
Section III

Agency Analyses

Department of Administration

	FY 2015	FY 2015	FY 2016	FY 2016
	Enacted	Final	Recommended	Enacted
Expenditures by Program				
Central Management	\$ 2,502,964	\$ 3,241,411	\$ 3,790,943	\$ 3,790,943
Accounts & Control	3,973,748	3,826,318	4,080,143	4,080,143
Office of Management & Budget	4,079,510	4,250,688	4,038,196	4,146,713
Purchasing	2,979,452	2,897,538	3,085,408	3,085,408
Auditing	1,434,565	1,391,916	1,476,262	1,476,262
Human Resources	10,606,059	10,122,167	10,371,075	10,371,075
Personnel Appeal Board	75,216	119,071	119,874	119,874
General	60,490,846	54,253,402	52,486,353	61,669,353
Debt Service	219,262,055	193,214,238	149,082,732	150,262,732
Legal Services	2,039,872	2,143,176	2,166,696	2,166,696
Facilities Management	35,730,262	38,965,311	37,681,225	37,681,225
Capital Projects and Prop. Mgt.	1,252,875	1,268,795	4,204,980	3,612,931
Information Technology	33,809,293	43,840,084	38,286,855	39,971,076
Library Programs	2,066,684	2,136,544	2,118,428	2,434,428
Planning	20,891,914	28,027,643	5,644,655	5,644,655
Energy Resources	5,740,201	10,839,223	10,601,458	10,601,458
Construction Permitting, Approvals & Licensing	2,823,428	2,772,832	3,024,913	3,024,913
Statewide Savings	(8,285,691)	-	(25,325,000)	(8,225,000)
Rhode Island Health Benefits Exchange	23,433,222	52,502,050	30,926,620	30,926,620
Diversity, Equity & Opportunity	859,481	974,210	1,190,135	1,190,135
Total	\$ 425,765,956	\$ 456,786,617	\$ 339,051,951	\$ 368,031,640
Expenditures by Category				
Salaries and Benefits	\$ 66,259,497	\$ 71,801,513	\$ 55,097,400	\$ 71,613,868
Contracted Services	25,630,659	58,163,451	34,925,561	34,925,561
Subtotal	\$ 91,890,156	\$ 129,964,964	\$ 90,022,961	\$ 106,539,429
Other State Operations	34,078,453	36,084,366	32,159,448	32,575,448
Aid to Local Units of Government	11,104,987	11,104,987	11,436,698	11,436,698
Assistance, Grants, and Benefits	26,720,782	38,573,968	15,334,267	18,159,267
Capital	36,139,009	40,431,479	41,115,845	49,158,066
Capital Debt Service	219,162,055	193,114,238	148,982,732	150,162,732
Operating Transfers	6,670,514	7,512,615	-	-
Total	\$ 425,765,956	\$ 456,786,617	\$ 339,051,951	\$ 368,031,640
Sources of Funds				
General Revenue	\$ 268,843,237	\$ 250,073,307	\$ 173,930,982	\$ 197,494,291
Federal Aid	51,493,455	89,252,942	43,302,629	43,302,629
Restricted Receipts	36,398,746	33,430,042	29,795,027	28,853,407
Other	69,030,518	84,030,326	92,023,313	98,381,313
Total	\$ 425,765,956	\$ 456,786,617	\$ 339,051,951	\$ 368,031,640
FTE Authorization	710.7	710.7	710.7	711.7

Summary. The Department requested FY 2016 expenditures totaling \$444.0 million from all sources of funds. This is \$18.2 million more than enacted, including \$14.1 million more from general revenues, \$3.9 million or 28.3 percent of which is for debt service adjustments and it includes the distribution of \$3.4 million in statewide savings. The request includes \$23.7 million for HealthSource RI; \$9.2 million is from federal funds and \$14.4 million is from an unidentified source. The request includes \$46.3 million from restricted receipts, \$9.9 million more than enacted to primarily reflect expenditures for the Regional Greenhouse Gas Initiative and information technology projects funded from the Information Technology Investment Fund.

