

# House Fiscal Advisory Staff

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## FY 2020 Revised Budget 2020-H 7170, Substitute A, as Amended



Submitted to the 2020 House of Representatives

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# **Section I**

## **Revised Budget Summary**

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## FY 2020 Revised Budget

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Function*</b>				
General Government	\$ 1,471.2	\$ 1,630.9	\$ 1,681.3	\$ 3,112.4
Human Services	4,037.1	4,212.8	4,207.5	4,329.3
Education	2,633.9	2,746.5	2,769.5	2,833.5
Public Safety	602.5	624.3	646.5	776.5
Natural Resources	84.8	107.3	109.9	110.9
Transportation	548.3	648.8	647.0	631.0
<b>Total</b>	<b>\$ 9,377.7</b>	<b>\$ 9,970.6</b>	<b>\$ 10,061.8</b>	<b>\$ 11,793.5</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,713.7	\$ 1,835.4	\$ 1,830.0	\$ 1,822.9
Contracted Services	330.1	347.9	386.2	381.9
<b>Subtotal</b>	<b>\$ 2,043.8</b>	<b>\$ 2,183.4</b>	<b>\$ 2,216.2</b>	<b>\$ 2,204.8</b>
Other State Operations	889.0	1,011.7	1,065.6	1,240.9
Aid to Local Units of Government	1,436.6	1,519.9	1,523.3	1,572.9
Assistance, Grants, and Benefits	4,170.5	4,326.2	4,302.9	5,841.0
Capital	332.7	480.4	472.1	457.4
Capital Debt Service	208.3	268.0	256.9	255.8
Operating Transfers	296.8	181.1	224.7	220.6
<b>Total</b>	<b>\$ 9,377.7</b>	<b>\$ 9,970.6</b>	<b>\$ 10,061.8</b>	<b>\$ 11,793.5</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 3,924.0	\$ 4,077.6	\$ 4,086.3	\$ 3,958.7
Federal Aid	3,118.7	3,325.4	3,325.2	4,840.3
Restricted Receipts	259.6	311.4	383.2	365.2
Other	2,075.4	2,256.3	2,267.1	2,629.4
<b>Total</b>	<b>\$ 9,377.7</b>	<b>\$ 9,970.6</b>	<b>\$ 10,061.8</b>	<b>\$ 11,793.5</b>
<b>FTE Authorization</b>	<b>15,221.7</b>	<b>15,074.7</b>	<b>15,095.7</b>	<b>15,074.7</b>
<b>FTE Average</b>	<b>14,062.1</b>			

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2020 are contained in 2020-H 7170, introduced on January 16, 2020. The Governor recommends total revised expenditures for FY 2020 of \$10,061.8 million, which is \$91.1 million or 0.9 percent more than enacted by the 2019 Assembly. Final revisions to FY 2020 contained in 2020-H 7170, Substitute A, as amended, passed the House and the Senate on June 18. The Governor signed it into law on June 24.

Under the Governor's revised recommendation, total expenditures would increase \$684.0 million or 7.3 percent over reported FY 2019 expenditures. General revenue expenditures are \$8.7 million or 0.2 percent more than the FY 2020 budget adopted by the 2019 Assembly and \$162.2 million or 4.1 percent more than actual FY 2019 expenditures. Expenditures from federal funds are \$0.2 million less than enacted and

\$206.5 million more than FY 2019. Expenditures from restricted receipts are \$71.9 million more than enacted and \$123.6 million more than FY 2019. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$10.8 million or 0.5 percent more than enacted and \$191.7 million more than FY 2019.

The Assembly provided total expenditures of \$11,793.5 million, which is \$1,731.8 million more than the Governor recommended. This includes \$1,390.0 million more for unemployment insurance benefits paid to Rhode Islanders since the COVID-19 emergency began and reflects other federal funding received in response to the crisis. It contains \$3,958.7 million from general revenues, \$127.6 million less than the Governor recommended.

<b>FY 2020 Revised</b>	<b>General Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2020 Enacted	\$ 4,077.6	\$ 3,325.4	\$ 311.4	\$ 2,256.3	\$ 9,970.6
Governor's FY 2020 Revised	4,086.3	3,325.2	383.2	2,267.1	10,061.8
Governor's Change to Enacted	\$ 8.7	\$ (0.2)	\$ 71.9	\$ 10.8	\$ 91.1
Percent Change	0.2%	0.0%	23.1%	0.5%	0.9%
<b>FY 2020 Final</b>	<b>\$ 3,958.7</b>	<b>\$ 4,840.3</b>	<b>\$ 365.2</b>	<b>\$ 2,629.4</b>	<b>\$ 11,793.5</b>
Change to Enacted	(118.9)	1,514.9	53.8	373.1	1,822.9
Percent Change	-2.9%	45.6%	17.3%	16.5%	18.3%
Change to Governor	\$ (127.6)	\$ 1,515.1	\$ (18.1)	\$ 362.3	\$ 1,731.8
Change to FY 2019	\$ 34.7	\$ 1,721.6	\$ 105.6	\$ 554.0	\$ 2,415.8
Percent Change to FY 2019	0.9%	55.2%	40.7%	26.7%	25.8%

The FY 2019 final budget projected \$25.5 million would be available for FY 2020 and was used for that budget. The State Controller finalized the closing statement on January 3, 2020, and it showed a surplus of \$30.5 million, or \$5.0 million more.

<b>FY 2019 Closing</b>	<b>Enacted</b>	<b>Final</b>	<b>Variance</b>
<i>Open:</i> Free Surplus	\$ 52,525,379	\$ 52,525,379	\$ -
<i>Plus:</i> Reappropriated Surplus	10,057,409	10,057,409	-
<i>Equals:</i> Total Surplus	\$ 62,582,788	\$ 62,582,788	\$ -
<i>Plus:</i> Revenues	4,018,857,185	4,024,579,618	5,722,433
<i>Minus:</i> Transfer to Budget Stabilization Fund	(122,141,477)	(122,313,150)	(171,673)
<i>Equals:</i> Total Available	\$ 3,959,298,496	\$ 3,964,849,256	\$ 5,550,760
<i>Minus:</i> Expenditures	(3,933,834,379)	(3,924,049,893)	9,784,486
<i>Equals:</i> <b>Closing Surplus</b>	<b>\$ 25,464,117</b>	<b>\$ 40,799,363</b>	<b>\$ 15,335,246</b>
<i>Minus:</i> Reappropriations	-	(10,296,451)	(10,296,451)
<i>Equals:</i> <b>Free Surplus</b>	<b>\$ 25,464,117</b>	<b>\$ 30,502,912</b>	<b>\$ 5,038,795</b>

Reported revenues from personal income, the largest component of state revenues were \$13.0 million or 0.9 percent more than estimated, primarily an adjustment for the accrual of receipts between fiscal years. Sales taxes, the second largest source of state revenues, were \$8.1 million above the estimate, or 0.7 percent. These increases helped cover another miss in the Business Corporations tax estimate of \$9.4 million, or 5.7 percent. Estimators continue to struggle with estimating these receipts which are quite volatile; however, the variance in the estimate was somewhat smaller than last year. All other revenues were \$6.9 million lower than estimated.

Expenditures from all sources were \$368.6 million less than enacted, or 5.5 percent. General revenue expenditures were \$9.8 million less. Federal fund expenditures and expenditures from restricted receipt



accounts were \$215.8 million and \$27.5 million less, respectively. Expenditures from other sources were \$115.6 million less than the final enacted budget.

Closing expenses were lower than enacted primarily from Medicaid caseload savings. There were areas of overspending, particularly at the Department of Children, Youth and Families, that reduced the impact of the savings. Some agencies projected overspending in the first quarter of FY 2020, partially related to overspending in FY 2019; some of that was related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies.

The Governor's revised budget lowers those first quarter spending projections primarily through unexpected debt service savings, local aid data updates and expenditure shifts to other sources. Other changes include smaller initiatives to lower costs in human services agencies and savings from an adjustment to employee benefit costs statewide. Her budget also relies on \$16.7 million in new revenues, net of technical adjustments, primarily transfers from quasi-public corporations.

As drafted, the revised budget contained in 2020-H 7170 includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The pages that follow include full analyses of the expenditure changes by agency which also shows information on the line item adjustments.

	<b>Enacted</b>	<b>Final</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 25,464,117	\$ 30,502,912	\$ 5,038,795
Reappropriated Surplus	-	10,296,451	10,296,451
<b>Subtotal</b>	<b>\$ 25,464,117</b>	<b>\$ 40,799,363</b>	<b>\$ 15,335,246</b>
<b>Revenues</b>			
Actual/Enacted/Estimated	\$ 3,950,250,000	\$ 4,178,728,671	\$ 228,478,671
Governor	248,637,451	18,412,357	(230,225,094)
Assembly	(20,158,780)	(274,982,530)	(254,823,750)
<b>Revenues</b>	<b>\$ 4,178,728,671</b>	<b>\$ 3,922,158,498</b>	<b>\$ (256,570,173)</b>
Budget Stabilization and Cash Reserve Fund	\$ (126,125,784)	\$ (118,579,842)	\$ 7,545,941
<b>Total Available Resources</b>	<b>\$ 4,078,067,004</b>	<b>\$ 3,844,378,019</b>	<b>\$ (233,688,985)</b>
<b>Expenditures</b>			
Actual/Enacted/Estimated	\$ 4,107,591,973	\$ 4,077,594,991	\$ (29,996,982)
Reappropriations	-	10,296,451	10,296,451
Governor	(32,498,834)	(1,623,147)	30,875,687
Assembly	2,501,852	(127,553,956)	(130,055,808)
<b>Total Expenditures</b>	<b>\$ 4,077,594,991</b>	<b>\$ 3,958,714,339</b>	<b>\$ (118,880,652)</b>
<b>Total Surplus</b>	<b>\$ 472,013</b>	<b>\$ (114,336,320)</b>	<b>\$ (114,808,333)</b>
Transfers from Budget Stabilization Fund	-	120,000,000	120,000,000
<b>Free Surplus</b>	<b>\$ 472,013</b>	<b>\$ 5,663,680</b>	<b>\$ 5,191,667</b>
<i>Operating Surplus/(Deficit)</i>	<i>(24,992,104)</i>	<i>(144,839,232)</i>	<i>(119,847,129)</i>
<b>Budget Stabilization and Cash Reserve</b>	<b>\$ 198,502,233</b>	<b>\$ 77,633,071</b>	<b>\$ (120,869,163)</b>
Percent of Revenues	4.8%	2.0%	-2.8%

The revised budget as recommended by the Governor would leave a \$24.8 million surplus for use in FY 2021. The general revenue surplus statement for FY 2021 shows an ending surplus of \$0.9 million.

The Assembly had to address a state budget picture that was markedly different than when the Governor proposed these revisions in January. The Governor's March 9 state of emergency declaration from the COVID-19 public health emergency was soon followed by a March 13 federal declaration. The federal government made resources available for costs of the immediate response as well as related expenses. This included economic stabilization for individuals and businesses, education budget stabilization and Medicaid assistance. There was no direct relief for lost revenues which were estimated in May to be \$282.6 million less than the Governor's budget for FY 2020. There was relief for Medicaid caseload expenses across all agencies that provided \$66.6 million in support, which was partially offset by requirements that increased enrollment and therefore expenses.

The Assembly maximized the use of time sensitive Coronavirus Relief funds and other flexible federal funds by substituting current general revenue support where possible. This represented nearly \$100 million in savings to general revenue expenses. For example, the Assembly used \$41.7 million from education stabilization funds in lieu of general revenues and provided \$50.0 million from state Coronavirus Relief funds to ensure new resources go to local education agencies. For higher education, a \$15.0 million reduction from general revenues was offset by \$29.5 million more from education stabilization funds.

The Assembly also had to address other issues that arose. It added \$63.4 million to address a federal compliance and billing issue regarding Eleanor Slater Hospital. In March, the Office of Management and Budget notified the House Finance Committee that Eleanor Slater Hospital was not in compliance with federal rules regarding Medicaid funding for facilities that have more psychiatric patients than medical ones. The notice indicated that the hospital was out of compliance from August through early February causing an estimated loss of \$20.6 million from federal funds for FY 2020 that would have to be replaced with general revenues.

Over the next few months a series of additional revelations regarding what was determined to be ineligible for federal reimbursement more than tripled the value of the problem. The Assembly provided sufficient funding to address this issue, which also includes \$4.1 million in overspending also reported in May. Its changes assume the Executive Office of Health and Human Services successfully meets a June 30 deadline to submit a state plan amendment to bill for some patients at different levels of care for the final quarter of FY 2020. If that plan is not executed, the cost to the state will be an additional \$12.2 million.

There are scores of other changes included that represent adjustments to the budget to ensure it shows spending that has occurred or excludes funding not being spent. This also includes unused funds transferred from state and quasi-public agencies. These combined changes were not sufficient to cover the gap in spending compared to available resources, which is why there is a recommendation to use \$120 million from the state's "rainy day" fund to cover the difference. Under current law that must be repaid in FY 2021.

Lack of clarity on how much of the emergency response expenses incurred can be charged to federal Stafford Act (FEMA) funds and further commitments being made in response to the public health emergency makes it difficult to determine how much of Rhode Island's \$1,250 million federal Coronavirus Relief fund award will be available to assist with a budget gap for FY 2021 of several hundred million dollars. The revised budget does assume some specific uses of these funds, such as education aid, but it is expected that most of these funds will be spent during FY 2021 and as a match for eligible Stafford Act expenses.

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# **Section II**

## **FY 2020 Revised Budget**

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## Department of Administration

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 2,114,526	\$ 2,389,232	\$ 2,389,232	\$ 42,362,831
Accounts & Control	4,856,799	5,562,009	5,551,847	5,497,968
Office of Management & Budget	8,375,212	9,841,526	9,525,659	8,875,659
Purchasing	4,330,929	4,297,898	4,307,881	4,156,296
Human Resources	560,407	788,541	1,305,378	505,378
Personnel Appeal Board	127,863	151,521	151,521	125,163
General	44,450,915	62,629,874	62,743,953	55,242,953
Debt Service	164,862,257	197,070,371	185,420,171	184,333,984
Legal Services	1,943,575	2,294,340	2,166,544	2,046,084
Information Technology	7,338,985	8,383,510	23,039,857	12,804,857
Library Programs	2,551,546	2,614,826	2,786,439	2,786,439
Planning	3,985,458	6,453,342	7,571,314	6,471,314
Energy Resources	2,712,775	8,814,102	17,891,467	16,691,467
Statewide Savings	(914,743)	(4,607,518)	-	(2,000,000)
Health Benefits Exchange	8,077,248	9,953,397	10,821,172	10,471,384
Diversity, Equity & Opportunity	1,292,406	1,426,500	1,415,620	1,294,303
Capital Asset Mgmt. & Maint.	9,763,196	9,817,305	13,618,692	10,718,692
<b>Total</b>	<b>\$ 266,429,354</b>	<b>\$ 327,880,776</b>	<b>\$ 350,706,747</b>	<b>\$ 362,384,772</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 27,748,394	\$ 30,096,030	\$ 31,610,419	\$ 28,110,419
Contracted Services	10,309,487	8,371,996	9,967,614	10,542,614
<b>Subtotal</b>	<b>\$ 38,057,881</b>	<b>\$ 38,468,026</b>	<b>\$ 41,578,033</b>	<b>\$ 38,653,033</b>
Other State Operations	24,146,737	22,502,347	27,790,637	58,180,849
Aid to Local Units of Government	11,118,150	11,499,302	11,499,302	11,499,302
Assistance, Grants, and Benefits	4,957,483	3,329,128	18,092,065	15,492,065
Capital	17,700,812	55,111,602	66,426,539	54,325,539
Capital Debt Service	140,948,088	196,970,371	185,320,171	184,233,984
Operating Transfers	29,500,203	-	-	-
<b>Total</b>	<b>\$ 266,429,354</b>	<b>\$ 327,880,776</b>	<b>\$ 350,706,747</b>	<b>\$ 362,384,772</b>
<b>Sources of Funds</b>				
General Revenue	\$ 174,086,181	\$ 206,638,425	\$ 208,871,535	\$ 194,616,242
Federal Aid	4,361,893	4,152,873	4,078,271	45,472,914
Restricted Receipts	13,988,611	24,412,178	45,320,414	38,495,870
Other	73,992,669	92,677,300	92,436,527	83,799,746
<b>Total</b>	<b>\$ 266,429,354</b>	<b>\$ 327,880,776</b>	<b>\$ 350,706,747</b>	<b>\$ 362,384,772</b>
<b>FTE Authorization</b>	<b>655.7</b>	<b>647.7</b>	<b>647.7</b>	<b>647.7</b>
<b>FTE Average</b>	<b>628.3</b>			

**FY 2020 Revised Request.** The Department requested \$11.0 million more than enacted from all sources and the authorized level of 647.7 full-time equivalent positions. This includes increases of \$0.3 million

from federal funds, \$9.9 million from restricted receipts and \$0.8 million from other funds; the general revenue request is consistent with the enacted budget.

*The Governor recommended \$22.8 million more than enacted from all sources, including \$2.2 million more from general revenues. The recommendation is \$11.8 million more than requested, including \$11.7 million from debt savings, offset by \$7.7 million more for centralized services and \$11.1 million more from the Information Technology Investment Fund.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Administration, this includes \$0.2 million across six programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.*

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Central Management	\$ 2,389,232	\$ 2,389,232	\$ (73,599)	\$ 2,315,633
Accounts & Control	5,562,009	5,551,847	53,879	5,605,726
Purchasing	4,297,898	4,307,881	(48,415)	4,259,466
Personnel Appeal Board	151,521	151,521	26,358	177,879
Legal Services	2,294,340	2,166,544	20,460	2,187,004
Diversity, Equity & Opportunity	1,426,500	1,415,620	21,317	1,436,937
All Other Programs	311,759,276	334,724,102	-	334,724,102
<b>Total</b>	<b>\$ 327,880,776</b>	<b>\$ 350,706,747</b>	<b>\$ -</b>	<b>\$ 350,706,747</b>

**The Assembly restored the adjustments discussed above. It provided \$362.4 million from all sources, or \$11.7 million more than the revised budget. This includes \$14.3 million less from general revenues primarily from debt and turnover savings and distribution of centralized service expenses. Federal funds are \$41.4 million more, to include expenses relating to COVID-19. It includes \$6.8 million less from restricted receipts, based on the availability of resources in the Information Technology Investment Fund and other expenses. It also assumes \$8.6 million less from other funds, primarily for projects funded with Rhode Island Capital Plan funds.**

**Staffing.** Excluding statewide savings budgeted in the Department for later distribution, the revised request includes \$1.1 million less from all sources for salaries and benefits. This includes decreases of \$0.2 million from general revenues, \$0.5 million from restricted receipts \$0.4 million from other funds, and \$12,861 more from federal funds. Approximately 70 percent of salary and benefit expenditures are supported by general revenues, while the general revenue reduction only accounts for 16.3 percent. The revised request includes the enacted staffing authorization of 647.7 full-time equivalent positions; however, there are various staffing changes, including three new positions in the Office of Diversity, Equity and Opportunity and in Central Management. The request reflects a major reorganization of staff in the Office of Management and Budget. It also assumes the elimination of 43.3 unidentified positions to reconcile the allocation by program to the staffing cap, 0.1 less than enacted.

*The Governor included the authorized level of staffing; however, it assumes 427.0 full-time equivalent positions would support internal service fund programs, 10.0 positions more than the authorized level. As of February 1, the Department had 633.1 full-time equivalent positions filled, 14.6 positions below the cap. Of the filled positions, 406.5 support internal service fund programs; 10.5 below the current cap. The*

*recommendation also reflects the allocation of the unidentified positions by program, to better align filled positions by program. **The Assembly included staffing consistent with the enacted budget.***

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The revised request includes \$174,525 more than enacted from all sources, including \$75,293 more from general revenues for the Department's share of centralized services. Non-general revenue changes appear to adjust for certain areas where the Department incurred expenses in FY 2019; though overall FY 2019 expenditures were \$1.1 million below the final appropriation, including \$0.8 million less from the Information Technology Investment Fund. The revised request includes \$89,727 more for information technology services and a slight increase for human resources support. It also includes \$81,298 more for facilities management, of which \$74,298 is from general revenues. It appears that this additional expenditure was increased in order to keep the Department's overall revised budget at the enacted general revenue amount. The total revised request of \$13.6 million is \$2.3 million more than FY 2019 expenses. On December 16, the administration reported that the revised rates were finalized.

*The Governor recommended \$7.7 million more than enacted from all sources, including \$7.6 million from general revenues based on Budget Office estimates. This appears to include funding for agencies that are overspending in other areas. This plan is inconsistent with the idea of internal service funds and the reason they were created. The recommendation includes \$3.6 million more for facilities management, for higher natural gas rates, additional security costs at the Pastore Center and funding for janitorial services, based on a new contract. It includes \$0.5 million more for human resources for cost-of-living adjustments. Expenses for information technology services are \$3.6 million more to primarily reflect Microsoft Office 365 licensing rates that were not assumed in the initial rates, and it also assumes filling more positions. The recommendation from general revenues is \$8.8 million or 69.9 percent more than FY 2019 expenses.*

**The Assembly adjusted expenditures in other agencies to reflect projected expenses and reduced expenditures in the Department of Administration's budget by \$8.9 million, including \$7.9 million less from general revenues based on the Department's share of centralized services.**

## Statewide

**Fraud and Waste Detection.** The revised request assumes the enacted general revenue savings of \$2.0 million from fraud and waste detection that will combine data across agencies including the Department of Labor and Training, Department of Revenue and health and human services agencies to detect fraud and waste. No additional information has been provided as to what measures the administration is reviewing to ensure that the savings are achieved. It should be noted that the FY 2019 final budget assumed savings of \$3.0 million from this initiative; it appears that the savings were not achieved. There is a continued disconnect in the centralized budgeting of these savings and where they eventually occur, if at all. *The Governor's budget excludes the savings. **The Assembly concurred.***

**Injured on Duty.** The enacted budget includes \$1.7 million from general revenues from passing legislation to amend the injured on duty law as it relates to state employees. The legislation allows a treating physician or an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for accidental disability. Prior to the change, it must be the treating physician that makes the certification. Recipients of injured on duty payments had 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some

exceptions. As of January 7, 2019, there were 28 individuals receiving injured on duty benefits. The Administration reported that as of October 19, 2019, 18 individuals, including 15 Sheriffs were receiving injured on duty benefits. It also noted that a cost benefit analysis has not been conducted to determine how the savings assumed in the Department of Administration's budget will be achieved and distributed. It should also be noted that the FY 2020 revised requests for Military Staff and the Department of Public Safety include some turnover savings as a result of fewer individuals out on injured on duty; however, those savings are a fraction of the assumed savings. *The revised budget excludes the savings from the Department of Administration's budget; statewide, \$0.7 million was achieved in FY 2020.* **The Assembly concurred.**

**Overtime.** Consistent with the enacted budget, the revised request includes statewide overtime savings of \$1.0 million from general revenues; the savings are included in the Department of Administration's budget for later distribution. The Department announced a new overtime policy in June 2019. It requires each agency to develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures, which must be submitted by October 15, 2019. Beginning in FY 2020, agencies are also required to submit to the Office of Management and Budget quarterly reports of overtime expenses along with their quarterly financial reports. It should be noted that agency first quarter reports did not show overtime savings. *The revised budget excludes the savings; statewide, \$582,912 was achieved. The amount allocated to the Department is \$1,624.* **The Assembly concurred.**

**Medical Benefits Holiday.** On March 9, the Governor declared a state of emergency because of dangers posed by COVID-19. Because of delays in medical appointments and procedures, the state's self-insured health fund will end the year with a surplus. One way to capture those savings is to skip some or all of a bi-weekly payment into the fund. This is commonly referred to as a medical benefits holiday. *The Governor's revised budget assumed making payments for all pay periods.* **The Assembly included general revenue savings of \$1.5 million from making only half of the bi-weekly payment for one pay period.**

**Workshare.** The Administration has instituted a program to allow non-essential state employees to participate in a program, whereby they work 60 percent of their regular weekly hours from June 14, 2020 through September 5, 2020 and claim federal Workshare benefits for the remaining time. Benefits for such programs are fully paid with federal funds. Because of the extra \$600 weekly payment that accompanies all unemployment claims through the end of July, participants earning less than \$69,500 are not adversely impacted and may see increased compensation. *The Governor's revised budget did not include savings from this initiative.* **The Assembly included general revenue savings of \$0.4 million to reflect the projected impact in FY 2020; additional savings from this program will occur in FY 2021.**

## **Debt**

**Providence Place Mall.** The request includes the enacted amount of \$3.6 million from general revenues for debt service costs of the Providence Place Mall. Pursuant to the legislation adopted by the 1996 Assembly, the debt service payments are supported by two-thirds of the sales taxes generated at the mall; up to a maximum of \$3.7 million in years 1 through 5 and \$3.6 million in years 6 through 20. A review of the reserve account showed available resources were sufficient to pay off the debt; a final payment was made in October 2019 and remaining funds were transferred to the general fund. The Budget Office's first quarter report shows the savings. *The recommendation includes the savings.* **The Assembly concurred.**

**Garrahy Parking Garage.** The enacted budget includes \$1.7 million from general revenues for debt service for the Garrahy Parking Garage. The total debt payment is \$3.0 million; the enacted budget assumes that revenues will offset debt and operating costs as an opening date was anticipated in January 2020. The 2014 Assembly authorized the Convention Center Authority to issue up to \$45.0 million for the construction of the garage and the 2016 Assembly amended the authorization to allow the borrowing to occur if the



Authority has three purchase and sale agreements or Wexford Science and Technology agrees to lease no less than 400 parking spaces. The bonds were issued in March 2018. *The garage opening is now anticipated in March. The Governor included an additional \$1.2 million, restoring some of the assumed savings and \$0.2 million in agency budgets that are expected to use the garage.* **The Assembly concurred and provided an additional \$42,640 based on the projected debt service cost.**

**Fidelity Job Rent.** Consistent with the enacted budget, the request includes \$3.0 million from general revenues for required payments under the Fidelity Job Rent Credits agreement. Under the incentive-based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. *The Governor recommended \$170,000 less than enacted, which more closely aligns with FY 2019 expenses.* **The Assembly further reduced expenditures by \$1.4 million to reflect actual average filled positions.**

**I-195 Land Acquisition Debt Service.** The Department requested the enacted amount of \$3.0 million from general revenues for debt service costs of the I-195 land acquisition project. The projected debt service amount is \$4.4 million; the request assumes that \$1.4 million of proceeds from land sales will be used to cover the debt. This is consistent with the current service estimate. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs.

The legislation assumed \$42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 by the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process led by the I-195 Redevelopment Commission on the disposition of the land to occur while the project is completed. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget assumes reamortization of the balloon for an additional ten years. *The Governor recommended \$350,000 less than enacted based on anticipated interest rates.* **Based on available proceeds from a recent land sale, the Assembly included savings of \$0.2 million.**

**Short Term Borrowing Costs.** The Rhode Island Disaster Emergency Funding Board approved \$300.0 million of short term borrowing authority on March 26. The state drew down \$25.0 million on March 31 and another \$10.0 million on April 13. It had repaid \$25.0 million as of May 15 leaving a balance of \$10.0 million. *The revised budget did not include expenses relating to this.* **The Assembly provided \$0.4 million from federal coronavirus relief funds to pay interest and related issuance costs for this line of credit.**

**Convention Center Authority.** The request includes the enacted amount of \$20.7 million from general revenues for debt service for the Convention Center Authority. The Authority oversees the operations of the Convention Center, Dunkin' Donuts Center, Veterans Memorial Auditorium and the Garrahy Courthouse Garage, once it becomes operational; the facilities are managed by a third-party, which is ASM Global. The contract with ASM Global will expire on June 30, 2025. Under the terms of the lease agreement between the state and the Authority, the minimum rentals payable to the state in any fiscal year are equal to the gross debt service costs in that year; the state is responsible for covering any operating shortfalls and recoups any operating profits.

*The Governor recommended funding as enacted. On March 9, the Governor declared a state of emergency because of dangers posed by COVID-19. Subsequently, all scheduled events at the facilities were cancelled and the Authority negotiated a lease to use the Convention Center facility as hospital space for coronavirus patients.* **The Assembly provided \$0.7 million more for these debt service costs, based on lower revenues.**

**General Obligation Debt.** The Department requested the enacted amount of \$116.0 million from all sources for general obligation debt service costs. This includes \$77.8 million from general revenues, \$1.9 million from federal Build America Bond funds and \$36.3 million from transportation funds. This includes \$17.8 million for projected debt service on a new bond issuance to occur in the fall of 2019.

*The Governor recommended \$8.8 million less for debt service, including \$7.1 million less from general revenues from a refunding that occurred in December 2019; the first debt service payment on the refunding bonds will be in August 2020 and the interest payment previously due in April 2020 will no longer be required. She also included \$3.2 million more for Public Higher Education's budget, for a net decrease of \$3.9 million from general revenues. The recommendation includes \$36.5 million from transportation funds for debt, subsequently, the Budget Office indicated that this amount should be \$0.5 million lower. The Assembly provided \$0.5 million less to reflect Budget Office's anticipated expenses.*

### **Office of Energy Resources**

**Regional Greenhouse Gas Initiative.** The Department requested \$7.2 million more than enacted, reflective of FY 2019 unspent funds from the Regional Greenhouse Gas Initiative restricted funds. The receipts are derived from the sale of carbon emission credits through an auction process. The Office indicated that allocations spanning several plans totaling \$6.5 million are included in a Memorandum of Understanding between the Office and the Commerce Corporation. Expenditures through November totaled \$5.4 million, including transfers of \$1.0 million to the Rhode Island Infrastructure Bank for the Efficient Buildings Fund and \$3.5 million to the Commerce Corporation.

Of the increase, \$7.2 million will be used to provide grants to invest in projects that reduce long-term energy demands and costs. Program expenditures are \$23,858 less than enacted, including \$0.1 million less for salaries and benefits, to reflect updated staffing allocations to other programs. It also includes \$79,768 for energy research and clerical services, and \$15,600 for copy machines that the Office leased in FY 2019. *The Governor concurred, with the exception of providing \$279 less from statewide medical savings. The Assembly concurred.*

**Volkswagen Settlement Funds.** The revised request includes new restricted receipt expenditures of \$1.6 million from the Volkswagen Settlement funds. The Department of Environmental Management is the designated state agency and has the primary responsibility for the implementation of the "Beneficiary Mitigation Plan" for use of the Volkswagen Settlement funds. The Department of Environmental Management allocated these funds to the Office to administer the Electric Vehicle Charging Station Incentive Program. The request includes \$0.1 million for partial funding of five positions and \$1.4 million to provide incentives to purchase and install electric vehicle charging station equipment. Incentives will be based on whether an applicant is a state agency, quasi, local government, or another entity and whether the charging stations will be available for public use. Guidelines for the program were issued in October 2019. *The Governor concurred, with the exception of providing \$176 less, reflecting statewide medical benefit savings. The Assembly reduced expenditures by \$1.2 million to reflect a project delay.*

**Other Expenses.** The Department requested \$0.3 million more than enacted, including \$136,676 from federal funds and \$128,215 from restricted receipts for all other expenses for the Office of Energy Resources. Salary and benefit expenditures are \$0.1 million less than enacted from medical benefit and turnover savings that were not assumed in the enacted budget. As of November 23, the Office had one vacancy. Operating expenditures are \$0.4 million more than enacted, including \$0.1 million for the Office's share of an Offshore Wind consultant; these costs are shared with the Division of Public Utilities Commission, and \$0.1 million in reconciliation funding through the Renewable Energy Growth Program for the Distributed Generation Board. Funds will be used to conduct a study to verify energy savings of energy efficiency programs, pursuant to legislation adopted by the 2018 Assembly. Remaining funds will

be used for staff training on several initiatives, including solar power systems. *The Governor recommended \$1,277 less than requested from statewide medical benefit savings.* **The Assembly concurred.**

### **HealthSource RI**

**Staffing Adjustments (-2.0 FTE).** The request includes \$0.4 million less from restricted receipts for salary and benefit expenditures for HealthSource RI. This assumes \$0.2 million of personnel expenses will be allocated to the Executive Office of Health and Human Services and additional turnover savings of \$0.2 million. Based on the average cost of a position, the turnover savings is equivalent to 2.8 full-time equivalent positions. As of the last pay period in November, 12.0 of the 16.0 authorized positions are filled; the request reflects the elimination of two vacancies which had been vacant for more than one year. *The Governor included \$2,734 less from statewide medical benefit savings and concurred with the remainder of the request.* **The Assembly further reduced expenditures by \$0.2 million to reflect turnover savings. It also shifted \$25,544 of personnel expenses from restricted receipts to federal funds based on staff time responding directly to the COVID-19 emergency.**

**UHIP Expenses.** Excluding salaries and benefits, the revised request assumes expenditures of \$3.8 million from restricted receipts for HealthSource RI's portion of the Unified Health Infrastructure Project. This is \$58,135 more than enacted for information technology services. A settlement with Deloitte was reached in April 2018 that included a \$50 million payment to the state. Consistent with the enacted budget, the revised request assumes that \$1.5 million of expenditures will be credited through settlement funds; however, as of early December 2019, a decision from the federal government pertaining to the state's portion of the settlement funds has not been made. *The Governor recommended funding essentially as enacted. On February 6, the state was notified that its share of settlement funds is \$30.0 million, \$1.1 million more than assumed in the revised budget recommendation.* **The Assembly concurred.**

**Management and Other Services.** The revised request includes \$1.1 million more than enacted from all sources of funds for management and other services for HealthSource RI. This includes \$0.1 million less from general revenues, offset by \$1.2 million more from restricted receipts. The Office indicated that some of the increase relates to certain expenditures that the Centers for Medicare and Medicaid Services deemed to be non-Medicaid related and should be excluded from the Implementation Advanced Planning Document, as they are exclusively HealthSource RI expenses. This includes \$0.4 million for management and administration of HealthSource RI for the Employers Program. The enacted budget includes \$1.2 million for sales and services for the program. The total contract cost is \$1.7 million, which is \$0.5 million more than enacted for a new enrollment platform for small businesses. *The Governor recommended funding as requested.* **The Assembly concurred, with the exception of shifting \$0.6 million of general revenue expenditures to available health reform assessment receipts.**

**Market Stability and Reinsurance Implementation.** The Department's request includes the enacted amount of \$0.4 million from general revenues for implementation of the Market Stability and Reinsurance initiative. Of this amount, \$250,000 is included to support two positions in the Division of Taxation and operating expenses and \$0.1 million for expenditures incurred by the Division of Taxation. *The Governor recommended funding as requested.* **The Assembly included savings of \$0.1 million based on the Department's third quarter report.**

**Other Expenses.** The request includes \$79,729 more than enacted from all sources, including \$104,244 more from general revenues for all other expenses for HealthSource RI. Of the increase, \$65,000 is for mailing notices, including eligibility, open enrollment and benefit changes. The enacted budget includes \$135,000; expenditures were \$205,470 for FY 2019 and \$211,312 for FY 2018. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Office of Management and Budget

**Office of Internal Audit - Staffing (-6.0 FTE).** The revised request includes \$0.8 million less than enacted from all sources, including \$0.5 million less from general revenues and \$0.3 million less from other funds for staffing of the Office of Internal Audit, which was consolidated as part of the FY 2017 enacted budget in order to increase efficiency and decrease fraud and waste. Various positions were transferred from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner, and the University of Rhode Island to effectuate this. The request includes \$0.1 million in turnover savings; the enacted budget did not assume any. As of November 23, the Office had 8.0 positions vacant; the revised request includes the elimination of 6.0 vacant but funded positions. These positions have been vacant for several years, and the Office has consistently reported problems filling them. Of the remaining two vacancies, the Office had initiated the process to have one of the positions filled before February 2020. *The Governor concurred and included \$5,427 less from statewide medical benefit savings.* **The Assembly shifted \$0.8 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency and concurred with the remainder of the Governor's revised budget.**

**Staffing Reorganization (8.0 FTE).** Excluding the Office of Internal Audit, the revised request includes \$0.5 million more from general revenues for salaries and benefits for all other positions in the Office of Management and Budget. The 2012 Assembly established the Office within the Department of Administration. The Office was created to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The 2019 Assembly concurred with the Governor's proposal to transfer functions of federal grants management from the Office to Accounts and Control; the revised request reflects the transfer of the associated 2.0 positions.

The request also reflects a major reorganization of staff in the Office of Management and Budget. It appears that legislation would be needed to effectuate some of the changes. Though the revised staffing level is within the authorized level; the Department proposes eliminating vacancies in HealthSource RI and the Office of Internal Audit. There is a net increase of eight new positions associated with the reorganization, including four in the Office of the Director of Management and Budget: two budget analyst positions, a deputy director of management and budget, and an administrator of operations to oversee LEAN initiatives. The latter two positions have been filled.

It appears that all staff that were previously in the Office of Performance Management were transferred to the State Budget Office for a net increase of three positions, including a database administrator, a principal budget analyst and a data analyst. The Department indicated that many of the functions of performance management are imbedded by statute and practice in the budget process and that it made sense to integrate the two functions. However, it should be noted that current law does assume a separate Office of Performance Management.

The request assumes staffing of 7.0 full-time equivalent positions for the Office of Regulatory Reform. It appears to have eliminated the director of the Office of Regulatory Reform; this position is established in general law. *The Governor concurred and included \$5,810 less from statewide medical benefit savings.* **The Assembly included additional turnover savings of \$0.7 million and shifted \$0.1 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.**

**Other Expenses.** The revised request includes \$208 less from general revenues for all other operating expenses. This includes \$5,708 less for software maintenance costs and \$5,500 more for economic services relating to the Revenue Estimating Conference. The enacted budget includes \$44,800 for this, but FY 2019 expenditures were \$48,326. *The Governor concurred.* **The Assembly concurred.**

## Statewide Planning

**Complete Count Committee.** The revised request includes the enacted amount of \$0.5 million from general revenues to support the Complete Count Committee, which was created by Executive Order 18-09. The Committee is tasked with developing, recommending and assisting in census outreach strategies. Although the request includes the enacted amount, the Department indicated that it will probably incur some expenditures in FY 2021. The enacted budget also transferred a data analyst position from the Division of Municipal Finance to assist with census data collection, analysis, and monitoring. The Division of Statewide Planning indicated that it plans to conduct interviews by the end of November and have the position filled in December 2019. *The Governor concurred.* **The Assembly concurred and included legislation to require that unexpended funds or unencumbered balances are reappropriated to FY 2021.**

**Water Resources Board.** The revised request includes \$11,424 less from general revenues for the Water Resources Board. This includes \$31,424 less for salaries and benefits to primarily reflect turnover savings. One of the Board's positions became vacant in September and the Board plans to fill the position by January 2020. The request includes new expenditures of \$10,000 for engineering and appraisal services, which the Board indicated is due to the current vacant engineer position. The request also includes an additional \$10,000 for maintenance of the Big River Management Area for which the enacted budget includes \$5,000.

The revised request is \$37,311 less than FY 2019 expenditures. The request does not include funding for paying the tuition expense for a student living in the Big River Management Area; FY 2019 expenditures were \$17,738. The Board is responsible for paying the tuition costs for students living there who attend the Exeter/West Greenwich Regional School District. *The Governor recommended \$689 less than requested from statewide medical benefit savings.* **The Assembly provided \$50,000 less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.**

**Transportation Planning Grants.** The revised request includes \$1.2 million more than enacted from other funds passed through the Department of Transportation to the Division of Statewide Planning for transportation planning related projects. The Department historically overstates its ability to spend these funds. The Division of Statewide Planning indicated that the funds will be used for the implementation of the Unified Planning Work Program, which serves as the basis by which Federal Highway Administration and Federal Transit Administration urban transportation planning funds are spent. Additionally, the program serves as a management tool for scheduling, budgeting, and monitoring the planning activities of the Department of Transportation, the Rhode Island Public Transit Authority and the Department of Environmental Management. *The Governor recommended funding as requested.* **The Assembly provided \$1.0 million less than recommended based on projected expenses.**

**Other Statewide Planning.** The revised request includes \$10,843 less than enacted from all sources, including \$127,630 less from general revenues for all other operating expenses for the Division of Statewide Planning. It includes \$252,868 less for salaries and benefits, to primarily reflect turnover savings for which the enacted budget assumed \$8,472. As of November 23, the Division had 7.0 of its 23.0 authorized positions vacant. Based on the average cost per position, the revised request appears to fund 21 positions. The request includes carry-forward funds of \$0.1 million from a federal grant for the development of a coastal resiliency plan for small businesses. All other expenditures are \$0.1 million more than enacted, including \$26,297 from general revenues for lease costs associated with relocating the Division from the Department of Administration's building to the Foundry Building. There is offsetting savings in the Department of Environmental Management's budget for this space. *The Governor recommended \$5,481 less than requested, reflecting statewide medical benefit savings.* **The Assembly provided \$50,000 less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.**

## Other Programs

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Department had spent \$25.4 million and encumbered \$11.5 million of expenses. The majority of expenses have been for construction of alternate hospital sites and lease expenses. **The Assembly provided \$40.0 million from federal funds to account for these expenses and potential additional commitments.***

**Office of Diversity, Equity and Opportunity (1.0 FTE).** The Department requested \$40,498 more from all sources than enacted, including \$10,771 less from other funds, offset by \$51,269 more from general revenues for staffing and operating costs for the Office of Diversity, Equity and Opportunity. The request includes \$70,414 from general revenues for half a year’s funding for a new position. The Department indicated that the new position will serve as a unit chief, providing oversight and coordination of each program’s operations and performance. As of November 2019, the Office had no vacancies. The request includes \$19,070 less for operating expenses primarily for outreach, advertising and training related activities. *The Governor recommended \$72,695 less than requested from all sources; she did not recommend funding the new position and included statewide medical benefit savings. **The Assembly provided \$0.1 million less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.***

**Purchasing Staffing and Operations.** The revised request includes \$82,932 more from all sources for staffing and operations of the Division of Purchasing, all but \$1,775 is from general revenues. Salary and benefit expenditures are \$58,013 more than enacted to primarily reflect restoration of turnover savings for which the enacted budget assumed \$0.1 million. As of the pay period ending November 23, the division had no vacancies. The request also includes medical benefit savings based on employee selection.

Operating expenditures are \$24,919 more from general revenues than enacted, of which \$19,919 is for clerical services for which FY 2019 expenses were \$18,839. *The Governor recommended \$34,092 less from all sources than requested; she did not recommend funding the additional operating expenses and included \$8,173 from statewide medical benefit savings. **The Assembly provided \$0.1 million less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.***

**DCAMM Staffing and Operations.** The revised request includes \$44,010 more from general revenues than enacted to support the Division of Capital Asset Management and Maintenance. The request includes the transfer of the executive secretary of the State Properties Committee position from Central Management to the division. This position was previously allocated to the Personnel Appeal Board and the State Properties Committee. The Department indicated that it wanted to show the position in the Division of Capital Asset Management and Maintenance since the State Properties Committee falls under the purview of the division. Adjusted for the cost allocation, salary and benefit expenditures are \$49,095 more than enacted, which assumes \$0.1 million in turnover savings; the enacted budget did not include any. As of the

pay period ending November 23, the division had two vacancies. The request also switched a lower paid position from the division with a higher paid position from the Facilities Management Internal Service Fund program.

The request includes \$5,085 less for operating expenses primarily from engineering services. This includes the enacted amount of \$0.2 million of statewide general revenue savings from three separate statewide savings initiatives designed to reduce operating costs. It should be noted that these savings were not achieved in FY 2019. *The Governor recommended \$147,865 more from general revenues than requested, which restores the enacted statewide general revenue savings, assumes statewide medical savings of \$3,128 and includes \$1,624 for the Department's share of the enacted overtime savings initiative.* **The Assembly included \$150,000 less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.**

**Central Management Staffing (2.0 FTE).** The Department requested \$0.1 million more from general revenues for salaries and benefits in Central Management. This includes \$337,266 to fund 2.0 new positions, including \$0.2 million for a position transferred from the Department of Environmental Management to the Department of Health; however, the expense as well as the staffing authorization is included in the Department of Administration's budget. The Department indicated that the reason for the transfer is to promote government efficiency by representing the Department of Health at grievance hearings and improve succession planning and leadership development. The second position is a senior management and methods analyst that the Department indicated will conduct policy and data research, legislative tracking, and oversight of internal communications. Both positions have been filled.

The request assumes \$0.4 million more from turnover savings, for which the enacted budget assumed \$45,192. The Department intends to maintain a data clerk and the deputy director positions vacant for the entire fiscal year. As of November 23, Central Management had 17.0 full-time equivalent positions filled, including the requested two new positions. Expenditures were also adjusted to reflect an additional \$0.1 million for updated cost-allocations to other programs. *The Governor recommended funding as requested for the new positions and included \$2,183 from statewide medical benefit savings.* **The Assembly provided \$0.1 million less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.**

**Other Salaries and Benefits (-1.0 FTE).** The Department requested \$200,718 less than enacted from all sources for salary and benefit expenses, including \$201,892 less from general revenues, reflective of turnover and medical benefit savings. The majority of the turnover savings occurred in Legal Services for which the Department also proposes eliminating a vacant position. There were also turnover savings in Accounts and Control and the Office of Library and Information Services. The request also includes \$34,006 more from restricted receipts for a position allocated to the Information Technology Investment Fund. As of November 25, the Department had 4.0 full-time equivalent positions vacant for the aforementioned programs. *The Governor concurred, with the exception of including \$15,712 less from all sources from statewide medical benefit savings.*

**The Assembly provided \$0.1 million less from general revenues to reflect turnover savings and shifted \$0.1 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.**

**Tort Court Awards.** The revised request includes the enacted amount of \$0.9 million from general revenues, including the annual appropriation of \$0.4 million to pay for liability claims against any state department or state employee. The 2019 Assembly provided an additional \$0.5 million to ensure funds are available for future compensation of individuals, wrongfully convicted of crimes and incarcerated. The legislation passed the House of Representatives; however, did not pass the Senate. Reported expenditures

for FY 2019 were \$457,720. *The Governor included funding consistent with the enacted budget. Based on projected expenses, the Assembly reduced expenditures by \$0.4 million.*

**Library and Information Services.** The revised request includes \$200,375 more from all sources for operations of the Office of Library and Information Services. This includes \$3,293 more from general revenues for the interlibrary loan delivery system, which includes the delivery of books, audio/visual materials and other resources, which are shared among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The enacted budget includes \$560,060; the revised request is \$16,685 less than FY 2019 expenditures of \$580,038. The request also includes \$0.2 million from federal carry-forward funds, which will be used to support innovation and pilot projects in libraries. *The Governor recommended funding as requested. The Assembly concurred.*

**Information Technology.** The enacted budget includes \$114,000 from federal Victims of Crime Act funds for the Division of Information Technology to maintain the Internet Protocol, which is used to relay data. The revised request excludes the expense, which the Department subsequently indicated was in error. The request assumes the enacted amount of \$5.5 million for projects funded from the Information Technology Investment Fund. *The Governor recommended \$11.2 million more than requested, including \$0.1 million from federal funds to restore information technology services for the Victims of Crime System database and \$11.1 million for projects funded from the Information Technology Investment Fund. Total expenditures assumed from the fund are \$1.4 million more than projected resources. Subsequently, the Department indicated that it would request an amendment to correct this. The Assembly reduced expenditures by \$5.0 million based on projected resources, land sale receipts through the end of April were \$1.0 million, \$9.0 million less than resources assumed in the revised budget.*

**Capital - Hospital Consolidation.** The Department's capital budget request includes the approved amount of \$49.9 million from Rhode Island Capital Plan funds and approved Certificates of Participation to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The plan calls for renovations to Regan and Benton buildings; forensic psychiatric patients will move from Pinel and Adolph Meyer buildings into the Benton Building. General and geriatric psychiatric patients will be consolidated into the Regan building. The Beazley Building on the Zambarano Campus will be renovated to address safety and security, as well as improvements to the laboratory. Through the reorganization, two buildings will close: Adolph Meyer and Pinel. *The recommendation delays use of \$10.1 million from Rhode Island Capital Plan funds from FY 2020 to FY 2021 and FY 2022. The Governor also proposed legislation authorizing additional borrowing of \$12.0 million through new Certificates of Participation to cover updated cost estimates for the project, bringing the total to \$61.9 million. The annualized debt service on the new borrowing would be \$1.0 million assuming 2.75 percent interest and a 15-year term. The Assembly provided \$0.2 million or \$2.8 million less than the revised budget.*

**Other Capital Projects.** The revised request includes the enacted amount of \$36.3 million from Rhode Island Capital Plan funds for 35 projects. *The Governor recommended \$10.2 million more than enacted and requested, including \$5.0 million more for asset protection of buildings on the Pastore Center and \$1.3 million more for the State House Renovations project. The Assembly provided \$42.2 million, \$4.3 million less than the revised budget. A detailed description of the projects is included in the Capital Budget section of this publication.*

**Other Expenses.** The revised request includes \$8,000 more from general revenues for staff training in the Division of Legal Services. *The Governor concurred and included an additional \$15,636 from general revenues. This includes \$41,596 more for unspecified expenses and \$25,960 less from various adjustments, such as office supplies. The Assembly concurred.*



## Department of Business Regulation

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 2,328,072	\$ 2,529,586	\$ 2,529,586	\$ 2,897,059
Banking Regulation	1,411,035	1,734,819	1,734,819	1,628,879
Securities Regulation	1,033,285	1,098,495	1,098,495	725,262
Commercial Licensing, Gaming & Athletics Licensing	2,251,495	2,086,360	1,980,897	1,791,404
Insurance Regulation	5,022,467	5,931,271	5,997,654	5,616,562
Office of the Health Insurance Commissioner	2,921,833	2,572,277	2,760,011	2,854,647
Board of Accountancy	4,485	5,883	5,883	5,883
Building, Design & Fire Professionals	7,953,753	9,058,702	8,967,677	8,440,245
Office of Cannabys Regulation	-	1,346,264	1,327,252	992,252
<b>Total</b>	<b>\$ 22,926,425</b>	<b>\$ 26,363,657</b>	<b>\$ 26,402,274</b>	<b>\$ 24,952,193</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 17,330,663	\$ 19,140,100	\$ 18,868,929	\$ 17,909,929
Contracted Services	2,323,249	2,687,857	3,009,067	2,759,067
<b>Subtotal</b>	<b>\$ 19,653,912</b>	<b>\$ 21,827,957</b>	<b>\$ 21,877,996</b>	<b>\$ 20,668,996</b>
Other State Operations	2,753,801	3,891,802	3,902,362	3,819,981
Aid to Local Units of Government	(450)	-	-	-
Assistance, Grant, and Benefits	(8,646)	80,000	112,517	52,517
Capital	527,808	563,898	509,399	410,699
<b>Total</b>	<b>\$ 22,926,425</b>	<b>\$ 26,363,657</b>	<b>\$ 26,402,274</b>	<b>\$ 24,952,193</b>
<b>Sources of Funds</b>				
General Revenue	\$ 16,364,148	\$ 17,896,681	\$ 17,815,293	\$ 16,951,991
Federal Aid	1,007,602	755,788	1,045,501	1,453,503
Restricted Receipts	5,130,698	7,144,829	7,030,407	6,124,326
Other	423,977	566,359	511,073	422,373
<b>Total</b>	<b>\$ 22,926,425</b>	<b>\$ 26,363,657</b>	<b>\$ 26,402,274</b>	<b>\$ 24,952,193</b>
<b>FTE Authorization</b>	<b>161.0</b>	<b>161.0</b>	<b>161.0</b>	<b>161.0</b>
<b>FTE Average</b>	<b>149.9</b>			

**FY 2020 Revised Request.** The Department of Business Regulation requested \$0.3 million more than enacted from all fund sources, including \$46,232 less from general revenues, \$0.2 million more from federal funds, \$32,892 more from restricted receipts, and \$64,038 more from other fund sources. The general revenue decrease is savings in the Office of the Health Insurance Commissioner. The request includes 161.6 full-time equivalent positions, 0.6 positions more than the authorized level. *The Governor recommended \$0.2 million less than requested, including \$35,156 less from general revenues, and the authorized level of staffing.*

The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Business Regulation, this includes \$0.6 million across seven programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Central Management	\$ 2,529,586	\$ 2,529,586	\$ 120,954	\$ 2,650,540
Banking Regulation	1,659,819	1,659,819	(105,940)	1,553,879
Securities Regulation	1,083,495	1,083,495	(3,716)	1,079,779
Commercial Licensing and Gaming and Athletics Licensing	1,135,403	1,054,015	(53,593)	1,000,422
Insurance Regulation	3,919,342	3,919,342	(66,092)	3,853,250
Office of Health Insurance Commissioner	1,717,106	1,717,106	(47,273)	1,669,833
Division of Building, Design and Fire Professionals	5,846,047	5,846,047	155,660	6,001,707
<b>Total</b>	<b>\$ 17,890,798</b>	<b>\$ 17,809,410</b>	<b>\$ -</b>	<b>\$ 17,809,410</b>

**The Assembly provided \$1.5 million less than the Governor including \$1.9 million of additional turnover and operations savings, of which \$0.7 million is from general revenues based on third quarter spending. It also added authority to spend up to \$0.7 million from federal funds for expenditures related to the COVID-19 emergency. The Assembly adjusted the appropriation lines to properly budget where spending is occurring.**

**Staffing.** The Department's FY 2020 revised request includes \$4,298 more from all sources of funds, including \$38,717 less from general revenues for 161.6 full-time equivalent positions, which is 0.6 more than the enacted authorization. The 2019 Assembly authorized 161.0 positions for FY 2020, including the removal of 2.0 unfunded positions from the Office of the Health Insurance Commissioner and 2.0 positions from the State Building Office offset by 3.0 new positions for the Office of Cannabis Regulation.

The request makes several changes. For the Office of the Health Insurance Commissioner, it upgrades three positions and allocates the cost of one to the Executive Office of Health and Human Services. The impact to the budget is \$0.1 million more considering the use of federal funds through the Executive Office. The remainder of the request reallocates staff among divisions, including allocating 0.4 of a position to the Fire Marshal's Office to add a whole new position. The positions intended to be vacated in the State Building Office were vacated earlier than assumed in the budget, making additional savings available. The new Office of Cannabis Regulation positions were filled.

The Department's staffing authorization has undergone several changes. Between 2011 and 2016, the Department often maintained a double-digit vacancy level. The Department reported new recruitment and hiring practices implemented for FY 2017 resulted in significant gains in qualified candidates; FY 2017 demonstrated the fewest vacancies since 2010, and the Department has maintained a roughly 95 percent filled staffing rate since. It had a filled rate of 97.1 percent as of the end of the second quarter of FY 2020. The request appears to overstate the necessary level of expenditures. *The Governor recommended the authorized level of staffing and included funding essentially as requested. The Assembly provided \$1.0 million less than the Governor. This includes \$1.0 million less from turnover savings based on*

projected spending, of which \$0.6 million is from general revenues. It also includes shifting \$0.6 million of expenses from general revenues and restricted receipts to federal funds to offset expenditures related to the COVID-19 emergency. The Department has averaged 6.5 vacancies through early May.

**Centralized Services.** The Department requested \$8,080 more than enacted for its share of centralized services. This includes \$2,580 more from general revenues, \$1,200 more from federal funds, and \$4,300 more from restricted receipts; the increase primarily reflects additional human resources spending. The increase is entirely attributable to the Office of the Health Insurance Commissioner, which is also reallocating \$6,430 of expenses paid from federal resources exhausted during FY 2019 to other resources including restricted receipts derived from charges to regulated entities. If collections are insufficient to cover the Office's proposed expenses, it presents a risk to general revenues. *The Governor recommended \$178,034 less than requested from restricted receipts.* **The Assembly provided funding that reallocates expenses to where they occur by adding \$0.5 million, including \$0.3 million from general revenues based on expenditures and billings through the third quarter. This is \$0.3 million more than enacted.**

**Unachieved Statewide Savings.** The request includes \$17,051 more from general revenues to restore statewide savings assumed in the enacted budget based on the Governor's budget recommendation from three statewide initiatives designed to reduce operating costs. The enacted budget assumes savings of \$41,438 from these initiatives offset by requested funding; the net reduction totaled \$30,612 for FY 2020. The savings allocated to the Central Management division totaled \$17,051. *The Governor recommended funding as requested.* **The Assembly did not concur.**

#### Office of the Health Insurance Commissioner

**Staffing Upgrades.** The Office requested \$79,174 from all sources of funds, including \$54,566 from general revenues, to upgrade three filled positions. The request upgrades two Principal Policy Associates and a Deputy Executive Assistant/Communication position. The first of these upgrades was effective prior to the end of FY 2019 and partially resulted in the Office's overspending for staff from its restricted account, which is charged to health care entities as a regulatory fee. The remaining Principal Policy Associate and Deputy Executive Assistant/Communications positions were upgraded by the end of October 2019. *The Governor recommended funding as requested.* **The Assembly provided \$30,000 less from restricted receipts based on expenditures through the third quarter.**

**Risk Bearing Oversight.** The Office requested \$124,179 less from federal funds for staffing and operations associated with the oversight of risk-bearing provider organizations. This includes \$20,000 for consultant expenses to assess the establishment and oversight of Medicaid accountable entities and allocates \$144,179 of the Office's staffing costs to the Executive Office of Health and Human Services. The memorandum of understanding includes an agreement, subject to semi-annual certification, to cover the cost of the position. It should be noted the agreement can be terminated at any time by either party. The Office's budget does not include any additional funding for the position and the Executive Office's budget assumes a full-year of funding. The memorandum stipulates the Executive Office will allocate \$150,000 to the Office for the fiscal year, which appears to be \$14,179 less than the Executive Office's liabilities assumed in the request.

The memorandum also requires the Office to draft legislation to codify the Risk Bearing Oversight function in state law. The Office does not have independent authority to conduct these activities; it does conduct these examinations for Medicaid entities pursuant to an agreement with the Executive Office. The Office requested legislation be submitted during the 2019 legislative session to provide the Office regulatory oversight between healthcare service providers and insurers with respect to responsibility for cost overruns above a contractually agreed upon level. It was not enacted. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Opioid Response.** The Office requested \$150,000 from federal funds to hire a consultant to assess insurance carrier policies and procedures that impact access to behavioral health services, including opioid related treatment, to determine compliance with American Society of Addiction Medicine or other state and federal requirements. The grant expired on September 30, 2019. As of December 2019, the Office had spent \$62,150. *The Governor recommended funding as requested.* **The Assembly concurred.**

**OHIC - Other Personnel and Operations.** The Office of the Health Insurance Commissioner requested \$21,161 less than enacted, including \$0.1 million less from general revenues, \$0.1 million more from federal funds and \$48,487 less from restricted receipts, adjusted for items previously discussed. The request primarily reflects changes to staffing. The staffing request is \$30,733 more than enacted from all sources of funds, including \$8,334 more from general revenues, after accounting for the staffing upgrades and federal cost allocation previously discussed. This includes \$0.1 million for a full-year of funding for an administrative officer position vacant for the first three pay periods of FY 2020. Also, on an allocation basis, the request appears to reflect funding for an additional 0.1 full-time equivalent positions.

The contracted services request is \$30,600 more than enacted from all sources. This includes \$12,800 more to complete a pharmaceutical analysis and provider guidance for the federal health insurance and enforcement grant. The federal state flexibility grant request is \$17,800 and includes a \$17,200 reduction for a multistate benchmark plan comparison completed during FY 2019. This is offset by \$35,000 for a new contract with the Office's former Executive Assistant/Chief of Staff who appears on the state's staffing report through the October 26, 2019 pay period. The new contract is for the period of October 15, 2019 to October 15, 2020, with a maximum value up to \$150,000. The contract requires analysis of market conduct examinations of health care entities and benefit determination review of agencies through market scan analysis of commercial carriers to determine and report noncompliance. *The Governor recommended \$48,547 more than requested, including \$1,041 less from general revenues. This adds \$50,000 from restricted receipts for the requested contracted market conduct examinations, offset by \$1,453 of statewide benefit savings.* **The Assembly provided \$1,337 less from general revenues based on spending through the third quarter.**

### **Building, Design, and Fire Professionals**

**State Building Office.** The Department requested \$15,395 less than enacted from all sources of funds, including \$11,712 more from general revenues and \$27,107 less from restricted receipts to support the State Building Office's 23.0 full-time equivalent positions, of which 11.0 positions are funded from general revenues. The request appears to overfund general revenues by approximately \$22,000 and reflect actual restricted receipt turnover savings based on staffing through the end of November 2019. Though no restricted receipt savings were assumed in the enacted budget, the presumption was that backfilling restricted funded positions at a lower level would yield savings alleviating the known insolvency issue from those collections. The request backfills one position at a lower level, upgrades another position, and one position currently vacant is funded for the remainder of the year. If that position is held vacant, additional savings should be available; the enacted budget assumes two additional positions would be downgraded. However, the request does not reflect any additional changes.

The Governor's recommended budget for FY 2020 assumed statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that was established by Executive Order on February 21, 2019. For the Department, the Efficiency Commission's recommendation included consolidating the Contractors' Registration and Licensing Board and the State Building Code Commission into a new State Building Office. The proposal included the elimination of 2.0 positions anticipated to generate general revenue savings of \$0.1 million for FY 2020, and \$0.3 million for FY 2021. The Assembly concurred. *The Governor recommended \$6,423 less than requested, including \$3,505 less from general revenues to reflect statewide benefit savings.* **The Assembly included \$0.3 million of additional turnover savings. This**

**includes \$0.1 million from general revenues, based on spending through the third quarter, and reflects a shift of \$0.1 million to federal funds for expenditures related to the COVID-19 emergency.**

**Fire Marshal Equipment and Training.** The Department requested \$0.1 million more than enacted, including \$77,160 more from federal grant funds and \$45,000 more from restricted Fire Academy Training fees to support training and equipment for the state Fire Marshal's office. The federal funds request reflects estimated federal grant awards; the actual awards are \$0.1 million less than requested. The restricted receipts are serving as the state match for the federal grant. *The Governor recommended \$42,523 more than requested to reflect \$55,006 more from a grant, offset by \$12,483 less from Fire Academy Training fees.* **The Assembly provided \$300,000 less from federal funds for expenses reimbursed by the Rhode Island Emergency Management Agency.**

**Building Code Training Seminar.** The Department requested \$30,000 from general revenues to begin training state and local building officials on the codes consistent with the newly promulgated regulations which became effective August 1, 2019 and enforceable November 1, 2019. The funding requested essentially restores a portion of the staffing savings assumed in the enacted budget related to the State Building Office discussed previously, but reallocates those resources to train local officials. The request is essentially consistent with amounts spent for similar training in FY 2019. It should be noted that the Division overspent its FY 2019 final general revenue appropriation; however, that overage was absorbed by savings in other functional areas of the Department. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Principal Economic and Policy Analyst.** The Department requested \$0.1 million from general revenues for a new Principal Economic and Policy Analyst position. The Department created a new position and filled it with an existing chief deputy staff member to reflect the individual's administrative duties, and backfilled that chief deputy position during FY 2019. The enacted budget assumes 2.0 Deputy Chief Fire Marshal positions and the request maintains both of these positions in addition to the Principal Economic and Policy Analyst. *The Governor recommended \$192 less than requested to reflect statewide benefit savings.* **The Assembly concurred.**

**Building, Design, and Fire Professionals Staffing and Operations.** The Department requested \$2,805 less than enacted from all sources, predominantly from general revenues for other staffing expenditures. The staffing expenses support 30.0 filled full-time equivalent positions related to fire safety, training and response. *The Governor recommended \$11,665 less than requested, including \$11,680 less from general revenues. This includes \$6,562 less for overtime expenses and \$5,103 less from statewide benefit savings.* **The Assembly provided \$0.1 million less, including \$82,725 of additional turnover savings and \$60,000 less for operational expenses based spending through the third quarter. It also shifted \$0.2 million to federal funds for staffing expenditures related to the COVID-19 emergency.**

**Capital.** The Department requested \$64,840 more than enacted from Rhode Island Capital Plan funds. This includes \$50,000 for capital asset protection projects, \$50,000 for an auditorium addition to the Fire Academy, \$25,000 towards an evidence repository, and \$25,000 for new simulators for the fire training academy offset by \$85,160 less to complete construction of a three-bay cold storage building at the Fire Academy, reflective of expenditures incurred during FY 2019. *The Governor recommended \$0.1 million less than requested to complete the Fire Academy building and excludes the other funding.* **The Assembly provided \$0.1 million less to reflect anticipated expenditures through the end of FY 2020. A detailed description of this project is included in the Capital Budget section of this publication.**

#### Other

**Ombudsman.** The Governor's FY 2020 budget recommendation included transferring the authorization for the Small Business Ombudsman from the Office of Regulatory Reform in the Department of

Administration to the Department of Business Regulation. The 2019 Assembly concurred and shifted \$0.2 million from the Commerce Corporation's annual appropriation to the Department to align the position funding and authorization. The Department's request reallocates the position authorization from Commercial Licensing, Gaming and Athletics to the Director's office.

The FY 2019 enacted budget allocated the cost for the Small Business Ombudsman to the Commerce Corporation to create savings for the state, however, the authorization remained within the Department of Administration. The Executive Office of Commerce's FY 2019 revised request added general revenues to fund the cost allocation. The Governor's recommendation excluded the funding. The Department of Administration incurred this expense for FY 2019, contradicting the original intent reconfirmed in the Governor's revised and final budgets. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Central Management.** The Department requested \$52,530 less than enacted to support 10.4 positions within the Division of Central Management, excluding the position previously discussed. The variance is primarily reflective of the actual cost of filling two new positions included in the enacted budget, offset by a higher than assumed allocation for legal services. *The Governor recommended \$2,452 less than requested to reflect statewide medical benefit savings.* **The Assembly included \$15,000 of additional turnover savings based on spending through the third quarter and shifted \$0.2 million to federal funds for staffing expenditures related to the COVID-19 emergency.**

**Commercial Licensing and Gaming Staffing (-0.4 FTE).** The Department requested \$6,317 less than enacted from all funds including \$16,533 more from general revenues and \$22,850 less from restricted receipts. The general revenue request reflects the restoration of turnover savings equivalent to 0.2 full-time equivalent positions. The enacted budget assumes expenditures for 15.5 full-time equivalent positions, excluding the Small Business Ombudsman discussed previously. The Department reduced its internal staffing allocation by 0.4 full-time equivalent positions. It has maintained 14.6 full-time equivalent filled positions since the beginning of FY 2020. *The Governor recommended \$3,854 less than requested, including \$2,629 less from general revenues to reflect statewide medical benefit savings.* **The Assembly included \$65,900 of additional turnover savings, including \$45,900 from general revenues based on spending through the third quarter and shifted \$0.1 million to federal funds for staffing expenditures related to the COVID-19 emergency. The Department continuously maintained 14.6 full-time equivalent filled positions, 0.9 positions fewer than authorized.**

**Banking and Insurance Regulation Turnover.** The Department's request is \$161,320 less from general revenues, and \$2,004 more from restricted receipts, to support 48.0 full-time equivalent positions. The enacted budget appears to be in excess of necessary expenditures based on its current staffing. The request also restores approximately \$32,000 of turnover savings assumed in the enacted budget.

The request includes 13.0 positions in banking regulation and 35.0 positions in insurance regulation. The request shifts a position between divisions and downgrades some positions within the Insurance Division. This results in the net loss of one examination position and add of a legal counsel position. *The Governor recommended \$11,560 less than requested, primarily from general revenues to reflect statewide medical benefit savings.* **The Assembly included \$30,000 of additional turnover from restricted receipts based on spending through the third quarter and shifted \$0.1 million from general revenues to federal funds for staffing expenditures related to the COVID-19 emergency. The new legal counsel was transferred to the Office of Cannabis Regulation as of the May 9, 2020 pay period.**

**Actuarial Services.** The Department requested \$65,227 more than enacted from restricted receipts for the costs of actuaries for the Insurance Regulation Division and Office of the Health Insurance Commissioner. The Department has four vendors. The Office uses only one vendor. Those contracts include a 5.0 percent inflator each year and are in effect through June 30, 2020; however, the increase only represents 4.0 percent

from the enacted amount. The need for actuarial costs has historically been overstated, compared to actual expenditures; the Department has underspent its appropriation by approximately \$0.4 million on average for the last five years, including \$0.5 million less for FY 2019. The Department has not exceeded \$1.1 million in any of the last five years and likely has sufficient resources to cover its expenses. *The Governor recommended funding as requested.* **The Assembly provided \$0.3 million less based on spending through the third quarter.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures. *No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Department had spent or encumbered \$55,000 for sanitation, hygiene products and telecom expenses.* **In addition to staffing expenses discussed separately, the Assembly provided an additional \$60,000 from federal funds to account for these expenses.**

**Other Personnel and Operations.** The Department requested \$574 less than enacted from all sources of funds for all other expenditures. This includes \$9,229 more than enacted from general revenues and \$9,803 less from restricted receipts. The general revenue request includes \$10,000 more for Commercial Licensing and Gaming Division expenses, offset by minor staffing adjustments in the Securities Division. The restricted receipt request includes turnover savings consistent with actual staffing for the Office of Cannabis Regulation. The remainder of the request is consistent with the amounts assumed in the enacted budget, though additional savings are likely available. *The Governor recommended \$4,517 less than requested, including \$2,945 less from general revenues to reflect statewide medical benefit savings.* **The Assembly provided \$0.7 million less, including \$0.4 million from general revenue turnover savings, a shift of \$0.1 million to federal funds for staffing expenditures related to the COVID-19 emergency, and \$0.3 million less from medical marijuana restricted receipts for other operating expenses.**





## Executive Office of Commerce

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Executive Office of Commerce	\$ 885,564	\$ 1,921,663	\$ 1,921,121.00	\$ 1,937,973
Housing & Community Dev.	16,417,997	23,206,530	19,978,734	15,517,561
Quasi-Public Appropriations	19,536,750	21,568,258	21,568,258	21,568,258
Commerce Programs	2,100,000	1,200,000	1,200,000	1,200,000
Economic Dev. Initiative Funds	14,300,000	12,100,000	12,100,000	1,841,217
<b>Total</b>	<b>\$ 53,240,311</b>	<b>\$ 59,996,451</b>	<b>\$ 56,768,113</b>	<b>\$ 42,065,009</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,863,152	\$ 2,049,603	\$ 2,068,081	\$ 2,068,081
Contracted Services	-	-	-	-
<b>Subtotal</b>	<b>\$ 1,863,152</b>	<b>\$ 2,049,603</b>	<b>\$ 2,068,081</b>	<b>\$ 2,068,081</b>
Other State Operations	375,339	417,617	419,028	474,707
Assistance, Grants, and Benefits	19,055,672	22,697,723	19,449,496	14,949,496
Capital	9,300	10,453,250	10,453,250	10,453,250
Capital Debt Service	-	-	-	-
Operating Transfers	31,936,848	24,378,258	24,378,258	14,119,475
<b>Total</b>	<b>\$ 53,240,311</b>	<b>\$ 59,996,451</b>	<b>\$ 56,768,113</b>	<b>\$ 42,065,009</b>
<b>Sources of Funds</b>				
General Revenue	\$ 30,235,022	\$ 28,181,129	\$ 28,179,484	\$ 17,675,827
Federal Aid	11,267,298	17,611,003	14,384,462	10,185,015
Restricted Receipts	4,312,991	4,754,319	4,754,167	4,754,167
Other	7,425,000	9,450,000	9,450,000	9,450,000
<b>Total</b>	<b>\$ 53,240,311</b>	<b>\$ 59,996,451</b>	<b>\$ 56,768,113</b>	<b>\$ 42,065,009</b>
<b>FTE Authorization</b>	<b>16.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
<b>FTE Average</b>	<b>12.4</b>			

**FY 2020 Revised Request.** The Executive Office of Commerce requested \$2.8 million less than the enacted amount for FY 2020. This includes \$35,429 more from general revenues, \$3.2 million less from federal funds, and \$0.4 million more from Rhode Island Capital Plan funds. The request includes 13.5 full-time equivalent positions, 0.5 more than its current level of staffing. *The Governor recommended \$0.4 million less than requested, including \$37,074 less from general revenues.*

**The Assembly provided \$14.7 million less than recommended including \$10.5 million less from general revenues. It also authorized up to \$2.8 million from federal funds for expenditures related to the COVID-19 emergency.**

**Centralized Services.** The Executive Office requested the enacted amount of \$0.2 million from general revenues for its share of centralized services. This request includes \$0.2 million for facilities management, \$23,985 for human resources and \$33,922 for information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-

general revenue sources. The request is \$6,522 more from general revenues than actual FY 2019 expenditures. This represents \$7,162 more for facilities management, \$3,563 more for human resources, and \$4,233 less for information technology support. *The Governor recommended an additional \$1,411 for information technology support from federal funds. The Executive Office spent nearly 60 percent of its enacted funding as of the end of December 2019. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly provided funding that reallocates expenses to where they occur by adding \$35,679, including \$35,918 from general revenues based on expenditures and billings through the third quarter. This is \$37,090 more than enacted.**

**Executive Office Staffing.** The Executive Office requested \$5,446 more from general revenues than enacted to upgrade a financial management position shared with the Office of Housing and Community Development, and adjusted the staffing allocation between the two entities. The enacted budget assumes charging approximately 38 percent of the position to the Executive Office's general revenues, and 62 percent to the Office's federal funds. The request increases the Executive Office's share to 40 percent and by \$2,000. The remainder is attributed to increased reliance on state general revenues. *The Governor recommended \$542 less than enacted, including \$3,750 of turnover savings and \$2,238 of statewide benefit savings. There were no vacancies in the Executive Office through the end of January 2020.* **The Assembly concurred but shifted \$0.2 million from general revenues to federal funds for staffing expenditures related to the COVID-19 emergency.**

**Rebuild Rhode Island.** The enacted budget includes \$10.0 million to pre-fund the redemption of tax credits that are taken over time. The 2019 Assembly amended the program to facilitate the inclusion of historical projects, including exempting certain projects from minimum size and project cost requirements. It also raised the program cap from \$150 million to \$210 million, subjecting the sales and use tax exemptions to that cap, and have it paid by the fund. It also established a project-specific cap of \$25.0 million for the project proposed for parcels 42 and P4 of the I-195 Redevelopment district, and excluded that project from the program cap.

