



Fiscal Year 2011



# Budget Briefing

State of Rhode Island

February 2, 2010

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**Donald L. Carcieri, Governor**  
**State of Rhode Island and Providence Plantations**

Budget Presentation by  
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## Governor's Recommended FY 2011 Budget

- No broad based tax increases
- No Layoffs
- Provides tax relief for small businesses



# Projected Current Service Level Deficit

- The Revenue Estimating Conference estimates \$2.834 billion for FY2011. Adjusting for the continuation of the hospital licensing fee of \$128.8 million, the FY 2011 estimate would be \$2.963 billion.
- Resources after reserve fund contributions were estimated to be \$114.1 million less than FY 2010 enacted
- Total spending was projected to be \$285.7 million greater than FY 2010 enacted (\$271.0 million expenditure growth estimated in July, 2009 and \$13.9 million increase from November caseload conference).
- Total projected deficit in November was \$400.0 million.
- Deficit projection modified to \$427.4 million to reflect supplemental budget shift of \$5 million in education stabilization from FY 2011 to FY 2010, and recommendation to defer \$22.0 million repayment of RICAP from FY2010 to FY2011.



# Budget Deficit Resolution - FY 2011

\$230.8M Resources Decline	
Estimated Revenue	2,834.4
Contribution of Hospital Tax	128.8
Revenue Contribution	(77.0)
FY2011 Estimated Available	2,886.2
FY2010 Enacted Available	3,004.1
Change in Available Resources	(117.9)
Enacted Clearing Surplus	3.8
Change in Available Resources	(114.1)
<b>Loss in Resources</b>	<b>(\$114.1)</b>

FY2011 Current Year Budget Gap	
Decreased Resources	(114.1)
Increased Expenditures	(285.7)
<b>FY2010 Current Gap</b>	<b>(\$395.8)</b>

Agency Expenditures Growth	
Debt Service on Historic Tax Credit Debt	31.9
Federal ARRA FMAP Lapses	95.8
Federal ARRA - Stabilization loss	16.3
Entitlements	58.7
Local AIA (contraction charter, mtd)	19.6
Not Closed over target	13.9
Non-recurring - Station Fire	(10.0)
Non-recurring - RCAP Repayment	(22.0)
Student Transportation on-pass through	10.0
3.1% Cost of Living Increase	18.9
Other Debt	(9.7)
2010 General Election	3.1
Statewide Across the Board to be tagged	67.9
Net all other	(6.6)
<b>Est Increase in Expenditures</b>	<b>\$285.7</b>

Projected Deficit	
FY2011 Budget Gap	(399.6)
FY2010 Impact of Proposals	0.0
FY2009 Audit Adj	(1.9)
Acceleration of ARRA Educator	(6.0)
<b>Total FY2011 Deficit</b>	<b>(\$405.3)</b>

One-Time Revenues/Expenses	
Transfer from RHESBC	1.0
Historic Tax Credit Cost	30.8
FMAP Enhanced Match	95.3
<b>One-Timers</b>	<b>\$126.9</b>

On-Going Revenues	
Student Transp to Restricted	(16.6)
Indirect costs - JUST	(1.2)
Mollusks Pesticide Tax Credit	1.3
Enterprise Zone tax Credit	1.0
Tuition Tax Credit to \$20 million	(1.0)
Small Business Tax credit	(10.0)
Corporate min to \$250	(11.5)
DMV Fees and Fines	0.5
Road Examination Fee	1.13
State ID Card Fee	1.12
MV/Dealer License Fee	1.03
MV/Mail/Disab License Fee	1.04
Fishing Light Permit Fee	1.04
School Bus Registration Fee	1.03
DPS-Accident report fee	0.5
NHRI Board and support to rest	(3.2)
<b>On-Going Revenues</b>	<b>(\$37.7)</b>

Expenditure Modifications	
Local AIA	
Motor Vehicle Excise - 4 qtrs	135.3
Educ Aid-general reduction	26.9
School Internet to Restrictor Inc	0.4
Student Transp to Restricted	10.0
Employee Wage Concessions	27.4
Higher Education at 2010 level	14.1
Employee Medical Benefit Savings	8.4
Debt service	3.9
DCYF Base Correction	(5.7)
DCYF reductions	9.4
DHS reductions	28.9
NHRI reductions	10.3
NHRI Board and support to rest	(3.2)
Judicial-Shift to fed child support	1.2
Retirement: State Employees	10.6
Retirement: State Police	1.5
Retirement: Judges	0.7
Retirement: Teachers- State Share	12.9
Retirement: Teachers- Local Share	19.3
TANF Emergency Funds for Child Car	0.8
Other Agency Reductions	4.9
<b>Subtotal</b>	<b>\$317.6</b>

\$399.8 M Deficit Elimination Options	
Expenditure Modifications	317.6
One-Time Revenues/Expenses	126.9
On-Going Revenues	(37.7)
<b>Total Options</b>	<b>\$406.9</b>

<b>Remaining Budget Balance</b>	<b>\$1.8</b>
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# FY2011 Recommended Budget

	FY 2010 Enacted	FY 2010 First Quarter Report*	FY 2010 Recommended	FY 2011 Recommended
Opening Surplus	\$1.1	(\$61.8)	(\$61.8)	\$0.1
Reserve for Audit Adjustments	-	-	(0.6)	-
Reappropriation	0.0	1.0	1.0	-
Revenues Adopted	3,076.9	3,076.9	3,076.9	2,834.4
Revenue Enhancements	-	-	30.0	92.3
Revenue Revisions	-	(130.4)	(130.4)	-
Total Revenues	\$3,076.9	\$2,946.5	\$2,976.5	\$2,926.7
Budget Stabilization	(73.9)	(69.2)	(69.9)	(76.1)
Total Available	\$3,004.1	\$2,816.5	\$2,845.2	\$2,850.7
Expenditures Enacted	3,000.3	3,000.3	3,000.3	2,849.1
Expenditure Adjustments	0.0	34.8	(155.2)	-
Total Expenditures	\$3,000.3	\$3,035.1	\$2,845.1	\$2,849.1
Total Ending Balance	<b>\$3.8</b>	<b>(\$218.6)</b>	<b>\$0.1</b>	<b>\$1.6</b>

\* Reflects modification to reflect reappropriation resource of \$1.0 million

(in millions)



# FY 2011 Recommended Budget

The FY 2011 Budget provides for:

- An increase of \$4.1 million in general revenue spending from the FY 2010 revised budget and a \$151.3 million decrease from the FY 2010 enacted budget (5.0 percent decline from enacted levels)
- This budget reflects general revenue personnel spending which is \$44.8 million more than the revised FY 2010 budget and \$34.7 million more than the enacted budget. This reflects the impact of payroll concessions worth the same amount in FY 2010 and FY 2011 with a deferred 3% cost of living increase. (See Personnel Supplement for example)



# FY 2011 Recommended Budget

The FY 2011 Budget provides for:

- An increase in general revenue spending for operating, which is \$2.9 million higher than the revised FY 2010 budget and \$2.5 million more than the enacted FY 2010 budget.
- A decrease in Aid to local governments by \$37.6 million, compared to the revised FY 2010 budget, reflecting elimination of all of the motor vehicle excise tax payments, a decrease of \$69.5 million from FY 2010 revised, a \$31.9 million increase in education aid including restoration of lost federal education stabilization funds, increases in charter school funding and school construction funding, and continued pension reform savings





