

General Government

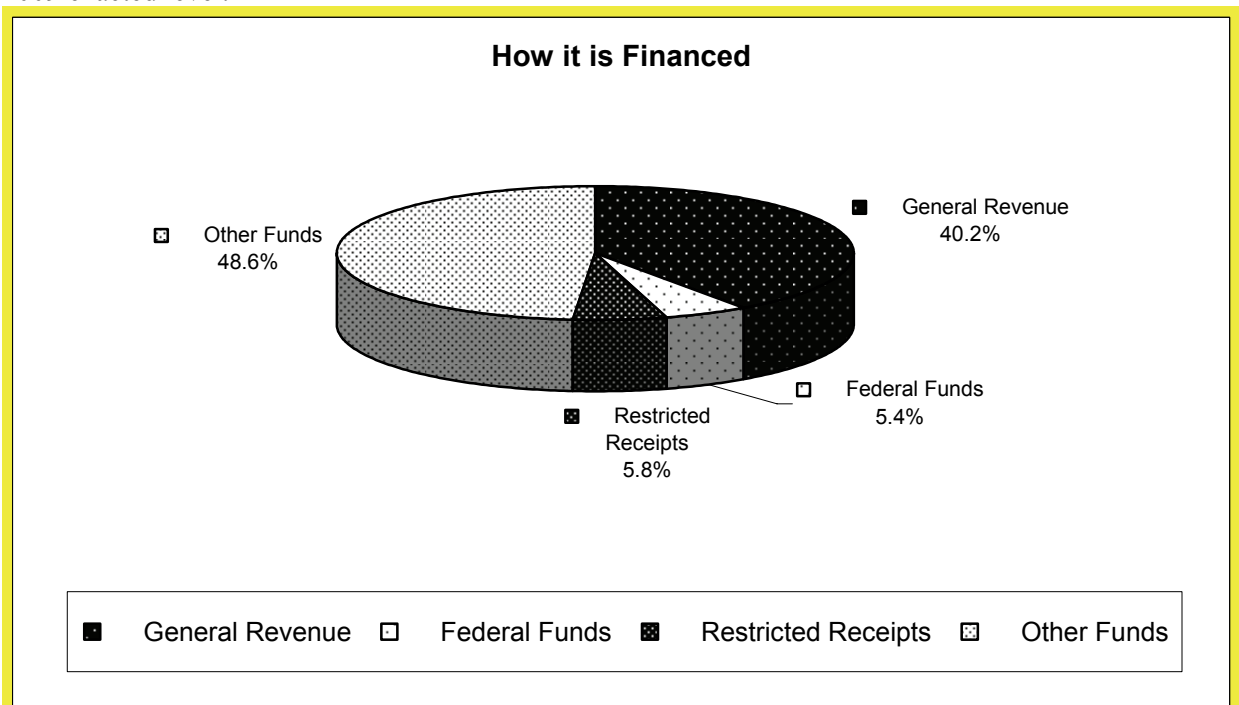
General Government

Summary

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

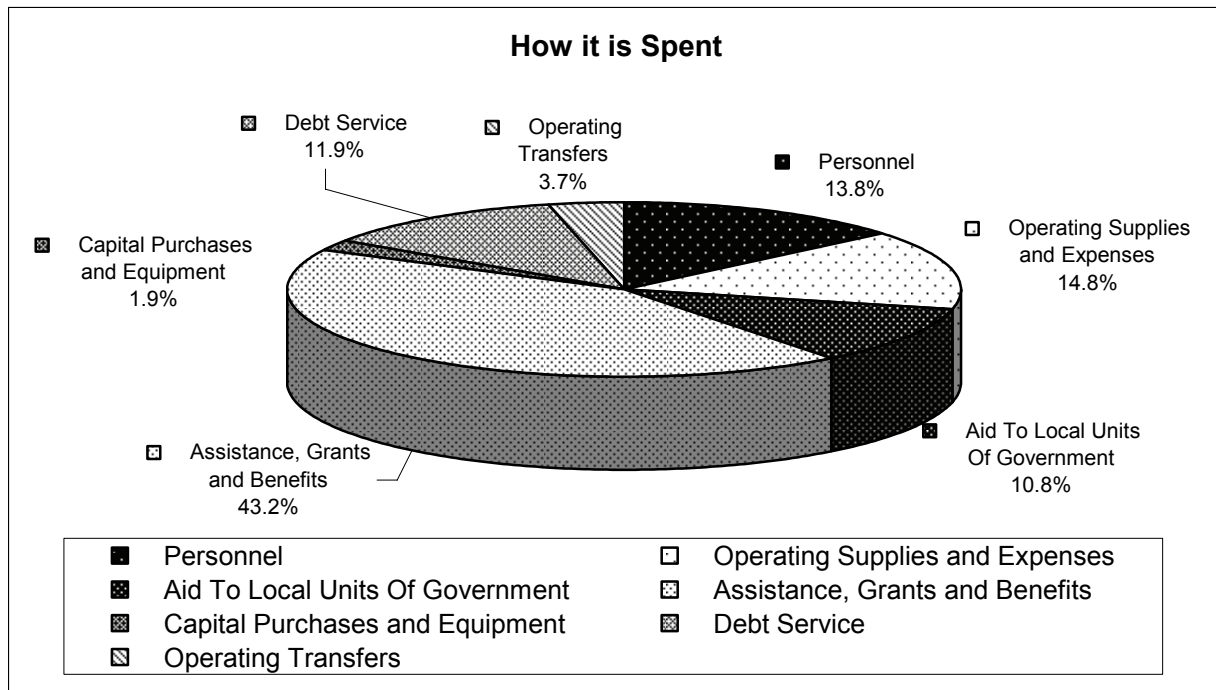
The FY 2009 revised budget for General Government agencies totals \$1.626 billion, including \$575.3 million in general revenue, \$143.4 million in federal funds, \$75.8 million in restricted receipts, and \$831.5 million in other funds. The revised budget from all fund sources for General Government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

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



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



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

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