The design of the program is to forward fund credits; as of FY 2019, \$49.7 million has been set aside. The 2019 Assembly extended the program's sunset date from June 30, 2020, to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date. *The Governor recommended funding as enacted.* **The Assembly eliminated that appropriation as there is sufficient funding to support the program's commitments at least through FY 2021. Anticipated disbursements through FY 2021 total \$31.0 million.**

**Industry Cluster Grants.** The enacted budget includes \$0.1 million from general revenues for the Industry Cluster Grant program. Three prior budgets have provided a total of \$1.4 million in support for the program to develop geographic concentrations of industries to create a collective competitive advantage through concentrated knowledge and workforce capabilities with shared common supply chains, markets, and/or technological competencies. The Corporation has awarded \$1.2 million to 10 entities and has made no additional awards for FY 2020. *The Governor recommended funding as enacted.* **The Assembly eliminated the FY 2020 appropriation.**

**P-Tech.** The enacted budget includes \$0.2 million from general revenues for the High School, College, and Employer Partnerships program, which supports partnerships among high schools, the Community College of Rhode Island, other institutions of higher education, and employers to offer courses towards high school diplomas, internships, and associate degrees. The 2019 Assembly extended the program's sunset date from June 30, 2020 to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date. *The Governor recommended funding as enacted.* **The Assembly reduced the FY 2020 appropriation to \$41,217. Previous appropriations are sufficient to cover**

**current programs which have not expanded this year, and it appears the only expense is the assessment to support current Commerce staffing.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures. *No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Executive Office spent approximately \$15,000 for telework expenses.* **In addition to staffing expenses discussed separately, the Assembly added \$20,000 from federal funds to account for these expenses.**

**Housing and Community Development Staffing.** The Office requested \$51,238 more than enacted, for salaries and benefits for 10.1 full-time equivalent positions associated with the Office of Housing and Community Development. This includes \$29,983 more from general revenues, \$26,972 less from federal funds, and \$48,227 from restricted Real Estate Conveyance Tax proceeds, which were not contemplated in the enacted budget. The request assumes position support for 5.3 positions from general revenues, 0.4 positions from restricted receipts, and 4.4 positions from federal funds. It appears that the request overstates expenditures by approximately \$50,000 from federal funds, as a partial position is fully funded. *The Governor recommended \$32,218 less than requested. This includes \$31,086 less from general revenues to reflect \$20,766 of turnover savings and statewide benefit savings.* **The Assembly concurred but shifted \$0.1 million from general revenues to federal funds for staffing expenditures related to the COVID-19 emergency.**

**Federal Grants.** The Office requested \$3.2 million less than enacted from federal grant funds. This includes \$1.5 million less from federal Community Development Block Grant Program funds, and \$1.7 million less from Community Development Block Grant Disaster Recovery funds as those resources have been exhausted. Annually, grants are adjusted based on available balances. The Office reported the priorities of the Rhode Island Community Development Block Grant program are housing and economic development, and while program design and priorities have not changed, the award has been decreasing. *The Governor recommended funding as requested.* **The Assembly provided \$7.0 million less than recommended based on projected expenditures.**

**Lead Abatement and Housing Rental Subsidies.** The Office requested to reduce its restricted resources for lead abatement and housing rental subsidy activities by \$48,227; as previously noted, the request shifts those restricted resources for personnel expenses not assumed in the enacted budget. The 2014 Assembly amended the Real Estate Conveyance Tax statutes to provide a permanent stream of funding to be used by the Housing Resources Commission for lead hazard reduction abatement, rental subsidy and shelter operations. The November 2019 Revenue Estimating Conference estimated that the state would retain a total of \$14.2 million from the tax in FY 2020 and \$14.7 million for FY 2021, which should yield approximately \$4.7 million and \$4.9 million respectively, to be distributed to the Commission from the real estate transfer tax. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rental Assistance.** The Office of Housing and Community Development announced on May 3, 2020 it was establishing a new emergency rental assistance program, named Housing Help RI, an initiative to provide emergency housing assistance to very low-income renters at immediate risk of homelessness

funded with \$1.5 million from federal homelessness assistance grant funding. The program provides one-time grants up to \$5,000 for past due rent, late fees or relocation assistance; awards will be paid directly to the property owner or operator. To be eligible, an applicant must be a Rhode Island resident who is renting or in transient housing, whose household earns less than 50.0 percent of the area median income and meets specific criteria for being housing insecure. The Office of Management and Budget reported that as of May 16 \$1.5 million was committed.

On May 28, the Governor announced an additional \$5.0 million from the federal Coronavirus Relief Fund would be made available to the program. This expansion is intended to provide \$1.6 million to cover eligible households in the existing applicant pool and \$3.4 million to expand on the program to serve the population at risk for eviction through the end of June. Because of COVID-19 related state court closures, Rhode Island ceased hearing eviction cases in mid-March. On June 1, the courts began hearing cases that were initiated prior to March 17. No COVID-related evictions will be heard before July 1. *The Governor's recommendation did not include these expenditures.* **The Assembly provided \$2.5 million from federal funds, including \$1.6 million from the Coronavirus Relief Fund and \$0.9 million from homelessness assistance funding based on anticipated spending by June 30, 2020.**

**Capital Projects.** The Executive Office requested \$9.9 million, which is \$0.4 million more than enacted from Rhode Island Capital Plan funds for the I-195 Redevelopment District Commission. Expenses include professional legal and engineering services related to the maintenance and marketability of the I-195 land, and legal and design expenses related to the Commission's designation as a Special Economic Development District consistent with Article 12 of 2019-H 5151, Substitute A, as amended. *The Governor recommended the enacted level of funding.* **The Assembly concurred. A detailed description of these projects is included in the Capital Budget section of this publication.**

## Department of Labor and Training

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,061,260	\$ 1,019,628	\$ 993,998	\$ 677,070
Workforce Development Services	49,137,003	48,766,588	61,276,481	61,330,017
Workforce Regulation and Safety	4,163,706	3,231,560	3,227,383	3,097,784
Income Support	369,432,204	384,980,928	380,263,014	1,825,892,962
Injured Workers Services	9,515,555	10,573,722	12,991,825	12,859,301
Labor Relations Board	471,966	441,669	441,176	433,906
<b>Total</b>	<b>\$ 433,781,694</b>	<b>\$ 449,014,095</b>	<b>\$ 459,193,877</b>	<b>\$ 1,904,291,040</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 40,163,765	\$ 42,113,114	\$ 42,467,725	\$ 48,167,725
Contracted Services	4,264,981	4,484,541	4,899,415	4,899,415
<b>Subtotal</b>	<b>\$ 44,428,746</b>	<b>\$ 46,597,655</b>	<b>\$ 47,367,140</b>	<b>\$ 53,067,140</b>
Other State Operations	12,232,194	10,766,354	13,037,781	12,884,944
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	369,639,559	383,275,525	390,428,003	1,818,186,840
Capital	37,650	150,300	136,692	136,692
Capital Debt Service	-	-	-	-
Operating Transfers	7,443,545	8,224,261	8,224,261	20,015,424
<b>Total</b>	<b>\$ 433,781,694</b>	<b>\$ 449,014,095</b>	<b>\$ 459,193,877</b>	<b>\$ 1,904,291,040</b>
<b>Sources of Funds</b>				
General Revenue	\$ 15,403,217	\$ 14,679,932	\$ 14,673,124	\$ 14,113,689
Federal Aid	34,053,979	38,284,651	45,312,943	1,101,555,955
Restricted Receipts	33,482,928	30,022,846	36,379,619	36,207,204
Other	350,841,570	366,026,666	362,828,191	752,414,192
<b>Total</b>	<b>\$ 433,781,694</b>	<b>\$ 449,014,095</b>	<b>\$ 459,193,877</b>	<b>\$ 1,904,291,040</b>
<b>FTE Authorization</b>	<b>409.7</b>	<b>390.7</b>	<b>390.7</b>	<b>390.7</b>
<b>FTE Average</b>	<b>387.2</b>			

**FY 2020 Revised Request.** The Department requested \$10.2 million more than enacted including \$6.6 million more from federal funds, \$6.3 million more from restricted receipts, and \$2.7 million less from other funds. The Department also requested 391.0 full-time equivalent positions, 0.3 positions more than the enacted authorization. *The Governor recommended \$5,345 more than requested which includes \$6,808 less from general revenues. The recommendation includes the enacted authorization of 390.7 positions.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Labor and Training, this includes \$18,888 across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The following table shows where those adjustments were made and the unadjusted amounts by program.*

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Central Management	\$ 1,019,628	\$ 993,998	\$ 9,003	\$ 1,003,001
Workforce Development Services	48,766,588	61,276,481	441	61,276,922
Workforce Regulation and Safety	3,231,560	3,227,383	(9,444)	3,217,939
Income Support	384,980,928	380,263,014	-	380,263,014
Injured Workers Services	10,573,722	12,991,825	-	12,991,825
Labor Relations Board	441,669	441,176	-	441,176
<b>Total</b>	<b>\$ 449,014,095</b>	<b>\$ 459,193,877</b>	<b>\$ -</b>	<b>\$ 459,193,877</b>

**The Assembly provided \$1,445.1 million more than the Governor, primarily to reflect increased benefits for unemployment and temporary disability and caregiver’s insurance. The Assembly also restored the adjustments discussed above and decreased general revenues by \$0.6 million, mostly reflecting centralized service charges.**

**Staffing.** The Department requested \$0.5 million more than enacted from all sources for staffing costs in its FY 2020 revised request. By source this includes \$13,358 more from general revenues, \$2.0 million less from federal funds, \$0.7 million more from restricted receipts, and \$1.7 million more from other funds. The Department also requested an additional 0.3 full-time equivalent positions for a total of 391.0 positions. The Department indicated the fractional position is a remnant from when unemployment had part-time positions; the request rounds up to remove the fraction. The revised request also reflects changes to allocations among programs to accommodate the 2019 Assembly’s reduction of 13.0 vacant positions; the enacted budget did not allocate the reduction to any specific program. The largest decreases for positions in the request are in the workforce regulation and safety program and unemployment administration. *The Governor recommended \$0.1 million less than requested from all sources including \$6,808 less from general revenues.* **The Assembly provided \$5.7 million more than the Governor to reflect expenses for unemployment administration to deal with the surge of claims as a result of the COVID-19 health crisis.**

**Administrative Redesign.** The Department requested \$0.7 million from all sources for various contracted services not included in the enacted budget. This includes \$0.1 million from general revenues, \$0.3 million from federal funds, \$0.2 million from restricted receipts, and \$0.1 million from other funds. The two contracts were engaged in August and September 2019 and will expire in February and June 2020, respectively. These contracts are with Hope Street Consulting and Public Consulting Group. Both contracts appear to involve restructuring the financial management aspects of the Department. It should also be noted that the FY 2021 request includes placeholder funding to continue both of these contracts, though nothing has been signed to do that as of November 2019. The costs for these contracts are allocated throughout the Department’s programs including Unemployment, Temporary Disability, and Workers’ Compensation. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Work Immersion/Non-Trade Apprenticeship Program.** The Department requested \$441 more than enacted from general revenues for the work immersion/non-trade apprenticeship program, which was underspent by \$0.1 million in FY 2019. The increase reflects a restoration of statewide savings allocated to this item as part of the enacted budget. The program provides students, recent college graduates, and unemployed adults with work experience and assists employers by training individuals for potential employment. *The Governor recommended funding as requested.* **The Assembly provided \$0.1 million less based on projected expenditures.**

**Real Jobs Rhode Island.** The Department requested \$7.1 million or 52.5 percent more than enacted from all sources for the Real Jobs Rhode Island program. Funding includes the enacted amount of \$5.5 million

from general revenues, \$5.5 million more from federal funds, and \$1.6 million more from restricted receipts. The request provides \$4.9 million more than spent during FY 2019, as a result of budgeting all available federal grants during FY 2020. It should be noted that the tax assessment alteration contained in Article 11 of 2018-H 7200, Substitute A, as amended, which amends the Job Development Fund to allow a portion of the fund to support employment security and employment services as a one-time occurrence for tax year 2019, ended as of December 30, 2019. The Department accrued most of this revenue to FY 2019 and spent all but \$1.5 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Governor's Workforce Board Staffing.** The Department requested \$24,071 less than enacted from restricted receipts for staffing the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff or grants and operations. Not including the Assembly reduction, the enacted budget assumes 19.7 full-time equivalent positions; the request allocates 20.0 positions for an increase of 0.3 positions. *The Governor recommended \$3,590 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

**Governor's Workforce Board Operations.** The Department requested \$1.3 million more than enacted from restricted receipts for the Governor's Workforce Board operations. The increase reflects \$0.3 million for these activities and \$1.0 million for the finalization and implementation of a grantee performance tracking software program. The FY 2021 request includes \$0.5 million for this new program. Work for this system had previously been funded from a federal grant; the Department stated that this funding will help with finalizing the system, work which was unexpected during the budget submission last fiscal year. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment is estimated to generate approximately \$15.0 million for the Board's use. The balance is distributed for workforce development activities, including adult education, requested grant expenditures, and Real Jobs Rhode Island. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Trade Readjustment Act.** The Department requested \$0.2 million less than enacted from federal funds for trade readjustment assistance programs which is closer to but still exceeds FY 2019 spending. Funds provide support to qualified workers adversely affected by foreign trade and assist in obtaining suitable employment. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Workforce Development Grants.** The Department requested \$4.2 million more than enacted from federal funds for all other workforce development grants. These increases largely reflect unspent funds from FY 2019, including \$2.8 million more for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards the youth, adults and dislocated workers offset by a number of smaller increases to other grants. These programs often account for most of the carry-forward funding and the Department noted that it is looking into integrating these grants into the Real Jobs program. The Department repeatedly requests the total amount it anticipates having available, but spends significantly less than it requests. It often budgets the entire grant awards to specific grantees, even though the grant is anticipated to span two or more fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Unemployment Benefits.** The Department requested \$7.4 million less than enacted from unemployment insurance funds for payment of benefits. This includes \$0.4 million more for benefit payments to state, federal, and veteran employees and \$7.8 million less for traditional benefit payments. There have been fewer individuals collecting benefits and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits. The Department indicated the request is based on projected need. The Department spent \$149.6 million of the \$154.4 million budgeted during FY 2019; the request provides \$155.3 million for benefit payments. *The Governor recommended*

*funding as requested. The Assembly provided \$1,390.0 million more based on the surge in claims as a result of the COVID-19 health crisis. This includes \$340.0 million from the state's Employment Security Trust Fund for traditional claims for covered employment and \$1,050.0 million from federal funds for benefit payments authorized in the CARES Act which covers a variety of new and amended benefits and expands worker eligibility.*

**Unemployment Administration Staffing.** The Department requested \$0.6 million less than enacted from all sources for the salaries and benefits for the administration of the unemployment insurance program. This includes \$1,776 less from general revenues, \$1.7 million less from federal funds, and \$1.1 million more from restricted receipts, including funding from the Job Development Fund and the Tardy and Interest funds. Not including the Assembly reduction, the enacted budget assumes 127.4 full-time equivalent positions; the request allocates 106.0 positions to the program for a decrease of 21.4 positions. The request also reinstates a staff work-sharing plan to attempt to defray costs in unemployment insurance because resources are limited given the low rate of unemployment. The request shifts 19.5 positions and associated costs from unemployment to the temporary disability and caregiver insurance programs. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues as part of the FY 2019 final budget to cover an overcommitment of federal resources for the program caused, in part, by the unsuccessful shift. *The Governor recommended \$27,763 less than requested to reflect statewide medical benefit savings. The Assembly provided \$5.7 million more than the Governor to reflect expected expenses for unemployment administration to deal with the surge of claims as a result of the COVID-19 health crisis.*

**Unemployment Administration Operations.** The Department requested \$0.6 million less than enacted for other administrative costs of the unemployment program. During FY 2019, the Department spent \$3.4 million; the request would provide \$2.0 million, or \$1.4 million less. Of the FY 2019 spending, \$1.6 million was related to contractually obligated funding for the unemployment information technology system which will not occur in FY 2020 or FY 2021. Excluding that, this request is \$0.2 million more than actual FY 2019 spending. The adjustments also include \$129,529 from Tardy funds budgeted as assistance and grants, inexplicably. However, this is the exact value of the general revenue reduction to the Police and Fire Relief funds. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Disability Insurance Benefits.** The Department requested \$3.2 million or 1.8 percent more than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits are \$4.4 million more than FY 2019 expenditures. The Department is projecting higher benefit levels because benefits have been steadily increasing each year since the great recession. The Department has seen a year over year increase every year since FY 2012, and the request reflects these increases. The wage base for the program increased from \$71,000 to \$72,300 effective January 1, 2020. *The Governor recommended funding as requested. The Assembly provided \$42.0 million more based on the surge in claims as a result of the COVID-19 health crisis.*

**Temporary Disability Insurance Administration Staffing.** The Department requested \$1.7 million more than enacted from the Temporary Disability Insurance Fund for staffing costs of the administration of the temporary disability program. Not including the Assembly reduction, the enacted budget assumes 58.3 full-time equivalent positions; the request allocates 76.1 positions for an increase of 17.8 positions. The increase represents a shift of costs related to the administration of unemployment to this program because resources are limited given the low rate of unemployment. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues to cover an overcommitment of federal resources for the program caused by the unsuccessful shift as part of the FY 2019 final budget. *The Governor recommended \$18,179 less than requested to reflect statewide medical benefit savings. The Assembly concurred.*



**Temporary Disability Insurance Administration Operations.** The Department requested \$0.1 million less than enacted from the Temporary Disability Insurance Fund for the program's operations. The revised request aligns expenditures to FY 2019 actual spending; the revised request provides \$5,682 more than the \$2.2 million spent last year. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Temporary Caregiver Benefits.** The Department requested \$0.8 million or 5.3 percent less than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The FY 2020 revised request is \$0.7 million more than FY 2019 expenditures and based on the Department's updated projection for the program. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. The wage base for the Temporary Disability program increased from \$71,000 to \$72,300 effective January 1, 2020. *The Governor recommended funding as requested.* **The Assembly provided \$8.0 million more based on the surge in claims as a result of the COVID-19 health crisis.**

**Temporary Caregiver Administration Staffing.** The Department requested \$0.1 million more than enacted from the Temporary Disability Insurance Fund for the administration of the temporary caregiver program. Not including the Assembly reduction, the enacted budget assumes 12.4 full-time equivalent positions; the request allocates 14.1 positions for an increase of 1.7 positions. The increase represents a shift of costs related to the administration of unemployment to this program because resources are limited given the low rate of unemployment. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues to cover an overcommitment of federal resources for the program caused by the unsuccessful shift as part of the FY 2019 final budget. *The Governor recommended \$3,518 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

**Temporary Caregiver Administration Operations.** The Department requested \$5,290 less than enacted from the Temporary Disability Insurance Fund for the remaining expenses of the temporary caregiver program. The request provides \$0.3 million more than actual FY 2019 spending. The request maintains an operating transfer of \$350,000 which the Department previously indicated relates to centralized services. This expense was not incurred during FY 2018 or FY 2019 and is likely included in error. *The Governor recommended funding as requested.* **The Assembly removed the unnecessary \$350,000 expense and concurred with the rest of the recommendation.**

**Workers' Compensation Staffing.** The Department requested \$0.3 million less than enacted from workers' compensation restricted receipts for the staffing costs of the workers' compensation program. Not including the Assembly reduction, the enacted budget assumes 50.4 full-time equivalent positions; the request allocates 48.4 positions for a decrease of 2.0 positions. *The Governor recommended \$12,794 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

**Workers' Compensation Operations.** The Department requested \$2.5 million more than enacted from workers' compensation restricted receipts for benefits and operations of the workers' compensation program. The increase reflects funding for the Uninsured Protection Fund, governed by Rhode Island General Law, Chapter 28-53. Effective for injuries which occur on or after September 1, 2019, the Fund pays employees for injuries sustained working for an uninsured employer. Uninsured employers are required to pay penalties in the form of excise taxes which are returned to the fund. The expenses were not included in the enacted budget as the Department did not develop estimates during the last budget cycle. Budgeted expenditures for this fund include \$0.5 million for health services, \$0.5 million for the fund's third party administrator Beacon, and \$1.4 million for benefits and claims. The FY 2021 request provides \$0.9 million for the fund, totaling \$2.8 million over the two years based on projected availability. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Police and Fire Relief Fund.** The Department requested \$0.1 million less than enacted from general revenues for the Police and Fire Relief funds, which pay benefits to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as disabled workers based on projected expenditures. This consists of the enacted amount for pensions and a reduction of \$0.1 million for scholarships to reflect actual FY 2019 spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workforce Regulation and Safety Staffing.** The Department requested \$0.2 million less than enacted from all sources for staffing costs of the workforce regulation and safety division. This is \$0.1 million less from both general revenues and restricted receipts. Not including the Assembly reduction, the enacted budget assumes 35.4 positions; the request allocates 27.8 full-time equivalent positions for a decrease of 7.6 positions. It should also be noted that the Department is requesting to supplement the general revenues with restricted receipts as it had done prior to FY 2019. *The Governor recommended \$7,123 less than requested to reflect statewide medical benefit savings; this includes \$5,841 less from general revenues.* **The Assembly concurred.**

**Other Salaries and Benefits (0.3 FTE).** The Department requested \$0.3 million less than enacted from all sources for salaries and benefits for all other programs including central management, the Police and Fire Relief program, the Labor Relations Board, and workforce development services. This includes \$0.1 million more from general revenues, \$0.3 million less from federal funds, \$0.1 million less from other funds, and \$16,212 more from restricted receipts. The request also includes a 0.3 full-time equivalent position increase to allow the Department flexibility with filling a whole position rather than a fractional one. Not including the Assembly reduction, the enacted budget assumes 100.1 full-time equivalent positions; the request allocates 98.6 positions for a decrease of 1.5 positions. *The Governor recommended \$24,872 less than requested to reflect statewide medical benefit savings; this includes \$987 less from general revenues.* **The Assembly concurred.**

**Other Operations.** The Department requested \$56,863 less than enacted from all sources for all other expenses. This includes \$24,748 less from general revenues and \$32,115 less from other funds. From general revenues, it mainly reduces legal funding in the Labor Relations Board. The decrease to other funds represents remaining funding from the New England Training and Employment Council and Ticket to Work Milestone; these are excluded from the FY 2021 request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. For the Department, the request includes \$2.2 million for facilities management, which is \$0.2 million less than enacted, \$0.7 million for human resources, which is \$20,335 less than enacted, and \$2.6 million for information technology services, which is \$0.3 million more than enacted. This includes \$7,162 less from general revenues, \$0.5 million less from federal funds, \$18,562 less from restricted receipts, and \$0.5 million more from other funds. The request is \$0.2 million less than charged during FY 2019.

*The Governor recommended \$0.1 million more than requested from other funds based on Budget Office estimates. The recommendation includes the requested reduction from general revenues.* **The Assembly provided \$0.2 million less based on billings through the third quarter, including \$0.5 million less from general revenues.**

## Department of Revenue

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Office of Director	\$ 2,079,995	\$ 2,141,620	\$ 2,115,104	\$ 1,889,990
Office of Revenue Analysis	745,001	841,407	841,407	890,301
Lottery Division	392,855,221	420,149,414	434,475,460	434,451,107
Division of Municipal Finance	2,472,153	2,465,897	2,383,569	2,314,495
Taxation	34,865,780	30,950,719	33,007,853	31,544,437
Registry of Motor Vehicles	27,149,803	31,378,244	32,054,700	31,140,619
State Aid	116,773,939	154,360,294	150,474,552	150,374,552
Collections	263,509	899,649	875,766	785,766
<b>Total</b>	<b>\$ 577,205,401</b>	<b>\$ 643,187,244</b>	<b>\$ 656,228,411</b>	<b>\$ 653,391,267</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 54,674,419	\$ 61,053,763	\$ 61,029,450	\$ 58,639,450
Contracted Services	4,654,600	5,048,050	5,455,350	5,455,350
<b>Subtotal</b>	<b>\$ 59,329,019</b>	<b>\$ 66,101,813</b>	<b>\$ 66,484,800</b>	<b>\$ 64,094,800</b>
Other State Operations	399,447,623	421,199,704	437,747,318	437,398,174
Aid to Local Units of Government	116,942,727	154,410,991	150,525,249	150,425,249
Assistance, Grants, and Benefits	1,136,786	1,079,108	1,178,312	1,178,312
Capital	292,458	325,430	228,530	230,530
Operating Transfers	56,788	70,198	64,202	64,202
<b>Total</b>	<b>\$ 577,205,401</b>	<b>\$ 643,187,244</b>	<b>\$ 656,228,411</b>	<b>\$ 653,391,267</b>
<b>Sources of Funds</b>				
General Revenue	\$ 179,734,169	\$ 216,254,237	\$ 214,537,942	\$ 211,526,687
Federal Aid	1,490,088	1,969,581	2,272,923	2,550,526
Restricted Receipts	1,957,888	3,605,253	3,705,613	3,708,895
Other	394,023,256	421,358,173	435,711,933	435,605,159
<b>Total</b>	<b>\$ 577,205,401</b>	<b>\$ 643,187,244</b>	<b>\$ 656,228,411</b>	<b>\$ 653,391,267</b>
<b>FTE Authorization</b>	<b>604.5</b>	<b>602.5</b>	<b>602.5</b>	<b>602.5</b>
<b>FTE Average</b>	<b>540.9</b>			

**FY 2020 Revised Request.** The Department of Revenue requested \$16.6 million more than enacted from all sources for FY 2020. This includes the amount consistent with the enacted budget from general revenues, \$0.3 million more from federal funds, \$1.8 million more from restricted receipts, and \$14.4 million more from other sources, the majority of which are Lottery funds. *The Governor recommended \$3.5 million less than requested. General revenues are \$1.7 million less than enacted and requested.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Revenue, this includes \$0.1 million across two programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to*

offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Office of Director	\$ 2,141,620	\$ 2,115,104	\$ (48,894)	\$ 2,066,210
Office of Revenue Analysis	841,407	841,407	48,894	890,301
Division of Municipal Finance	2,465,897	2,383,569	-	2,383,569
Taxation	27,326,969	29,288,321	-	29,288,321
Registry of Motor Vehicles	29,140,414	29,554,343	-	29,554,343
State Aid	153,438,281	149,479,432	-	149,479,432
Collections	899,649	875,766	-	875,766
<b>Total</b>	<b>\$ 216,254,237</b>	<b>\$ 214,537,942</b>	<b>\$ -</b>	<b>\$ 214,537,942</b>

**The Assembly provided \$2.8 million less, including \$3.0 million less from general revenues, primarily to reflect additional turnover savings based on third quarter spending and authorized up to \$0.3 million from federal funds for expenditures related to the COVID-19 emergency. The Assembly adjusted the appropriation lines to properly budget where spending is occurring.**

**Centralized Services.** The Department requested \$35,966 less than the enacted amount, including \$29,588 less from general revenues for its share of centralized services. The request includes \$4.8 million from general revenues, the enacted amount of \$0.2 million from Lottery funds, and excludes \$6,378 from federal funds. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The state uses internal service funds to reimburse one agency for services provided to another. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration.

The request is \$0.1 million less than actual FY 2019 expenditures, including \$0.2 million less from general revenues, \$2,007 less from federal funds, \$1,405 less from Job Development Fund resources, and \$76,538 more from other funds, of which \$77,415 is from lottery funds, offset by \$877 less from Temporary Disability Insurance funds. This represents \$14,651 less for facilities management, \$37,473 more for human resources, and \$0.2 million more for information technology support. The first quarter internal service fund report from the Department of Administration demonstrates Department of Revenue expenditures consistent with the amount assumed in the enacted budget, but appears to over rely on general revenues with offset by savings from lottery resources.

*The Governor recommended \$0.1 million less than requested, including \$33,282 less from general revenues. The Department spent approximately 60 percent of its enacted funding for these expenses as of the end of December 2019. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. The Assembly provided funding that reallocated expenses to where they occur and added \$0.5 million, primarily from general revenues based on expenditures and billings through the third quarter. This is \$0.4 million more than enacted.*

**Unachieved Statewide Savings.** The request includes \$93,130 from general revenues to restore statewide savings proposed in the Governor’s FY 2020 budget recommendation for two of three statewide initiatives designed to reduce operating costs. The recommendation included savings of \$298,984 from an initiative to reduce the cost of certain commodities, \$11,034 from a prompt payment initiative, and \$1,344 of savings

from insurance. The insurance initiative savings and the \$0.2 million reduction from commodities costs for the Division of Motor Vehicles are assumed to be achieved in the revised request. *The Governor recommended funding as requested, and reallocated funds within the Division of Motor Vehicles to achieve the \$0.2 million of savings.* **The Assembly concurred.**

**Reappropriation - Property Revaluation.** The request excludes \$52,590 for reimbursement of expenses to the Town of Warren related to the triennial property revaluation required by Rhode Island General Law, Section 44-5-11.6. The Governor reappropriated the funding from FY 2019 to FY 2020 consistent with the authority under Rhode Island General Law, Section 35-3-15.

The 2014 Assembly passed legislation delaying the town's scheduled full revaluation from FY 2016 to FY 2017, and all subsequent reimbursements accordingly. The FY 2019 final appropriation for the program reflected the Town of Warren on the prior reimbursement schedule. The request should reflect the Governor's reappropriation. *The Governor's recommendation includes the reappropriation.* **The Assembly included the reappropriation but reduced the enacted amount by \$0.1 million based on anticipated spending. The final appropriation is \$47,080 less than enacted.**

### Lottery

**Staffing and Operations.** The Department's request includes \$0.2 million more than enacted from Lottery funds for all lottery related expenses. The staffing increase is \$0.1 million more and essentially reflects the staffing allocation and filled levels at the Tiverton Casino. The request is \$0.1 million more than FY 2019 actual spending, adjusted for current staffing levels and cost-of-living increases phased in since January 1, 2019. The request also includes \$0.1 million more for addiction counseling expenses which are reimbursed by the casinos. *The Governor recommended \$22,282 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred but shifted \$85,197 from lottery funds to federal funds for staffing expenditures related to the COVID-19 emergency.**

**Building Roof.** The Department requested \$170,200 more than enacted from lottery funds to pay for the Lottery building roof repair project, which is complete. The request reflects final payments during the current fiscal year, and is \$64,200 more than the original estimate. The request is \$55,200 more than assumed for FY 2019, and \$6,000 more than the Department's capital request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Commission Payments.** The Department requested \$14.0 million more than enacted from Lottery funds for commission payments, which represents an updated estimate. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to the local casinos for the fiscal year. *The Governor recommended funding as requested.* **The Assembly concurred.**

### Taxation

**Individual Mandate Collections.** The request assumes the use of \$0.1 million from general revenues not reflected in the Department's request for salaries and benefits for two positions, utilizing general revenues from HealthSource RI resources. The funds are intended to support a Business Analyst and Legal Counsel for the second half of FY 2020 to facilitate the implementation of the Market Stability and Reinsurance initiative as enacted in Article 11 of 2019-H 5151, Substitute A, as amended. The legislation imposes a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions, effective on January 1, 2020. The legislation mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's exchange, which is \$2,388 for an individual and \$9,522 for a family of four.

The enacted budget assumes the penalty will be collected by the tax administrator and deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds will be used to provide reinsurance, or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically. No funds from this penalty are expected to be available for use until FY 2021. The enacted budget adds \$0.4 million from general revenues to HealthSource RI to support implementation. *The Department had not filled these positions as of the February 1, 2020 pay period.* **The Assembly concurred. The positions were filled as of the February 29, 2020 pay period.**

**Taxation Legal Counsel.** The Department requested \$0.1 million more than enacted from general revenues for outside legal counsel to assist the Division with ongoing litigation involving Verizon related to the appropriate method for calculating depreciation under the state's Public Service Corporation Tax under Rhode Island General Law, Section 44-13-13. As of January 9, 2020, the Department reported expenditures of nearly \$30,000.

The Public Service Corporation Tax applies to the tangible personal property of telegraph, cable, telecommunications, and express corporations, used exclusively in conducting business for the corporation which is exempt from local taxation, but subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment. The state passes the collections through to the local governments. *The Governor recommended funding as requested.* **The Assembly concurred. As of June 12, the Department had spent \$0.1 million.**

**Contingency Contracts.** The 2016 Appropriations Act permitted the Division of Taxation to contract with a third-party for the review of tax data and collection of taxes, interest, penalties, or a reduction in claimed refunds. Contractors are prohibited from conducting field audits under this section, and contracts are to be paid on a contingency fee basis, for services rendered, as a percentage of the actual amount of revenues collected. The 2017 Assembly enacted legislation to allow the Division of Taxation to use a portion of the monies collected for support and maintenance of the Division's computer system, subject to the approval of the Director of the Office of Management and Budget.

For the state auditor's 2019 closing report, the expenditure credits used to compensate the third party vendors were reclassified as expenses within the Division's budget. The report included an additional \$3.7 million of revenues, of which \$3.2 million was personal income taxes, with the remainder of the business corporation, sales and use, and cigarette taxes. The increased expenditures totaled \$3.7 million, or \$32,658 more than the revenues collected.

*The Governor's budget makes a similar adjustment for FY 2020 to reflect this. This includes a recognition of \$2.0 million in payments as both revenues and expenditures for FY 2020 and \$1.8 million for FY 2021 to account for this change in accounting practice.* **The Assembly concurred.**

### **Division of Motor Vehicles**

**License Plate Reissuance.** The Department inadvertently excluded \$0.4 million from general revenues that it identified as necessary to begin reissuing license plates consistent with current law. Rhode Island General Law, Section 31-3-33 requires that the state issue new fully reflective license plates no less than every ten years. The funds are to stock the new plates at its registry locations in order to issue the new plates.

The Governor's FY 2020 budget recommendation repealed the reissuance requirement; however, the 2019 Assembly did not concur and enacted Article 7 of 2019-H 5151 Substitute A, as amended, which delayed the statutory license plate reissuance by five months from January 1, 2020 to June 1, 2020, and established a reporting requirement regarding progress toward meeting the required start date. The enacted budget increases the fee per plate set from \$6 to \$8 to offset the cost for these replacements. *The Governor's*

*recommendation includes the excluded funding. A new plate design was not approved by the Governor's Office, which delayed the reissuance. The Department reported the earliest reissuance can begin is December 1, 2020. The Assembly excluded the funding and revenues assumed.*

**Real ID.** The Department requested \$10,000 more than enacted from general revenues to support 40.0 full-time equivalent positions and operations for implementation of federal Real ID requirements for FY 2020. The initiative launched the first week of December 2018, as expected. The request adds \$10,000 for additional security at its Registry locations.

Real ID is intended to provide a more secure verification process, with stronger anti-counterfeit measures. Prior to passage of the budget, the Department had anticipated approximately 55 percent of the population holding some type of state-issued credential which would likely require the new federally compliant credential. The credential can be upgraded as part of a renewal of one's regular license or at any time with the payment of a duplicate license fee.

As originally proposed, the Governor recommended increasing certain credentialing fees to generate revenues sufficient to offset the program's expenses. Consistent with testimony at the May 2019 and November 2019 Revenue Estimating Conferences, estimated collections were reduced to \$1.1 million for FY 2019, \$1.8 million for FY 2020, and projected to be \$3.0 million for FY 2021. *The Governor recommended funding as requested. The Assembly provided \$0.1 million less for printing credentials than recommended.*

**Federal CDL Grants.** The Department requested \$0.2 million more than enacted from federal funds. These funds are for federal safety programs designed to improve highway safety through enhanced state compliance and greater motor carrier safety tracking and process improvement. The request excludes \$0.1 million of program implementation grant funds and adds \$377,300 from its existing Performance Information Systems Management grant, largely unspent from FY 2019. The American Association of Motor Vehicle Administrators have not issued software guidance, which has delayed the project. It has requested all funding in both FY 2020 and FY 2021 because the program has an impending sunset date, and it is unclear if it will be extended. *The Governor recommended funding as requested. The Assembly concurred.*

**Rhode Island Motor Vehicle System.** The Department requested \$30,000 less from general revenues than enacted for contractual support for the Rhode Island Motor Vehicle System based on updated estimates. The Department also included a \$1.7 million increase from restricted receipts that was inadvertent.

The requested funding reflects ongoing maintenance and operations support for the Rhode Island Motor Vehicle System, otherwise known as RIMS. The reduction reflects a lower level of contracted personnel costs than assumed in the enacted budget. *The Governor recommended funding as requested from general revenues. The Assembly concurred.*

**Other Operations.** The Department requested \$8,217 more than enacted from general revenues for all other operations. General revenue changes essentially reflect the alignment of the request to FY 2019 actual spending. *The Governor recommended funding as requested and reallocated funds within the Division to achieve the centralized savings discussed previously. The Assembly concurred.*

**Collections Operations.** The Department requested \$30,000 less than enacted from general revenues for information technology expenditures based on updated projections for system requirements. *The Governor recommended funding as requested. The Assembly concurred.*

**Motor Vehicles Excise Tax Program.** The enacted budget includes \$92.3 million to fully fund the Motor Vehicles Excise Tax and Phase Out program for FY 2020. It is expected that updated data will alter this

value; the enacted level of funding for FY 2020 is reportedly \$4.0 million less than actual reimbursements. *The Governor recommended \$4.0 million less than enacted based on updated data reflecting actual reimbursements to cities and towns.* **The Assembly concurred.**

**Car Rental/Surcharge - Warwick Share.** The Department requested \$73,107 more than enacted from restricted receipts for sales taxes and rental vehicle surcharges collected and passed through to the City of Warwick for direct and indirect users of the T.F. Green State Airport. The request is consistent with FY 2019 receipts. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at the airport. The receipts are deposited into a restricted account for Warwick. *The Governor recommended funding as requested.* **The Assembly concurred.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Department had incurred \$85,000 of expenses for cleaner, hand sanitizer, and hand sanitizer stations; the largest anticipated expenditure reported is for tent rental for the Division of Motor Vehicles to maintain its provision of services consistent with government mandates.* **In addition to staffing expenses discussed separately, the Assembly added authority for \$0.1 million in expenditures related to the COVID emergency.**

**Department of Revenue - Other Staffing and Operations.** The Department requested \$12,183 more than enacted from all sources of funds, including \$0.1 million less from general revenues, for the Department’s 493.8 remaining positions not discussed previously. The request reflects updated benefit selections and anticipated staffing throughout the remainder of the year. *The Governor recommended an additional \$0.1 million of statewide medical benefit savings.* **The Assembly provided \$2.8 million less. This includes \$2.4 million of additional turnover savings based on spending through the third quarter and projected through the end of the year and shifted of \$74,025 from general revenues to federal funds for staffing expenditures related to the COVID-19 emergency. The Department has averaged 45.8 vacancies for FY 2020, including 16.7 positions in the Division of Taxation and 21.9 positions at the Division of Motor Vehicles.**



## Legislature

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
General Assembly	\$ 6,359,806	\$ 6,305,160	\$ 10,435,613	\$ 7,518,501
Fiscal Advisory Staff	1,676,157	1,987,588	2,019,930	1,826,386
Legislative Council	4,185,226	5,208,213	5,118,967	4,454,136
Joint Comm. on Legislative Affairs	23,732,144	26,035,705	29,161,144	25,875,559
Office of the Auditor General	4,838,418	6,085,820	6,019,256	5,921,380
Special Legislative Commissions	6,863	13,629	13,900	13,900
<b>Total</b>	<b>\$ 40,798,614</b>	<b>\$ 45,636,115</b>	<b>\$ 52,768,810</b>	<b>\$ 45,609,862</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 34,801,109	\$ 38,500,770	\$ 39,188,071	\$ 37,088,071
Contracted Services	489,118	680,500	1,550,100	637,100
<b>Subtotal</b>	<b>\$ 35,290,227</b>	<b>\$ 39,181,270</b>	<b>\$ 40,738,171</b>	<b>\$ 37,725,171</b>
Other State Operations	2,686,301	3,588,345	6,998,139	3,852,191
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	2,033,621	2,300,000	2,300,000	2,300,000
Capital	788,465	566,500	2,732,500	1,732,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 40,798,614</b>	<b>\$ 45,636,115</b>	<b>\$ 52,768,810</b>	<b>\$ 45,609,862</b>
<b>Sources of Funds</b>				
General Revenue	\$ 39,348,617	\$ 43,804,101	\$ 50,963,049	\$ 43,804,101
Federal Aid	-	-	-	-
Restricted Receipts	1,449,997	1,832,014	1,805,761	1,805,761
Other	-	-	-	-
<b>Total</b>	<b>\$ 40,798,614</b>	<b>\$ 45,636,115</b>	<b>\$ 52,768,810</b>	<b>\$ 45,609,862</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>
<b>FTE Average</b>	<b>265.4</b>			

**FY 2020 Revised Request.** The Legislature’s revised budget of \$52.9 million includes \$7.3 million from the \$9.7 million reappropriation and 298.5 full-time equivalent positions.

*The Governor recommended \$0.1 million less than requested, including \$92,705 less from general revenues, based on statewide medical benefit savings.*

**The Assembly provided \$7.2 million less from general revenues, effectively eliminating the remaining reappropriation.**



## Office of the Lieutenant Governor

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 990,838	\$ 1,085,799	\$ 1,049,865	\$ 1,049,865
Contracted Services	54,511	-	34,010	34,010
<b>Subtotal</b>	<b>\$ 1,045,349</b>	<b>\$ 1,085,799</b>	<b>\$ 1,083,875</b>	<b>\$ 1,083,875</b>
Other State Operations	61,834	61,267	61,267	66,278
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,766	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,108,949</b>	<b>\$ 1,147,816</b>	<b>\$ 1,145,892</b>	<b>\$ 1,150,903</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,108,949	\$ 1,147,816	\$ 1,145,892	\$ 1,150,903
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,108,949</b>	<b>\$ 1,147,816</b>	<b>\$ 1,145,892</b>	<b>\$ 1,150,903</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>
<b>FTE Average</b>	<b>7.8</b>			

**FY 2020 Revised Request.** The Office of the Lieutenant Governor requested \$48,000 more than enacted from general revenues. *The Governor recommended \$1,924 less than enacted.* **The Assembly included \$5,011 more than the Governor’s revised recommendation.**

**Legal Services.** The Office’s revised request includes \$82,010 more from general revenues for outside legal services. Of the requested amount, \$34,010 is for intervention in Public Utilities Commission hearings regarding planned National Grid utility rate hikes and pipeline location plans and \$48,000 is for a \$4,000 monthly retainer for general legal services. The enacted budget does not include any funds for legal services, consistent with a savings proposal offered by the Office and included with the Governor’s recommendation. In FY 2019, the Office spent \$54,511 on legal services despite no funding being included in that budget either. *The Governor recommended the \$34,010 related to Commission hearings.* **The Assembly concurred.**

**Salaries and Benefits.** The Office’s revised request includes \$34,010 less from general revenues for salaries and benefits. The FY 2020 enacted budget includes \$50,000 to fund changes to titles and pay staff upgrades based on a January 2019 plan. The final decision was to upgrade two positions at a cost of \$15,990, and the revised request excludes remaining funds. As of November 9, the Office has all 8.0 authorized positions filled, and the request fully funds current staffing. *The Governor recommended \$1,924 less than requested reflecting statewide medical benefit savings.* **The Assembly concurred.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and

human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The request is consistent with the enacted amount of \$20,953 from general revenues. The revised request is \$2,219 less than FY 2019 because of a one-time expense for software upgrades; final expenditures were \$555 above the final budget. *The Governor recommended funding as requested. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly reduced excess funding and allocated expenditures where they occurred and provided \$5,011 more based on expenditures and billings through the third quarter.**

**Other Operations.** Consistent with the enacted budget, the Office requested \$41,064 from general revenues for all other expenses. These expenses include office supplies, computer equipment, and out of state travel. The Office had inadvertently included funding of \$9,535 in its FY 2020 request for a vehicle for which the last payment was made in FY 2019. The Office maintains that funding in its revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Office of the Secretary of State

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Administration	\$ 3,315,964	\$ 3,875,528	\$ 3,810,157	\$ 3,501,120
Corporations	2,329,267	2,291,898	2,291,898	2,443,587
Elections and Civics	3,761,160	3,133,331	3,927,101	4,878,985
Office of Public Information	455,839	477,568	444,084	444,084
State Archives	543,390	539,342	543,713	571,527
State Library	725,536	683,490	738,137	738,137
<b>Total</b>	<b>\$ 11,131,156</b>	<b>\$ 11,001,157</b>	<b>\$ 11,755,090</b>	<b>\$ 12,577,440</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 6,095,701	\$ 6,319,043	\$ 6,646,735	\$ 6,646,735
Contracted Services	574,585	1,472,245	1,182,891	1,182,891
<b>Subtotal</b>	<b>\$ 6,670,286</b>	<b>\$ 7,791,288</b>	<b>\$ 7,829,626</b>	<b>\$ 7,829,626</b>
Other State Operations	3,092,609	2,908,119	3,426,714	4,249,064
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	149,465	143,000	243,000	243,000
Capital	576,227	143,750	225,750	225,750
Capital Debt Service	627,569	-	-	-
Operating Transfers	15,000	15,000	30,000	30,000
<b>Total</b>	<b>\$ 11,131,156</b>	<b>\$ 11,001,157</b>	<b>\$ 11,755,090</b>	<b>\$ 12,577,440</b>
<b>Sources of Funds</b>				
General Revenue	\$ 9,796,149	\$ 9,533,255	\$ 9,489,047	\$ 9,311,397
Federal Aid	885,018	1,016,230	1,810,000	2,810,000
Restricted Receipts	449,989	451,672	456,043	456,043
Other	-	-	-	-
<b>Total</b>	<b>\$ 11,131,156</b>	<b>\$ 11,001,157</b>	<b>\$ 11,755,090</b>	<b>\$ 12,577,440</b>
<b>FTE Authorization</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>
<b>FTE Average</b>	<b>56.2</b>			

**FY 2020 Revised Request.** The Secretary of State requested revised FY 2020 expenditures that are \$0.9 million more than enacted, including \$0.8 million from federal funds, \$4,829 from Historical Records Trust restricted receipts, and \$0.2 million from Rhode Island Capital Plan funds. *The Governor recommended \$0.2 million less than requested, including \$44,208 less from general revenues.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Office of the Secretary of State, this includes \$0.3 million across four programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table on the following page shows where those adjustments were made and the unadjusted amounts by program.*

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Administration	\$ 3,875,528	\$ 3,810,157	\$ (331,387)	\$ 3,478,770
Corporations	2,291,898	2,291,898	151,689	2,443,587
Elections and Civics	3,133,331	3,927,101	151,884	4,078,985
Office of Public Information	477,568	444,084	-	444,084
State Archives	539,342	543,713	27,814	571,527
State Library	683,490	738,137	-	738,137
<b>Total</b>	<b>\$ 11,001,157</b>	<b>\$ 11,755,090</b>	<b>\$ -</b>	<b>\$ 11,755,090</b>

**The Assembly restored the adjustments discussed above. Additionally, it reduced general revenues by \$0.2 million and increased federal funds by \$1.0 million to reflect expenses for the primary election, which was delayed to June 2, 2020 and shifted to a predominantly mail-ballot election by Executive Order 20-11. The Assembly also added \$22,350 for centralized services and authorized a lease agreement for the State Archives not to exceed 10 years at a cost of \$2.8 million.**

**Salaries and Benefits.** The Office requested \$0.3 million more than enacted from all funds for staffing costs for FY 2020, all but \$929 of which is from general revenues. The enacted budget includes \$0.4 million in turnover savings and would fund 51.0 full-time equivalent positions; the revised request would fund 54.0 positions. Funding for 4.0 positions is from the Records Center Fund, discussed later, for total staffing of 58.0 positions. As of the pay period ending October 26, 2019, the Office had 1.0 vacancy averaging 56.8 filled positions. This suggests there may be some turnover savings not accounted for in the request. *The Governor recommended \$14,193 less than requested, which includes \$13,735 less from general revenues, to reflect statewide benefit savings.* **The Assembly concurred.**

**eGov Projects.** The Office requested \$0.4 million less than enacted from general revenues for eGov information technology projects for which the enacted budget includes \$0.8 million. The request reflects scaling back these projects to fund staffing during FY 2020 and is \$0.2 million less than was spent during FY 2019. The Office did not provide information on specific projects. Projects included under the eGov umbrella include the redesign of the lobby tracker application, the open meeting user interface, and the Boards and Commissions database and webpage as well as revising the Rhode Island Government Owner's Manual and restructuring the business services database. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Help America Vote Act Election Security Grant.** The Office requested \$0.8 million more than enacted from the federal Help America Vote Act Election Security Grant. The increase represents unspent funding carried forward from FY 2019. Funding is supporting the upgrade of the central voter registration system, the implementation of cybersecurity and data recovery best practices, e-poll book resources, election administration grants for cities and towns, risk limiting audits, election day incident management software, mail ballot opening and scanning equipment, and polling place operational improvements. The Secretary of State, in conjunction with the Board of Elections, received \$3.0 million from the grant in FY 2019; the balance of the grant is requested for expenditures for FY 2021. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Election Expenses.** The Office requested \$2,247 less than enacted from general revenues for expenses of the Division of Elections and Civics including a presidential primary. For the last presidential primary held in FY 2016, the Office spent \$0.6 million. Excluding expenses relating to the procurement of new voting machines during FY 2017, the request is consistent with historical expenses during a presidential primary year. It should also be noted that the Office's request increases membership dues for the Electronic Registration Information Center in both FY 2020 and FY 2021. The enacted budget was based on the

Office's request which it noted unintentionally understated these dues; however, the revised request is still \$4,125 less than actual FY 2019 spending. *The Governor recommended funding as requested.* **The Assembly reduced general revenues by \$0.2 million and increased federal funds by \$1.0 million to reflect expenses for the primary election, which was delayed to June 2, 2020 and shifted to a predominantly mail-ballot election by the Governor's Executive Order 20-11.**

**State Archives.** The Office requested \$0.2 million more than enacted from all sources for expenditures at the State Archives, including \$27,814 more from general revenues, \$3,900 more from Historical Records Trust Fund restricted receipts, and \$150,000 from Rhode Island Capital Plan funds. The increase includes \$20,000 from general revenues to fund the women's suffrage exhibit that began during FY 2020; January 2020 marks the centennial of Rhode Island's passage of the Nineteenth Amendment. The Office noted that the decision to have an exhibit made after the budget submission in October 2018; no subsequent funding request was submitted. The increase also includes placeholder funding, split between general revenues and restricted receipts, for the Office to move to a new location effective June 2020, as well as \$150,000 from Rhode Island Capital Plan funds to furnish the location. The current leased location on Westminster Street in Providence must be vacated by June so that the current landlord can perform build-out for the next tenant. It should be noted that the approved plan includes funding in the Department of Administration's capital budget for a feasibility study on the potential reuse of the Department of Transportation building for a new archives building. *The Governor recommended general revenues and restricted receipts as requested. She did not recommend any Rhode Island Capital Plan funds.* **The Assembly concurred and passed H-7170, Substitute A, as amended, which authorized the Office to enter into a lease not to exceed 10 years at a cost of \$2.8 million.**

**Records Center.** The Office requested \$1.0 million or \$15,503 more than enacted from other funds for the Records Center. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs for record storage and retrieval. The request reflects funding approximately four positions. The increase also reflects the addition of rental costs for the new leased State Archives location, discussed earlier. Records Center employees are housed at the State Archives facility. *The Governor recommended \$692 less than requested to represent statewide medical benefit savings.* **The Assembly concurred.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. For the Office, the request includes \$62,570 or \$10,041 less than enacted for information technology services; the reduction is entirely from general revenues. It should be noted that the request is \$9,059 higher than actual FY 2019 charges. *The Governor recommended \$30,473 less than requested based on Budget Office estimates. Based on the second quarter internal service fund report, the recommendation appears to be \$22,493 less than will be billed for the year. The Budget Office reported that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly allocated expenditures where they occur and added \$22,350 based on billings through the third quarter.**

**Other Operations.** The Office requested \$105 more than enacted from general revenues for all other expenses. The Office's FY 2020 revised request is \$33,315 less than actual FY 2019 expenditures. It should be noted that the Office incurred unexpected legal expenses as part of the updated notary law in January 2019. Excluding that, the request is about \$15,000 less than actual FY 2019 expenditures. It should also be noted that the FY 2021 request is \$0.1 million more than the revised request; the Office acknowledged that its revised budget does not fully reflect historical expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**





## Office of the General Treasurer

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
General Treasurer	\$ 3,299,329	\$ 3,595,210	\$ 3,519,690	\$ 3,544,690
Unclaimed Property	27,471,418	25,350,100	25,401,199	24,801,199
Employees' Retirement System	9,772,673	11,968,213	11,815,326	11,815,326
Crime Victim Compensation	1,502,158	1,742,118	1,684,722	1,684,722
<b>Subtotal</b>	<b>\$ 42,045,578</b>	<b>\$ 42,655,641</b>	<b>\$ 42,420,937</b>	<b>\$ 41,845,937</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,330,523	\$ 10,909,721	\$ 10,867,919	\$ 10,867,919
Contracted Services	3,356,572	4,943,392	4,943,392	4,943,392
<b>Subtotal</b>	<b>\$ 13,687,095</b>	<b>\$ 15,853,113</b>	<b>\$ 15,811,311</b>	<b>\$ 15,811,311</b>
Other State Operations	27,012,575	25,249,553	25,056,651	24,456,651
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,313,766	1,488,550	1,488,550	1,488,550
Capital	32,142	64,425	64,425	89,425
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 42,045,578</b>	<b>\$ 42,655,641</b>	<b>\$ 42,420,937</b>	<b>\$ 41,845,937</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,926,332	\$ 3,037,551	\$ 2,965,993	\$ 2,965,993
Federal Aid	857,917	998,974	995,090	1,020,090
Restricted Receipts	37,665,681	37,955,257	37,828,125	37,228,125
Other	595,648	663,859	631,729	631,729
<b>Total</b>	<b>\$ 42,045,578</b>	<b>\$ 42,655,641</b>	<b>\$ 42,420,937</b>	<b>\$ 41,845,937</b>
<b>FTE Authorization</b>	<b>89.0</b>	<b>89.0</b>	<b>89.0</b>	<b>89.0</b>
<b>FTE Average</b>	<b>83.9</b>			

**FY 2020 Revised Request.** The Office of the General Treasurer requested total expenditures consistent with the enacted budget but revised spending among programs. *The Governor recommended \$0.2 million less from all sources than enacted and requested. This includes \$0.1 million less from general revenues. The Assembly provided \$0.6 million less from restricted receipts to reflect the May Revenue Estimating Conference estimate of the unclaimed property transfer to the state and authorization to spend an additional \$25,000 from federal funds related to the COVID-19 emergency.*

**Crime Victim Compensation.** The Office requested \$0.1 million less from all sources including \$7,232 less from general revenues for the crime victim compensation program. The reduction represents a shift of the cost of approximately one half of a position to other programs. Claims at \$1.2 million are consistent with the enacted budget and \$0.2 million more than FY 2019 claims.

The FY 2020 enacted budget charged \$0.3 million in salary costs of 11 positions to the Crime Victim Compensation program. The Office's revised request still cost allocates portions of 11 positions to the

program, but to a lesser degree. Only \$0.2 million is being charged in the revised request which is \$0.1 million less than assumed in the enacted budget and equivalent to approximately half a position.

The program pays claims from restricted receipts from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. Receipts have been declining since FY 2013; as restricted receipts decrease, so do the federal reimbursements. At the same time receipts have been declining, the average claim amount and the number of claims has been increasing. Between FY 2015 and FY 2018, annual claims increased from 100 to 160 and the average claim grew by 90.6 percent from \$1,725 to \$3,288. This increase appears to be related to the 2016 legislation that increased the maximum relocation award from \$2,500 to \$5,000; testimony at the time was that expansion would have no state fiscal impact. *The Governor recommended \$976 less than requested including \$594 less from general revenues to reflect statewide medical benefit savings.* **The Assembly concurred.**

**Unclaimed Property.** The Office's request assumes the enacted level of claims and transfer to the state. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommended funding consistent with the request which also represents the November Revenue Estimating Conference.* **The Assembly provided \$0.6 million less to reflect the May Revenue Estimating Conference estimate of a \$12.2 million transfer to the state.**

**Centralized Services.** The Office requested the enacted level for centralized facility management and information technology services. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The 2017 Assembly authorized the establishment of internal service funds for centralized information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources.

The FY 2020 revised request for information technology services is \$36,383 or 20.6 percent more than spent in FY 2019. General revenues are 19.3 percent more than spent in FY 2019. In terms of facilities management, the revised request is \$0.2 million more than spent in FY 2019. The enacted budget does include an additional \$0.1 million from restricted receipts from the Retirement System as a placeholder for potential long-term improvements to the Warwick location. Adjusted for the placeholder, the revised request is \$66,964 more than spent in FY 2019 and \$6,646 less than spent in FY 2018.

*The Governor recommended \$0.2 million less than enacted and requested, including \$0.1 million less from general revenues. This includes \$0.1 million less for facilities management and \$0.1 million less for information technology services based on billings through December.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Office requested \$31,435 more than enacted for other salaries and benefits including \$4,001 more from general revenues based on current staffing levels and adjustments to cost allocations, including \$0.1 million in costs from the Crime Victim Compensation program. The revised request is \$0.6 million or 5.8 percent more than spent in FY 2019. This is equivalent to 4.8 full-time equivalent positions. *The Governor recommended \$18,937 less from all sources than requested, including \$3,335 less from general revenues, to reflect statewide medical benefit savings.* **The Assembly concurred.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the

federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Office had spent \$22,106. The majority of expenses have been for computers for working remotely. **The Assembly added \$25,000 from federal funds to account for these expenses.***

**Other Operations.** The Office requested \$21,889 more than enacted for all other operations including \$3,231 more from general revenues. It appears that adjustments were made to unidentified operating expenses in order to submit a total budget at the enacted level. *The Governor recommended general revenues as requested but \$27,507 less than requested from other funds that were inadvertently increased in the request. **The Assembly concurred.***



## Rhode Island Board of Elections

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,578,356	\$ 1,678,429	\$ 1,573,831	\$ 1,673,831
Contracted Services	154,133	236,688	237,300	237,300
<b>Subtotal</b>	<b>\$ 1,732,489</b>	<b>\$ 1,915,117</b>	<b>\$ 1,811,131</b>	<b>\$ 1,911,131</b>
Other State Operations	783,178	825,738	704,459	789,448
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,728,470	-	-	-
Capital	28,587	8,000	202,057	202,057
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,272,724</b>	<b>\$ 2,748,855</b>	<b>\$ 2,717,647</b>	<b>\$ 2,902,636</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,272,724	\$ 2,748,855	\$ 2,717,647	\$ 2,802,636
Federal Aid	-	-	-	100,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,272,724</b>	<b>\$ 2,748,855</b>	<b>\$ 2,717,647</b>	<b>\$ 2,902,636</b>
<b>FTE Authorization</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>
<b>FTE Average</b>	<b>11.4</b>			

**FY 2020 Revised Request.** The Board of Elections requested \$0.4 million more than enacted from general revenues. *The Governor recommended \$31,208 less than enacted or \$0.4 million less than requested.* **The Assembly shifted \$0.1 million from general revenues to federal funds awarded through the CARES Act for election expenses, added \$0.2 million from general revenues for centralized services, and concurred with the rest of the recommendation.**

**Board Meeting Video Equipment.** The Board requested \$70,000 in new spending from general revenues for video equipment to record its board meetings. The Board currently has audio equipment at its Branch Avenue location; however, it is not known if this equipment could support a large meeting space and video equipment. The requested amount is a placeholder and provides an estimate should the Board need to procure all new equipment. *The Governor included \$0.1 million more than enacted for expenses relating to the new location without specifying uses.* **The Assembly concurred.**

**New Location.** The Board requested \$0.8 million, or \$0.4 million more than enacted, for expenses relating to its relocation to a leased facility on Plainfield Pike in Cranston. The enacted budget authorizes the Board to enter into a lease for a term not to exceed 10 years and a total cost of \$6.5 million. The request mostly reflects one-time costs associated with the move, such as the installation of a backup generator, and moving voting equipment. The Board's request and the enacted budget reflect eight months of occupancy. However, the lease was finalized at the beginning of November 2019; occupancy will begin in January, with equipment going that month and staff in February. Thus, there should be rental and utilities savings equivalent to two months of \$0.1 million. The Board also noted that the one-time costs are overstated by \$20,000 as a result of the lease approval timeline. *The Governor's recommendation increases expenses by*

*\$0.1 million without specifying uses to allow the Board flexibility to prioritize expenses, as previously noted.*  
**The Assembly concurred.**

**Seasonal Election Staff.** The Board requested \$52,749 more than enacted for seasonal staff for the presidential primary election in April 2020. The enacted budget includes \$0.2 million for seasonal staff and the Board spent approximately \$0.1 million in the 2016 presidential primary. The request is based on Board estimates, not prior expenses. The Board noted that the additional funding will assist with the anticipated increase of mail ballots and risk limiting audits. *The Governor recommended \$25,836 less than requested. The recommendation includes funding to assist with the primary and assumes the Board will use Help America Vote Act Election Security grant funds located in the Secretary of State's budget for risk limiting audits; \$0.4 million of those grant funds are programmed for this work.* **The Assembly provided \$0.1 million more from federal funds awarded through the CARES Act and a corresponding decrease from general revenues for election expenses.**

**Other Election Expenses.** The Board requested \$3,050 more than the \$0.1 million enacted for election expenses in FY 2020. The request includes additional funding for uniforms and food for seasonal staff as well as payments through the state fleet revolving loan fund. During FY 2019, the Board purchased a vehicle to assist with election duties through this fund and it is required to make payments beginning this year. There is also a reduction to vehicle rentals which offsets all but \$800 of these payments. *The Governor recommended funding as requested.* **The Assembly provided \$0.1 million less to reflect fewer polling places open for the primary. The decrease is offset by an increase of \$0.1 million from federal funds for seasonal staff.**

**Other Salaries and Benefits.** The Board requested \$0.1 million less than enacted from general revenues for salaries and benefits of its 13.0 full-time equivalent positions. The enacted budget includes no turnover savings; the decrease reflects turnover equivalent to 1.0 position. As of October 24, the Board has maintained one vacancy for the fiscal year. The Board noted that this request is unintentionally understated; it hoped to fill that vacancy in January. *The Governor recommended \$6,623 less than requested to reflect statewide medical benefit savings.* **The Assembly concurred.**

**Cybersecurity.** The Board requested \$50,000 in new spending to contract cybersecurity penetration testing of voting equipment. The Board later indicated this work would be done by the Rhode Island National Guard and Department of Administration's Division of Information Technology, at no cost to the agency. *The Governor did not recommend funding.* **The Assembly concurred.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. These funds are used to reimburse one agency for services provided to another. For the Board, the request includes \$123,808 from general revenues for information technology and facilities management, which is \$35,000 less than enacted to reflect the relocation to a leased facility. *The Governor recommended \$26,994 less than requested based on Budget Office estimates for information technology charges. Based on the second quarter internal service fund report, the recommendation is \$80,056 less than has already been billed suggesting it is understated. The Budget Office reported that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly allocated expenditures where they occur and added \$0.2 million based on expenditures through the third quarter.**

**Other Operations.** The Board requested the enacted amount from general revenues for other expenses, mostly based on FY 2019 spending. It should be noted that the request includes the enacted amount of \$150,000 for legal services; however, actual spending during FY 2019 was only \$116,982. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Rhode Island Ethics Commission

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,475,218	\$ 1,572,002	\$ 1,568,860	\$ 1,568,860
Contracted Services	26,349	47,275	47,275	47,275
<b>Subtotal</b>	<b>\$ 1,501,567</b>	<b>\$ 1,619,277</b>	<b>\$ 1,616,135</b>	<b>\$ 1,616,135</b>
Other State Operations	210,787	218,195	219,484	224,444
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	6,806	7,826	7,826	7,826
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,719,160</b>	<b>\$ 1,845,298</b>	<b>\$ 1,843,445</b>	<b>\$ 1,848,405</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,719,160	\$ 1,845,298	\$ 1,843,445	\$ 1,848,405
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,719,160</b>	<b>\$ 1,845,298</b>	<b>\$ 1,843,445</b>	<b>\$ 1,848,405</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>11.8</b>			

**FY 2020 Revised Request.** The Rhode Island Ethics Commission requested \$48,340 more than enacted from general revenues, primarily for contracted legal services. *The Governor recommended \$1,853 less than enacted and \$50,193 less than requested.* **The Assembly provided \$4,960 more for centralized services.**

**Legal Services.** The Commission requested \$40,000 more than enacted from general revenues for contracted legal services. The Commission has litigation matters pending in Rhode Island Superior Court, which it anticipated would increase independent legal counsel costs for FY 2020 and potentially for FY 2021. *The Governor did not recommend the funding, but included \$80,000 for FY 2021.* **The Assembly concurred.**

**Centralized Services.** Consistent with the enacted budget, the Commission's revised request includes \$42,920 from general revenues for its share of centralized information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended funding as requested. Based on the second quarter internal service fund report, the Commission appeared likely to be billed approximately \$10,000 more than the Governor's recommendation. The Budget Office reported that any current year instances of overspending will be resolved by charging the excess costs to the Department*

*of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. **The Assembly reduced the excess funding in the Department of Administration's budget and allocated expenditures where they occur by adding \$4,960 for the Commission.***

**Other Operations.** The Commission requested \$8,340 more than enacted from general revenues for all other expenditures. This request restores \$4,629 of statewide operating savings assumed in the enacted budget; the Commission annually underspends its final appropriation and achieved the savings in FY 2019. It also added \$5,000 for increased parking expenses included in the lease for its 40 Fountain Street office in Providence, offset by other savings. *The Governor recommended \$10,193 less than requested, including the \$4,629 of statewide savings and \$3,711 less for parking in order to keep the appropriation at the enacted level. It appears other operating expenses would have to be reduced to cover the increased parking expenses. This also includes \$1,853 from statewide medical benefit savings. **The Assembly concurred.***



## Office of the Governor

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,970,644	\$ 5,569,066	\$ 5,554,856	\$ 5,554,856
Contracted Services	145,125	500	500	15,000
<b>Subtotal</b>	<b>\$ 5,115,769</b>	<b>\$ 5,569,566</b>	<b>\$ 5,555,356</b>	<b>\$ 5,569,856</b>
Other State Operations	504,807	356,545	363,869	373,729
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	150,000	150,000	150,000
Capital	3,886	17,100	17,100	17,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,624,462</b>	<b>\$ 6,093,211</b>	<b>\$ 6,086,325</b>	<b>\$ 6,110,685</b>
<b>Sources of Funds</b>				
General Revenue	\$ 5,624,462	\$ 6,093,211	\$ 6,086,325	\$ 5,507,308
Federal Aid	-	-	-	603,377
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 5,624,462</b>	<b>\$ 6,093,211</b>	<b>\$ 6,086,325</b>	<b>\$ 6,110,685</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
<b>FTE Average</b>	<b>36.1</b>			

**FY 2020 Revised Request.** The Office of the Governor requested the enacted level of \$6.1 million from general revenues and staffing consistent with the authorized level. *The Governor recommended \$6,886 less than requested to reflect statewide medical benefit savings.* **The Assembly provided \$24,360 more from all sources, including \$14,500 from federal coronavirus relief funds.**

**Centralized Services.** Consistent with the enacted budget, the Office’s revised request includes \$0.1 million from general revenues for its share of centralized information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended funding as requested. Based on the second quarter internal service fund report, the Office appeared likely to be billed approximately \$21,000 more than the Governor’s recommendation. The Budget Office reported that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly reduced the excess funding in the Department of Administration’s budget and allocated expenditures where they occur by adding \$9,860 for the Office.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent

reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of the week ending June 12, the Office had spent nearly \$10,000 for interpreter services for the Governor’s daily briefings. **The Assembly provided \$14,500 from federal funds to account for these expenses.***

**Other Operations.** The Office requested the enacted level of \$6.0 million for all other expenses, including \$5.6 million for personnel. Based on an average position cost of \$144,530, this would fund 38.5 of the Office’s 45.0 authorized full-time equivalent positions; however, as of the pay period ending November 11, 2019, the Office had 39.6 filled positions. Based on this pay period, the revised request appears understated by up to \$0.5 million. It should be noted that in FY 2019, the Office allocated \$0.5 million of its personnel expenditures to other state agencies, which did not have funding specifically budgeted for this. It also shifted \$0.5 million in FY 2018 and \$0.7 million in FY 2017 to other state agencies. Should the requested funding be insufficient for actual personnel expenditures, it is possible that those expenses could be charged to other state agencies though no funding is budgeted there either. The revised request also restores \$7,324 of statewide operating savings assumed in the enacted budget, offset by employee benefit savings. *The Governor recommended \$6,886 less than requested to reflect statewide medical benefit savings. **The Assembly shifted \$0.6 million of general revenue personnel expenses to federal coronavirus relief funds based on the Office’s staff time responding directly to the COVID-19 emergency.***

## Rhode Island Commission for Human Rights

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,438,629	\$ 1,583,586	\$ 1,586,862	\$ 1,533,687
Contracted Services	3,085	9,850	8,800	8,800
<b>Subtotal</b>	<b>\$ 1,441,714</b>	<b>\$ 1,593,436</b>	<b>\$ 1,595,662</b>	<b>\$ 1,542,487</b>
Other State Operations	300,382	323,569	312,086	312,086
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,443	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,743,539</b>	<b>\$ 1,917,005</b>	<b>\$ 1,907,748</b>	<b>\$ 1,854,573</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,298,536	\$ 1,353,591	\$ 1,350,221	\$ 1,297,046
Federal Aid	445,003	563,414	557,527	557,527
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,743,539</b>	<b>\$ 1,917,005</b>	<b>\$ 1,907,748</b>	<b>\$ 1,854,573</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>
<b>FTE Average</b>	<b>13.5</b>			

**FY 2020 Revised Request.** The Commission for Human Rights requested \$4,907 more than enacted from federal funds. *The Governor recommended \$9,257 less from all sources than enacted, including \$3,370 less from general revenues. The recommendation is \$14,164 less than requested. The Assembly provided \$53,175 less from general revenues.*

**Federal Receipts.** The enacted budget assumed available federal receipts to be spent in FY 2020 would be \$563,414. The Commission's revised budget requested expenses totaling \$568,321, which is \$4,907 more than enacted. The Commission estimated approximately \$40,000 less from the federal Department of Housing and Urban Development receipts in FY 2020 because the caseload is lower than in previous years. The request reflects an increase to salaries and benefits, for 2.0 filled positions offset by operating savings. The Commission spent \$445,003 in FY 2019.

