	26,702	-	26,702
Middletown	-	-	123,398	-	123,398
Narragansett	-	-	113,169	-	113,169
Newport	832,133	-	364,548	-	1,196,681
New Shoreham	-	-	94,072	-	94,072
North Kingstown	5,795	-	246,625	-	252,420
North Providence	455,764	510,516	154,613	-	1,120,893
North Smithfield	-	-	61,584	-	61,584
Pawtucket	376,910	1,517,555	398,156	-	2,292,621
Portsmouth	-	-	99,917	-	99,917
Providence	19,072,758	5,111,263	1,201,916	-	25,385,937
Richmond	-	-	21,874	-	21,874
Scituate	-	-	92,532	-	92,532
Smithfield	428,500	-	254,642	-	683,142
South Kingstown	124,067	-	205,999	-	330,066
Tiverton	-	-	90,485	-	90,485
Warren	-	-	51,162	-	51,162
Warwick	956,335	-	657,409	-	1,613,744
Westerly	109,895	-	287,122	-	397,017
West Greenwich	-	-	24,649	-	24,649
West Warwick	-	925,685	171,415	-	1,097,100
Woonsocket	134,510	806,641	195,110	-	1,136,261
<b>Subtotal</b>	<b>\$27,580,409</b>	<b>\$10,384,458</b>	<b>\$7,698,411</b>	-	<b>\$45,663,278</b>
Statewide Reference Library Resource Grant (Providence)			1,012,378		1,012,378
Library Construction Reimbursement			2,492,974		2,492,974
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-
<b>Total</b>	<b>\$27,580,409</b>	<b>\$10,384,458</b>	<b>\$11,203,763</b>	-	<b>\$49,168,630</b>

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

## Fiscal Year 2011 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2011 Total Shared Taxes State Aid	FY 2011 Total Shared & Appropriated Aid
Barrington	163,557	119,179	282,736	691,064
Bristol	218,500	318,548	537,048	1,222,975
Burrillville	153,609	166,966	320,575	998,876
Central Falls	184,066	82,663	266,729	630,147
Charlestown	76,425	98,886	175,311	221,755
Coventry	327,405	332,829	660,234	858,598
Cranston	770,853	1,317,327	2,088,180	6,887,310
Cumberland	309,629	346,547	656,176	898,740
East Greenwich	125,913	389,810	515,723	631,112
East Providence	473,467	710,794	1,184,261	2,487,174
Exeter	58,785	63,081	121,866	154,551
Foster	41,563	17,846	59,409	94,109
Glocester	96,740	57,561	154,301	222,847
Hopkinton	76,201	39,880	116,081	144,984
Jamestown	54,671	65,241	119,912	196,280
Johnston	274,183	406,973	681,156	777,637
Lincoln	203,223	585,041	788,264	967,655
Little Compton	34,940	27,577	62,517	89,219
Middletown	168,565	566,748	735,313	858,711
Narragansett	159,103	473,967	633,070	746,239
Newport	257,457	1,552,832	1,810,289	3,006,970
New Shoreham	9,822	208,610	218,432	312,504
North Kingstown	256,008	430,806	686,814	939,234
North Providence	315,181	365,348	680,529	1,801,422
North Smithfield	103,255	155,376	258,631	320,215
Pawtucket	709,481	640,642	1,350,123	3,642,744
Portsmouth	166,766	159,493	326,259	426,176
Providence	1,688,352	3,912,275	5,600,627	30,986,564
Richmond	70,230	101,458	171,688	193,562
Scituate	100,396	55,036	155,432	247,964
Smithfield	200,452	480,155	680,607	1,363,749
South Kingstown	271,518	516,680	788,198	1,118,264
Tiverton	148,396	146,356	294,752	385,237
Warren	110,471	205,217	315,688	366,850
Warwick	834,442	2,199,207	3,033,649	4,647,393
Westerly	223,333	589,951	813,284	1,210,301
West Greenwich	49,449	79,531	128,980	153,629
West Warwick	287,661	330,731	618,392	1,715,492
Woonsocket	420,333	491,063	911,396	2,047,657
<b>Subtotal</b>	<b>\$10,194,401</b>	<b>\$18,808,231</b>	<b>\$29,002,632</b>	<b>\$74,665,910</b>
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,492,974
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
<b>Total</b>				<b>\$78,171,262</b>