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

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

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

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

Department of Administration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Department of Business Regulation

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

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

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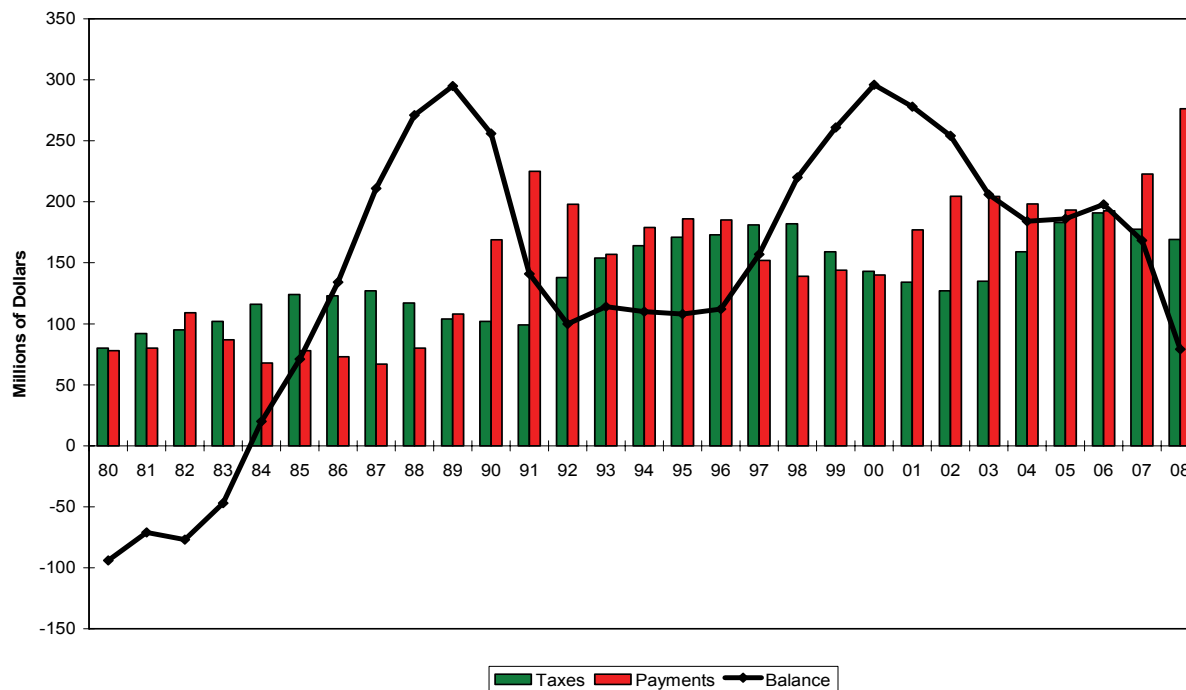
recommendation of the Governor for the transfer of the Building Contractors' Registration and Licensing Board from the Department of Administration to the Department of Business Regulation in FY 2010.