The Governor recommended \$339.1 million from all funds, including \$173.9 million from general revenues. The recommendation is \$105.0 million less than requested to reflect the Governor's debt restructuring savings of \$64.5 million, \$25.3 million in statewide savings, of which \$22.0 million is from personnel. The recommendation also reflects the transfer of the Rhode Island Film and Television Office and the Office of Housing and Community Development functions to the Executive Office of Commerce. The Governor subsequently requested several amendments to reflect revised project costs or delays.

The Assembly provided \$368.0 million from all funds, including \$197.5 million from general revenues. This is \$29.0 million more than recommended, to reflect the restoration of \$17.0 million of personnel savings; \$2.0 million to the Rhode Island Transit Authority, \$6.4 million more from Rhode Island Capital Plan funds and additional expenditures from the Information Technology Investment Fund. It authorized staffing of 711.7 full-time equivalent positions.

Target Issues. The Budget Office provided the Department with a general revenue target of \$273.6 million. The amount includes current service adjustments of \$11.6 million and a 7.5 percent target reduction totaling \$7.0 million, adjusted for certain exclusions. The constrained request met the target level. The Department includes revenue enhancements of \$2.5 million to offset the increase above the current service budget. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$99.7 million less general revenues than the target. The enacted budget is \$76.1 million less than the target.*

FY 2016 Budget	Budget Office	Department of Administration	Difference
FY 2015 Enacted	\$ 268,843,237	\$ 268,843,237	\$ -
Current Service Adjustments	11,575,714	12,701,793	1,126,079
New Initiatives	-	1,406,629	1,406,629
Change to FY 2015 Enacted	\$ 11,575,714	\$ 14,108,422	\$ 2,532,708
FY 2016 Current Service/ Unconstrained Request	\$ 280,418,951	\$ 282,951,659	\$ 2,532,708
Target Reduction/Initiatives	(6,797,165)	(9,329,873)	(2,532,708)
FY 2016 Constrained Target/Request	\$ 273,621,786	\$ 273,621,786	\$ -
<i>Change to FY 2015 Enacted</i>	\$ 4,778,549	\$ 4,778,549	\$ -

Staffing Authorization. Consistent with the enacted and revised budgets, the Department requested staffing of 710.7 full-time equivalent positions. This includes five new positions, one in the Office of Energy Resources and two each in the Office of Diversity, Equity and Opportunity and the Division of Human Resources. The request also includes a number of transfers within department functions. The 2014 Assembly concurred with the Governor's recommendation to eliminate 8.0 unidentified positions in the Department. The Department should have adjusted its budget accordingly in order to reflect its priority. Instead, the request further increases the unidentified positions by five, without identifying where the potential impacts might be.

The Governor recommended the authorized level of 710.7 full-time equivalent positions, consistent with the request. However, to the request, it adds one new position in Central Management, to coordinate all

public information requests in the Director's Office; 7.0 positions for HealthSource, six were previously in the Office of the Governor; and 1.0 new architect position for the review of I-195 Redevelopment projects. It also reflects the transfer of 13.6 positions to the Executive Office of Commerce. **The Assembly concurred, with the exception of transferring the ombudsman position to the Department of Business Regulation.**

Statewide

Distributed Statewide Medical Benefit Savings. The request reflects the distribution of \$8.3 million from all funds, of which \$3.4 million is from general revenues for statewide medical benefit savings, which were included in the Department of Administration for later distribution. *The Governor recommended funding as requested.* **The Assembly concurred.**

CurrentCare Health Information Exchange. The Department requested the enacted amount of \$225,000 from general revenues for the Health Information Exchange, an electronic network that gives medical professionals access to their patients' health information. The state pays a \$1 per member per month fee for state employees, though funding in the enacted budget is for six months, which will end the state's contribution to the system on December 31, 2014. The state's contribution in FY 2014 was \$422,373, a monthly average of \$35,198. The enacted budget reflects the Department's FY 2015 constrained proposal, which reduced the state's contribution by half.