The Commission has had a carry-forward balance for the last four fiscal years. The Housing and Urban Development grant has specific restrictions on what may be spent with those funds, where expenditures must directly concern the advancement of these cases. However, the Equal Employment Opportunity grant does not have these restrictions, which makes expenditures from these funds more flexible. The Commission's revised request reflects exhausting almost all of its carry-forward funding from the Equal Employment Opportunity grant to supplement a reduction in available funding from the Housing and Urban Development grant. *The Governor's budget includes \$557,527, which is \$5,887 less than enacted and \$10,794 less than requested. The Assembly concurred.*

**Centralized Services.** The Commission requested \$39,000 from general revenues for centralized information technology services which is \$7,622 more than enacted. In FY 2019, the Commission spent \$35,555 for these services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Personnel and Operating.** The Commission requested \$2,715 less than enacted from all sources for other personnel and operating expenses, including \$7,622 less from general revenues and \$4,907 more from federal funds. The request included \$17,440 more for salaries and benefits, including \$20,336 more from federal funds. This reflects fully funding 14.0 positions and is offset by a \$20,155 decrease for operating expenses mostly reflecting FY 2019 expenditures. *The Governor recommended \$14,164 less than requested from all sources, including \$3,370 less from general revenues, to reflect additional turnover savings based on current vacancies and statewide medical benefit savings.* **The Assembly provided \$53,175 less from general revenues which reflects additional turnover savings based on one vacancy held for most of the year.**

## Public Utilities Commission

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 6,274,696	\$ 7,106,801	\$ 7,047,602	\$ 7,047,602
Contracted Services	1,364,001	2,609,421	2,609,421	2,609,421
<b>Subtotal</b>	<b>\$ 7,638,697</b>	<b>\$ 9,716,222</b>	<b>\$ 9,657,023</b>	<b>\$ 9,657,023</b>
Other State Operations	1,266,615	1,256,758	1,302,901	1,332,901
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	219,861	410,000	410,000	410,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 9,125,173</b>	<b>\$ 11,382,980</b>	<b>\$ 11,369,924</b>	<b>\$ 11,399,924</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	177,972	178,002	175,928	205,928
Restricted Receipts	8,947,201	11,204,978	11,193,996	11,193,996
Other	-	-	-	-
<b>Total</b>	<b>\$ 9,125,173</b>	<b>\$ 11,382,980</b>	<b>\$ 11,369,924</b>	<b>\$ 11,399,924</b>
<b>FTE Authorization</b>	<b>53.0</b>	<b>52.0</b>	<b>52.0</b>	<b>52.0</b>
<b>FTE Average</b>	<b>47.3</b>			

**FY 2020 Revised Request.** The Public Utilities Commission requested \$47,321 less than enacted from restricted receipts assessed to the regulated utilities. *The Governor recommended \$13,056 less than enacted and \$34,265 more than requested.* **The Assembly provided \$30,000 more from federal coronavirus relief funds.**

**Salaries and Benefits.** The Commission requested \$47,321 less from all sources for salaries and benefits to reflect additional turnover savings equivalent to approximately 0.4 full-time equivalent positions. The enacted budget included turnover savings of \$0.2 million or 1.9 full-time equivalent positions. As of the September 28, 2019 pay period, the Commission had 4.0 vacant positions, including a director position.

Subsequent to the Commission's request, on December 19, 2019, a number of classified positions were upgraded through the public hearing process. This includes a Public Utilities Administrator for Motor Carriers and Engineering Specialist II positions. The total cost of these upgrades for FY 2020 is \$4,598. *The Governor recommended \$11,878 less than requested to reflect statewide medical benefit savings. It does not appear to include the additional funding for the upgraded positions.* **The Assembly concurred. Additional vacancies held throughout the year offset the additional cost of the upgrades.**

**Centralized Services.** The Commission requested \$90,324 from restricted receipts for centralized information technology services, which is consistent with the enacted budget. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these

services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs, which in turn pay for the staff and expenses. In FY 2019, the Commission spent \$131,775. *The Governor recommended \$46,143 more than enacted and requested for information technology services based on Budget Office estimates.* **The Assembly concurred.**

**COVID-19 Response.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures. *No expenses were accounted for in the Governor’s revised budget. As of the week ending June 12, the Office had spent \$840. The majority of expenses have been for additional cleaning of the Commission’s building.* **The Assembly provided an additional \$30,000 from federal funds to account for these expenses which is based on projected expenditures until the end of the year.**

## Executive Office of Health and Human Services

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 HFC
<b>Expenditures by Program</b>				
Central Management	\$ 153,572,014	\$ 181,345,296	\$ 197,772,518	\$ 195,689,952
Medical Assistance	2,447,996,365	2,509,387,466	2,471,118,258	2,538,301,678
<b>Total</b>	<b>\$ 2,601,568,379</b>	<b>\$ 2,690,732,762</b>	<b>\$ 2,668,890,776</b>	<b>\$ 2,733,991,630</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 30,204,982	\$ 31,536,751	\$ 30,720,465	\$ 30,720,465
Contracted Services	90,465,732	118,247,721	127,064,613	124,911,975
<b>Subtotal</b>	<b>\$ 120,670,714</b>	<b>\$ 149,784,472</b>	<b>\$ 157,785,078</b>	<b>\$ 155,632,440</b>
Other State Operations	(1,079,805)	9,664,199	10,808,572	10,878,644
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,481,865,104	2,530,752,816	2,490,633,610	2,557,817,030
Capital	112,366	531,275	1,413,516	1,413,516
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	8,250,000	8,250,000
<b>Total</b>	<b>\$ 2,601,568,379</b>	<b>\$ 2,690,732,762</b>	<b>\$ 2,668,890,776</b>	<b>\$ 2,733,991,630</b>
<b>Sources of Funds</b>				
General Revenue	\$ 972,457,072	\$ 1,002,282,411	\$ 985,967,831	\$ 947,579,577
Federal Aid	1,601,101,956	1,664,521,164	1,623,177,530	1,726,642,736
Restricted Receipts	28,009,351	23,929,187	59,745,415	59,769,317
Other	-	-	-	-
<b>Total</b>	<b>\$ 2,601,568,379</b>	<b>\$ 2,690,732,762</b>	<b>\$ 2,668,890,776</b>	<b>\$ 2,733,991,630</b>
<b>FTE Authorization</b>	<b>192.0</b>	<b>186.0</b>	<b>186.0</b>	<b>186.0</b>
<b>FTE Average</b>	<b>176.3</b>			

**FY 2020 Revised Request.** The Executive Office included \$0.8 million more from all sources for total funding of \$2,691.5 million in its FY 2020 revised request. This includes \$15.1 million less from federal funds, \$15.9 million more from restricted receipts and the enacted level from general revenues. The revised request was submitted in October and does not reflect the revised caseload estimates adopted in November.

*The Governor recommended \$22.6 million less than requested, including \$16.3 million less from general revenues, including statewide medical benefit savings. She reduced medical assistance expenses by \$19.0 million, including \$5.2 million from general revenues, by resetting selected November caseload conference adopted estimates without consensus.*

**The Assembly provided \$65.1 million more than the Governor’s revised budget including \$38.4 million less from general revenues and \$103.5 million more from federal funds. This includes updated appropriations based on the May caseload conference estimate and other expenditure changes, noted in this analysis.**

## Medical Assistance

The Caseload Estimating Conference met on November 5, 2019 and based on current law, set the FY 2020 medical assistance expenditures at \$2,445.5 million, including \$965.3 million from general revenues, which is \$20.8 million less than enacted from all funds and \$11.3 million less from general revenues. The Executive Office’s revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The following table itemizes medical assistance expenditures in FY 2018 and FY 2019, as enacted by the 2019 and 2020 Assembly, recommended by the Governor, adopted by the caseload estimators. Each category is discussed separately.

Medical Assistance	FY 2018 Spent	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rec.	FY 2020 May CEC	FY 2020 HFC
<b>Hospitals</b>						
Regular Payments	\$ 53.9	\$ 51.2	\$ 52.6	\$ 53.3	\$ 43.7	\$ 44.2
DSH Payments	139.7	138.5	142.3	142.3	142.1	142.1
<b>Total</b>	<b>\$ 193.6</b>	<b>\$ 189.7</b>	<b>\$ 194.9</b>	<b>\$ 195.6</b>	<b>\$ 185.8</b>	<b>\$ 186.3</b>
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 176.7	\$ 316.6	\$ 352.5	\$ 362.0	\$ 368.0	\$ 368.0
Home and Community Care	49.2	70.2	75.6	78.4	83.0	83.0
<b>Total</b>	<b>\$ 226.0</b>	<b>\$ 386.9</b>	<b>\$ 428.1</b>	<b>\$ 440.4</b>	<b>\$ 451.0</b>	<b>\$ 451.0</b>
<b>Managed Care</b>						
Rlte Care	\$ 628.6	\$ 651.0	\$ 681.1	\$ 676.9	\$ 701.7	\$ 701.7
Rlte Share	7.0	2.7	2.6	2.9	2.2	2.2
Fee For Service	62.4	55.8	64.0	33.0	30.8	30.8
<b>Total</b>	<b>\$ 698.0</b>	<b>\$ 709.5</b>	<b>\$ 747.7</b>	<b>\$ 712.8</b>	<b>\$ 734.7</b>	<b>\$ 734.7</b>
<b>Rhody Health Partners</b>	<b>\$ 224.7</b>	<b>\$ 241.2</b>	<b>\$ 249.5</b>	<b>\$ 253.4</b>	<b>\$ 272.5</b>	<b>\$ 272.5</b>
<b>Medicaid Expansion</b>	<b>\$ 460.6</b>	<b>\$ 491.1</b>	<b>\$ 483.1</b>	<b>\$ 470.6</b>	<b>\$ 505.0</b>	<b>\$ 505.0</b>
<b>Rhody Health Options</b>	<b>\$ 364.2</b>	<b>\$ 202.9</b>	<b>\$ 152.6</b>	<b>\$ 144.1</b>	<b>\$ 138.6</b>	<b>\$ 138.6</b>
<b>Pharmacy</b>	<b>\$ (3.9)</b>	<b>\$ (2.3)</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 64.3</b>	<b>\$ 72.0</b>	<b>\$ 74.2</b>	<b>\$ 71.7</b>	<b>\$ 66.4</b>	<b>\$ 66.4</b>
<b>Other Medical Services</b>	<b>\$ 123.9</b>	<b>\$ 124.9</b>	<b>\$ 136.3</b>	<b>\$ 138.0</b>	<b>\$ 138.2</b>	<b>\$ 138.2</b>
Federal Funds	\$ 1,410.1	\$ 1,461.3	\$ 1,479.7	\$ 1,456.3	\$ 1,560.6	\$ 1,561.1
General Revenues	929.7	945.6	976.6	960.2	921.6	921.6
Restricted Receipts	11.7	8.9	10.1	10.1	10.1	10.1
<b>Total</b>	<b>\$ 2,351.5</b>	<b>\$ 2,415.8</b>	<b>\$ 2,466.3</b>	<b>\$ 2,426.6</b>	<b>\$ 2,492.3</b>	<b>\$ 2,492.8</b>

*The Governor recommended \$19.0 million less than the conference estimate, including \$5.2 million less from general revenues. She added \$0.5 million from Medicaid matching funds for graduate medical education activities to the caseload estimate. She also assumed savings from resetting the caseload estimate by lowering enrollment projections for Rlte Care, Rhody Health Partners and Options and the expansion program. Supporting documentation notes that this is the result of one-time RI Bridges (UHIP) updates not reflected in the data reported to the November Caseload Estimating Conference. The Governor’s recommendation uses November data to reset the enrollment estimate for managed care plans by 5,500 individuals.*

*It should be noted that fixes and updates to the RI Bridges system occur regularly, but the Governor has never proposed a change because of such an update. Revisions to enrollment, absent policy changes, are the purview of the consensus caseload estimating process. This unilateral change is in direct conflict with that process. Section 35-17-36 of the General Laws allows for a conference to be called outside the regularly scheduled estimates if “any principal feels that the recommendations of the caseload estimating conference are no longer valid.”*



**The Assembly appropriated \$2,492.8 million, including \$921.6 million from general revenues, \$1,561.1 million from federal funds and \$10.1 million from restricted receipts. This is \$67.2 million above the Governor's recommended budget, including \$37.7 million less from general revenues and \$104.8 million more from federal funds. This reflects the May caseload conference estimate and the new federal funds for graduate medical education activities included in the recommendation.**

**The Families First Coronavirus Response Act temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. Rhode Island's Medicaid match rate is increased to 59.15 percent from 52.95 percent with general revenue savings of \$66.6 million realized in the state's health and human service agencies, including \$54.9 million taken in the caseload estimate.**

**The CARES Act provides \$100 billion for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. Through June, Rhode Island health care providers have received \$90.5 million and another \$19.8 million was provided to Rhode Island Hospital because it is one of the 400 hospitals across the country that provided care to 100 or more COVID-19 patients. The act also includes \$34.5 million for skilled nursing facilities and \$7.3 million for community health centers to expand testing. This is included for informational purposes because funding is awarded directly to the providers and not passed through the state budget.**

**Care New England Settlement.** The medical assistance program includes a variety of expenses incurred on behalf of individuals who are under the care of the Department of Children, Youth and Families and others who may receive inpatient or behavioral healthcare services, including those through the Care New England network. At the November Caseload Estimating Conference, the Executive Office did not testify to any settlement issues for outstanding claims that the Department had with Care New England. *The Governor's revised budget did not address any settlement issues.*

**During its May Caseload Estimating Conference testimony, the Executive Office of Health and Human Services disclosed a \$1.0 million general revenue payment it made in March to Care New England to settle unpaid claims for services provided to 154 individuals over a period of several years. It appears that claims were not paid because either Medicaid eligibility could not be verified or there were issues with the claims that went unresolved. As such these were not appropriate for inclusion in the caseload estimate. Additional questions regarding the basis for the agreement to pay have not been answered, but the expense has been incurred, and the Assembly's appropriation accounts for this payment. This is included for informational purposes in the medical assistance section with the payment being excluded from the previous table.**

### **Hospitals**

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$195.1 million, \$92.2 million from general revenues. It includes \$47.2 million for direct medical services, \$5.6 million for supplemental hospitals payments and \$142.3 million for uncompensated care payments to community hospitals. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended \$0.5 million more than the conference estimate to reflect newly available matching funds for graduate medical education activities.*

**The Assembly provided \$186.3 million which is \$0.5 million more than the May caseload estimate to reflect availability of new federal funds for graduate medical education activities noted in the Governor's recommendation. This is a reduction of \$9.3 million, including \$5.5 million less from general revenues based on the May caseload conference estimate.**

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2020 expenditures at \$52.8 million, including \$24.7 million from general revenues. The estimate also includes the \$4.6 million upper payment limit reimbursement payment made to the community hospitals and \$1.0 million for general graduate medical education activities.

The estimate increases fee-for-service hospital spending by \$0.2 million from all funds, including \$0.1 million from general revenues, in the current fiscal year to reflect higher than anticipated inpatient and outpatient days.

The Executive Office’s revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor added \$0.5 million from Medicaid matching funds for graduate medical education activities to the caseload estimate.*

**The Assembly provided \$44.2 million, including \$19.2 million from general revenues, which is \$0.5 million more than the May caseload conference. This is \$9.1 million less than recommended, including \$5.5 million less from general revenues, which reflects a decrease in utilization, including the temporary suspension of elective procedures during the public health emergency.**

**Disproportionate Share Payments to Hospitals.** The November caseload estimate includes \$142.3 million for the disproportionate share payments for uncompensated care costs to the state’s community hospitals. This includes \$67.5 million from general revenues and matching federal funds. The estimate adopted the known payment which is \$7,776 less than assumed in the enacted budget. The Executive Office’s revised request includes the enacted level.

Hospital Payments	FY 2019 Reported	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 May CEC	FY 2020 HFC
<b>Community Hospitals</b>					
State	\$ 67,251,069	\$ 67,483,497	\$ 67,489,693	\$ 67,489,693	\$ 67,489,694
Federal	71,268,127	74,817,538	74,803,566	74,595,564	74,593,563
Subtotal	\$ 138,519,196	\$ 142,301,035	\$ 142,293,259	\$ 142,085,257	\$ 142,083,257
<b>Upper Payment Limit</b>					
State	\$ 1,701,798	\$ 2,124,107	\$ 2,188,660	\$ 2,188,660	\$ 2,188,660
Federal	13,969,957	2,660,453	2,453,742	2,453,742	2,453,742
Subtotal	\$ 15,671,755	\$ 4,784,560	\$ 4,642,402	\$ 4,642,402	\$ 4,642,402
<b>Graduate Medical Education</b>					
State	\$ 1,000,000	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,529,500
<b>Total</b>	<b>\$ 155,190,951</b>	<b>\$ 148,085,595</b>	<b>\$ 148,435,661</b>	<b>\$ 148,227,659</b>	<b>\$ 148,255,159</b>

Rhode Island’s calculation for the uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid “shortfall” which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital’s costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; however, the state pays the same rate for the same services for Medicaid-eligible individuals, regardless of which hospital provides the treatment.

*The Governor recommended funding consistent with the caseload estimate. The Assembly provided funding consistent with the May estimate which is \$0.2 million less than the November estimate to reflect an adjustment for prior year payments that lowered federal funds.*

**Upper Payment Limit Reimbursements.** The enacted budget includes \$4.8 million from all sources, of which \$2.1 million is from general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state’s community hospitals. The November caseload estimate lowers that to \$4.6

million, including \$2.2 million from general revenues based on updated projections. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly concurred.**

**Graduate Medical Education.** The enacted budget includes \$1.0 million from general revenues for graduate medical education activities at Lifespan. The Executive Office's revised request and the November caseload estimate include the funding. *The Governor's budget adds \$0.5 million from federal Medicaid funds. The Centers for Medicare and Medicaid Services approved \$0.5 million in matching funds for FY 2020.* **The Assembly concurred.**

### Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at \$440.4 million, of which \$208.4 million is from general revenues. This includes \$362.0 million for nursing facilities and hospice care and \$78.4 million for home and community care. The caseload estimate is \$12.3 million more than the enacted budget, including \$6.6 million more from general revenues.

This includes \$9.5 million more for nursing facilities to primarily reflect year-to-date payments, including interim payments still being made to address the applications pending for more than ninety days and recoupments from advanced payments made in prior fiscal years. There is also an increase of \$2.8 million for other home and community care services for projected expenses. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

Long term care fee-for-service costs total \$440.4 million and combined with the \$145.2 million in Rhody Health Options to total \$585.6 million, including \$276.9 million from general revenues. The conference increased expenses by \$4.9 million, including \$3.1 million from general revenues for services to the elderly and disabled compared to the enacted budget.

*The Governor recommended fee-for-service long term care expenses consistent with the caseload estimate of \$440.4 million and lowers expenses for Rhody Health Options to \$144.1 million for long term care funding of \$584.5 million, including \$276.4 million from general revenues.*

**The Assembly provided \$451.0 million from all sources, including \$199.5 million from general revenues and \$251.5 million from federal funds consistent with the May caseload estimate. Combined with Rhody Health Options, the appropriation is \$589.6 million, including \$260.9 million from general revenues in FY 2020 for long term care services.**

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2020 expenditures of \$362.0 million, of which \$171.5 million is from general revenues for the state's 84 nursing facilities. This includes \$9.5 million more for nursing facilities to primarily reflect year-to-date payments, including interim payments still being made to address the applications pending for more than 90 days and recoupments from advanced payments made in prior fiscal years. It also includes increased expenses for hospice care provided in a nursing facility.

The state continues to make advanced payments to nursing facilities and, based on testimony from the Executive Office, the November caseload estimate assumes that ten percent of the \$15.0 million in advanced payments, or \$1.5 million, will not be eligible for Medicaid reimbursement once the payments are reconciled to the services provided. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly provided \$368.0 million, of which \$162.8 million is from general revenues, consistent with the May caseload estimate. This is \$6.0 million more than the Governor's recommendation**

which reflects prior year expenses for hospice services that were not included in the November estimate or the FY 2019 audited statement.

**The May conference estimate included a 10 percent rate increase for April, May and June authorized in Executive Order 20-16 to offset the loss of revenue experienced by the nursing facilities during the pandemic, which totals \$10.4 million. This rate increase is offset by savings realized through lower than projected enrollment.**

**The estimate reflects current experience, including interim payments to address the applications that are pending for more than 90 days. The caseload estimate assumes that \$0.2 million in advanced payments will not be eligible for Medicaid reimbursement and adjusts state funding accordingly.**

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$78.4 million for home and community care expenses, including \$37.0 million from general revenues in the FY 2020 estimate. This is \$2.8 million more than enacted, including \$1.3 million more from general revenues to reflect current spending projections based on higher utilization. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly provided \$83.0 million, of which \$36.7 million is from general revenues and \$46.3 million is from federal funds. This is \$4.6 million more than the Governor's recommendation and includes \$3.8 million for shared living expenses that were excluded from the November caseload estimate.**

### **Managed Care**

The November Caseload Estimating Conference estimate includes managed care expenses of \$719.0 million, including \$309.9 million from general revenues and \$409.1 million from federal funds; the estimate reduces funding by \$28.7 million from all sources, including \$14.5 million from general revenues. The estimate includes RIte Care expenses at \$683.1 million, RIte Share at \$2.9 million and fee-for-service expenses at \$33.0 million; a discussion of each follows. This includes lower than projected enrollment at a higher monthly cost.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor's recommendation lowered the caseload estimate by \$6.2 million, including \$2.9 million less from general revenues, from the enrollment change.*

**The Assembly provided \$734.7 million, including \$293.9 million from general revenues consistent with the May caseload conference estimate. This is \$21.9 million more than the Governor's recommendation and is related to expected enrollment increases due to the COVID-19 pandemic and resulting economic fallout, a delay in usual redetermination activity which is a condition of the enhanced Medicaid rate increased risk share liabilities, unachieved enrollment targets for RIte Share and Federally Qualified Health Center wrap payments.**

**RIte Care.** The November Caseload Estimating Conference estimated RIte Care expenditures at \$683.1 million including \$292.2 million from general revenues and revisions to the caseload enrollment and demographics that influence program costs. The estimate assumes lower than anticipated enrollment and adjustments to capitated rates. *The Governor's budget lowered the caseload estimate by \$6.2 million, including \$2.9 million from general revenues, based on an internal estimate in conflict with the caseload estimating process. The Assembly provided \$701.7 million consistent with the May caseload conference estimate.*

**RIte Share.** The November Caseload Estimating Conference estimate includes RIte Share expenditures of \$2.9 million, including \$1.4 million from general revenues. This is \$0.3 million more than enacted, including \$0.1 million more from general revenues. The Executive Office’s revised request is consistent with the enacted budget, which assumes increased enrollment from additional outreach.

The RIte Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Share eligible participants if the coverage is similar to the cost and services offered through RIte Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctor’s visits when the charges exceeded the amount that the employer’s insurance would pay. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$2.2 million consistent with the May conference estimate, which is \$0.7 million less than the November estimate to reflect unachieved enrollment increases assumed in the November estimate.**

**Fee-Based Managed Care.** The November Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$33.0 million from all sources, of which \$15.6 million is from general revenues. Fee-based managed care provides additional services to those in the contracted managed care system. The Executive Office’s revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$30.8 million consistent with the May conference estimate and \$2.2 million less than the November estimate to reflect current year expenditures.**

### **Rhody Health Partners**

**Rhody Health Partners.** The Caseload Estimating Conference estimate includes expenditures of \$255.1 million from all sources, including \$121.1 million from general revenues for FY 2020 for the managed care program for adults with disabilities. The Department’s revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The estimate is \$1.6 million more than the enacted, including \$2.1 million more from general revenues. The estimate includes a 7.0 percent increase in the monthly capitated payment offset by a 0.4 percent decrease in enrollment. *The Governor’s budget lowered the caseload estimate by \$1.7 million, including \$0.8 million from general revenues, based on an internal estimate in conflict with the caseload estimating process.*

**The Assembly provided \$272.5 million, including \$121.3 million from general revenues, consistent with the May caseload estimate. This is \$19.1 million more than the Governor which is primarily driven by the economic fallout from the COVID-19 pandemic, as well as impacted by risk share liabilities owed to the health plans. These increases are offset by a reduction in expenses for Hepatitis C treatments.**

### **Medicaid Expansion**

**Medicaid Expansion for Certain Adults.** The November Caseload Estimate reduces spending by \$2.1 million for total funding of \$481.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 74,000 enrollees. The estimate also includes \$41.0 million from general revenues for the state match, \$0.1 million less than included in the enacted budget. This reflects a 2.0 percent decrease in enrollment, offset by a 3.0 percent increase in the monthly capitated payment.

*The Governor’s budget lowered the caseload estimate by \$10.4 million, including \$0.9 million from general revenues, based on an internal estimate in conflict with the caseload estimating process.* **The Assembly**

provided \$505.0 million, including \$43.5 million from general revenues consistent with the May estimate. This is \$34.4 million more than the Governor's revised recommendation and reflects the projected caseload increase due to the COVID-19 pandemic to approximately 76,000 enrollees and an increase in the monthly cost per person.

### Rhody Health Options

**Rhody Health Options.** The state has a managed care contract with Neighborhood Health Plan of Rhode Island to manage acute care and long-term care services for individuals eligible for both Medicare and Medicaid. The caseload conference estimate includes \$145.2 million from all sources, including \$68.5 million from general revenues for the Rhody Health Options program.

The estimate is \$7.4 million less than enacted, including \$3.5 million less from general revenues for the approximately 14,600 enrolled in the managed care plan. The estimate includes approximately 2,000 fewer enrollees and a 3.0 percent decrease to the monthly capitated payment. The savings in this program offset the increase in the long term care program as more individuals are receiving services through the fee-for-service program.

*The Governor recommended \$1.1 million less than the conference estimate, including \$0.5 million less from general revenues, from lowering the enrollment. **The Assembly provided \$138.6 million, including \$61.3 million from general revenues, \$76.1 million from federal funds and \$10.1 million from restricted receipts. This is \$1.2 million more than the Governor's recommendation to reflect updated enrollment projections.***

### Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$71.8 million from general revenues; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the caseload estimate. **The Assembly provided \$66.5 million consistent with the May caseload conference estimate.***

Fee-for-Service. The Caseload Estimating Conference estimate includes expenses totaling \$0.1 million for FY 2020 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this is \$0.2 million more than enacted. *The Governor recommended funding consistent with the caseload estimate. **The Assembly included \$0.1 million consistent with the May caseload conference estimate.***

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$71.7 million, \$2.6 million less than enacted. This reflects lower than anticipated enrollment and updated monthly premiums.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible but do pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor recommended funding consistent with the caseload estimate. **The Assembly provided \$66.4 million consistent with the May caseload conference estimate.***

## Other Medical Services

The Caseload Estimating Conference estimate includes costs for other medical services, which include Part B Medicare premium payments for the dually eligible population and additional payments to dentists, physicians and other practitioners. Similar to the pharmacy payments, a portion of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' adults with developmental disabilities and behavioral health clients are eligible for other medical services.

The November Caseload Estimating Conference estimate includes expenditures for other medical services at \$138.0 million, which includes \$52.3 million from general revenues, \$75.6 million from federal funds and \$10.1 million from restricted receipts. The estimate is \$1.7 million more than the enacted budget, including \$0.5 million more from general revenues. The Executive Office's revised request does not reflect the November caseload estimate.

Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage that totals \$74.1 million from all sources, or \$0.5 million more than enacted; this payment is 55.0 percent of other medical services expenses. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, durable medical equipment and transportation services. Those payments increase by \$8.7 million to reflect projected spending. This includes \$5.0 million for transportation expenses which is \$0.4 million more than enacted. The Executive Office raised the ambulance rates in July which was not part of the enacted budget and are adjusted in the estimate. *The Governor recommended funding consistent with the caseload estimate.* **The Assembly provided \$138.2 million, including \$48.6 million from general revenues consistent with the May caseload conference estimate.**

## Administration

**Electronic Visit Verification - Reappropriation.** The Governor reappropriated \$69,949 from general revenues for the electronic visit verification initiative. The revised request includes this for total funding of \$0.6 million from all sources, including \$0.1 million from general revenues. The enacted budget includes \$0.2 million for Sandata for the five-year, \$2.4 million contract, expiring on January 31, 2021 that provides enhanced fraud, waste and abuse and improper payment surveillance detection capability. The increase funds the \$0.6 million of contract obligations and additional tasks. This includes adding managed care organizations to the verification system, modify the data file requirement, adding third party interfaces for provider and software training. *The Governor's budget inadvertently added \$69,949 from general revenues to the request.* **The Assembly reduced the recommendation by \$69,949 to correct the inadvertent increase.**

**Unified Health Infrastructure Project.** Costs for the Unified Health Infrastructure Project were requested at \$81.0 million from all sources, including \$10.2 million from general revenues, \$54.6 million from federal funds, \$31.0 million from Deloitte Settlement restricted receipt funds and general revenues savings of \$4.7 million in the budgets for the Executive Office and Department of Human Services. Both budgets assumed that the state will negotiate with the main vendor Deloitte to recoup some payments made in the development of the new eligibility system, which is still not fully functional, that are intended to offset current general revenue expenses. As of December 31, 2019, negotiations are still ongoing and the contract amendment that includes the \$50 million payment has not been signed. The FY 2020 enacted budget assumes the use of \$33.2 million from restricted receipts in the Executive Office of Health and Human Services, Department of Human Services and Healthsource RI.

The revised request includes \$47.5 million for contracted services, \$18.1 million less than enacted, primarily to correct for the previously noted issue with federal funds. The revised request includes \$12.6

million for Deloitte, \$10.7 million for a contract with KPMG, and \$10.0 million for Automated Health Systems for the contact center. This also includes \$4.3 million for a contract with the Faulkner Group and \$22.0 million for IBM to address the ongoing functional issues with the new eligibility system.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
<b>FY 2016 through FY 2019*</b>	<b>\$ 41,279,437</b>	<b>\$ 209,915,048</b>	<b>\$ -</b>	<b>\$ 7,768,211</b>	<b>\$ 194,504,317</b>
<b>FY 2020 Enacted</b>					
EOHHS	\$ 2,048,556	\$ 62,876,509	\$ 6,614,152	\$ -	\$ 71,539,217
DHS	(2,447,271)	12,270,554	24,714,185	-	34,537,468
HealthSource RI/Contact Center	-	-	1,914,836	2,059,952	3,974,788
<b>Total</b>	<b>\$ (398,715)</b>	<b>\$ 75,147,063</b>	<b>\$ 33,243,173</b>	<b>\$ 2,059,952</b>	<b>\$ 110,051,473</b>
<b>FY 2020 Revised</b>					
EOHHS	\$ 1,909,372	\$ 43,173,269	\$ 6,527,952	\$ -	\$ 51,610,593
DHS	(2,502,646)	12,104,456	24,714,185	-	34,315,995
HealthSource RI/Contact Center	-	-	1,914,836	1,992,959	3,907,795
<b>Total</b>	<b>\$ (593,274)</b>	<b>\$ 55,277,725</b>	<b>\$ 33,156,973</b>	<b>\$ 1,992,959</b>	<b>\$ 89,834,383</b>
<b>FY 2020 Governor Revised</b>					
EOHHS	\$ 2,047,841	\$ 40,657,950	\$ 26,937,365	\$ 1,600,247	\$ 71,243,403
DHS	(6,574,707)	10,781,067	21,970,869	-	26,177,229
HealthSource RI/Contact Center	-	-	1,091,766	3,278,043	4,369,809
<b>Total</b>	<b>\$ (4,526,866)</b>	<b>\$ 51,439,017</b>	<b>\$ 50,000,000</b>	<b>\$ 4,878,290</b>	<b>\$ 101,790,441</b>
<b>FY 2020 Final</b>					
EOHHS	\$ 1,958,042	\$ 40,657,950	\$ 26,937,365	\$ 1,600,247	\$ 71,153,604
DHS	(6,574,707)	10,781,067	21,970,869	-	26,177,229
HealthSource RI/Contact Center	-	-	1,091,766	3,278,043	4,369,809
<b>Total</b>	<b>\$ (4,616,665)</b>	<b>\$ 51,439,017</b>	<b>\$ 50,000,000</b>	<b>\$ 4,878,290</b>	<b>\$ 101,700,642</b>

\*Funding in EOHHS and DHS

The request also includes \$3.7 million for salary and benefit expenses, \$1.3 million less than enacted. The revised request eliminates \$0.5 million from general revenues included in the enacted budget for salaries and benefits and shifts those expenses to the restricted receipt account. The positions supported by general revenues include \$0.2 million for the Executive Office, \$0.2 million for the Department of Administration and \$0.1 million for the Department of Human Services. For the revised request, the Executive Office includes funding for 45 positions, four fewer than the enacted budget and at a lower portion of the total salaries and benefits cost.

The state has recently been approved for a project plan that totals \$647.7 million through the first quarter of federal fiscal year 2020. This includes \$502.0 million from federal funds and \$154.0 million from general revenues for design, development and implementation that totals \$400.5 million and \$255.5 million for maintenance and operations.

*The Governor recommended \$2.0 million less than enacted and \$17.5 million more than requested from all sources. It should be noted that the Governor's revised budget shows the full \$50 million but assumes a state share of \$28.9 million. On February 6, the state was notified that its share of settlement funds is \$30.0 million, \$1.1 million more than assumed in the revised budget recommendation. **The Assembly concurred with funding for the Executive Office and included general revenue savings of \$1.1 million in the Department of Human Services.***

**Prescription Drug Monitoring Program.** The Executive Office included \$3.5 million from a new federal Prescription Drug Monitoring program through an implementation advance planning document. The first year is fully federally funded. The second year federal match is 90 percent, with a 10 percent state match. The request includes \$3.0 million for contracted financial services and \$0.5 million for other administrative expenses. This includes \$0.1 million to partially funding two currently filled positions and another \$0.4 million for vacant, unidentified positions.



The Rhode Island Prescription Drug Monitoring Program is the system that collects data on all controlled substance prescriptions and stores in a centralized registry. The information is used to improve patient care, identify risky prescribing practices, and help prevent drug diversion. All practitioners that hold a Rhode Island Controlled Substance Registration must register with the program and are required to check it prior to prescribing an opioid for the first time, and at least every three months for continuous opioid prescriptions. The Department of Health also uses it to evaluate compliance with Rhode Island's Safe Opioid Prescribing Guidelines and support drug overdose prevention program efforts. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Substance Use Disorder Provider Capacity Grant.** The Executive Office requested \$1.8 million from a new federal Substance Use Disorder Provider Capacity grant. This is a two year award totaling \$3.1 million. The revised request includes \$0.9 million for computers, \$0.7 million for contracted services and \$0.2 million for program operations. The provider capacity building initiative, in conjunction with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals takes a comprehensive approach to increasing provider capacity and ability to provide substance abuse use services to Medicaid beneficiaries with opioid use and other substance use disorders.

One objective will be to solicit feedback from other state agencies including Departments of Health, Children, Youth and Families, and Corrections and the Office of the Health Insurance Commissioner, in order to ensure ongoing alignment and parity between how Medicaid and commercial insurers interact with providers.

Other activities will be to assess any existing service capacity gaps among Medicaid service providers, identify substance use workforce infrastructure gaps that impact service capacity among Medicaid providers and make a plan to fill them and possible payment reforms and establishing sustainability strategies. There will also be provider training and recruiting to address disparities in care and technology integration to improve quality of outcomes. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Health Information Technology Projects.** The revised request includes \$3.3 million more than enacted, including \$13,390 less from general revenues for health information technology projects. The revised request includes a new vital records project at \$2.7 million, \$0.5 million for an adult immunization registry, \$0.3 million to the Rhode Island Quality Institute for information dashboards, \$0.2 million to develop a health information technology roadmap and implementation plan, \$49,500 for a cancer registry, \$0.1 million for a contract program manager and \$0.2 million for other unidentified projects that are to be determined. The request excludes \$1.3 million for an opioid reporting system.

It also includes the enacted level of \$1.2 million to the Rhode Island Quality Institute for technology projects. This request is part of the Executive Office's Health Information Technology Implementation Advance Planning document. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Health System Transformation Program.** The Executive Office requested \$4.5 million more than enacted for total funding of \$40.0 million from federal funds for the Health System Transformation program, for updated contracts and administrative expenses. This includes \$6.5 million more for grants, \$2.7 million less for contracted services and \$0.7 million more than enacted to support 16.0 filled positions and a filled policy position in the Office of the Health Insurance Commissioner.

The revised request also includes \$7.8 million in administrative and management costs, \$2.7 million less than enacted. This includes \$1.6 million for its investment in Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, and \$0.7 million for the Department of

Behavioral Healthcare, Developmental Disabilities and Hospital for the Care Transformation Collaborative. The revised request also includes \$1.6 million for contracted evaluation, actuarial, customer satisfaction survey and other oversight services. The revised request also includes \$0.2 million for the Commission on the Deaf and Hard of Hearing. *The Governor recommended \$0.5 million less than requested, primarily for the University of Rhode Island and includes statewide medical benefit savings.* **The Assembly concurred.**

**HealthFacts RI/All Payer Claims Database.** The Executive Office requested \$1.0 million more than enacted, including \$0.5 million less from general revenues, for total funding of \$3.1 million to support the state's All Payer Claims Database, known as HealthFacts RI. The request includes general revenue savings of \$0.4 million from shifting expenses to the Information Technology Investment Fund to bring requested funding to \$3.5 million for updated project expenses. This includes \$0.9 million more to Freedman Healthcare for management services and additional funding to DXC for enhancements to the database. The revised request also includes \$0.2 million for staffing and other operating expenses. The Executive Office has two staff assigned to the project. The Department of Health's budget also supports the OnPoint Health contract. *The Governor included \$257 less than requested from statewide medical benefit savings.* **The Assembly concurred.**

**Financial Management Services.** The Executive Office requested \$1.3 million more than enacted, including \$0.4 million more from general revenues for contracted financial management services, to bring total funding to \$4.8 million from all sources, including \$2.1 million from general revenues. The revised request includes \$2.5 million for HCH Enterprises and \$1.8 million for Milliman. The Executive Office has been asked for the specific tasks to be performed and the hours that will be billed but is has not provided the detailed information. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Medicaid Management Information System Reprocurement.** The Executive Office's revised request is \$2.2 million more than enacted, including \$0.2 million more from general revenues, to assist with a new Medicaid Management Information System technology project. This includes \$1.6 million, including the ten percent state match of \$0.2 million, to hire a contractor to assist with the reprocurement of the new system and \$550,000 for an independent validation and verification vendor, including a ten percent state match of \$55,000. As of December, the request for proposals is still being drafted and has not yet been issued so the contract has not been awarded.

The independent verification and validation part of a technology project uses another entity, not otherwise involved in the information technology development activities, evaluates the work products generated, processes performed, and/or deliverables produced by a project team that is designing, developing, and implementing the project. *The Governor recommended funding as requested. It should be noted that the FY 2021 recommendation did not provide any funding for a new system.* **The Assembly did not concur and reduced funding accordingly.**

**Medicaid Management Information System Other Expenses.** The revised request includes \$22.7 million from all sources, including \$5.0 million from general revenues, for all other operating expenses related to the Medicaid Management Information System. This is \$0.4 million more than enacted including \$63,729 less from general revenues for updated program expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Parent Information Network - Long Term Services and Supports.** The FY 2020 enacted budget includes \$2.3 million, of which \$1.1 million is from general revenues, to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. The contract which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are provided to 500 individuals, which began April 1, 2019. The request incorrectly adds \$0.6 million, including \$0.3

million from general revenues, to bring total funding to \$1.9 million for FY 2020. This was based on the erroneous assumption that the enacted budget included \$1.4 million. *The Governor recommended funding as requested, which overfunded the contract by the requested increase.* **The Assembly reduced the Governor's recommendation to correct the overfunding.**

**Independent Evaluation - Medicaid Waiver.** The revised request includes \$243,340 from all sources, including \$121,670 for National Opinion Research Center to do an independent evaluation of the Medicaid waiver. The Governor recommended \$700,000, including \$350,000 from general revenues, for this activity but the Assembly did not include it in the enacted budget. The state had to submit a timeline for its submission for the evaluation and design reports and post on the state's website within 30 days of federal waiver approval which was January 19, 2019. The state submitted its draft evaluation plan in July 2019. The Centers for Medicare and Medicaid Services will also post the information on its website. *The Governor recommended funding as requested. The plan has been finalized and received federal approval.* **The Assembly concurred.**

**Independent Provider Model.** The FY 2020 enacted budget includes \$770,000 from all sources, including \$192,500 from general revenues to support the Independent Provider Model, which allows independent home care providers to enter into an agreement with a bargaining unit to negotiate reimbursements with the Department of Administration. The Executive Office will establish a public registry and offer training opportunities to the home care providers and an advisory board will be established. The budget assumes the Executive Office would pay a contractor to implement the project. The Executive Office instead has a full-time employee assigned to the project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Children, Youth and Families Oversight and Review.** The Executive Office's revised request includes \$7,200 from general revenues to pay a portion of the \$380,000 contract with Alvarez and Marsal to provide financial oversight and support for the Department of Children, Youth and Families and its system review. The contract period is three months, September 9 to December 7, with one six month optional extension. *The Governor recommended funding as requested for the Executive Office's portion of the contract. It has been extended until March 2020 and the Department of Children, Youth and Families' recommended budget includes \$1.2 million.* **The Assembly concurred.**

**No Wrong Door Initiative.** The Executive Office requested \$1.2 million from Money Follows the Person federal funds for the No Wrong Door Initiative which includes \$1.0 million in its revised budget and \$0.2 million for FY 2021. This is one-time funding for the project which the Executive Office anticipates will be funded by several sources, including Medicaid and general revenues, after FY 2021.

The enacted budget includes \$0.2 million for the Aging and Disability Resource Center which would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The center would also streamline access to long term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services. The center is now part of this initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Innovation Models Initiative Grant.** The Executive Office included \$0.5 million more than enacted from carry-forward funding for the State Innovation Models Initiative federal grant. It expired September 30, 2019, or FY 2020, and funding is requested to pay any remaining expenses so the grant can be closed out. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Justice Consent Decree - Monitor.** The Executive Office requested \$450,000, including \$225,000 from general revenues, to pay for a court monitor as part of the state settlement with the Department of Justice that addresses community based and employment services for adults with developmental disabilities in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. It should also be noted that the enacted budget includes \$100,000 for a consent decree coordinator in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals which it excludes from its revised request. For FY 2021, the Executive Office includes the funding in its request and is excluded from the Department's budget.

*The Governor recommended funding as requested. The Assembly provided \$0.2 million less than recommended, of which \$0.1 million is from general revenues to reflect the delay in the appointment of a new court monitor upon the retirement of the previous one, as noted in the Executive Office's third quarter report.*

**Nursing Home Penalties.** The Executive Office requested \$250,000 from restricted receipts collected from nursing home penalties to potentially partner with the Department of Labor and Training and community organizations to provide services that would improve the quality of life for nursing home residents and address issues related to behavioral health. This is \$185,000 more than enacted. *The Governor recommended funding as requested. The Assembly concurred.*

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Executive Office had spent \$0.6 million. The majority of expenses have been for contracted administrative and financial services. The Assembly added \$0.9 million from federal funds to account for these expenses.*

**Salaries and Benefits.** The Executive Office's revised request lowers salary and benefit expenses by \$0.5 million from all sources, including \$0.2 million less from general revenues, \$0.5 million more from federal funds and \$0.8 million less from HIV restricted receipts rebate funds and either fully or partially funds 180.0 positions. The reduction from HIV funds support positions in the Department of Health. It should be noted that the recent staffing reorganization undertaken by the Executive Office resulted in new positions at higher pay grades for current staff that were not included in the revised request.

The revised request funds at least a portion of another 19 positions in the Departments of Health and Behavioral Healthcare, Developmental Disabilities and Hospitals totaling \$0.8 million and two filled senior legal counsel positions at the Department of Children, Youth and Families totaling \$0.3 million. It should be noted that legal staff for the health and human service agencies are centralized under the Executive Office of Health and Human Services, so it is unclear why there are two legal positions in the Department of Children, Youth and Families. *The Governor recommended \$62,183 less than requested, including*

*\$5,021 more than enacted from general revenues. The Assembly shifted \$0.2 million in expenses to the Coronavirus Relief Fund.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Executive Office's revised request is \$0.3 million more than enacted including \$0.1 million more from general revenues and \$0.2 million more from federal funds. The Executive Office reports it based its revised request from the first quarter of monthly billings and assumed the same amount for the remaining three quarters. *The Governor recommended \$0.2 million more than requested from federal funds based on Budget Office estimates.* **The Assembly added \$70,072 based on billings through the third quarter, including \$120,357 from general revenues.**

**Other Operations.** The Executive Office requested \$0.5 million more than enacted including \$0.3 million less from general revenues for all other administrative operations. This includes \$0.5 million more for HIV prevention and treatment programs funded through the rebate account and general revenue savings from shifting Early Intervention services to federal funds. The remainder of the revised request adjusts expenses based on current year projected spending. *The Governor recommended \$4,830 less than requested primarily from general revenues.* **The Assembly concurred.**



## Department of Children, Youth and Families

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 13,384,950	\$ 15,118,400	\$ 16,218,656	\$ 15,018,584
Child Welfare	199,119,876	175,606,831	203,623,092	202,799,521
Juvenile Corrections	22,968,586	25,184,991	23,636,231	23,486,235
Children's Behavioral Health	12,888,135	13,748,868	12,545,552	13,386,940
Higher Education Incentive Grants	(200,000)	200,000	200,000	200,000
<b>Total</b>	<b>\$ 248,161,547</b>	<b>\$ 229,859,090</b>	<b>\$ 256,223,531</b>	<b>\$ 254,891,280</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 72,302,291	\$ 71,305,011	\$ 76,806,605	\$ 73,721,271
Contracted Services	5,734,702	6,089,628	7,256,939	7,356,939
<b>Subtotal</b>	<b>\$ 78,036,993</b>	<b>\$ 77,394,639</b>	<b>\$ 84,063,544</b>	<b>\$ 81,078,210</b>
Other State Operations	12,134,936	12,108,872	10,060,140	11,138,475
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	157,387,179	137,495,579	160,732,785	161,567,533
Capital	602,439	2,860,000	1,367,062	1,107,062
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 248,161,547</b>	<b>\$ 229,859,090</b>	<b>\$ 256,223,531</b>	<b>\$ 254,891,280</b>
<b>Sources of Funds</b>				
General Revenue	\$ 180,704,006	\$ 165,124,585	\$ 185,731,369	\$ 176,775,082
Federal Aid	65,129,696	59,986,948	66,785,484	74,669,520
Restricted Receipts	1,929,609	1,887,557	2,339,616	2,339,616
Other	398,236	2,860,000	1,367,062	1,107,062
<b>Total</b>	<b>\$ 248,161,547</b>	<b>\$ 229,859,090</b>	<b>\$ 256,223,531</b>	<b>\$ 254,891,280</b>
<b>FTE Authorization</b>	<b>629.5</b>	<b>621.5</b>	<b>642.5</b>	<b>621.5</b>
<b>FTE Average</b>	<b>585.0</b>			

**FY 2020 Revised Request.** The Department of Children, Youth and Families requested \$29.3 million more than enacted from all sources, including \$22.4 million more from general revenues, \$6.8 million more from federal funds, and \$0.1 million more from restricted receipts. The request restores savings that were in the enacted budget from moving youth in congregate care placements into other programs such as Voluntary Extension of Care and foster care. The revised request adds 27.0 new positions. The Department projected a general revenue deficit of \$21.9 million, most of which relates to caseload. The request is \$0.5 million more than its projected FY 2020 expenses reported in its first quarter.

Prior to the Department's budget submission, a facilitated implementation team, composed of personnel from the Department of Children, Youth and Families, the Department of Administration, the Executive Office of Health and Human Services and the Governor's Office reviewed processes and spending within the Department. The facilitated implementation team and an external consultant made recommendations for the Department's budget request, which was submitted on December 11, more than three months after the statutory due date. The Department submitted a corrective action plan on December 16, 2019 and a

monthly report on January 23, 2020 in an attempt to comply with state law on agencies who are projecting deficits.

*The Governor recommended \$26.4 million more than enacted, including \$20.6 million more from general revenues. This is \$2.9 million less than requested, including \$1.8 million less from general revenues. The Governor recommended 642.5 positions which is 21.0 more than enacted and 6.0 less than requested. The Department submitted its second quarter report on January 31, which projected spending \$0.5 million less from general revenues than the Governor's recommendation. **The Assembly included \$1.3 million less than the Governor's recommendation, including \$9.0 million less from general revenues, \$7.9 million more from federal funds, and \$0.3 million less from Rhode Island Capital Plan funds. It also maintained the number of authorized positions at the enacted level, reflecting staffing through the final pay period of May for which the Department had 590.0 of its 621.0 positions filled which is 52.5 positions fewer than the Governor's recommendation.***

**Staffing.** The Department requested \$77.3 million which is \$6.0 million more than enacted for 648.5 full-time equivalent positions, 27.0 more than authorized. The request increases staffing in Central Management, Children's Behavioral Health and Child Welfare by 11.0, 7.0 and 27.9 positions, respectively, and reduces the allocation for Juvenile Corrections by 18.9. Changes in Juvenile Corrections reflect staffing needs for an all-time low caseload at the Training School. These reductions allow for increased staffing for the rest of the Department. As of the pay period ending December 7, 2019, there were 577.0 filled positions and 44.5 vacancies.

*The Governor recommended \$5.5 million more than enacted, including \$6.3 million more from general revenues. This is \$0.5 million less than requested, primarily from general revenues. The Governor recommended 642.5 positions which is 6.0 fewer positions than requested and 21.0 more than enacted. This includes 8.0 fewer Central Management positions and 2.0 more Juvenile Corrections positions than requested. The Governor's budget funds approximately 604 positions which is about five fewer than requested. Through the pay period ending February 1, 2020, the Department has averaged 581.6 filled positions.*

**The Assembly included \$3.1 million less based on spending through the third quarter, including \$3.8 million less from general revenues and \$0.7 million more from federal funds. This is largely a result of the hiring freeze implemented in response to the COVID-19 emergency. It also maintained the number of authorized positions at the enacted level, reflecting staffing through the final pay period of May for which the Department had 590.0 of its 621.0 positions filled which is 52.5 positions fewer than the Governor's recommendation.**

### Placements

The Department provides placement services for youth removed from their home. The Department offers foster care when appropriate, but places children into group homes when more extensive treatment and services are required. The Department manages some homes which are under its direct supervision while other placements are managed by private entities which are required to oversee service provisions as agreed upon through a contract. The Department also provides services funded through federal resources including Medicaid, Title IV-E, and Supplemental Security income payments. Below are descriptions of each placement.

*Congregate Care Placements.* The Department provides residential services to approximately 390 children and youth under its care. This includes in-state group homes, assessment and stabilization centers, Bradley Hospital, independent and semi-independent living facilities, residential treatment centers and out-of-state placements if no appropriate in-state placement is available.



While the state has contracts with several providers within the same placement type, each provider has differing rates that vary based on services provided. For example, Groden Center and Boys Town New England both offer group home placements, but vary in cost as Groden Center provides more extensive therapeutic treatments.

The request includes increased placement costs and a higher number of placements than assumed in the enacted budget. Through the first half of FY 2020, the Department averaged 427 congregate care placements which is 89 more than assumed in the FY 2021 request. The Department estimates that 23 percent of all children in its care are unnecessarily placed in higher levels of care and indicates that the availability of home based placements has been the primary barrier to achieving a lower number of congregate care placements. The request assumes that additional lower level of need housing will become available through increased foster home recruitment and these youth will transition into these facilities, but no specific timeframe or plan to achieve these savings has been provided. *The Governor's recommendation was consistent with assumptions made in the request.* **The Assembly's assumptions were consistent with the Budget Office's third quarter report which reflects an updated placement distribution.**

*Foster Care Placements.* The Department provides home-based placements to between 1,600 and 1,700 children and youth under its care. The Department first tries to place a youth in a kinship home which is with a relative or close family friend, but if no appropriate placement is available, the Department places the youth in a non-kinship home. Within each of these, there are therapeutic foster homes for youth with more intensive treatment needs and traditional foster homes. The recruitment of foster homes is done by the Department and contracted private agencies. Many of the private agency homes recruit therapeutic homes. While the Department seeks to place these youth in lower levels of care, a lack of traditional foster homes has had the Department place youth in unnecessary higher level of need placements.

As of December 1, the Department managed 202 foster homes and private agencies manage 461. However, the Department includes a proposal to manage approximately 200 more of its own homes in FY 2021 which would replace use of private agency management and 14.0 new positions to handle the additional homes. The Department's request also includes 4.0 new child protective investigators to assist in lowering the number of cases managed by each investigator. It also includes a new contract manager to re-negotiate its contracts with its private agency providers and ensure the providers remain in compliance with contractual requirements.

Through the first half of FY 2020, the Department averaged 1,569 placements which is 112 less foster care placements than assumed in the enacted budget and 55 less than assumed in the revised request. In FY 2019, the Department averaged 1,650 foster care placements which is 31 less than assumed in the enacted budget and 26 more than assumed in the revised request. It is assumed that as the Department enhances its concentration toward recruiting lower level of need placements, youth will transition into these foster homes, but no timeframe to move these youth has been provided.

The following table shows the different placements, agencies providing the services, approximate number receiving the services and an example of the daily rates paid, and a transition of approximately 48 youth from congregate care homes to foster care and 12 fewer children in these placements. *The Governor's recommendation was consistent with assumptions made in the request.* **The Assembly's assumptions were consistent with the Budget Office's third quarter report which reflects an updated placement distribution.**

Placement	Description/Services	Number of Providers	Avg. Daily Cost	Rev. Req. Population	FY 2021 Req. Population	Difference
<b>Congregate Care</b>	<b>Residential Based Placements</b>	<b>34</b>	<b>\$ 408</b>	<b>397.9</b>	<b>337.8</b>	<b>(60.1)</b>
Assessment and Stabilization Centers	Trauma centers with counseling	7	\$ 335	24.0	19.3	(4.7)
Bradley	In-patient psychiatric care, long-term treatment	1	\$ 522	29.0	28.5	(0.5)
Group Homes	Less-intensive treatment plans, counseling	13	\$ 346	135.9	135.5	(0.4)
Independent Living	Unrestricted community access, live in own apartment	3	\$ 128	31.6	27.0	(4.6)
Residential Treatment Centers	Intensive treatment, behavior modification/treatment	3	\$ 511	71.1	57.0	(14.1)
Semi Independent Living	Semi-restricted community access, sleep-in staff	7	\$ 333	50.1	27.8	(22.3)
Out-of-State	Most troubled children care with specialized behavioral needs	17	\$ 680	56.2	42.7	(13.5)
<b>Foster Care</b>	<b>Home Based Placements</b>	<b>11</b>	<b>\$ 71</b>	<b>1,623.7</b>	<b>1,671.3</b>	<b>47.6</b>
Private Agency	Intensive, specialized needs with higher level of support services	11	\$ 117	490.7	489.3	(1.4)
Department	Low-need and able to live in homes	-	\$ 25	1,133.0	1,182.0	49.0

**Congregate Care.** The Department requested \$19.1 million more than enacted of which \$13.3 million is from general revenues, for congregate care. The enacted budget was consistent with the Governor's recommendation and subsequent budget amendments while the revised request is \$5.0 million more than FY 2019 expenses. The Department reports that the lack of availability for placements with lower levels of care resulted in the Department placing an estimated 23 percent of all children in its care in unnecessarily higher level of need placements. It requested 19.0 additional positions to restructure, recruit and manage its foster homes. In its FY 2021 request, the Department assumes approximately 48 more foster care placements than the revised request to reflect a shift from congregate care.

The revised request also includes the conversion of a residential treatment facility into a psychiatric residential treatment facility which occurred in July 2019. This facility is a non-hospital facility that provides comprehensive mental health treatment to children and youth who suffer from mental illness, substance abuse or severe emotional disturbance. It is intended to be a short-term treatment facilities to promote successful returns to lower levels of care. Unlike residential treatment facility, psychiatric residential treatment facilities can claim Medicaid match on all of their services.

*The Governor recommended funding as requested. The Governor authorized the opening of intake and isolation placements for youth who need to be quarantined through the end of June in response to the COVID-19 emergency.*

**The Families First Coronavirus Response Act temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. This increases Rhode Island's Medicaid match rate from 52.95 percent to 59.15 percent. Based on the increased match, the Assembly included general revenue savings of \$2.3 million for programs in the Department which includes congregate care.**

**The Assembly included \$1.5 million for placements for youth or families who need to be quarantined prior to placement or who may have been exposed to coronavirus. This is consistent with the projection in the Budget Office's third quarter report. It also reduced general revenue expenses by \$1.1 million to reflect updated placement expenses included in that report.**

**Foster Care.** The Department requested \$0.9 million less than enacted, including \$2.2 million less from general revenues for lower than projected home based foster care placements. The enacted budget had assumed a greater number of youth would move from higher level of need placements into foster care which has not come to fruition. Given the lack of traditional foster home availability, the Department has had to place youth in higher levels of care, including therapeutic foster homes and residential based settings which are costlier than traditional placements. There are 57 fewer foster care placements in the revised request than assumed in the enacted budget, reflecting the actual case mix experienced in the first half of FY 2020. Compared to the revised budget, in FY 2021, the Department proposed a shift of approximately 50 youth from congregate care into foster care largely through the initiatives.

The Department’s request included three foster care initiatives which result in savings of \$5.9 million including \$4.4 million from general revenues for FY 2021. To implement these proposals, the Department indicated that it will begin the process by hiring 19.0 new positions during FY 2020. The Department included partial year savings of \$0.4 million for FY 2020. Each initiative is discussed below.

*The Governor recommended funding as requested. The Governor authorized foster care stipends to provide support for foster families who are unable to receive traditional child care during the pandemic provided from March 15 through June 30, 2020.*

**The Families First Coronavirus Response Act temporarily increased a state’s Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. This increases Rhode Island’s Medicaid match rate from 52.95 percent to 59.15 percent. Based on the increased match, the Assembly included general revenue savings of \$2.3 million, which includes foster care. It also provides \$0.3 million more from federal funds to account for the enhanced stipends, consistent with the Budget Office’s third quarter report.**

<b>Revised Request FY 2020 Foster Care Proposals</b>				
<b>Proposal</b>	<b>New Positions</b>	<b>FY 2020 Position Cost</b>	<b>Savings Proposal</b>	<b>Net Impact</b>
Enhanced Foster Care Capabilities	14.0	\$ 304,660	\$ (711,486)	\$ (406,826)
Private Agency Contract Renegotiation	1.0	\$ 27,317	\$ -	\$ 27,317
Child Protective Investigators and New Screen-in Evaluation Tool	4.0	\$ 89,996	\$ (61,534)	\$ 28,462
<b>Total</b>	<b>19.0</b>	<b>\$ 421,973</b>	<b>\$ (773,020)</b>	<b>\$ (351,047)</b>

**Enhanced Foster Care Capabilities (14.0 FTE).** The Department includes savings of \$0.4 million in its revised request from increasing the availability of its foster care placements and reducing the number of private agency foster care placements which tend to be for higher level of need children. The proposal includes \$0.3 million, including \$0.2 million from general revenues to hire 14.0 new kinship licensing staff that would begin April 1, 2020. For FY 2021, the Department assumed savings of \$4.8 million including \$3.5 million from general revenues for a full-year of this initiative. Through comparisons with other states, the Department estimates that between 750 and 850 foster homes can be managed. As of December 1, it had 202 homes and private agencies managed 461 homes. The Department seeks to double its current total to 400 by FY 2022 and require the private agencies to manage the remaining 350 to 450 which will be achieved through a greater focus on recruitment and coordination with local organizations. It also will engage with former kinship foster care providers to transition into non-kinship homes. The positions for its kinship licensing staff would enhance the Department’s capacity to manage the increased number of its own foster homes. The Department has not provided a timeframe for its foster home recruitment that would be needed to meet these savings for FY 2020 and FY 2021. *The Governor recommended funding and positions as requested. The Assembly did not increase the authorization for these positions, as it appears the Department was unable to fill positions because of the COVID-19 emergency.*

**Private Agency Contract Renegotiation (1.0 FTE).** The Department requested \$27,317 for FY 2020 to hire a new position on April 1, 2020 to oversee its provider contracts which includes renegotiating the contracts which began on December 1, 2019 and will be finished prior to the start of FY 2021. The Department includes savings of \$0.6 million for FY 2021 from renegotiating contracts with private agencies that would result in additional Medicaid claiming by requiring facilities to provide the Department with documentation needed for Medicaid reimbursement. This would also include the Department working toward more standardized rates for each level of need. The Department will begin negotiations in December 2019, complete 30 percent by April, and have all contracts renegotiated by the start of FY 2021. As of December 2019, there are 10 private agency foster care contracts.

*The Governor recommended funding as requested. In its January 23 monthly report required under Article 2 of the enacted budget, the Department reports that negotiations have begun. **The Assembly did not increase the authorization for these positions, as it appears the Department was unable to fill positions because of the COVID-19 emergency.***

**Child Protective Investigators and New Screen-in Evaluation Tool (4.0 FTE).** The Department included savings of \$0.1 million for FY 2020 from the implementation of a new hotline tool to reduce the number of children coming into its care by five per month which are reflected in the number of high-end placements. The Department indicated that it has a higher removal rate than the national average. This new tool is to be implemented by April 1, 2020 and the request assumes a reduction of 15 placements for FY 2020. The Department's request includes \$0.1 million and authorization for 4.0 new child protective investigators in order to reduce the number of cases per month that are handled by caseworkers, including those who handle the hotline to report child abuse. *The Governor recommended funding as requested. **The Assembly did not increase the authorization for these positions, as it appears the Department was unable to fill positions because of the COVID-19 emergency.***

**Organizational Assessment.** The Department requested \$1.2 million, including \$1.0 million from general revenues, for an organizational assessment with Alvarez and Marsal which was hired to consult with the Department to develop methods to track information more efficiently. This consultant will review revenue and federal funding optimization including Medicaid and Title IV-E, review the structure of the Department, and its methods of data collection and analysis. The Executive Office of Health and Human Services includes \$7,200 in its revised request for this contract. The contract was signed for three months, September 9 through December 7, with a six month optional extension which is included in the requested funding. *The Governor recommended funding as requested and has opted to exercise the six-month extension. **The Assembly concurred.***

**Foster Care Home Studies.** The Department requested \$91,350 more than enacted for foster care home studies. Beginning in December 2019, the Department plans to focus on recruitment of foster homes to increase availability of lower level of placements which requires more home studies. Home studies are used to evaluate the safety and preparation of the home to receive foster children. There are four providers who perform home study services including Community Care Alliance, Family Service of Rhode Island, Deveraux Foundation and Children's Friends and Services. Contracts with these providers include a \$50 hourly rate for services not to exceed 20 hours for one potential foster family unless approved by the Department. *The Governor recommended funding as requested. **The Assembly concurred.***

**Voluntary Extension of Care Program.** The Department requested \$1.0 million, including \$0.9 million from general revenues, which is \$1.0 million less than enacted, including \$0.1 million more from general revenues, for rent and services through the Voluntary Extension of Care program. The program lets individuals age 18 through 21 remain in state care with the Family Court retaining oversight. As of the beginning of December, there were 77 individuals involved in the program. The average monthly housing voucher is \$600.

The Department has been unable to provide additional information about the Voluntary Extension of Care program including what services beyond rent are being provided. *The Governor recommended funding as requested. With Executive Order 20-26, the Governor authorized services to continue after a youth ages out of the Voluntary Extension of Care program at age 21 for three extra months, effective through June 30, 2020. The Assembly provided \$0.1 million from federal funds to account for services to the estimated 12 young adults affected, consistent with the projection in the Budget Office's third quarter report.*

**18 to 21 Year Olds.** Currently the state provides transitional services, including residential placements, for individuals aged 18 to 21 who have a developmental disability and/or a serious emotional disturbance and remain under the care of the Department. Those not meeting that criteria are closed to the Department on their 18<sup>th</sup> birthday and may receive services through the Voluntary Extension of Care program. There is an agreement between the Department and the Executive Office of Health and Human Services to leverage Medicaid for the services provided. The enacted budget includes \$452,521 from general revenues, although total funding support for this population is likely significantly higher.

After repeated requests over multiple years, the Department reported that in December it had 167 18 through 21 year old individuals in its care that were not enrolled in the Voluntary Extension of Care program. The Department reported that it is unable to identify how many meet the definition of developmentally disabled and/or severely, emotionally disturbed in order to remain on its caseload. Between the Departments of Children, Youth and Families and Behavioral Healthcare, Developmental Disabilities and Hospitals, individuals meeting this level of need are required to have a transition plan into the adult system and there are approximately 50 individuals, age 18 through 21, who meet the criteria to receive services for developmentally disabled adults and have a plan. This does not include those who have a single diagnosis of severely, emotionally disturbed and are not also developmentally disabled. It appears that individuals remain on the Department's caseload who do not meet the statutory standard to do so. Since the 2007 Assembly, which changed the law regarding services to those over 18, an appropriation for this population has been the standard practice each year. For each fiscal year closing, expenditures against this appropriation are reported. The Department has not provided requested information on how the amount reportedly spent, specifically for this population in FY 2019, was determined.

It should also be noted that repeated requests for FY 2019 actual expenses and a determination of the amount allocated in the FY 2020 revised and FY 2021 requests have gone unanswered. *The Governor appeared to assume the same 18 to 21 population as requested. The Assembly concurred.*

**Daycare.** The Department requested \$0.5 million more than enacted from all sources, including \$0.4 million more from general revenues for daycare expenses for children in foster care which is consistent with FY 2019 expenses. *The Governor recommended funding as requested. The Assembly shifted \$2.2 million from general revenues to federal funds available from the Temporary Assistance for Needy Families block grant.*

**Adoption and Guardianship.** The Department requested \$1.7 million more than enacted, including \$1.3 million more from general revenues for adoption and guardianship expenses. This includes adoption subsidies, pre-adoption placements and both relative and non-relative guardianships. The additional funding reflects an increase in the expected number of placements and a three percent increase in the cost per youth. In FY 2019, the Department had 50 fewer youth in these placements and an average placement cost of approximately \$150 less per child than assumed in the revised request. The Department indicates that it is working toward moving youth from foster homes and congregate care homes to permanent homes. The Department includes 8.0 additional legal staff positions which would result in more expedient permanent placements. *The Governor recommended funding as requested. The Assembly concurred.*

**Legal Staff (8.0 FTE).** The Department included \$0.2 million more than enacted from all sources for 8.0 new legal staff which would begin in April 2020 and more closely aligns the caseload per attorney with national best standards. The Department includes \$0.6 million for a full year for FY 2021. As of December 2019, the average caseload per attorney is 392 to 1 while best practices suggest that such a caseload should range from 50 to 141. The request includes \$0.9 million and authorization for 6.0 attorney positions and 2.0 paralegals to decrease the caseload per attorney to get closer to national best practice standards. These are offset by savings of \$0.3 million achieved by lowering the caseload for each attorney. Attorneys would be able to meet with judges more frequently resulting in a more expedited permanent placement process. Legal staff funding for human service agencies are budgeted within the Executive Office of Health and Human Services as required by statute. Currently, the Executive Office of Health and Human Services has 10.0 legal and 2.0 administrative positions for the Department.

*The Governor recommended savings of \$19,003 from this initiative which is \$0.2 million less than requested. The recommendation includes funding for 2.0 paralegal positions, and excludes the attorney positions; however, the amount of savings from accelerated placements remains unchanged. It is unclear how savings will be achieved without the attorney positions. For FY 2021, the Governor transfers 4.0 unidentified positions from the Department to the Executive Office of Health and Human Services for new attorney positions. **The Assembly did not increase the authorization for these positions, as it appears the Department was unable to fill positions because of the COVID-19 emergency.***

**Youth and Family Support Services.** The Department requested \$2.8 million more than enacted from all sources, including \$2.3 million more from general revenues for its youth and family support services. This is based on FY 2019 costs for these services. These services include counseling, education programs, family support services for preparation for reunification, family centered treatment, parent aides, and the Positive Parenting program. While the services primarily reflect foster care placements, they also include children in congregate care and other placements. *The Governor recommended \$386,022 from the Opioid Stewardship Fund in lieu of general revenues for multisystemic therapy, an intensive treatment for juveniles with substance abuse issues, for FY 2020 only. **The Assembly concurred.***

**Local Education Agency Reimbursement.** Consistent with the enacted budget, the Department's request includes collections of \$4.3 million, including \$3.0 million from general revenues for education costs for children who receive education services in congregate care. Children placed in residential facilities that include the delivery of education services provided by the facility are compensated partially for education costs by the child's hometown local education agency. The local education agencies must pay the special education rate per child to each of these facilities and if additional funding is required, the Department pays the remainder of those costs. The revised request assumes a 94 percent collection rate for children in these placements. If the funding is not collected at that rate, the Department must pay the difference to the residential facility, resulting in a higher cost incurred by the Department.

Traditionally, the residential facilities have billed local education agencies directly for reimbursement for the education costs. However, the facilities have reported that disputes over residency have resulted in diminished collections. When a dispute occurs, the Department determines residency in coordination with the Department of Elementary and Secondary Education. In order to enhance collections, the Department intends to pay the education costs to these facilities and will obtain reimbursement from the appropriate local education agency. *The Governor recommended funding as requested. **The Assembly concurred.***

**Children's Rights Settlement.** The Department requested \$0.1 million more than enacted from general revenues to reflect actual contract costs for a data validator that is required as a part of the state's settlement with Children's Rights. In May 2018, the case was settled in the Court of Appeals for the First Circuit. The Department entered into an agreement to fulfill mutually agreed upon commitments for improvement. The settlement included commitment areas in which the Department must address and report on.

For each commitment, the Department is required to submit proof of compliance data to an independent data validator who will determine if the Department data is unbiased, reliable and statistically valid. Findings and assessments are then submitted to the Office of the Child Advocate who will determine whether or not the Department has fulfilled the agreed upon criteria. Upon completion of each assessment is criteria for two consecutive six month periods, the Department may file with the District Court of Rhode Island to exit from monitoring for that specific commitment. If the Department fails to comply with these requirements, the data validator and the Office of the Child Advocate will put forward a corrective action plan to help guide compliance. If such action fails, a second corrective action will be decided between the parties once again in court. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Higher Education Incentive Grant.** Consistent with the enacted budget, the Department requested \$0.2 million for the Higher Education Incentive Grant. The Higher Education Incentive Grant is provided to former foster care youth who choose to attend the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. In order to qualify for these grants, a youth must have been in Department foster care on or after their 16<sup>th</sup> birthday and spent at least two years in foster care. These funds are paid to the Office of Postsecondary Commissioner during the fall. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Placements and Services.** The Department requested \$0.9 million more than enacted, including \$0.3 million from general revenues, for all other placements and services based on FY 2019 spending. These costs include intensive supervision for youth and training for nursing and religious chaplains. These placements also include medical treatments provided to children, a first month rent payment when it is the last barrier to reunification, purchasing of bus passes for parents when necessary, parent aide services including education (tutoring, SATs, unfunded summer school, etc.) among other costs that are not covered by any other source of payment. This reflects FY 2019 actual costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Juvenile Corrections**

**Salaries and Benefits.** The Department requested \$0.9 million more than enacted for staffing at the Rhode Island Training School, primarily from general revenues. The request adds \$0.4 million and funds 142.7 of the requested 145.5 positions in Juvenile Corrections for FY 2020 which is 3.0 more than assumed in the enacted budget. As of December 7, the Department has 140.0 of its Training School positions filled. As previously noted, the Department's request lowers the number of authorized positions at the Training School by 19.0. The remaining \$0.6 million is for overtime expenses, as the Training School must be staffed at all times.

*The Governor recommended \$0.3 million less than requested, including \$0.2 million less from holding four teaching positions vacant for half of FY 2020 and \$40,926 from statewide medical benefit savings. As of February 1, 2020, it does not appear that these positions are vacant.* **The Assembly recommended \$0.3 million less than enacted, primarily from general revenues, based on spending through the final pay period of May. It also maintained the number of authorized positions at the enacted level, reflecting staffing through the final pay period of May for which the Department had 590.0 of its 621.0 positions filled which is 52.5 positions fewer than the Governor's recommendation.**

**Education Services.** The Department requested \$40,691 more than enacted for education expenses at the Rhode Island Training School. The Department's request of \$0.3 million is \$28,757 less than FY 2019 spending reflecting a lower population. Educational services are provided to all residents of the Rhode Island Training School, both detained and adjudicated. Each teacher's class size is capped at twelve students. The services adhere to all Department of Elementary and Secondary Education regulations. Courses include academic, co-curricular and career/technical work. The Community College of Rhode

Island offers on-site courses and vocational classes to post-secondary students. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Institutional Support Services.** The Department requested \$0.1 million less than enacted from general revenues for institutional support services at the Rhode Island Training School based on a lower population and \$1,700 less from federal Prison Rape and Elimination Act funds. This reduction includes legal costs, repairs and maintenance, food, non-prescription medicine and clothing expenses for juveniles. The Department has averaged 47 youth at the Training School through the first half of FY 2020 which is 7 less than the FY 2019 average. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Juvenile Probation and Parole.** The Department requested \$7,451 more than enacted from general revenues for Juvenile Probation and Parole primarily for temporary staff to assist with the management of its probation and parole population which is higher than assumed in the enacted budget. These services include the supervision of adolescents that are placed on probation by the Family Court. These costs also include utilities and monthly maintenance to its internal system. *The Governor recommended funding as requested.* **The Assembly concurred.**

### Other Operations

**Director Upgrade.** The Department requested \$10,890 to upgrade its Director position pay grade on April 1, 2020. The Department includes \$211,408 for this position in FY 2021. The Director position has been vacant since August 2019. The Department indicates that as of the time of its request it had not received a candidate that is being considered, but expects to increase the number of applicants in the second half of FY 2020. *The Governor recommended \$8,025 less than requested, including \$6,150 less from general revenues, to reflect a delayed start date.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department requested \$4.5 million more than enacted from all sources, including \$5.3 million from general revenues, and \$0.8 million less from federal funds for the remainder of the Department's staff. This funds 465.7 of the Department's requested 503.0 positions and assumes 37.3 vacancies which is 30.0 less vacancies than assumed in the enacted budget. During FY 2019, the Department indicated that it did not need additional frontline worker positions, but that retaining staff is the issue. In August 2019, the Department reversed its position and announced a hiring surge which included 23.0 front line workers and funding an additional 8.0 social worker positions. The Department includes \$3.1 million in its request for 31 positions; these positions were all filled by the end of October. The request includes \$1.5 million more than enacted from overtime which is more consistent with FY 2019 spending. *The Governor recommended \$58,872 less than requested, including \$31,441 less from general revenues, for statewide medical benefit savings.*

**The Assembly provided \$2.8 million less based on spending through the final pay period of May, including \$3.7 million less from general revenues and \$0.8 million more from federal funds. This includes \$46,015 more from federal funds offsetting a like amount of general revenues for costs incurred as a result of the coronavirus. It also maintained the number of authorized positions at the enacted level, reflecting staffing through the final pay period of May for which the Department had 590.0 of its 621.0 positions filled which is 52.5 positions fewer than the Governor's recommendation.**

**Temporary Staff.** The Department requested \$0.3 million more than enacted for temporary staff which is used to fill vacancies until permanent staff can be hired. The revised request reflects the Department's current need to fill positions based on vacancies. The Department spent \$1.2 million on these services in FY 2019. The Department was unable to identify specific areas in which these funds were needed and going to be used. Staffing through the first half of FY 2020 is approximately the same as the FY 2019 average. *The Governor recommended funding as requested.* **The Assembly concurred.**



**Accreditation.** The Department excluded the \$0.5 million from general revenues included by the 2019 Assembly to become accredited by the Council on Accreditation. The Department indicated that it will require a number of operation and policy changes and will need to explore whether legislative and collective bargaining changes will also be required before it can seek accreditation. However, the Department did indicate that it will submit an accreditation plan by October 1, 2020 which will detail the steps the Department has already taken to achieve accreditation and a timeline in which it will become accredited.