# FY 2011 Recommended Budget

General Revenue FY 2011  
Recommended  
vs.  
FY 2010 Recommended

	FY 2010 Enc.	FY 2010 Working	FY 2010 Gov Rec.	FY 2011 Gov Rec.	Change from FY 2010 Rec.
Personnel	\$762.6	\$762.9	\$752.5	\$797.3	\$44.8
Operating Supplies and Expenses	131.3	130.8	130.9	133.8	2.9
Aid To Local Units Of Government	1,003.1	1,003.1	876.3	838.7	(37.6)
Assistance, Grants and Benefits	894.5	894.5	905.5	903.2	(2.3)
Capital Purchases and Equipment	5.5	5.5	5.9	6.0	0.1
Debt Service	174.7	174.7	164.7	162.4	(2.3)
Operating Transfers	28.7	28.7	9.2	7.7	(1.5)
Total	\$3,000.4	\$3,000.4	\$2,845.0	\$2,849.1	\$4.1

(in millions)



# FY 2011 Recommended Budget

All Funds FY 2011 Recommended  
vs.  
FY 2010 Recommended

	FY 2010 Enc.	FY 2010 Working	FY 2010 Gov Rec.	FY 2011 Gov Rec.	Change from FY 2010 Rec.
Personnel	\$1,622.8	\$1,623.1	\$1,602.1	\$1,670.1	\$68.0
Operating Supplies and Expenses	632.7	632.2	641.6	633.3	(8.3)
Aid To Local Units Of Government	1,201.5	1,201.5	1,084.0	1,042.2	(41.8)
Assistance, Grants and Benefits	3,620.7	3,620.7	3,924.1	3,554.7	(369.4)
Capital Purchases and Equipment	334.6	334.6	297.4	245.7	(51.7)
Debt Service	249.7	249.7	235.0	238.4	3.3
Operating Transfers	152.7	152.9	132.2	128.5	(3.7)
Total	\$7,814.7	\$7,814.7	\$7,916.4	\$7,512.9	(\$403.6)

(in millions)



# Funding Sources

## Expenditures – All Funds

Source of Funds	FY 2010 Enacted	FY 2010 Rec	Change from Enacted	FY 2010 Change from Enacted	FY 2011 Rec	FY 2011 Change from Enacted	Change
General Revenue	\$3,000.4	\$2,844.9	(\$155.5)	(5.2%)	\$2,849.1	(5.0%)	\$4.1
Federal Funds	2,828.2	3,035.0	206.8	7.3%	2,717.5	(3.9%)	(317.6)*
Restricted Receipts	162.4	176.2	13.8	8.5%	176.8	8.9%	0.6
Other Funds	1,823.8	1,860.3	36.5	2.0%	1,769.6	(3.0%)	(90.7)**
<b>Total</b>	<b>\$7,814.7</b>	<b>\$7,916.4</b>	<b>\$101.6</b>	<b>1.3%</b>	<b>\$7,513.0</b>	<b>(3.9%)</b>	<b>(\$403.6)</b>

\*Federal Funds reduction reflects

DLT - \$239 million less stimulus payments for \$25 additional weekly benefits and extended benefits

State Police - \$10 million less in ARRA general stabilization funds

RIDE - \$21.1 million less in ARRA education stabilization funds

\*\*Other Funds reduction reflects

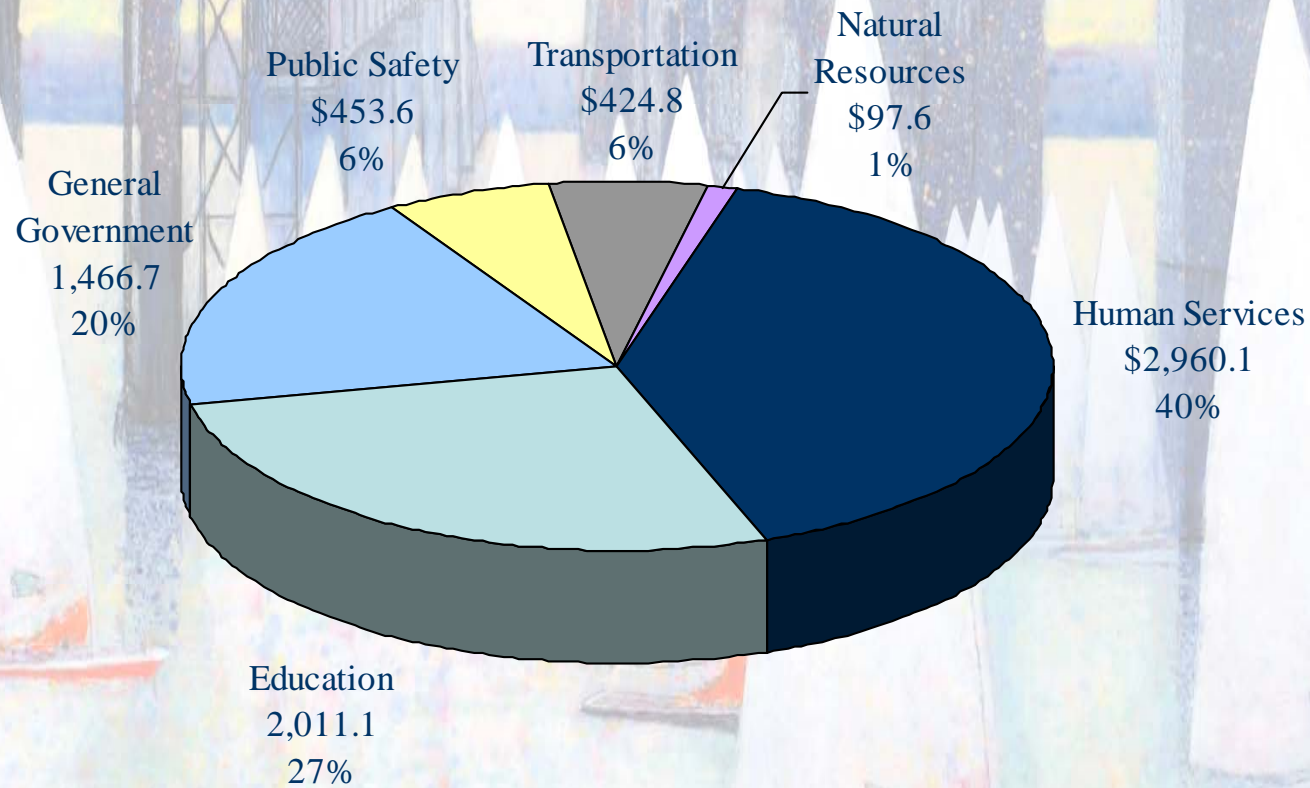
DLT - \$119 million less in all UI program payments

(in millions)