Department of Labor and Training

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

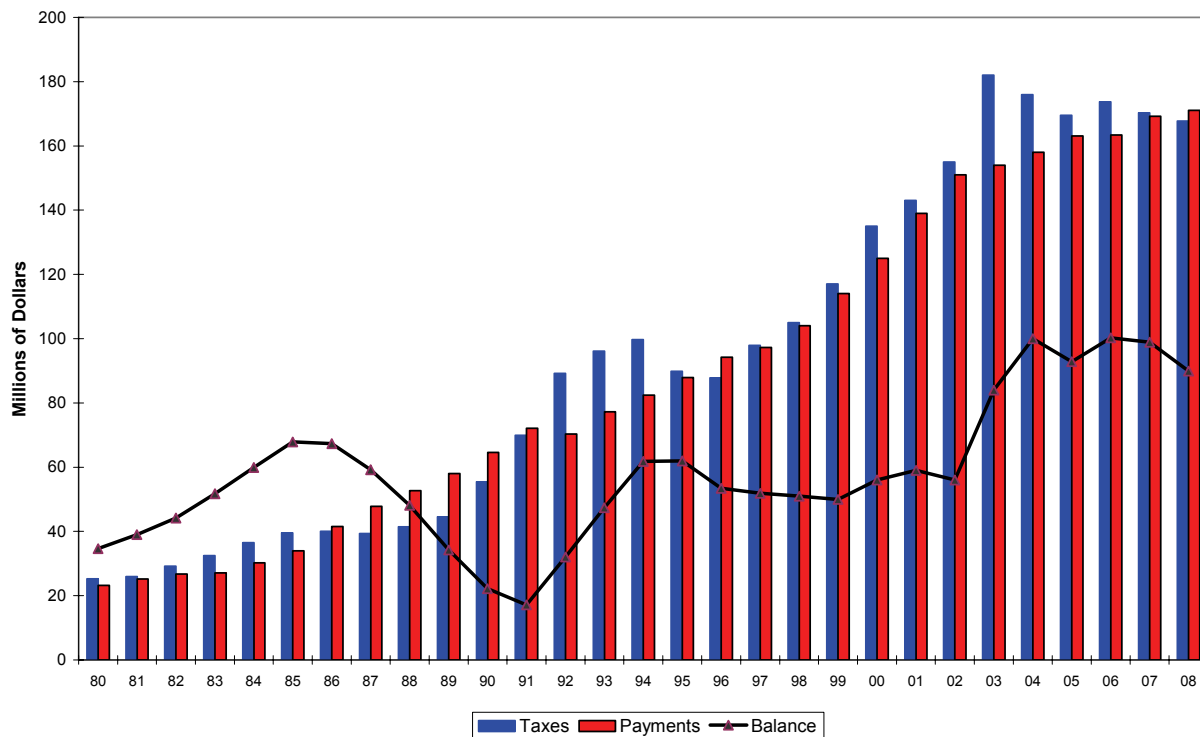
The recent fund balance trends for both the Employment Security Trust Fund and the Temporary Disability Insurance (TDI) Trust Fund are shown in the graphs below. It should be noted that Rhode Island's Employment Security Fund is in a declining condition due to the second highest unemployment rate in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

**Unemployment Insurance Fund Activity
1980 - 2008**



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Temporary Disability Insurance Fund Activity
1980 - 2008



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

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

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

Department of Revenue

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

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

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

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

General Government

Major changes recommended in the FY 2010 budget include:

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

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

Legislature

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

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

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

General Government

Office of the Lieutenant Governor

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

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

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

Secretary of State

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

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

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Office of the General Treasurer

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

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

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

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

Board of Elections

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

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

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

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

Rhode Island Ethics Commission

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

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

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

Office of the Governor

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

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

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

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

Rhode Island Commission for Human Rights

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

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

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

Public Utilities Commission

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

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

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

Rhode Island Commission on Women

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

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

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