## Changes in Formula Aid - FY 2011 vs. FY 2010 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	36,456	-	2,063	(1,454,314)	(1,415,795)
Bristol	(31,000)	-	47,924	(747,669)	(730,745)
Burrillville	(4,324)	(20,772)	32,915	(1,368,230)	(1,360,410)
Central Falls	(2,087)	(22,114)	503	(720,553)	(744,252)
Charlestown	-	-	888	(254,636)	(253,749)
Coventry	-	-	8,369	(1,440,523)	(1,432,154)
Cranston	673,811	-	(2,992)	(5,961,643)	(5,290,823)
Cumberland	(10)	-	188	(1,358,878)	(1,358,700)
East Greenwich	(272)	-	933	(665,722)	(665,060)
East Providence	36,482	757,605	(17,910)	(4,688,640)	(3,912,463)
Exeter	-	-	(196)	(497,524)	(497,720)
Foster	(59)	-	1,109	(418,261)	(417,211)
Glocester	-	-	1,375	(594,196)	(592,820)
Hopkinton	-	-	708	(414,835)	(414,127)
Jamestown	-	-	1,615	(211,071)	(209,457)
Johnston	-	-	(8,983)	(2,469,123)	(2,478,106)
Lincoln	-	-	2,988	(1,424,555)	(1,421,567)
Little Compton	-	-	1,119	(142,452)	(141,334)
Middletown	-	-	(7,564)	(534,825)	(542,389)
Narragansett	-	-	(7,123)	(596,941)	(604,065)
Newport	76,559	-	9,022	(883,014)	(797,433)
New Shoreham	-	-	670	(45,392)	(44,722)
North Kingstown	(714)	-	10,173	(1,376,795)	(1,367,336)
North Providence	(2,622)	(510,524)	(20,020)	(2,389,427)	(2,922,593)
North Smithfield	(50,330)	-	4,432	(1,034,316)	(1,080,214)
Pawtucket	27,483	19,748	(16,961)	(4,919,015)	(4,888,745)
Portsmouth	-	-	(415)	(760,216)	(760,631)
Providence	(606,986)	(183,523)	(23,034)	(11,491,695)	(12,305,238)
Richmond	-	-	(4,246)	(406,826)	(411,072)
Scituate	-	-	(251)	(770,230)	(770,482)
Smithfield	(29,196)	-	10,204	(1,726,880)	(1,745,872)
South Kingstown	(15,258)	-	6,653	(1,061,812)	(1,070,417)
Tiverton	-	-	(543)	(689,232)	(689,775)
Warren	-	-	2,126	(548,801)	(546,674)
Warwick	(70,419)	-	(12,043)	(6,686,205)	(6,768,667)
Westerly	(14,753)	-	5,306	(1,462,128)	(1,471,575)
West Greenwich	-	-	830	(290,024)	(289,194)
West Warwick	-	(20,675)	(17,166)	(1,551,927)	(1,589,768)
Woonsocket	(22,761)	(19,741)	(12,664)	(2,657,580)	(2,712,746)
<b>Subtotal</b>	-	-	-	<b>(66,716,108)</b>	<b>(\$66,716,102)</b>
Statewide Reference Library Resource Grant (Providence)			-	-	42,056
Library Construction Reimbursement			(246,514)	-	(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts			-	-	-
<b>Total</b>	-	-	<b>(\$246,514)</b>	<b>(66,716,108)</b>	<b>(\$66,710,352)</b>