# FY 2011 All Funds Budget

## Total Spending by Function

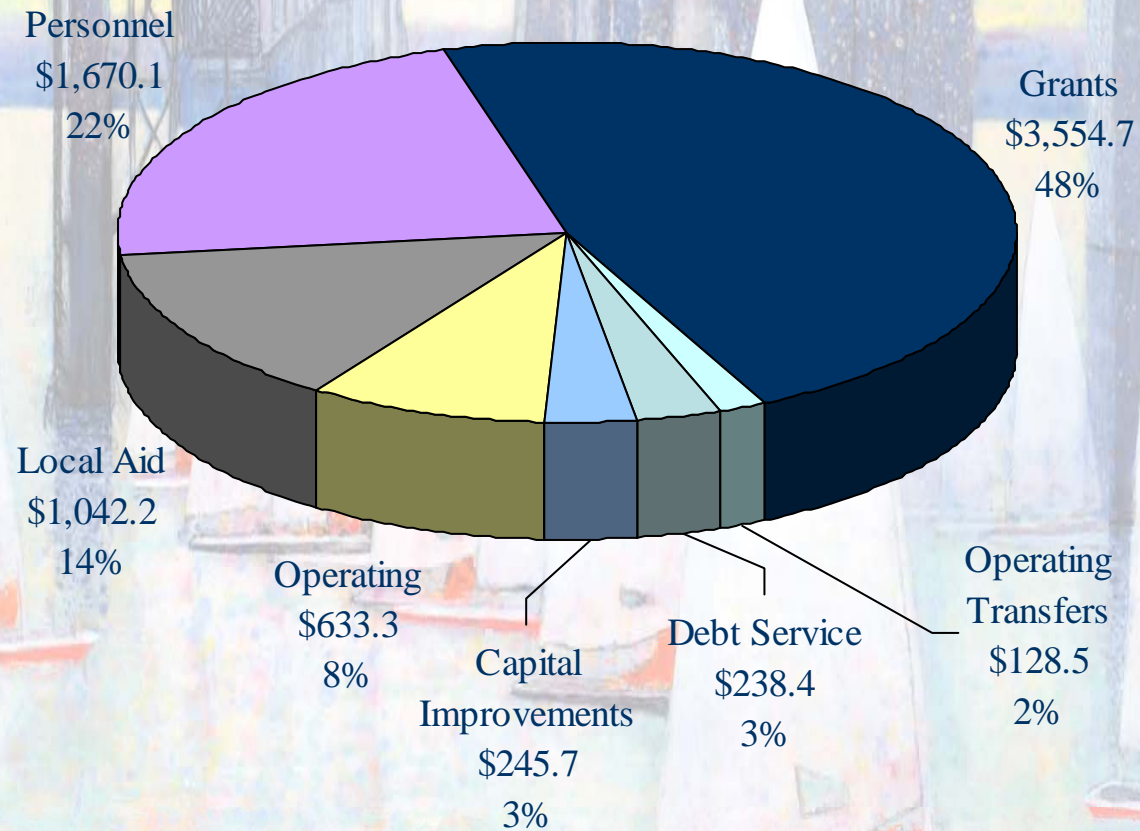


(in millions)



# FY 2011 All Funds Budget

## Total Spending by Category

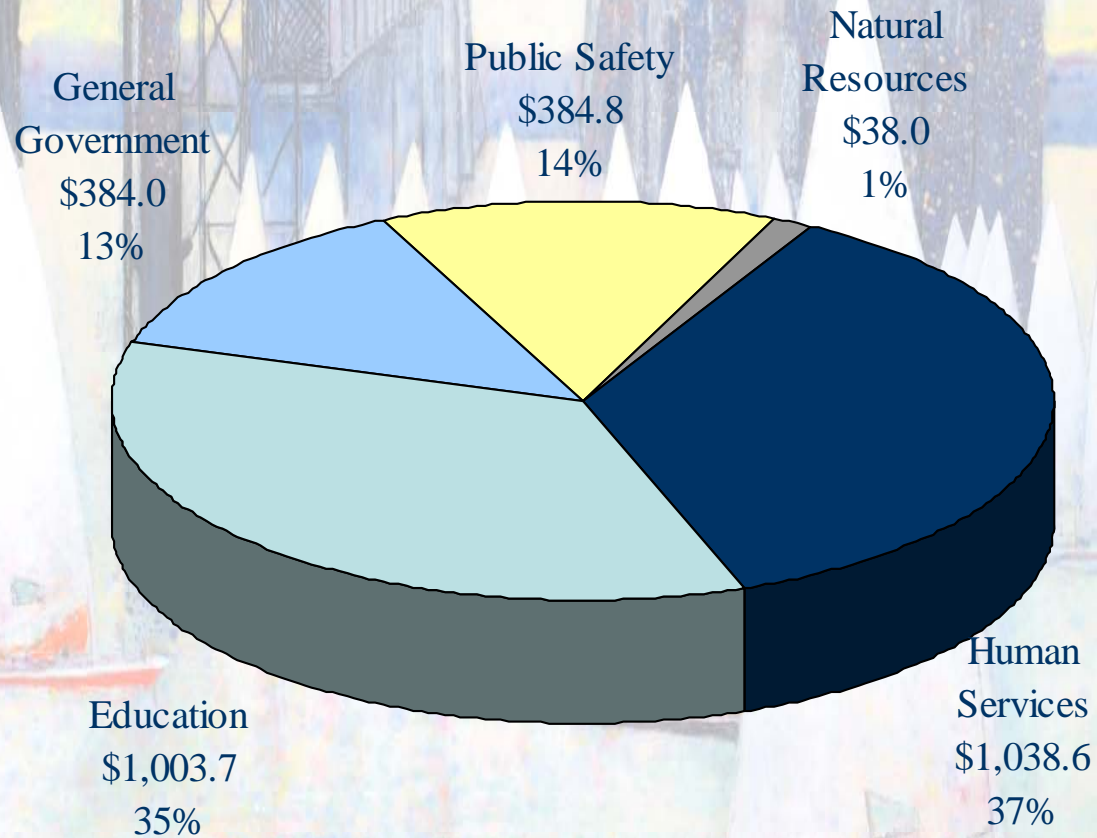


(in millions)



# FY 2011 General Revenues Budget

## Total Spending by Function

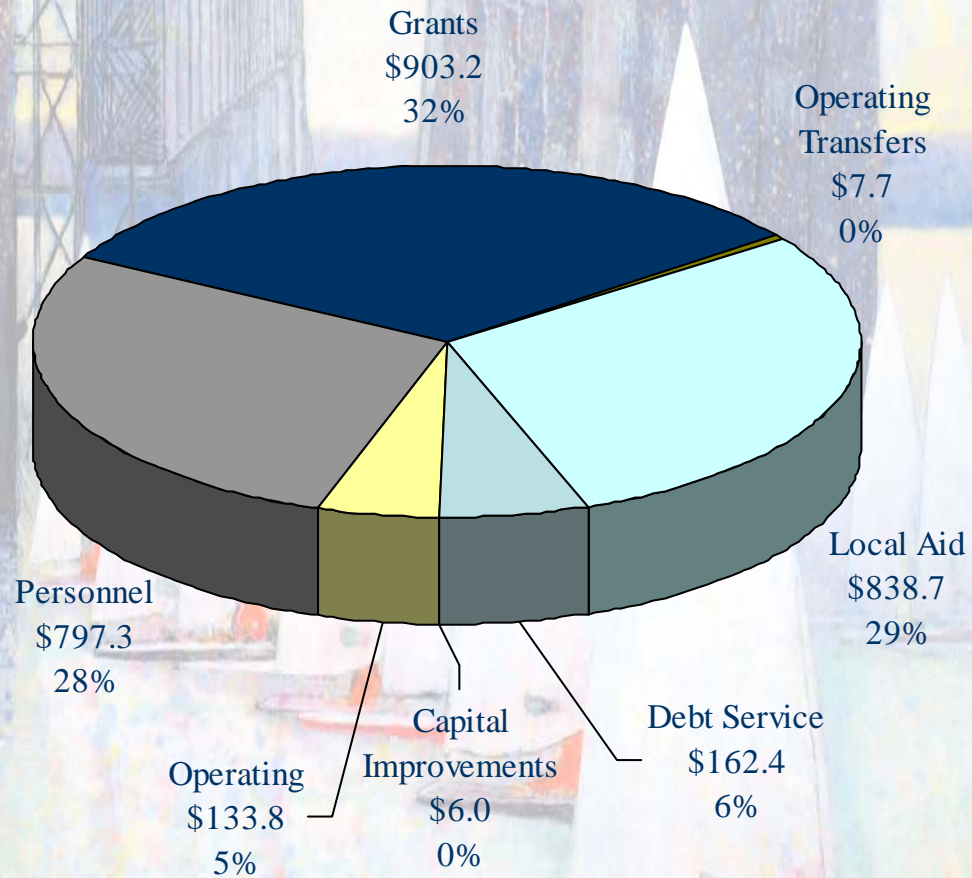


*(in millions)*



# FY 2011 General Revenues Budget

## Total Spending by Category



(in millions)