Article 13 of 2019-H 5151, Substitute A, as amended, includes language requiring the Department to initiate the process to become accredited by September 1, 2019 and submit an accreditation plan to the Governor, the Speaker of the House of Representatives, the President of the Senate, the Chairperson of the House Committee on Health, Education and Welfare, the Chairperson of the Senate Committee on Health and Human Services, the Chairpersons of the House and Senate Finance Committees, and the Chairpersons of the House and Senate Judiciary Committees by October 1, 2020. This requirement was initially passed by the General Assembly in 2010, as the Department had an ongoing class action lawsuit brought against it by Children's Rights for abuse and neglect of children in Department care. *The Governor excluded the funding as requested. The Assembly concurred.*

**COVID-19 Expenses.** Under current federal law, the Stafford Act authorizes the President to provide federal assistance when the magnitude of an incident exceeds a government's capabilities to respond or recover. On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. The Stafford Act constitutes the statutory authority for most federal disaster response activities as they pertain to Federal Emergency Management Agency (FEMA) programs. Under this declaration, Rhode Island would qualify for reimbursement of 75 percent of certain expenses.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Agency had spent \$0.1 million from general revenues. The majority of expenses have been for cleaning. The Assembly added \$0.1 million from federal funds to account for these expenses.*

**Adoption Well-Being Rhode Island.** The Department requested \$0.1 million from federal funds for Adoption Well-Being Rhode Island to assist families to adopt children with a focus on children with special needs and reflects an award through the federal Administration for Children and Families which is a division of the federal Department of Health and Human Services. This appears to have been inadvertently excluded from the enacted budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** Consistent with the enacted budget, the Department requested \$2.9 million from Rhode Island Capital Plan funds for projects at the Rhode Island Training School. The revised operating request for FY 2020 is \$4.1 million less than the amount included in the Department's FY 2021 through FY 2025 capital request and excludes the project to upgrade the Department's database. *The Governor recommended \$1.5 million less than requested for three projects. The Assembly included \$0.3 million less to reflect the Department's third quarter report projections. A detailed description of these projects is included in the Capital Budget section of this publication.*

**Centralized Services.** The Department requested \$1.1 million less than enacted for its centralized services including \$0.7 million from general revenues and \$0.4 million from federal funds. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for

the costs which in turn pay for the staff and expenses. The revised request is \$0.7 million less than spent in FY 2019, of which \$0.1 million was for onetime expenses.

*The Governor recommended \$0.9 million less than requested for the Department's share of information technology charges. Based on the second quarter internal service fund report, the Department appears likely to be billed \$1.0 million more than the Governor's revised recommendation from all sources, including \$0.1 million more for human resources, \$0.3 million more for facilities management, and \$0.7 million more for information technology. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. **The Assembly reduced excess funding in the Department of Administration and allocated expenditures where they occurred, and provided \$1.1 million for the Department's share of which \$0.5 million is from general revenues and \$0.5 million is from federal funds.***

**Other Operations.** The Department requested \$0.2 million more than enacted, primarily from general revenues for all other expenses primarily to reflect FY 2019 spending. These costs include mobile phones for training social workers, computers, phones and other supplies. Other costs include miscellaneous fees, property maintenance, out-of-state travel costs for visitation of children, and legal costs. *The Governor recommended funding as requested. **The Assembly concurred.***

## Department of Health

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 12,996,571	\$ 15,220,679	\$ 16,970,056	\$ 17,420,056
Community Health and Equity	94,863,619	107,161,875	107,686,782	102,396,782
Environmental Health	12,450,601	13,215,981	13,933,195	13,683,195
Health Lab. & Medical Examiner	12,565,623	12,582,439	12,947,679	11,997,679
Customer Services	12,239,831	13,579,925	13,911,416	13,611,416
Policy, Info. & Communications	5,103,851	6,516,892	5,744,485	5,294,485
Preparedness, Response, Infectious Disease & Emergency Services	16,787,858	18,360,053	20,905,242	51,317,025
<b>Total</b>	<b>\$ 167,007,954</b>	<b>\$ 186,637,844</b>	<b>\$ 192,098,855</b>	<b>\$ 215,720,638</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 55,380,460	\$ 62,555,261	\$ 59,247,654	\$ 65,345,733
Contracted Services	11,285,067	11,089,838	13,049,550	21,842,043
<b>Subtotal</b>	<b>\$ 66,665,527</b>	<b>\$ 73,645,099</b>	<b>\$ 72,297,204</b>	<b>\$ 87,187,776</b>
Other State Operations	59,178,917	66,504,450	70,816,700	81,051,909
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	40,249,210	45,743,983	47,455,102	46,137,923
Capital	914,300	744,312	1,529,849	1,343,030
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 167,007,954</b>	<b>\$ 186,637,844</b>	<b>\$ 192,098,855</b>	<b>\$ 215,720,638</b>
<b>Sources of Funds</b>				
General Revenue	\$ 30,324,520	\$ 30,968,921	\$ 30,925,000	\$ 23,130,443
Federal Aid	97,671,699	105,815,939	110,723,265	146,029,605
Restricted Receipts	39,011,735	49,452,984	50,050,590	46,160,590
Other	-	400,000	400,000	400,000
<b>Total</b>	<b>\$ 167,007,954</b>	<b>\$ 186,637,844</b>	<b>\$ 192,098,855</b>	<b>\$ 215,720,638</b>
<b>FTE Authorization</b>	<b>517.6</b>	<b>499.6</b>	<b>499.6</b>	<b>499.6</b>
<b>FTE Average</b>	<b>475.5</b>			

**FY 2020 Revised Request.** The Department requested \$7.8 million more than enacted from all sources. This includes increases of \$4.8 million from federal funds and \$3.1 million from restricted receipts; the general revenue request is consistent with the enacted budget. *The Governor recommended \$2.4 million less than requested from all sources, including \$0.1 million less from statewide medical savings and \$2.5 million less from the Opioid Stewardship Fund; uses of these funds are included in other agency budgets.*

**The Assembly provided \$23.6 million more from all sources than the Governor's revised budget. This includes \$7.8 million less from general revenues to reflect turnover savings, a shift to available restricted receipts and federal funds, which are \$35.3 million more than the revised budget to include a new grant from the Centers for Disease Control and Prevention and Coronavirus Relief**

**Fund. It also provided \$3.9 million less from restricted receipts based on anticipated expenditures for several programs, including immunization and Medical Marijuana.**

**Salaries and Benefits.** The revised request includes \$3.2 million less from all sources for salaries and benefits, including \$0.2 million less from general revenues primarily to reflect current staffing levels. The Department's staffing authorization was reduced by 18.0 full-time equivalent positions in the FY 2020 enacted budget based on vacancies. The revised request of \$59.4 million is \$4.0 million and \$5.1 million more than FY 2019 and FY 2018, respectively. The enacted budget contains funding for approximately 510 positions, while 499.6 positions were authorized. The revised request reflects funding for 489.8 positions, or 26 fewer than enacted. Through the end of December, the Department had averaged 486.0 filled positions, 13.6 below the authorized level. *The Governor concurred, with the exception of providing \$151,081 less from all sources, reflecting statewide medical savings.*

**The Assembly provided \$65.3 million from all sources for salaries and benefits, which includes a shift of \$6.3 million of personnel costs from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency. The Assembly provided \$6.1 million more than the Governor's revised budget, including \$3.2 million for overtime expenses related to COVID-19.**

**Indirect Cost Recovery.** The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditures such as assistance and grants. A portion of the Department's federal grants allow a percent cost recovery charge on the actual amount expended. It appears that as resources from indirect cost recovery increase, the Department tends to inflate its budget, so as not to demonstrate a larger surplus.

At the end of FY 2019, the Department reported a surplus of \$2.5 million, or \$1.3 million more than the final budget assumed; receipts were \$0.5 million more and expenditures were \$0.8 million less than budgeted. The revised request assumes \$6.6 million in revenues, consistent with FY 2019 receipts from a recovery rate of 17.8 percent, for total resources of \$9.1 million.

The revised request assumes expenditures of \$7.6 million, \$0.4 million more than enacted. Expenditures for salaries and benefits are essentially as enacted. The 2019 Assembly shifted general revenue staffing expenses of \$0.5 million to these available receipts. The request includes \$0.2 million more for centralized services and \$0.2 million for all other expenses, of which \$0.1 million is for clerical services associated with performing an inventory of health care providers in the state. This will include information on ownership, accreditation status, payment sources, access and hours of operations, types of services provided, equipment location and utilization, and patient race, ethnicity, interpretation needs, and information technology. The last time such an inventory was completed was in 2015; survey respondents included primary care providers, behavioral health clinics, outpatient specialty practices, hospitals, long term care, and other facilities. The 2019 inventory will update the previous inventory, and will also include pharmacies, hospice providers, oral health providers, and emergency medical services providers. *The Governor concurred, with the exception of providing \$8,947 less from statewide medical benefit savings.*

**The Assembly provided total expenditures of \$8.2 million, or \$550,000 more than the revised budget. It shifted \$1.1 million of general revenue expenses to these available receipts and it reduced budgeted expenses by \$0.6 million reflective of the Department's updated staffing allocations and operating expenses as expenses for several positions will be covered by federal coronavirus relief funds.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, costs for staff

and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The Department requested \$194,431 more than enacted, of which all but \$9,652 is from restricted receipts, for its share of centralized services. This includes \$0.1 million each for human resources based on the Department's projection of full-time equivalent position utilization, and \$0.1 million more for information technology for the purchase of computers as part of the statewide conversion to the Windows 10 operating system. *The Governor concurred and included \$20,342 more than requested for information technology services for two grants that the Department received subsequent to its budget submission. Expenditures through the second quarter totaled \$2.8 million, leaving \$3.2 million for the remainder of the fiscal year. The Assembly concurred.*

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Department had spent \$10.5 million. The majority of expenses have been for medical laboratory supplies and salary and benefit expenses. The Assembly provided \$30.8 million from federal funds to account for these expenses.*

**Opioid Overdose Prevention.** The revised request includes a total of \$6.3 million or \$4.1 million more than enacted from all sources for various opioid overdose prevention programs. This includes \$1.2 million more from federal funds based on additional federal awards and carry-forward funding, and \$2.8 million from restricted receipts, of which \$0.3 million is from foundation grants that the Department received for an opioid overdose prevention campaign called the Truth Initiative, to deter opioid use among youth and young adults.

In July 2019, the Governor signed the Opioid Stewardship Act into law. The legislation established fees totaling \$5.0 million annually, assessed to manufacturers and distributors of opioids registered in the state, and deposited as restricted receipts for programs that provide opioid treatment, recovery, prevention, and education services, subject to future appropriation. Pursuant to the law, a registrant's fee is based on its market share of gross opioid sales in the state from the previous year. Full payment for the 2018 calendar year was due December 31, 2019, with subsequent payments occurring annually thereafter.

The Department confirmed that invoices for the Opioid Stewardship funds were disseminated in October 2019. The revised request assumes use of \$2.5 million from these receipts. The Department indicated that it is in the process of developing rules and regulations for the program.

*The Governor proposed legislation in Article 2 of 2020-H 7171, amending the Opioid Stewardship Act to allow the State Budget Officer to authorize and create restricted receipt accounts in any department or agency where funds will be appropriated. The revised budget does not assume use of these funds in the Department of Health's budget; however, \$4.5 million from these funds are included in other agency budgets. Of the recommended amount, \$4.0 million is from existing programs funded with general revenues*

*in the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Children, Youth and Families, and Corrections; \$0.5 million is for a new program in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. **The Assembly concurred, with the exception of providing \$0.9 million less from federal funds to reflect anticipated expenditures.***

### **Central Management**

**Salaries and Benefits.** The revised request includes \$77,442 more than enacted from all sources, including \$61,268 less from general revenues, offset by an increase of \$138,870 more from federal funds and restricted receipts to fund a position within the Department's current staffing authorization. The general revenue reduction is based on shifting staffing costs to available federal funds elsewhere in the Department. *The Governor concurred, with the exception of providing \$12,186 less from all sources from statewide medical savings. **The Assembly included \$0.1 million less from general revenues to reflect turnover savings. It also shifted \$0.1 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.***

**Minority Health Program.** Excluding salaries and benefits, the revised request includes \$55,207 more than enacted, including \$3,307 more from general revenues and \$51,900 from federal funds for the Minority Health Program, which works to eliminate racial and ethnic health disparities. The request includes \$28,307 more to support existing community-based organizations, \$20,000 for program evaluation services and \$6,900 for program expenses. *The Governor recommended funding as requested. **The Assembly concurred.***

**Statewide Savings.** The Department's revised request restores the enacted statewide general revenue savings of \$55,948 from three separate statewide savings initiatives designed to reduce operating costs. *The Governor recommended funding as requested. **The Assembly concurred.***

**Girls Empowerment Mentoring Support.** The revised request includes \$0.3 million more from federal funds to reflect increased awards for the Girls Empowering Mentoring Support program, which seeks to provide year-round mentoring and academic support, and leadership development to girls who attend certain middle schools in the state. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Expenses.** The revised request includes \$0.3 million more from all sources for all other expenses. This includes \$162,198 more from federal funds to reflect a projected increase in awards. This includes additional funding from the Preventive Health and Health Services Block Grant and refugee assistance programs. It also includes \$0.2 million more from indirect cost recovery restricted receipts, previously discussed. *The Governor concurred. **The Assembly concurred.***

### **Community Health and Equity**

**Staffing.** The revised request includes \$0.9 million less from all sources than enacted for salaries and benefits for the Division of Community Health and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, and to reduce, prevent and control chronic diseases and disabilities and risk factors. This includes \$180,560 more from general revenues offset by \$1.1 million less from federal funds and restricted receipts reflective of updated staffing allocations and turnover savings. It should be noted that the general revenue increase is to reflect a shift from operating expenses to salaries and benefits. The Department is using other available federal sources for the operating expenses. *The Governor concurred, with the exception of providing \$23,698 less from all sources, reflecting statewide medical savings. **The Assembly concurred, with the exception of shifting salary and benefit expenses of \$30,633 from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.***

**Immunization Programs.** The Department requested \$0.4 million less than enacted from all sources for immunization expenses based on vaccine purchasing projections. This includes \$0.9 million less from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$0.6 million more from restricted receipt expenditures for children and adults. FY 2020 projected expenditures are \$6.9 million more than FY 2018. *The Governor concurred.* **The Assembly further reduced expenses by \$3.6 million from restricted receipts, reflective of projected expenditures.**

**Maternal, Infant and Early Childhood Home Visiting.** Excluding salaries and benefits, the Department requested \$422,621 more than enacted for the Maternal, Infant and Early Childhood Home Visiting program, which focuses on screening and referring children from birth to three years of age to appropriate services and provides families with resources and services such as preventive health and prenatal practices, promoting positive parenting techniques, and finding employment and child care solutions. The request includes \$2,013 more from general revenues to restore enacted statewide savings and \$0.4 million more from federal funds based on updated awards and carry-forward resources, including \$0.2 million for the prevention of maternal depression grant, which helps perinatal providers meet the behavioral healthcare needs of pregnant and postpartum women. It should be noted that the Department historically overstates its abilities to spend these funds; FY 2019 expenditures were \$8.8 million or \$0.8 million below the final budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**WIC Nutrition Assistance.** The Department requested \$0.9 million less than enacted from federal funds for the Women, Infants, and Children nutrition assistance program, which provides supplemental foods, nutrition education and information, referral and coordination services for eligible women and children under the age of five, who are at risk of poor health and development because of inadequate nutrition or health care or both. The revised request includes \$1.1 million less for benefit payments, offset by \$0.2 million more for program expenses, including electronic benefit transfer processing services and vendor payments. FY 2019 expenditures were \$21.1 million, and the revised request is \$2.1 million above that. *The Governor recommended funding as requested.*

**The Assembly reduced expenditures by \$1.0 million based on projected expenses. The Families First Coronavirus Response Act provides an additional \$1.3 million for the program; the Department's third quarter projection did not assume use of these funds in FY 2020.**

**Prescription Drug Overdose Prevention.** Excluding salaries and benefits, the Department requested \$0.9 million more than enacted for the Prescription Drug Overdose Prevention Program. These funds will be used to provide assistance to various organizations and municipalities on a competitive basis. *The Governor concurred and included an additional \$0.3 million from a new federal award provided to enhance the Prescription Drug Monitoring system, which provides information regarding prescription of controlled substances.* **The Assembly provided \$0.5 million less based on projected expenditures.**

**Diabetes, Heart Disease and Stroke Prevention.** The revised request includes \$1.5 million more from federal funds, for which the enacted budget includes \$1.2 million to promote programs that prevent deaths and disabilities due to diabetes, heart disease, and stroke. The funds will be used for cardiovascular disease control and prevention efforts within both clinical and community settings. *The Governor concurred.* **The Assembly concurred.**

**Home Asthma Response Program.** The Department administers a Home Asthma Response program, which is designed to reduce emergency department visits and hospitalization. The program seeks to improve asthma outcomes for high risk pediatric asthma patients in the state. Services are provided by eight community health centers, providing home visits to find, manage and fix asthma triggers in the home. The program also teaches individuals how to properly use inhalers and other medication.

The revised request includes \$277,390 more than enacted for asthma response related expenses, including \$22,610 less from federal funds, offset by the carry-forward of FY 2019 unspent restricted receipts from the Volkswagen Settlement. The state will receive a total of \$18.5 million, \$14.4 million of which will be used for projects to reduce diesel emissions from vehicles and to install electric vehicle infrastructure. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects” as directed by that office. The Department entered into a memorandum of understanding with the Attorney General to provide the Department with \$0.3 million to fund the program. *The Governor recommended funding as requested.* **The Assembly included \$0.2 million less, reflective of the Department’s third quarter report.**

**Other Expenses.** The revised request includes \$39,419 more from all sources for all other expenses within the Community Health and Equity Program. This reflects \$180,560 less from general revenues, of which \$39,557 was for contracted tobacco education services, and \$0.1 million was for assistance and grant payments. The Department noted that these expenditures are shifted to available federal funds and the general revenues are being used for staffing expenses as noted earlier. The program also includes funding for various cancer screening related services. *The Governor concurred and included an additional \$0.1 million from restricted receipts for a new award to help reduce breast cancer mortality trends in minority patients.* **The Assembly concurred.**

### **Environmental Health**

**Food Protection Program.** The Office of Food Protection is responsible for licensing and regulating more than 7,300 “farm to table” food establishments including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, and bottle beverage plants. The Office also conducts inspections and investigates food related disease outbreaks and complaints. The revised request includes \$0.1 million less than enacted from all sources, including \$25,480 more from general revenues, of which \$36,000 is for mileage reimbursement for staff conducted inspections. It also includes \$0.1 million less from federal funds primarily for salaries and benefits based on staffing allocations and turnover savings. The revised request assumes staffing of 39.0 full-time equivalent positions, 1.7 fewer than enacted. *The Governor concurred, with the exception of providing \$8,334 less from all sources from statewide medical savings.* **The Assembly provided \$250,000 less from general revenues to reflect additional turnover savings. It also shifted \$1.1 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.**

**Water Protection Programs.** The Department requested \$21,275 more from all sources for expenses for the Water Protection Programs, which are responsible for enforcing the provisions of the Safe Drinking Water Act and several state laws relating to safe drinking water and regulating nearly 500 public water systems. The request includes \$33,651 less from general revenues offset by \$54,926 more from federal funds. This includes \$266,692 less for salaries and benefits from turnover savings based on current staffing levels. The revised request assumes staffing of 22.0 full-time equivalent positions, 1.5 less than the enacted budget. *The Governor recommended \$79,955 more from all sources than requested, including statewide medical savings of \$5,687, offset by \$85,642 from a new federal award to assist in reducing deaths and injuries from drowning and drain entrapment incidents in pools and spas.* **The Assembly concurred.**

**Blood Lead Poisoning Prevention Program.** The Department entered into a memorandum of understanding with the Housing Resources Commission, whereby the Department took on responsibilities for enforcing the lead mitigation rules in exchange for annual funding from the Commission. The Commission allocated up to \$1.2 million to the Department over three years. The revised request includes \$0.5 million more from all sources for blood lead poisoning prevention activities. This includes \$0.1 million more from general revenues to primarily adjust for staffing cost allocations and \$0.4 million from restricted receipts provided by the Housing Resources Commission, which will be used for start-up costs, database development and public outreach. The request includes the enacted amount of \$33,000 from



Volkswagen Settlement funds for referrals and other assistance to foster families about remediation of lead hazards identified in foster homes for children under six years of age, increasing screening compliance statewide and enhanced work with municipalities to ensure that lead remediation projects in older homes are done by certified lead professionals.

It should be noted that as part of her FY 2018 budget, the Governor proposed legislation to centralize lead poisoning prevention activities under the Department of Health. The legislation would have allowed the Department to be responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. It requires the Department to maintain a registry of lead safe certificates. The Assembly did not concur with the proposal. It appears that the memorandum of understanding includes essentially the same elements that were included in the proposal that the Assembly rejected.

*The Governor recommended \$0.3 million more from all sources than requested, including statewide medical savings of \$1,548, offset by \$289,465 from a new federal Environmental Protection Agency award to assist educational agencies in testing for lead contamination in drinking water at schools. **The Assembly concurred.***

**Other Expenses.** The Department requested \$90,450 less from all sources, including \$110,894 less from general revenues and \$21,044 more from federal funds and restricted receipts for all other expenses for the Environmental Health Program, which is responsible for all licensure and regulatory activities relating to environmental health, as well as activities relating to healthy homes. The request includes \$155,660 less for salaries and benefits based on current staffing allocations and \$65,210 more for operating expenses for computer supplies, advertising and to adjust indirect cost recovery charges. *The Governor recommended \$3,995 less than requested from statewide medical savings. **The Assembly shifted \$0.2 million of personnel expenses from general revenue expenses to federal funds based on staff time responding directly to the COVID-19 emergency and concurred with the remainder of the recommendation.***

### **Health Lab. and Medical Examiner**

**Office of State Medical Examiners.** The revised request includes \$0.4 million more from all sources, including \$61,102 more from general revenues for the Office of State Medical Examiners. The request includes \$59,788 less for salaries and benefits from turnover savings. It adds \$88,144 for contracted medical examiners, for which the enacted budget included \$60,000. Expenditures for the first quarter of FY 2020 are \$49,749. Total expenses were \$260,755 in FY 2019, \$213,451 in FY 2018 and \$223,481 in FY 2017. The Department generally under budgets this expense. The revised request includes minor adjustments for medical supplies and waste disposal. It also adds \$27,000 for new instruments. *The Governor recommended \$6,113 less from all sources than requested, reflecting statewide medical savings.*

**The Assembly provided \$150,000 more from general revenues for contracted medical examiner expenses. It also shifted \$1.4 million of general revenue expenses to available restricted receipts, and to federal funds based on staff time responding directly to the COVID-19 emergency.**

**Health Laboratories.** The Department requested \$0.3 million more from all sources, including \$61,102 less from general revenues, offset by \$354,137 more from federal funds, reflective of updated federal awards. Salary and benefit expenditures are \$0.1 million less than enacted based on revised staffing allocations and turnover savings. The request includes \$0.4 million more for computer supplies and laboratory equipment. It also includes \$40,000 from federal funds to purchase a new truck. *The Governor recommended \$13,407 less from all sources than requested from statewide medical savings. **The Assembly shifted expenditures of \$2.1 million from general revenues to available restricted receipts, and to federal funds based on staff time responding directly to the COVID-19 emergency.***

## Customer Services

**Vital Records Office.** The revised request includes \$25,969 less from general revenues and federal funds for the Vital Records program, which is responsible for a statewide vital records system involving the births, marriages, deaths and fetal deaths that occur in the state. This includes \$0.2 million less for salaries and benefits from turnover savings. These savings are offset by \$0.2 million for operating expenses primarily for information technology services. *The Governor included statewide savings of \$3,856 from all sources and concurred with the remainder of the request.* **The Assembly concurred.**

**Medical Marijuana Program.** The Department requested \$62,073 more than enacted from restricted receipts for costs associated with the Medical Marijuana program. This includes \$49,814 more for salaries and benefits, reflective of staffing allocations, and \$12,259 for program expenses. The Department projected a year-end surplus of \$19,959 from these receipts. *The Governor recommended \$1,629 less than requested from statewide medical savings.* **Based on projected expenditures, the Assembly provided \$0.2 million less.**

**Other Expenses.** The revised request includes \$10.1 million from all sources or \$40,280 less for all other expenses in the Division of Customer Services, including the Office of Facilities Regulation and the Office of Health Professionals Regulation. The Office of Facilities Regulation is responsible for ensuring that approximately 2,400 state licenses and federally Medicare/Medicaid certified health care facilities, health service agencies, assisted living residences and adult day care programs meet the applicable health and safety, and quality standards and regulations of state and federal law. The Office of Health Professionals Regulation is responsible for certifying, licensing, and disciplining health care professionals, as well as, identifying professional standards to ensure the highest quality health care in the state.

Salary and benefit expenditures are \$0.1 million less than enacted, primarily from medical benefit savings, offset by \$0.1 million more from federal funds to adjust indirect cost recovery charges. *The Governor recommended statewide medical savings of \$15,951 from all sources and concurred with the remainder of the request.* **The Assembly included \$0.1 million less from general revenues to reflect turnover savings. It also shifted \$1.9 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.**

## Policy, Information and Communications

**Health Professional Loan Repayment.** The revised request includes \$505,000 less for the health professional loan repayment program, for which the enacted budget includes \$2.2 million from all sources. This pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The request includes \$25,000 more from federal funds and \$530,000 less from restricted receipts to reflect anticipated receipts from the Rhode Island Health Care Association, which the Department will use to provide the 50.0 percent minimum match on the federal grant. *The Governor recommended funding as requested.* **The Assembly provided \$0.5 million less than the revised budget, reflective of anticipated expenditures.**

**All Claims Payer Database System.** Based on projected expenditures, the revised request includes \$150,000 less than enacted from restricted receipts for the All-Payer Claims Database, also known as the HealthFacts RI project, which is used to examine the use, quality, and cost of healthcare in the state. This project is jointly managed by the Executive Office of Health and Human Services, Department of Health, Office of the Health Insurance Commissioner, and HealthSource RI. The request is \$94,330 more than FY 2019 expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Expenses.** The revised request includes \$112,616 less for all other expenditures in the division. This includes \$113,593 less from federal funds and a slight increase from restricted receipts. The

request includes \$0.4 million less for salaries and benefits based on turnover savings, including an interdepartmental project manager; operating expenses are \$0.2 million more for advertising. The request also includes a new award for an overdose mapping tool. *The Governor recommended statewide medical savings of \$3,791 from all sources and concurred with the remainder of the request.* **The Assembly concurred, with the exception of shifting \$0.1 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.**

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

**CDC Grants.** On March 13, 2020, President Trump declared that a nationwide emergency exists as a result of COVID-19. Subsequently, the Department received two federal grant awards totaling \$11.5 million from the Centers for Disease Control and Prevention to respond to the public health crisis. The funds can be used to expand capacity for testing and contact tracing, improve morbidity and mortality surveillance, and implement appropriate containment measures. *The Governor's revised budget did not assume any of these expenses.* **Based on projected expenditures, the Assembly provided \$3.4 million for FY 2020.**

**Hospital Preparedness and Public Health Emergency Response.** The revised request includes \$1.9 million more than enacted from federal funds based on increased awards for hospital preparedness and public health emergency response activities. These funds provide financial support to develop and expand capabilities in three key areas of bioterrorism preparedness and response. These include monitoring disease patterns to detect changes that signal bioterrorism acts, improving laboratory ability to identify organisms and determine if threats are real, and communicating with trained medical, law enforcement, and emergency personnel. *The Governor recommended \$4,800 less from federal funds than requested from statewide medical savings.* **The Assembly provided \$2.7 million less from federal funds, reflective of the Department's third quarter report.**

**Other Expenses.** The revised request includes \$32,966 less from federal funds for all other expenses for the Division of Preparedness, Response, Infectious Disease and Emergency Medical Services. This includes \$30,030 less for salaries and benefits from statewide benefit savings. Expenditures in this program include funding for prevention and surveillance functions and tasks of the HIV/AIDS program. The Department funds HIV/AIDS awareness and prevention and treatment services through a number of initiatives ranging from providing medication to non-insured residents to educating teachers who teach sex education classes in the high schools. The awareness and prevention services include community outreach programs, which are based on a Request for Proposals, where the Department will outline what services are to be provided.

*The Governor recommended \$0.6 million less from all sources than requested, primarily from federal HIV funds; the Department anticipated a reduction in funding, but it was not reflected in its request.* **The Assembly included \$0.1 million less from general revenues for turnover savings. It also shifted \$0.4 million of personnel expenses from general revenues to federal funds based on staff time responding directly to the COVID-19 emergency.**



## Department of Human Services

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 9,520,634	\$ 9,864,230	\$ 9,529,944	\$ 17,732,037
Child Support Enforcement	14,164,061	9,748,563	10,733,782	10,822,029
Individual and Family Support	127,922,951	162,655,638	155,017,840	157,671,986
Office of Veterans Services	39,261,653	40,340,206	40,253,594	40,873,122
Health Care Eligibility	21,437,537	11,829,594	14,465,950	17,826,593
Supplemental Security Income	19,038,026	19,487,100	18,938,282	19,040,176
Rhode Island Works	92,278,273	97,285,686	96,370,021	97,611,239
Other Programs	251,010,240	266,154,501	251,037,281	251,206,901
Office of Healthy Aging	19,600,328	20,977,862	22,187,003	27,593,052
<b>Total</b>	<b>\$ 594,233,703</b>	<b>\$ 638,343,380</b>	<b>\$ 618,533,697</b>	<b>\$ 640,377,135</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 97,646,317	\$ 103,645,919	\$ 105,524,245	\$ 105,177,075
Contracted Services	26,488,604	27,063,415	24,857,645	24,476,263
<b>Subtotal</b>	<b>\$ 124,134,921</b>	<b>\$ 130,709,334</b>	<b>\$ 130,381,890</b>	<b>\$ 129,653,338</b>
Other State Operations	32,980,296	30,385,989	29,933,662	31,203,099
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	432,586,081	471,765,785	452,579,205	473,881,758
Capital	677,850	798,192	1,210,012	1,210,012
Capital Debt Service	-	-	-	-
Operating Transfers	3,854,555	4,684,080	4,428,928	4,428,928
<b>Total</b>	<b>\$ 594,233,703</b>	<b>\$ 638,343,380</b>	<b>\$ 618,533,697</b>	<b>\$ 640,377,135</b>
<b>Sources of Funds</b>				
General Revenue	\$ 113,957,594	\$ 92,178,627	\$ 92,200,297	\$ 91,304,952
Federal Aid	471,030,698	514,400,576	496,475,895	518,036,621
Restricted Receipts	4,491,317	26,750,699	25,146,367	26,324,424
Other	4,754,094	5,013,478	4,711,138	4,711,138
<b>Total</b>	<b>\$ 594,233,703</b>	<b>\$ 638,343,380</b>	<b>\$ 618,533,697</b>	<b>\$ 640,377,135</b>
<b>FTE Authorization</b>				
Department of Human Services	747.0	755.0	755.0	755.0
Office of Veterans Services	252.1	252.1	252.1	252.1
Office of Healthy Aging	31.0	31.0	31.0	31.0
<b>Total Authroized Positions</b>	<b>1,030.1</b>	<b>1,038.1</b>	<b>1,038.1</b>	<b>1,038.1</b>
<b>FTE Average</b>	<b>914.9</b>			

**FY 2020 Revised Request.** The Department of Human Services, including the Office of Veterans Services and the Office of Healthy Aging, requested \$16.6 million less from all sources of funds for FY 2020, including \$17.5 million less from federal funds and \$0.2 million less from other sources, offset by \$1.0 million more from restricted receipts. It should be noted that the revised request for the Office of Veterans Services includes \$25.5 million from general revenues, consistent with the enacted level. This is \$2.9 million less than its projected FY 2020 expenses reported in its first quarter report. The Office submitted

a corrective action plan on December 16, 2019, which lowered the projected deficit to \$2.0 million and included proposals to address \$0.6 million.

*The Governor recommended \$3.2 million less than requested, including \$21,670 more from general revenues offset by \$0.4 million less from federal funds, \$2.6 million less from restricted receipts and \$0.1 million less from other sources. She included the enacted authorization level of 1,038.1 full-time equivalent positions. As of the pay period ending January 18, the Department had 95.5 vacancies.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department of Human Services this includes \$7.1 million across four programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.*

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustment	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Child Support Enforcement	\$ 9,748,563	\$ 10,733,782	\$ (88,247)	\$ 10,645,535
Individual and Family Support	162,655,638	155,017,840	3,525,071	158,542,911
Health Care Eligibility	11,829,594	14,465,950	(3,360,643)	11,105,307
Office of Healthy Aging	20,977,862	22,187,003	(76,181)	22,110,822
All Other Programs	433,131,723	416,129,122	-	416,129,122
<b>Total</b>	<b>\$ 638,343,380</b>	<b>\$ 618,533,697</b>	<b>\$ -</b>	<b>\$ 618,533,697</b>

**The Assembly provided total expenditures of \$640.4 million, or \$21.8 million more than the Governor's revised budget, primarily from federal funds authorized in response to the COVID-19 emergency. The final budget also restores the adjustments discussed above.**

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2020 guidelines are as follows.

<b>Percent of Federal Poverty Level Based on Annual Income</b>								
<b>Family Size</b>	<b>100%</b>	<b>133%</b>	<b>138%</b>	<b>150%</b>	<b>180%</b>	<b>185%</b>	<b>225%</b>	<b>250%</b>
1	\$ 12,760	\$ 16,971	\$ 17,609	\$ 19,140	\$ 22,968	\$ 23,606	\$ 30,624	\$ 31,900
2	17,240	22,929	23,791	25,860	31,032	31,894	38,790	43,100
3	21,720	28,888	29,974	32,580	39,096	40,182	48,870	54,300
4	26,200	34,846	36,156	39,300	47,160	48,470	58,950	65,500
5	30,680	40,804	42,338	46,020	55,224	56,758	69,030	76,700
6	35,160	46,763	48,521	52,740	63,288	65,046	79,110	87,900
7	39,640	52,721	54,703	59,460	71,352	73,334	89,190	99,100
8	44,120	58,680	60,886	66,180	79,416	81,622	99,270	110,300

*For families with more than 8 members, add \$4,480 for each additional member for the 100 percent calculation.*

**Staffing.** The Department requested 1,038.1 full-time equivalent positions in FY 2020, consistent with the enacted budget authorization. The revised request provides funding for approximately 992 positions, leaving approximately 46 positions unfunded.

As of December 7, 2019, the Department had 941.6 filled positions and is averaging 936.3 filled positions in FY 2020. The Department averaged 914.9 filled positions in FY 2019, 873.4 in FY 2018, and 835.7 in FY 2017. The number of filled positions had been slowly increasing from a low of 781.2 in November 2011, though declined in FY 2017 with the implementation of the Unified Health Infrastructure Project, which was assumed to reduce the number of staff needed and resulted in the elimination of 99.0 positions in the Governor's FY 2018 recommended budget. System issues have since resulted in a staffing increase. The FY 2018 enacted budget added 143.0 positions related to the Unified Health Infrastructure Project, of which 66.0 were to be permanent and 77.0 term limited. *The Governor recommended the enacted level of 1,038.1 full-time equivalent positions.* **The Assembly concurred.**

### Cash Assistance Programs

The Caseload Estimating Conference estimate included \$115.7 million from all sources, including \$29.2 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$1.6 million less than enacted, including \$1.3 million less from general revenues. The Department's request did not reflect the estimate adopted at the November Caseload Estimating Conference. *The Governor recommended funding consistent with the November estimate.*

**The Assembly provided \$2.9 million more than the May caseload estimate, of which \$1.2 million reflects enhanced child care reimbursement rates for June, authorized under Executive Order 20-39. This also includes \$1.7 million more for Rhode Island Works reflecting a one-time emergency benefit made to participants in June. The Department sought and received federal approval to make this payment, which was announced publicly on June 10.**

The table below itemizes cash assistance expenditures as enacted, adopted by the caseload estimators, recommended by the Governor and enacted by the 2020 Assembly, along with comparable data for FY 2019 and FY 2018. Each category is discussed separately.

Cash Assistance	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 May CEC	FY 2020 Final
<b>Rhode Island Works</b>						
Persons	9,831	9,321	9,334	9,275	9,200	9,200
Monthly Cost per Person	\$ 193.10	\$ 187.74	\$ 188.00	\$ 186.05	\$ 183.00	\$ 184.09
<b>Total Costs/Federal Funds</b>	<b>\$ 24.9</b>	<b>\$ 23.1</b>	<b>\$ 23.3</b>	<b>\$ 23.1</b>	<b>\$ 22.4</b>	<b>\$ 24.1</b>
<b>Child Care</b>						
Subsidies	8,895	9,099	9,240	9,294	9,232	9,232
Annual Cost per Subsidy	\$ 7,316	\$ 7,678	\$ 7,966	\$ 7,840	\$ 7,785	\$ 7,914
General Revenue	\$ 9.9	\$ 9.9	\$ 10.0	\$ 9.4	\$ 9.4	\$ 9.4
Federal Funds	55.2	60.0	63.6	63.4	62.4	63.6
<b>Total Costs</b>	<b>\$ 65.1</b>	<b>\$ 69.9</b>	<b>\$ 73.6</b>	<b>\$ 72.9</b>	<b>\$ 71.9</b>	<b>\$ 73.1</b>
<b>SSI</b>						
Persons	35,118	33,806	33,750	33,887	34,070	34,070
Monthly Cost per Person	\$ 47.68	\$ 46.88	\$ 47.94	\$ 46.40	\$ 46.40	\$ 46.40
<b>Total Costs/General Revenues</b>	<b>\$ 20.2</b>	<b>\$ 19.1</b>	<b>\$ 19.5</b>	<b>\$ 18.9</b>	<b>\$ 19.0</b>	<b>\$ 19.0</b>
<b>SSI Transition/Bridge</b>						
Persons	256	159	162	115	105	105
Monthly Cost per Person	\$ 153.11	\$ 144.84	\$ 150.00	\$ 151.00	\$ 150.00	\$ 150.00
<b>Total Costs/General Revenues</b>	<b>\$ 1.1</b>	<b>\$ 0.9</b>	<b>\$ 0.9</b>	<b>\$ 0.8</b>	<b>\$ 1.0</b>	<b>\$ 1.0</b>
General Revenue	\$ 31.1	\$ 29.8	\$ 30.4	\$ 29.2	\$ 29.4	\$ 29.4
Federal Funds	80.1	83.1	86.8	86.5	84.9	87.8
<b>Total Cash Assistance</b>	<b>\$ 111.3</b>	<b>\$ 113.0</b>	<b>\$ 117.3</b>	<b>\$ 115.7</b>	<b>\$ 114.3</b>	<b>\$ 117.2</b>

*\$ in millions*

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$23.1 million entirely from federal funds. The estimate decreased the monthly caseload by 59 cases to a level of 9,275 and the monthly cost per person decreases by \$1.95 to \$186.05. The estimated program expenditures are \$0.2 million less than enacted reflecting the reduced caseload as well as adjustments for clothing and other supportive services. The Department requested the enacted funding for the program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommended funding consistent with the caseload estimate.*

**The May caseload estimate reduced expenses by \$0.7 million reflecting a 275 reduction in the number of people to 9,200 and \$3.05 per month for an average monthly cost of \$183.00. The Department sought and received federal approval to issue an emergency payment to program participants, which was announced on June 10. Participants received an emergency payment equivalent to their currently monthly benefit in June. The Assembly included \$1.7 million from the state's allocation of federal coronavirus relief funds to account for the payment, increasing the monthly cost per person to \$184.09, \$1.09 more than the caseload estimate.**

**Child Care.** The November Caseload Estimating Conference estimate includes child care expenditures of \$72.9 million, of which \$9.4 million is from general revenues. This is \$0.7 million less than enacted, including \$0.6 million from general revenues. The estimate increases child care subsidies by 54 for a monthly level of 9,294 and decreases the annual cost by \$126 to \$7,840 for FY 2020. The Department requested the enacted level and does not reflect the estimate adopted at the November caseload conference.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for Works they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of poverty. However, families that became eligible for subsidized child care because their income was at or below 180 percent of poverty remain eligible until the family income exceeds 225 percent of poverty.

The 2018 Assembly enacted legislation to increase rates paid for subsidized infant, toddler, and pre-school age child care from an average of the 2002 and 2004 market rate surveys to a tiered reimbursement system based on the state's quality rating system. The rate change applies to licensed child care centers only; as family care providers received separate rate increases. The 2019 Assembly subsequently enacted legislation establishing tiered reimbursement for family based providers for infants and toddlers only. Providers will be reimbursed based on the rating the provider has achieved in the state's quality rating system. Those providers with higher rankings will receive additional funding compared to those in the lower tiers. *The Governor recommended funding consistent with the caseload estimate.*

**The May estimate reduced expenditures by \$1.0 million reflecting a decrease of 62 subsidies to 9,232 and \$55 for an average cost per subsidy of \$7,785. On May 27, the Governor issued Executive Order 20-39, authorizing a temporary rate increase to assist with the cost of new regulations. The new rates will expire on either June 26, unless the executive order is extended, or when the state of emergency is terminated, whichever is first. Rates announced by the Department are effective beginning June 1 and are anticipated to increase program expenditures by \$0.3 million each week. Based on this estimate, the Assembly included an additional \$1.2 million to account for one month of increased rates. The additional funds increase the cost per subsidy to \$7,914, which is \$129 more than the caseload estimate.**

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes revised FY 2020 direct supplemental security income expenditures of \$18.9 million from general revenues, or \$0.5 million less than enacted. The caseload increases by 137 persons to a monthly level of 33,887. Estimators decreased the monthly cost per person by \$1.54 to \$46.40. The estimate also includes



transaction fees of \$70,000, consistent with the enacted level. The Department requested the enacted funding for the program and does not reflect the estimate adopted at the November caseload conference.

The FY 2020 enacted budget expanded the availability of the Supplemental Security Income payment for certain residents of assisted living facilities to participants in alternate, successor or substitute programs, or delivery options as determined by the Executive Office of Health and Human Services. The estimated impact of this expansion is \$0.3 million and is reflected in the cost per subsidy. *The Governor recommended funding consistent with the caseload estimate.* **Consistent with the May estimate, the Assembly provided an additional \$0.1 million reflecting a 183 person increase to 34,070.**

**Assisted Living State Supplemental Payment.** The Department requested revised expenditures of \$0.4 million from general revenues for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and reside in a state licensed assisted living facility that is not eligible to receive Medicaid. The request is \$31,648 less than enacted; however, based on caseload testimony, expenses were anticipated to be \$0.1 million less than enacted through the first quarter of FY 2020. The 2014 Assembly expanded the payment to individuals residing in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimates revised expenditures for the supplemental security income transition/bridge program at \$0.8 million, entirely from general revenues. The estimate includes \$0.2 million for cash payments and \$0.6 million for burials. The estimate assumes 115 monthly persons, or 47 fewer than the enacted budget, and increases the monthly cost per person by \$1 to \$151. The estimate is \$0.1 million less than enacted. The Department requested \$0.9 million from general revenues, which is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommended funding consistent with the caseload estimate.* **Consistent with the May estimate, the Assembly provided \$0.2 million more primarily for burial expenses. The caseload estimate reduced the number of people by 10 to 105 and the average monthly cost by \$1 to \$150.00, but increased funding for burials by \$0.2 million for a total of \$0.8 million.**

**Hardship Payments.** Consistent with the enacted budget, the Department requested \$90,000 from general revenues for hardship contingency payments, which provide temporary support to individuals who do not qualify for the supplemental security income or Rhode Island Works programs. Payments from the program have been declining annually; in FY 2019, the Department spent \$28,704, meanwhile it spent \$53,400 in FY 2018, \$55,242 in FY 2017, \$70,000 in FY 2016, and \$70,766 in FY 2015. In the five-year period from FY 2015 through FY 2019, expenses declined 59.5 percent. It has previously indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Other Programs**

**Eligibility Programs Administration.** The Department requested \$0.6 million more than enacted from all sources, including \$0.2 million less from general revenues, for personnel and operating expenses associated with administering the eligibility programs. This includes administration of Rhode Island Works, the child care assistance program, and the Supplemental Nutrition Assistance Program, as well as expenses associated with the Unified Health Infrastructure Project. It should be noted that the enacted budget assumes use of \$24.7 million from restricted receipts from a settlement reached with Deloitte. Including the Executive Office of Health and Human Services and HealthSource RI, the enacted budget assumes a total of \$33.2 million from settlement funds. As part of contract negotiations with the vendor, a

\$50.0 million settlement was reached in March 2019; as of January, the federal government had not determined the state’s share of the settlement.

*The Governor recommended total funding of \$78.2 million from all sources, including \$9.8 million from general revenues. This is \$3.9 million less than requested, of which \$0.1 million is from general revenues, \$0.9 million is from federal funds and \$2.9 million is from Deloitte settlement funds. This primarily reflects the reduction of contracted expenses for the Unified Health Infrastructure Project based on information from the Executive Office of Health and Human Services. It should be noted that the Governor’s revised budget shows the full \$50 million but assumes a state share of \$28.9 million. On February 6, the state was notified that its share of settlement funds is \$30.0 million, \$1.1 million more than assumed in the revised budget recommendation. **The Assembly concurred with the total recommendation, but shifted \$1.1 million from general revenues to available restricted receipts based on the final state share of settlement funds.***

Staff and Other Expenses	General Revenues			All Sources		
	Eligibility			Eligibility		
	UHIP	Admin.	Total	UHIP	Admin.	Total
Enacted	\$ (2.3)	\$ 12.3	\$ 10.1	\$ 34.7	\$ 46.8	\$ 81.5
Revised Request	(6.4)	16.3	9.9	29.9	52.2	82.1
<b>Revised Chg. to Enacted</b>	<b>\$ (4.1)</b>	<b>\$ 4.0</b>	<b>\$ (0.2)</b>	<b>\$ (4.8)</b>	<b>\$ 5.4</b>	<b>\$ 0.6</b>
FY 2021 Request	11.1	23.7	34.8	24.6	59.6	84.2
<b>Request Chg. to Enacted</b>	<b>\$ 13.4</b>	<b>\$ 11.3</b>	<b>\$ 24.8</b>	<b>\$ (10.1)</b>	<b>\$ 12.8</b>	<b>\$ 2.7</b>

*\$ in millions; includes rent*

**Staffing.** The Department requested \$1.9 million less than enacted, including \$0.2 million less from general revenues for staffing expenses. Staff time is typically allocated to specific programs based on the amount of time spent on each; funding for portions of 322 eligibility staff and operating costs are included in Unified Health Infrastructure Project expenses in order to receive an enhanced Medicaid match rate for staff. The enhanced Medicaid match rate is 75.0 percent, or 25.0 percent more than the regular match rate of 50.0 percent. The reduction of staff expenses associated with administration of the programs is offset by increases in other areas, discussed separately. *The Governor recommended \$0.2 million less than requested, including \$0.1 million less from general revenues, which primarily reflects statewide medical benefit and overtime savings. **The Assembly concurred with the total recommendation, but shifted \$1.1 million from general revenues to available Deloitte settlement restricted receipts.***

**Unified Health Infrastructure Project Expenses.** The Department requested \$1.7 million less than enacted from all sources, including \$1.5 million less from general revenues for Unified Health Infrastructure Project operating expenses, excluding personnel. Expenses for the project are shared between the Department, the Executive Office of Health and Human Services and HealthSource RI. The Executive Office oversees all non-personnel expenses, including contracted services. The revised request reflects the Department’s share of anticipated expenses. The enacted budget reportedly overstated expenses from federal funds, which are reduced by \$0.2 million in the revised request. *The Governor recommended \$3.7 million less than requested, including \$0.7 million less from federal funds and \$2.9 million less from restricted receipts based on information provided by the Executive Office of Health and Human Services. **The Assembly concurred.***

**Rent for Satellite Offices.** The Department requested \$2.2 million more than enacted for lease expenses of its satellite offices, including \$0.2 million less from general revenues. It renewed the lease for the Pawtucket office at the start of FY 2020 and is pursuing a new lease for the Providence location. The enacted budget assumes \$0.6 million of savings from all sources, including \$0.2 million from general revenues from moving Providence field staff to two smaller locations and \$0.6 million from all sources, including \$0.3 million from general revenues from moving back-office activities to the Pastore campus. New office sites for staff have not been determined as of January 2020; however, the Department’s request

assumes the general revenue savings in FY 2021. *The Governor recommended funding as requested. The Assmby concurred.*

**Other Expenses.** The Department requested \$2.1 million more than enacted, including \$1.8 million more from general revenues for all other operating expenses for administration of the eligibility programs. This primarily reflects actual FY 2019 spending and includes \$0.7 million more for postage, \$0.5 million more for contracted information technology expenses, \$0.4 million more for security services at its satellite offices, and \$0.1 million more for both interpreters and staff training expenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Rhode Island Works Pilot.** The Department requested \$0.2 million less than enacted from federal Temporary Assistance for Needy Families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. The revised request appears to be overstated as annual program expenses have averaged \$0.3 million over the last four years. *The Governor recommended funding as requested. The Assembly concurred.*

**Child Care Quality Improvements.** The Department requested \$0.8 million more than enacted from federal Child Care Development Block Grant funds designated for improving the quality of the state's child care assistance program. The request reflects anticipated expenses based on the actual FY 2019 experience and available discretionary block grant funding, which were made available in federal fiscal years 2018 and 2019. The additional funds have been used to provide technical assistance and professional development to child care providers, including a cohort-based model at the Community College of Rhode Island. *The Governor recommended funding as requested. The Assembly concurred.*

**Child Care for Healthcare Workers.** On March 24, the Governor announced that five child care providers would reopen during the COVID-19 emergency to serve healthcare workers in need of child care. The Department expanded child care assistance to eligible healthcare workers. **Based on actual expenses reported through May, the Assembly provided \$0.2 million from federal funds to account for this expense.**

**Child Support Enforcement Program.** The Department requested \$1.0 million more than enacted from all sources for expenditures related to child support enforcement. This includes \$0.1 million more from general revenues and \$0.9 million more from federal funds. The revised request includes \$0.9 million more for contracted information technology services based on actual FY 2019 expenses, and \$0.2 million more from filling two more full-time equivalent positions than assumed in the enacted budget; this is offset by other operating reductions of \$0.2 million. *The Governor recommended \$14,714 less than requested, including \$5,161 less from general revenues reflecting medical benefit savings. The Assembly concurred.*

**Supplemental Nutrition Assistance Program - Benefits.** The Department requested \$15.0 million less than enacted from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This reflects anticipated program participation and actual FY 2019 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

**LIHEAP and Weatherization Assistance Programs.** The Department requested \$0.1 million less than enacted from federal sources for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs, based on available funding. The low income home energy assistance program provides funds to assist Rhode Island's low income households to meet the increasing costs of home energy and reduce the severity of an energy related crisis. The program assists approximately 37,000 low income households and grants range from \$300 to \$450 monthly depending on income level. The weatherization assistance program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden,

with weatherization improvements to lower utility costs. *The Governor recommended funding essentially as requested.* **The Assembly included an additional \$5.9 million from federal funds authorized under the CARES Act.**

**Paratransit Services for the Elderly.** The Department requested \$0.2 million less than enacted from all sources for elderly transportation services, including \$0.2 million less from general revenues and \$10,372 more from federal funds. The Executive Office of Health and Human Services holds the transportation contract with Medical Transportation Management and allocates expenses for eligible participants without Medicaid coverage to the Department. Final FY 2019 expenses were \$0.2 million less than the final appropriation, including \$0.1 million less from general revenues, reflecting actual program participation. The revised request assumes a similar reduction based on projected participation. *The Governor recommended funding as requested.*

**The Families First Coronavirus Response Act temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. This increases Rhode Island's Medicaid match rate from 52.95 percent to 59.15 percent. Based on the increased match, the Assembly shifted \$10,594 of general revenues expenditures to federal funds.**

**Vocational Rehabilitation Services.** The Department requested \$3.8 million less than enacted for vocational rehabilitation services, including \$43,857 less from general revenues. The revised request reflects anticipated grant awards, which were overstated in its initial FY 2020 request upon which the enacted budget was based. Revised total funding of \$18.6 million is closer to but, still considerably higher, than actual FY 2019 expenditures of \$14.5 million. *The Governor recommended \$20,448 less than requested, including \$4,047 less from general revenues, reflecting medical benefit savings.* **The Assembly concurred.**

**Medicaid Rehabilitative Services.** The Department requested \$27,179 less from federal funds for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the Medicaid waiver. These services are aimed at helping an individual maintain independence and include social services for the blind, personal care attendants, and home modifications. The revised request adjusts anticipated federal funding based on current match rates. *The Governor recommended funding as requested.*

**The Families First Coronavirus Response Act temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. This increases Rhode Island's Medicaid match rate from 52.95 percent to 59.15 percent. Based on the increased match, the Assembly shifted \$22,942 of general revenue expenditures to federal funds.**

**Services for Blind and Visually Impaired.** The Department requested \$10,117 less from all sources for services to the blind and visually impaired. The revised request shifts \$0.1 million of expenditures from federal sources to general revenues, which reflects FY 2019 actual grant expenses. The revised request also includes \$0.1 million more from general revenues for personnel offset by a similar reduction for contract expenses. The additional general revenues offset a reduction of federal funds across all programs supported by the Office of Rehabilitation Services, reflecting a reduction in federal awards. Overall, the Office's revised request for staff is \$0.2 million less than enacted, including \$0.4 million less from federal funds and \$0.1 million more from general revenues. *The Governor recommended \$2,344 less than requested from general revenues reflecting medical benefit savings.* **The Assembly concurred.**

**Preschool Development Grant.** The Department requested \$0.1 million less than enacted from federal preschool development funds. In December 2018, the Department was awarded a \$4.2 million grant from

the federal Administration for Children and Families' Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. It works with the Departments of Health, Elementary and Secondary Education, and Children, Youth and Families on this initiative. Funding is used for a facilities assessment to identify space that could be used to expand the state's prekindergarten program, a family needs assessment, and a funding stream analysis, as well as technical assistance and professional development for providers. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

**Community Services Block Grant.** The Department requested \$0.2 million less from federal funds for expenses related to the community services block grant, based on prior year expenses. This is \$55,564 more than FY 2019 actual expenses and nearly all funding is used to support local community agencies and programs. *The Governor recommended funding essentially as requested.* **The Assembly included an additional \$5.5 million from funds authorized under the CARES Act.**

**Refugee Assistance.** The Department requested \$0.7 million less than enacted from federal funds for refugee assistance programs. The Department inadvertently shifted rent to this program in its FY 2020 request. The refugee social services grant cannot support these rent expenses, which have been shifted throughout other program areas based on a cost-allocation plan. Additionally, funding awarded to local organizations is reduced by \$0.1 million compared to the enacted; however, anticipated grant awards are \$0.3 million more than actual FY 2019 disbursements. *The Governor recommended funding essentially as requested.* **The Assembly concurred.**

**Other Staffing.** The Department requested \$1.2 million more than enacted from all sources for all other staffing expenses in the central management and individual and family support programs. This includes \$1.5 million more from federal funds and \$0.1 million less than enacted from general revenues; it also excludes \$0.2 million from restricted receipts. This reflects shifting expenses to program areas expected to incur the costs, primarily from program eligibility administration. *The Governor recommended \$1,921 more than requested from all sources reflecting changes to employee benefit selections.* **The Assembly concurred with the total recommendation; however, consistent with the enacted budget, it shifted \$0.2 million of general revenue expenditures to restricted receipts. It also shifted \$0.1 million of general revenue expenses to federal coronavirus relief funds based on the Department's staff time responding directly to the COVID-19 emergency.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department requested \$9,598 less from federal sources, which excludes information technology charges to the Unified Health Infrastructure Project as it was not included in the project's planning document submitted to the federal government.

*The Governor recommended \$0.6 million more than requested from all sources for the Department's share of centralized information technology services, including \$0.3 million less from general revenues. Based on the second quarter internal service fund report, the Department appeared likely to be billed approximately \$1.2 million more than the Governor's revised recommendation from all sources, including \$0.4 million more for human resources, \$0.2 million more for facilities management, and \$0.7 million more for information technology services. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly reduced the excess funding in the Department of Administration's budget and allocated expenditures**

where they occur by adding \$0.5 million for the Department, including \$0.7 million from general revenues based on billings through the third quarter.

**Capital - Blind Vending Facilities.** The Department requested the enacted level of \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Office of Rehabilitation Services. The request is consistent with the Department's capital budget request. *The Governor recommended \$17,660 more than requested reflecting carryforward of unspent prior year funds.* **The Assembly concurred; a detailed analysis of this project is included in the Capital Budget section of this publication.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19.* **Based on spending through June 12, the Assembly included \$120,000 from federal funds to account for these expenses.**

**Other Operations.** The Department requested \$0.5 million more than enacted for all other operations, including \$0.2 million more from general revenues. The revised request also includes \$0.6 million more from federal funds, \$0.2 million less from restricted receipts, and \$0.2 million less from other sources. Federal fund changes include \$0.4 million more from disability determinations and \$0.2 million more from child care development block grant funds, offset by revisions to several other grants. *The Governor recommended \$21,431 less than requested from all sources from reductions to miscellaneous expenses.*

**The Assembly provided an additional \$2.9 million from new funds authorized under the CARES Act. New federal funds include \$2.7 million for the emergency food assistance program, which will be distributed directly to the Rhode Island Food Bank who administers the program, and \$0.2 million for family violence prevention activities, which will be awarded to local organizations to provide temporary housing and assistance to victims of family, domestic, and dating violence.**

### Office of Veterans Services

**Veterans' Home Restricted Receipts.** The Office of Veterans Services collects restricted receipts from residents at the Veterans' Home, located in Bristol. Residents pay a per diem fee based on their net income. Net income is defined as a resident's gross income minus applicable federal and state taxes and minus \$150 per month of residency and 50.0 percent of any sum received due to wounds incurred during battle conditions for which the resident received the purple heart, and minus amounts paid to support their spouse, parents, minor children, or children who are blind or permanently disabled. Fees are paid monthly to the Home and any failure to make payment when due can be cause for dismissal from the facility, though prior to dismissal, the resident is afforded administrative due process. Along with general revenues and federal funds, the Office uses these restricted receipts for maintenance and operational costs for the Veterans' Home.

The final FY 2019 appropriation assumed use of \$1.0 million from Veterans' Home restricted receipts based on anticipated collections. However, the Office collected \$1.2 million and spent only \$0.4 million, which is \$0.6 million less than the final appropriation and \$0.8 million less than actual collections. Meanwhile, the Home overspent the general revenue appropriation by \$2.1 million. In its revised FY 2020 request, the Office included \$2.4 million from Veterans' Home restricted receipts, which is \$1.4 million more than the enacted assumptions and relies on available funds carried forward from FY 2019. For FY 2020, the Office anticipated collections of \$1.1 million. *The Governor recommended \$38,887 less than requested based on anticipated collections.* **The Assembly concurred.**

**Veterans' Home Personnel.** The Office requested \$3.1 million more than enacted from all sources for personnel expenses at the Veterans' Home, including staff and pooled nurses. This includes \$1.4 million more from general revenues, \$1.5 million more from restricted receipts and \$26,377 more from federal funds. Based on the Governor's FY 2020 recommended budget, the enacted budget assumes general revenue savings of \$1.2 million from overtime and \$0.8 million from contracted medical services based on a review to be conducted by the Executive Office of Health and Human Services. The review was not conducted, though the Home did implement an acuity-based model for pooled nursing staff in order to reduce costs.

It should be noted that the additional general revenues requested for personnel expenses is offset by a significant reduction to miscellaneous operating expenses designed to keep general revenues in the revised request consistent with the enacted budget. In its first quarter report, the Office projected FY 2020 expenses would exceed the enacted budget by \$2.9 million, including \$1.9 million for staffing. A corrective action plan submitted on December 16 lowered the projected deficit to \$2.0 million based on its ongoing implementation of an acuity-based staffing model, reduction in overtime for non-medical staff, other undescribed payroll and contract savings, and billing of rehabilitation services that were previously fully funded from general revenues. The plan includes proposals to further reduce expenses by \$0.6 million, including a \$0.1 million reduction to its janitorial contract, \$44,578 from federal pharmaceutical reimbursements, and \$0.5 million from probating estates for those residents that died without a will and for which the Home has a claim. It reported that under Section 30-24-8 of the Rhode Island General Laws, the Home can receive the intestate estates of deceased veterans through probate.

The Executive Office of Health and Human Services, in conjunction with Rhode Island National Guard, subsequently launched an operating review of the Veterans' Home to identify savings opportunities. The Department and other state agencies also assisted in this review; initial recommendations were anticipated by the end of January 2020. The review focused on operational and financial management practices within the Veterans' Home, including staffing models and contracts. As of December 17, the review had not included a staff person with expertise in the nursing home industry though a member of the field was reportedly contracted to participate later in the review process.

*The Governor recommended \$1.2 million less than requested from all sources, including \$40,363 less from general revenues. This primarily reflects \$0.5 million less for overtime and \$0.6 million less for contracted nursing expenses; however, the recommendation is consistent with the Office's first quarter report. As previously noted, the Office's corrective action plan lowered the projected deficit from \$2.9 million in the first quarter report to \$2.0 million; the Governor did not reflect the revised deficit projection to personnel expenses, but as a reduction to miscellaneous operating expenses, noted separately.* **The Assembly concurred with the total recommendation for Veterans' Home expenditures. However, for personnel, it included \$0.6 million less from general revenues in order to properly reflect revised deficit projections.**

**Veterans' Home Other Contracted Services.** The Office requested \$0.1 million more than enacted from all sources, including \$0.8 million from general revenues for all other contracted services for the Veterans' Home, including janitorial services. Based on the Governor's recommended FY 2020 budget, the enacted

budget assumes general revenue savings of \$0.8 million from contracted janitorial services. The savings were to have been achieved through an operational review conducted by the Executive Office of Health and Human Services. It should be noted that the additional general revenues requested for contracted expenses is offset by a significant reduction to miscellaneous operating expenses designed to keep general revenues in the revised request consistent with the enacted budget.

In its first quarter report, the Office projected FY 2020 expenses of \$2.9 million more than enacted, including \$0.2 million for contracted services. A corrective action plan submitted on December 16 lowered the projected deficit to \$2.0 million based on its ongoing implementation of an acuity-based staffing model, reduction in overtime for non-medical staff, other undescribed payroll and contract savings, and billing of rehabilitation services that were previously fully funded from general revenues. The plan includes proposals to further reduce expenses by \$0.6 million, including savings of \$75,000 from renegotiating the janitorial contract.

*The Governor recommended \$18,371 more than requested from restricted receipts for information technology expenses consistent with its first quarter report. As previously noted, the Office's corrective action plan lowered the projected deficit from \$2.9 million in the first quarter report to \$2.0 million; the Governor did not reflect the revised deficit projection to contracted services expenses, but as a reduction to miscellaneous operating expenses, noted separately. **The Assembly concurred with the total recommendation for Veterans' Home expenditures. However, for other contracted services, it included \$0.5 million less from general revenues in order to properly reflect revised deficit projections.***

**Veterans' Home Operations.** The Office requested \$1.8 million less from all sources for all other operating expenses at the Veterans' Home. This includes \$2.1 million less from general revenues, offset by \$150,000 from federal funds and \$168,000 from restricted receipts. The request includes a reduction of \$2.8 million specifically from miscellaneous operating expenses, which offsets additional funds requested for personnel and contracted services. This reduction allowed the Office's revised general revenue request across all expenses to be consistent with the enacted budget; however, it understates expenditures by \$2.9 million. At the time of the budget submission, staff indicated that proposals to achieve savings would be included in a corrective action plan to be submitted with its first quarter report.

The Office's first quarter report was submitted on November 5 and projected a deficit of \$2.9 million. A corrective action plan submitted on December 16 lowered the projected deficit to \$2.0 million based on its ongoing implementation of an acuity-based staffing model, reduction in overtime for non-medical staff, other undescribed payroll and contract savings, and billing of rehabilitation services that were previously fully funded from general revenues. The plan includes proposals to achieve \$0.6 million of savings, including \$44,578 from federal pharmaceutical reimbursements and \$0.5 million based on the ability to collect funds from the estates of residents that have died without a will and the home has a claim. It reported that under Section 30-24-8 of the Rhode Island General Laws, the Home can receive the intestate estates of deceased veterans through probate.

*The Governor recommended \$1.0 million more than enacted, including \$1.2 million more from restricted receipts, \$26,758 more from federal funds, and \$0.3 million less from general revenues. This includes additional funding for various operating expenses including pharmaceutical and medical supplies, laundry and cleaning supplies, and liability insurance, among others. The recommendation is \$1.2 million less from general revenues than the first quarter report, \$0.9 million of which reflects the revised deficit projection reported in the Office's corrective action plan and is shown as a reduction to miscellaneous operating expenses in the budget. The recommendation further reduces miscellaneous operating expenses by \$0.2 million from shifting expenses to federal funds and restricted receipts made available from reduced personnel expenses. **The Assembly included \$0.1 million less from federal funds reflecting a decline in federal per diem reimbursement and concurred with the Governor's total general revenue***



**recommendation for Veterans' Home expenditures. However, it restored the \$1.1 million reduction in miscellaneous operating expenses; this is offset by other reductions, noted separately, in order to properly reflect revised deficit projections.**

**Other Operations.** The Office requested \$0.1 million less than enacted from general revenues for all other expenses, including the Office and Veterans' Cemetery. The revised request primarily reflects turnover savings, equivalent to 1.7 full-time equivalent positions; however, as of the pay period ending December 7, all 15.0 positions were filled. Including the Veterans' Home, the Office of Veterans' Services requests the enacted appropriation from general revenues. Without this reduction to other operations, the revised request would exceed the general revenue appropriation. *The Governor recommended \$2,744 less than requested reflecting statewide medical benefit savings.* **The Assembly concurred.**

**Capital Projects.** The Office requested \$3.0 million less than enacted for projects at the Rhode Island Veterans' Memorial Cemetery in Exeter and Veterans' Home in Bristol. This includes the enacted amount of Rhode Island Capital Plan funds for asset protection projects at the Veterans' Home and \$0.2 million more from restricted receipts for two projects at the Veterans' Cemetery. The request also shifted \$3.0 million of federal funds for one project from FY 2020 to FY 2021. *The Governor recommended \$0.1 million more than requested from all sources, including \$150,000 less for the Veterans' Home asset protection project.* **The Assembly concurred; a detailed analysis of the projects is included in the Capital Budget Section of this publication.**

#### **Office of Healthy Aging**

**Volunteer Guardianship Program.** The Office requested \$2,181 more than enacted for the volunteer program which provides guardianship services to low-income, older, at-risk persons residing throughout the state who have been identified by a referral source as being in need of these advocacy services; guardianships under this program do not involve decision-making regarding the property or finances of the person. The revised request restores statewide savings assumed to reduce contracted expenses and certain commodities.

It should be noted that the Office spent \$0.1 million in FY 2019, or \$65,067 more than enacted, which included one-half of salary and benefit expenses for a staff attorney at the Executive Office of Health and Human Services. The attorney reportedly oversees the volunteer guardianship program. The revised request does not assume personnel expenses will occur again. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Long Term Care Ombudsman.** The Office requested the enacted amount of \$0.2 million from all sources for the Long Term Care Ombudsman, including \$0.1 million from general revenues. The Long Term Care Ombudsman, Alliance for Better Long Term Care, identifies, investigates, and resolves complaints raised by residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services. *The Governor recommended funding as requested.* **The Assembly included an additional \$0.1 million from federal funds authorized under the CARES Act.**

**Meal on Wheels/Elderly Nutrition Services.** The Office requested \$1.4 million from all sources of funds to support Meal on Wheels and elderly nutrition services. This includes the enacted amount of \$0.6 million from general revenues, as well as \$0.9 million from federal Title III funding, which is \$50,500 more than enacted reflecting anticipated grant funds. *The Governor recommended funding as requested.* **The Assembly included an additional \$3.6 million from federal funds authorized under the Families First Coronavirus Response Act and CARES Act, which have been awarded to community providers for home-delivered and congregate meals.**

**Pharmaceutical Assistance to the Elderly.** The Office requested \$18,000 less than enacted from restricted receipts for the pharmaceutical assistance for the elderly program. Consistent with its FY 2020 request, the enacted budget assumes expenses of \$33,000 which was based on actual FY 2017 expenses. However, the program has experienced a decline in participation and utilization due to the Affordable Care Act and Medicare Part D. The revised request reduces expenses based on FY 2018 and FY 2019 experience. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Home and Community Care Services.** The Office's revised request includes \$0.2 million more than enacted from federal funds for home care and adult day care services. Based on the state match rate of 47.17 percent, the enacted budget understated available federal funding for the program. The Department's revised request is consistent with this match rate. *The Governor recommended funding as requested.*

**The Assembly provided \$0.2 million less from all sources, including \$0.3 million less from general revenues. The Families First Coronavirus Response Act temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. This increases Rhode Island's Medicaid match rate from 52.95 percent to 59.15 percent. Based on the increased match, the Assembly shifted \$0.2 million of general revenue expenditures to federal funds. The final budget also reflects a decline in adult day care utilization as a result of the coronavirus pandemic.**

**Aging and Disability Resource Center.** The 2018 Assembly enacted legislation establishing the Aging and Disability Resource Center within the Office of Healthy Aging. The center would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The center would also streamline access to long-term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services.