## Changes in Pass Through and All Aid - FY 2011 vs. FY 2010 Revised

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	-	(1,415,795)
Bristol	-	-	-	(730,745)
Burrillville	-	-	-	(1,360,410)
Central Falls	-	-	-	(744,252)
Charlestown	-	-	-	(253,749)
Coventry	-	-	-	(1,432,154)
Cranston	-	-	-	(5,290,823)
Cumberland	-	-	-	(1,358,700)
East Greenwich	-	-	-	(665,060)
East Providence	-	-	-	(3,912,463)
Exeter	-	-	-	(497,720)
Foster	-	-	-	(417,211)
Glocester	-	-	-	(592,820)
Hopkinton	-	-	-	(414,127)
Jamestown	-	-	-	(209,457)
Johnston	-	-	-	(2,478,106)
Lincoln	-	-	-	(1,421,567)
Little Compton	-	-	-	(141,334)
Middletown	-	-	-	(542,389)
Narragansett	-	-	-	(604,065)
Newport	-	-	-	(797,433)
New Shoreham	-	-	-	(44,722)
North Kingstown	-	-	-	(1,367,336)
North Providence	-	-	-	(2,922,593)
North Smithfield	-	-	-	(1,080,214)
Pawtucket	-	-	-	(4,888,745)
Portsmouth	-	-	-	(760,631)
Providence	-	-	-	(12,305,238)
Richmond	-	-	-	(411,072)
Scituate	-	-	-	(770,482)
Smithfield	-	-	-	(1,745,872)
South Kingstown	-	-	-	(1,070,417)
Tiverton	-	-	-	(689,775)
Warren	-	-	-	(546,674)
Warwick	-	-	-	(6,768,667)
Westerly	-	-	-	(1,471,575)
West Greenwich	-	-	-	(289,194)
West Warwick	-	-	-	(1,589,768)
Woonsocket	-	-	-	(2,712,746)
<b>Subtotal</b>	-	-	-	<b>(\$66,716,102)</b>
Statewide Reference Library Resource Grant (Providence)				-
Library Construction Reimbursement				(246,514)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
<b>Total</b>		-	-	<b>(\$66,962,616)</b>

# **Appendix D**

## **Aid to Schools**



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## **Education Aid to Local Governments**

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Education Aid to Local Governments totals \$808.1 million in FY 2011, a \$32.8 million increase in total state funding relative to the FY 2010 revised budget, a 4.2 percent increase. Total Education Aid is defined to include local public schools, the School for the Deaf, Davies Career and Technical School, the Charter Schools, the Central Falls School District and the Metropolitan Career and Technical School, as well as support for teacher retirement and school housing aid. The following sections summarize changes to the various aid categories that comprise total FY 2011 Education Aid.

### **Distributed Aid**

Distributed aid in 2011 increases \$7.2 million from the revised 2010 budget. A total of \$11.3 million in general revenue funding is restored to offset smaller State Fiscal Stabilization funding in 2011 and there is a reduction of \$705,000 in Group Home aid to reflect updated group home bed census figures. In both years general aid is reduced by the amount of local savings from pension reform: reductions of \$18.3 million in 2010 and \$19.1 million in 2011. In both years general aid is reduced by an across-the-board reduction totaling \$18.9 million in 2010 and \$25.1 million in 2011.

### **State Schools**

The State Schools- Davies Career and Technical School, Metropolitan Career and Technical School, and the Rhode Island School for the Deaf are collectively financed at \$33.0 million in general revenue, which constitutes a \$2.0 million increase from the revised FY 2010 Budget. The expansion of the Metropolitan School - East Bay campus on Aquidneck Island is again delayed one year. This campus commenced operations during the 2006-2007 school year and maintains a current enrollment of approximately 90 students. A total of \$490,144 in general revenue funding is restored to offset smaller State Fiscal Stabilization funding in 2011.

### **Non-Distributed Aid**

Direct charter school aid increases by \$6.8 million for growth in enrollment and grade levels and by \$1.0 million for new charter options. A total of \$445,942 in general revenue funding is restored to offset smaller State Fiscal Stabilization funding in 2011. In both years general aid is reduced by the amount of local savings from pension reform: reductions of \$190,130 in 2010 and \$198,686 in 2011. In both years general aid is reduced by an across-the-board reduction totaling \$1.0 million in 2010 and \$1.3 million in 2011.