The FY 2016 constrained budget eliminates funding for the system. The state's decision to contribute as a self-insured employer set an example and provided an incentive for other self-insured employers to contribute to the Health Information Exchange's funding model. The Department indicated that the total loss of state support could jeopardize the project. The *CurrentCare* Health Information Exchange indicated that one of the benefits this system provides is the avoidance of duplicating laboratory tests.

The Governor recommended funding consistent with the constrained request. Subsequently, the Administration indicated that it would seek an alternative mechanism to support the system. **The Assembly concurred.**

Personnel Reform Savings. The Governor had planned to negotiate with labor unions to achieve the savings in addition to proposals contained in Article 22, which removes certain protections and parity provisions to provide flexibility on hires, lay-offs and medical benefits. She subsequently requested an amendment to rescind some of the proposals. *The recommended budget includes \$22.0 million in general revenue savings from statewide personnel savings.* **The Assembly did not adopt the proposed measure and restored \$17.0 million of the savings requiring that \$5.0 million in savings would still be achieved.**

Statewide Operational Savings. The Division of Purchasing and Bureau of Audits will review recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings. The Department will also obtain outside services to identify the savings. *The Budget assumes undistributed statewide general revenue savings of \$2.0 million.* **The Assembly concurred.**

Energy Procurement. The Office of Energy Resources will establish a competitive procurement program for the state's electricity supply. The Office also expects additional savings may be attained through energy efficiency efforts. *The Governor recommended general revenue savings of \$1.0 million.* **The Assembly concurred.**

Printing Savings. The Division of Information Technology will conduct a review of state printing to reduce the number of office printers. *The budget includes general revenue savings of \$0.1 million in printing costs.* **The Assembly concurred.**

Telephone Savings. The Division of Information Technology will conduct a review of desk phones to identify and eliminate unused and underused telephone lines. *The budget includes \$0.1 million in general revenue savings from this.* **The Assembly concurred.**

Legal Notices. The Governor proposed legislation in Article 27 to allow legal notices and advertisements to be posted electronically in lieu of in a newspaper, provided that the intent to do so is advertised where notice or advertisement is currently required to be published for three consecutive weeks. *The recommended budget assumes a statewide general revenue savings of \$0.1 million. The Governor requested an amendment on March 25 to rescind this article.* **The Assembly concurred and restored the savings.**

Local Aid

Library Aid. The Department requested the enacted amount of \$8.8 million to level fund state support of public libraries. The request is \$1.1 million or 12.2 percent less than allowed under current law. Rhode Island General Laws require the state to provide financial support to public libraries equal to 25.0 percent of the second prior fiscal year's local expenditures for library services. The Assembly enacted legislation during the 2008 and 2009 sessions to reduce the maintenance of effort requirement for municipalities to provide library services at 80.0 percent of the previous year's amount.

The chief library officer annually determines each municipality's compliance with the maintenance of effort by comparing appropriation and expenditure amounts as reported by the libraries or the municipalities. In the event that a municipality has failed to meet the maintenance of effort requirement, the chief library officer will notify the municipality that it is not eligible for a state grant in aid. A municipality that is deemed ineligible may request a waiver from the requirement by submitting a letter to the chief library officer. *The Governor recommended funding as requested.* **The Assembly concurred.**

Library Construction Aid. Consistent with the current service estimate, the Department requested \$2.7 million for library construction aid, \$331,711 more than enacted to reflect current funding requirements for FY 2016 based on updated cost information, interest rates, and construction schedules for approved projects. The increase primarily relates to the completion of a library constructed in Tiverton. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. Reported expenditures were \$2.5 million each in FY 2014 and FY 2013, and \$2.8 million in FY 2012. The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects. Effective July 1, 2014, the Office could begin to accept applications; however, as of December 19, it has not received any applications. *The Governor recommended funding as requested.* **The Assembly concurred.**

Commerce Corporation

Executive Office of Commerce. The 2013 Assembly adopted several pieces of legislation pertaining to economic development. One of which created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office will oversee and serve as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce will have powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The budget request does not reflect these changes.