The Executive Office of Health and Human Services' revised request excludes \$0.2 million from federal funds assumed in the enacted budget specifically to create a website. However, it included \$1.0 million from federal Money Follows the Person funds for its No Wrong Door initiative; the Aging and Disability Resource Center is now part of this initiative. *The Governor recommended funding as requested.* **The Assembly included \$0.3 million from new federal funds awarded through the CARES Act.**

**Alzheimer's Disease Prevention Initiative.** The Office's revised request includes \$300,000 from new federal funds for home and community based services supporting individuals living with dementia and Alzheimer's. Funding is used to train direct service professionals, including home health aides, first responders, and referral specialists, among others. Funds are also used to offer two evidenced-informed programs meant to support caregivers and those individuals living with dementia and Alzheimer's. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Elder Abuse Prevention.** The Office's revised request includes \$250,000 from new federal funds for elder abuse prevention. It was awarded a three year, \$0.8 million grant from the Administration for Community Living. Funding is used to support a new client-management system that automates abuse-reporting functions and improves the sharing of case information between the Office and first responders. It was also used to purchase mobile devices for field investigators, professional development for elder protective services staff and support a new Healthy Aging Behavioral Health Liaison position at BH Link, discussed separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Behavioral Health Liaison.** The Office's revised request includes \$0.1 million from mental health block grant funds provided by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to support a new Healthy Aging Behavioral Health Liaison to BH Link. BH Link is a

comprehensive program intended to serve those individuals 18 years and older who are experiencing a behavioral health crisis, including mental health and substance use, by establishing a community-based, 24/7 hotline and triage center. The new liaison started in October 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Salaries and Benefits.** The Office requested \$63,125 more than enacted from all sources for salary and benefit expenses for its 31.0 full-time equivalent positions, including \$81,700 from general revenues. Including restoring turnover savings, the revised request is \$0.1 million more than enacted for salaries and benefits and fully funds 30.0 of its authorized positions. As of the first pay period in January, it had 28.0 filled positions. *The Governor recommended \$43,315 more than requested, primarily from restricted receipts to reflect changes in medical benefit selections. The Assembly shifted \$0.1 million of general revenue expenses to federal coronavirus relief funds based on the Department's staff time responding directly to the COVID-19 emergency.*

**Other Operations.** The Office requested \$0.4 million more than enacted from all sources, including \$5,457 less from general revenues, for all other grant and operating expenditures within the Office. The revised request includes \$0.5 million more from federal funds for awards to local organizations, offset by revisions to various operating and contract expenses based on FY 2019 actual expenses. *The Governor recommended funding as requested. The Assembly included \$1.5 million more from additional federal funding authorized under the CARES Act, including \$1.0 million to provide additional home and community-based services, which could include mental and behavioral health services, counseling, housing and home modification support, and in-home services, among other supportive services. It also included \$0.5 million to provide additional support to family caregivers, such as through respite services.*



## Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 3,920,837	\$ 4,811,799	\$ 5,101,083	\$ 5,977,198
Services for the Dev. Disabled	269,087,061	296,900,197	292,159,839	284,727,649
Hosp. & Comm. System Support	2,401,339	2,265,323	2,820,150	3,405,406
Hospital & Comm. Rehab. Services	120,896,168	121,948,107	119,618,217	139,453,874
Behavioral Healthcare Services	26,549,198	37,270,030	48,052,958	46,895,108
<b>Total</b>	<b>\$ 422,854,603</b>	<b>\$ 463,195,456</b>	<b>\$ 467,752,247</b>	<b>\$ 480,459,235</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 125,829,641	\$ 126,925,009	\$ 126,988,720	\$ 127,001,608
Contracted Services	4,172,936	6,662,622	12,668,684	7,968,684
<b>Subtotal</b>	<b>\$ 130,002,577</b>	<b>\$ 133,587,631</b>	<b>\$ 139,657,404</b>	<b>\$ 134,970,292</b>
Other State Operations	23,908,933	25,971,178	28,004,867	27,993,148
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	270,165,359	302,919,524	299,319,616	316,725,435
Capital	707,210	717,123	770,360	770,360
Capital Debt Service	-	-	-	-
Operating Transfers	(1,929,476)	-	-	-
<b>Total</b>	<b>\$ 422,854,603</b>	<b>\$ 463,195,456</b>	<b>\$ 467,752,247</b>	<b>\$ 480,459,235</b>
<b>Sources of Funds</b>				
General Revenue	\$ 191,570,579	\$ 196,381,240	\$ 195,276,093	\$ 248,920,154
Federal Aid	223,313,113	260,425,869	264,661,112	227,155,334
Restricted Receipts	5,817,033	6,088,347	7,496,246	4,064,951
Other	2,153,878	300,000	318,796	318,796
<b>Total</b>	<b>\$ 422,854,603</b>	<b>\$ 463,195,456</b>	<b>\$ 467,752,247</b>	<b>\$ 480,459,235</b>
<b>FTE Authorization</b>	<b>1,304.4</b>	<b>1,189.4</b>	<b>1,189.4</b>	<b>1,189.4</b>
<b>FTE Average</b>	<b>1,128.7</b>			

**FY 2020 Revised Request.** The Department requested \$5.9 million more than enacted, including \$4.9 million more from federal funds, \$0.7 million more from restricted receipts, \$0.3 million more from Rhode Island Capital Plan funds and \$34,782 more from general revenues.

The Department's revised request includes a reorganization of fiscal, data analytics and strategic planning staff that impacts all the divisions.

*The Governor recommended \$1.4 million less than requested, including \$1.1 million less from general revenues which includes \$0.1 million of statewide medical benefit savings and \$0.3 million from overtime savings, noted below where appropriate.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department, this includes \$2.3 million across five programs. It appears these adjustments were made to keep the agency's total individual general revenue*

appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

**The Assembly provided \$12.7 million more which is \$53.6 million more from general revenues, \$37.5 million less from federal funds, and \$3.4 million less from restricted receipts. This is primarily the result of federal compliance and billing issues at Eleanor Slater Hospital, discussed separately. The Assembly did not include the undefined adjustments made in the Governor’s revised recommended budget.**

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Central Management	\$ 4,811,799	\$ 5,101,083	\$ (576,115)	\$ 5,677,198
Services for the Dev. Disabled	2,265,323	292,159,839	(585,256)	292,745,095
Hosp. & Comm. System Support	296,900,197	2,820,150	23,310	2,796,840
Hosp. & Comm. Rehab. Services	37,270,030	119,618,217	757,850	118,860,367
Behavioral Healthcare Services	121,948,107	48,052,958	380,211	47,672,747
<b>Total</b>	<b>\$ 463,195,456</b>	<b>\$ 467,752,247</b>	<b>\$ -</b>	<b>\$ 467,752,247</b>

**Centralized Services.** The Department included \$13.2 million in its revised budget for centralized services essentially consistent with the enacted budget, but shifts \$1.1 million of general revenue funded expenses to federal funds. The Department’s revised and FY 2021 requests assume the ability to use Medicaid to pay for over half the expenses it is charged for centralized services. For FY 2019, the percentage of federal funds charged was approximately 43 percent but also included charging non-Medicaid federal grant funds for the expenses. It is unclear if this higher percentage is allowable. For example, the state hospital is not entirely funded through Medicaid; there are patients for whom the state pays the whole cost. This shift from state to federal funds also allows the Department to stay within its enacted general revenue appropriation for FY 2020. *The Governor recommended \$1.0 million less than requested, including \$0.5 million less from general revenues based on Budget Office estimates.* **The Assembly provided \$0.8 million more, including \$0.9 million from general revenues based on third quarter billings.**

**Staffing Reorganization.** The Department requested the authorized level of 1,189.4 full-time equivalent positions but transfers positions among divisions to reflect a staffing reorganization and other staffing adjustments. For central management, the revised request transfers 17.0 positions for fiscal, data analytics and strategic planning activities and another 16.0 positions to correct for staffing allocations assumed in the enacted budget. The revised request also transfers expenses for 26.2 full-time equivalent positions from the hospital and rehabilitative services to the Division of Developmental Disabilities to staff two group homes. The revised budget includes \$0.2 million more from all sources for these changes, which include several upgrades and also adds \$0.9 million from general revenues from moving staff that were partially funded by Medicaid or federal grants to general revenues.

The revised request repurposes a position from Eleanor Slater Hospital to add an attorney to the central management program. The position was filled in March. It should be noted that all legal positions for agencies under the umbrella of the Executive Office are included in that budget which has five attorneys assigned to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor recommended funding consistent with the request.* **The Assembly concurred.**

## Division of Developmental Disabilities

**Developmental Disabilities Programs.** The Department's revised request includes \$289.6 million from all sources, of which \$131.8 million is from general revenues, for programs to support adults with developmental disabilities. It includes \$0.3 million from Rhode Island Capital Plan funds and excludes centralized services. The Department's revised request is \$4.5 million less from all sources, including \$0.4 million more from general revenues, \$4.8 million less from Medicaid funds and \$0.1 million less from restricted receipts.

The revised request transfers \$2.2 million and 26.2 full-time equivalent positions from the Division of Hospital and Community Rehabilitation Services for two group homes providing services to eight individuals. The services being provided at the homes were determined to be closer to the community-based services in the state-run group home system so the homes were changed on October 1, 2019 from licensed intermediate care facilities to group homes. Services for the individuals will remain the same.

The request also funds contracts and activities that satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor is paid from the Executive Office of Health and Human Service's budget. Also included in the revised request is funding for the Person Centered Supported Employment Performance Program and authorizations for additional services.

*The Governor recommended \$0.2 million less than requested, including \$0.1 million less from general revenues. **The Assembly appropriated \$284.7 million, including \$122.6 million from general revenues which is \$7.3 million less than recommended. The Families First Coronavirus Response Act temporarily increased a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. This increases Rhode Island's Medicaid match rate from 52.95 percent to 59.15 percent. Based on the increased match, the Assembly shifted \$7.4 million of general revenue expenditures to federal funds. The Assembly also adjusted program expenditures to reflect a delay in the employment program.***

**Medical Benefits.** Individuals receiving residential and other community-based services receive medical benefits through the Executive Office of Health and Human Services. Individuals who are not eligible for Medicare are enrolled in Rhody Health Partners, the state's managed care plan for disabled individuals and those receiving services through Medicaid expansion. Those who are eligible for both Medicare and Medicaid, referred to as "dual eligibles," have the opportunity to enroll in Rhody Health Options, the state's integrated care initiative to provide services through a managed care plan and potentially lowering medical costs for the more expensive dual eligible population. Those who opt to not enroll in managed care continue to receive direct medical benefits through a fee-for-service reimbursement system.

Of the 3,800 program participants, the May caseload estimate assumes that approximately 1,400 individuals are enrolled in the Rhody Health Options totaling \$14.1 million, another 950 in Rhody Health Partners totaling \$24.2 million and the remaining 1,500 in fee-for-service in the Executive Office of Health and Human Services.

**Privately Operated Community Programs.** The Department requested \$234.6 million from all sources, including \$110.6 million from general revenues for programs operated through community-based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. It also includes funding for the Person Centered Supported Employment Program as part of the consent decree. The revised request is \$1.3 million more than enacted, including \$0.8 million more from general revenues for program costs. This restores \$1.5 million of the \$3.2 million in savings included in the enacted budget from transitioning individuals to less restrictive residential settings offset by increases for other program expenses.

It should be noted that the community-based agencies provide day program activities to approximately 60 of the 120 individuals residing in the state-run facility. The providers are: AccessPoint RI, Blackstone Valley, Bridges, The Cove, Frank Olean Center, the Fogarty Center, Living Innovations, Perspectives and Seven Hills. The revised request includes \$0.3 million from Rhode Island Capital Plans funds for three projects for state operated group homes used by the private providers.

The Department's revised request assumes the use of \$5.0 million from all sources, of which \$2.5 million is from general revenues, included in the enacted budget to make payments to the community-based providers who are participating in the Person Centered Supported Employment Performance Program as part of the state's consent decree; this is discussed separately. *The Governor recommended funding as requested.*

**The Assembly concurred and adjusted funding to reflect the temporarily enhanced Medicaid rate. The Assembly also assumed case management services are still provided through the community agencies and not through the health home programs. Total funding is \$241.6 million, including \$104.2 million from general revenues.**

**Health Home/Case Management.** The Department's revised request reduces funding for the health home case management program by \$6.6 million from all sources, including \$0.7 million from general revenues. The enacted budget assumed a start date of October 1, 2019, but as of December 2019, the Department has not submitted the necessary paperwork to the Centers for Medicare and Medicaid Services for a state plan amendment.

States must meet a federal requirement to have a separate system to implement case management services for individuals receiving services through the Medicaid home and community-based waiver, which includes adults with developmental disabilities. The Department reports that the earliest start date is now July 1, 2020. The Department has been asked to separate the plan to meet this requirement and the potential costs from the more expansive plan to use a health home initiative for additional services and programs. It has not provided that information.

The revised request includes \$9.9 million from all sources, including \$1.0 million from general revenues, and the Department reports that it is developing an advisory committee to work with community agencies to determine the best way to implement a conflict-free case management system for this population. The community agencies have requested to be directly involved in the planning. The Department has not provided any information as to how it will spend the funding it includes in its revised request. *The Governor recommended funding as requested.* **The Assembly did not fund the program but did include funding for case management services, as previously noted, and reduced federal funds accordingly since the Department cannot realize the higher Medicaid match.**

**Person Centered Supported Employment Performance Program.** The Department's revised request assumes the use of \$5.0 million from all sources, of which \$2.5 million is from general revenues that was included in the enacted budget as part of the community-based services program. The program will make payments to community-based providers who are participating in the Person Centered Supported Employment Performance Program as part of the state's consent decree. This includes certification payments, supplemental authorization and payments for meeting benchmarks in the consent decree. The Department requests a general revenue Medicaid match that is based on a 50 percent administrative rate and not a higher direct services rate; it is unclear why the services would not be able to be matched at the higher Medicaid rates. This assumes services beginning in December 31, 2019. As of December 2019, the contracts have not been signed.

*The Governor recommended funding as requested; however, as of February 2020, the contracts have still not been signed. It is unclear if there will be overall program savings from the delay in executing them.*



**The Assembly did not include the funding. This is consistent with the Department's third quarter report that reflected a delay implementing the program and the impact of the public health emergency.**

**System Rate Review.** The Department requests \$0.9 million from all sources, including \$0.4 million from general revenues for New England States Consortium Systems Organization (NESCSO) to conduct a rate review. This is \$0.4 million more from all sources, including \$0.2 million more from general revenues to complete the review that started July 2019. The organization is providing technical assistance in two areas: an examination of the existing services delivery system and developing options to modify the system to deliver those services and the reimbursements. An initial analysis was to be done between October and December with further analysis taking place from January through July 2020. This second part is to include options for alternative payment models. The Department has been asked for an update on the initial findings but has not provided the information. *The Governor recommended funding as requested. The report is expected to be submitted by the end of June.* **The Assembly concurred**

**Department of Justice Consent Decree - Coordinator.** The Department excluded funding for the consent decree coordinator for which \$100,000 was included in the enacted budget of which \$50,000 is from general revenues. This appears to be in error; however, the coordinator vacated the position in March 2019 and the contract ended in July. The Executive Office has oversight of the contract and as of December 2019, the position has not been filled. This contracted position supports the court monitor and the designated state employee from the Executive Office who is also assigned to the consent decree and is currently assuming the responsibility of collecting data and submitting it to the court monitor. For FY 2021, the Executive Office's budget includes funding for the contracted position. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Justice Consent Decree - Conversion Institute.** The Department included the enacted level of \$500,000 from all sources, including \$250,000 from general revenues for the Workshop Conversion Trust Fund that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College for activities related to the consent decree. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Medicaid Funded Services.** The Department requested \$89,495 from all sources for day programs through the Medicaid global waiver for services provided to five individuals who are not otherwise eligible for Medicaid. This includes \$42,188 from general revenues and is \$4,761 less than enacted, including \$2,244 less from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staffing Reorganization.** As part of the staffing reorganization, the Department shifted \$1.1 million in expenses, of which \$0.5 million is from general revenues, and 9.0 full-time equivalent positions to the central management and hospital and community support administrative programs. This is in addition to the 26.2 full-time equivalent positions transferred from the hospital and community rehabilitative services program for the Zamarano group homes. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$60,486 less than enacted for other expenses for adults with developmental disabilities, including \$162,244 less from general revenues. Total funding of \$10.2 million, including \$5.1 million from general revenues, supports other administrative costs in the division as well as state funded services to individuals who are not Medicaid eligible or for services that are not eligible for Medicaid reimbursement. This included \$6.8 million, of which \$3.4 million is from general revenues to support the remaining 54.0 positions.

The request also includes \$14,202 less than enacted, including \$7,012 less from general revenues for other contracted services that total \$0.7 million, including \$0.3 million for Advocates in Action. The revised request also includes the enacted level of \$0.2 million for family subsidies and \$0.4 million for other various operating expenses. *The Governor recommended \$14,387 less than requested, including \$7,162 less from general revenues, from statewide medical benefit savings.* **The Assembly reduced general revenues by \$0.2 million based on projected third quarter spending.**

**Rhode Island Community Living and Supports Program (RICLAS).** There are 25 state-run group homes and apartments that provide overnight care, of which two are special needs facilities that have the capacity to provide residential services to 167 clients. As of October 2019, there were 121 clients in the state-run facilities. The Department has established a policy that clients would be admitted into the state-run system in emergency situations only. Of that amount, approximately 60 attend day programs operated by private providers including: AccessPoint, Blackstone Valley, Bridges, Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills.

The Department's revised request is \$1.6 million more than enacted, including \$0.8 million more from general revenues and reflects the transfer of \$2.2 million in staffing expenses, and 26.2 full-time equivalent positions, from the Division of Hospital and Rehabilitative Services to the Division of Developmental Disabilities. Excluding this change, the revised request is \$0.6 million less than enacted, including \$0.3 million less from general revenues to reflect a reduced census in the 24-hour system. *The Governor recommended \$0.2 million less than requested, including \$0.1 million less from general revenues, for statewide medical benefit savings and overtime expenses.* **The Assembly included general revenue savings of \$0.5 million to reflect the temporary enhanced Medicaid rate.**

#### **Division of Behavioral Healthcare Services**

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Executive Office of Health and Human Services, and Department of Behavioral Healthcare, Developmental Disabilities and Hospitals provides additional services through federal resources, primarily the Substance Abuse, Mental Health and Social Services block grants.

The 2014 Assembly transferred Medicaid funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office of Health and Human Services to align direct medical benefits with mental health and substance abuse services for disabled individuals. The Medicaid expansion opportunity through the Affordable Care Act that the state accepted allowed the Department's behavioral healthcare clients who received a limited benefit to have full access to Medicaid through the Executive Office of Health and Human Services. With the transfer of the Medicaid funds to the Executive Office, the state now pays for Medicaid funded services and is able to provide direct care and behavioral healthcare benefits through one agency with coordination through the managed care plans.

The November caseload estimate includes \$481.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 74,000 enrollees. *The Governor's revised budget includes \$470.6 million for the expansion program.* **The Assembly appropriated \$505.0 million consistent with the May caseload estimate.**

**State Opioid Response Grant.** The Department's revised request includes \$6.0 million more than enacted to reflect a supplemental award for total funding of \$19.1 million from the federal State Opioid Response Grant. For FY 2020, this includes \$16.4 million for community support activities and \$2.7 million for administrative expenses in its revised request. The Department also included \$13.4 million for FY 2021.

The state was awarded a two-year, \$25.2 million federal State Opioid Response Grant and a \$6.1 million supplemental grant. The Department received federal approval of its plan that includes 26 separate activities to address the opioid crisis. This includes residential support, recovery and peer support and also involves other state agencies, including the State Police, the Departments of Health, Children, Youth and Families, Corrections, and Labor and Training.

The Department included funding for a media campaign and BH Link, discussed separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Opioid Response Education and Awareness Campaign.** The Department's revised request includes \$0.5 million more than enacted for a total of \$1.5 million from federal State Opioid Response funds for an education and awareness campaign. The request includes \$0.2 million to the Rhode Island Broadcasters Association for the mental health awareness campaign called "It's Okay Not to Be Okay." The plan for the remaining \$1.2 million has not yet been determined. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Behavioral Health Link Triage and Call Center (BH Link).** The revised budget includes \$2.9 million from federal funds, \$2.0 million more than enacted for Horizon Healthcare Partners to operate BH Link. The revised request includes \$1.3 million from State Opioid Response funds, \$0.8 million from substance abuse block grant funds and \$0.7 million from mental health block grant funds. This extends the federal funding that is used to operate the facility. The plan was to transition from an entirely federal funded facility to one that could directly bill the Medicaid program for services provided. The state received federal approval to reimburse for services provided but the facility has not submitted any claims for reimbursement.

This is a statewide resource to provide 24-hour community-based assessment and treatment for those experiencing a behavioral health care crisis. Individuals needing comprehensive behavioral health or addiction services, including screening and evaluation, crisis management, assessment, treatment coordination and discharge planning may seek care in a specialized facility. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Recovery Housing/Residential Treatment.** The Department's revised request includes the enacted amount of \$200,000 from general revenues for recovery housing support. *The Governor recommended using Opioid Stewardship funds in lieu of general revenues for the recovery housing support. The recommendation also includes another \$500,000 from the stewardship funds to expand capacity for residential treatment which is also funded through the block grant and offers other housing options.* **The Assembly concurred.**

**Overdose Prevention and Intervention.** The Department's revised request is \$0.4 million more than enacted from federal State Targeted Response funds to support the state's Overdose Prevention and Intervention Action Plan that includes access to treatment and reducing deaths from overdose through prevention and recovery support initiatives. This reflects the carry-forward of the federal grant for a one-year extension that is available through April 2020. Funding is awarded to the Department of Health's Recovery Friendly Workplace initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Promoting Integration of Primary and Behavioral Healthcare Grant.** The revised request is \$0.9 million more than enacted to reflect carry-forward funding to bring the total to \$2.7 million from the federal Promoting Integration of Primary and Behavioral Healthcare grant. Funding is available from January 1, 2019 to December 31, 2023. The grant is intended to: promote full integration and collaboration in clinical practice between primary and behavioral healthcare; support the improvement of integrated care models for primary care and behavioral healthcare to improve the overall wellness and physical health status of adults with a serious mental illness or children with a serious emotional disturbance; and promote and offer

integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases. A portion of the funding, \$1.8 million, will go to Community Care Alliance and Gateway Healthcare for FY 2020 and FY 2021; each will receive \$0.9 million. *The Governor recommended funding as requested. The Assembly concurred.*

**Strategic Prevention Framework Grant - Partnership for Success Grant.** The Department's revised request is \$0.1 million more than enacted for a total funding of \$2.2 million from the Strategic Prevention Framework State Incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. This reflects available unspent funding from FY 2019 to support programs that: prevent the onset and reduce the progression of substance abuse, including childhood and underage drinking, reduce substance abuse-related problems in communities and build prevention capacity and infrastructure at the state and community levels. The revised request includes \$1.8 million for community programs and \$0.4 million for evaluation activities. *The Governor recommended funding as requested. The Assembly concurred.*

**Screening, Brief Intervention and Referral to Treatment Grant.** The revised request is \$0.3 million more than enacted, for total funding of \$1.6 million, for projected spending for the third of the five-year federal Screening, Brief Intervention and Referral to Treatment (SBIRT) grant to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. This is \$0.2 million less for community-based programs and \$0.3 million more for a cooperative agreement with the Department of Health for data collection and \$0.2 million for other projects.

The Care Transformation Collaborative implements the initiative in primary care, emergency departments, the Department of Corrections, and in the community. There will be collaboration with the State Innovation Model to include Community Health Teams and will screen 3,000 people in high risk settings each year. *The Governor recommended funding as requested. The Assembly concurred.*

**Centers for Excellence - Medication Assisted Treatment Grant.** The Department's revised request is \$0.2 million more than enacted for total funding of \$0.6 million from the federal Medication Assisted Treatment grant. This includes \$0.5 million for grants being awarded to the four Centers of Excellence: Journey to Health, Hope and Healing, Community Care Alliance, Lifespan and CODAC. There will also be an evaluation for the program and some temporary staffing expenses. Funding will be exhausted in FY 2021. *The Governor recommended funding as requested. The Assembly concurred.*

**Medication Assistance Treatment Education Campaign.** The Department's revised request includes \$320,000 from available federal Medication Assistance Treatment funds carried forward from FY 2019 for an advertising campaign to educate the public about available treatment options. *The Governor recommended funding as requested. The Assembly concurred.*

**Substance Abuse Treatment Block Grant.** The Department's revised request is \$0.1 million more than enacted for total federal funding of \$7.1 million from the Substance Abuse Treatment Block grant. Funding is awarded to community agencies to support municipal substance abuse activities, student assistance programs, peer support, residential, outpatient and detoxification programs. The grant can be spent over two years and the revised request is \$0.4 million more than spent in FY 2019. It should be noted that \$750,000 is being used to support BH Link, discussed separately. *The Governor recommended funding as requested. The Assembly concurred.*

**Social Services Block Grant - Mental Health Treatment Services.** The Department requested the enacted level of \$1.1 million from federal social services block grant funds to support mental health services. This includes \$0.9 million for clinical services previously supported through the Medicaid funded limited benefits for certain behavioral healthcare services primarily through the community mental health

centers. This is \$0.4 million more than FY 2019 actual expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Mental Health Block Grant.** The Department requested \$0.8 million more than enacted for a total of \$2.5 million from the federally funded Mental Health Block grant to support services provided by the community mental health centers. This includes peer support, court diversion and family support services. This reflects updated awards. Similar to the Substance Abuse Block grant, the Department has two years to spend its grant award. It should be noted that \$815,000 supports BH Link, noted separately. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Youth Treatment Implementation Grant.** The Department's revised request includes \$1.0 million from federal funds, which is \$0.3 million more than enacted from the youth treatment implementation grant that will focus on increasing access to screening, assessment, treatment and recovery services for adolescents ages 12-17 and young adults 18-25 who are at risk of or are experiencing substance use disorders and/or co-occurring substance use and mental health disorders. The project will provide services, including outreach, engagement and treatment to 1,160 youth and young adults over a four-year period. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Transformation Transfer Initiative.** The Department's revised request includes \$150,000 to create a central bed registry for residential facilities. The contract ended September 1, 2019. The anticipated system will be able to provide support that matches client needs with the most suitable service provider, and provide data to simplify the process and make it easier for an individual to access services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Evaluation Activities.** The Department's revised request includes \$90,000 for temporary contracted services to evaluate methods and designs for opioid use disorder pilot programs. The Department reported the each of the separate programs have an evaluation component but there is no mechanism to evaluate the state's overall treatment programs and this grant will allow that to happen. The Department spent \$154,933 in FY 2019 of the \$250,000 for two evaluators that were hired through ADIL temporary services to perform this work. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Treatment Program.** The Department requested \$150,000 from restricted receipts for treatment activities. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staffing Reorganization.** As part of the Department's staffing reorganization, it shifted 20.0 full-time equivalent positions to its administrative programs. The request reduces salaries and benefits by \$0.8 million, including \$0.4 million less from general revenues. However, it appears that when the positions, which include fiscal, data analytics and strategic planning, were transferred to the other divisions the federal funding available to support them was not and they are now funded only through general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Staffing and Operations.** The Department's revised request includes \$11,816 more from all sources, for all other division expenses. This includes 42.0 full-time equivalent positions. The staffing costs are \$0.1 million less than enacted and assumes savings equivalent to a 0.1 vacant position. Other expenses are \$0.1 million more to adjust for current year spending for the remaining federal grants supporting community-based activities and adjustment for operating expenses.

Other expenses are \$0.2 million less from federal funds to adjust for current year spending for the remaining federal grants supporting community-based activities and \$0.1 million more than enacted to purchase Narcan kits. *The Governor recommended \$10,950 less than requested, including \$2,912 less from general revenues for statewide medical benefit savings.* **The Assembly included savings of \$0.4 million based on third quarter projections and shifted staffing expenses to federal funds.**

## Eleanor Slater Hospital

**Operations.** Excluding the transfer of expenses for the Zambarano group homes, previously discussed, centralized services and a funded position repurposed for a new legal counsel position in central management, the Department requested \$0.9 million more than enacted, including \$0.7 million from general revenues, for hospital operating expenses at both the Cranston campus and Zambarano unit in Burrillville.

The information provided by the Department makes it difficult to compare the current year projections to the assumptions upon which the budget was enacted by the Assembly, including any savings proposals. It appears that the hospital administrative staff practices zero based budgeting whereby it assumes that its appropriation was not the result of a plan recommended by the Governor, and approved by the Assembly on which several public hearings were held. This results in a disconnect when trying to explain the changes made in the revised request compared to the enacted budget. It should also be noted that the FY 2021 request is \$7.6 million higher than the revised request so it appears that either the revised request is underfunded or the FY 2021 request is overstated.

The revised request includes \$2.5 million more for contracted medical services and it appears that after the budget passed, the hospital hired several contracted medical professionals including two psychiatrists. The revised budget also includes \$0.2 million more for security services but also reduced federal Medicaid funds by \$1.5 million without an explanation. This change artificially lowers expenses at the hospital. Hospital administration had repeatedly been asked for an explanation of the changes but had provided no detailed information.

*The Governor recommended \$0.4 million less than requested, including \$0.3 million less from general revenues, which includes \$0.2 million in savings from enforcing existing sick leave use policies aimed at reducing fraudulent discharge and abuse of sick time and \$0.2 million from statewide medical benefit savings.*

**The Assembly appropriated \$139.5 million from all sources, including \$117.2 million from general revenues, \$20.7 million from federal funds, \$1.5 million from restricted receipts and \$18,796 from Rhode Island Capital Plan funds.**

**This includes \$4.1 million more than enacted from all sources to reflect overspending included in the third quarter report. By source, the changes include \$48.8 million more from general revenues, \$41.3 million less from federal funds and \$3.4 million less from third party billing receipts to address the federal compliance and billing issues at Eleanor Slater Hospital, discussed separately. The Assembly also included general revenue savings of \$1.3 million in the final quarter for the enhanced Medicaid rate, as well as \$1.2 million for expenses related to the COVID-19 emergency.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related with public health measures.

No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. **Based on spending through June 12, the Assembly added \$1.2 million from federal funds to account for these expenses.**

Federal Compliance and Billing Issues. In March, the Office of Management and Budget notified the House Finance Committee that Eleanor Slater Hospital was not in compliance with federal rules regarding Medicaid funding for facilities that have more psychiatric patients than medical ones. The notice indicated that the hospital was out of compliance from August through early February causing an estimated loss of \$20.6 million from federal funds for FY 2020 that would have to be replaced with general revenues. It was then revealed in May that the state could also not claim Medicaid for forensic patients, bringing the total loss to \$35.0 million. In June, the Department testified to the House Finance Committee that it could also not bill Medicaid, or Medicare, for an unidentified number of patients who were likely to not meet the level of care required to be in a hospital setting. Such patients should be in other placements, such as a nursing home for which reimbursements are considerably lower. Further analysis including information that some funds had been returned to the federal government, suggest the total loss of federal funds and other revenues are \$50.1 million. *This information was provided subsequent to the Governor submitting her revised recommendation.*

**The Assembly appropriated sufficient funding to address this issue and added \$50.1 million from general revenues, reduced federal Medicaid funds by \$42.6 million and third party payments, primarily Medicare by \$3.4 million. These changes assume the Executive Office of Health and Human Services successfully meet a June 30 deadline to submit a state plan amendment to bill for some patients at different levels of care for the final quarter of FY 2020. If that plan is not executed, the cost to the state will be an additional \$12.2 million.**

**The Assembly also included \$0.3 million from general revenues for outside legal counsel and financial contracted services related to these issues.**

Eleanor Slater Hospital UHIP Receivable Compliance. Based on information from the Department, the state has been expecting to receive federal funds totaling \$14.6 million for services provided in several prior years to patients at the state hospital whose Medicaid eligibility was inadvertently terminated through UHIP/RI Bridges. With the updated guidance on billing and compliance with federal regulation, it appears the disallowance of current year expenses likely extends to this pending receivable making the funds uncollectable. *This information was also subsequent to the Governor submitting her revised recommendation.* **The Assembly added \$14.6 million from general revenues to account for the additional loss of federal funds.**

FY 2020	Enacted	Rev. Req.	Gov. Rev.	Assembly	Change to Gov.
General Revenues	\$ 54,695,713	\$ 53,900,054	\$ 53,590,566	\$ 117,182,329	\$ 63,591,763
Medicaid	62,839,447	61,629,496	61,067,225	6,094,716	(54,972,509)
Medicare/Other Billings	4,412,947	4,941,630	4,941,630	1,510,335	(3,431,295)
UHIP Receivable Writeoff	-	-	-	14,647,698	14,647,698
<b>Total</b>	<b>\$ 121,948,107</b>	<b>\$ 120,471,180</b>	<b>\$ 119,599,421</b>	<b>\$ 139,435,078</b>	<b>\$ 19,835,657</b>

### Central Management

**Staffing Reorganization.** As part of the Department’s staffing reorganization, it shifted 23.0 full-time equivalent positions to the central management program. This is in addition to the repurposing of a full-time equivalent position from the state hospital to create a new legal counsel position, discussed separately. The request adds \$1.0 million from all sources for additional fiscal, data analytics and strategic planning positions. It appears that when the positions that were partially paid with federal funds were transferred,

the federal funding was not and general revenues are requested instead. *The Governor recommended funding consistent with the request.* **The Assembly concurred.**

**Legal Counsel.** The Department repurposed 1.0 full-time position from the Hospital and Community Rehabilitative Program and transferred \$128,310 from general revenues to create a new legal counsel position in the central management program. For the four health and human service agencies, state statute mandates that legal services are centralized in the Executive Office of Health and Human Services. This includes the full-time equivalent position and associated costs. For the Department, there is a chief administrator, three attorneys and one legal assistant assigned to it. The Department reported that the chief administrator is retiring and making this new position available would allow the Department to fill a vacancy quickly. It also anticipated that the Governor's budget would recommend transferring the position to the Executive Office, effectively increasing its staffing authorization without the agency having to make a request to do so. *The Governor recommended funding as requested. The position was filled in March 2020.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department included \$295,138 less for other salaries and benefits for its remaining 16.0 positions, keeping approximately two positions vacant in its revised request. The positions were fully funded in the enacted budget. *The Governor recommended \$7,498 less than requested, including \$5,467 less from general revenues from statewide medical benefit savings.* **The Assembly concurred.**

**Other Expenses.** The Department requested \$40,464 more than enacted from all sources, including \$46,543 less from general revenues for total funding of \$181,434, including \$69,440 from general revenues for all other central management operating expenses. This includes \$27,800 more for computer equipment and supplies, of which \$15,290 is from general revenues for the staffing reorganization. The remainder of the revised request includes \$26,406 for temporary contracted services and \$10,189 for all other expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Hospital and Community Support**

**Staffing Reorganization.** As part of the Department's staffing reorganization, it shifted 36.0 full-time equivalent positions to the hospital and community support program. The request adds \$1.7 million, including \$0.8 million from general revenues for fiscal, data analytics and strategic planning. It appears that when the positions that were partially paid with federal funds were transferred, the federal funding was not and general revenues are requested instead. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital.** The Department requested \$600,000 from Rhode Island Capital Plan funds for two projects. This is \$300,000 more than enacted to include funding for hospital equipment which was eliminated in the FY 2020 enacted budget. It should be noted that all capital projects with exception of \$300,000 for the residential development project in the Division of Developmental Disabilities, are funded through the Department of Administration's budget. The request does not match the capital plan. *The Governor recommended \$18,796 for hospital equipment.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

**Other Expenses.** The Department requested \$26,607 more from all sources, including \$23,748 from general revenues, for all other operating expenses. The revised request includes \$35,782 more for computer equipment and systems development. *The Governor recommended \$40,376 less than requested, including \$39,963 less from general revenues reflecting statewide medical benefit savings. The recommendation did not include the requested increase for computers and system development.* **The Assembly concurred.**



## Office of the Child Advocate

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 860,811	\$ 1,111,310	\$ 1,026,729	\$ 839,060
Contracted Services	-	-	-	-
<b>Subtotal</b>	<b>\$ 860,811</b>	<b>\$ 1,111,310</b>	<b>\$ 1,026,729</b>	<b>\$ 839,060</b>
Other State Operations	91,772	102,962	102,962	126,734
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	17,785	17,785	17,785
Capital	5,436	2,000	2,000	2,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 958,019</b>	<b>\$ 1,234,057</b>	<b>\$ 1,149,476</b>	<b>\$ 985,579</b>
<b>Sources of Funds</b>				
General Revenue	\$ 815,011	\$ 986,701	\$ 970,275	\$ 870,221
Federal Aid	143,008	247,356	179,201	115,358
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 958,019</b>	<b>\$ 1,234,057</b>	<b>\$ 1,149,476</b>	<b>\$ 985,579</b>
<b>FTE Authorization</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>FTE Average</b>	<b>8.3</b>			

**FY 2020 Revised Request.** The Office of the Child Advocate requested \$82,595 less than enacted, including \$14,712 less from general revenues. The Office intended to request the enacted 10.0 positions, but unintentionally added a new position for which no funding was requested. *The Governor recommended \$1,986 less than requested, including \$1,714 less from general revenues.* **The Assembly provided \$0.2 million less based on updated spending, including \$0.1 million less from general revenues.**

**Salaries and Benefits.** The Office requested \$82,595 less than enacted including \$14,712 less from general revenues and \$67,883 less from federal funds based on current staffing levels for its 10.0 authorized positions. The enacted budget assumes full staffing for all of FY 2020, but the Office began the fiscal year with two vacant positions which the revised request assumes to be filled in October 2019. The enacted budget overstates the portion of salaries and benefits attributable to federal funds; the revised request properly reflects the distribution of federal funds and general revenues. The revised request also corrects for the inadvertent exclusion of a cost-of-living adjustment for one position from the enacted budget. As of November 6, the Office has three vacancies; additional turnover savings are likely available. *The Governor recommended \$1,986 less than requested reflecting statewide medical benefit savings, including \$1,714 less from general revenues.* **The Assembly provided \$0.2 million less to reflect staffing through the third quarter, including \$0.1 million less from general revenues and \$0.1 million less from federal funds.**

**Centralized Services.** Consistent with the FY 2020 enacted budget, the request includes \$44,690 for centralized facilities management and \$16,090 for centralized information technology services from general revenues. The 2017 Assembly authorized the establishment of internal service funds for centralized

services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. In FY 2019, the Office spent \$58,555 on these services. *The Governor recommended funding as requested. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly reduced excess funding and allocated expenditures where they occurred and provided \$23,772 more from general revenues to reflect expenditures and billings through the third quarter.**

## Commission on the Deaf and Hard of Hearing

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 380,360	\$ 473,048	\$ 435,515	\$ 435,515
Contracted Services	96,097	99,608	121,606	151,606
<b>Subtotal</b>	<b>\$ 476,457</b>	<b>\$ 572,656</b>	<b>\$ 557,121</b>	<b>\$ 587,121</b>
Other State Operations	44,550	57,682	66,205	66,205
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	33,000	33,000	33,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 521,007</b>	<b>\$ 663,338</b>	<b>\$ 656,326</b>	<b>\$ 686,326</b>
<b>Sources of Funds</b>				
General Revenue	\$ 447,102	\$ 533,338	\$ 524,519	\$ 494,519
Federal Aid	-	-	-	30,000
Restricted Receipts	73,905	130,000	131,807	161,807
Other	-	-	-	-
<b>Total</b>	<b>\$ 521,007</b>	<b>\$ 663,338</b>	<b>\$ 656,326</b>	<b>\$ 686,326</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>3.6</b>			

**FY 2020 Revised Request.** The revised request includes \$97,631 less than enacted from all sources and the authorized level of 4.0 full-time equivalent positions. This includes \$50,716 less from general revenues and \$46,915 less from restricted receipts. The revised request appears to be understated by \$52,929 essentially from unintended adjustments to expenditures for interpreter and other services that the Commission usually obtains. *The Governor recommended \$7,012 less from all sources than enacted, including \$8,819 less from general revenues. The recommendation is \$90,619 more than enacted to correct errors in the submission.*

**The Assembly provided \$30,000 more from all sources than recommended. It also shifted \$30,000 of general revenue expenses for a contracted position to available restricted receipts.**

**Centralized Services.** Consistent with the enacted budget, the revised request includes \$27,311 from general revenues for the Commission's share of centralized information technology services. The request is \$3,218 more than FY 2019 expenditures. *The Governor recommended \$5,977 less from all sources than requested based on Budget Office estimates. Expenses totaled \$11,105 through the second quarter, leaving \$10,229 for the remainder of the fiscal year. The Assembly concurred.*

**Salaries and Benefits.** The revised request includes \$32,771 less than enacted from all sources to reflect additional turnover savings and changes in employee benefit selections. The executive director's position, which became vacant in February 2019, was filled in October. The enacted budget assumes that 10.0 percent or \$11,663 of funding for the director of operations position would be from restricted receipts. The revised request assumes that the position would be entirely funded from general revenues, which the

Commission subsequently indicates was in error. *The Governor recommended \$4,762 less from all sources than requested to include additional turnover and statewide medical savings. The recommendation corrects for the allocation error.* **The Assembly concurred.**

**Computer Aided Real Time Translation and Interpreter Services.** The Commission requested \$39,360 less than enacted from all sources for Computer Aided Real Time Translation and interpreter services. This reduction equates to more than half of funding, including \$29,608 budgeted from general revenues. Expenditures through the first quarter of the fiscal year were \$9,059; all but \$180 is from general revenues. Expenditures were \$48,181 in FY 2019 and \$45,811 in FY 2018; the revised request of \$28,248 is \$19,933 less than FY 2019 expenses. It appears that the Commission generally spends less than appropriated amounts; however, based on expenditures to date, the request is understated by approximately \$8,000. *The Governor recommended \$55,883 from all sources, which is \$11,725 less than enacted; however, it is \$7,702 more than FY 2019 expenses. The recommendation appears to align the expenses with recent experience.* **The Assembly concurred.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. For the Commission, it projected \$30,000 for interpreter services of the Governor’s daily press briefings.* **The Assembly provided \$30,000 from federal funds to account for these expenses.**

**Community Project Coordinator.** The Commission’s request inadvertently excludes the enacted amount of \$30,000 from restricted receipts for a contracted part-time community project coordinator, who is currently assisting the director of operations in installing communication assistive devices within state-owned walk-in facilities. This contracted coordinator will also perform research, visit all walk-in service locations, consult with information technology departments and identify the most appropriate equipment that will fulfill the project’s needs. Expenditures through the end of December total \$26,170. *The Governor recommended \$35,723 more than enacted from all sources, including \$5,723 more from restricted receipts and \$30,000 from general revenues, to reallocate salary and benefit savings for the contracted position.*

**The Assembly assumed use of restricted receipts in lieu of general revenues based on available receipts from the emergency and public communication access account.**

**Other Expenses.** The Commission requested \$4,500 more than enacted from restricted receipts for all other expenses. This includes \$3,500 less for program supplies, offset by \$10,000 to purchase assistive devices to be installed in state-owned walk-in facilities. *The Governor concurred and included an additional \$8,000 from general revenues, to reallocate salary and benefit savings for staffing training.* **The Assembly concurred.**

## Governor's Commission on Disabilities

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 370,533	\$ 436,563	\$ 421,981	\$ 416,981
Contracted Services	25,045	131,299	134,235	134,235
<b>Subtotal</b>	<b>\$ 395,578</b>	<b>\$ 567,862</b>	<b>\$ 556,216</b>	<b>\$ 551,216</b>
Other State Operations	52,903	72,188	58,855	60,855
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	717,912	918,609	921,726	921,726
Capital	1,228	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,167,621</b>	<b>\$ 1,558,659</b>	<b>\$ 1,536,797</b>	<b>\$ 1,533,797</b>
<b>Sources of Funds</b>				
General Revenue	\$ 864,209	\$ 1,055,069	\$ 1,080,665	\$ 1,075,665
Federal Aid	280,462	458,689	389,455	391,455
Restricted Receipts	22,950	44,901	66,677	66,677
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,167,621</b>	<b>\$ 1,558,659</b>	<b>\$ 1,536,797</b>	<b>\$ 1,533,797</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>3.6</b>			

**FY 2020 Revised Request.** The revised request includes \$13,192 less than enacted from all sources. This includes \$34,266 more from general revenues, including the discretionary reappropriation of \$28,856 for the Livable Home Modification Grant program. Adjusting for that, the general revenue request is \$5,680 more than enacted. *The Governor recommended \$8,670 less from general revenues than requested. This includes \$240 from statewide savings.* **The Assembly further reduced expenses by \$3,000, including \$5,000 less from general revenues.**

**Centralized Services.** Consistent with the enacted budget, the revised request includes \$25,315 from general revenues for the Commission's share of centralized services. This includes \$5,776 for human resources and \$19,539 for information technology services. The request is \$1,544 less than FY 2019 expenses. *The Governor recommended \$2,750 less than requested for information technology services based on Budget Office estimates. Expenses totaled \$11,602 through the second quarter, leaving \$11,000 for the remainder of the fiscal year.* **The Assembly concurred.**

**Reappropriation - Livable Home Modification Grant Program.** The revised request includes the discretionary reappropriation of \$28,586 for which the FY 2019 final budget included \$452,381 for grants for the Livable Home Modification Grant program, which provides funding to support home modifications and accessibility enhancements to allow individuals to remain in community settings. The FY 2020 enacted budget includes \$499,397 for the program and this brings the total to \$527,983, of which \$489,811 is for grants. *The Governor included the reappropriation.* **The Assembly concurred.**

**ADA Signing 30<sup>th</sup> Anniversary.** July 30, 2020 will mark the 30<sup>th</sup> anniversary of signing the Americans with Disabilities Act. The Commission requested a total of \$95,680 from all sources over two years, including \$5,680 from general revenues for FY 2020, of which \$2,000 is for clerical services and \$3,680 will be used to compensate four students and/or young adults with disabilities to coordinate celebration activities. Several public forums are scheduled to take place in FY 2021. *The Governor did not concur with the revised request; however, the FY 2021 recommendation includes \$90,000 from general revenues and restricted receipts.* **The Assembly concurred.**

**School Construction Design Reviews.** The revised request assumes \$25,214 less than enacted from all sources for which the enacted budget includes \$54,991 to obtain services for reviewing school construction design plans to ensure compliance with the Americans with Disabilities Act requirements. The Commission indicated that through the first quarter of the fiscal year, it had not received enough applications to warrant hiring a consultant. The revised request amount of \$29,777 will fund 225 hours of school construction design review, or 75 projects. The enacted budget provides funding for 135 projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Statewide Independent Living Program.** The revised request includes \$61,649 less than enacted for the Statewide Independent Living Program, including \$7,585 more from general revenues and \$69,234 less from federal funds to closer align expenses with prior years' spending. This includes increases for travel expenses and clerical services, offset by \$59,960 less for habilitative services and \$9,066 less for salaries, reflective of staff time allocated for administration. *The Governor recommended funding as requested.* **The Assembly concurred.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Commission had spent \$200 for meeting related expenses.* **The Assembly provided \$2,000 from federal funds to account for expected expenses.**

**Other Expenses.** The Commission requested \$39,405 more than enacted from all sources for all other expenses, including \$27,323 more from general revenues and \$12,082 more from available restricted receipts. Salary and benefit expenses are \$7,767 more than enacted, reflective of updated staffing allocations to other programs. The request includes new expenditures of \$9,000 for training mediators on the Americans with Disabilities Act. The Commission indicated that most of its complaint mediation volunteers have retired. It requested \$11,035 to fund three additional fellows; the enacted budget includes funding for six and as of the 2019 fall semester, the Commission had three fellows. The request includes \$15,975 more for clerical services for meetings and fiscal support for management of federal grants. The enacted budget includes \$24,671 for these expenses and expenditures were \$17,627 in FY 2019, \$17,680 in FY 2018 and \$11,219 in FY 2017. *The Governor recommended \$240 less than requested to reflect statewide medical savings.* **The Assembly further reduced general revenue expenditures by \$5,000 reflecting updated staffing costs.**

## Office of the Mental Health Advocate

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 515,770	\$ 536,313	\$ 553,906	\$ 553,906
Contracted Services	-	2,200	2,200	2,200
<b>Subtotal</b>	<b>\$ 515,770</b>	<b>\$ 538,513</b>	<b>\$ 556,106</b>	<b>\$ 556,106</b>
Other State Operations	62,923	62,898	62,264	69,945
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	1,000	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 578,693</b>	<b>\$ 602,411</b>	<b>\$ 619,370</b>	<b>\$ 627,051</b>
<b>Sources of Funds</b>				
General Revenue	\$ 578,693	\$ 602,411	\$ 619,370	\$ 627,051
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 578,693</b>	<b>\$ 602,411</b>	<b>\$ 619,370</b>	<b>\$ 627,051</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>3.9</b>			

**FY 2020 Revised Request.** The Office of the Mental Health Advocate requested \$21,803 more than enacted from general revenues. *The Governor recommended \$4,844 less than requested.* **The Assembly provided \$7,681 more from general revenues.**

**Centralized Services.** The Office requested the enacted level of \$52,101 for centralized information technology and facilities management services. Instructions from the Office of Management and Budget are for agencies to request the services consistent with the enacted budget and the Mental Health Advocate's revised request reflects that. In FY 2019, the Office spent \$55,455. *The Governor recommended \$634 less than requested for information technology services based on Budget Office estimates.* **The Assembly provided \$7,681 more based on expenditures and billings through the third quarter.**

**Other Operations.** The Office requested \$21,803 more than enacted from general revenues for all other expenses. This includes \$18,851 more for salaries and benefits to fully fund four positions. The request adds \$1,000 for a new computer ordered during FY 2019 but not paid for and includes \$1,952 to adjust other costs for various expenses. *The Governor recommended \$4,210 less than requested including \$1,258 from statewide medical benefit savings. She did not recommend additional funding for the new computer or adjust for other expenses.* **The House Finance Committee concurred.**





## Department of Elementary and Secondary Education

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
State Aid	\$ 939,539,480	\$ 980,709,572	\$ 984,098,501	\$ 1,027,498,194
School Housing Aid	80,000,001	80,000,000	80,000,000	79,664,215
Teachers' Retirement	106,256,564	112,337,502	112,337,502	112,337,502
RI School for the Deaf	7,374,379	8,153,273	7,804,507	7,856,199
Central Falls School District	40,752,939	41,476,650	41,976,650	43,865,394
Davies Career & Technical School	21,973,919	19,345,205	20,191,310	20,286,254
Met School	9,592,007	9,592,007	9,592,007	9,971,191
Administration	230,975,434	239,467,999	250,052,616	253,698,143
<b>Total</b>	<b>\$ 1,436,464,723</b>	<b>\$ 1,491,082,208</b>	<b>\$ 1,506,053,093</b>	<b>\$ 1,555,177,092</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,736,154	\$ 43,034,176	\$ 42,558,993	\$ 42,763,828
Contracted Services	46,996,888	45,975,728	50,378,309	45,546,368
<b>Subtotal</b>	<b>\$ 85,733,042</b>	<b>\$ 89,009,904</b>	<b>\$ 92,937,302</b>	<b>\$ 88,310,196</b>
Other State Operations	8,199,253	8,221,854	8,071,440	8,002,285
Aid to Local Units of Government	1,308,473,119	1,353,968,798	1,361,324,998	1,410,970,163
Assistance, Grants, and Benefits	30,827,579	38,442,867	41,231,795	45,635,089
Capital	2,655,262	738,785	1,387,558	1,159,359
Capital Debt Service	-	-	-	-
Operating Transfers	576,468	700,000	1,100,000	1,100,000
<b>Total</b>	<b>\$ 1,436,464,723</b>	<b>\$ 1,491,082,208</b>	<b>\$ 1,506,053,093</b>	<b>\$ 1,555,177,092</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,186,515,425	\$ 1,239,252,258	\$ 1,238,976,176	\$ 1,195,622,855
Federal Aid	207,170,775	213,293,458	224,414,365	320,952,625
Restricted Receipts	38,321,218	37,427,492	40,978,695	37,145,954
Other	4,457,305	1,109,000	1,683,857	1,455,658
<b>Total</b>	<b>\$ 1,436,464,723</b>	<b>\$ 1,491,082,208</b>	<b>\$ 1,506,053,093</b>	<b>\$ 1,555,177,092</b>
<b>FTE Authorization</b>				
Administration	135.1	139.1	139.1	139.1
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>321.1</b>	<b>325.1</b>	<b>325.1</b>	<b>325.1</b>
<b>FTE Average</b>	<b>293.2</b>			

**FY 2020 Revised Request.** The Council on Elementary and Secondary Education requested an additional \$15.1 million of spending for FY 2020, including \$2.0 million more from general revenues. The general revenue changes primarily reflect additional funding for teacher retirement, the Central Falls School District and the Rhode Island School for the Deaf. It also requested the enacted level of 325.1 full-time equivalent positions. As of the pay period ending November 9, 2019, the Department had 21.8 positions vacant. *The Governor recommended \$15.0 million more than enacted from all sources, including \$0.3 million less from general revenues, and the enacted staffing level.*

**The Assembly provided total expenditures of \$1,555.2 million from all sources, or \$49.1 million more than the Governor’s recommendation. This includes \$50.0 million from coronavirus relief funds for aid to local education agencies and \$0.2 million for coronavirus related expenses, offset by other operating savings. This also includes \$46.4 million from education stabilization funds authorized under the CARES Act, of which \$41.7 million will be distributed to local education agencies. Consistent with Section 19 of 2020-H 7170, Substitute A, as amended, the final budget reduces general revenue education aid to local education agencies by the amount of stabilization funds.**

**Education Aid.** The Council requested the enacted level of \$912.0 million from general revenues for funding formula education aid to local school districts, including charter schools. *State law provides for a mid-year adjustment for charter schools that experience a 10.0 percent or greater change in enrollment as of October of each year; the Governor recommended \$83,729 for that adjustment.*

**The Assembly provided total expenditures of \$959.4 million from all sources, \$47.4 million more than the Governor’s recommendation for aid to districts and charter schools, excluding Central Falls which is noted separately. This includes \$39.5 million from new federal education stabilization funds available through the CARES Act, offset by a like reduction to general revenues. Funds will be distributed to local education agencies in proportion to the FY 2019 distribution of Title-I A funds. It also includes \$47.4 million from the state’s share of federal coronavirus relief funds, which would be distributed to local education agencies in the same manner. Section 19 of 2020-H 7170, Substitute A, as amended, allows the Commissioner of Elementary and Secondary Education to distribute aid accordingly. It also requires local education agencies that received funds from the Paycheck Protection Program to have the value of that support deducted from any additional aid authorized through this section.**

**Group Home Aid.** The Council requested the enacted level of \$3.2 million from general revenues to fund beds for communities hosting group homes. Current law requires the count of beds that are open as of December 31 for the budget year’s aid, meaning if additional beds open, a supplemental appropriation is required. *Based on the bed count as of December 31, the Governor recommended an additional \$34,000 to reflect new beds in Bristol-Warren. The Assembly concurred.*

**Central Falls School District.** The Council requested \$0.5 million more than enacted from general revenues for Central Falls School District stabilization funding. The school district reportedly experienced an unexpected influx of approximately 300 new students subsequent to enactment of the FY 2020 budget. The revised request notes that the issue is compounded by a reported structural deficit, which had not been previously disclosed.

Staff presentations to the Council indicated that the school district budget has a structural deficit and had been relying on prior budget surpluses, which have been reportedly exhausted. Commissioner Infante-Green stated that the Department has met with the Mayor of Central Falls since this issue arose and it was working towards having the city contribute towards the deficit; however, as of the end of November, there was no indication that such a contribution is planned. In its FY 2021 request, the reported structural deficit doubles to \$1.0 million. *The Governor recommended funding as requested.*

**The Assembly concurred with the additional \$0.5 million and provided total expenditure of \$42.0 million from all sources. This is \$1.9 million more than the Governor’s recommendation to reflect Central Falls’ share of \$50.0 million from coronavirus relief funds recommended for distribution to local education agencies. The budget also shifts \$1.6 million from general revenues to new federal education stabilization funds authorized under the CARES Act. Section 19 of 2020-H 7170, Substitute A, as amended, allows the Commissioner of Elementary and Secondary Education to distribute aid accordingly.**

**Metropolitan Career and Technical School.** The Council requested the enacted level of \$9.3 million from general revenues for the Metropolitan Career and Technical School. The Met School is funded pursuant to the funding formula with the state paying its share for each student and the sending districts contributing a local share. The 2016 Assembly enacted a stabilization fund for state schools in order to mitigate some of the losses from the implementation of the funding formula. *The Governor recommended funding as requested.*

**The Assembly provided total expenditures of \$9.6 million from all sources. This is \$0.4 million more than the Governor’s recommendation to reflect the School’s share of \$50.0 million from coronavirus relief funds recommended for distribution to local education agencies. The budget also shifts \$0.3 million from general revenues to new federal education stabilization funds authorized under the CARES Act. Section 19 of 2020-H 7170, Substitute A, as amended, allows the Commissioner of Elementary and Secondary Education to distribute aid accordingly.**

**Teacher Retirement.** The Council requested \$1.0 million more than enacted to fund the state’s share of the employer contribution for teacher retirement costs for FY 2020, based on a 3.0 percent increase to teacher wages. However, actual FY 2019 teacher retirement costs were \$0.5 million less than the final appropriation. The Department’s revised FY 2020 request states that the additional funding reflects higher than anticipated wage growth for teachers. The Department assumed a 3.0 percent wage growth over FY 2019 actual wages. In FY 2019, the Department estimated wage growth of 2.5 percent over FY 2018 wages; actual growth was reportedly 2.2 percent. *The Governor recommended the enacted level of funding. The Assembly concurred.*

**Early Childhood Education.** The Council requested the enacted amount of \$14.9 million from general revenues for the early childhood category of education aid, which is part of the education funding formula. This includes \$12.0 million to support the state’s existing 60 classrooms and \$2.9 million to expand access to high quality prekindergarten. Additional funding allowed for increased capacity in only eight classrooms from 18 students to 20 students each, five new state-run classrooms, and 13 new classrooms supported by both general revenues and federal Head Start funds, which allowed for expansion of the school year for some Head Start students. The Department piloted a new “braided” formula model, whereby new classrooms were opened with some seats funded by Head Start and others by state funds. By leveraging Head Start funds, the program expanded to a total of 78 classrooms and 1,420 students, 340 more students than served in FY 2019. Of the 340 seats added, 223 were funded completely from general revenues with the remainder funded from both state and federal sources. *The Governor recommended funding as requested. Based on the Department’s third quarter report, the Assembly provided total funding of \$14.7 million less, or \$0.1 million less for operating expenses.*

**School Resource Officer Aid.** The Council requested the enacted amount of \$1.0 million for the school resource officer category of aid. The 2018 Assembly established a voluntary pilot program for a new category of education aid to support new school resource officers for a period of three years beginning in FY 2019; FY 2020 is the second year of funding. Funding is used to reimburse school districts or municipalities one-half of the total cost of employing new officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students are not eligible for reimbursement. As of November 21, reimbursement requests totaled \$0.3 million for six school resource officers. For FY 2019, \$0.2 million supported five officers in four districts. *The Governor recommended \$0.7 million less than requested based on program participation. The Assembly concurred.*

**School Housing Aid.** The Council requested the enacted level of \$80.0 million from general revenues for school housing aid. This includes \$78.6 million from general revenues for the traditional program and \$1.4 million for the School Building Authority Capital Fund. Compared to the enacted budget, the request shifts \$0.3 million from the traditional program to the fund to reflect actual housing aid distributions. Current

law requires that the difference between the annual housing aid appropriation and actual aid be deposited into the School Building Authority Capital Fund.

The enacted budget includes a provision effective for FY 2019 and FY 2020 that the difference between the annual housing aid appropriation and actual aid be used to provide technical assistance to districts. For FY 2019, the School Building Authority awarded \$2.9 million directly to districts as technical assistance grants. Additionally, funds were used to procure technical assistance for the state program, such as for a facilities prioritization plan and project management. However, \$131,760 of capital funds were used to support a portion of a \$250,000 contract with Blue Seats Consulting as part of the Governor's universal prekindergarten initiative; this appears to be an inappropriate use of capital funds.

*The Governor recommended funding as enacted and shifted \$0.3 million between the capital fund and the traditional program. It appears the adjustment was made to keep the agency's total general revenue appropriation from exceeding the enacted level; however, under current law, final funding distribution would be \$78.6 million for the traditional program and \$1.4 million for the capital fund. **The Assembly provided \$0.3 million less for traditional housing aid based on actual FY 2020 payments.***

**Textbook Reimbursement.** The Council requested the enacted level of \$240,000 from general revenues for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade. In FY 2019, final program expenditures were \$88,576. *The Governor recommended \$0.2 million less than requested reflecting actual reimbursements. **The Assembly concurred.***

**Statewide Student Transportation.** The Council requested \$4.2 million more than enacted from restricted receipts for the statewide student transportation system. Restricted receipts are collected from districts for transportation expenditures, less transportation categorical funds. The request reflects anticipated utilization by local education agencies for out-of-district transportation for students attending charter schools, vocational schools, and special education programs. It should be noted that the revised request is essentially consistent with the final FY 2019 appropriation, though \$2.0 million more than actual expenses. The Department spent \$2.0 million less than the final appropriation reflecting ongoing changes to those students transported through the statewide system, especially those requiring out-of-district transportation under the Every Student Succeeds Act. *The Governor recommended funding as requested. **Based on the Department's third quarter report, the Assembly provided \$3.8 million less for total expenditures of \$26.6 million.***

**Education Telecommunications Access Fund.** The Council requested \$25,532 less than enacted from all sources for the education telecommunications access fund for total funding of \$1.4 million, based on FY 2019 actual collections and program spending. The revised request is \$7,777 more from general revenues to restore statewide savings included in the enacted budget. The Governor's recommended FY 2020 budget included savings from a proposal to reduce the cost of certain commodities; however, the program did not achieve the savings in FY 2019 and is not anticipated to achieve it in FY 2020. The revised request would bring total state support for the fund to \$400,000, which is consistent with historical funding levels. *The Governor recommended \$8,063 less than requested from all sources and included the enacted level from general revenues. **The Assembly concurred.***

**Special Education Grants.** The Council requested authorization to spend \$1.6 million more than enacted from federal special education funds to reflect actual grant awards and available carry-forward of prior year funds. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free, appropriate public education, including special education and related services. *The Governor recommended funding as requested. **The Assembly concurred.***

**Title I Grants.** The Council requested authorization to spend \$1.4 million more than enacted from federal Title I funds, reflecting updated anticipated awards and available carry-forward funds. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Public Charter Schools Grant.** The Council requested authorization to spend \$0.9 million more than enacted from federal Charter Schools Program funding. The program provides money to create new high-quality public charter schools, as well as to disseminate information about ones with a proven track record. Federal funds are also available to replicate and expand successful schools. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Adult Education Grants.** The Council requested authorization to spend \$0.1 million more than enacted from federal adult education funds reflecting available carry-forward funding. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and high school dropouts aged 16 and older. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Vocational Education Grants.** The Council requested authorization to spend \$0.9 million more than enacted from federal vocational education grants. Most funds go directly to local schools, where they are used to improve vocational education programs statewide. The revised request includes \$0.2 million from a new grant to support science, technology, engineering and mathematics apprenticeships for high school students. Beginning in the fall of 2019, participating students will spend half of their instructional time working on the job while also enrolled in credit-bearing coursework through the Community College of Rhode Island. While most of the funding will be transferred to the Community College, approximately 20 percent will remain with the Department to conduct professional development and outreach. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Every Student Succeeds Act Block Grant.** The Council requested authorization to spend \$2.0 million more than enacted from Title IV Part A funds, or Every Student Succeeds Act (ESSA) block grant. Most block grant funds go directly to local schools, where they are used to help schools close the achievement gap through investments in technology, improve school conditions for student learning, and provide all students with access to a well-rounded education. Block grant distributions are based on the Title I calculation, which uses four distinct formulas based upon different levels of poverty. The revised request includes carry-forward of unspent prior year funding and an updated grant award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Adolescent Health and School Climate Grants.** The Council requested authorization to spend \$0.6 million more than enacted from two federal grants designated to address adolescent health and school climate, which reflects carry-forward of unspent funds. In FY 2019, the Department was awarded two federal five-year grants to address student mental health. The first, for \$9.0 million, supports adolescent health and academic achievement, specifically regarding mental health issues. Funding is used to promote mental health awareness among schools and communities and improve connections to services for school-age youth and their families. The second, for \$2.5 million, supports districts in expanding programs that address student social, emotional and behavioral needs. Participating schools conduct needs assessments and develop plans that are tailored to their student population. Grant partners then provide professional development and training to educators to expand and connect intervention efforts. Funds also support two full-time equivalent positions that oversee the programs. *The Governor recommended \$612 less than requested reflecting medical benefit savings.* **The Assembly concurred.**

**ServeRI.** The Council requested authorization to spend \$0.4 million more from federal funds transferred from the Rhode Island Service Alliance to the Department for the ServeRI program. The program was established by the 1994 Assembly to administer the federally funded AmeriCorps program, including AmeriCorps Vista and City Year. The enacted budget includes funding for staffing and operating costs, as well as authorization for a full-time equivalent position to oversee implementation of the program. The revised request carries forward funding from FY 2019 for participating host sites. *The Governor recommended \$383 less than requested reflecting medical benefit savings.* **The Assembly concurred.**

**Literacy Development Grant.** Subsequent to submitting its budget request, the Department was awarded a five-year \$20 million Comprehensive Literacy State Development grant from the U.S. Department of Education. Funding will primarily support communities and local education agencies in strengthening literacy development and instruction for children from birth through grade 12. Most funding will be distributed as grants for districts to develop and implement comprehensive literacy instruction, including professional development. Districts and community-based organizations will also be eligible for grants to engage families and supporting literacy at home. *The Governor included \$2.2 million from these new funds.* **The Assembly concurred.**

**SAT/PSAT.** The Council requested the enacted level of \$0.6 million from all sources of funds for SAT and PSAT testing provided to public high school students. Under this initiative, sophomores may take the PSAT and juniors may take the SAT at no cost. Beginning in FY 2018, the PSAT and SAT replaced the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment at the high school level. Meanwhile, the Rhode Island Comprehensive Assessment System (RICAS) assessment replaced PARCC at the elementary and middle school levels. *The Governor recommended funding as requested.* **As a result of the coronavirus pandemic that led to school closures and online learning, the Department received a waiver from federal assessment requirements. As state testing did not occur in FY 2020, the Assembly removed the funding.**

**Other Salaries and Benefits.** The Council requested \$0.3 million less than enacted, primarily from federal funds, for all other salaries and benefits for the Department's remaining 136.1 administration positions. The decrease in federal funds reflects changes to several grant awards, offset by an increase from indirect cost recovery restricted receipts. Indirect costs are collected on federal grants to fund administrative positions such as assistant administrative officers, technology support, grants and finance, and compliance officers.

It should be noted the enacted budget includes funding and authorization for 4.0 new full-time equivalent positions to support education reform measures passed by the 2019 Assembly. This includes 1.0 literacy and dyslexia specialist, 1.0 science, technology, engineering and mathematics (STEM) curriculum specialist, 1.0 school improvement position, and 1.0 senior leadership position. As of December, the curriculum specialist and school improvement position were not filled and would begin in January 2020; applications for the other two positions were reportedly under review and expected to be filled by the end of February 2020. Additionally, the Department filled other positions for which funding was not included in the enacted budget, including a senior advisor to the Commissioner; two Deputy Commissioners began in January 2020, though the enacted budget and revised request only fund one.

*The Governor recommended \$33,177 less than requested from all sources, including \$20,827 less from general revenues reflecting statewide medical benefit savings.* **The Assembly provided \$150,000 less from all sources from turnover savings. It also shifted \$0.4 million of general revenue expenditures to new federal funds authorized under the CARES Act, including \$0.2 million to federal education stabilization funds and \$0.2 million to coronavirus relief funds based on the Department's staff time responding directly to the COVID-19 emergency.**

**Centralized Services.** Consistent with the enacted budget, the Council’s revised request includes \$0.1 million from general revenues for the Department’s share of centralized information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended funding as requested.* **Based on billings through May, the Assembly provided \$39,155 less.**

**Other Grant and Programming Revisions.** The Council requested \$0.7 million more than enacted, primarily from federal funds, and the enacted level from general revenues for all other expenditures. This reflects additional federal teacher quality and language acquisition funding, offset by other award adjustments. Nearly all of the additional funding will be passed through to local education agencies. *The Governor recommended funding as requested.* **Based on the Budget Office’s third quarter report, the Assembly provided operating reductions of \$50,000 from general revenues. It also provided \$4.6 million from new federal education stabilization funds authorized under the CARES Act. Funds would be used to support emergency needs determined by the Department to address issues related to the COVID-19 emergency, including through the use of grants or contracts.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of the week ending June 12, the Department had spent \$56,925 and encumbered an additional \$69,105. The majority of expenses have been for information technology needs and communication related to working remotely. The Assembly provided \$135,000 from federal funds to account for these expenses, including \$20,000 for the School for the Deaf and \$115,000 for the Department’s administration.*

**Davies Career and Technical School.** The Council requested an additional \$0.8 million from all sources of funds for Davies Career and Technical School. The request includes \$0.3 million more from federal funding for special education, teacher quality, Title I, and vocational education. It also includes \$0.6 million more from Rhode Island Capital Plan funds. It should be noted that funding for capital projects in the revised request is \$0.2 million less than included in the capital budget request submitted in July.

Beginning with FY 2012, Davies falls under the education funding formula and its state aid is determined by the funding formula calculation just as any other local education agency would. FY 2020 is the ninth year of the funding formula. At the same time, it receives a local share of funding from the individual districts that send students to the school. These flow into a restricted receipt account, which partially offsets the loss of state aid. These dollars are also determined by the funding formula. *The Governor recommended \$929 less than requested from federal funds reflecting medical benefit savings.*

The Assembly provided total expenditure of \$20.2 million from all sources, or \$94,944 more than the Governor's recommendation. This includes \$228,199 less from Rhode Island Capital Plan funds for three projects and \$323,143 to reflect the School's share of \$50.0 million from coronavirus relief funds recommended for distribution to local education agencies. A detailed analysis of the projects is included in the Capital Budget section of this publication. The budget also shifts \$0.3 million from general revenues to new federal education stabilization funds authorized under the CARES Act. Section 19 of 2020-H 7170, Substitute A, as amended allows the Commissioner of Elementary and Secondary Education to distribute aid accordingly.

### Rhode Island School for the Deaf

**Restricted Receipts.** The Council's revised request includes a total of \$0.5 million from restricted receipts for the School for the Deaf, including \$57,500 collected from school breakfast and lunch, \$18,000 from renting its athletic field and gymnasium, and \$400,000 from tuition collected for some students. The revised request is \$0.4 million less than enacted from tuition receipts, reflecting actual collections in FY 2019. The School collects tuition for all out-of-state students and those in-state students receiving services beyond the first of four levels of service. As of November, enrollment totaled 78 students, of which four are from out-of-state. Of the 74 in-state students, 51.4 percent receive services at a Level 1 and no tuition is collected. *The Governor's recommendation is \$567 less than requested from restricted receipts reflecting medical benefit savings.* **The Assembly concurred.**

**Staffing.** The Council requested \$0.1 million more than enacted from all sources for the School for the Deaf, including \$0.5 million more from general revenues offset by reductions of \$0.3 million from restricted receipts and \$53,937 from federal grants for the salaries and benefits for the School's 60.0 full-time equivalent positions. The revised request largely shifts funding from restricted receipts to general revenues based on anticipated collections, which are driven by tuition charged to some students. It also restores \$0.1 million of turnover savings, which reflects negotiated wage increases for teaching staff.

*The Governor recommended \$0.5 million less than requested primarily from general revenues. This includes \$14,625 less from all sources reflecting statewide medical benefit savings. The School reported that without additional funds it will likely overspend its appropriation or have to reduce services. However, based on staffing expenses through the pay period ending February 1, the School did not appear to be on track to exceed the Governor's recommendation.* **The Assembly concurred.**

**Other Operations.** The Council requested \$0.1 million more than enacted from all sources for all other operating expenses at the School for the Deaf, including \$4,570 more from general revenues. The revised request primarily reflects additional funding for food and building maintenance and repairs, offset by less for electricity and mileage allowances, as well as other changes. *The Governor excluded the additional general revenues and concurred with the remainder of the request.* **The Assembly provided an additional \$31,692 from new federal coronavirus relief funds for the School's share of \$50.0 million recommended for distribution to local education agencies. It also shifted \$26,441 of general revenues expenditures to federal education stabilization funds.**



## Public Higher Education

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Office of Postsecondary Comm.	\$ 36,138,131	\$ 42,714,187	\$ 40,816,003	\$ 40,723,846
University of Rhode Island	797,419,006	837,035,616	851,408,791	857,099,500
Rhode Island College	197,043,404	201,797,383	196,769,241	200,543,089
Community College of RI	160,350,662	166,379,212	167,102,113	172,172,097
<b>Total</b>	<b>\$ 1,190,951,203</b>	<b>\$ 1,247,926,398</b>	<b>\$ 1,256,096,148</b>	<b>\$ 1,270,538,532</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 527,747,069	\$ 561,508,903	\$ 555,617,101	\$ 555,617,101
Contracted Services	32,363,122	30,415,191	31,941,368	30,756,025
<b>Subtotal</b>	<b>\$ 560,110,191</b>	<b>\$ 591,924,094</b>	<b>\$ 587,558,469</b>	<b>\$ 586,373,126</b>
Other State Operations	210,168,799	217,137,686	231,061,741	238,965,615
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	307,344,472	324,076,908	316,623,753	324,347,606
Capital	15,983,746	44,107,415	49,587,467	49,587,467
Capital Debt Service	64,444,926	70,680,295	71,264,718	71,264,718
Operating Transfers	32,899,069	-	-	-
<b>Total</b>	<b>\$ 1,190,951,203</b>	<b>\$ 1,247,926,398</b>	<b>\$ 1,256,096,148</b>	<b>\$ 1,270,538,532</b>
<b>Sources of Funds</b>				
General Revenue	\$ 233,580,831	\$ 243,650,858	\$ 246,847,417	\$ 231,755,260
Federal Aid	7,973,800	8,000,000	8,240,807	37,775,348
Restricted Receipts	2,468,913	3,767,896	3,679,334	3,679,334
Other	946,927,659	992,507,644	997,328,590	997,328,590
<b>Total</b>	<b>\$ 1,190,951,203</b>	<b>\$ 1,247,926,398</b>	<b>\$ 1,256,096,148</b>	<b>\$ 1,270,538,532</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 735,165,737	\$ 779,539,117	\$ 767,606,313	\$ 752,514,156
Restricted Use Funds	455,785,466	468,387,281	488,489,835	518,024,376
<b>Total</b>	<b>\$ 1,190,951,203</b>	<b>\$ 1,247,926,398</b>	<b>\$ 1,256,096,148</b>	<b>\$ 1,270,538,532</b>
<b>FTE Authorization</b>	<b>3,605.5</b>	<b>3,595.5</b>	<b>3,860.5</b>	<b>3,860.5</b>
<i>Limited to Third Party Funds</i>	788.8	788.8	523.8	523.8
<b>Total Authorized Positions</b>	<b>4,394.3</b>	<b>4,384.3</b>	<b>4,384.3</b>	<b>4,384.3</b>
<b>FTE Average</b>	<b>4,083.5</b>			

**FY 2020 Revised Request.** The Council's revised request is \$2.1 million more than enacted, including \$0.4 million more from general revenues. It also includes \$8.3 million less from tuition and fee revenues, \$6.7 million less from other unrestricted sources, and \$16.7 million more from restricted sources. *The Governor recommended \$8.2 million more than enacted from all sources, which is \$6.1 million more than requested. General revenues are \$3.2 million more than enacted and \$2.8 million more than requested primarily for general obligation bond debt service for the University. The recommendation also reallocates the requested 265.0 positions to remove auxiliary enterprise positions previously reported incorrectly as third-party. There would still be vacancies within both authorizations.* **The Assembly concurred with**

**the reallocation of positions and provided \$15.1 million less from general revenues and \$29.5 million more from federal funds mostly to reflect funding provided from the CARES Act as part of the Higher Education Emergency Relief Fund.**

**Higher Education Emergency Relief Fund.** As part of the Coronavirus Aid, Relief, and Economic Security Act Higher Education Relief Fund, the three public higher education institutions, the Community College of Rhode Island, Rhode Island College, and the University of Rhode Island, are to receive \$29.5 million in federal aid for use as student aid and institutional needs. Other funds awarded by the CARES Act require a maintenance of effort for higher education of the past three year average. The maintenance of effort must include state support, state need-based aid, and be consistent year to year. It cannot include support for capital projects, research and development, tuition and fees paid by students, private donations, or federal funds. *No expenses were accounted for in the Governor's revised budget. Excluding debt service, the Governor's recommendations for FY 2020 revised and FY 2021 exceed the three year average support for higher education by \$15.9 million and \$17.5 million respectively.* **The Assembly shifted \$15.0 million from general revenues to \$29.5 million in new federal relief funding and other available sources. This provides net increases of \$5.7 million for the University, \$3.8 million for the College, and \$5.1 million for the Community College.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. These expenses are only budgeted for the Office of Postsecondary Commissioner. The Office's request of \$10,324 for information technology charges is consistent with the enacted budget; however, the request is \$27,924 less than actual FY 2019 charges.