In both FY 2010 and FY 2011, general revenue funding for Telecommunications Access is eliminated, to be replaced with broadening the fee currently collected to include wireless phones as well. In FY 2011 the on-site visit program is consolidated into the ACES (non-education aid) program.

### **Other Aid**

The FY 2011 budget also includes increases in other aid of \$16.3 million; a \$13.4 million increase for school housing aid reimbursements and a \$2.9 million increase in state contributions for teachers' retirement.

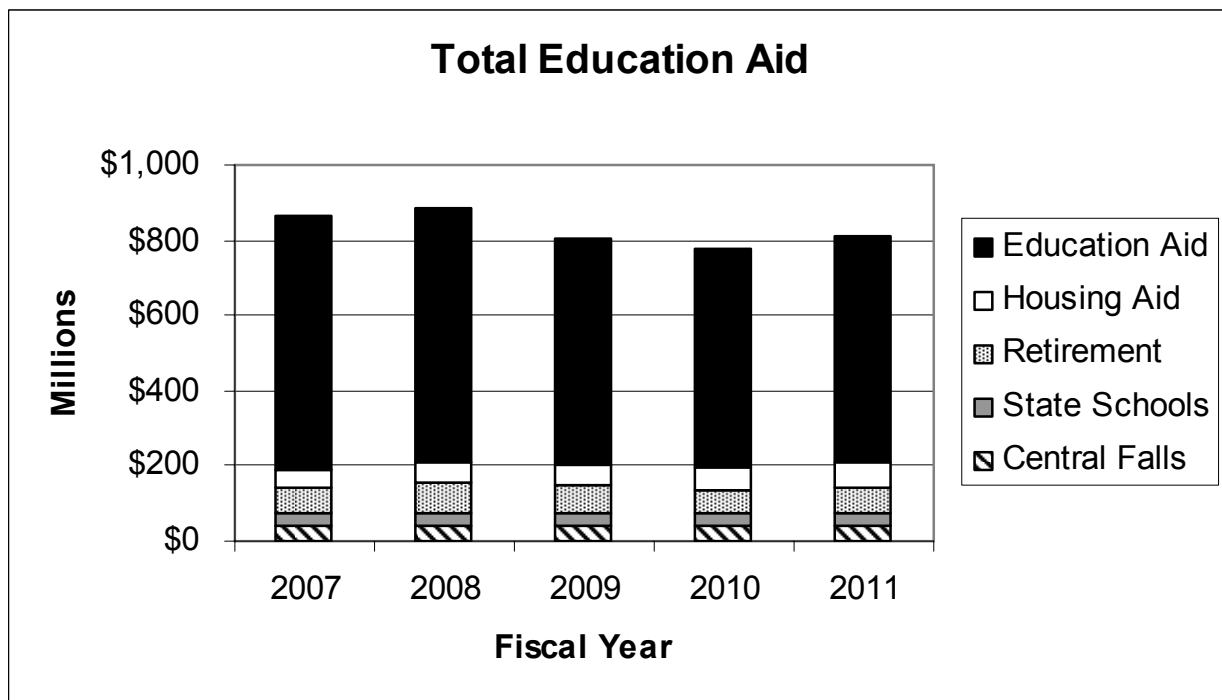
### **FY 2011 Education Aid Increases (Decreases) From the Revised FY 2010 Budget**

- General aid: \$7,405,762
- Group Home Funding: (\$705,000)
- Central Falls School District: \$510,524
- On-Site Visits: (\$145,864)
- Textbook expansion: \$6,139
- Direct Charter School Aid: \$7,661,544
- Progressive Support and Intervention: (\$192,175)

## Education Aid to Local Governments

- Metropolitan Career and Technical School: \$757,781
- School for the Deaf: \$359,700
- Davies Career and Technical School: \$847,062
- Teachers' Retirement: \$2,877,863
- School Housing Aid: \$13,418,831

The following graph displays total school aid from FY 2007 to FY 2011. The "Education Aid" component is comprised of all aid categories under the standard Education Aid program. This includes, but is not limited to, General Aid, Targeted Aid, Charter School Aid, Progressive Support and Intervention, and the Student Investment Initiatives. Other components of total aid include: State Contributions for Teachers' Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).