# *Revenues*





## Summary of Tax Changes

	<b>Enacted/Adopted Revenue Estimates</b>	<b>November Revenue Estimating Conference</b>	<b>Governor's Recommended Changes to Adopted Estimates</b>	<b>Governor's Recommended Revenues</b>
<b>FY2010</b>	\$3,076,858,477	(\$130,458,477)	\$29,973,634	\$2,976,373,634
<b>FY2011</b>	2,834,400,000		92,301,827	2,926,701,827
<b>Revenue Change FY2 011 vs. FY 2010 (in \$)</b>				<b>(\$49,671,807)</b>
<b>Revenue Change FY 2011 vs. FY 2010 (in %)</b>				<b>-1.7%</b>



## Summary of Tax Changes

	FY 2011
Motion Picture Tax Credit Elimination	\$1,940,688
Enterprise Zone Tax Credit Elimination	1,000,000
Small Business Jobs Program Tax Credit	(10,000,000)
Reduce Corporate Minimum from \$500 to \$250	(11,535,750)
Increase Cap for Contributions to Scholarship Organizations to \$2.0 million	(1,000,000)



# Small Business Jobs Growth Tax Credit Program

- For each new qualified employee hired by an eligible small business from July 1, 2010 to December 31, 2011, the eligible small business will receive a \$2,000 credit against the taxes imposed
- An eligible small business is defined as a sole proprietorship, joint stock company, joint venture, or any other legal entity or any successors or assigns thereof, that has at least five but not more than 100 employees working in Rhode Island, and not more than 200 employees worldwide.
- A new qualified employee must be a Rhode Island Resident and within the previous twenty-four (24) months of the date of hire, collected unemployment insurance, received Temporary Assistance to Needy Families under the Rhode Island Works Program, and/or graduated from a college or technical school.
- The new qualified employee must work a minimum of thirty (30) hours per week for the eligible small business and earn no less than 250.0 percent of the state minimum wage per hour and be eligible for healthcare insurance provided by the eligible small business.
- The eligible small business must employ the new qualified employee for at least 18 consecutive months and the eligible small business' total employment after the 18 months must be greater than the level of total employment declared at the time the new qualified employee was hired.



## Small Business Jobs Growth Tax Credit Program

- This change decreases personal income tax and business corporation tax revenues by an estimated \$10,000,000 for FY 2011. By component the decline is \$7.25 million in personal income taxes and \$2.75 million in business corporation taxes.
- According to the Consensus Economic Forecast adopted at the November 2009 Revenue Estimating Conference, Rhode Island's total non-farm employment is projected to decline by 1,400 jobs in FY 2011 and increase by 10,900 in FY 2012. Interpolating the FY 2012 job growth to the July 1, 2011 through December 31, 2011 period yields a projected net increase of 4,050 jobs over the period that the tax credit can be taken. The budget accounts for the employment of 5,000 new qualified employees during FY 2011 or an increase of 950 above the forecasted employment level.
- According to the Employer Tax Section of the Division of Taxation, there are 10,296 employers in Rhode Island that have between 5 and 100 employees. Some of these employers have additional employees located outside of the state that bring their total worldwide employment above 200 and thus disqualify them for this credit



## Other Tax Changes

### **Corporate and Franchise Minimum Tax Reduction**

- Reduces the corporate and franchise minimum tax imposed from \$500 to \$250
- Decreases business corporation tax revenues by \$11,535,750 for FY 2011.

### **The Motion Picture Production Tax Credit Elimination**

- Eliminates program which provides a credit to motion picture production companies of 25.0 percent of the state certified production costs incurred directly attributable to motion picture production activity within the state, provided that the primary locations are within the state of Rhode Island and the total production budget is at least \$300,000. The tax credit is earned in the taxable year in which production in Rhode Island is completed. A maximum amount of \$15,000,000 of motion picture production credits can be issued in any one tax year.
- The credit earned cannot exceed the motion picture production's total production budget. The credit is allowed against the tax in the year the credit is earned and unused amounts can be carried forward to not more than three succeeding tax years. Tax expenditure savings of \$1,940,688 are expected to be realized in FY 2011.



## Other Tax Changes

### Repeal Enterprise Zone Wage Tax Credit

- The Enterprise Zone Wage Tax Credit provides qualified businesses located in an enterprise zone with tax credits. A qualified business is one that increases their total employment from the prior year by at least 5.0 percent and whose total wage bill is greater than the total wages paid in the prior year.
- A credit equal to 50.0 percent of the wages paid to those enterprise zone employees that do not reside in an enterprise zone and constitute the 5.0 percent of new jobs required to qualify the business up to a maximum of \$2,500 per employee is allowed.
- A credit equal to 75.0 percent of the wages paid to those enterprise zone employees that reside in an enterprise zone and constitute the 5.0 percent of new jobs required to qualify the business up to a maximum of \$5,000 per employee is allowed.
- In FY 2009, 58 companies claimed \$1,066,996 of tax credits under this provision including firms located in Portsmouth, Cumberland, and Downtown Providence. This data indicates that 85.0 percent of the Enterprise Zone Wage Tax Credits issued are used to reduce or eliminate personal income tax liabilities. The remaining 15.0 percent of the Enterprise Zone Wage Tax Credits issued are taken against the tax liabilities incurred under the business corporation tax.



# General Revenue Changes to Adopted Estimates

<u>Taxes</u>		FY 2010	FY 2011
<i>Personal Income Taxes</i>			
	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><i>\$ (5,318,081)</i></b>
<i>General Business Taxes</i>			
	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><i>\$ (14,276,981)</i></b>
	<b><i>Subtotal: All Taxes</i></b>		<b><i>\$ (19,595,062)</i></b>



# General Revenue Changes to Adopted Estimates

<b><u>Departmental Revenues</u></b>		<b>FY 2010</b>	<b>FY 2011</b>
<b><i>Licenses and Fees</i></b>			
	DHS: Reinstitute 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 \$15		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

<u>Departmental Revenues</u>	<b>FY 2010</b>	<b>FY 2011</b>
<i>Miscellaneous</i>		
Statewide Student Transportation	(\$8,600,000)	(\$15,640,000)
Indirect Cost Recovery exemption- Underground Storage Tank Replacement Fund	(202,852)	(202,852)
Indirect Cost Recovery Telecom*	32,330	77,592
<i>Subtotal: Miscellaneous</i>	<b>(8,770,522)</b>	<b>(15,765,260)</b>
<b>Subtotal: All Departmental Revenues</b>	<b>(8,770,522)</b>	<b>(15,765,260)</b>
<u>Other Sources</u>		
<i>Other Miscellaneous</i>		
CCA- Sale of Veterans Memorial Auditorium	10,750,000	
Land Sale- Old Training School	6,200,000	
Land Sale- Johnston Computer Facility	1,500,000	
Land Sale- 2 Metacom Ave, Bristol	2,800,000	
Group Home Voluntary Contributions	6,000,000	
Transfer from Auto Replacement Fund	3,638,000	
Child Support Collections- Prior years	7,214,906	
<i>Subtotal: Other Miscellaneous</i>	<b>\$38,102,906</b>	

\* Not included in December Supplemental Estimates



## General Revenue Changes to Adopted Estimates

<b>Operating Transfers</b>	<b>FY 2010</b>	<b>FY 2011</b>
Judiciary Bail Accounts and State Police Forfeited Property	641,250	
RI Health & Educational Building Corporation		1,000,000
<i>Subtotal: Operating Transfers</i>	<i>641,250</i>	
<b>Subtotal: Other Sources</b>	<b>38,744,156</b>	
<b>Total General Revenue Adjustments</b>	<b>\$29,973,634</b>	<b>\$92,301,827</b>



## Changes to Restricted Receipt Estimates

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



# ***Federal Stimulus***



# ARRA Category Allocations

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.