*The Governor recommended funding as requested. Based on the second quarter internal service fund report, the recommendation appears to be \$23,964 less than will be billed for the year. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly allocated expenditures where they occur and added \$25,572 based on billings through the third quarter.**

**Unrestricted Source Expenditures.** The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2020 unrestricted revised budget includes spending of \$765.0 million. This is \$14.6 million less than the enacted budget, including \$0.4 million more from general revenues.

*The Governor recommended \$767.6 million from unrestricted sources, which is \$11.9 million less than enacted and \$2.6 million more than requested. General revenues are \$3.2 million more than enacted and \$2.8 million more than requested to reflect debt service changes for the College and University.* **The Assembly provided \$15.1 million less from general revenues. This decrease is offset by \$29.5 million from restricted source federal funding provided through the CARES Act as part of the Higher Education Emergency Relief Fund.**

**Rhode Island Promise.** The 2017 Assembly established a new Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that

after a student exhausts all other sources of student aid, the program would cover the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average, must be enrolled full-time, and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020. The Council requested \$0.2 million more than the enacted budget, \$7.0 million based on updated enrollment for the second and third cohorts reported in November 2019. *The Governor recommended funding consistent with the enacted budget.* **The Assembly provided \$0.1 million less than enacted, reflecting projected spending from the Community College’s update in May.**

Office of Postsecondary Commissioner. The revised budget includes \$16.9 million from general revenues, \$0.4 million more than enacted. The increase includes \$0.2 million for Rhode Island Promise students based on updated enrollment reported in November 2019 and \$0.1 million for data storage and relocation costs associated with the Office’s impending move. The revised request also includes \$0.1 million more for personnel costs; the Office noted that benefits were budgeted incorrectly for its positions in the enacted budget. The enacted budget includes \$1.0 million in personnel savings consistent with the proposal by the Governor’s Efficiency Commission to co-locate the Office and the Department of Elementary and Secondary Education. As savings were expected to be achieved through turnover savings, the Office laid off 8.0 positions in August and allocated 2.3 positions to federal funds. While the Office’s revised request states a need for an increase, the Office had additional vacancies beyond the savings target as of December 21, 2019. The request reflects that the Commissioner position was intended to be filled for the second half of FY 2020. On January 3, 2020, the Office noted that original search for a Commissioner was unsuccessful and it is planning to restart its search.

It should be noted that none of the additional expenses were included in either the Office’s or the Budget Office’s first quarter report, both projected remaining within the enacted appropriation of general revenues. *The Governor recommended \$0.4 million less than requested, all but \$1,276 of the reduction is from general revenues. The recommendation includes \$2,607 to reflect statewide medical benefit savings, about half of which is from general revenues.* **The Assembly concurred.**

University of Rhode Island. The University requested \$5.3 million or 1.0 percent less from unrestricted sources than enacted. This includes \$5.5 million or 1.6 percent less than enacted from tuition and fees to revise expected revenues, the enacted level from general revenues, and \$0.1 million more from other University sources. Additional sources include earned interest, athletics, and revenue from University centers. The Governor’s recommendation for FY 2020 replaced a \$6.7 million general revenue shortfall to the request with other unidentified unrestricted resources assuming the University would generate more revenue than its projection, or constrain spending from the request in order to not exceed available resources. The majority of the revision, \$3.6 million is from maintaining vacancies at the University, while the remainder is a result of \$1.8 million less for unrestricted student aid.

The University requested an increase to its full-time equivalent position authorization by 10.7 positions related to the expansion of University of Rhode Island Online. Additionally, the request also reallocates positions between third-party and non-third-party authorizations to address a problem with current position reporting where its staffing is over the authorized level. The request shifts 265.0 third-party full-time equivalent positions to non-third-party positions; there are still vacancies in both categories with this shift.

*The Governor recommended \$3.0 million more than requested from general revenues to reflect general obligation bond debt service and the requested staffing shift from third-party to non-third-party sources. She did not recommend the additional 10.7 positions for the expansion of the University’s online program. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.5 million from unrestricted sources.* **The Assembly provided \$5.5 million less from general revenues. This decrease is offset by \$11.2 million in federal funding from the CARES Act. Net resources increase by \$5.7 million.**

Rhode Island College. The College's revised unrestricted budget request is for \$142.0 million, \$7.3 million less than enacted. This includes \$1.6 million or 1.9 percent less from tuition and fees, and \$5.8 million less from other unrestricted sources. The enacted budget assumes that the College would generate \$1.7 million in revenue from its unrestricted sources or constrain spending to not exceed available resources.

The enacted budget also assumes enrollment of 6,432; however, the revised enrollment shows a 3.3 percent decrease equivalent to 215 students, the majority of which are in-state students. To accommodate the lower revenues, the revised request includes \$2.1 million less than enacted for salaries and benefits by keeping vacant positions open, \$1.6 million less for student aid consistent with lower enrollments, \$0.1 million less for capital expenses, and \$3.5 million less for operating expenses. *The Governor recommended \$0.2 million more for general obligation bond debt service offset by a similar reduction to unidentified unrestricted sources. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.2 million from unrestricted sources.* **The Assembly provided \$4.0 million less from general revenues. This decrease is offset by \$7.8 million in federal funding from the CARES Act. Net resources increase by \$3.8 million.**

Community College of Rhode Island. The Community College requested \$2.1 million or 1.8 percent less than enacted from unrestricted sources. This includes \$1.1 million or 1.9 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$1.1 million less from other unrestricted sources, which aligns expected revenues with those reported for FY 2019. The reduction to tuition and fees represents that the enacted budget assumes that the Community College would generate \$1.0 million in revenue from its unrestricted sources or constrain spending to not exceed available resources.

The revised enrollment projection assumes 9,135 full-time equivalent students, consistent with the enacted budget. The revised allocation includes \$0.8 million less than enacted for salaries and benefits, \$0.8 million less for contracted services, \$0.2 million less in unrestricted student aid, and \$0.4 million less for other operating expenses. *The Governor recommended funding as requested. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.2 million from unrestricted sources.* **The Assembly provided \$5.4 million less from general revenues. This decrease is offset by \$10.5 million in federal funding from the CARES Act. Net resources increase by \$5.1 million.**

**Restricted Source Operations.** The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$16.0 million more than enacted from restricted sources for general operating expenditures, including \$0.2 million more for salaries and benefits, \$1.5 million more for contracted services, and \$14.3 million more for operations. The majority of these revisions reflects increased sponsored research funds for the University. *The Governor recommended \$16.5 million more than enacted and \$0.5 million more than requested for restricted source operations. The increase over the request reflects additional sponsored research funds for the College.* **The Assembly provided \$15.2 million more to reflect federal funding provided by the CARES Act.**

**Restricted Source Student Aid.** The revised budget includes a \$3.9 million decrease for restricted source student aid. Of the total decrease, \$2.3 million is from lower projections of federal direct and parent loan programs at the University; \$1.6 million of the decrease is reported at the College, mostly reflecting lower Pell Grant awards. The Office's and Community College's projections are essentially consistent with the enacted budget. *The Governor recommended funding as requested.* **The Assembly provided \$14.3 million more to reflect federal funding provided by the CARES Act.**

**Restricted Capital Improvements.** The revised budget includes a \$7.2 million increase, including \$7.4 million more from Rhode Island Capital Plan funds for restricted source capital expenditures. Of the

increase to Rhode Island Capital Plan funds, \$5.2 million is related to three projects at the College, including its infrastructure modernization and asset protection projects. The Community College accounts for the other \$2.2 million, mostly as a result of carrying forward unspent funding for its Knight Campus Renewal project. *The Governor recommended \$2.9 million more than requested from Rhode Island Capital Plan funds, which reflects an increase for projects at the University offset by decreases for the Office and the College.* **The Assembly concurred. A detailed analysis of these projects is included in the Capital Budget section of this publication.**

**Restricted Debt Service.** The revised budget decreases restricted use debt service costs by \$2.6 million spread between various auxiliary funds of the University, primarily Health Services and Housing funds. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Rhode Island State Council on the Arts

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 917,479	\$ 960,611	\$ 945,322	\$ 945,322
Contracted Services	47,109	46,400	-	-
<b>Subtotal</b>	<b>\$ 964,588</b>	<b>\$ 1,007,011</b>	<b>\$ 945,322</b>	<b>\$ 945,322</b>
Other State Operations	154,770	222,655	222,655	232,375
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,582,097	1,623,582	1,623,582	1,978,582
Capital	320,048	585,000	585,000	485,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 3,021,503</b>	<b>\$ 3,438,248</b>	<b>\$ 3,376,559</b>	<b>\$ 3,641,279</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,977,428	\$ 2,004,748	\$ 1,993,137	\$ 2,002,857
Federal Aid	690,648	762,500	743,422	1,098,422
Restricted Receipts	5,776	45,000	45,000	45,000
Other	347,651	626,000	595,000	495,000
<b>Total</b>	<b>\$ 3,021,503</b>	<b>\$ 3,438,248</b>	<b>\$ 3,376,559</b>	<b>\$ 3,641,279</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.6</b>			

**FY 2020 Revised Request.** The Rhode Island State Council on the Arts requested \$59,896 less than enacted from all sources, including \$10,584 less from general revenues, \$18,312 less from federal funds, and \$31,000 less from Percent for Art funds. A subsequent clarification indicated the general revenue request was intended to be \$4,416 above the enacted level. *The Governor recommended \$0.1 million less than enacted, including \$11,611 less from general revenues.* **The Assembly provided \$0.3 million more, including \$9,720 more from general revenues and authorized an additional \$0.4 million in federal funds related to the COVID-19 emergency, offset by \$0.1 million less from Percent for Art funds.**

**Centralized Services.** The Council requested the enacted amount of \$45,750 from general revenues for its share of centralized services. The state uses internal service funds to reimburse one agency for services provided to another. This request includes \$12,160 for human resources support and \$33,590 for information technology services. The request is \$6,279 less than actual FY 2019 expenditures, which included an additional \$2,763 more than the FY 2020 enacted amount. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources; none of these expenses are proposed to use other source of funds. The amounts provided in the enacted budget include \$12,160 for human resources support and \$33,590 for information technology services which are \$1,985 more, and \$4,295 less than FY 2019 actual spending, respectively. *The Governor recommended funding as requested. Billings through the first half of FY 2020 total \$29,712. The recommendation adds \$10,311 for FY 2021 for total expenditures \$4,031 more than FY 2019. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds*

*and the reason they were created. The Assembly provided funding that reallocated expenses to where they occur and added \$9,720 from general revenues based on spending through the third quarter.*

**Percent for Art Program.** The Council requested \$31,000 less than enacted for the Percent for Art program for public art projects at various new state-owned facilities. The decrease is entirely from its expenditures for consultants and stipends to artists which have averaged approximately \$40,000 over the prior two years. The Council's statutorily required first quarter report includes an additional \$0.7 million, including \$67,500 for consultants and honorariums, because the contract for the current consultant is expiring and funding was added assuming new management may be more expensive. The Council reported the majority of the funds are intended as a placeholder. *The Governor recommended funding as requested. The Assembly provided \$0.1 million less than recommended based on anticipated expenditures through June 30, 2020.*

**Staffing and Operations.** The Council requested \$28,896 less than enacted, including \$10,584 less from general revenues and \$18,312 less from federal funds for all other expenses. The request includes \$13,496 less for staffing and excludes \$15,400 for contracted services. The Council subsequently reported that the exclusion of the contracted services funding was inadvertent. Restoring that expense makes the request \$4,416 more than enacted from general revenues. *The Governor recommended \$1,793 less than requested to reflect statewide benefit savings. The Assembly concurred.*

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures. *No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. The Governor's recommended budget includes \$0.6 million from federal funds for grants to artists and arts organizations. As of June 12, the Council had spent over \$1.0 million, including more than \$0.3 million for its artist relief fund and grants for operating support to nonprofit arts organizations. The Assembly provided \$0.4 million more from federal funds to account for these expenses.*



## Rhode Island Atomic Energy Commission

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,102,718	\$ 1,162,713	\$ 1,171,085	\$ 1,171,085
Contracted Services	540	270	270	270
<b>Subtotal</b>	<b>\$ 1,103,258</b>	<b>\$ 1,162,983</b>	<b>\$ 1,171,355</b>	<b>\$ 1,171,355</b>
Other State Operations	193,298	181,911	176,066	176,066
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	53,471	150,200	76,333	76,333
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,350,027</b>	<b>\$ 1,495,094</b>	<b>\$ 1,423,754</b>	<b>\$ 1,423,754</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,018,455	\$ 1,059,094	\$ 1,055,815	\$ 1,055,815
Federal Aid	-	-	-	-
Restricted Receipts	10,075	99,000	25,036	25,036
Other	321,497	337,000	342,903	342,903
<b>Total</b>	<b>\$ 1,350,027</b>	<b>\$ 1,495,094</b>	<b>\$ 1,423,754</b>	<b>\$ 1,423,754</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.6</b>			

**FY 2020 Revised Request.** The Rhode Island Atomic Energy Commission requested \$63,520 less than enacted from all sources, including \$4,235 more from general revenues, \$73,964 less from restricted receipts, and \$6,209 more from University of Rhode Island Sponsored Research funds. *The Governor recommended \$7,820 less than requested, including \$7,514 less from general revenues.* **The Assembly concurred.**

**Reactor Fee Receipts.** The Commission charges reactor fees for commercial utilization of the reactor based on the organizational status of the requesting agency and the amount of reactor time requested. Reactor fees were historically deposited as general revenues and averaged approximately \$15,000 during FY 2019. The 2018 Assembly created a restricted receipt account for the reactor fee revenues to be used for the maintenance of the Commission's equipment. The FY 2020 enacted budget assumes \$99,000; the Commission's revised request lowers this by \$73,964 to reflect expected commercial utilization of the reactor. It does not appear any reactor fees have been collected through the first quarter. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Commission's revised request of \$11,168 from general revenues is consistent with the enacted budget as

well as actual charges during FY 2019. *The Governor recommended \$1,610 less than enacted based on Budget Office estimates.* **The Assembly concurred.**

**Staffing and Operations.** The Commission's revised request includes \$10,444 more than enacted from all sources for staffing costs and the enacted amount for operational costs. The increase includes \$4,235 from general revenues and \$6,209 from University research funds and appears to overstate actual need. The enacted budget provides \$60,000 more than was actually spent during FY 2019 when the Commission was fully staffed for the entire year. Additionally, the Commission had a vacancy for two pay periods during October 2019. It should also be noted that the Commission's first quarter report excludes the need for additional funding. *The Governor recommended \$6,210 less than requested, including \$5,904 less from general revenues. This includes \$2,072 less for statewide medical benefit savings and \$5,748 for operational costs to reflect FY 2019 spending.* **The Assembly concurred.**

## Historical Preservation and Heritage Commission

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,641,417	\$ 1,834,407	\$ 1,779,530	\$ 1,779,530
Contracted Services	1,750	-	-	-
<b>Subtotal</b>	<b>\$ 1,643,167</b>	<b>\$ 1,834,407</b>	<b>\$ 1,779,530</b>	<b>\$ 1,779,530</b>
Other State Operations	207,333	249,195	284,792	441,895
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	227,355	505,728	525,153	525,153
Capital	10,131	6,000	6,000	6,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,087,986</b>	<b>\$ 2,595,330</b>	<b>\$ 2,595,475</b>	<b>\$ 2,752,578</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,191,265	\$ 1,488,293	\$ 1,464,425	\$ 1,621,528
Federal Aid	721,863	557,028	566,643	566,643
Restricted Receipts	29,972	421,439	422,100	422,100
Other	144,886	128,570	142,307	142,307
<b>Total</b>	<b>\$ 2,087,986</b>	<b>\$ 2,595,330</b>	<b>\$ 2,595,475</b>	<b>\$ 2,752,578</b>
<b>FTE Authorization</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>
<b>FTE Average</b>	<b>14.9</b>			

**FY 2020 Revised Request.** The Commission requested \$25,524 less than enacted including \$51,090 less from general revenues. *The Governor recommended \$23,868 less than enacted from general revenues. The Assembly provided \$0.2 million more from general revenues for centralized services.*

**Department of Transportation Project Review.** The Commission requested \$13,737 more for personnel and operating expenditures from Department of Transportation reimbursements related to project review. Reimbursements are used to fund one full-time equivalent position that conducts project review, costing approximately \$90,000. The Commission also uses approximately \$40,000 to pay for staff that occasionally help on these projects which is incorrectly budgeted as an operating expense. Because these positions are already budgeted elsewhere, the request may overstate the total amount needed for salaries and benefits. The Department spent \$144,474 for salaries and benefits in FY 2019. The request also includes \$3,200 for staff training and site visits, and \$6,800 for internet services, budgeted in error. *The Governor recommended funding as requested retaining the errors in the request. The Assembly concurred with the recommended total but adjusted allocations among items to address errors noted.*

**Other Salaries and Benefits.** The Commission requested \$79,519 less than enacted from all sources for the remaining 14.6 full-time equivalent positions, including \$41,348 less from general revenues, \$18,832 less from federal funds, and \$19,339 less from restricted receipts. The request corrected an overstatement of salaries and benefits of approximately \$15,000 and includes turnover savings equivalent to approximately \$45,000 achieved from a position vacant since the end of August that the Commission expects to fill by the end of December. The request includes \$19,339 less from restricted receipts, which the Commission shifts for use on operating expenses essentially shifting salary and benefit costs previously

paid with restricted receipts to general revenues. *The Governor recommended \$20,905 more from all sources than requested including \$22,458 more from general revenues. This appears to reflect lower turnover savings but it is unclear how these savings are calculated.* **The Assembly concurred with the turnover savings which is based on vacancies in the fall.**

**National Maritime Heritage Grant.** The Commission requested \$17,950 more from federal funds for ongoing National Park Service projects funded by the National Maritime Heritage grant. The Commission is a pass-through organization for the Steamship Historical Society of America and the Block Island Southeast Lighthouse Cast Iron Restoration. Each grant recipient must match awards dollar for dollar. This grant was supposed to be finished in FY 2019, but one of the projects had a delay, leading to one final reimbursement in the current year. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Centralized Services.** The Commission requested \$156,242 from general revenues for centralized information technology services, consistent with the enacted budget. This is \$2,465 less than FY 2019 expenditures. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse on agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

*The Governor recommended \$4,978 less than enacted and requested based on Budget Office estimates. It should be noted the Commission is likely to be billed \$0.1 million more for facilities management based on the Department of Administration's second quarter internal service fund report. The Budget Office reported that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly reduced the excess funding in the Department of Administration and allocated expenditures where they occur by adding \$0.2 million more from general revenues based on billings through the third quarter.**

**Other Operations.** The Commission requested \$22,308 more from all funds including \$9,742 less from general revenues, \$12,050 more from federal funds, and \$20,000 more from restricted receipts for all other expenses. General revenue changes reflect the Commission inadvertently excluding \$6,800 for internet costs. The increase from federal funds and restricted receipts reflects the Commission purchasing new computers and upgrading its Microsoft and Adobe products. There is also an increase of \$1,475 from federal survey and planning funds to distribute as grants to certified local communities. *The Governor recommended \$32,050 more than enacted and \$9,742 more than requested which reflects full funding for internet costs.* **The Assembly concurred.**

## Office of the Attorney General

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 HFC
<b>Expenditures by Program</b>				
Criminal	\$ 31,265,241	\$ 21,601,600	\$ 25,213,544	\$ 24,707,920
Civil	5,685,016	6,426,020	6,236,632	6,236,632
Bureau of Criminal Identification	3,601,023	1,769,535	1,879,762	1,897,091
General	3,483,668	3,490,563	3,490,563	3,901,444
<b>Total</b>	<b>\$ 44,034,948</b>	<b>\$ 33,287,718</b>	<b>\$ 36,820,501</b>	<b>\$ 36,743,087</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 25,391,693	\$ 28,514,979	\$ 27,912,543	\$ 27,912,543
Contracted Services	873,350	508,616	1,046,690	1,046,690
<b>Subtotal</b>	<b>\$ 26,265,043</b>	<b>\$ 29,023,595</b>	<b>\$ 28,959,233</b>	<b>\$ 28,959,233</b>
Other State Operations	4,240,960	2,916,228	3,229,179	3,231,765
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,449,167	-	166,667	166,667
Capital	11,079,778	1,347,895	4,465,422	4,385,422
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 44,034,948</b>	<b>\$ 33,287,718</b>	<b>\$ 36,820,501</b>	<b>\$ 36,743,087</b>
<b>Sources of Funds</b>				
General Revenue	\$ 25,581,021	\$ 28,675,203	\$ 28,633,277	\$ 28,635,863
Federal Aid	12,936,592	3,552,999	7,006,860	7,006,860
Restricted Receipts	5,367,335	909,516	1,030,364	1,030,364
Other	150,000	150,000	150,000	70,000
<b>Total</b>	<b>\$ 44,034,948</b>	<b>\$ 33,287,718</b>	<b>\$ 36,820,501</b>	<b>\$ 36,743,087</b>
<b>FTE Authorization</b>	<b>237.1</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>
<b>FTE Average</b>	<b>223.0</b>			

**FY 2020 Revised Request.** The Office of the Attorney General requested \$4.1 million more than enacted from all sources, including \$0.5 million more from general revenues, \$3.5 million more from federal funds, and \$0.2 million more from restricted receipts. *The Governor recommended \$0.6 million less than requested, including \$0.5 million less from general revenues, of which \$0.1 million in statewide medical benefit savings.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Office of the Attorney General, this includes \$1.0 million across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program. **The Assembly provided \$77,414 less than recommended, primarily from Rhode Island Capital Plan funds. The Assembly did not include the undefined adjustments.***

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Criminal	\$ 31,265,241	\$ 25,213,544	\$ 508,210	\$ 24,705,334
Civil	5,685,016	6,236,632	-	6,236,632
Bureau of Criminal Identification	3,601,023	1,879,762	(17,329)	1,897,091
General	3,483,668	3,490,563	(490,881)	3,981,444
<b>Total</b>	<b>\$ 44,034,948</b>	<b>\$ 36,820,501</b>	<b>\$ -</b>	<b>\$ 36,820,501</b>

**Reappropriation - Health Care Advocate.** The Governor reappropriated \$23,200 from general revenues for contracted health care oversight assistance and monitoring mergers, including those that have been approved by the Attorney General and involve non-profit entities in the Office of the Health Care Advocate. It should be noted that while the revised request totals \$65,636, there were no expenses made for this activity in FY 2018 and \$49,000 was spent in FY 2019. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Complex Litigation Expenses.** The Office’s revised request includes \$100,000 from general revenues for costs that might occur for complex litigation cases in the Civil Division that often require expert witnesses. The FY 2021 request also includes \$350,000 for this purpose. *The Governor included \$80,000 or \$20,000 less than requested.* **The Assembly concurred.**

**Rhode Island Victims Outreach Integrated Community Environment Grant.** The Office’s revised request includes \$498,199 more from all sources for the development of software enabling a case management system to interface with the current victim notification system maintained by the Department of Corrections. This system would provide a platform where victims of crime are able to access pertinent information relating to their cases, centralizing data currently maintained separately by the Attorney General, Department of Corrections and the Treasury. The revised request includes \$398,121 from federal Victim of Crime Act/Victim Outreach Integrated Community Environment (Voice) funds carried forward from FY 2019 and \$100,000 from state matching funds that was not previously requested for this project. It should be noted that funding requested for FY 2021 totals \$324,000 from federal funds and assumes that the \$81,000 state match will come from staffing expenses and other contracted services. It is unclear why that option is not available for the current year. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Volkswagen Settlement Funds.** The Office included \$166,667 from Volkswagen settlement funds in its revised request for the second of a three year award for the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks RI. FY 2019 was the first year for this award but the budget treated these expenses incorrectly. The state was awarded \$18.5 million from the settlement of which \$4.1 million was awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects.” Funding was completely disbursed in FY 2019 for all projects except the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks RI. *The Governor recommended funding as requested.* **The Assembly concurred.**

**National Criminal History Improvement Grant.** The Office’s revised request includes \$110,227 from federal funds to buy and install five Livescan machines for each of the courthouses. There is a \$12,789 of in-kind state match which the Office reports is expected to come from expenses at the Department of Corrections. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Student Loan Consumer Protection Activities.** The Office’s revised request includes \$26,375 from restricted receipts for staff training and information technology services so that it can administer the

provisions of the Student Loan Bill of Rights legislation passed by the 2019 Assembly. The provision established standards for the servicing of student loans in order to strengthen consumer protections, including prohibiting fraudulent, misleading or deceptive practices relating to servicing. It allows the Office to bring legal action under the Deceptive Trade Practices Act and allows for a private right of action for student loan borrowers when consumer protections are violated. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Desktop Replacement.** The Office requested \$0.3 million more from all sources, including \$0.3 million from general revenues to replace its current desktop from Windows 7 to Windows 10 because the system will no longer be supported as of January 2020. The Office reported that this replacement can be made during FY 2021 and it has requested the same amount for that year so it appears this request is not needed. *The Governor recommended \$11,740 less than requested from general revenues for the software maintenance agreement.* **The Assembly concurred.**

**Salaries and Benefits.** The Office's revised request reduced salary and benefit expenses by \$281,225 from all sources, including \$27,742 less from general revenues, \$137,622 less from federal funds and \$115,225 less from restricted receipts. Additional changes reflect current employee benefit selections and additional turnover savings based on updated staffing. The enacted budget assumes turnover equivalent to 4.9 positions. *The Governor recommended \$0.3 million less than requested, primarily from general revenues, and includes \$0.1 million in statewide medical benefit savings and assumes keeping approximately six positions vacant. As of January 18, 2020, the Office had four vacancies.* **The Assembly concurred.**

**Capital Improvements.** The Office's revised request included \$3.1 million more than enacted from Google Settlement funds to support capital improvement projects that were extended into FY 2020. Since FY 2013 Google Settlement funds have supported expansion efforts along with major renovation and improvement projects, including construction of the new building at Howard Avenue, acquisition of 180 South Main Street, major renovations of the Licht Judicial Complex and Main Street locations, and technology enhancements for operating systems within each division. *The Governor recommended funding as requested.* **The House Finance Committee reduced the \$150,000 in the enacted budget from Rhode Island Capital Plan funds by \$80,000 to reflect current year expenses. A detailed description of these projects is included in the Capital Budget section of this publication.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Office requests the enacted level of \$91,971 for centralized information technology and facilities management services. Instructions from the Office of Management and Budget are for agencies to request the services consistent with the enacted budget and the Office's revised request reflects that. In FY 2019, the Office spent \$99,180, which is \$1,229 less than the final appropriation. *The Governor recommended \$12,308 less than enacted based on Budget Office estimates.* **The Assembly provided \$2,586 more to reflect billings and expenditures through the third quarter.**

**Other Expenses.** The Office requested \$0.1 million more than enacted from all sources for all other expenses, including \$3,345 less from general revenues. The increased expenses include \$19,245 more for the protection of state witnesses and \$52,500 more from restricted receipts from property forfeiture funds for criminal database upgrades and \$48,652 for leased space. *The Governor recommended \$0.2 million less than requested primarily for postage, subscriptions and building repairs. The budget also includes \$15,081 less than requested for witness protection and does not include the database upgrades.* **The Assembly concurred.**





## Department of Corrections

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 15,514,351	\$ 16,437,410	\$ 16,710,872	\$ 17,658,797
Parole Board	1,339,577	1,618,421	1,540,792	1,540,792
Custody and Security	144,502,547	146,965,807	147,038,789	147,548,330
Institutional Support	32,089,275	34,620,018	43,878,530	43,900,639
Institutional Based Rehab/Pop	13,017,883	15,090,983	12,359,993	10,806,386
Healthcare Services	24,470,401	25,497,603	28,309,795	27,972,118
Community Corrections	16,446,931	17,381,458	17,395,456	18,364,567
	<b>\$ 247,380,965</b>	<b>\$ 257,611,700</b>	<b>\$ 267,234,227</b>	<b>\$ 267,791,629</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 190,397,604	\$ 197,807,861	\$ 197,877,264	\$ 196,849,228
Contracted Services	14,303,854	15,183,727	16,712,989	16,256,637
<b>Subtotal</b>	<b>\$ 204,701,458</b>	<b>\$ 212,991,588</b>	<b>\$ 214,590,253</b>	<b>\$ 213,105,865</b>
Other State Operations	29,964,839	28,487,867	27,481,406	30,498,196
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,238,892	2,261,546	1,837,986	1,837,986
Capital	10,475,776	13,870,699	23,324,582	22,349,582
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 247,380,965</b>	<b>\$ 257,611,700</b>	<b>\$ 267,234,227</b>	<b>\$ 267,791,629</b>
<b>Sources of Funds</b>				
General Revenue	\$ 235,714,454	\$ 242,088,059	\$ 238,288,920	\$ 235,486,945
Federal Aid	1,356,241	2,010,944	2,533,346	6,867,723
Restricted Receipts	46,800	59,369	3,531,961	3,531,961
Other	10,263,470	13,453,328	22,880,000	21,905,000
<b>Total</b>	<b>\$ 247,380,965</b>	<b>\$ 257,611,700</b>	<b>\$ 267,234,227</b>	<b>\$ 267,791,629</b>
<b>FTE Authorization</b>	<b>1,416.0</b>	<b>1,411.0</b>	<b>1,411.0</b>	<b>1,411.0</b>
<b>FTE Average</b>	<b>1,366.0</b>			
<b>Prison Population</b>	<b>2,665</b>	<b>2,671</b>	<b>2,671</b>	<b>2,633</b>

**FY 2020 Revised Request.** The Department requested \$12.0 million more than enacted from all sources of funds, primarily from Rhode Island Capital Plan funds for capital projects. General revenues are requested at the enacted level. The Department's FY 2020 revised request is based on a population of 2,671, which is consistent with the enacted assumption. *The Governor recommended \$2.3 million less from all sources than requested. This includes \$3.8 million less from general revenues.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department, this includes \$2.8 million across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The following table shows where those adjustments were made and the unadjusted amounts by*

program. The Assembly provided \$0.6 million more, including \$2.8 million less from general revenues, \$4.3 million more from federal funds and \$1.0 million less from the Rhode Island Capital Plan Fund. The Assembly did not include the undefined adjustments and includes spending where it is occurring.

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Central Management	\$ 16,437,410	\$ 16,710,872	\$ -	\$ 16,710,872
Parole Board	1,618,421	1,540,792	-	1,540,792
Custody and Security	146,965,807	147,038,789	(434,333)	147,473,122
Institutional Support	34,620,018	43,878,530	-	43,878,530
Institutional Based Rehab/Pop	15,090,983	12,359,993	1,403,444	10,956,549
Healthcare Services	25,497,603	28,309,795	-	28,309,795
Community Corrections	17,381,458	17,395,456	(969,111)	18,364,567
<b>Total</b>	<b>\$ 257,611,700</b>	<b>\$ 267,234,227</b>	<b>\$ -</b>	<b>\$ 267,234,227</b>

**Population.** The FY 2020 revised request is based on a population 2,671, which is consistent with the enacted budget. The Department contracts with a firm to prepare population estimates, but at the time of its request, had not received population numbers for its revised request. The House Fiscal Staff uses a simple model using trend data, and the population through the end of October suggests the Department is on track for a population consistent with the enacted budget.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2011 through the FY 2020 revised request. The average population for the first four months of FY 2020 is 2,674. *The Governor's recommendation assumes a population consistent with the request. The average population through December is 2,659. The Assembly assumes a population of 2,633.*

History	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Request	3,709	3,416	3,231	3,152	3,170	3,292	3,260	3,059	2,865	2,762
Governor	3,643	3,416	3,231	3,152	3,170	3,292	3,200	3,059	2,865	2,691
Enacted	3,450	3,239	3,194	3,152	3,170	3,292	3,200	3,000	2,849	2,671
Revised Request	3,350	3,264	3,146	3,192	3,239	3,206	3,058	2,853	2,760	2,671
Governor Revised	3,350	3,265	3,146	3,192	3,239	3,182	2,999	2,853	2,730	2,671
Final	3,273	3,192	3,146	3,192	3,239	3,183	2,999	2,837	2,730	2,633
Actual	3,273	3,191	3,160	3,214	3,183	3,068	2,958	2,784	2,665	-

### Institutional Corrections

**Population: Per Diem Expenditures.** The Department requested \$0.4 million less than enacted from general revenues for population related expenditures that are calculated on a per diem basis. These expenses include medical costs, which includes both inpatient and outpatient services, as well as contracted medical services. They also include items such as food, inmate clothing and linens, and janitorial supplies. The Department spent \$5,531 per inmate for FY 2019 during which the average population was 2,665. The revised request is \$0.9 million less than spent in FY 2019, reflecting a larger population, but a lower per diem cost largely related to lower pharmaceutical cost purchasing. The enacted budget assumes \$4,876 per

inmate annually; adjusting for Hepatitis C treatment costs and the healthcare savings initiative, the revised request assumes \$4,725. *The Governor recommended funding as requested.* **The Assembly provided \$0.5 million less for inpatient and outpatient care, janitorial services, and medical testing based on a lower population which includes the release of 52 inmates in the final quarter of FY 2020 related to the coronavirus.**

**Laboratory Testing Services.** Laboratory testing services were previously conducted at Eleanor Slater Hospital and at no cost to the Department. However, in FY 2017, Eleanor Slater Hospital, on recommendation from an outside consultant, indicated that it was considering charging the Department a monthly service fee. As a result, the Department decided to outsource its laboratory testing to an outside vendor, East Side Laboratory. The enacted budget includes savings of \$165,000 from having Eleanor Slater Hospital resume laboratory testing at no cost to the Department. The Department's request restored \$137,081 for services through East Side Clinical Laboratory. The Department indicated it is unhappy with prior services delivered through Eleanor Slater Hospital and the lack of a medical records interface that is compatible with the Department's medical records system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Hepatitis C Treatment.** Consistent with the enacted budget, the Department's FY 2020 revised request includes \$2.3 million to treat an average of 30 people a month for 12 months. As the treatment lasts for several weeks, this equates to \$19,331 per inmate for 120 inmates. The enacted budget was based on estimates from other states who have purchased medication through the Public Health Service Act. The Department began treating all inmates with curative medication for Hepatitis C based on changes in the Executive Office of Health and Human Services interpretation of Medicaid standards changing in July 2018 which the Department follows.

The FY 2019 budget included \$1.4 million assuming treatment of 70 inmates at an average cost of \$19,331. Actual FY 2019 expenditures were \$0.9 million for treatment of 52 inmates at an average cost of \$17,762 per inmate. This suggests there may be additional savings from budgeted amounts for FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Healthcare Savings.** The enacted budget includes a recommendation proposed by the Governor and approved by the Assembly for the Department to achieve \$1.3 million in healthcare savings for FY 2020. The Department's request assumes \$1.7 million in savings, or \$0.4 million more than enacted, which will be achieved by purchasing medication through the federal Public Health Service Act beginning in November. The Department already purchases Hepatitis C medication through this mechanism, which began earlier in FY 2020.

The Department was deemed an entity eligible to treat inmates through the Public Health Service Act, typically referred to as a 340B entity, in FY 2019. Classification depends largely on the providing entity, which includes government entities who are providing medicine to low-income patients who are not eligible for Medicare or Medicaid. Inmates are ineligible for these services, except for outpatient treatments. To be classified as an entity, the Department must test all inmates for sexually transmitted diseases which it began in FY 2019. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Healthcare Utilization Review.** The Department requested \$49,000 from general revenues to conduct a multi-year review to monitor its state physicians and healthcare contractors. The Department seeks to review whether or not hospital trips are valid and if all medical needs of inmates are being met. As of December 4, the Department had not put the contract out to bid as it was exploring other non-bid options for service delivery, but could not find any alternatives. *The Governor recommended funding as requested.* **The Assembly concurred.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of the week ending June 12, the Department had spent \$0.6 million and encumbered \$0.5 million. The majority of expenses have been for cleaning and supplies for remote work. **The Assembly provided \$1.2 million more from federal funds to account for these expenses based on projected spending.***

**Temporary Staff.** The Department requested \$0.1 million less from general revenues for temporary staff to offset vacancies in institutional corrections until these positions can be filled. The vacancies are in education, medical clerical services, classification and reentry services. The revised request is more consistent with FY 2019 actual costs. *The Governor recommended funding as requested. **The Assembly concurred.***

**Salaries and Benefits.** The Department requested \$0.1 million less than enacted for institutional corrections staffing expenses. At the time of its budget request, the Department had 59 correctional officer vacancies, the largest component of its budget expenses. The revised request includes \$3.9 million for additional overtime costs which are offset by \$4.0 million in additional turnover savings.

In FY 2019, the Department spent \$28.3 million for overtime in institutional corrections. The revised request is \$3.9 million higher than that because the new class was delayed; the enacted budget assumes the class would begin in September. At the time of the request, the Department reported that the class was pending approval of its testing exam by the Department of Justice. At the end of November, the Department indicated that its exam received the necessary approval and it expected to graduate a class in May 2020. The revised request assumes filling 57 correctional officer vacancies in June 2020. *The Governor recommended \$0.3 million less than requested reflecting statewide medical benefit savings. **The Assembly provided \$0.8 million less, including \$1.5 million less from general revenues to reflect staffing through the third quarter. It also included \$2.1 million from federal funds, including \$0.8 million in overtime costs, from the coronavirus relief fund based on the Department’s staff time responding directly to the COVID-19 emergency.***

**State Criminal Alien Assistance Program.** The Department requested \$0.9 from federal funds which is essentially consistent with the enacted budget for its anticipated award from the State Criminal Alien Assistance Program. These federal funds provide payments for correctional officer salary costs for incarcerating undocumented criminal aliens with at least one felony or two misdemeanor convictions for violations of state or local law and are incarcerated for at least four consecutive days. *The Governor recommended funding as requested. **The Assembly increased federal funds by \$1.1 million and reduced general revenues by a like amount to reflect funding consistent with the Department’s FY 2020 final award.***

**Discharge Planning.** The Department’s request is \$87,242 less than enacted for discharge planning services based on contract costs and decreased service provisions by the vendor. Discharge planning

provides services to prevent recidivism including residence, employment or qualifying for entitlement programs. Services were previously provided by three different vendors, but were consolidated into a single provider contract in FY 2019. The new contract includes a provision requiring prevailing wages in order to retain staff who provide the necessary services to inmates. The vendor has continued to experience high levels of turnover resulting in lower than anticipated actual contract costs.

During FY 2018, the Department reported that the previous contracts were not addressing all the needs of inmates upon release. Vendors were reportedly having difficulty retaining staff due to low hourly wages. In FY 2019, the Department spent \$1.7 million or \$0.9 million less than the final budget. Through October 2019, the Department has spent \$0.2 million. *The Governor recommended total requested funding but included \$0.4 million from the Opioid Stewardship Fund to offset a like amount of general revenues for FY 2020 only.* **The Assembly concurred.**

**Medication-Assisted Treatment.** The Department requested \$0.1 million more than enacted, including \$51,000 from general revenues for its medication-assisted treatment program for opioid users that began in FY 2017. General revenue changes reflect actual contract costs for inmates treated for 180 days or less, while federal funds reflect the Department's cost adjustments for its nurse case manager which is funded through a memorandum of understanding with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

The funds are used to screen for opioid use and disorders and conduct an assessment of new inmates to determine treatment options. The inmate is also intended to start medication-assisted treatment prior to release, with community referral for ongoing treatment. The Department reported that over two-thirds of inmates suffer from drug and/or alcohol abuse. In FY 2019, the Department served 1,500 individuals through this program; an average of 300 inmates were treated per day. *The Governor recommended total requested funding but included \$1.8 million from the Opioid Stewardship Fund to offset a like amount of general revenues for FY 2020 only.* **The Assembly concurred.**

**Mental Health Services.** The Department requested \$11,254 more than enacted from general revenues to ensure mental health services are available to inmates consistent with federal guidance. This reflects anticipated FY 2020 contract costs. It is unclear why these costs were not anticipated in its previous budget submission. The revised request is \$0.1 million more than FY 2019 expenditures.

The Department contracts with several mental health providers with the largest being Lifespan. The Department spent \$1.5 million in FY 2019 on its partnership with Lifespan which is consistent with the FY 2020 enacted budget. The services provided by Lifespan include on-site psychiatrist services Monday through Friday, as well as on call hours for weekends in sentenced facilities. For the awaiting sentencing population, services are provided on-site seven days a week and on call for 12 hours per day all week. This includes a clinical nurse on-site with the psychiatrist. *The Governor recommended total requested funding but included \$1.2 million from the Opioid Stewardship Fund to offset a like amount of general revenues for FY 2020 only.* **The Assembly concurred.**

**Nursing Pool Contract.** The Department requested \$50,000 less than enacted from general revenues for contracted nursing pools which are used to cover necessary shifts when state employees refuse overtime. The Department reduced funding for nursing pools because its vacant nursing positions were filled in FY 2019. The revised request is approximately \$40,000 less than FY 2019 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Education Contracts.** The Department requested \$26,000 less than enacted from general revenues for classes provided through the Community College of Rhode Island for inmates who demonstrate good behavior. The request reflects anticipated costs for classes offered to the Department for FY 2020. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Education and Development Grants.** The Department requested \$114,902 more from federal education and development grants than enacted based on updated information on award amounts and carry-forward from FY 2019. These grants are used to provide academic opportunities for inmates to prepare them for reentry into society. This includes special education grants which are administered by the Department of Elementary and Secondary Education. In FY 2019, the Department spent \$0.2 million, which is \$0.1 million less than the final appropriation. *The Governor recommended \$50,000 more than requested from restricted receipts to reflect a new grant from the Lumina Foundation to evaluate and align postsecondary education provided during incarceration with market need.* **The Assembly concurred.**

**Other Institutional Corrections Operations.** The Department requested \$0.1 million more than enacted for all other institutional corrections expenses including \$41,075 more from general revenues for utilities, drug testing, and supplies. This request includes \$58,937 more from federal funds from the National Vest Partnership Act to buy puncture proof vests. The remaining changes to federal funds reflect the most recent award information for family reunification services. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Other Programs**

**Correctional Officer Class 83.** The Department requested \$0.3 million more from general revenues for costs related to correctional officer class 83 which is anticipated to graduate in May 2020. The enacted budget assumes the correctional officer class would graduate in September 2019, but the Department experienced delays from the Department of Justice approving its correctional officer testing exam, which was not approved until November.

The Governor's FY 2020 recommendation shifted a third of training costs from FY 2020 to FY 2019, anticipating that the first of three months of training would begin in June 2019. However, the Department's initial recruitment provided fewer recruits than needed to train for a new class, so the Department reopened recruitment through July 2019. As no training took place in FY 2019, the requested amount is approximately equivalent to the unexpended amount budgeted for training in FY 2019. *The Governor recommended funding as requested.* **The Assembly reduced expenses by \$0.3 million because the class was delayed until July 2020 as a result of the COVID-19 emergency.**

**Correctional Officer Test Consultant.** The Department hired a consultant to assist with scoring correctional officer class 83 tests and coordinating with the federal Department of Justice to answer outstanding questions regarding its correctional officer test. The testing exam was approved in November. The Department's revised request adds \$130,000 to pay for the cost. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Cognitive Behavioral Therapy.** The Department requested \$0.2 million less than enacted from general revenues for its cognitive behavioral therapy program. The enacted budget funds services which are delivered by three vendors, but as of October 2019, the Department only had one provider delivering services resulting in \$150,000 in savings. Two additional vendors are expected to begin prior to January 2020. The Department included \$50,000 in savings from coordinating with the Judiciary to sentence offenders to these services in place of being sentenced to a correctional institution. The Judiciary would oversee the offenders who are sentenced to these services.

Services are currently provided at the Medium Security facility. In FY 2019, the Department treated 137 inmates at a total cost of \$0.2 million, which was \$0.4 million less than enacted because it terminated a contract with a vendor as it was not satisfied with service provisions. When services are not being delivered, the four employees who assist with the program work toward identifying inmates who would be eligible for these services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department requested \$0.6 million more than enacted for all other staffing expenses primarily to restore turnover savings. The enacted budget assumes approximately eight vacancies for central management, parole board and community corrections; the revised request anticipates approximately four vacancies for FY 2020 for these programs. This also includes \$0.1 million more for overtime reflecting an increase of overall workload for FY 2020 for probation and parole. *The Governor recommended \$55,456 less than requested to reflect statewide medical benefit savings.* **The Assembly provided \$0.2 million less than requested reflecting staffing through the third quarter.**

**Temporary Staff.** The Department requested \$20,707 less than enacted from general revenues for temporary staff to address vacancies outside of institutional corrections until those positions can be filled. The Department anticipated filling additional probation and parole positions which would result in lower than anticipated usage of temporary staff. This includes information technology assistance for the Sex Offender Community Network Unit which has seen an increased volume of work. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Property and Office Rental.** The Department requested \$0.1 million more than enacted from general revenues for renting property for its probation and parole offices which have leases that require increases in FY 2020. This reflects actual contract costs and needs for FY 2020 which includes moving a probation and parole office from one building to another, resulting in higher costs. This was budgeted incorrectly; the request reflects the actual cost of the leases. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Firearm Certification.** The Department requested \$80,000 from general revenues for firearm training certification for instructors. This training will include shotguns, pistols and rifle training which will be conducted over two days in the spring. The Department conducts annual firearm testing and this training is intended to ensure correctional officers are prepared for testing. The Department intends to use instructors that are range certified to avoid potential liabilities. It is unclear why these funds were not included in the enacted budget.

The Department opts to train and qualify all correctional officers in all three types of weapons. The Department ensures all correctional officers are qualified in case any weapon-specific post becomes available, which must be filled from within the bargaining unit based on seniority. Rhode Island General Law, Sections 11-47-15 and 11-47-15.1 require all law enforcement officials including correctional officers to qualify for license or permit based on a firing score of 50 rounds. Weapon training and qualifications on all firearms are required for officers who are authorized to carry or use in the performance of their official duties, pursuant to Rhode Island General Law, Section 11-47-15.3. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Justice Reinvestment Initiative Grant.** The Department requested \$0.3 million from new federal funds from an award granted by the federal Department of Justice given to the Council of State Governments to assist in the development of evidence-based practices. The Department did not identify how it specifically intended to use these funds, although, it appears to be for training. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$11.4 million more than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2020. This reflects an accelerated timeline for renovations at the Medium Security facility, which are expected to be complete. The request is not consistent with the Department's capital request, as the capital request did not adjust funding to reflect the updated Medium Security renovation timeline. *The Governor recommended \$2.0 million less than requested.* **The Assembly provided \$1.0 million less for the Department's asset protection project, consistent with its third quarter report. A detailed description of these projects is included in the Capital Budget section of this publication.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's request is consistent with the enacted budget including \$3.0 million for centralized information technology services, \$6.5 million for facilities management, and \$2.0 million for human resources. In FY 2019, the Department spent \$12.2 million which was \$0.7 million more than enacted and requested and included one-time costs for software.

*The Governor recommended funding as requested. Based on the second quarter internal service fund report, the Department appeared likely to be billed approximately \$1.9 million more than the Governor's revised recommendation from all sources, including \$0.2 million more for human resources, \$0.8 million more for facilities management, and \$0.9 million more for information technology. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. **The Assembly allocated expenditures where they occurred and provided \$2.1 million more from general revenues to reflect billings and expenditures through the third quarter.***

**Other Operations.** The Department requested \$64,446 more than enacted from all sources for all other expenses. This includes \$58,352 more from general revenues for new furniture, general legal costs, and additional funds for its population projection contract. Additional federal funds reflect additional family support provided for the reunification of inmates and their families, based on its most recent federal award information. *The Governor recommended funding as requested. **The Assembly concurred.***



## Judicial Department

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Supreme Court	\$ 37,496,476	\$ 39,501,622	\$ 38,375,220	\$ 40,126,447
Defense of Indigent Persons	4,553,798	4,403,487	4,668,421	4,368,421
Commission on Judicial Tenure & Discipline	119,564	154,616	154,469	154,469
Superior Court	23,608,657	25,380,113	25,223,379	24,056,761
Family Court	24,633,985	25,935,545	26,172,728	26,437,088
District Court	13,253,875	13,955,597	13,955,597	14,399,571
Traffic Tribunal	8,582,372	9,218,475	9,218,475	9,125,532
Workers' Compensation Court	7,502,136	8,943,104	8,930,623	8,930,623
<b>Total</b>	<b>\$ 119,750,863</b>	<b>\$ 127,492,559</b>	<b>\$ 126,698,912</b>	<b>\$ 127,598,912</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 85,646,114	\$ 93,646,795	\$ 93,321,826	\$ 92,621,826
Contracted Services	2,407,561	2,532,003	2,442,096	2,442,096
<b>Subtotal</b>	<b>\$ 88,053,675</b>	<b>\$ 96,178,798</b>	<b>\$ 95,763,922</b>	<b>\$ 95,063,922</b>
Other State Operations	13,353,546	12,728,366	13,398,583	13,598,583
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,608,413	10,738,683	10,847,824	10,547,824
Capital	7,735,229	7,846,712	6,688,583	8,388,583
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 119,750,863</b>	<b>\$ 127,492,559</b>	<b>\$ 126,698,912</b>	<b>\$ 127,598,912</b>
<b>Sources of Funds</b>				
General Revenue	\$ 99,950,290	\$ 105,213,960	\$ 105,318,280	\$ 103,818,280
Federal Aid	3,055,636	3,144,740	3,470,252	4,970,252
Restricted Receipts	10,581,559	13,007,786	12,942,436	13,442,436
Other	6,163,378	6,126,073	4,967,944	5,367,944
<b>Total</b>	<b>\$ 119,750,863</b>	<b>\$ 127,492,559</b>	<b>\$ 126,698,912</b>	<b>\$ 127,598,912</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>726.3</b>	<b>726.3</b>	<b>726.3</b>
<b>FTE Average</b>	<b>672.7</b>			

**FY 2020 Revised Request.** The Judiciary requested an additional \$0.4 million of spending for FY 2020 including \$0.3 million more from general revenues. The \$0.3 million of unspent general revenues from FY 2019 was reappropriated to FY 2020 in accordance with current law requirements. The Judiciary's request reflects that reappropriation. *The Governor recommended \$0.8 million less than enacted and \$1.2 million less than requested. General revenues are \$0.1 million more than enacted and \$0.2 million less than requested.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Judiciary, this includes \$0.8 million across five programs. It appears these adjustments were made to keep the agency's total individual general revenue*

appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Supreme Court	\$ 39,501,622	\$ 38,375,220	\$ 91,229	\$ 38,466,449
Defense of Indigent Persons	4,403,487	4,668,421	-	4,668,421
Commission on Judicial Tenure & Discipline	154,616	154,469	-	154,469
Superior Court	25,380,113	25,223,379	(394,620)	24,828,759
Family Court	25,935,545	26,172,728	264,360	26,437,088
District Court	13,955,597	13,955,597	31,974	13,987,571
Traffic Tribunal	9,218,475	9,218,475	7,057	9,225,532
Workers' Compensation Court	8,943,104	8,930,623	-	8,930,623
<b>Total</b>	<b>\$ 127,492,559</b>	<b>\$ 126,698,912</b>	<b>\$ -</b>	<b>\$ 126,698,912</b>

**The Assembly included \$0.7 million in additional general revenue turnover savings based on third quarter projections and \$0.3 million less for indigent defense based on the courts being closed for April and most of May. It shifted \$0.5 million in general revenue expenditures to available indirect cost recovery restricted receipts and added \$1.5 million from federal funds for expenditures related to the COVID-19 emergency. It added \$0.4 million from Rhode Island Capital Plan funds for the Noel Shelled Build Out project based on projected spending. The Assembly also properly budgeted where spending will occur and adjusted the appropriation lines accordingly.**

**Statewide Savings.** The Judiciary's request restores \$0.2 million of the \$0.3 million of general revenue statewide savings included in the enacted budget. The Governor proposed to reduce operating costs through three separate initiatives related to insurance, contract savings, and prompt payment. Some savings were allocated to agencies based on budgeted amounts for certain expenses but other savings were allocated to all agencies based on all operating costs including rent and centralized services. *The Governor recommended funding essentially as requested. The Assembly concurred.*

**Indigent Defense.** The Judiciary requested \$0.3 million more than enacted from general revenues for indigent defense services. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation services to because of conflicts of interest. These expenditures have been steadily increasing over the past several years; FY 2016 expenses were \$3.9 million, \$4.0 million was spent in FY 2017, \$4.1 million was spent for FY 2018, and \$4.6 million is reported for FY 2019. The revised request would provide \$4.7 million for FY 2020. *The Governor recommended funding as requested. The Assembly reduced expenditures by \$0.3 million. The courts were closed because of the COVID-19 emergency for most of April and May, except for emergency hearings.*

**Pay-Go Judges Pensions.** The revised request includes \$0.2 million less from general revenues to reflect updated estimates of retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The pension costs are paid through an annual appropriation on a pay-as-you-go basis rather than the retirement trust fund. There are currently six remaining active judges whose pensions will be paid this way, and they all meet the eligibility threshold to retire. *The Governor recommended funding as requested. The Assembly concurred.*

**Judicial Appointments.** The Judiciary requested funding to fill three associate justice positions in Superior Court, an associate justice and a magistrate in Family Court, and one associate justice in Workers' Compensation Court in the fourth quarter of FY 2020. The revised request assumes the six positions are filled in June and includes \$0.1 million for one month of funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Judiciary requested \$0.3 million less than enacted, including \$0.3 million less from general revenues for all other salaries and benefits. The enacted budget includes \$2.3 million in turnover savings equivalent to 18.7 vacant positions. The revised request adds turnover savings equivalent to 2.3 positions. As of the December 7 pay period, the Judiciary had 39.7 vacant positions and has averaged 681.4 filled. The revised request is \$7.7 million more than spent in FY 2019 when there was an average of 672.7 filled positions. *The Governor recommended \$0.2 million less than requested, including \$153,614 less from general revenues, to reflect statewide medical benefit savings.* **Based on spending through the third quarter, the Assembly included additional general revenue turnover savings of \$0.7 million.**

**Court Technology.** The Judiciary requested \$0.1 million more including \$48,022 more from general revenues and \$30,000 more from restricted receipts for its court computer technology expenses including the new case management system. The revised request is \$0.1 million less than FY 2019 spending. The enacted budget included \$0.2 million less than originally requested from general revenues based on the third quarter report; the revised request restores \$48,022 of that reduction. *The Governor recommended funding as requested.*

**Based on available balances in the Judiciary's indirect cost recovery account, the Assembly shifted \$0.5 million of general revenue expenditures to restricted receipts. Based on projected revenues and expenditures, the Judiciary would end FY 2020 with a balance of \$1.5 million instead of \$2.0 million under the Governor's proposal.**

**Child Support Enforcement.** The Judiciary requested \$150,000 more from a federal child support enforcement grant. The Judiciary utilizes the grant funds to enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support. The increase is for system enhancements including redaction software, juror system enhancements and a payment plan system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Judiciary requested \$0.2 million less than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2020. *The Governor recommended \$1.0 million less than requested.* **The Assembly added \$0.4 million from Rhode Island Capital Plan funds for the Noel Shelled Build Out project based on projected spending. This would provide \$1.4 million to complete the project in FY 2020. A detailed description of the projects is included in the Capital Budget section of this publication.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Judiciary requests \$98,649 from general revenues for its share of centralized information technology services, consistent with the enacted level and \$11,028 more than spent in FY 2019. *The Governor recommended funding as requested.* **The Assembly concurred.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent

reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Judiciary had spent or encumbered \$1.5 million. The majority of expenses have been computers and related technology for working remotely. **The Assembly added \$1.5 million from federal funds to account for these expenses.***

**Other Operations.** The Judiciary requested \$0.1 million more than enacted from all sources, including \$50,300 more from general revenues for other operating adjustments. General revenue changes include a reduction of \$30,000 as private security is no longer needed with the completion of the Garrahy Courthouse parking garage. Those savings are offset by increases of \$0.1 million for office supplies, postage and printing based on FY 2019 spending. *The Governor recommended funding as requested. **The Assembly concurred.***

## Military Staff

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,167,244	\$ 10,522,226	\$ 8,927,282	\$ 9,177,282
Contracted Services	1,610,144	2,132,277	2,240,210	2,940,210
<b>Subtotal</b>	<b>\$ 9,777,388</b>	<b>\$ 12,654,503</b>	<b>\$ 11,167,492</b>	<b>\$ 12,117,492</b>
Other State Operations	7,491,690	17,764,461	18,326,495	17,853,754
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	275,699	296,343	297,300	297,300
Capital	18,761,507	10,433,653	12,848,000	12,509,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 36,306,284</b>	<b>\$ 41,148,960</b>	<b>\$ 42,639,287</b>	<b>\$ 42,777,546</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,836,265	\$ 3,219,493	\$ 2,914,664	\$ 2,267,625
Federal Aid	27,534,473	34,354,996	33,913,980	35,038,278
Restricted Receipts	34,908	55,000	55,000	55,000
Other	5,900,638	3,519,471	5,755,643	5,416,643
<b>Total</b>	<b>\$ 36,306,284</b>	<b>\$ 41,148,960</b>	<b>\$ 42,639,287</b>	<b>\$ 42,777,546</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>
<b>FTE Average</b>	<b>84.3</b>			

**FY 2020 Revised Request.** The Military Staff requested \$2.2 million more from all sources than enacted for FY 2020. The request includes \$0.5 million less from federal funds and \$2.7 million more from Rhode Island Capital Plan funds. The request includes one new position. As of the last pay period in October, the Military Staff has 11.0 vacancies. *The Governor recommended \$0.7 million less than requested from all sources, including \$0.3 million less from general revenues.* **The Assembly provided \$0.1 million more than the Governor’s revised recommendation, including \$0.6 million less from general revenues.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor’s revised budget. The Administration’s third quarter report showed spending that agencies had begun incurring related to COVID-19. As of the week ending June 12, the Military Staff had spent \$0.4 million. The majority of expenses have been related to the*

*deployment of the National Guard. The Assembly added \$1.8 million from federal funds to account for these expenses based on projections in the Military Staff's third quarter report which assumed the state would be responsible for 25 percent of its activation costs and the Department of Defense would be responsible for the remaining 75 percent. However, as of the third quarter report, that cost sharing arrangement has not been finalized with the Department of Defense.*

**Injured on Duty.** The enacted budget assumes an average of seven individuals would be out on injured on duty. Although federal funds support active firefighters, the state must pay the cost when a firefighter is on injured on duty status. As of September 2019, the Military Staff had three individuals on injured on duty status retire. The Military Staff requested \$0.4 million less from general revenues for payments to current injured on duty Rhode Island National Guard firefighters which includes \$30,000 as a placeholder for firefighters who may intermittently enter injured on duty status. Article 3, Section 12 of 2019-H 5151, Substitute A, as amended includes several changes to the injured on duty law which limited the amount of time this benefit is applicable. As of July 1, 2019, current recipients of injured on duty payments have 90 days to apply for accidental disability benefits, otherwise benefits will be terminated. Savings from this initiative are budgeted centrally in the Department of Administration, but the Military Staff's request repurposes all of the savings elsewhere within its own budget. *The Governor recommended \$2,976 less from statewide medical benefit savings and concurs with the remainder of the request. The Assembly concurred.*

**New Equipment.** The Military Staff requested \$0.2 million, including \$0.1 million from general revenues, for new ground maintenance equipment for which the enacted budget included no funding. The purchases will include truck sanders for snow, chainsaws, lawnmowers, tractors and other maintenance equipment. The Military Staff reports that its current equipment is not working well and needs to be replaced. The request appears to be related to the availability of personnel savings from the recent law change for those on injured on duty status. However, the savings from that initiative are assumed in the Department of Administration's budget. *The Governor recommended excluding the requested general revenues. The Assembly concurred.*

**Joint Force Headquarters.** The Military Staff requested \$0.3 million more than enacted, including \$0.1 million more from general revenues, for costs associated with the opening of the new Joint Force Headquarters building which will replace the existing Command Readiness Center currently shared with the Emergency Management Agency. The building is expected to open in January 2020, sooner than the expected FY 2021 date in the approved capital plan, and requested funds cover increased utilities and maintenance costs, including snowplowing, grounds keeping and landscaping. *The Governor recommended \$0.1 million less from general revenues from the facility not opening until spring 2020 and includes \$50,000 more from federal funds for temporary services to assist program managers in the building that were inadvertently excluded from the request. The Assembly concurred.*

**Outreach.** The Military Staff requested \$28,250 for a training activity that has not yet been identified. The Military Staff states that it does not know what it will do with these funds specifically and included these funds as a placeholder, but states it has identified areas that could be improved with additional training. No further details have been provided. The request appears to be related to the availability of personnel savings from the recent law change for those on injured on duty status. However, the savings from that initiative are assumed in the Department of Administration's budget. *The Governor did not recommend funding. The Assembly concurred.*

**Airport Agreement.** The Military Staff requested \$0.2 million more than enacted for a new agreement with the Airport Corporation for use of the Quonset State Airport. The agreement had originally expired in FY 2017, and the two sides reached a new agreement in August 2019. There is a 180-day notice built into the contract's termination clause if the Military Staff seeks to renegotiate or leave the contract. From October 1, 2018 through September 2027, the Military Staff must pay approximately \$374,000 annually

for use and its share of other fees which are related to the shared costs such as snow removal, removing disabled government aircraft and repairing facilities when damage is caused solely by government aircraft operations such as standard wear and tear. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Deputy Director (1.0 New FTE).** The Military Staff requested \$0.1 million from general revenues for a new deputy director position who would run the Military Staff's day to day functions and other routine administrative functions. This position would be the third position in the Military Staff paid exclusively with general revenues with the Adjutant General and his secretary being the other two. Other responsibilities include overseeing budget responsibilities, including developing budget initiatives, overseeing all staff, and preparing required fiscal reports. The budget assumes the position would be filled in November and includes eight months of funding. As of December 1, the position is vacant and has not been posted. *The Governor recommended funding for this new position, but included \$42,476 less than requested to reflect a different start date. The Governor assumes an existing vacancy will be used and keeps the authorized number of positions at the enacted level.* **The Assembly concurred.**

**Firefighters.** The Military Staff requested \$120,572 less than enacted from federal funds for the Rhode Island National Guard firefighters program. This reflects savings for one vacancy offset by approximately \$16,000 for firefighter trainings and \$19,000 for new clothing for newly hired firefighters. The Military Staff reports that the budget assumes funding for 30.0 firefighters. *The Governor recommended \$7,312 less than requested from statewide benefit savings.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Military Staff requested \$1.0 million less than enacted from all sources for the remaining 62.0 full-time equivalent positions. The enacted budget assumes full staffing for FY 2020. The Governor's FY 2020 recommendation include current service adjustments, but non-general revenue sources were not adjusted; the request correctly adjusts the federal funds expenses by approximately \$50,000. The request also removes \$0.6 million for 6.0 vacant federally funded positions for which the staffing authorization was eliminated in the enacted budget. The remaining savings of \$0.4 million are from turnover savings for approximately 5.0 positions, but there are likely additional savings available as the Military Staff has averaged 11.0 vacant federally funded positions per pay period through November 14. *The Governor recommended \$15,161 less than requested, including \$4,964 less from general revenues reflecting statewide benefit adjustments and overtime savings.* **The Assembly provided \$0.9 million less than enacted, including \$0.7 million from federal funds and \$0.2 million from general revenues to reflect spending through the third quarter. This includes \$0.1 million from the coronavirus relief fund, offsetting a like amount of general revenues for staffing costs incurred as a result of the coronavirus.**

**Military Funeral Honors.** The Military Staff requested \$957 more than enacted from general revenues to reflect updated costs for military funeral honors in FY 2020. Retired military members are paid a \$50 stipend to perform military honors at funerals. A federal memorandum from October 2012 indicated that federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** Consistent with its capital budget request, the Military Staff requested \$2.9 million more from all sources, including \$2.7 million more from Rhode Island Capital Plan funds for its capital projects. Between FY 2020 and FY 2025, there are seven approved projects and one new project included in the Military Staff's request. *The Governor recommended \$0.4 million less than requested.* **The Assembly provided \$0.3 million less to reflect the Military Staff's third quarter projections. A detailed description of these projects is included in the Capital Budget section of this publication.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Military Staff requested \$11,358 more than enacted for its share of human resource services to include costs for its new Joint Force Headquarters building and adjusts the portion of its federal share to reflect FY 2019 charges. The revised request of \$173,871 is \$6,826 more than FY 2019 expenditures.

*The Governor recommended \$9,100 less than requested for information technology services based on billings through December. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. The Assembly reduced excess funding and allocated expenditures where they occurred and provided \$11,839 less, primarily from federal funds, to reflect billings and expenditures through the third quarter.*

**Statewide Savings.** The Military Staff's revised request restores \$28,410 from general revenues in statewide savings included in the enacted budget. The Governor proposed to reduce operating costs through three separate initiatives related to insurance, contract savings, and prompt payment. Some savings were allocated to agencies based on budgeted amounts for certain expenses but other savings were allocated to all agencies based on all operating costs including rent. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Expenses.** The Military Staff requested \$74,078 less than enacted, including \$14,178 less from general revenues for all other expenses for the National Guard. The adjustments largely reflect FY 2019 spending including adjustments for office supplies, electricity costs, and transportation. *The Governor recommended \$8,015 less than requested from general revenues. The Assembly provided \$0.5 million less to reflect spending through the third quarter, largely reflecting lower utility and snow removal costs.*



## Rhode Island Emergency Management Agency

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,321,403	\$ 3,797,345	\$ 3,920,222	\$ 3,920,222
Contracted Services	468,049	437,319	292,052	292,052
<b>Subtotal</b>	<b>\$ 3,789,452</b>	<b>\$ 4,234,664</b>	<b>\$ 4,212,274</b>	<b>\$ 4,212,274</b>
Other State Operations	4,118,671	3,207,716	3,522,377	132,697,600
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,632,149	4,238,755	8,940,742	8,940,742
Capital	315,684	1,941,454	1,691,340	2,691,340
Capital Debt Service	1,994,414	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 19,850,370</b>	<b>\$ 13,622,589</b>	<b>\$ 18,366,733</b>	<b>\$ 148,541,956</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,276,138	\$ 2,364,647	\$ 2,362,651	\$ 2,307,118
Federal Aid	15,703,893	9,295,523	13,874,981	144,105,737
Restricted Receipts	375,925	468,005	634,687	634,687
Other	1,494,414	1,494,414	1,494,414	1,494,414
<b>Total</b>	<b>\$ 19,850,370</b>	<b>\$ 13,622,589</b>	<b>\$ 18,366,733</b>	<b>\$ 148,541,956</b>
<b>FTE Authorization</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>
<b>FTE Average</b>	<b>29.5</b>			

**FY 2020 Revised Request.** The Rhode Island Emergency Management Agency requested \$5.3 million more than enacted. This includes \$4.6 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.5 million more from Rhode Island Capital Plan funds. *The Governor recommended \$4.7 million more than enacted and \$0.5 million less than requested. General revenues are \$1,996 less than enacted and requested to reflect statewide medical benefit savings.*

**The Assembly added \$0.2 million from general revenues for centralized information technology services based on projected spending and authorized \$130.0 million from federal funds for expenses related to the COVID-19 emergency. It also shifted \$0.2 million of personnel costs from general revenues to federal funds based on the agency's staff time responding directly to the COVID-19 emergency.**

**Statewide Communications Network.** The Agency requested \$25,913 more than enacted from general revenues, which includes \$1,728 for staffing costs and \$24,185 for operating expenses such as mobile service, utilities, and equipment repairs for the Rhode Island Statewide Communications Network. *The Governor recommended \$357 less than requested to reflect statewide medical benefit savings. The Assembly concurred.*

**Contracted Fiscal Clerk.** The Agency requested and the Assembly provided \$63,191 from indirect cost recovery restricted receipts for a contracted fiscal clerk position in the FY 2020 enacted budget. However, the Agency excluded the funding from its revised request based on available receipts. *The Governor excluded funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Agency requested \$0.1 million more than enacted, including \$24,459 more from general revenues, for all other salaries and benefits. The request restores \$0.1 million of turnover savings in the enacted budget and shifts certain costs from federal funds to available restricted receipts. The Agency indicated it planned to fill its current vacancies by January. As of the pay period ending December 7, 2019, the Agency had 2.0 vacant positions and averaged 29.5 filled positions for FY 2019. *The Governor recommended \$6,632 less than requested to reflect statewide medical benefit savings.* **The Assembly shifted \$0.2 million of personnel costs from general revenues to federal funds based on the agency's staff time responding directly to the COVID-19 emergency.**

**Ingestion Pathways Training Exercise.** The Agency's Radiological Emergency Preparedness program monitors the state for Ingestion Pathway Contamination, which is fallout that affects agriculture or livestock if there is a radiation release. The Agency requested new expenditures of \$102,650 from restricted receipts to perform a full-scale training exercise, which would simulate responses to a potential nuclear disaster compromising the food supply. Federal law requires a full-scale exercise at least once every five years. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Centralized Services.** The state uses internal service funds to reimburse one agency for services provided to another. The 2017 Assembly authorized the establishment of internal service funds for information technology, capital asset management and maintenance, and human resources. The enacted budget includes \$43,775 from general revenues for human resources, \$1,500 for facility management services, and \$90,289 for information technology services. The Agency requested \$55,988 less for information technology, apparently to maintain the request at the enacted level; FY 2019 spending was \$0.3 million and included approximately \$30,000 for one-time computer and server purchases. *The Governor recommended funding as requested. Based on spending through the second quarter, it appeared that the Agency was on track to be billed \$0.2 million more than recommended. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly added \$175,223 from general revenues for information technology services based on spending through the third quarter.**

**Capital Projects.** The Agency requested an additional \$0.5 million from Rhode Island Capital Plan funds consistent with the capital budget request. This includes \$0.3 million for maintenance to its CodeRED emergency response notification system, and \$0.2 million for a feasibility study of its headquarters and separately located warehouse for use as a State Emergency Operations Center. *The Governor recommended funding consistent with the enacted budget.* **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.**

**Disaster Relief.** The Agency requested \$3.7 million more than enacted from federal funds for reimbursements to entities. The increase reflects reimbursements to be made in FY 2020 to entities affected by several disasters over the last decade. The Agency noted that many of these grants are currently pending review by the Federal Emergency Management Agency, and that it takes several years to close out such grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Emergency Operations and Performance Grants.** The Agency requested \$25,961 less than enacted from federal emergency operations and performance grants to reflect the actual award by the Federal Emergency Management Agency. The enacted budget was an estimate, based on previous experience. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Homeland Security Grants.** The Agency requested \$0.4 million less than enacted from federal funds for homeland security related upgrades throughout the state. The decrease reflects the actual award by the Federal Emergency Management Agency and that the enacted budget was an estimate, based on previous experience. *The Governor recommended funding as requested.* **The Assembly concurred.**

**COVID-19 Expenses.** Under current federal law, the Stafford Act authorizes the President to provide federal assistance when the magnitude of an incident exceeds a government's capabilities to respond or recover. On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. The Stafford Act constitutes the statutory authority for most federal disaster response activities as they pertain to Federal Emergency Management Agency programs. Under this declaration, Rhode Island would qualify for reimbursement of 75 percent of certain expenses.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Agency had spent or encumbered \$123.0 million. The majority of expenses have been on personal protective equipment. **The Assembly added \$130.0 million from federal funds to account for these expenses.***

**Other Federal Grants.** The Agency requested \$1.4 million more than enacted from federal funds to reflect revised awards and expenditures. The request includes changes to multiple grants to reflect funds carried forward from prior years and updated expenditure plans. Major increases relate to Federal Emergency Management Flood Clean Up reimbursements and staff training for emergency response. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Operations.** The Agency requested \$5,616 more from general revenues and \$2,000 more from federal funds for all other expenditures. This includes minor adjustments to operating costs, such as building maintenance, janitorial services, and utilities, which the Agency inadvertently underfunded in its original FY 2020 operating request. *The Governor recommended funding as requested. **The Assembly concurred.***



## Department of Public Safety

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 11,046,689	\$ 15,508,413	\$ 15,896,626	\$ 15,895,816
E-911	5,927,281	7,014,261	7,081,510	6,904,105
Capitol Police	4,601,844	4,826,763	4,981,017	4,949,310
Sheriffs	20,110,234	21,946,856	22,004,139	20,246,740
Municipal Police Training Academy	506,092	716,044	807,425	806,211
State Police	81,063,718	88,196,019	93,585,687	91,374,608
<b>Total</b>	<b>\$ 123,255,848</b>	<b>\$ 138,208,356</b>	<b>\$ 144,356,404</b>	<b>\$ 140,176,790</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 98,108,735	\$ 105,038,315	\$ 104,451,181	\$ 102,463,891
Contracted Services	1,093,607	942,639	1,839,587	1,839,537
<b>Subtotal</b>	<b>\$ 99,202,342</b>	<b>\$ 105,980,954</b>	<b>\$ 106,290,768</b>	<b>\$ 104,303,428</b>
Other State Operations	11,112,635	14,399,051	15,911,678	15,750,404
Aid to Local Units of Government	36,633	-	-	-
Assistance, Grants, and Benefits	9,187,813	14,000,517	13,946,405	13,946,405
Capital	3,716,425	3,827,834	8,207,553	6,176,553
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 123,255,848</b>	<b>\$ 138,208,356</b>	<b>\$ 144,356,404</b>	<b>\$ 140,176,790</b>
<b>Sources of Funds</b>				
General Revenue	\$ 103,724,264	\$ 105,918,952	\$ 106,088,625	\$ 81,334,304
Federal Aid	16,020,609	19,986,405	24,847,970	47,524,507
Restricted Receipts	505,802	6,136,198	6,357,294	6,185,034
Other	3,005,173	6,166,801	7,062,515	5,132,945
<b>Total</b>	<b>\$ 123,255,848</b>	<b>\$ 138,208,356</b>	<b>\$ 144,356,404</b>	<b>\$ 140,176,790</b>
<b>FTE Authorization</b>	<b>563.6</b>	<b>593.6</b>	<b>593.6</b>	<b>593.6</b>
<b>FTE Average</b>	<b>545.0</b>			

**FY 2020 Revised Request.** The Department's revised request includes \$6.1 million more than enacted from all sources including \$0.2 million from general revenues reappropriated from FY 2019. Other changes included \$4.9 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.9 million more from other funds. The request includes 598.6 full-time equivalent positions, 5.0 more than authorized.