### **Explanation of Tables- by Category and LEA**

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

## Education Aid to Local Units of Government

	FY 2010 Revised	FY 2011 Recommend	Difference*
<b>Distributed LEA Aid</b>			
Barrington	\$1,364,122	\$1,382,853	18,731
Burrillville	12,209,624	12,370,033	160,409
Charlestown	1,570,740	1,590,298	19,558
Coventry	16,664,620	16,888,942	224,322
Cranston	29,117,509	29,512,187	394,678
Cumberland	10,876,120	11,023,547	147,427
East Greenwich	1,117,609	1,025,209	(92,400)
East Providence	22,919,707	23,110,281	190,574
Foster	1,198,279	1,214,447	16,168
Glocester	2,738,669	2,775,776	37,107
Hopkinton	5,256,848	5,328,279	71,431
Jamestown	314,678	319,163	4,485
Johnston	8,803,524	8,922,125	118,601
Lincoln	5,638,678	5,714,364	75,686
Little Compton	240,885	243,944	3,059
Middletown	8,824,045	8,941,414	117,369
Narragansett	1,169,339	1,185,084	15,745
Newport	10,041,256	10,178,723	137,467
New Shoreham	27,298	27,381	83
North Kingstown	9,702,979	9,833,815	130,836
North Providence	11,135,656	11,284,019	148,363
North Smithfield	3,967,671	4,019,856	52,185
Pawtucket	58,870,629	59,663,211	792,582
Portsmouth	5,414,104	5,485,149	71,045
Providence	168,783,146	170,927,371	2,144,225
Richmond	5,233,458	5,304,892	71,434
Scituate	2,613,860	2,649,679	35,819
Smithfield	4,480,671	4,466,202	(14,469)
South Kingstown	8,313,355	8,425,386	112,031
Tiverton	4,820,549	4,885,575	65,026
Warwick	30,619,554	31,032,344	412,790
Westerly	5,053,977	5,122,572	68,595
West Warwick	17,551,591	17,787,393	235,802
Woonsocket	41,765,456	42,207,361	441,905
Bristol/Warren	17,625,285	17,862,942	237,657
Exeter/W Greenwich	6,274,706	6,238,937	(35,769)
Chariho District	364,750	369,639	4,889
Foster/Glocester	4,833,882	4,899,198	65,316
Central Falls	40,486,830	40,997,254	510,424
Subtotal	\$588,005,659	\$595,216,845	\$7,211,186

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## Education Aid to Local Units of Government

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	FY 2010 Revised	FY 2011 Recommend	Difference
<b>Non-Distributed Aid</b>			
On-Site Visits	\$145,864	-	(\$145,864)
Textbook Expansion	233,861	240,000	6,139
School Breakfast	300,000	300,000	-
Charter School-Direct Aid	30,392,016	38,053,560	7,661,544
Progressive Support & Intervention	2,879,734	2,687,559	(192,175)
Subtotal	\$33,951,475	\$41,281,119	7,329,644
<b>State Schools</b>			
Metropolitan School	\$11,860,572	\$12,618,353	\$757,781
School for the Deaf	5,685,802	6,045,502	359,700
Davies School	13,504,484	14,351,546	847,062
Subtotal	\$31,050,858	\$33,015,401	\$1,964,543
<b>Other Aid</b>			
Teachers' Retirement	\$63,952,515	\$66,830,378	\$2,877,863
School Housing Aid	58,355,896	71,774,727	13,418,831
Subtotal	\$122,308,411	\$138,605,105	\$16,296,694
LEA Subtotal	\$588,005,659	\$595,216,845	\$7,211,186
<b>Total</b>	<b>\$775,316,403</b>	<b>\$808,118,470</b>	<b>\$32,802,067</b>

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# Office of Budget

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Retirement

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Department of Business Regulation  
Department of Transportation  
Lieutenant Governor  
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Caseload Estimating

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Commission on Women  
Governor's Commission on Disabilities

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