# 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>

- The Executive Summary contains a section on ARRA funding where more information can be found by functional area.
- Focus on ARRA funding which has provided direct budgetary relief.



# ARRA Category Allocations

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.

## 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>

\*RIDE FY 2010 stabilization funds includes \$5,117,599 of federal carry over from FY 2009

\*\*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. Values are rounded.



- There has been much discussion in Washington concerning an extension of the enhanced FMAP to provide relief to the States
- An extension was included in the US House passed Health Care reform and “Jobs” bill
- State budgets have been presented in several states with the assumption that the enhanced FMAP extensions will be enacted
  - Alabama, California, Maine, Maryland, Missouri and Washington have included amounts in their budgets
- FY 2011 Rhode Island State Budget assumes the extension of the ARRA enhancement to the base Medicaid match rate through June 2011. This provides \$95.3 million of budget relief in FY 2011
- Total of \$190.7 million enhanced Medicaid from federal stimulus package contained in FY 2011 budget





# American Recovery & Reinvestment Act

- Major operating budget impact from FMAP
- Federal medical assistance match rate enhancement retroactive to October 1, 2008
- FY 2011 assumes the ARRA-Enhanced FMAP will be operative throughout the state fiscal year (federal legislation pending in Congress)

State Fiscal Year Rate	2010	2011
Federal Base Share	52.62%	52.89%
State Share	47.38%	47.11%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

State Fiscal Year - ARRA Rates	2010	2011
Federal Share	63.92%	64.19%
State Share	36.08%	35.81%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Difference	2010	2011
Federal Share	+11.30%	+11.30%
State Share	<11.30%>	<11.30%>



# ARRA Functional Allocations

ARRA includes provisions for increased aid for state health mandates. The increased FMAP 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. In 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.*



# *Government Restructuring*



# State Government Restructuring

- The Governor recommends that an organizational review of certain aspects of state government be performed and recommends consolidation of certain activities.

## Public Safety Consolidations

- Move Dispatch unit from Department of Environmental Management to Department of Public Safety (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



# State Government Restructuring

## Higher Education Review

- 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.



# State Government Restructuring

## Transportation

- 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.



# State Government Restructuring

## Transportation

- Proposes a long term financing agreement related to the new Sakonnet Bridge between the State and the Rhode Island Turnpike and Bridge Authority.
- The legislation provides for the tolling of the facility. The agreement would include a provision for a sharing of the tolls with DOT which would serve as consideration for payment of Rhode Island's total cost of the bridge. This would provide a much needed annual stream of resources to the DOT 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 70% within the first ten years.



# State Government Restructuring

## Veterans' Affairs

- The Governor recommends delaying the creation of a new Department of Veterans' Affairs within the Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. Veterans' Affairs will thus be maintained as a division of the Department of Human Services in FY 2011.





# *Personnel and FTE's*



## Personnel (FTE) Summary

- Personnel costs comprise 22% of state spending
- Appropriations Act includes an authorized full time equivalent (FTE) cap for each agency
- FY 2010 Revised Budget reflected an increase of 41.3 FTE compared to FY 2010 enacted



## Personnel (FTE) Summary

- Enacted FY 2010 authorization was 14,863.0 FTE
- Revised FY 2010 authorization is 14,904.3 FTE statewide
- Filled FTE positions total 13,564.9 (as of PP 13)
- 1,298.1 under enacted cap including 1,130.6 state positions and 167.5 Higher Education sponsored research funded positions
- A reduction of 1,383.4 below July 2007 filled full-time equivalent positions.



## Personnel (FTE) Summary

- Recommended FY 2011 authorization is 14,894.2 FTE statewide
- 32.2 over enacted FY 2010 cap
- 10.1 less than FY 2010 revised
- Includes additional Stimulus FTE
- No layoffs included
- 3.0 percent cost of living adjustment deferred from July 1<sup>st</sup> to January 1<sup>st</sup> – \$9.5 million all funds, salary savings
- 4 pay reduction days in FY 2011- \$9.0 million all funds, salary savings
- Total estimated general revenue savings in FY2011 from concessions is \$19.1 million when fringe benefits are considered
- RIBCO wage base adjustments, \$7.3 million

Slide Corrected 2/17/10



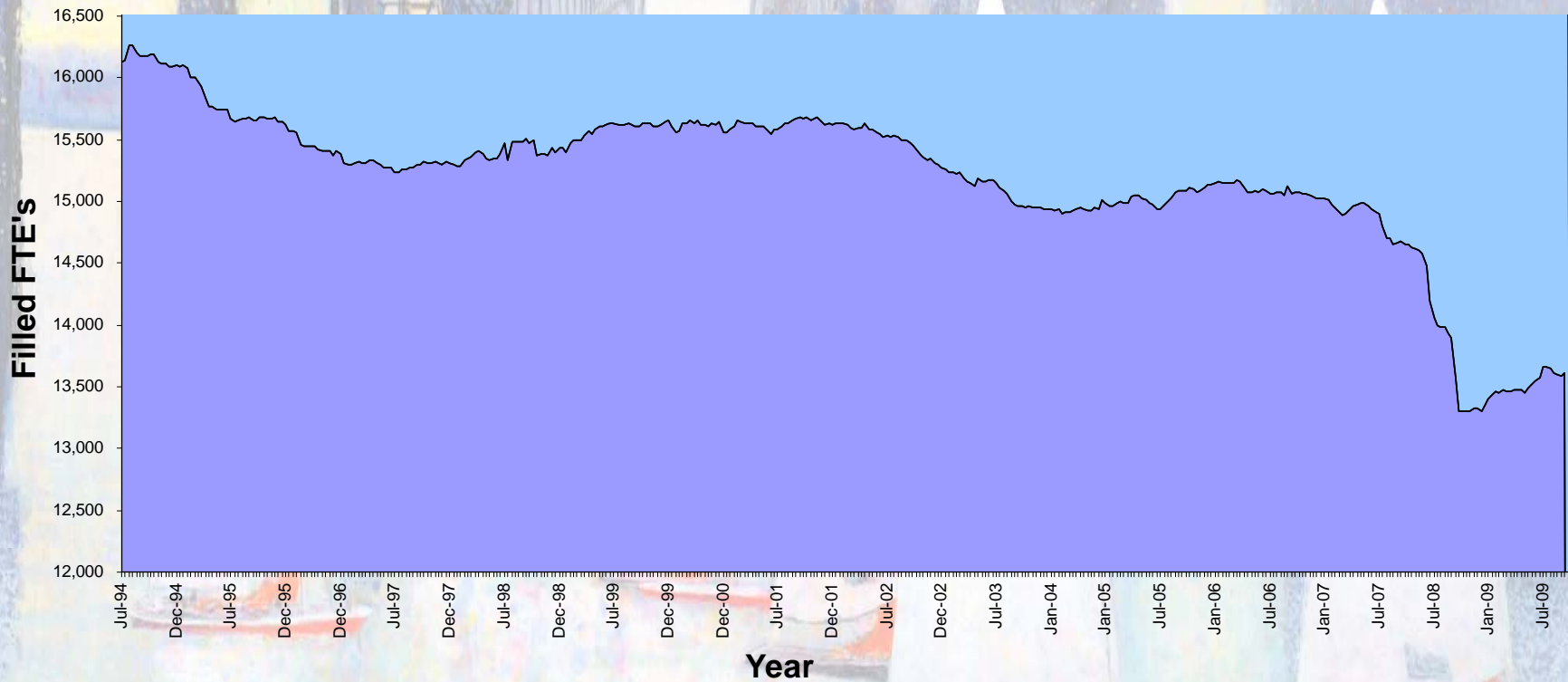
## Personnel (FTE) Summary

### Program and Position Transfers:

- Transfers the Division of Sheriffs, 180.0 FTE positions, from the Department of Administration to the Department of Public Safety
- Transfers 12.0 FTE positions from the Women, Infants, and Children (WIC) program in the Department of Health to the Department of Human Services – effective October 1, 2010



# Personnel (FTE) Chart





## Article 16- Pension Reform

- The Governor requests that, given the continued decline in the State's financial resources, the General Assembly reconsider the pension COLA which he had proposed to be eliminated last year. The revised FY2010 budget reflects a resubmission of the COLA elimination proposal.
- Article 16 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. 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 who become eligible and retire through the date of passage of this legislation shall continue to receive a cost of living adjustment as previously provided.