*The Governor recommended \$3.7 million more than enacted from all sources, including \$0.7 million less from general revenues. The recommendation is \$2.5 million less than requested, including \$0.8 million less from general revenues.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department this includes \$18,798 across two programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were*

made. This obscures where there is projected overspending and which line items are being reduced to offset that. The table below shows where those adjustments were made and the unadjusted amounts by program.

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Central Management	\$ 15,508,413	\$ 15,894,113	\$ -	\$ 15,894,113
E-911	7,014,261	7,067,961	-	7,067,961
Capitol Police	4,826,763	4,941,942	-	4,941,942
Sheriffs	21,946,856	21,420,867	-	21,420,867
Municipal Police Training Academy	716,044	796,508	(9,399)	805,907
State Police	88,196,019	91,739,700	9,399	91,730,301
<b>Total</b>	<b>\$ 138,208,356</b>	<b>\$ 141,861,091</b>	<b>\$ -</b>	<b>\$ 141,861,091</b>

**The Assembly provided \$1.7 million less than the Governor’s recommendation, including \$23.9 million less from general revenues, mostly reflecting a shift of personnel expenses to federal coronavirus relief funds and Federal Emergency Management grant funds. The Assembly did not recommend the undefined adjustments made in the Governor’s revised recommended budget.**

**Staffing.** The Department requested FY 2020 staffing of 598.6 full-time equivalent positions, 5.0 more than authorized. As of the October 26, 2019 pay period, the Department had 575.0 filled positions and 18.6 vacant positions. In June 2019, the Department graduated 37 new police cadets from its State Police Training Academy. The enacted budget only assumed funding and authorization for 30 new troopers. The request for new positions reflects the Department hiring the additional 7 cadets. It appears one vacancy from Central Management was reallocated to Division of State Police and a vacancy from within the division was used to offset the additional hiring.

The request includes \$104.5 million from all sources for salaries and benefits, including \$94.3 million from general revenues. This is \$0.6 million less than the enacted budget from all sources, including \$0.9 million less from general revenues. This reflects turnover savings from vacancies predominantly within the Division of Sheriffs and Central Management and overtime savings within the Division of State Police.

*The Governor recommended 593.6 full-time equivalent positions, consistent with the enacted authorization. The recommendation is \$0.8 million less than requested from all sources, primarily from general revenues which reflects additional turnover savings, distributed centralized savings from changes to injured on duty laws, and statewide medical benefit savings.*

**The Assembly provided \$1.6 million in additional turnover savings based on vacancies mostly within the Division of Sheriffs and State Police, and shifted \$22.5 million in personnel expenses from general revenues to federal coronavirus relief funds. The federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with COVID-19 related public health measures.**

**Centralized Services.** The Department requested \$0.1 million more from all sources for centralized services, including \$12,175 more from restricted receipts assessed to wireless and wired phone lines for E-911 operations. This increase mostly reflects FY 2019 expenditures. The 2017 Assembly authorized the

establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs, which in turn pay for the staff and expenses. The request includes \$0.8 million for human resources, \$0.1 million for facilities management, and \$0.5 million for information technology services.

*The Governor recommended \$36,049 less than requested from general revenues, which is based on Budget Office estimates. It should be noted the Department is likely to be billed \$0.1 million more than budgeted based on the Department of Administration's second quarter internal service report. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. **The Assembly reduced the excess funding in the Department of Administration's budget and allocated expenditures where they occur including \$0.2 million more from all sources of which \$0.1 million is from general revenues based on billings through the third quarter.***

**Statewide Savings.** The Department requested \$0.2 million from general revenues to restore statewide savings assumed in the enacted budget on certain commodities, contracts and insurance. These savings were applied proportionally to all agencies on total spending and not based on feasibility. The request distributed these savings where they actually occur and restored \$190,115 of the \$245,011 included in the enacted budget. *The Governor recommended funding as requested. **The Assembly concurred.***

### Central Management

**Fiscal Clerk (1.0 FTE).** The Department requested \$61,347 from restricted receipts for a new fiscal clerk position to assist the division with processing financial transactions. This position was filled in September 2018. The Department requested this position in its FY 2019 revised and FY 2020 requests to be funded from indirect cost recovery on federal grants. The Governor concurred with the request but the Assembly did not.

The Department receives indirect cost recovery on 10.0 percent from one federal grant and 10.0 percent on all third party reimbursements for patrols. The request also reflects the use of receipts assessed on Federal Emergency Management grants to be used for administrative costs, which is not the same as indirect cost recovery. In FY 2019, there were not enough receipts from these emergency management grants and the Department spent general revenues to pay for this position. It appears a funded vacant position from within Central Management was reallocated. *The Governor recommended funding and staffing essentially as requested. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$80,668 less than enacted from all sources including \$88,793 less from general revenues for the remaining 11.0 full-time equivalent positions. As of the October 26 pay period, the division had 2.0 vacancies. A vacancy was also reallocated to the division of State Police. The enacted budget assumes \$250,000 of turnover savings. The request reflects the actual savings achieved by these two vacancies. *The Governor recommended \$2,524 less than requested from all sources, including \$1,628 less from general revenues, to reflect statewide medical benefit savings. **The Assembly concurred.***

**Crime Victim Assistance.** The Department requested \$39,022 more from federal Crime Victim Assistance funds for a new project conducted by the Treasury, Attorney General, Judiciary, and Department of Corrections to create a database to share information about victims and the services provided to a victim across the agencies. The Department grants awards to programs that support direct services to victims of

violent crimes. Programs must provide free services to victims of federal, state, and local crimes while fostering community efforts to aid crime victims. *The Governor recommended funding as requested. The Assembly concurred.*

**JAG Grants.** The Department requested \$15,000 from the interest earned on the Edward Byrne Memorial Justice Assistance grant for a grant to the Municipal Police Training Academy, a division within the Department, to conduct classes. The Edward Byrne Memorial Justice Assistance grant is a federal grant used to improve or enhance law enforcement, prevention and education programs, drug treatment and enforcement programs, and crime victim and witness programs. This grant is awarded to the state in advance of all expenditures, deposited into the general fund, and that amount gains interest throughout the year. Subject to U.S. Code Title 34, Section 10158, the interest earned may be used for the same purposes as the grant funds. In this instance, interest funds will be given to the Municipal Police Training Academy to administer classes. Receipts on the interest from FY 2017 to FY 2019 total \$17,949. There does not appear to be state legal authority for this restricted receipt account. Subsequent to its budget request submission, the Department reported that it will be closing this account and future expenditures may be reflected as federal funds. Based on the receipts received, there does not appear to be enough to support FY 2021 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

**Crime Reporting Database.** The Department requested \$0.4 million from federal grant funds, the National Criminal Statistics Exchange grant and the Coverdell Forensic Science grant, to develop a uniform database that can be used by state and local agencies to view arrest records. This will make Rhode Island compliant with Federal Bureau of Investigation technology requirements. The current system is outdated and does not easily allow sharing arrest records among agencies and with the public. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$0.1 million less from all sources for other expenses including \$1,412 more from general revenues, \$0.1 million less from federal funds, and \$16,500 more from restricted receipts assessed to federal emergency management grants for additional office supplies and new computers. The increase to general revenues reflects increased administrative fees, mileage costs, insurance, and correcting the statewide savings allocation. The request reflects \$0.1 million less for federal grants for state projects and municipalities including \$0.2 million less from the Rhode Island Grants to Encourage Arrest Policies and \$0.1 million more from the Comprehensive Addiction and Recovery grant. *The Governor recommended funding as requested. The Assembly concurred.*

## E-911

**Personnel and Operating.** The 2019 Assembly created a new restricted receipt account to be used exclusively by the Division of E-911 funded by an E-911 specific surcharge on all wired, wireless, and prepaid phone lines, which became effective on October 1, 2019. The E-911 surcharge is \$0.50 per wired and wireless line, which is now separate from the revised first response surcharge of \$0.50 per wired and \$0.75 per wireless line. These changes make Rhode Island compliant with Federal Communications Commission regulations. The enacted budget includes \$1.5 million from general revenues and \$5.3 million from the E-911 surcharges for FY 2020 expenses.

The Department's request keeps general revenues at the enacted level while increasing restricted receipts by \$55,074. The increase reflects the actual cost of the technology upgrades to make E-911 operations Next Generation 911 compatible. This is offset by turnover savings and savings on software. The 2018 Assembly provided an additional \$0.7 million from general revenues for the division to perform technology upgrades and for a statewide assessment of needs to implement Next Generation 911 and Text-to-911. This was part of a larger three to five year plan. In her FY 2019 revised and FY 2020 recommended budgets, the Governor recommended \$450,000 for technology upgrades and the Assembly concurred. The Department's request reflects restoring some of the expenses of the upgrades, \$173,245.



The Department expects available restricted receipts for FY 2021 to be \$8.0 million. It appears this amount assumes wireline receipts do not decline which they have in recent years. It should be noted that receipts on wirelines are the lowest amount received since 2008. Collections in FY 2019 were \$0.6 million less than FY 2018. *The Governor recommended \$13,549 less than requested, including \$5,134 less from general revenues, to reflect overtime savings and statewide medical benefit savings.* **The Assembly shifted \$1.4 million from general revenues and \$0.2 million from restricted receipts of personnel costs to federal funds based on the Division's staff time responding directly to the COVID-19 emergency.**

## Sheriffs

**Recruitment and Training - Reappropriation.** The Governor reappropriated \$211,487 from general revenues from unspent FY 2019 funds for recruiting and training for new sheriffs and capitol police. However, the FY 2019 budget and the enacted budget, did not include funding or authorization for a new Sheriff's academy. The Department requested \$211,082 more than enacted from general revenues to recruit and complete the academy in November 2019, and outfit the new Sheriffs with equipment and uniforms. As of the October 26, 2019 pay period, the Department had 17.0 vacant positions achieved mostly by injured on duty reform. The Department graduated 17 individuals on November 8, 2019. Not including advertising, this equates to about \$13,000 per new Sheriff for training and equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Injured on Duty.** The enacted budget includes \$1.7 million in savings to be achieved through reforms to injured on duty laws, budgeted centrally in the Department of Administration. Injured on duty benefits permit employees injured while performing the duties of their job, or rendering emergency assistance when off duty, to receive their active duty pay, untaxed, while they are unable to work. These savings were calculated based on the expected status of 24 recipients as of July 1, 2019. The enacted budget assumes half of the then-current costs, \$3.3 million, would be retained. Nearly all savings were assumed to come from the Department, 82.0 percent, or \$1.2 million to the Division of Sheriffs and \$0.2 million to the Capitol Police. The Department's budget treats savings from those leaving injured on duty status and not returning to work as turnover and spends these savings elsewhere. It should be noted that the Department of Administration's first quarter report assumes these savings will be achieved.

At the time when the Budget Office calculated the potential savings, there were 21 sheriffs and 3 capitol police that were on injured on duty status. As of the October 26 pay period, the Department reported that there were 13 sheriffs that are injured on duty and 2 capitol police. *The Governor's recommendation recognizes \$0.5 million of savings related to Sheriffs; statewide, the savings total \$0.7 million.* **The Assembly concurred.**

**Salaries and Benefits.** The Department requested \$0.3 million less than enacted from general revenues for salaries and benefits. The request reflects additional turnover savings achieved by vacancies created when ten sheriffs retired from injured on duty reform and additional vacancies. The enacted budget includes 181.0 authorized positions and turnover equivalent to 0.4 positions. As of the October 26, 2019 pay period, the division had 164.0 filled positions. The Department is graduating a class of 17 individuals to fill these vacancies to begin in the middle of November 2019. The Department indicated that it plans to conduct another training academy in the spring of 2020 to ensure that vacancies can be filled in the event of more retirements. As noted earlier, savings from staff moving off of injured on duty status to retirement benefits are repurposed elsewhere in the budget. *The Governor recommended \$74,785 less than requested from general revenues including \$33,851 less from overtime savings and \$40,934 less from statewide medical benefit savings.* **The Assembly provided \$1.2 million in additional turnover savings which reflects additional vacancies that occurred over the year. The Assembly also shifted \$5.7 million of personnel costs from general revenues to federal funds based on the division's staff time responding directly to the COVID-19 emergency.**

**Fleet Maintenance.** The Department requested \$24,303 more from general revenues than enacted for state fleet expenditures including fuel costs, and maintenance and repairs, which is consistent with FY 2019 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$64,936 more than enacted from general revenues for all other expenses including \$13,000 more for extraditions which are occurring more frequently, \$27,580 more for internet costs, \$15,000 more to replace outdated computers, and \$34,896 more for other office supplies and expenses. The increases are offset by a \$25,540 correction to parking costs inadvertently overstated in the enacted budget. The Department expected associated technology charges from the purchase of new computers and budgeted an additional \$27,580. *The Governor recommended funding as requested.* **The Assembly concurred.**

### Capitol Police

**Salaries and Benefits.** The Department requested \$27,505 more than enacted from general revenues for salaries and benefits. This mostly reflects more overtime costs offset by turnover savings equivalent to 0.6 full-time equivalent positions. The enacted budget authorizes 51.0 full-time equivalent positions, which includes 38.0 positions funded from general revenues and 13.0 positions charged to other agencies through internal service funds. As of the October 26, 2019 pay period, the division had 49.0 filled positions and was averaging 49.7 filled positions for the fiscal year. The Department hired 11 new recruits in FY 2019 that started in January 2019.

The Department reported there are three individuals that are receiving injured on duty payments but expects there to be more retirements in FY 2020. As of November 13, 2019, there is one known individual that is retiring. *The Governor recommended \$39,025 less than requested from general revenues, including \$30,575 less from overtime savings and \$8,450 less from statewide medical benefit savings.* **The Assembly shifted \$1.0 million of personnel costs from general revenues to federal funds based on the division's staff time responding directly to the COVID-19 emergency.**

**Recruitment and Training.** The Department requested \$105,366 more from general revenues for costs related to recruiting and training new capitol police. The Governor reappropriated \$211,487 from general revenues from savings achieved in FY 2019 by the Division of Sheriffs for recruiting and training new sheriffs and capitol police. It appears the reappropriation does not cover the full cost of conducting both academies. The Capitol Police spent \$0.2 million more than the final budget in FY 2019 because of training costs that occurred earlier that year. The Department trained 11.0 full-time equivalent cadets in December 2018, and they started duty in January 2019. The enacted budget does not include funding for a new training academy for capitol police. The Department reported that a new academy would consist of five to ten recruits who will be available for hire in the event of retirements and new positions that are requested in the Department's FY 2021 request. The total request appears to be based on approximately \$10,000 per recruit. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Fleet.** The Department requested \$12,536 more than enacted from general revenues for state fleet expenditures, including fuel costs, maintenance and repairs. This brings the total cost to \$24,900. In FY 2019, the Department spent \$19,830. The Capitol Police have six vehicles, one of which has over 100,000 miles and three vehicles with under 50,000 miles. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$17,523 more than enacted from general revenues for all other expenses including \$10,000 more for staff training, \$2,608 for new computers, and \$14,314 for unidentified miscellaneous expenses, offset by savings from other expenses that mostly reflect the FY 2019 experience. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Municipal Police Training Academy

**Salaries and Benefits.** The Department requested \$3,033 more than enacted from general revenues for salaries and benefits. According to the Department, this increase reflects the cost of an attorney from the Attorney General's office to teach at the Training Academy. The enacted budget includes approximately \$5,000 to help pay for this position. It appears the enacted budget understated the total cost of the attorney, which was based on the Department's prior year request. *The Governor recommended \$978 less than requested from general revenues to reflect overtime savings and statewide medical benefit savings.* **The Assembly concurred.**

**Other Operations.** The Department requested \$84,926 more than enacted from all sources including \$4,462 more from general revenues for all other expenses. The Department signed a lease with the Community College of Rhode Island on June 19, 2019 for FY 2020. The request reflects an increase in renting classroom space at the Community College and restoring \$1,531 of statewide savings. The Department was able to absorb these savings to other commodities in FY 2019. The increase to federal funds reflects an updated grant award from the Drug Recognition Expert/Standardized Field Sobriety Tests Training Grant. It should be noted that the Department requested the full amount of this award, but typically does not spend the full amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

## State Police

**Salaries and Benefits (5.0 FTE).** The Department requested \$0.2 million less than enacted from all sources, including \$0.5 million less from general revenues for the salaries and benefits of 302.0 full-time equivalent positions. The State Police Training Academy graduated 37 new troopers on June 28, 2019, seven more than the budget assumed. The request also reflects \$0.3 million from overtime savings achieved by the additional troopers. The request includes new federal grants that will be used to offset general revenues budgeted for trooper patrols. The request inadvertently excludes \$0.5 million from reimbursements from the Department of Transportation for construction enforcement and patrol. In FY 2019, the Department spent \$1.6 million from reimbursements, consistent with the enacted budget. Adjusting for this, the total request for funding would be \$0.4 million more than enacted.

The request includes 5.0 more full-time equivalent positions than assumed in the enacted budget to accommodate the additional troopers, offset by vacancies achieved through retirements and one vacancy reallocated from Central Management. As of October 26, 2019, the division had 299.0 filled positions. *The Governor recommended \$0.2 million less than requested, which includes \$0.1 million from overtime savings and \$0.1 million in statewide medical benefit savings.* **The Assembly provided \$0.4 million in additional turnover savings based on vacancies. It also shifted \$14.3 million of personnel costs from general revenues to federal funds based on the division's staff time responding directly to the COVID-19 emergency. The Assembly provided \$0.1 million more for road construction reimbursements to reflect technical corrections to the Governor's recommended budget.**

**Highway Safety Task Force.** The Department requested \$0.3 million from new federal National Highway Traffic Safety Administration grant funds to advertise a new program to prevent repeat intoxicated drivers. These funds may be used for alcohol impaired driving enforcement and prevention efforts. *The Governor recommended funding as requested.* **The Assembly concurred.**

**HOPE Initiative.** The Department requested \$0.5 million more than enacted from federal funds to continue the Heroin Opioid Prevention Effort (HOPE) Initiative. In 2018, the Department launched a new initiative aimed at preventing opioid addiction and overdose. The request reflects unspent funding from FY 2019. Planned expenditures include renting office space at the Lincoln Business Center for \$23,280 for substance abuse prevention professionals and other staff to administer the program, \$79,000 to rent vehicles, \$0.3

million for a technology project tracking and identifying overdoses, and \$0.1 million to be given to municipalities for local police involvement. Other expenditures include \$50,000 for trainings and \$30,000 for advertising to those individuals who may need these services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Legal Services.** The Department requested \$76,000 more than enacted from general revenues for legal services. The request reflects the cost of additional expert witnesses, arbitrators, and other specialists. The Department indicated that these legal services are not consistent and the costs differ from year to year. The request appears to be overstated based on historical expenditures for these services. The Department spent \$6,252 for legal services in FY 2019, \$56,822 in FY 2018, and \$14,842 in FY 2017. As of January 2, 2020, the Department had spent \$15,950. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Vehicles.** The Department requested \$2.8 million from Google Forfeiture funds and Forfeited Property funds not assumed in the enacted budget to purchase vehicles. The Department purchased vehicles in FY 2019 but the delivery did not occur until 2020; therefore, the expenditure occurs in FY 2020. It should be noted, that total planned Google Forfeiture expenditures for FY 2020 exceed the total amount available to the State Police by \$0.2 million. The Department noted that any funding gap will be supplemented by other federal forfeiture funding supplied by the Department of Justice, noted elsewhere in the budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Fleet Revolving Loan Repayment Fund.** The Department requested \$79,259 more from general revenues to make payments on vehicles financed through the State Fleet Revolving Fund. This request reflects the debt service for vehicles purchased during FY 2019 but fails to include outstanding payments for vehicles purchased in FY 2018. The enacted budget was based on the Department's FY 2020 request, which incorrectly stated the amount needed for vehicle payments in FY 2019 as well as past and future debts. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$1.5 million more than enacted from Rhode Island Capital Plan funds for capital projects, including \$1.0 million to conduct architectural and engineering services for a new Consolidated Training Academy and a new Southern Barracks. The request also includes \$0.1 million of unspent funding from FY 2019 for the State Police Master Plan, \$0.1 million more for the State Police Training Academy Upgrades, \$0.1 million for architectural and engineering services for renovating an Administrative Support Building and \$0.1 million more for asset protection. This request is not consistent with the capital plan and reflects updated expenditures for asset protection projects.

*The Governor recommended \$1.7 million less than requested and did not include funding for architectural and engineering services.* **The Assembly provided \$0.4 million less to reflect actual spending, including \$0.1 million less from the asset protection projects and \$0.3 million less from the Training Academy upgrades. A detailed description of these projects is included in the Capital Budget section of this publication.**

**Utilities and Overhead.** The Department requested \$0.1 million more from all sources for utilities, internet service, and insurance at the State Police Headquarters and the barracks, including \$0.1 million more from general revenues. This reflects FY 2019 expenditures for internet, fuel, water, and insurance for which the Department spent \$1.1 million. The enacted budget was based on FY 2018 utilities expenditures which were lower. *The Governor recommended funding as requested.* **The Assembly concurred.**

**SORNA Database and Operations.** The Department requested \$0.2 million more than enacted from federal Sex Offender Registration and Notification Act grant funds to create a sex offender tracking database. This is part of a coordinated effort among state agencies such as the Rhode Island Attorney General's Office, the State Police, and local experts. There was a delay in spending these funds in FY 2018

and FY 2019 because the coordination among state agencies prevented the Department from issuing a request for proposals in a timely manner. The Department reported that a vendor was selected and this program will launch in July or August of FY 2021. The request reflects purchasing software and trainings. *The Governor recommended funding as requested. The Assembly concurred.*

**Other COVID-19 Related Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures. *No expenses were accounted for in the Governor’s revised budget. As of the week ending June 12, the division had spent \$125,812. The majority of expenses have been personal protective equipment, teleworking equipment, cleaning supplies, and additional uniform equipment. The Assembly provided \$0.2 million from federal coronavirus relief funds to account for these expenses.*

**Other Operations.** The Department requested \$0.2 million more than enacted from all sources for all other expenses, including \$0.3 million more from general revenues, \$17,917 less from federal funds, and \$1,000 more from restricted receipts assessed to forfeited property as part of drug arrests and gambling violations. The request mostly reflects changes to general revenues, including \$0.1 million more for staff training and restoring \$0.2 million of statewide savings. The Department was able to absorb these savings in FY 2019. Changes to federal funds and restricted receipts reflect the Department spending more on trooper supplies and equipment in lieu of monitors and computers. *The Governor recommended funding as requested. The Assembly concurred.*



## Office of the Public Defender

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,700,592	\$ 11,565,442	\$ 11,390,640	\$ 11,390,640
Contracted Services	145,591	207,260	218,378	218,378
<b>Subtotal</b>	<b>\$ 10,846,183</b>	<b>\$ 11,772,702</b>	<b>\$ 11,609,018</b>	<b>\$ 11,609,018</b>
Other State Operations	1,051,588	1,031,834	1,089,483	1,089,483
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	28,680	45,000	145,000	45,000
Capital	42,806	51,000	31,000	111,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 11,969,257</b>	<b>\$ 12,900,536</b>	<b>\$ 12,874,501</b>	<b>\$ 12,854,501</b>
<b>Sources of Funds</b>				
General Revenue	\$ 11,940,555	\$ 12,824,871	\$ 12,798,836	\$ 12,649,755
Federal Aid	28,702	75,665	75,665	204,746
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 11,969,257</b>	<b>\$ 12,900,536</b>	<b>\$ 12,874,501</b>	<b>\$ 12,854,501</b>
<b>FTE Authorization</b>	<b>95.0</b>	<b>96.0</b>	<b>96.0</b>	<b>96.0</b>
<b>FTE Average</b>	<b>92.8</b>			

**FY 2020 Revised Request.** The Office of the Public Defender included \$44,074 less from general revenues in its revised request. *The Governor included \$18,039 more than requested.* **The Assembly provided \$20,000 less than the Governor’s revised budget.**

**Salaries and Benefits.** The Office requested \$0.2 million less than enacted from general revenues for salaries and benefits, primarily reflecting additional turnover savings and updated medical benefit expenses. The enacted budget funds 95.0 of the 96.0 authorized full-time equivalent positions in the Office. As of the November 12, 2019 pay period there are 94.0 filled positions. *The Governor recommended \$18,537 more than requested. She included \$23,998 in statewide medical benefit savings and adds \$42,535 to fully fund staffing expenses for the remainder of the fiscal year. As of the January 18 payroll, there were 92.0 filled positions.* **The Assembly shifted \$49,081 of general revenue expenses to the Coronavirus Relief Fund.**

**COVID-Related Expenditures.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. The CARES Act provides \$150.0 billion for FY 2020 for states, tribal governments, and local governments. Payments to states are based on population; however, the act does include a minimum payment of \$1,250.0 million, which applies to Rhode Island. Funds can be used for “necessary” expenditures incurred related to COVID-19 that were not accounted for in the budget most recently approved, and were incurred between March 1, 2020 and December 30, 2020. These expenditures would be eligible for reimbursement from the Coronavirus Relief Fund. *The Governor authorized agencies to begin spending money to be reimbursed through the*

*Coronavirus Relief Fund. As of the week ending June 12, the Public Defender has spent or encumbered \$73,120. The majority of expenses have been for computers and related technology for working remotely. The Assembly added \$80,000 in expenditures related to the COVID emergency.*

**Caseload Backlog.** The Office requested \$100,000 from general revenues to address a potential increase to its caseload. The Office of the Attorney General is in the process of clearing a backlog of approximately 2,000 cases discovered and reported in April 2019. As of late November, the Office was referred approximately 750 cases to be handled by staff attorneys. It appears the request was intended to supplement the costs assumed to be incurred by the Judiciary through its Indigent Defense Fund, as these costs are not typically incurred by the Public Defender's Office. *The Governor recommended funding as requested. The Assembly did not include the funding; the cases assigned to the Public Defender were cleared without the need for outside counsel.*

**Software Upgrade.** The Office requested \$21,000 more than enacted to upgrade 90 Microsoft Office licenses in FY 2020 and another 23 in FY 2021. The Office reported that it had delayed making these upgrades, but now proposes use of general revenue personnel savings in the current year for the expense. *The Governor recommended funding as requested. The Assembly concurred.*

**Consolidation of Parking Leases - Unachieved Savings.** The enacted budget assumed savings of \$9,054 for the fourth quarter of FY 2020 from consolidation of parking leases in Providence based on an Efficiency Commission proposal. The Office restored the savings which had assumed a change to the parking contract because it has not received any information as to whether or not there has been a change to the lease. The annualized savings for FY 2021 was expected to be \$23,400. *The Governor recommends funding as requested. The Assembly concurred.*

**Court Transcription Services.** The Office requested \$15,000 more than enacted from general revenues for court transcripts by stenographers employed in the courts for a total of \$48,000. The requested amount is based on FY 2019 spending, and the Office also notes there has been a trending increase in these services. The increase does not include any additional services that might be needed to address the caseload backlog. The Office spent \$27,023 in FY 2018 and \$45,909 in FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Office requests \$12,186 from general revenues for its share of centralized information technology services, consistent with the enacted level. In FY 2019, the Office spent \$11,142. *The Governor recommends \$2,037 less than requested for information technology services based Budget Office estimates. The Assembly concurred.*

**Other Operations.** The Office requested \$4,211 more than enacted from general revenues for total funding of \$0.8 million for all other expenses. This is \$95,519 more than FY 2019 actuals including \$48,556 from general revenues and \$46,963 from federal funds. Although the request is essentially consistent with the enacted level, it appears to overfund some expenses such as utilities and mileage. The request for temporary contracted services is \$31,639 more than FY 2019 in anticipation that the services may be required. *The Governor recommended \$1,539 more than requested for miscellaneous operating expenses. The Assembly concurred.*



## Department of Environmental Management

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditure by Program</b>				
Office of the Director	\$ 10,363,870	\$ 10,981,666	\$ 11,013,118	\$ 11,393,958
Bureau of Natural Resources	41,530,339	59,511,592	60,749,399	61,728,308
Bureau of Environmental Protection	25,327,412	31,625,640	31,768,170	31,467,587
<b>Subtotal</b>	<b>\$ 77,221,621</b>	<b>\$ 102,118,898</b>	<b>\$ 103,530,687</b>	<b>\$ 104,589,853</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 48,844,587	\$ 53,138,857	\$ 52,201,249	\$ 51,801,249
Contracted Services	5,132,923	7,107,895	7,581,240	7,967,240
<b>Subtotal</b>	<b>\$ 53,977,510</b>	<b>\$ 60,246,752</b>	<b>\$ 59,782,489</b>	<b>\$ 59,768,489</b>
Other State Operations	14,845,641	16,358,516	16,617,323	17,690,489
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	3,857,197	6,534,623	7,147,505	7,147,505
Capital	4,541,415	18,929,007	19,933,370	19,933,370
Capital Debt Service	-	-	-	-
Operating Transfers	-	50,000	50,000	50,000
<b>Total</b>	<b>\$ 77,221,763</b>	<b>\$ 102,118,898</b>	<b>\$ 103,530,687</b>	<b>\$ 104,589,853</b>
<b>Sources of Funds</b>				
General Revenue	\$ 441,449,798	\$ 43,623,975	\$ 43,542,012	\$ 42,934,315
Federal Aid	20,965,162	32,309,520	32,166,793	33,833,656
Restricted Receipts	12,221,760	16,060,848	17,189,655	17,189,655
Other	2,585,043	10,124,555	10,632,227	10,632,227
<b>Total</b>	<b>\$ 77,221,763</b>	<b>\$ 102,118,898</b>	<b>\$ 103,530,687</b>	<b>\$ 104,589,853</b>
<b>FTE Authorization</b>	<b>395.0</b>	<b>394.0</b>	<b>394.0</b>	<b>394.0</b>
<b>FTE Average</b>	<b>374.4</b>			

**FY 2020 Revised Request.** The Department of Environmental Management's revised request includes \$3.9 million more than enacted from all sources including \$0.4 million more from general revenues, \$0.2 million less from federal funds, \$0.7 million more from restricted receipts, and \$3.0 million more from other funds. The request inadvertently includes one more full-time equivalent position than authorized.

*The Governor recommended \$1.4 million more from all sources than enacted including \$0.1 million less from general revenues. The recommendation is \$2.5 million less from all sources than requested including \$0.5 million less from general revenues. She included staffing consistent with the enacted authorization.*

*The Governor's revised budget includes dozens of undefined additions and reductions across multiple appropriation lines in thirteen different budgets. For the Department, this includes \$285,340 across three programs. It appears these adjustments were made to keep the agency's total individual general revenue appropriation lines from exceeding the enacted level after known spending plan adjustments were made. This obscures where there is projected overspending and which line items are being reduced to offset that. The following table shows where those adjustments were made and the unadjusted amounts by program.*

	FY 2020 Enacted	FY 2020 Revised	Value of Adjustments	FY 2020 Unadjusted
<b>Expenditures by Program</b>				
Office of the Director	\$ 10,981,666	\$ 11,013,118	\$ (90,104)	\$ 11,103,222
Bureau of Natural Resources	59,511,592	60,749,399	(52,566)	60,801,965
Bureau of Environmental Protection	31,625,640	31,768,170	142,670	31,625,500
<b>Total</b>	<b>\$ 102,118,898</b>	<b>\$ 103,530,687</b>	<b>\$ -</b>	<b>\$ 103,530,687</b>

**The Assembly provided \$1.1 million more from all sources including \$0.6 million less from general revenues. The Assembly reversed the undefined adjustments.**

**Staffing.** The Department requested \$0.8 million less than enacted from all sources for 395.0 full-time equivalent positions, one position more than the authorized amount which was inadvertently included. This reflects additional turnover savings achieved by vacancies at the beginning of the fiscal year. The Department achieved at least \$0.5 million in additional turnover savings by an average of 9.7 vacancies for the first 10 pay periods of the year. The Department also hired positions at a lower cost than previously budgeted. As of the pay period ending November 12, 2019, the Department had 392.0 filled positions, or 2.0 less than authorized. The Department reallocated vacancies from the Bureau of Environmental Protection and the Office of the Director to fill positions within the Bureau of Natural Resources.

The Department recommended upgrading a number of administrative and scientific positions through a classified public hearing in August 2019. Upgraded positions were spread throughout the Bureau of Environmental Protection and the Bureau of Natural Resources. The Department indicated these upgrades were intended to update job specifications to be more in line with actual duties and requirements as well as update compensation to be equitable with similar positions at other state agencies. The total estimated cost of the upgrades for FY 2020, inclusive of benefits, is \$110,281 and that is reflected in the revised request.

*The Governor recommended \$120,032 less from all sources than requested, including \$81,963 less from general revenues, to reflect overtime and statewide medical benefit savings.*

**The Assembly provided \$0.4 million in additional general revenue turnover savings mostly from the Bureau of Environmental Protection based on additional vacancies. The federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with COVID-19 related public health measures. The Assembly shifted \$1.2 million of personnel costs from general revenues to federal funds based on the Department’s staff time responding directly to the COVID-19 emergency.**

**Statewide Savings.** The Department requested \$0.2 million from general revenues to restore unachieved statewide savings assumed in the enacted budget on certain commodities, contracts and insurance. These savings were applied to all agencies proportionally based on total spending and not on feasibility. The Department was not able to achieve most of these savings in FY 2019, except from the Bureau of Environmental Protection. It should be noted, that most of the Department’s statewide savings were taken from the Division of Parks and Recreation, which has a history of overspending its operating budget. The request distributes these savings where they actually occur and restores \$238,124 of the \$253,513 included in the enacted budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Centralized Services.** Consistent with the enacted budget, the Department requested \$2.3 million from all sources for centralized services, including \$45,000 for facilities management, \$1.6 million for information

technology services, and \$0.6 million for human resources. The Department spent \$2.4 million in FY 2019, which included a one-time purchase for Microsoft 365, approximately \$0.1 million. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs, which pay for the staff and expenses.

*The Governor recommended \$6,790 less than enacted and requested from federal funds based on Budget Office estimates. It should be noted the Department is likely to be billed \$0.6 million more than budgeted based on the Department of Administration's second quarter internal service report. The Budget Office reported that any current year instances of overspending would be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created. **The Assembly reduced the excess funding in the Department of Administration's budget and allocated expenditures where they occur by adding \$0.6 million more from general revenues based on billings through the third quarter.***

### Office of the Director

**Salaries and Benefits.** The Department requested \$0.1 million more than enacted from all sources for salaries and benefits in the Office of the Director, including \$48,810 more from general revenues. This reflects salary increases for five positions that resulted from desk audits that reflect the employees' increased scope of duties from prior paygrades. The Office has 32.0 filled full-time equivalent positions which is 3.0 less than assumed in the enacted budget. It appears the Department reallocated at least 1.0 vacancy to the Bureau of Natural Resources. *The Governor recommended \$10,176 less from all sources than requested including \$4,444 less from general revenues, to reflect statewide medical benefit savings. **The Assembly provided \$0.1 million in additional general revenue turnover savings and shifted \$0.1 million in salary and benefit expenses from general revenues to federal coronavirus relief funds.***

**Bays, Rivers, and Watersheds Fund.** The Department requested \$120,000 less than enacted from Bays, Rivers, and Watershed restricted receipts for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. The fund is derived from fees collected for the disposal of septage from a \$1 per hundred gallons charge on septage disposal in the state. Subsequent to the budget submission, the Department reported the request should be \$392,480, which is \$0.1 million more than enacted for hydrologic data collection as part of a joint project with the U.S. Department of Interior and the University of Rhode Island. Total FY 2019 expenditures were \$342,202. *The Governor recommended expenditures of \$392,480 consistent with the Department's subsequent request. **The Assembly concurred.***

**Regional Greenhouse Gas Initiative.** The Department requested \$0.1 million more than enacted from restricted receipts to administer Regional Greenhouse Gas Initiative on available from FY 2019 that will be used to award additional grants. *The Governor recommended funding as requested. **The Assembly concurred.***

**One Stop Reporting.** The Department requested \$0.2 million less than enacted from federal One Stop Reporting grant funds that had been planned for updating its database management system. The project is delayed because the Department is still determining what type of software is suitable and these funds may not be needed until FY 2021. It should be noted the Department's FY 2021 request excludes these funds as well. *The Governor recommended funding as requested. **The Assembly concurred.***

**Foundry Lease.** The Department requested \$0.1 million less than enacted from general revenues for its lease costs for the Foundry building. The Department of Administration's Division of Statewide Planning

moved into the Foundry building in September 2019. This represents the amount of rent that will be paid by the Division through the Department of Administration's budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$0.1 million more than enacted from general revenues for all other expenditures. This reflects restoring \$92,117 of statewide savings and \$40,297 more for utilities, which reflect FY 2019 expenditures. The enacted budget is based on the Department's FY 2020 request which was inadvertently under budgeted. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Bureau of Environmental Protection**

**Salaries and Benefits.** The Department requested \$0.6 million less than enacted from all sources for salaries and benefits of the Bureau of Environmental Protection. This reflects additional turnover savings achieved by vacancies that occurred at the beginning of FY 2020, especially from the Offices of Air Resources and Water Resources. The Bureau has 175.0 of the Department's authorized positions. As of the pay period ending November 12, 2019, the Bureau had 2.0 vacant positions. Based on the average cost of a position for the Bureau, \$121,534, and an average of 4.0 vacancies for 10 pay periods, additional turnover would be \$0.2 million. Other adjustments appear to correct funding levels for remaining positions to projected need. *The Governor recommended \$38,421 less from all sources than requested including \$22,097 less from general revenues to reflect overtime and statewide medical benefit savings.* **The Assembly provided \$0.3 million less from general revenues for additional turnover savings.**

**Federal Grants.** The Department requested \$0.2 million more than enacted from its remaining federal funds. The enacted budget contains \$5.0 million for these programs and the request reflects current awards. The Department typically requests all of its available funding only to significantly underspend at the end of the year. The FY 2019 final budget included \$4.3 million and the Department spent \$2.2 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Volkswagen Settlement.** The Department requested \$0.4 million from Volkswagen Settlement funds that were initially awarded to the Attorney General's office. In 2018, Volkswagen agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emissions tests to hide the excess pollution. As part of the settlement, states were eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other "environmentally beneficial projects;" the state received a total of \$18.5 million. The total award to the Department for its mitigation plan was \$14.4 million to be used during a ten-year period, and to be included in different years' budgets. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General to be spent on "environmentally beneficial projects" as directed by the attorney general.

The Department may use up to 15.0 percent of the funds for program administration including personnel costs, construction of associated facilities for the electric vehicles, and training. The Department was also awarded \$0.4 million from the Attorney General's Office for two hazardous waste projects, a fish project, a solar project, and a technology project. The request reflects expenditures from these awards and no expenditures from the settlement for administrative costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Department requested \$47,116 more than enacted from all sources for all other expenditures, including \$36,845 more from general revenues. The request includes \$50,000 more than enacted from general revenues for the Office of Water Resources to hire engineering and design contractors. This was one area where the Department identified significant vacancies. The request also reflects an increase to state fleet maintenance, utilities, telephones and internet to match FY 2019 expenditures, and

restores \$5,000 of statewide savings. These increases are offset by a savings of \$48,000 from the Department no longer renting vehicles. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Bureau of Natural Resources**

**Eastern Equine Encephalitis Prevention.** The Department requested \$0.4 million from general revenues for Eastern Equine Encephalitis Prevention efforts that occurred earlier in FY 2020 for which the enacted budget includes no funding. Eastern Equine Encephalitis, also known as “Triple E,” is a mosquito-borne disease that can be transmitted to humans and cause significant neurological problems. The Department of Health reported there were three human cases of infections, including one fatality, and detections in nine mosquito samples taken throughout the state. In situations where there is an increased risk of human disease, the Department may use aerial pesticide spray to reduce the number of infected mosquitos. The Department conducted aerial spraying throughout the state in September 2019. The Department’s first quarter report indicated that the total cost of aerial spraying was \$0.6 million, which was offset by a \$0.2 million federal grant awarded to the Department of Health to help mitigate the spread of the disease.

*The Governor did not recommend funding. Since the expenditures have already been incurred, it appears the recommendation assumes the Department is reducing its costs elsewhere to cover this expense. It is not clear why the budget does not fund the expenditure where it is actually occurring.* **The Assembly provided \$0.4 million from general revenues.**

**Parks and Recreation Staffing.** The Department requested \$4.9 million, or \$0.1 million less than enacted, from general revenues for the salaries and benefits of 49.0 authorized full-time equivalent positions in the Division of Parks and Recreation to reflect updated staffing cost projections, including higher turnover offset by increased overtime expenditures. In FY 2019, the division spent \$4.4 million for salaries and benefits which averaged 41.7 filled full-time equivalent positions. These savings are offset by \$0.1 million more for overtime which reflects FY 2019 expenditures. *The Governor recommended \$18,150 less from general revenues than requested to reflect overtime and statewide medical benefit savings.* **The Assembly concurred.**

**Parks and Recreation Seasonal Staff.** The Department requested \$0.1 million more from general revenues for the division’s seasonal staff to account for recent experience. Seasonal staffing is one area where the Department has overspent for the past three fiscal years. The request also reflects paying lifeguards a higher hourly wage than originally assumed. The average hourly wage increase is \$2.69 an hour for these positions. *The Governor recommended \$10,483 less from general revenues than requested to reflect overtime savings.* **The Assembly concurred.**

**Parks and Recreation Other Operations.** The Department requested \$0.2 million more than enacted from general revenues for all other Parks and Recreation expenses to bring total spending to \$3.7 million. The request reflects FY 2019 spending which was also \$3.7 million. It appears the Department tends to understate its total need in its initial budget requests to meet certain targets only to eventually request more or overspend, or both.

The division spent \$3.0 million in FY 2015, \$4.0 million in FY 2016 which had a particularly harsh winter season requiring more building and grounds maintenance, \$3.4 million in FY 2017, and \$3.8 million in FY 2018. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department requested \$0.3 million less than enacted from all sources for the salaries and benefits of the Bureau’s remaining 141.0 full-time equivalent positions. The request includes \$0.2 million less from general revenues, \$0.4 million less from federal funds, and \$0.2 million

more from fish and wildlife restricted receipts. General revenue and federal fund savings are based on vacancies occurring earlier in FY 2020.

The request is 7.0 positions more than authorized and the Department reallocates positions from vacancies from the Office of the Director and the Bureau of Environmental Protection. As of the pay period ending November 12, the Bureau had 138.0 filled positions and averaged 135.0 filled positions for FY 2020. *The Governor recommended \$42,802 less from all sources than requested, including \$26,789 less from general revenues to reflect overtime and medical benefit savings.* **The Assembly provided \$30,629 less from general revenues to reflect additional turnover savings. The Assembly also shifted \$1.1 million of personnel costs from general revenues to federal funds based on the division's staff time responding directly to the COVID-19 emergency.**

**Other Federal Grants.** The Department requested \$0.3 million more than enacted from its remaining federal grants. The largest changes include increased federal awards for the Collaborative Science Program, \$0.2 million, and the Atlantic Coastal Co-Op Statistics grant, \$0.1 million. It has been a practice of the Department to request all available funding only to significantly underspend at the end of the year. In FY 2019, the Department spent \$8.3 million from all of its federal grants which is \$7.3 million less than budgeted. *The Governor recommended \$29,631 more than requested to reflect an additional animal disease prevention grant that was inadvertently excluded from the Department's request.* **The Assembly concurred.**

**Plow Trucks.** The Department requested \$0.4 million from restricted receipts from the Environmental Trust for the Bureau of Natural Resources to purchase six Ford F-250s with plow packages. Each Bureau of the Department has an environmental trust account typically used for one-time revenues such as donations or grants. The Department did not identify these plans for vehicle purchases in its capital budget, contrary to Budget Office instructions. The Department expects total receipts in FY 2020 to be \$0.9 million which includes carry-forward funding from FY 2019 of \$0.4 million. *The Governor recommended \$0.1 million more than requested to reflect updated cost projections.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$3.0 million more than enacted from Rhode Island Capital Plan funds and Department of Transportation reimbursements for 10 capital projects. Funding will be used for repairs to state-owned dams, improvements to the state-owned piers in Galilee and Newport, demolition of unused buildings, and improvements to the state's recreational facilities. The request is not consistent with the Department's capital budget request which failed to include certain carry-forward balances. *The Governor recommended \$2.5 million less than requested for three projects, the Galilee Pier Upgrades, the Newport Pier Upgrades, and the Recreational Facilities Improvement projects.* **The Assembly concurred. A detailed description of these projects is included in the Capital Budget section of this publication.**

**Fish and Wildlife Vehicles.** Consistent with the enacted budget, the Department requested \$0.2 million from shellfish and marine license restricted receipts to purchase a boat for the Division of Fish and Wildlife. *The Governor recommended \$145,000 more than requested from fishing license restricted receipts to purchase a fish stocking truck.* **The Assembly concurred.**

**COVID-Related Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the

COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of the week ending June 12, the Department had spent \$0.3 million. The majority of expenses have been computers for working remotely, cleaning supplies, roadside signs for parks, and personal protective equipment. **The Assembly added \$500,000 from federal funds to account for these expenses.***

**Other Operations.** The Department requested \$0.1 million more than enacted from all sources for all other expenditures which mostly reflects FY 2019 experience, including \$31,000 more for state fleet maintenance and \$25,000 more for waste disposal. The request also includes approximately \$20,000 to restore statewide savings. These increases are offset by a savings of \$14,528 on utilities. *The Governor recommended \$25,000 more from restricted receipts for property management of the De Coppett estate, deeded to the Department in 2014. **The Assembly concurred.***





## Coastal Resources Management Council

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,685,839	\$ 3,998,060	\$ 3,892,790	\$ 3,892,790
Contracted Services	1,986,807	209,660	505,770	505,770
<b>Subtotal</b>	<b>\$ 5,672,646</b>	<b>\$ 4,207,720</b>	<b>\$ 4,398,560</b>	<b>\$ 4,398,560</b>
Other State Operations	245,889	188,230	354,579	356,066
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,524,386	318,980	861,268	861,268
Capital	89,451	506,000	768,115	693,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,532,372</b>	<b>\$ 5,220,930</b>	<b>\$ 6,382,522</b>	<b>\$ 6,308,894</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,650,012	\$ 2,883,195	\$ 2,870,443	\$ 2,871,930
Federal Aid	3,988,909	1,557,735	2,556,655	2,556,655
Restricted Receipts	265,000	250,000	250,000	250,000
Other	628,451	530,000	705,424	630,309
<b>Total</b>	<b>\$ 7,532,372</b>	<b>\$ 5,220,930</b>	<b>\$ 6,382,522</b>	<b>\$ 6,308,894</b>
<b>FTE Authorization</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
<b>FTE Average</b>	<b>28.9</b>			

**FY 2020 Revised Request.** The Coastal Resources Management Council requested \$1.6 million more than the enacted budget from all sources, including \$0.4 million more from general revenues, \$1.0 million more from federal funds, and \$0.2 million more from Rhode Island Capital Plan funds. The Council requested 34.0 full-time equivalent positions, 4.0 more than the enacted authorization, apparently in error. *The Governor recommended \$1.2 million more than enacted from all sources which includes \$12,752 less from general revenues, \$1.0 million more from federal funds, and \$0.2 million more from Rhode Island Capital Plan funds. The recommendation includes staffing as enacted. The Assembly provided \$0.1 million less than the Governor including \$1,487 more from general revenues.*

**New Positions (4.0 FTE).** The Council included \$0.4 million in funding for new positions erroneously requested in its revised request. The Council noted that these positions were only intended to be included in the FY 2021 request. *The Governor did not recommend funding or authorization for these positions. The Assembly concurred.*

**Other Salaries and Benefits.** The Council requested \$0.1 million less than enacted from all sources, including \$24,681 less from general revenues, for its 30.0 authorized full-time equivalent positions. Based on final FY 2019 spending, it appears the enacted budget overfunded both general revenues and federal funds. The Council's 30.0 full-time equivalent positions have been filled since the beginning of the fiscal year, and the requested amount corrects the funding level and provides sufficient funding for the year. *The Governor recommended \$27,825 less than requested, mostly from general revenues. This reflects statewide medical benefit savings as well as turnover savings from a retirement expected to occur prior to the end of the year. The Assembly concurred.*

**Legal Services.** The Council requested \$20,000 more than enacted from general revenues for legal services. The enacted budget includes \$106,000 and the Council spent \$5,941 less than that appropriation during FY 2019. The Council noted that it may incur additional legal expenses as a result of wind energy projects; however, the need does not appear imminent. *The Governor recommended funding as requested.* **The Assembly concurred.**

**ePermitting.** The Council included a new request of \$15,000 from general revenues in both its revised FY 2020 and FY 2021 requests to make certain permits available online. The funding would allow for the development and hosting of non-scientific permits with ViewPoint Government Solutions, specifically minor maintenance and construction permits as well as potentially beach vehicle parking permits. The Council noted that none of its permits are currently online, and that no contract has been signed to begin this initiative as of November 5, 2019. *The Governor recommended funding as requested.* **The Assembly concurred.**

**StormTools.** The Council requested \$0.2 million more than enacted from new federal funds to allow the Council to migrate the StormTools application into its coastal environmental risk indices during FY 2020. Developed by the Council and the University of Rhode Island, StormTools shows detailed risks and maps associated with any property in the coastal zone resulting from storm activity. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Coastal Resilience.** The Council included \$0.2 million from federal funds to reflect a new grant to determine potential coastal resiliency projects. The funding comes from the National Oceanic and Atmospheric Administration's coastal resilience grant program, which supports projects designed to help coastal communities prepare for extreme weather and climate-related hazards like sea level rise. The Council will work in partnership with Save The Bay, University of Rhode Island, Roger Williams University and the state's 21 coastal municipalities to identify, inventory, design and permit projects that improve shoreline resilience using nature-based methods and biodegradable materials. This will result in a pipeline of "shovel ready" projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Special Area Management Plan.** The Council requested \$0.3 million more than enacted from federal funds to potentially partner with the University of Rhode Island for a special area management plan. Special area management plans are resource management plans and implementation programs developed as part of the Coastal Resources Management Program to better manage specific geographic areas, such as urban waterfronts, watersheds of particular concern, or a specific resource of concern. Funding is from the National Oceanic and Atmospheric Administration. The final FY 2019 budget included \$0.2 million for this purpose, which went unspent. The Council indicated that there may be an opportunity to develop a plan around wind energy cables in Narragansett Bay, but nothing concrete has developed as of the request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Quonochontaug Pond.** The Council requested \$0.1 million more than enacted from federal funds to continue to restore 30 acres of degraded salt marsh in Quonochontaug Pond in Charlestown and Westerly. Funding for this effort is from a grant awarded to the Council in August of 2017 from the National Oceanic and Atmospheric Administration. The initiative was included in the FY 2018 final budget but the project experienced delays; the project began in December 2018 and should be completed during FY 2021. *The Governor recommended funding as requested.* **The Assembly concurred.**

**New Vehicles.** The Council requested \$70,000 from federal funds available from prior year underspending to replace two to three vehicles from its fleet. The enacted budget contains no funding for motor vehicles. The funding comes from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Federal Grants.** The Council requested \$45,757 more than enacted from federal funds for adjustments to spending from other grants. Projects include the aquatic invasive species grant, the enhancement of the salt marsh at Ninigret Pond, and the monitoring of a living shoreline to serve as a demonstration site for nature-based erosion control techniques. Funding for Ninigret Pond is carried forward from FY 2019, while the funding for the shoreline represents a new project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Council requested \$0.2 million more than enacted from Rhode Island Capital Plan funds for capital projects; the revised request is not consistent with the Council's capital request as that was overstated. The request carries forward unspent funding for the Narragansett Bay Special Area Management Plan; the Council's FY 2021 request includes the remaining \$25,000 for that project from the approved plan. The Council indicated its capital request should match its revised request. *The Governor recommended \$25,309 more than requested to reflect carry-forward funding.* **The Assembly provided \$0.1 million less than the Governor to reflect expected spending for FY 2020 on the Narragansett Bay Special Area Management Plan. A detailed analysis of these projects is included in the Capital Budget section of this publication.**

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Council, the request includes the enacted amount of \$19,366 for information technology services, including \$17,366 from general revenues and \$2,000 from federal funds. This is \$243 more than was charged in FY 2019 from general revenues. *The Governor recommended funding as requested and enacted, based on Budget Office estimates. It should be noted the Department is likely to be billed \$1,480 more than budgeted based on the Department of Administration's second quarter internal service report. The Budget Office reported that any current year instances of overspending will be resolved by charging the excess costs to the Department of Administration. This plan is inconsistent with the idea of internal service funds and the reason they were created.* **The Assembly reduced the excess funding in the Department of Administration's budget and allocated expenditures where they occur by adding \$1,487 more from general revenues based on billings through the third quarter.**

**Other Operations.** The Council requested \$0.2 million more than enacted from general revenues and federal funds for its remaining expenses. This includes \$2,536 more from general revenues for stenography services to reflect actual spending during FY 2019. The increase to federal funds is from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The Council uses these funds mainly to support its daily operations but usually includes any prior year carry-forward in current year revisions even if there are no plans to spend it. The requested \$0.4 million exceeds FY 2019 spending by \$0.1 million. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Department of Transportation

	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
<b>Expenditures by Program</b>				
Central Management	\$ 10,934,777	\$ 13,599,172	\$ 18,568,671	\$ 18,568,671
Management and Budget	1,597,514	2,353,268	4,993,377	4,993,377
Infrastructure Program	535,806,995	632,821,076	623,466,317	607,403,111
<b>Total</b>	<b>\$ 548,339,286</b>	<b>\$ 648,773,516</b>	<b>\$ 647,028,365</b>	<b>\$ 630,965,159</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 76,092,459	\$ 91,602,413	\$ 91,961,279	\$ 88,461,279
Contracted Services	56,741,524	42,245,663	51,916,363	51,916,363
<b>Subtotal</b>	<b>\$ 132,833,983</b>	<b>\$ 133,848,076</b>	<b>\$ 143,877,642</b>	<b>\$ 140,377,642</b>
Other State Operations	(18,592,996)	50,131,710	54,623,745	49,323,745
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	7,712,705	18,997,976	13,646,873	13,646,873
Capital	233,583,324	302,503,385	256,420,678	254,770,678
Capital Debt Service	315,050	315,050	315,050	315,050
Operating Transfers	192,487,220	142,977,319	178,144,377	172,531,171
<b>Total</b>	<b>\$ 548,339,286</b>	<b>\$ 648,773,516</b>	<b>\$ 647,028,365</b>	<b>\$ 630,965,159</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	287,308,363	325,075,495	337,759,470	338,214,974
Restricted Receipts	2,626,919	3,007,550	2,656,328	2,656,328
Other	258,404,004	320,690,471	306,612,567	290,093,857
<b>Total</b>	<b>\$ 548,339,286</b>	<b>\$ 648,773,516</b>	<b>\$ 647,028,365</b>	<b>\$ 630,965,159</b>
<b>FTE Authorization</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>
<b>FTE Average</b>	<b>689.0</b>			

**FY 2020 Revised Request.** The revised request includes \$16.5 million more from all sources of funds than enacted, including increases of \$15.3 million from federal funds, \$3.9 million from other funds and a reduction of \$2.8 million from restricted receipts. The request assumes staffing of 800.0 full-time equivalent positions, 45.0 more than authorized. As of the first pay period in December, 27 of the 755 authorized positions were vacant.

*The Governor recommended \$647.0 million from all sources and the authorized level of staffing. The recommendation is \$1.7 million less than enacted and \$18.2 million less than requested, including \$16.5 million less for projects funded with toll revenue. As of the February 1, the Department had 20.0 vacancies.*

**The Assembly included \$631.0 million from all sources of funds or \$16.1 million less than the revised budget, primarily reflecting a downward revision to the gasoline tax yield estimate, turnover savings and anticipated expenditures for winter maintenance.**

## Funding Sources

The Department of Transportation receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds had been historically used as the state’s match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and funding derived from the sale of department-owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources for FY 2020.

Source	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
Federal Highway Admin. Funds	\$ 197,303,413	\$ 205,490,269	\$ 213,566,473	\$ 213,366,473
Other Federal Funds	90,004,950	119,585,226	124,192,997	124,848,501
Gasoline Tax*	111,625,201	129,287,870	126,764,257	112,507,264
Toll Revenue	80,554	25,000,000	8,532,000	8,532,000
Land Sale Revenue	1,295,055	1,095,391	4,713,810	4,713,810
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	47,326,060	39,080,695	40,338,542	38,888,542
Restricted Receipts	2,626,919	3,007,550	2,656,328	2,656,328
Motor Vehicle Fee Transfer	98,077,134	124,176,515	124,213,958	123,902,241
Public Utilities Access Permit Fee	-	500,000	500,000	-
Other Funds	-	50,000	50,000	50,000
<b>Total</b>	<b>\$ 548,339,286</b>	<b>\$ 648,773,516</b>	<b>\$ 647,028,365</b>	<b>\$ 630,965,159</b>

*\*Excludes gas tax debt service for DOT, RIPTA & costs for centralized services & consolidated initiatives in DOA*

**Federal Funds - Highway Administration.** On December 4, 2015, President Obama signed into law the Fixing America’s Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually from the Federal Highway Administration. This is approximately \$21 million more through federal fiscal year 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law. The Department’s annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department’s capital and operating budgets. In the Department’s capital plan, funds appear in the project labeled Highway Improvement Program.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department’s transit projects administered by the Federal Transit Administration are not included under this project but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority’s capital budget submission. The Highway Improvement Program is directed towards implementing the Department’s capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and established priorities for planning, design, and project implementation.

Annually, the Department will propose changes to the plan, to make sure that projects are “appropriately coordinated, that communities and constituents can have annual input.” The previously approved plan was adopted on December 14, 2017. A total of ten amendments were added to it; these changes were minor in nature and were classified as administrative. On January 25, 2019, the Department requested major revisions to the adopted plan, classified as Amendment #11. The amendment would “significantly

redistribute funding to projects to cover increased construction costs, funding reductions, and align the program with Bridge and Pavement asset management priorities.” Subsequently, the Department was awarded a new \$70 million federal grant and, on February 21, it submitted a request rescinding proposed changes included in the amendment. As such, two public hearings that were scheduled for the end of February to accept public comments on the proposed amendment were cancelled.

On July 23, 2019, the Department proposed amendments to the Transportation Improvement Program. Solicitations for input were due on August 22 and two public hearings were held on August 13 and August 15. Among the proposed changes is the use of the \$70 million federal grant that the Department received. Of this amount, \$54.5 million is for the Henderson Bridge project and the remaining \$15.5 million represents an annual increase to the Department’s current federal allocation. The amendment removed funding of \$120.0 million from Rhode Island Capital Plan funds for paving projects that the Department had programmed but was never recommended by the Governor nor approved by the Assembly. It added \$200.0 million of the GARVEE bonds that the 2019 Assembly approved for the Interstate 95 Viaduct. It also reflects funding for the Pell Bridge ramps of \$20.0 million and \$2.8 million for preliminary engineering and environmental assessment for an Amtrak stop at T.F. Green Airport. Amtrak has three stops in the state: Providence, Kingston, and Westerly. These adjustments are included in the Department’s capital budget request. All proposed changes were approved and adopted by the State Planning Council on August 29, 2019.

The following table illustrates the proportion of funding allotted to each program area in the FY 2020 budget. It excludes salary and benefit costs.

Program Area	FY 2020 Final	Share of Total
Administrative Program	\$ 6,372,041	3.3%
Bike/Pedestrian Program	5,828,944	3.0%
Bridge Program	26,827,630	13.8%
CMAQ Program	5,808,050	3.0%
Highway Program	16,406,169	8.5%
Interstate Program	10,661,460	5.5%
GARVEE Projects	29,252,608	15.1%
Federal Highway Earmark Projects	19,395,296	10.0%
Pavement Management Program	18,215,608	9.4%
Traffic Safety Program	20,600,062	10.6%
Transit	29,092,944	15.0%
Other Programs	5,492,147	2.8%
<b>Total</b>	<b>\$ 193,952,959</b>	<b>100%</b>

**Other Federal Funds.** This source is the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of the commuter rail in the southern part of the state. The Department’s FY 2020 revised request includes \$130.8 million from these funds, which is \$11.3 million more than enacted to reflect \$8.0 million of debt payment from the \$200.0 million GARVEE bonds that the 2019 Assembly approved for the Interstate 95 Viaduct; it also includes increases to reflect federal discretionary grants that the Department received. *The Governor recommended \$6.6 million less than requested, including \$8.0 million less for debt payment on the new GARVEE issuance; a payment will not be required in the current year.* **The Assembly concurred and included \$0.7 million from federal coronavirus relief funds for COVID-19 related expenses.**

**The Coronavirus Aid, Relief, and Economic Security Act includes funding for Transit Infrastructure grants to help transit agencies prevent, prepare and respond to COVID-19; the Department will receive \$13.3 million. The funds are available for use from January 20, 2020 until expended. The budget does not assume use of these funds for FY 2020.**

**Toll Revenue.** The Department refers to its ten-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges.

The Assembly adopted the RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation authorizes tolling on large commercial vehicles. Pursuant to the legislation, the total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts is not to exceed \$20. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40. Tolls will be collected along six major highway corridors at 14 locations. The Department contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The FY 2020 enacted budget assumes receipts of \$29.3 million from 12 gantries, with four in operation for 12 months, one for ten months, two for nine months, and one each for eight, six, four, three and one months. It assumes operating costs of \$3.5 million for net revenues of \$25.0 million. Though the revised request is consistent with the enacted budget, the Department reported that as of early December, it still had only four gantries collecting tolls. It anticipated the fifth gantry to begin collections in mid-December and the sixth would follow a month later. All remaining gantries, with the exception of the Viaduct location will be collecting tolls by June 2020.

It should be noted that toll revenue for FY 2019 was \$8.1 million; \$2.5 million was collected in the first five months. Through the first five months of FY 2020, receipts were \$2.2 million, or \$0.3 million less than last fiscal year. *The revised budget assumes \$18.5 million from toll revenues, \$6.5 million less than the Department's projection. As of February 1, toll receipts totaled \$4.6 million from six gantries. The revised budget assumes use of \$8.5 million from this source.* **The Assembly concurred.**

**Land Sale Revenue.** Sales of department-owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used to upgrade the Department's materials testing facility in Providence. At the end of FY 2019, the Department had \$11.1 million in available receipts. The revised request assumes use of \$4.7 million from this source, \$3.6 million more than enacted. The Department indicated that use of these funds requires approval from the Federal Highway Administration. The Department's FY 2021 through FY 2025 capital budget assumes use of these funds in FY 2020, including \$3.0 million to make renovations to its material testing laboratory in Providence, \$0.7 million for the Pawtucket/Central Falls Train Station project and the remaining resources are budgeted as part of the Highway Improvement Program. *The Governor concurred.* **The Assembly concurred.**

**Interstate 195 Land Sales.** Consistent with the enacted budget, the Department assumed use of \$1.5 million in FY 2020 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department allowed it to complete the relocation project, while the Corporation can sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget assumes reamortization of the balloon payment for an additional ten years. *The Governor concurred.* **The Assembly concurred.**



**Rhode Island Capital Plan Funds.** These funds are appropriated in conjunction with the Department’s capital budget request and appear as other funds in the Department’s operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. The revised request assumes the enacted amount of \$39.1 million. The Department reported expenditures of \$47.3 million for FY 2019, \$1.9 million less than the final appropriation. The revised request does not include the automatic reappropriation, which the Department indicated was an oversight.

*The Governor recommended \$1.3 million more than requested primarily reflecting the automatic reappropriation for two projects. **The Assembly provided \$39.0 million from Rhode Island Capital Plan funds, \$1.5 million less than the Governor’s budget, reflective of anticipated expenditures and other available resources for the College Hill Bus Tunnel.***

**Restricted Receipts.** This source includes funds the Department receives when it performs work for municipalities and other entities and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$2.8 million to the Department, consistent with the enacted budget; however, the Department’s revised request assumes use of \$0.3 million, which the Department indicated was in error. Receipts were \$3.5 million in FY 2019, and expenditures were \$2.6 million. At the end of FY 2019, the Department had \$0.8 million available in this account.

*The revised budget assumes expenditures of \$2.5 million from this source, \$2.3 million more than requested to include expenses that were inadvertently excluded from the request. The Governor also included expenditures of \$0.1 million from track usage fees in the Department of Transportation’s budget for the RI Public Rail Corporation, a quasi-public state agency that was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. Currently, the fees are classified as an escrow liability, which the Auditor General found should be classified as restricted receipts. **The Assembly concurred.***

**Motor Vehicle Fee Transfer.** The revised request includes \$124.0 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This is \$0.1 million less than enacted. Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10 surcharge on biennial vehicle registrations, a \$5 surcharge on annual vehicle registrations and a \$10 surcharge on operator licenses, purchased on a five-year basis. The following table summarizes the incremental fee increases.

<b>Fiscal Year</b>	<b>Biennial Registration Fee</b>	<b>Annual Registration Fee</b>	<b>License Fee</b>
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5 increments to a total of \$15, and the license surcharge increased in \$10 increments to a total of \$30 beginning in FY 2014 and ending in FY 2016. These fees are transferred to the Department for use as a portion of the state match for federal funds. The following table shows actual estimated revenue derived from the surcharges through FY 2019 and projected for FY 2020.

<b>Fiscal Year</b>	<b>Biennial Registrations</b>	<b>Annual Registrations</b>	<b>Licenses</b>	<b>Total</b>
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 10,557,994	\$ 3,905,012	\$ 6,978,578	\$ 21,441,584
2017	\$ 10,653,395	\$ 3,940,297	\$ 4,773,270	\$ 19,366,962
2018	\$ 10,380,521	\$ 3,839,371	\$ 4,957,571	\$ 19,177,463
2019	\$ 10,632,930	\$ 3,932,728	\$ 5,131,315	\$ 19,696,973
2020	\$ 10,182,806	\$ 3,766,244	\$ 4,914,092	\$ 18,863,142

The 2016 Assembly adopted legislation to establish a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes, effective for FY 2018. Annual registration costs would be reduced on a sliding scale from a 26.0 percent reduction for vehicles at lower weights to a 50.0 percent reduction in annual registration costs for vehicles weighing 26,000 pounds or more. The estimated loss of revenue was \$4.2 million; however, the 2017 Assembly repealed the legislation prior to it taking effect.

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are transferred to the Department. The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs of highways, roads and bridges.

The new sources of funding included an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. The inspection fee, the good driver dismissal surcharge and car rental surcharges were transferred as of FY 2015, and the remaining revenues were transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The 2017 Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the share of 5.0 percent that the Authority receives under current law. The 2018 Assembly concurred with the Governor's proposal to further alter the transfer to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

The Governor proposed legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation's current share of the Highway Maintenance Account for FY 2020. The legislation also requires that the Department reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of motor vehicles fees that are currently going into the account. The 2019 Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. It also adopted legislation to permanently provide the Authority with an additional \$5.0 million annually. The following table shows the source and the total including surcharges explained previously.

Source	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
Inspection Sticker Increase	\$ 13,080,224	\$ 11,024,919	\$ 13,080,224	\$ 13,080,224
Title Fees	10,887,042	10,205,420	10,820,845	9,558,797
Rental Car Surcharge	3,643,963	3,102,987	3,693,763	3,060,255
Good Driving Surcharge	532,194	467,496	532,194	532,194
License and Registration Transfer	53,155,622	51,545,182	54,310,517	50,905,388
Surcharges	19,696,973	19,355,928	20,124,923	18,863,142
<b>Total</b>	<b>\$ 100,996,018</b>	<b>\$ 97,007,238</b>	<b>\$ 102,562,466</b>	<b>\$ 96,000,000</b>
5.0 Percent for Collection Cost	-	(4,850,000)	(5,128,123)	(4,800,000)
<b>Total</b>	<b>\$ 100,996,018</b>	<b>\$ 92,157,238</b>	<b>\$ 97,434,343</b>	<b>\$ 91,200,000</b>

*Does not include carry-forward funds*

The revised budget assumes use of \$124.2 million from the Highway Maintenance Account, \$0.2 million more than requested, based on projected resources for the Authority's share. **The Assembly included expenditures of \$123.9 million from the Highway Maintenance Account, \$0.3 million less than the revised budget, based on projected resources for the Authority's share.**

**Public Utilities Access Permit Fee.** The revised request includes the enacted amount of \$500,000 in receipts charged to utility companies for accessing the Department's rights-of-way. This would be implemented through rules and regulations and was included in the enacted budget based on the Governor's recommendation. No receipts were received for FY 2019 due to a delay in implementation. The Department indicated that its legal staff is working to separate the Federal Highway Administration's required utility access permit and the Maintenance Division's utility access permit regulations so that a proper policy can be put in place. It anticipated a January 2020 implementation date. *The Governor concurred. Subsequently, the Department indicated that utility companies are now fixing rights-of-way to Department standards; a fee will not be implemented at this time. This will require an adjustment to expenditures.* **The Assembly removed the expenses to reflect the adjustment.**

**Other Funds.** These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at maintenance facilities. The revised request assumes the enacted amount of \$226,000 from these sources; \$50,000 is budgeted for FY 2020. *The Governor concurred.* **The Assembly concurred.**

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation; it increased by one cent to 34 cents and again to 35 cents for FY 2020. The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final
Department of Transportation	19.25	20.25	20.25	20.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total (in cents)</b>	<b>34.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation

Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program. The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the FY 2020 budget.

<b>Non Federal Sources</b>	<b>FY 2019 Reported</b>	<b>FY 2020 Enacted</b>	<b>FY 2020 Revised</b>	<b>FY 2020 Final</b>
<i>Gas Tax Yield per Cent</i>	4.637	4.670	4.606	4.258
<i>RIDOT Cents</i>	19.25	20.25	20.25	20.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
<b>Transportation Revenues</b>				
Balance Forward	\$ 80,142,576	\$ 61,201,476	\$ 99,036,541	\$ 99,036,541
Gas Tax	158,729,099	156,362,801	154,303,714	142,635,898
Motor Vehicles Fees, Surcharges & Transfer	100,996,018	92,157,238	97,434,343	91,200,000
Toll Revenue	8,109,772	25,000,000	18,533,000	18,533,000
Surplus Property & Outdoor Advertising	214,328	226,000	226,000	226,000
Restricted Receipts	3,168,217	2,760,399	2,870,399	2,870,399
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Land Sales	1,031,117	2,500,000	2,500,000	2,500,000
Public Utilities Access Permit Fee	-	500,000	500,000	-
Rhode Island Capital Plan Funds	47,326,060	39,080,695	40,338,542	38,888,542
<b>Total Revenues</b>	<b>\$ 399,717,187</b>	<b>\$ 381,288,609</b>	<b>\$ 417,242,539</b>	<b>\$ 397,390,380</b>
<b>Transportation Expenses</b>				
Winter Maintenance	\$ 15,455,425	\$ 21,203,626	\$ 21,285,564	\$ 15,285,564
Vehicles & Maintenance	15,844,905	14,060,946	14,725,349	14,725,349
General Maintenance	33,880,551	43,552,228	48,432,736	48,432,736
Pay-go/Capital & Other	100,206,713	149,286,582	124,013,406	120,713,406
GARVEE Bond Debt Service	9,775,630	9,339,474	9,212,162	8,515,577
G.O. Debt Service*	38,280,060	34,748,484	33,559,907	33,024,126
State Match - Gas Tax	3,418,992	2,562,348	4,021,926	4,021,926
Internal Service Funds Transparency*	1,369,663	1,496,297	1,506,543	1,506,543
Restricted Receipts	2,626,919	3,007,550	2,656,328	2,656,328
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Land Sales	1,295,055	1,095,391	4,713,810	4,713,810
Surplus Property & Outdoor Advertising	-	50,000	50,000	50,000
Equipment Replacement	1,486,479	1,500,000	1,500,000	1,400,000
Facilities	2,344,364	5,129,349	6,387,196	5,037,196
RIPTA - Gas Tax	47,516,379	45,458,585	44,777,417	41,391,537
RIPTA - Highway Maintenance Account	10,072,115	9,607,862	9,871,717	9,560,000
Turnpike and Bridge Authority	17,107,396	16,344,080	16,121,284	14,902,260
<b>Total Expenditures</b>	<b>\$ 300,680,646</b>	<b>\$ 359,942,802</b>	<b>\$ 344,335,345</b>	<b>\$ 327,436,358</b>
Surplus/Deficit	\$ 99,036,541	\$ 21,345,807	\$ 72,907,194	\$ 69,954,022

\*Shown in the Department of Administration's budget

The revised request assumes the enacted per penny yield of \$4.670 million. Subsequent to the submission of the request, the Office of Revenue Analysis revised the per penny gas tax yield to be \$4.606 million, or \$63,656 less than the amount assumed in the revised request. *The revised budget assumes the updated \$4.606 million gas tax yield.*

**The Assembly assumed a per penny yield of \$4.258 million, or \$348,293 less than the revised budget based on updated estimates from the Office of Revenue Analysis.**

The following table shows how the New England states rank.

	<b>Tax - Cents per gallon</b>	
<i>As of 10/01/2019</i>	<b>Gas</b>	<b>Diesel</b>
<b>Rhode Island<sup>1</sup></b>	<b>35.0</b>	<b>35.0</b>
Connecticut	39.3	46.5
Maine	30.0	31.2
Massachusetts <sup>2</sup>	26.5	26.5
New Hampshire	23.8	23.8
Vermont	30.9	32.0
New England Average	30.9	32.5
U.S. Average	36.3	38.0

*Source: American Petroleum Institute includes state surcharges*

<sup>1</sup> Increased 1 cpg on 7/1/19

<sup>2</sup> Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The revised request includes \$0.5 million more than enacted for the Department's share of centralized services. This includes \$500 less for facilities management and \$7,000 more for information technology services. Expenditures for human resources support are \$511,627 more than enacted, which the Department indicated is based on centralization charges and funding to fill a new human resources position to help expedite hiring for the Department. The Department of Administration indicated that the revised estimate it provided the Department for human resources was \$0.1 million more than enacted. The request of \$5.9 million is \$1.2 million more than FY 2019 expenditures.

*The Governor recommended \$1.4 million more from all sources than requested, based on Budget Office estimates. This includes \$0.7 million more each for facilities management and information technology. Expenditures through the second quarter totaled \$2.8 million, leaving \$4.5 million for the last two quarters of the fiscal year. **The Assembly provided \$1.0 million less to reflect anticipated expenditures.***

**Civil and Engineering Technicians (14.0 FTE).** The revised request includes \$0.7 million from federal funds and gasoline tax proceeds to support 14.0 new full-time equivalent civil and engineering technician positions. The request assumes that the positions would be filled in January 2020. The Department indicated that the positions would assist with inspection of all materials going to bridge or road construction or maintenance projects and to inspect the workmanship and practices of contractors against plans specifications. The enacted budget assumes 120 engineering technician positions. *The Governor did not recommend funding new positions in the current year. **The Assembly concurred.***

**Highway Maintenance (17.0 FTE).** The Department is responsible for the maintenance of over 1,100 miles of state highways, 778 bridges, including winter operations, safety and civil defense maintenance, litter control, sweeping, mowing, roadside repairs, drainage system cleaning and repair, and weed control. The revised request includes \$0.6 million from gasoline tax proceeds to fund 17.0 new maintenance positions, including highway maintenance operators and bridge maintenance workers, reflective of the Department's plan to perform more maintenance work in-house. The request assumes filling the positions in January 2020. *The Governor did not recommend funding new positions in the current year. **The Assembly concurred.***

**Managing Engineers (4.0 FTE).** The revised request includes \$105,705 from federal funds and \$233,811 from other funds to support 4.0 new managing engineer positions. The request assumes that the positions

would be filled in January 2020. These positions are allocated within various units in the Department, including Bridge Engineering, the Traffic Safety Program, the Stormwater Management Program, and the Construction Management Program. Some of their duties and responsibilities include reviewing and approving traffic management plans for construction projects and overseeing bridge load rating and bridge preservation activities. *The Governor did not recommend funding new positions in the current year.* **The Assembly concurred.**

**Planning Positions (2.0 FTE).** The revised request includes \$132,172 from all sources of funds, including \$61,937 from federal funds and \$70,235 from gasoline tax proceeds to fund two new positions consisting of a data analyst and a principal economic and policy analyst. The request assumes that the positions would be filled in January 2020. The Department noted that the positions are in the Planning Section and will work on the ten-year plan and assist with applications for discretionary grants. *The Governor did not recommend funding new positions in the current year.* **The Assembly concurred.**

**Office Managers (2.0 FTE).** The revised request includes \$84,741 from gasoline tax proceeds to fund two office manager positions. The Department indicated that subsequent to its request, the office manager positions have been reconsidered and were changed to assistant building and grounds officers. These positions will help manage transit facilities, such as the Wickford Train Station, the Welcome Center and the Woonsocket Depot. *The Governor did not recommend funding new positions in the current year.* **The Assembly concurred.**

**Inspectors (2.0 FTE).** The Department included \$0.1 million from federal funds and other funds to support one new bridge safety position and an electrical inspector position. The enacted budget assumes 7.0 bridge and supervising bridge safety inspector positions who are responsible for performing inspections of bridge related structures, such as trestles, culverts, and water ways to detect damage or wear. The enacted budget also assumes a total of 13.0 electrical inspectors and these positions are responsible for inspecting and maintaining electrical installations to insure that National Electric Safety Codes are met. *The Governor did not recommend funding new positions in the current year.* **The Assembly concurred.**

**Public Relations (1.0 FTE).** The revised request includes \$40,307 from gasoline tax proceeds to fund a new information and public relations specialist position. It assumes that the position would be filled in January 2020. The Department indicated that it receives media requests on projects and that this position would work with project management and provide communications and project updates. *The Governor did not recommend funding new positions in the current year.* **The Assembly concurred.**

**Other Positions (3.0 FTE).** The revised request includes \$0.2 million from all sources, including \$52,499 from federal funds to support three new positions. The positions include an administrator for real estate, assistant financial and contract management and a construction management resident; the administrator of real estate will be responsible for all the real estate transactions associated with projects and the construction management resident will serve as a resident engineer on construction projects. The assistant financial and contract management position will work in the Tolling Unit and will be responsible for the financial reconciliations related to tolling. The Department noted that the task was too much to absorb into its day to day finance operations. *The Governor did not recommend funding new positions in the current year.* **The Assembly concurred.**

**Other Salaries and Benefits.** The revised request includes \$1.4 million more than enacted from federal funds and gasoline tax proceeds for all other salary and benefit adjustments. Expenditures for overtime are \$359,626 less than enacted; however, the revised request amount of \$7.4 million is \$1.4 million more than FY 2019 expenses. The request includes statewide benefit savings that were not assumed in the enacted budget. The enacted budget assumes turnover savings of \$2.7 million, which is equivalent to 37.8 full-time equivalent positions. The revised request adds \$1.8 million to restore turnover savings for 25.3

positions. This assumes only 12.5 vacancies; through early December, the Department had averaged 30.4 vacancies.

*The Governor recommended \$1.1 million less from all sources than requested; however, the recommendation is \$0.4 million more than enacted, including \$0.5 million less from statewide medical benefit and overtime savings, offset by \$0.8 million more for salaries and benefits, to allow the Department to fill more positions. The Governor did not recommend funding new positions in the current year; the additional funds would allow the Department to fill positions closer to its current staffing authorization. As of February 1, the Department had 20.0 vacancies. **The Assembly included \$2.0 million in additional turnover savings and reduced overtime expenditures for winter maintenance by \$1.5 million based on anticipated expenditures. It also shifted \$0.2 million of personnel costs from gasoline tax proceeds to federal funds based on staff time responding directly to the COVID-19 emergency.***

**Drainage Systems Projects.** The Department requested \$3.2 million from highway maintenance funds unspent in FY 2019 for highway drainage related expenditures, for which the enacted budget includes \$6.0 million. It is estimated that the state is responsible for 34,000 stormwater catch basin systems and other connected drainage structures. Several firms conduct the inspection of drainage systems. Of the revised request, \$3.3 million is for manhole and catch basin projects and remaining funds are for equipment and personnel. For federal FY 2019, the Department reported cleaning and repairing 7,666 or 22.5 percent of the drainage structures and spent \$2.8 million.

The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. The decree requires the Department to sample and inspect certain discharge points; submit to the U.S. Environmental Protection Agency for review and approval a proposal for an outfall monitoring program; notify the Environmental Protection Agency, Department of Environmental Management and property owners of an illicit discharge within 14 days, which must be remediated within 120 days of verifying; and implement a street sweeping tracking system, which must document the date and location of sweeping of roads by the Department. *The Governor recommended funding as requested. **The Assembly concurred.***

**Pawtucket/Central Falls Train Station.** The revised request assumes use of \$6.4 million, \$0.1 million less than enacted from a \$13.1 million federal discretionary grant received to build a new commuter rail station on the Pawtucket/Central Falls border. It should be noted that that the FY 2020 through FY 2024 approved plan assumes total project costs of \$42.4 million, but the most recent approved Transportation Improvement Plan includes \$50.9 million, a difference of \$8.5 million. In addition to \$3.5 million from federal funds, the Department indicated that \$5.0 million from highway maintenance funds or its current allocation from Rhode Island Capital Plan funds and land sales would be used to make up the increased cost of the project. The project's infrastructure will include three platforms, a pedestrian overpass, bus drop-off access, pedestrian access and parking. The station is intended to be served by the Massachusetts Bay Transportation Authority along its Providence line, connecting Pawtucket/Central Falls to Providence and Boston. *The Governor recommended funding as requested. **The Assembly concurred.***

**Route 37 Corridor Project.** In August 2018, the Department was awarded a \$20.0 million federal Transportation Investment Generating Economic Recovery (TIGER) grant to rehabilitate the Route 37 Corridor. The request assumes use of \$9.7 million in FY 2020, \$5.3 million less than enacted based on an updated schedule. The total estimated project cost is \$62.2 million and is included in the Department's ten-year plan. The project will include the replacement and/or rehabilitation of 15 bridges and culverts along the Route 37 Corridor. It will also include improvements to the Pontiac Avenue westbound exit ramp. The Department indicated that it will select a contractor in January 2020, construction will likely start in April 2020 and end in May 2023. *The Governor recommended funding as requested. **The Assembly concurred.***

**Pell Ramps Realignment Project.** In December 2018, the Department of Transportation was awarded a \$20.0 million federal discretionary grant to reconfigure the Pell Bridge Interchange. The request assumes use of \$7.1 million in FY 2020. The new grant funds will allow the Department to accelerate the project, which is estimated at \$66.1 million. The Department indicated that design is in process and it anticipated advertising the project in summer 2020 with construction starting in spring 2021. *The Governor concurred.* **The Assembly concurred.**

**Other Capital Projects.** The revised request includes \$0.4 million less than enacted from all sources of funds for all other capital projects. This includes \$10.5 million less from gasoline tax proceeds and highway maintenance funds. The Department indicated that since it moved to a Project Management System, several contracts for fencing, guardrail, and striping will now be paid with federal funds, for which the Department's revised request includes \$10.1 million more than enacted. The majority of the federal funds increase is based on an upward adjustment to the Department's annual allocation. The request assumes the enacted amount of \$25.0 million from toll revenues to replace, reconstruct, operate and maintain state bridges.

*The Governor recommended \$12.3 million less than requested from all sources, including \$6.7 million more from federal funds; a debt payment for the new GARVEE issuance is not required in the current year, these funds were reallocated to capital projects. This is offset by \$16.5 million less from toll revenues and \$2.0 million less from highway maintenance funds, which were redirected to the Providence Transit Connector project.* **The Assembly concurred.**

**GARVEE Debt Service.** At the request of the Department, separate legislation was submitted in 2019-H 5883 on March 21, 2019, authorizing the issuance of \$200.0 million through the GARVEE Program to fund construction costs for Interstate 95 Northbound Providence Viaduct project. The 2019 Assembly authorized the debt in Article 6 of 2019-H 5151, Substitute A, as amended. The revised request includes \$8.0 million from federal funds for the first payment; the annual debt service is \$16.0 million. The Department indicated that the debt would be issued in June or July 2019 as it advocated for swift passage of its legislation last legislative session. It now appears that the issuance will occur late spring 2020 and a payment in the current year will not be required. The request includes the enacted amount \$9.3 million from the dedicated two cents for Motor Fuel Tax Revenue Bonds for match of previously approved GARVEE projects. *Based on the anticipated schedule for the issuance, the Governor did not include the new debt service payment and included \$0.1 million less, reflecting a downward revision to the tax yield.*

**The Assembly provided \$0.7 million less to reflect further downward revision of the gasoline tax yield estimate.**

**Turnpike and Bridge Authority.** Consistent with the enacted budget, the revised request includes \$16.3 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. Subsequent to the budget submission, the Office of Revenue Analysis estimated the per penny gas tax yield to be \$4.606 million, or \$63,656 less than the revised request. The impact to the Authority would be a reduction of \$222,796. *The Governor recommended \$0.2 million less than requested, to reflect the downward revision to the gas tax yield.*

**The Assembly provided \$1.2 million less to reflect further downward revision of the gasoline tax yield estimate.**



**Public Transit Authority.** Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 35-cent gas tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority also receives its share of funding from the Highway Maintenance Account, which is based on 5.0 percent of all fines and fees collected into the account. The 2019 Assembly adopted legislation to permanently provide the Authority with an additional \$5.0 million from the highway maintenance funds. The revised request assumes \$55.2 million, including \$9.7 million from highway maintenance funds to the Authority, \$91,373 more than enacted, which the Department indicated is based on the amount that should have been transferred to the Authority in FY 2019. Based on actual receipts, the correct amount to the Authority was transferred; the Authority's budget does not assume the additional receipts.

The revised request assumes \$45.5 million for the Authority's share of the gasoline tax. Subsequent to the budget submission, the Office of Revenue Analysis estimated the per penny gas tax yield to be \$4.606 million, or \$63,656 less than the revised request. *The revised budget includes \$54.6 million for the Authority, \$0.4 million less than enacted. This includes \$0.7 million less from gas tax proceeds based on a downward revision to the yield and \$0.3 million more from highway maintenance funds, reflecting updated projections.*

**The Assembly provided \$51.0 million to the Authority, \$3.7 million less than the revised budget. This includes \$3.4 million less from gas tax proceeds based on a downward revision to the yield and \$0.3 million less from highway maintenance funds, reflecting updated projections.**

**The Coronavirus Aid, Relief, and Economic Security Act includes funding for Transit Infrastructure grants to help transit agencies prevent, prepare and respond to COVID-19; the Authority will receive \$91.2 million. The funds are available for use from January 20, 2020 until expended.**

**Providence Transit Connector.** The Rhode Island Public Transit Authority's capital budget request includes a total of \$17.9 million, including \$2.0 million each from Rhode Island Capital Plan funds and from highway maintenance funds to match \$13.0 million from federal funds, which has already been awarded to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. The City of Providence was the original recipient of the Transportation Investment Generating Economic Recovery (TIGER) grant, and the Authority has agreed to administer the project, with the state providing the match. Final design was done in 2017 and construction is currently underway. *The recommendation includes \$2.7 million from all sources, including \$2.0 from the Department of Transportation's current share of the Highway Maintenance Account and \$0.7 million from FY 2019 unspent Rhode Island Capital Plan funds for the match. The Assembly concurred.*

**Mass Transit Hub.** The approved capital plan includes \$35.0 million from general obligation bonds approved by the November 2014 voters to expand and improve the state's transit hubs located at the Providence Amtrak station, Kennedy Plaza and the proposed Garrahy Courthouse parking complex. Since the bonds have been approved, the Department has issued three requests for proposals and its capital request assumes issuance of a fourth request for proposals, with responses that would have been due by fall 2019; however, it was subsequently cancelled. The Department indicated that it is working with the City of Providence and the Public Transit Authority to develop a project that meets transportation needs. Through FY 2019, a total of \$1.1 million from the bond proceeds have been used for issuance and preliminary planning expenses. The revised request includes new expenditures of \$350,000 from gasoline tax proceeds for professional legal services; through December 2019, \$36,788 has been spent. *The Governor concurred. The Assembly concurred.*

**Lab Materials Testing Facility.** The FY 2019 final budget included \$3.8 million from available land sale proceeds to make renovations to its materials testing laboratory in Providence to provide consistent

temperature, environmental and air quality, vibration and noise control. It appears that the project was delayed and the Department now requests that funding over the next two years with \$3.0 million for FY 2020 and \$0.8 million for FY 2021. The current laboratory is 12,000 square feet, which the Department indicated is undersized and antiquated. The FY 2017 Single Audit Report cited some deficiencies with the Department's Quality Assurance Testing program. The Department stated that if improvements to the testing laboratory are not made, the Federal Highway Administration may cite the state for violations, which could require the state to repay \$2.7 million of federal funds used in 2013 to acquire land on Colorado Avenue in Warwick as a future site for a new facility. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Winter Maintenance Operations.** Excluding salaries and benefits, the Department requested \$19.6 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2020. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is \$1.2 million more than enacted and \$4.3 million more than FY 2019 expenditures. The average annual cost for winter maintenance operations from FY 2015 through FY 2019 is \$16.6 million. The current request is \$3.0 million above that. *The Governor recommended \$18.0 million, \$1.6 million less than requested, which is closer to historical experience.* **The Assembly provided \$4.5 million less based on anticipated expenditures.**

**COVID-19 Expenses.** On March 13, 2020, the President declared that an emergency exists nationwide as a result of COVID-19 beginning on January 20, 2020. Rhode Island also qualifies for at least a 75 percent reimbursement of certain expenses from the related federal disaster declaration granted. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for expenditures incurred related to COVID-19 incurred between March 1, 2020 and December 30, 2020. Allowable expenses include those incurred responding directly to the emergency as well as to "second-order" effects, such as providing economic support to those suffering from employment or business interruptions. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance related public health measures.

*No expenses were accounted for in the Governor's revised budget. The Administration's third quarter report showed spending that agencies had begun incurring related to COVID-19. As of June 12, the Department had spent \$0.3 million. The majority of expenses have been for cleaning supplies for the Maintenance Division and other expenses in the Department.* **The Assembly provided \$0.5 million from federal funds to account for these expenses.**

**Other Maintenance Division Expenses.** The revised request includes \$0.7 million less than enacted from gasoline tax proceeds for all other expenses for the Division of Maintenance. This includes activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request includes \$0.3 million more for engineering and other services, reflective of FY 2019 expenditures. The request also includes \$0.4 million less to repay the State Revolving Loan Fund; it appears that the enacted budget was overstated, as the Department is using more of its own resources to purchase vehicles in lieu of borrowing. It also includes \$1.0 million less for rental of maintenance equipment for which the enacted budget includes \$2.3 million and FY 2019 expenditures were \$0.6 million. The revised request of \$26.9 million is \$1.0 million more than FY 2019 expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**RhodeWorks Legal Services.** The Department requested \$0.5 million more than enacted from gasoline tax proceeds for legal expenses relating to the tolling program for which the enacted budget includes \$1.1 million. In July 2018, the Rhode Island Trucking Association along with the American Trucking Associations, Cumberland Farms Inc., M&M Transport Services Inc. and New England Motor Freight filed

a lawsuit against the state, challenging the constitutionality of the tolling program. The state is being represented by Adler, Pollock and Sheehan. FY 2019 expenses were \$0.8 million; the final budget included \$1.1 million. Expenditures through December 2019 totaled \$215,539. *The Governor concurred.* **The Assembly concurred.**

**Congestion Mitigation and Air Quality Projects.** The Department requested \$5.0 million from federal congestion mitigation air quality grant funds. This is \$7.3 million less than enacted, based on historical expenditures, which averaged \$4.5 million in each of the last three fiscal years. These funds are used to support transit operations, such as parking garages and train stations. Funds are also used for programs to help meet the requirements of the federal Clean Air Act and to assist the state in improving air quality through congestion relief and lowering emissions. *The Governor recommended \$0.8 million more than requested to include expenditures that were inadvertently excluded from the request.* **The Assembly concurred.**

**National Highway Safety Grants.** Excluding salaries and benefits, the revised request includes \$3.0 million more than enacted from the National Highway Transportation Safety Administration for FY 2020. Grant funds are used to encourage safety on highways and provide funding for programs to lower amounts of impaired driving, risk reduction and increase seatbelt use. Historically, the Department overestimates its ability to spend these funds. The revised request of \$8.4 million is \$3.4 million more than FY 2019 expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Third Party Project Reimbursements.** The Department receives funds when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects. The revised request inadvertently excludes the enacted amount of \$3.0 million. Expenditures through November 2019 totaled \$1.8 million. *The Governor recommended \$0.7 million less than enacted, or \$2.3 million more than requested to include expenses omitted from the request.* **The Assembly concurred.**

**RI Public Rail Corporation.** The RI Public Rail Corporation, a quasi-public state agency was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. It provides indemnity for rail service operating within the state; the state is fully responsible for reimbursing all costs associated with the purchase of insurance coverage. Currently, track usage fees are classified as an escrow liability, which the Auditor General found should be classified as restricted receipts. *The Governor's budget includes expenditures of \$0.1 million from track fee usage in the Department of Transportation. She also included legislation in Article 2 of 2020-H 7171 authorizing the Budget Officer to convert any escrow liability account to a restricted receipt account, upon the directive of the Controller with the consent of the Auditor General.* **The Assembly included the expenditures.**

**Renovations and Reorganization Efficiencies.** The Department requested new expenditures of \$1.1 million from gasoline tax proceeds to make renovations to the State Office Building and to purchase workstations and other furniture. The request also includes funding to renovate the Director's Office. The Department indicated that it has gone through a reorganization and as it fills new positions space will be needed. It should be noted that the approved capital plan does not include Rhode Island Capital Plan funds beyond FY 2020 for the State Office Building, as the Department of Administration is conducting a feasibility study as part of the Statewide Facility Master Plan project to move the state archives facility into the building. *The Governor recommended funding as requested.* **The Assembly concurred.**

**E-Procurement System Enhancements.** The Information Technology Investment Fund assumes \$2.1 million for development costs of an electronic procurement system. The revised request includes one-time expenditures of \$265,000 from gasoline tax proceeds for system enhancements to address functional and technical requirements specific to the Department of Transportation. *The Governor concurred.* **The Assembly concurred.**

**Other IT Projects and Support.** The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, requiring the Department to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion. The Department is currently undergoing a reorganization and it requested \$1.3 million more than enacted from gasoline tax proceeds to purchase a project tracking and management system solution and to increase support services. Other projects include Oracle support and ongoing replacement of personal computers, server blades and maintenance agreements for its asset management system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital - Other Facility Projects.** The Department requested the enacted amount of \$5.1 million from Rhode Island Capital Plan funds for eight ongoing projects, including Salt Storage Facilities, Welcome Center and the College Hill Bus Tunnel. It appears that \$1.5 million of the FY 2019 final appropriation was spent, resulting in surplus balance of \$2.6 million. *The Governor recommended \$0.5 million more than requested.*

**The Assembly provided \$1.4 million less than the revised recommendation, including \$0.8 million less for the College Hill Bus Tunnel. The Authority will receive \$91.2 million from the CARES Act for transit projects, and will now be able to free up other resources to use as match for this project. A detailed description of the projects is included in the Capital Budget section of this publication.**

**Other Expenses.** The Department requested \$166,120 more than enacted from gasoline tax proceeds for all other operating expenses. Expenditures in the Management and Budget and Infrastructure Engineering programs are \$23,880 less than enacted, offset by \$192,000 more in Central Management for office supplies, temporary and security services, and expenses for expert testimony. The revised request for Central Management is \$96,930 more than FY 2019 expenditures. *The Governor concurred.* **The Assembly concurred.**

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# **Section III**

## **Special Reports**

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## Education Aid

The Assembly enacted final expenditures of \$1,259.8 million for FY 2020 education aid from all sources of funds for distribution to districts including charter and state schools. The budget adjusts for updated group home and charter school aid consistent with current law requirements, and includes adjustment to two categories of education based on projected expenses. The Assembly shifted \$41.7 million from general revenues to federal education stabilization funds authorized under the Coronavirus Aid, Relief and Economic Security (CARES) Act. It also included an additional \$50.0 million from federal COVID-19 relief funds to be distributed to local education agencies in proportion with federal education stabilization funds.

Education Aid	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final	Final Chg. to Enacted	Final Chg. to Revised
<b>Operating Aid</b>					
Local Districts	\$ 807,609,544	\$ 807,609,544	\$ 807,609,544	\$ -	\$ -
Central Falls	41,476,650	41,976,650	41,976,650	500,000	-
Met School*	9,342,007	9,342,007	9,342,007	-	-
Davies Career & Technical*	13,694,981	13,694,981	13,694,981	-	-
Charter Schools	100,979,327	101,063,056	101,063,056	83,729	-
UCAP	1,539,913	1,539,913	1,539,913	-	-
Group Homes Funding	3,233,153	3,267,153	3,267,153	34,000	-
<b>Subtotal</b>	<b>\$ 977,875,576</b>	<b>\$ 978,493,305</b>	<b>\$ 978,493,306</b>	<b>\$ 617,729</b>	<b>\$ -</b>
<b>Other Adjustments</b>					
Audit Adjustment	\$ 1,850,065	\$ 1,850,065	\$ 1,850,065	\$ -	\$ -
COVID-19 Relief Funds	-	-	49,968,307	49,968,307	49,968,307
<b>Adjusted Subtotal</b>	<b>\$ 979,725,641</b>	<b>\$ 980,343,370</b>	<b>\$ 1,030,311,679</b>	<b>\$ 50,586,036</b>	<b>\$ 49,968,307</b>
<b>Categorical Funding</b>					
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	4,500,000	-	-
Early Childhood	14,850,000	14,850,000	14,705,197	(144,803)	(144,803)
Non-Public Transportation	3,038,684	3,038,684	3,038,684	-	-
Regional District Transportation	4,622,676	4,622,676	4,622,676	-	-
Multilingual Learners	5,000,000	5,000,000	5,000,000	-	-
School Resource Officer Support	1,000,000	325,000	325,000	(675,000)	-
<b>Subtotal</b>	<b>\$ 37,511,360</b>	<b>\$ 36,836,360</b>	<b>\$ 36,691,557</b>	<b>\$ (819,803)</b>	<b>\$ (144,803)</b>
<b>Set-Aside Funds</b>					
Textbook Loans	\$ 240,000	\$ 56,251	\$ 56,251	\$ (183,749)	\$ -
School Breakfast	270,000	270,000	270,000	-	-
Recovery High School	500,000	500,000	500,000	-	-
<b>Subtotal</b>	<b>\$ 1,010,000</b>	<b>\$ 826,251</b>	<b>\$ 826,251</b>	<b>\$ (183,749)</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 1,018,247,001</b>	<b>\$ 1,018,005,981</b>	<b>\$ 1,067,829,487</b>	<b>\$ 49,582,484</b>	<b>\$ 49,823,504</b>
<b>Other Aid</b>					
Teacher Retirement	\$ 112,337,502	\$ 112,337,502	\$ 112,337,502	\$ -	\$ -
Construction Aid	78,984,971	78,984,971	78,649,186	(335,785)	(335,785)
School Building Authority Fund	1,015,029	1,015,029	1,015,029	-	-
<b>Statewide Total</b>	<b>\$ 1,210,584,504</b>	<b>\$ 1,210,343,484</b>	<b>\$ 1,259,831,201</b>	<b>\$ 49,246,699</b>	<b>\$ 49,487,719</b>

*\*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget.*

The total aid to districts and changes to the FY 2020 enacted budget are shown in the tables at the end of this section. The major changes that correspond to the table above are described in the paragraphs that follow.

## General Revenue Changes

**Charter School Update.** State law provides for a mid-year adjustment for charter schools that experience a 10.0 percent or greater change in enrollment as of October of each year. Consistent with the revised recommendation, the Assembly included \$83,729 more than enacted for that adjustment.

**Group Home Aid.** Current law requires the count of beds that are open as of December 31 for the budget year's aid, meaning if additional beds open, a supplemental appropriation is required. Consistent with the revised recommendation, the Assembly included \$34,000 more than enacted based on the bed count as of December 31 to reflect new beds in Bristol-Warren.

**Central Falls School District.** The Council on Elementary and Secondary Education requested \$0.5 million more than enacted from general revenues for Central Falls School District stabilization funding. The school district reportedly experienced an unexpected influx of approximately 300 new students subsequent to enactment of the FY 2020 budget. The revised request notes that the issue is compounded by a reported structural deficit, which had not been previously disclosed. Consistent with the revised recommendation, the Assembly included the funding.

**Early Childhood Education Aid.** The enacted budget includes \$14.9 million for the early childhood category of education aid which supports the state prekindergarten program. This includes \$14.1 million for classrooms and \$0.8 million for contracted services that support the program, such as professional development. Based on the Department's third quarter report, the Assembly included \$0.1 million less for program related expenses.

**School Resource Officer Aid.** The enacted budget includes \$1.0 million for the school resource officer category of education aid. The 2018 Assembly established a voluntary pilot program for a new category of education aid to support new school resource officers for a period of three years beginning in FY 2019; FY 2020 is the second year of funding. Consistent with the revised recommendation, the Assembly included \$0.7 million less for school resource officer aid based on current reimbursement requests. The remaining \$0.3 million of funds supports the state's share of seven officers in six districts.

**Textbook Loans.** The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade. Consistent with the revised recommendation, the Assembly included \$0.2 million less than enacted for textbook reimbursements reflecting actual requests from districts.

**School Construction Aid.** The enacted budget includes \$80.0 million for school construction aid, including \$79.0 million for traditional housing aid and \$1.4 million for the School Building Authority Capital Fund. Based on actual FY 2020 reimbursements of \$78.6 million, the Assembly included \$0.3 million less for traditional housing aid.

**General Revenues to Stabilization Funds.** The Assembly reduced general revenues by \$41.7 million, which are offset with \$41.7 million from federal funds available through the Coronavirus Aid, Relief and Emergency Stability Act of 2020. The distribution of these funds are described separately.

## Federal Fund Change

**Stabilization Funds in lieu of General Revenues.** On March 27, President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act. The act requires that the state maintain support for both elementary and secondary education and public higher education at no less than the average level of aid from FY 2017 through FY 2019 for both FY 2020 and FY 2021 in order to be eligible for stabilization funds. The Assembly included use of \$41.7 million from federal education stabilization funds in lieu of a



like amount from general revenues. Local education agencies will receive funding based on their share of federal funds distributed under Title I, Part A of the Elementary and Secondary Education Act (ESEA) in FY 2019, consistent with federal requirements. Funding in the final budget exceeds the maintenance of effort requirement by \$36.0 million.

***COVID-19 Relief Funds.*** Rhode Island qualifies for at least a 75 percent reimbursement of certain expenses from the federal disaster declaration granted because of the COVID-19 pandemic. Additionally, the federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. The Assembly included use of \$50.0 million to be distributed to local education agencies in proportion to new federal education stabilization funds, noted above. Local education agencies that received funds from the Paycheck Protection Program would have the value of that support deducted from any additional aid authorized through this section. None of the distribution tables show any such potential deductions.

### **Distribution Tables**

The following tables show the enacted distribution of FY 2020 aid by community, including charter and state schools, as well as new funds provided for in the final FY 2020 budget.

<i>District</i>	<i>FY 2020 Enacted Aid*</i>	<i>Current Law Updates</i>	<i>Central Falls Stabilization</i>	<i>General Revenues to Stabilization Funds</i>
Barrington	\$ 5,872,943	\$ -	\$ -	\$ (79,799)
Burrillville	13,164,631	-	-	(394,852)
Charlestown	1,543,508	-	-	-
Coventry	24,463,006	-	-	(623,392)
Cranston	65,623,892	-	-	(2,304,283)
Cumberland	21,686,834	-	-	(530,621)
East Greenwich	2,724,747	-	-	(69,858)
East Providence	36,282,710	-	-	(1,343,727)
Foster	1,214,958	-	-	(52,429)
Glocester	2,272,359	-	-	(149,926)
Hopkinton	5,170,111	-	-	-
Jamestown	465,975	-	-	(98,636)
Johnston	18,288,991	-	-	(660,667)
Lincoln	14,418,820	-	-	(476,313)
Little Compton	403,595	-	-	(33,278)
Middletown	7,592,462	-	-	(263,613)
Narragansett	2,255,835	-	-	(184,416)
Newport	12,580,979	-	-	(795,683)
New Shoreham	132,830	-	-	(12,538)
North Kingstown	10,492,830	-	-	(452,552)
North Providence	23,382,239	-	-	(720,309)
North Smithfield	5,884,223	-	-	(182,153)
Pawtucket	91,306,394	-	-	(3,618,740)
Portsmouth	4,048,900	-	-	(243,247)
Providence	263,818,881	-	-	(14,390,236)
Richmond	4,640,811	-	-	-
Scituate	2,824,310	-	-	(211,568)
Smithfield	6,457,531	-	-	(202,518)
South Kingstown	5,433,317	-	-	(352,990)
Tiverton	7,239,775	-	-	(194,599)
Warwick	38,761,116	-	-	(1,488,005)
Westerly	8,656,589	-	-	(552,501)
West Warwick	27,094,132	-	-	(961,349)
Woonsocket	63,980,831	-	-	(3,308,150)
Bristol-Warren	14,821,717	34,000	-	(485,476)
Exeter-West Greenwich <sup>×</sup>	6,419,481	-	-	(142,555)
Chariho <sup>×</sup>	2,147,804	-	-	(315,655)
Foster-Glocester	5,268,060	-	-	(90,511)
Central Falls	41,998,528	-	500,000	(1,575,794)
<b><i>District Subtotal</i></b>	<b>\$ 870,836,655</b>	<b>\$ 34,000</b>	<b>\$ 500,000</b>	<b>\$ (37,562,936)</b>
Charter Schools	101,454,547	83,729	-	(3,454,925)
State Schools	24,595,802	-	-	(671,097)
<b>Total</b>	<b>\$ 996,887,004</b>	<b>\$ 117,729</b>	<b>\$ 500,000</b>	<b>\$ (41,688,959)</b>

\*Includes adjustment for FY 2019 funding formula audit

<sup>×</sup> Prior versions of this publication incorrectly transposed the enacted amount of aid for these communities

<i>Stabilization</i>				
<i>Funds in lieu of</i>				
<i>District</i>	<i>General Revenues</i>	<i>COVID-19 Relief Funds</i>	<i>Total FY 2020 Revised Aid</i>	<i>Revised Change to Enacted</i>
Barrington	\$ 79,799	\$ 95,647	\$ 5,968,590	\$ 95,647
Burrillville	394,852	473,269	13,637,900	473,269
Charlestown	-	-	1,543,508	-
Coventry	623,392	747,197	25,210,202	747,197
Cranston	2,304,283	2,761,910	68,385,801	2,761,910
Cumberland	530,621	636,001	22,322,835	636,001
East Greenwich	69,858	83,732	2,808,479	83,732
East Providence	1,343,727	1,610,588	37,893,298	1,610,588
Foster	52,429	62,841	1,277,800	62,841
Glocester	149,926	179,701	2,452,059	179,701
Hopkinton	-	-	5,170,111	-
Jamestown	98,636	118,225	584,201	118,225
Johnston	660,667	791,875	19,080,865	791,875
Lincoln	476,313	570,908	14,989,728	570,908
Little Compton	33,278	39,886	443,482	39,886
Middletown	263,613	315,966	7,908,428	315,966
Narragansett	184,416	221,040	2,476,876	221,040
Newport	795,683	953,704	13,534,682	953,704
New Shoreham	12,538	15,028	147,858	15,028
North Kingstown	452,552	542,428	11,035,258	542,428
North Providence	720,309	863,361	24,245,600	863,361
North Smithfield	182,153	218,329	6,102,552	218,329
Pawtucket	3,618,740	4,337,415	95,643,809	4,337,415
Portsmouth	243,247	291,555	4,340,455	291,555
Providence	14,390,236	17,248,110	281,066,991	17,248,110
Richmond	-	-	4,640,811	-
Scituate	211,568	253,585	3,077,896	253,585
Smithfield	202,518	242,737	6,700,269	242,737
South Kingstown	352,990	423,093	5,856,410	423,093
Tiverton	194,599	233,246	7,473,020	233,246
Warwick	1,488,005	1,783,520	40,544,636	1,783,520
Westerly	552,501	662,227	9,318,816	662,227
West Warwick	961,349	1,152,271	28,246,403	1,152,271
Woonsocket	3,308,150	3,965,142	67,945,973	3,965,142
Bristol-Warren	485,476	581,891	15,437,608	615,891
Exeter-West Greenwich	142,555	170,866	6,590,347	170,866
Chariho	315,655	378,344	2,526,147	378,344
Foster-Glocester	90,511	108,486	5,376,546	108,486
Central Falls	1,575,794	1,888,743	44,387,271	2,388,743
<b>District Subtotal</b>	<b>\$ 37,562,936</b>	<b>\$ 45,022,865</b>	<b>\$ 916,393,520</b>	<b>\$ 45,556,865</b>
Charter Schools	3,454,925	4,141,067	105,679,343	4,224,796
State Schools	671,097	804,375	25,400,177	804,375
<b>Total</b>	<b>\$ 41,688,959</b>	<b>\$ 49,968,307</b>	<b>\$ 1,047,473,039</b>	<b>\$ 50,586,036</b>



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## Explanation of Legislation by Section

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### 2020-H 7170 Substitute A, as Amended

**Section 1. Appropriations.** This section contains the revised appropriations for FY 2020.

As shown in the table below, the Governor’s revised recommendation as initially submitted in 2020-H 7170 increased enacted expenditures by \$91.1 million including \$8.7 million from general revenues. Expenditures included in 2020-H 7170, Substitute A, as amended, add \$1,731.8 million to that recommendation, with most of the resources coming from federal funds available from several recent federal actions in response to the COVID-19 emergency, the largest of which is unemployment benefit support. General revenue expenses are \$127.6 million less than the Governor’s recommendation.

<b>FY 2020 Revised</b>	<b>General Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2020 Enacted	\$ 4,077.6	\$ 3,325.4	\$ 311.4	\$ 2,256.3	\$ 9,970.6
Governor's FY 2020 Revised	4,086.3	3,325.2	383.2	2,267.1	10,061.8
Governor's Change to Enacted	\$ 8.7	\$ (0.2)	\$ 71.9	\$ 10.8	\$ 91.1
Percent Change	0.2%	0.0%	23.1%	0.5%	0.9%
<b>FY 2020 Final</b>	<b>\$ 3,958.7</b>	<b>\$ 4,840.3</b>	<b>\$ 365.2</b>	<b>\$ 2,629.4</b>	<b>\$ 11,793.5</b>
Change to Enacted	(118.9)	1,514.9	53.8	373.1	1,822.9
Percent Change	-2.9%	45.6%	17.3%	16.5%	18.3%
Change to Governor	\$ (127.6)	\$ 1,515.1	\$ (18.1)	\$ 362.3	\$ 1,731.8

This reduction reflects accommodating the significant revenue decline adopted at the May revenue estimating conference, as well as projected overspending of enacted appropriations through extensive use of federal and other sources to alleviate general revenue spending along with increases to available resources through a \$120 million transfer from the “Rainy Day Fund” and other resource transfers noted in the sections below.

**Section 2. Line Item Appropriations.** This section establishes that each line in Section 1 constitutes an appropriation.

**Section 3. Transfer of Functions.** This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

**Section 4. Contingency Fund.** This section allows for expenditures from the contingency account located within the Office of the Governor’s budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

**Section 5. Internal Service Funds.** This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

**Section 6. Legislative Intent.** This section authorizes the chairpersons of the finance committees of the two chambers to provide a “statement of legislative intent” for specifying the purpose of the appropriations contained in Section 1 of this article.

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## Explanation of Legislation by Section

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**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2020.

**Section 8. Employment Security Funds.** This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund for FY 2020.

**Section 9. Lottery.** This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

**Section 10. Appropriation of CollegeBound Saver Funds.** This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2020; 2020-H 7170, Substitute A, as amended, includes \$7.9 million from these sources for state grant programs.

**Section 11. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2020. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,074.7 full-time equivalent positions, consistent with the enacted budget.

Consistent with the Governor's recommendation, the section lowers the number of higher education positions supported by third-party funds from 788.8 to 523.8 positions, a 265.0 reduction for the University of Rhode Island to remove auxiliary enterprise positions previously reported as third-party. For the last few years, the University had been reporting not only sponsored research positions but also auxiliary enterprise positions as third party, causing these positions to appear far greater than usual. For FY 2020, all positions at the University are being reported correctly, causing the University to exceed its regular authorization.

**Section 12. Rhode Island Capital Fund.** This section repeals future commitments for all Rhode Island Capital Plan Fund projects listed in Section 12 of Article 1 of 2019-H 5151, Substitute A, as amended, for fiscal years ending June 30, 2021 through June 30, 2024. It contains a revised list of projects for which commitments would be included for FY 2021 to account for projects currently underway.

**Section 13. Commerce Rebuild RI Transfer.** This section requires the transfer of \$5.0 million from Rebuild Rhode Island Tax Credit Fund reserves to state general revenues by June 30, 2020.

**Section 14. Commerce Air Service Transfer.** This section requires the transfer of \$0.5 million from Air Service Development Fund reserves to state general revenues by June 30, 2020.

**Section 15. Infrastructure Bank Transfer.** This section requires the transfer of \$21.8 million from the Infrastructure Bank to state general revenues by June 30, 2020, an increase of \$17.8 million from the enacted budget. To the extent a portion of those funds have been committed, at least \$12.8 million is required to be transferred from the Municipal Road and Bridge Revolving Fund; the balance would come from other Bank resources. During FY 2020, \$17.8 million in bond premiums were issued for the Municipal Road and Bridge Revolving Fund.

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## Explanation of Legislation by Section

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**Section 16. BHDDH Asset Forfeiture Funds.** This section requires the transfer of \$500,000 from asset forfeiture funds in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to state general revenues by June 30, 2020.

**Sections 17 and 18. Department of Environmental Management Unexpended Bond Funds.** These sections require the transfer of unexpended bond funds totaling \$0.3 million from two different Department of Environmental Management issuances to state general revenues by June 30, 2020.

**Section 19. Education Aid.** This section allows for the distribution of \$91.7 million from new federal funds authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to local education agencies. This includes \$41.7 million from education stabilization funds and \$50.0 million from the Coronavirus Relief Fund. For FY 2020, state education aid to local education agencies will be reduced in an amount equivalent to the distribution of federal education stabilization funds. If by June 18, 2020, any local education agency has received more general revenue aid than that amount, the excess shall be booked as a debt owed to the state. Federal funds will be distributed to local education agencies in proportion to funds distributed under Title I, Part A of the Elementary and Secondary Education Act for FY 2019. Local education agencies that received funds from the Paycheck Protection Program would have the value of that support deducted from any additional aid authorized through this section.

This section also requires local education agencies receiving federal funds to comply with all federal laws, regulations, and applicable terms and conditions, as well as any other terms and conditions the Commissioner of Elementary and Secondary Education may add. The Commissioner may also withhold funds if he or she is not satisfied that a local education agency's proposed use of funds is permissible.

**Section 20. Restricted Receipts.** This section authorizes the State Budget Officer to create restricted receipt accounts in any department or agency where funds from the Opioid Stewardship Act will be appropriated, for FY 2020 only. The FY 2020 revised budget includes expenditures in the following agencies: Departments of Children, Youth and Families, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Corrections.

**Section 21. Budget Stabilization.** This section would transfer \$120.0 million from the Budget Stabilization and Cash Reserve Account for FY 2020. This section reflects the constitutional requirement for legislative appropriation of those funds.

**Section 22. Historic Preservation Tax Credits.** This section extends the sunset for the Historic Tax Credit 2013 program by one year to June 30, 2021, after which no credits may be authorized or reserved.

**Section 23. Secretary of State Lease.** This section provides Assembly authorization for the Secretary of State to enter a lease agreement for exhibition, office and vault space for its state archives at 33 Broad Street with Weybosset Hill Investments, LLC. The lease would not exceed 10 years and a total aggregate rent of \$2.8 million. The lease for the current state archives location is expiring and the premises needs to be vacated by the end of July as the landlord has a different tenant expanding into the location.

**Section 24. Effective Date.** This section provides that the bill shall take effect upon passage.

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## Explanation of Legislation by Section

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# **Section IV**

## **Summary Tables**

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## Expenditures from All Funds

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>General Government</b>				
Administration	\$ 266,429,354	\$ 327,880,776	\$ 350,706,747	\$ 362,384,772
Business Regulation	22,926,425	26,363,657	26,402,274	24,952,193
Executive Office of Commerce	53,240,311	59,996,451	56,768,113	42,065,009
Labor and Training	433,781,694	449,014,095	459,193,877	1,904,291,040
Revenue	577,205,401	643,187,244	656,228,411	653,391,267
Legislature	40,798,614	45,636,115	52,768,810	45,609,862
Lieutenant Governor	1,108,949	1,147,816	1,145,892	1,150,903
Secretary of State	11,131,156	11,001,157	11,755,090	12,577,440
General Treasurer	42,045,578	42,655,641	42,420,937	41,845,937
Board of Elections	4,272,724	2,748,855	2,717,647	2,902,636
Rhode Island Ethics Commission	1,719,160	1,845,298	1,843,445	1,848,405
Governor's Office	5,624,462	6,093,211	6,086,325	6,110,685
Human Rights	1,743,539	1,917,005	1,907,748	1,854,573
Public Utilities Commission	9,125,173	11,382,980	11,369,924	11,399,924
<b>Subtotal - General Government</b>	<b>\$ 1,471,152,540</b>	<b>\$ 1,630,870,301</b>	<b>\$ 1,681,315,240</b>	<b>\$ 3,112,384,646</b>
<b>Human Services</b>				
Health and Human Services	\$ 2,601,568,379	\$ 2,690,732,762	\$ 2,668,890,776	\$ 2,733,991,630
Children, Youth and Families	248,168,752	229,859,090	256,223,531	254,891,280
Health	167,007,954	186,637,844	192,098,855	215,720,638
Human Services	594,233,703	638,343,380	618,533,697	640,377,135
BHDDH	422,854,603	463,195,456	467,752,247	480,459,235
Child Advocate	958,019	1,234,057	1,149,476	985,579
Deaf and Hard of Hearing	521,007	663,338	656,326	686,326
Commission on Disabilities	1,167,621	1,558,659	1,536,797	1,533,797
Mental Health Advocate	578,693	602,411	619,370	627,051
<b>Subtotal - Human Services</b>	<b>\$ 4,037,058,731</b>	<b>\$ 4,212,826,997</b>	<b>\$ 4,207,461,075</b>	<b>\$ 4,329,272,671</b>
<b>Education</b>				
Elementary and Secondary	\$ 1,436,464,723	\$ 1,491,082,208	\$ 1,506,053,093	\$ 1,555,177,092
Higher Education	1,190,951,203	1,247,926,398	1,256,096,148	1,270,538,532
Arts Council	3,021,503	3,438,248	3,376,559	3,641,279
Atomic Energy	1,350,027	1,495,094	1,423,754	1,423,754
Historical Preservation	2,087,992	2,595,330	2,595,475	2,752,578
<b>Subtotal - Education</b>	<b>\$ 2,633,875,448</b>	<b>\$ 2,746,537,278</b>	<b>\$ 2,769,545,029</b>	<b>\$ 2,833,533,235</b>

## Expenditures from All Funds

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>Public Safety</b>				
Attorney General	\$ 44,034,948	\$ 33,287,718	\$ 36,820,501	\$ 36,743,087
Corrections	247,380,965	257,611,700	267,234,227	267,791,629
Judicial	119,750,863	127,492,559	126,698,912	127,598,912
Military Staff	36,306,284	41,148,960	42,639,287	42,777,546
Emergency Management	19,850,370	13,622,589	18,366,733	148,541,956
Public Safety	123,255,848	138,208,356	141,861,091	140,176,790
Public Defender	11,969,257	12,900,536	12,874,501	12,854,501
<b>Subtotal-Public Safety</b>	<b>\$ 602,548,535</b>	<b>\$ 624,272,418</b>	<b>\$ 646,495,252</b>	<b>\$ 776,484,421</b>
<b>Natural Resources</b>				
Environmental Management	\$ 77,221,763	\$ 102,118,898	\$ 103,530,687	\$ 104,589,853
CRMC	7,532,372	5,220,930	6,382,522	6,308,894
<b>Subtotal-Natural Resources</b>	<b>\$ 84,754,135</b>	<b>\$ 107,339,828</b>	<b>\$ 109,913,209</b>	<b>\$ 110,898,747</b>
<b>Transportation</b>				
Transportation	\$ 548,339,286	\$ 648,773,516	\$ 647,028,365	\$ 630,965,159
<b>Subtotal-Transportation</b>	<b>\$ 548,339,286</b>	<b>\$ 648,773,516</b>	<b>\$ 647,028,365</b>	<b>\$ 630,965,159</b>
<b>Total</b>	<b>\$ 9,377,728,675</b>	<b>\$ 9,970,620,338</b>	<b>\$ 10,061,758,170</b>	<b>\$ 11,793,538,879</b>

## Expenditures from General Revenues

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>General Government</b>				
Administration	\$ 174,086,181	\$ 206,638,425	\$ 208,871,535	\$ 194,616,242
Business Regulation	16,364,148	17,896,681	17,815,293	16,951,991
Executive Office of Commerce	30,235,022	28,181,129	28,179,484	17,675,827
Labor and Training	15,403,217	14,679,932	14,673,124	14,113,689
Revenue	179,734,169	216,254,237	214,537,942	211,526,687
Legislature	39,348,617	43,804,101	50,963,049	43,804,101
Lieutenant Governor	1,108,949	1,147,816	1,145,892	1,150,903
Secretary of State	9,796,149	9,533,255	9,489,047	9,311,397
General Treasurer	2,926,332	3,037,551	2,965,993	2,965,993
Board of Elections	4,272,724	2,748,855	2,717,647	2,802,636
Rhode Island Ethics Commission	1,719,160	1,845,298	1,843,445	1,848,405
Governor's Office	5,624,462	6,093,211	6,086,325	5,507,308
Human Rights	1,298,536	1,353,591	1,350,221	1,297,046
Public Utilities Commission	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$ 481,917,666</b>	<b>\$ 553,214,082</b>	<b>\$ 560,638,997</b>	<b>\$ 523,572,225</b>
<b>Human Services</b>				
Health and Human Services	\$ 972,457,072	\$ 1,002,282,411	\$ 985,967,831	\$ 947,579,577
Children, Youth and Families	180,711,210	165,124,585	185,731,369	176,775,082
Health	30,324,520	30,968,921	30,925,000	23,130,443
Human Services	113,957,594	92,178,627	92,200,297	91,304,952
BHDDH	191,570,579	196,381,240	195,276,093	248,920,154
Child Advocate	815,011	986,701	970,275	870,221
Deaf and Hard of Hearing	447,102	533,338	524,519	494,519
Commission on Disabilities	864,209	1,055,069	1,080,665	1,075,665
Mental Health Advocate	578,693	602,411	619,370	627,051
<b>Subtotal - Human Services</b>	<b>\$ 1,491,725,990</b>	<b>\$ 1,490,113,303</b>	<b>\$ 1,493,295,419</b>	<b>\$ 1,490,777,664</b>
<b>Education</b>				
Elementary and Secondary	\$ 1,186,515,425	\$ 1,239,252,258	\$ 1,238,976,176	\$ 1,195,622,855
Higher Education	233,580,831	243,650,858	246,847,417	231,755,260
Arts Council	1,977,428	2,004,748	1,993,137	2,002,857
Atomic Energy	1,018,455	1,059,094	1,055,815	1,055,815
Historical Preservation	1,191,271	1,488,293	1,464,425	1,621,528
<b>Subtotal - Education</b>	<b>\$ 1,424,283,410</b>	<b>\$ 1,487,455,251</b>	<b>\$ 1,490,336,970</b>	<b>\$ 1,432,058,315</b>

## Expenditures from General Revenues

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>Public Safety</b>				
Attorney General	\$ 25,581,021	\$ 28,675,203	\$ 28,633,277	\$ 28,635,863
Corrections	235,714,454	242,088,059	238,288,920	235,486,945
Judicial	99,950,290	105,213,960	105,318,280	103,818,280
Military Staff	2,836,265	3,219,493	2,914,664	2,267,625
Emergency Management	2,276,138	2,364,647	2,362,651	2,307,118
Public Safety	103,724,264	105,918,952	105,267,826	81,334,304
Public Defender	11,940,555	12,824,871	12,798,836	12,649,755
<b>Subtotal-Public Safety</b>	<b>\$ 482,022,987</b>	<b>\$ 500,305,185</b>	<b>\$ 495,584,454</b>	<b>\$ 466,499,890</b>
<b>Natural Resources</b>				
Environmental Management	\$ 41,449,798	\$ 43,623,975	\$ 43,542,012	\$ 42,934,315
CRMC	2,650,012	2,883,195	2,870,443	2,871,930
<b>Subtotal-Natural Resources</b>	<b>\$ 44,099,810</b>	<b>\$ 46,507,170</b>	<b>\$ 46,412,455</b>	<b>\$ 45,806,245</b>
<b>Transportation</b>				
Transportation	\$ -	\$ -	\$ -	\$ -
<b>Subtotal-Transportation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 3,924,049,863</b>	<b>\$ 4,077,594,991</b>	<b>\$ 4,086,268,295</b>	<b>\$ 3,958,714,339</b>

## Expenditures from Federal Grants

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>General Government</b>				
Administration	\$ 4,361,893	\$ 4,152,873	\$ 4,078,271	\$ 45,472,914
Business Regulation	1,007,602	755,788	1,045,501	1,453,503
Executive Office of Commerce	11,267,298	17,611,003	14,384,462	10,185,015
Labor and Training	34,053,979	38,284,651	45,312,943	1,101,555,955
Revenue	1,490,088	1,969,581	2,272,923	2,550,526
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	885,018	1,016,230	1,810,000	2,810,000
General Treasurer	857,917	998,974	995,090	1,020,090
Board of Elections	-	-	-	100,000
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	603,377
Human Rights	445,003	563,414	557,527	557,527
Public Utilities Commission	177,972	178,002	175,928	205,928
<b>Subtotal - General Government</b>	<b>\$ 54,546,770</b>	<b>\$ 65,530,516</b>	<b>\$ 70,632,645</b>	<b>\$ 1,166,514,835</b>
<b>Human Services</b>				
Health and Human Services	\$ 1,601,101,956	\$ 1,664,521,164	\$ 1,623,177,530	\$ 1,726,642,736
Children, Youth and Families	65,129,697	59,986,948	66,785,484	74,669,520
Health	97,671,699	105,815,939	110,723,265	146,029,605
Human Services	471,030,698	514,400,576	496,475,895	518,036,621
BHDDH	223,313,113	260,425,869	264,661,112	227,155,334
Child Advocate	143,008	247,356	179,201	115,358
Deaf and Hard of Hearing	-	-	-	30,000
Commission on Disabilities	280,462	458,689	389,455	391,455
Mental Health Advocate	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$ 2,458,670,633</b>	<b>\$ 2,605,856,541</b>	<b>\$ 2,562,391,942</b>	<b>\$ 2,693,070,629</b>
<b>Education</b>				
Elementary and Secondary	\$ 207,170,775	\$ 213,293,458	\$ 224,414,365	\$ 320,952,625
Higher Education	7,973,800	8,000,000	8,240,807	37,775,348
Arts Council	690,648	762,500	743,422	1,098,422
Atomic Energy	-	-	-	-
Historical Preservation	721,863	557,028	566,643	566,643
<b>Subtotal - Education</b>	<b>\$ 216,557,086</b>	<b>\$ 222,612,986</b>	<b>\$ 233,965,237</b>	<b>\$ 360,393,038</b>



## Expenditures from Federal Grants

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>Public Safety</b>				
Attorney General	\$ 12,936,592	\$ 3,552,999	\$ 7,006,860	\$ 7,006,860
Corrections	1,356,241	2,010,944	2,533,346	6,867,723
Judicial	3,055,636	3,144,740	3,470,252	4,970,252
Military Staff	27,534,473	34,354,996	33,913,980	35,038,278
Emergency Management	15,703,893	9,295,523	13,874,981	144,105,737
Public Safety	16,020,609	19,986,405	24,843,073	47,524,507
Public Defender	28,702	75,665	75,665	204,746
<b>Subtotal-Public Safety</b>	<b>\$ 76,636,146</b>	<b>\$ 72,421,272</b>	<b>\$ 85,718,157</b>	<b>\$ 245,718,103</b>
<b>Natural Resources</b>				
Environmental Management	\$ 20,965,162	\$ 32,309,520	\$ 32,166,793	\$ 33,833,656
CRMC	3,988,909	1,557,735	2,556,655	2,556,655
<b>Subtotal-Natural Resources</b>	<b>\$ 24,954,071</b>	<b>\$ 33,867,255</b>	<b>\$ 34,723,448</b>	<b>\$ 36,390,311</b>
<b>Transportation</b>				
Transportation	\$ 287,308,363	\$ 325,075,495	\$ 337,759,470	\$ 338,214,974
<b>Subtotal-Transportation</b>	<b>\$ 287,308,363</b>	<b>\$ 325,075,495</b>	<b>\$ 337,759,470</b>	<b>\$ 338,214,974</b>
<b>Total</b>	<b>\$ 3,118,673,069</b>	<b>\$ 3,325,364,065</b>	<b>\$ 3,325,190,899</b>	<b>\$ 4,840,301,890</b>

## Expenditures from Restricted Receipts

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>General Government</b>				
Administration	\$ 13,988,611	\$ 24,412,178	\$ 45,320,414	\$ 38,495,870
Business Regulation	5,130,698	7,144,829	7,030,407	6,124,326
Executive Office of Commerce	4,312,991	4,754,319	4,754,167	4,754,167
Labor and Training	33,482,928	30,022,846	36,379,619	36,207,204
Revenue	1,957,888	3,605,253	3,705,613	3,708,895
Legislature	1,449,997	1,832,014	1,805,761	1,805,761
Lieutenant Governor	-	-	-	-
Secretary of State	449,989	451,672	456,043	456,043
General Treasurer	37,665,681	37,955,257	37,828,125	37,228,125
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	8,947,201	11,204,978	11,193,996	11,193,996
<b>Subtotal - General Government</b>	<b>\$ 107,385,984</b>	<b>\$ 121,383,346</b>	<b>\$ 148,474,145</b>	<b>\$ 139,974,387</b>
<b>Human Services</b>				
Health and Human Services	\$ 28,009,351	\$ 23,929,187	\$ 59,745,415	\$ 59,769,317
Children, Youth and Families	1,929,609	1,887,557	2,339,616	2,339,616
Health	39,011,735	49,452,984	50,050,590	46,160,590
Human Services	4,491,317	26,750,699	25,146,367	26,324,424
BHDDH	5,817,033	6,088,347	7,496,246	4,064,951
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	73,905	130,000	131,807	161,807
Commission on Disabilities	22,950	44,901	66,677	66,677
Mental Health Advocate	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$ 79,355,900</b>	<b>\$ 108,283,675</b>	<b>\$ 144,976,718</b>	<b>\$ 138,887,382</b>
<b>Education</b>				
Elementary and Secondary	\$ 38,321,218	\$ 37,427,492	\$ 40,978,695	\$ 37,145,954
Higher Education	2,468,913	3,767,896	3,679,334	3,679,334
Arts Council	5,776	45,000	45,000	45,000
Atomic Energy	10,075	99,000	25,036	25,036
Historical Preservation	29,972	421,439	422,100	422,100
<b>Subtotal - Education</b>	<b>\$ 40,835,954</b>	<b>\$ 41,760,827</b>	<b>\$ 45,150,165</b>	<b>\$ 41,317,424</b>

## Expenditures from Restricted Receipts

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>Public Safety</b>				
Attorney General	\$ 5,367,335	\$ 909,516	\$ 1,030,364	\$ 1,030,364
Corrections	46,800	59,369	3,531,961	3,531,961
Judicial	10,581,559	13,007,786	12,942,436	13,442,436
Military Staff	34,908	55,000	55,000	55,000
Emergency Management	375,925	468,005	634,687	634,687
Public Safety	505,802	6,136,198	6,348,890	6,185,034
Public Defender	-	-	-	-
<b>Subtotal-Public Safety</b>	<b>\$ 16,912,329</b>	<b>\$ 20,635,874</b>	<b>\$ 24,543,338</b>	<b>\$ 24,879,482</b>
<b>Natural Resources</b>				
Environmental Management	\$ 12,221,760	\$ 16,060,848	\$ 17,189,655	\$ 17,189,655
CRMC	265,000	250,000	250,000	250,000
<b>Subtotal-Natural Resources</b>	<b>\$ 12,486,760</b>	<b>\$ 16,310,848</b>	<b>\$ 17,439,655</b>	<b>\$ 17,439,655</b>
<b>Transportation</b>				
Transportation	\$ 2,626,919	\$ 3,007,550	\$ 2,656,328	\$ 2,656,328
<b>Subtotal-Transportation</b>	<b>\$ 2,626,919</b>	<b>\$ 3,007,550</b>	<b>\$ 2,656,328</b>	<b>\$ 2,656,328</b>
<b>Total</b>	<b>\$ 259,603,846</b>	<b>\$ 311,382,120</b>	<b>\$ 383,240,349</b>	<b>\$ 365,154,658</b>

## Expenditures from Other Funds

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>General Government</b>				
Administration	\$ 73,992,669	\$ 92,677,300	\$ 92,436,527	\$ 83,799,746
Business Regulation	423,977	566,359	511,073	422,373
Executive Office of Commerce	7,425,000	9,450,000	9,450,000	9,450,000
Labor and Training	350,841,570	366,026,666	362,828,191	752,414,192
Revenue	394,023,256	421,358,173	435,711,933	435,605,159
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	-	-
General Treasurer	595,648	663,859	631,729	631,729
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$ 827,302,120</b>	<b>\$ 890,742,357</b>	<b>\$ 901,569,453</b>	<b>\$ 1,282,323,199</b>
<b>Human Services</b>				
Health and Human Services	-	-	-	-
Children, Youth and Families	398,236	2,860,000	1,367,062	1,107,062
Health	-	400,000	400,000	400,000
Human Services	4,754,094	5,013,478	4,711,138	4,711,138
BHDDH	2,153,878	300,000	318,796	318,796
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	-	-	-	-
Mental Health Advocate	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$ 7,306,208</b>	<b>\$ 8,573,478</b>	<b>\$ 6,796,996</b>	<b>\$ 6,536,996</b>
<b>Education</b>				
Elementary and Secondary	\$ 4,457,305	\$ 1,109,000	\$ 1,683,857	\$ 1,455,658
Higher Education	946,927,659	992,507,644	997,328,590	997,328,590
Arts Council	347,651	626,000	595,000	495,000
Atomic Energy	321,497	337,000	342,903	342,903
Historical Preservation	144,886	128,570	142,307	142,307
<b>Subtotal - Education</b>	<b>\$ 952,198,998</b>	<b>\$ 994,708,214</b>	<b>\$ 1,000,092,657</b>	<b>\$ 999,764,458</b>

## Expenditures from Other Funds

	FY 2019 Spent	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>Public Safety</b>				
Attorney General	\$ 150,000	\$ 150,000	\$ 150,000	\$ 70,000
Corrections	10,263,470	13,453,328	22,880,000	21,905,000
Judicial	6,163,378	6,126,073	4,967,944	5,367,944
Military Staff	5,900,638	3,519,471	5,755,643	5,416,643
Emergency Management	1,494,414	1,494,414	1,494,414	1,494,414
Public Safety	3,005,173	6,166,801	5,401,302	5,132,945
Public Defender	-	-	-	-
<b>Subtotal-Public Safety</b>	<b>\$ 26,977,073</b>	<b>\$ 30,910,087</b>	<b>\$ 40,649,303</b>	<b>\$ 39,386,946</b>
<b>Natural Resources</b>				
Environmental Management	\$ 2,585,043	\$ 10,124,555	\$ 10,632,227	\$ 10,632,227
CRMC	628,451	530,000	705,424	630,309
<b>Subtotal-Natural Resources</b>	<b>\$ 3,213,494</b>	<b>\$ 10,654,555</b>	<b>\$ 11,337,651</b>	<b>\$ 11,262,536</b>
<b>Transportation</b>				
Transportation	\$ 258,404,004	\$ 320,690,471	\$ 306,612,567	\$ 290,093,857
<b>Subtotal-Transportation</b>	<b>\$ 258,404,004</b>	<b>\$ 320,690,471</b>	<b>\$ 306,612,567</b>	<b>\$ 290,093,857</b>
<b>Total</b>	<b>\$ 2,075,401,897</b>	<b>\$ 2,256,279,162</b>	<b>\$ 2,267,058,627</b>	<b>\$ 2,629,367,992</b>

## Full-Time Equivalent Positions

	FY 2019 Final	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>General Government</b>				
Administration	655.7	647.7	647.7	647.7
Business Regulation	161.0	161.0	161.0	161.0
Executive Office of Commerce	16.0	14.0	14.0	14.0
Labor and Training	409.7	390.7	390.7	390.7
Revenue	604.5	602.5	602.5	602.5
Legislature	298.5	298.5	298.5	298.5
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0
General Treasurer	89.0	89.0	89.0	89.0
Board of Elections	13.0	13.0	13.0	13.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	45.0	45.0	45.0	45.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	53.0	52.0	52.0	52.0
<b>Subtotal - General Government</b>	<b>2,438.9</b>	<b>2,406.9</b>	<b>2,406.9</b>	<b>2,406.9</b>
<b>Human Services</b>				
Health and Human Services	192.0	186.0	186.0	186.0
Children, Youth and Families	629.5	621.5	642.5	621.5
Health	517.6	499.6	499.6	499.6
Human Services	1,030.1	1,038.1	1,038.1	1,038.1
BHDDH	1,304.4	1,189.4	1,189.4	1,189.4
Child Advocate	10.0	10.0	10.0	10.0
Deaf and Hard of Hearing	4.0	4.0	4.0	4.0
Commission on Disabilities	4.0	4.0	4.0	4.0
Mental Health Advocate	4.0	4.0	4.0	4.0
<b>Subtotal - Human Services</b>	<b>3,695.6</b>	<b>3,556.6</b>	<b>3,577.6</b>	<b>3,556.6</b>
<b>Education</b>				
Elementary and Secondary	321.1	325.1	325.1	325.1
Higher Education	4,394.3	4,384.3	4,384.3	4,384.3
Arts Council	8.6	8.6	8.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Historical Preservation	15.6	15.6	15.6	15.6
<b>Subtotal - Education</b>	<b>4,748.2</b>	<b>4,742.2</b>	<b>4,742.2</b>	<b>4,742.2</b>

## Full-Time Equivalent Positions

	FY 2019 Final	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final
<b>Public Safety</b>				
Attorney General	237.1	239.1	239.1	239.1
Corrections	1,416.0	1,411.0	1,411.0	1,411.0
Judicial	723.3	726.3	726.3	726.3
Military Staff	92.0	92.0	92.0	92.0
Emergency Management	32.0	32.0	32.0	32.0
Public Safety	563.6	593.6	593.6	593.6
Public Defender	95.0	96.0	96.0	96.0
<b>Subtotal-Public Safety</b>	<b>3,159.0</b>	<b>3,190.0</b>	<b>3,190.0</b>	<b>3,190.0</b>
<b>Natural Resources</b>				
Environmental Management	395.0	394.0	394.0	394.0
CRMC	30.0	30.0	30.0	30.0
<b>Subtotal-Natural Resources</b>	<b>425.0</b>	<b>424.0</b>	<b>424.0</b>	<b>424.0</b>
<b>Transportation</b>				
Transportation	755.0	755.0	755.0	755.0
<b>Subtotal-Transportation</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>
<b>Total Positions</b>	<b>15,221.7</b>	<b>15,074.7</b>	<b>15,095.7</b>	<b>15,074.7</b>





## House Fiscal Advisory Staff

**Patricia Arruda**

*Legislative Budget Analyst*

RI Ethics Commission  
Office of the Governor  
Department of Human Services  
Department of Elementary and Secondary  
Education

**Kathleen Morgan**

*Administrative Assistant*

**Christopher O'Brien**

*Committee Clerk*

**Robert E. Carr**

*Legal Counsel*

**John Collins, II**

*Legislative Budget Analyst*

Office of the Lieutenant Governor  
Department of Children, Youth and Families  
Office of the Child Advocate  
Department of Corrections  
Military Staff

**Molly Ogren**

*Legislative Budget Analyst*

RI Commission for Human Rights  
Public Utilities Commission  
Historical Preservation and Heritage Commission  
Department of Public Safety  
Department of Environmental Management  
RI Resource Recovery Corporation

**Timothy Donahue**

*Legislative Budget Analyst*

Executive Office of Commerce  
Department of Business Regulation  
Department of Revenue  
RI Council on the Arts

**Liza Pinto**

*Deputy House Fiscal Advisor*

Legislature  
Office of the General Treasurer  
Judicial Department  
RI Emergency Management Agency

**Hideilda Flores**

*Administrative Assistant*

**Chantale Sarrasin**

*Principal Legislative Budget Analyst*

Department of Administration  
Department of Health  
Commission on the Deaf and Hard of Hearing  
Governor's Commission on Disabilities  
Department of Transportation  
RI Public Transit Authority  
RI Airport Corporation  
Turnpike and Bridge Authority

**Sharon Reynolds Ferland**

*House Fiscal Advisor*

**Linda M. Haley**

*Principal Legislative Budget Analyst*

Executive Office of Health and Human Services  
Department of Behavioral Healthcare,  
Developmental Disabilities and Hospitals  
Office of the Mental Health Advocate  
Office of the Attorney General  
Office of the Public Defender

**Mark Singleton, II**

*Legislative Budget Analyst*

Department of Labor and Training  
Secretary of State  
Board of Elections  
Public Higher Education  
RI Atomic Energy Commission  
Coastal Resources Management Council  
RI Infrastructure Bank  
Narragansett Bay Commission