## Article 16- Pension Reform

- This Budget Article provides the General Assembly with the ability to review annually and give an ad hoc cost of living adjustment to retirees who would not otherwise be eligible for a cost of living 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 budget article provides that no supplemental contributions be made to the Employees Retirement System for Fiscal Years 2009, 2010, and 2011.





# Article 16- Pension Reform

## State Employees Pension Reform

- The Governor recommends savings in the FY2010 Supplemental Budget based upon a preliminary actuarial report which identifies the reduction in contribution rates for state employees and teachers. The savings estimated for FY2010 is budgeted as a negative in the Department of Administration. The General Revenue savings are \$10,847,832, Federal Funds savings are \$4,399,567, Restricted Receipt savings are \$821,780 and Other Funds savings are \$2,063,438.
- The savings in FY 2011, budgeted in Department of Administration is \$12,799,401 from General Revenues, \$4,505,428 from Federal, \$1,063,356 from Restricted and \$2,139,434 from Other Funds.



# Article 16- Pension Reform

## Teachers Pension Reform

- The savings for FY2010 Supplemental Budget are based upon a preliminary actuarial report which identifies the reduction in contribution rates for state employees and teachers. The savings estimated for FY2010 is budgeted as savings to the State and a corresponding reduction is taken in state education aid for the savings that local school districts will have as a result of the lower contributions.
- The contribution rate of 20.07% is shared by the state and local government with the local share at 60 percent and the State's share at 40 percent. The rate is adjusted for Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield, which did not take part in a previous pension system action which increased contributions.
- The state share of the teacher retirement contribution is not reflected as a state personnel cost, but rather is reflected in local aid. The general revenue savings are estimated to be \$12,343,022 in FY 2010 and \$12,898,458 in FY 2011. Local governments would have corresponding savings, and the Governor's budget recommended reducing state education aid expenditures by a corresponding amount. The local savings are estimated to be \$18,464,312 in FY 2010 and \$19,295,210 in FY 2011.



## Difference between Board Certified and Governor's Recommended Rates

<b>FY 2010</b>	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%	22.13%	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
Total State Savings				\$23,190,855	\$4,399,567	\$821,780	\$2,063,439	\$30,475,639
Teachers local	11.89%	9.90%	1.99%	18,464,315	0	0	0	18,464,315
Total State and Local				\$41,655,170	\$4,399,567	\$821,780	\$2,063,439	\$48,939,954

<b>FY 2011</b>	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
Total State Savings				\$25,697,859	\$4,505,427	\$1,063,356	\$2,139,435	\$33,406,077
Teachers local	11.89%	9.90%	1.99%	19,295,210	0	0	0	19,295,210
Total State and Local				\$44,993,069	\$4,505,427	\$1,063,356	\$2,139,435	\$52,701,287

*Corrected 2/17/10*



# Actuarial Funding for Retiree Health Benefits

- The Governor also recommends funding the retiree health plans on an actuarial basis for the first time in FY2011.
- This is being recommended to provide more transparency on the rising cost of health care, the major “other post employment” benefit offered.
- This plan will begin to set aside funds sufficient to cover the ultimate cost of benefits promised to current and former employees.
- 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. 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



## FY2011 Difference between Retiree Health Pay Go and Actuarial 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
Total Cost Increase				\$7,911,005	\$1,721,832	\$460,476	\$844,627	\$10,937,940



# *Local Government*



# Local Government Aid

- The recommended FY2010 Supplemental Budget reduces local aid and education aid. The Governor recommends a legislative package to provide local governments the tools to build budgets that are affordable for their taxpayers.
- The supplemental budget act contains articles to address local education issues and other municipal government issues which present challenges to local government managers.



# FY 2010 Major Changes to Local Aid

	FY 2010 Enacted	Base Change/Shift/Cost Reduction *	Reductions *	FY 2010 Governor
<b>General Aid</b>				
Motor Vehicle Excise Tax	\$135.3	\$0	(\$66.7)	\$68.6
Other General Aid	51.4	0	(0.1)	51.3
<b>Sub-total General Aid</b>	186.7	0	(66.8)	119.9
<b>State Support for Schools:</b>				
1) General Education Aid from Reduced Pension Contributions	489.7	(18.3)	0	447.7
2) Across-the-Board Cut			(19.1)	
3) Shift to Stabilization Funds		(4.6)		
School Construction	61.5	(3.1)		58.4
Teacher Retirement - from Reduced Pension Contributions	77.8	(1.5)	(12.3)	64.0
Charter Schools	33.3	(0.5)	(1.0)	31.8
Other Education Aid	154.3	0.5	0	154.5
<b>Sub-total Education Aid</b>	816.3	(27.5)	(32.4)	756.4
<b>Total All Local Aid</b>	\$1,003.0	(\$27.5)	(\$99.2)	\$876.3

*\*Of the \$125.0 million in Local Aid reductions, \$27.5 million is the result of base changes, shifts to federal funds, or reduced pension contributions causing no deterioration in financial resources in FY2010*

*(in millions)*





# FY 2011 Major Changes to Local Aid

	FY 10 Governor Recommended	Base Change / Shift / Cost Reduction *	Reductions *	Total Change	FY 11 Governor Recommended
<b>General Aid</b>					
Motor Vehicle Excise Tax	\$68.6	\$0	(\$68.6)	(\$68.6)	\$0
Other General Aid	51.3	(0.9)	0	(0.9)	50.4
<b>Sub-total General Aid</b>	<b>119.9</b>	<b>(0.9)</b>	<b>(68.6)</b>	<b>(69.5)</b>	<b>50.4</b>
<b>State Support for Schools:</b>					
1) General Education Aid from Reduced Contributions	447.7	(0.8)		(0.8)	456.3
2) Across-the-Board Cut			(6.1)	(6.1)	
3) Shift to Stabilization Funds		15.2		15.2	
4) Other		0.4		0.4	
School Construction	58.4	13.4		13.4	71.8
Teacher Retirement - from Reduced Contributions	64.0	2.9		2.9	66.8
Charter Schools	31.6	7.0	0.7	7.7	39.3
Other Education Aid	154.8	(0.7)	0	(0.7)	154.0
<b>Sub-total Education Aid</b>	<b>756.4</b>	<b>37.2</b>	<b>(5.3)</b>	<b>31.9</b>	<b>788.3</b>
<b>Total All Local Aid</b>	<b>\$876.3</b>	<b>\$36.3</b>	<b>(\$73.9)</b>	<b>(\$37.6)</b>	<b>\$838.7</b>

\*Of the \$125.0 million in Local Aid reductions, \$27.5 million is the result of base changes, shifts to federal funds, or reduced pension contributions causing no deterioration in financial resources in FY2010

\*\* Reflects total appropriation to charter schools, which includes direct funding of charter schools and indirect aid that is sent to local districts. (in millions)



## Other Local Aid Changes

- \$1.0 million is recommended for the Property Revaluation program, reflecting a base adjustment of \$843,500 less than enacted
- \$27.58 million is recommended for the Payment in Lieu of Taxes program, the FY 2010 revised level
- \$10.4 million is recommended for the Distressed Communities Relief Fund, which reflects level-funding. East Providence has become eligible as a distressed community, North Providence is no longer eligible, each receives 50% in FY 2011
- \$8.8 million is recommended for Resource Sharing and State Library Aid, which reflects level-funding
- \$2.5 million is recommended for Library Construction Aid, reflecting a base adjustment of \$351,573 less than enacted



# *Savings by Function*



## Budget Reserve Fund

- DOA: The Governor recommends delaying the \$22.0 million repayment to the RICAP fund an additional year. Extension of one year requested in FY 2010 supplemental act; this would delay the repayment to FY 2012.
- DOA: The budget plan assumes that it will be repaid in FY 2012 and capital projects are phased to meet the resources.



# General Government

- DOA: A reduction of \$201,171 for contract services within the Facilities Management program, due to reduced janitorial, security, fire protection contracts, along with savings in lawn care and floor cleaning at the State House
- DOA: A reduction of \$337,485 for operational expenditures within the Facilities Management program, due to reducing maintenance and operating accounts to achieve savings
- DOA: A further reduction of \$2.5 million in Facilities Management for the continued moderation of utility prices
- DOA: Additional funding in DoIT of \$976,141 for RIFANS operational expenditures. The FY 2010 enacted budget eliminated the funding for all RIFANS operational expenditures. However, the State is contractually obligated to pay for its operational expenses, including licenses and maintenance
- DOA: An increase of \$400,000 for the Economic Development Corporation for the Welcome Center on Interstate 95, previously funded with gas tax in DOT



# General Government

- Legislature: An increase of \$1.4 million for Legislator retiree health costs due to a change to actuarial funding.
- Sec. of State/Board of Elections: An increase of \$3.5 million to finance the 2010 General Elections, including \$2.0 million for the Matching Public Funds
- Rhode Island Commission on Women: Eliminate general revenue financing- \$113,774 savings
- Department of Labor and Training: Police & Fire case increase \$85,000 (net of June 30, 2010 new claim end). Effective July 1 no new claimants
- DBR: Finance Office of the Health Insurance Commissioner with Restricted Receipts from Assessment from Health Insurance Entities: General Revenue Savings: \$546,868



## General Government

- DOR: The Division of Taxation will undertake an Imaging System Plan to save \$90,000 in Document Storage and Overhead Costs
- DOR: The Division of Taxation will begin Phase 2 of the Tax Data Warehouse Project with \$500,000 in RICAP Funds, to assist the Division in the Collection of Tax Dollars
- DOR: The Division of Motor Vehicles will close the Rhode Island Mall Branch of the DMV in March, 2010 to minimize the costs of implementing the new computer system with costly retrofits, and avoid redundancy when the new Main Branch of the DMV opens at the Forand Building in August.
- DOR: The Division of Motor Vehicles will close the Pawtucket Main Branch of the DMV in August, 2010. The Main Branch will relocate to the newly renovated Forand Building.



# Human Services

- MHRH: Renovate Varley and Mathias buildings at the Pastore Center to allow a consolidation of Eleanor Slater Hospital facilities and create a “hospital zone” of connected buildings. This will enable the hospital system to meet JCAHO standards, improve operational logistics, reduce staffing needs, reduce maintenance and utility costs, and improve security. (Request for COPS authorization to fund.)
- MHRH: Restructure payment system to community mental health centers to provide centers a consistent and predictable payment system that provides performance and financial incentives. (Savings of \$1.3 million GR)
- MHRH: Restructure network of providers serving persons with Developmental Disabilities to maximize services and operational efficiencies, and assure clients receive the most appropriate services in the most appropriate settings. (Savings of \$2.5 million GR)
- MHRH: Modify payment system for supportive employment program and day treatment for clients receiving behavioral health services. (Savings of \$358,150 GR)
- MHRH: Transfer State funded methadone maintenance and treatment expenditures to Global Waiver CNOM. (Savings of \$438,000 GR)





# Human Services

- DCYF: Restore Day Care/Bradley Hospital funding to base - \$5.7 million general revenue increase
- DCYF: Consolidation of Facilities - \$513,708 general revenue savings
- DCYF: System of Care Transformation / Reprourement of services - \$6.7 million general revenue savings
- DOH: \$1.2 million general revenue reduction in HIV/AIDS program, pending resolution of CNOM
- DHS : Reprourement of Medicaid managed care contracts for RItE Care and Rhody Health Partners, \$15.3 million general revenue savings.
- DHS : Establishment of a managed long-term care program utilizing a contracted entity to manage primary, acute, and long-term care services for Medicaid clients, \$4.3 million general revenue savings.



# Human Services

- DHS : Program Integrity: Expanded Recovery through broadening the scope of the Medicaid Estate Recovery Program, \$473,714 general revenue savings. An additional \$100,000 in general revenues is also programmed for associated contract services.
- DHS : Program Integrity: Direct use of the Registry of Motor Vehicles' data systems by the DHS Front-End Detection Unit, \$364,821 general revenue savings.
- DHS : Children's Health Account Enhancements, \$900,000 general revenue savings: Enhancement of the restricted revenues generated by Children's Health Account assessments, to be achieved through an increase in the maximum per service spending level from \$5,000 to \$6,000.
- DHS : Institution of a State Maximum Allowable Cost (SMAC) program for generic drugs, \$358,150 general revenue savings.
- DHS: Emergency TANF funds of \$0.6 million included as offset to general revenue expenditures in FY 2011
- DHS: Subsidized employment program in development using DLT Workforce Investment Boards (WIBs) to provide \$20 to \$25 million for employers to hire Rhode Islanders. Up to 80% of salary to be funded with federal funds



# Education

- RIDE: Compared to the Governor's recommended budget for FY 2010, education aid in FY 2011 includes
  - \$13.4 million more in school construction aid
  - \$7.7 million more for charter schools (including the across-the-board cut and pension reform)
  - \$15.2 million more for LEAs to replace Stabilization Funding
  - \$6.1 million less due to the across-the-board reduction
  - \$822,342 less due to pension reform
  - \$2.9 million more for the state share of teacher retirement contributions (including pension reform and payroll growth)
- RIDE: Race to the Top (ARRA competitive grant) funding of \$35.0 million and 15.0 FTE included (funding and FTEs limited-term, contingent on a successful application)
- RIDE: \$26.6 million in State Fiscal Stabilization Funding is recommended, representing the final installment of Stabilization funds



## Education

- RISCAs: Discretionary grants in the Arts Council are eliminated, a reduction of \$700,000.
- RISCAs: The legislative grant to the Veteran's Memorial Auditorium is eliminated since the debt service has been paid off, saving \$296,875.
- Public Higher Education: Overall \$912,147 increase (.5%). This reflects a decrease of \$14.1 million from current services (excluding growth in debt service)



# Public Safety

- DOC: Weapons Qualifications: \$475,000 in overtime, military supplies, mileage, and firing range facility rental costs to initiate the biennial weapons requalification process for over 1,000 correctional officers. The process will start in the spring and continue into FY 2012.
- DOC: Inmate Population: Estimate is based on FY 2010 experience to date and indicates a reduction from the enacted budget of 108 inmates in the FY 2010 revised budget (to 3,659) and 124 inmates in FY 2011 budget (to 3,643). Savings of \$1.2 million in operating costs, primarily food and medical services.
- DOC: Retrofit of newly completed Reintegration Center and Bernadette Guay building to house women inmates. \$1.3 million in Rhode Island Capital Plan funds.
- DOC: Corrections Officer Training Class: Scheduled class is eliminated in FY 2010, for a savings of \$716,000. Class is restored in FY 2011.
- Judiciary: Shift general revenues expenditures to federal Child Support-\$1.2 million savings



## Public Safety

- DPS: The transfer of the Sheriffs from the Department of Administration to the Department of Public Safety: 180.0 FTE positions and \$16.5 million in general revenue.
- DPS: 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
- DPS: An increase of \$701,476 in general revenue for retiree health costs in the State Police Program
- DPS: An increase of \$3.8 million for the retirement contribution for the State Police program due to a shortfall in the FY 2010 appropriated pension contribution
- DPS: A decrease of \$725,957 in general revenue due to the transfer in funding for the Workers Compensation Investigation Unit personnel from general revenue to the statewide assessed fringe benefit fund.
- DPS: A decrease of \$7.4 million in Rhode Island Capital Plan funds includes a decrease of \$8.3 million due to the anticipated completion of the State Police Headquarters in the summer of 2010



# Natural Resources

- DEM: In the Bureau of Natural Resources, the Governor recommends an increase of \$3.2 million in federal funds from the enacted FY 2010 to include: \$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.
- DEM: An increase in other funds includes \$2.6 million for Retrofit Heavy-Duty Diesel Vehicles funds and a decrease of \$1.2 million from the Rhode Island Capital Plan Fund.
- CRMC: R.I. River Ecosystem project: \$3.0 million funded in FY 2010 by federal American Recovery and Reinvestment Act stimulus funds to construct four fish ladders and remove two dams.
- WRB: Big River Groundwater Development: \$376,620 in Rhode Island Capital Plan funds in FY 2010, to plan for a new groundwater supply in the Big River Management Agency. The project is intended to ensure drinking water supply requirements for central Rhode Island, including both current uses and residential, commercial and industrial expansion.



# Transportation

- DOT: Gasoline Tax Revenues are estimated to drop \$3.8 million in FY 2011
- DOT: Debt Service increases by \$3.4 million in FY 2011
- DOT: RIPTA's Gasoline Tax Revenues also decrease by the declining tax and increasing debt service, for a total decrease of \$2.1 million in RIPTA's revenues.
- DOT: The total budget for federal grants for the department represents 74.4 percent of the budget, or \$315.7 million - \$189.3 million of Federal Highway funds, \$43.8 million represents ARRA Federal Highway funds, and \$260,000 is for Fixed Guideway Stimulus Funds





# Five Year Forecast

## Five Year Forecast Deficits in FY 2012 and thereafter

Fiscal Year	Deficit
FY 2012	(\$362.2)
FY 2013	(\$416.2)
FY 2014	(\$457.2)
FY 2015	(\$535.7)

Assumes revenue growth of (1.7%), 1.7%, 2.6%, 2.5% and 1.85%, respectively



# Five Year Forecast

Major factors contributing to FY 2012 projected deficit

FMAP Cliff	\$190.7
Stabilization Cliff	\$26.6
FY 2011 Employee Concessions	\$19.1
RICAP Repayment Deferral	\$22.0
Total	\$258.4

Slide Corrected 2/17/10



# *Capital Budget*



# Rhode Island Capital Plan Fund

- Project funding of \$78.3 million in FY 2011. Projects deferred due to delay in repayment of \$22.0 million.
- Major RICAP funded projects in FY 2011 include:
  - State Police Headquarters - \$4.8 million (\$26.3 million total)
  - Higher Education Asset Protection - \$7.8 million
  - A&E funding for Higher Ed Projects - \$4.8 million
  - East Bay Met School - \$4.0 million
  - Training School Girls Facility - \$2.5 million (\$6.7 million total)
  - Registry of Motor Vehicles Forand Building - \$5.6 million



# Debt Authorizations

- Governor requests approval of three new Kushner debt authorizations (project costs):
  - Hospital Consolidation - \$28.3 million
  - URI/CCRI Energy Conservation - \$28.1 million
  - Turnpike and Bridge Authority - \$68.0 million



# G.O. Bond Referenda

Governor proposes two referenda for the November 2010 Ballot:

<u>Ballot Item #1</u>	
Higher Education Facilities	
University of Rhode Island – New Chemistry Building	\$61.0 million
Rhode Island College – Infrastructure Modernization	\$10.9 million
Rhode Island College – Art Center	\$17.0 million
<u>Ballot Item #2</u>	
Transportation	
Highway Improvement Program	\$80.0 million
Salt Storage Facilities	\$5.0 million
Total Ballot November 2010	\$173.9 million
Proposed Project Costs for New Certificates of Participation Financings	
Pastore Center Hospital Consolidation	\$28.3 million
University of Rhode Island Energy Conservation	\$12.6 million
Community College of Rhode Island Energy Conservation	\$15.5 million



# ***Local Tools Appendix***

***(Articles in FY 2010 Supplemental Appropriations Act)***



# Local Government Legislation

## ARTICLE 2

Article 2 amends 44-34.1-2 to provide for a procedure for a city or town to adopt a supplemental motor vehicle excise tax in FY 2010 to recover the lost state reimbursement revenue.

The authority to levy a supplemental tax would require approval of the Department of Revenue and the majority vote of the city council, town council, or financial town meeting, or 4/5 vote if above the 4.5% cap.

This article also provides for a procedure for municipalities to secure an exemption from the tax cap associated with the loss in motor vehicle excise tax reimbursements. The authority to receive the exemption would require approval of the Department of Revenue and the majority vote of the city council, town council, or financial town meeting.





# Local Government Legislation

## ARTICLE 9

### RELATING TO CARUOLO ACT

This article suspends Caruolo actions in any year where there is a reduction in state aid. Instead, school committees may petition a 3-member panel set up by the Governor. The panel will act as binding arbitrators and shall develop a corrective action plan for the district. The Department of Education shall monitor and enforce the plan. Section 2 amends §16-7-15 to reduce FY 2010 education aid for school districts and charter public schools and distributes federal stabilization funds per the American Recovery and Reinvestment Act (ARRA) to the districts and charter schools proportionately based on their share of total FY 2010 originally enacted education aid. It also adds two subsections that allow for a reduction in the final education aid payment to districts; one, for delinquent/nonpayment of services for the student transportation program and two, for delinquent/nonpayment of additional non-core services at the RI School for the Deaf.

### RELATING TO COLLECTIVE BARGAINING CONTRACTS

This article amends sections 16-2-21.6 and 45-5-22 and requires city and town councils to approve teacher contracts entered into by school committees prior to contract ratification.



# Local Government Legislation

## ARTICLE 12

### RELATING TO POLICE OFFICERS AND FIREIGHTERS – INJURED ON DUTY

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.

## ARTICLE 13

### RELATING TO MUNICIPAL RETIREMENT

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. The article also eliminates the cost of living adjustment for employees not eligible to retire as of the date of passage, which will increase the previous actuarial savings estimate.



# Local Government Legislation

## ARTICLE 18

### RELATING TO STATEWIDE PURCHASING SYSTEM AND PROGRAMS FOR PUBLIC SCHOOLS

This article repeals R.I.G.L. 16-5-34 entitled “Statewide purchasing system” in its entirety so that the provisions of this section can be removed from chapter 5 (which relates to “State Aid”) and placed in a more appropriate chapter of Title 16. The new Section, 16-60-7.3 “Statewide purchasing system and programs” is placed in chapter 60 (“Board of Regents for Elementary and Secondary Education”) and is amended to add language to clarify the authority of the Department of Elementary and Secondary Education, acting with the Department of Administration.

This article also is amended to provide 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 enable the Department and LEAs to participate in purchasing consortia in order to lower the costs of materials, supplies, equipment and services purchased for the public schools. Participation by LEAs is optional.



# Local Government Legislation

## ARTICLE 21

### RELATING TO FIREFIGHTERS' AND MUNICIPAL POLICE MANNING

This article amends 28-9.1-4 and 28-9.2-4 by removing any negotiated or arbitrated under the policemen's and firefighter's arbitration laws.

## ARTICLE 22

### RELATING TO MUNICIPAL HEALTH INSURANCE COST SHARING

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



# Thank You

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