The budget reflects the transfer of various functions and funding from the Department to the Executive Office of Commerce. This includes 13.6 full-time equivalent positions from the Rhode Island Film and Television Office and the Office of Housing and Community Development. The budget maintains the

Department of Business Regulation as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Council on the Arts.

Commerce Corporation - Operations. The Department of Administration's budget includes the enacted amount of \$4.0 million from general revenues to support general operations of the Corporation.

The FY 2016 budget request submitted by the Corporation to the Department includes expenditures of \$10.2 million, including a state appropriation of \$7.5 million, which accounts for 73.3 percent of the Corporation's budget. This is \$3.5 million more than enacted, including \$3.0 million to fund a statewide tourism initiative and \$0.4 million to be used upon board approval for leveraging federal and state funds as part of economic development projects. The Corporation's request includes \$3.8 million to support salary and benefit costs for 40.0 full-time equivalent positions. The request includes \$0.1 million for raises that would be awarded to employees based on performance. As of December 2014, the Corporation had 2.0 positions vacant. The request assumes use of \$1.4 million in unrestricted carry forward funds from FY 2015 and the projected ending balance for FY 2016 would be \$0.1 million in unrestricted cash.

The Department's constrained request reduces the Corporation's operating budget by \$0.3 million, and the Administration indicated that this could be achieved by eliminating 3.0 full-time positions. *The Governor transferred funding to the Executive Office of Commerce. The Assembly concurred.*

Volvo Ocean Race. The request reflects the removal of \$775,000 for one-time expenditures relating to the Volvo Ocean Race. The City of Newport hosted a race on May 17, 2015, which will occur in FY 2015. *The Governor concurred. The Assembly concurred.*

Innovate RI Small Business Program. The request includes the enacted amount of \$0.5 million from general revenues to support the Innovate RI Small Business and the Bioscience and Engineering Internship Programs. The Science and Technology Advisory Council developed guidelines to administer the programs. To be eligible, a business must meet the following conditions: be a Rhode Island-based business with 50 or fewer employees and have at least 51.0 percent of its employees residing in the state. A business must also certify that at least 51.0 percent of its research will be conducted in the state. Pursuant to the guidelines, an applicant may receive a matching grant of 30.0 percent of the amount of the recipient's federal award with a maximum matching grant not to exceed \$45,000.

Since its inception in FY 2014, the program has provided 46 grants totaling \$0.7 million to Rhode Island based companies with fewer than 50 employees. These grants have provided training opportunities for 26 interns. Funding has also been used for grant preparation support for seven companies and matching funds to 14 federal Small Business Innovate Research Phase I award recipients. According to the Council, the state matching funds have leveraged \$2.5 million in federal grants from the Departments of Defense and Energy, the National Science Foundation and the National Institutes of Health. *The Governor transferred this program to the Executive Office of Commerce. The budget assumes \$1.0 million in general revenue funding.*

The Assembly concurred and adopted legislation in Article 19 of 2015-H 5900, Substitute A, as amended, to remove the matching loan provision for phase II proposals. It also increased the maximum grant amount from \$100,000 to \$150,000.

I-195 Redevelopment District Commission. The request includes the enacted amount of \$0.3 million from general revenues to support the operations of the I-195 Redevelopment District Commission. The Commission was created by the 2011 Assembly as the responsible authority for the sale, marketing and oversight of land made available as a result of the relocation of Interstate 195.

The budget submitted by the Commission totaled \$1.4 million from all funds, including \$1.1 million from general revenues and \$0.3 million from Rhode Island Capital Plan funds. The request assumes \$0.1 million in carry forward funds from FY 2015. It includes \$0.3 million to fund two positions, an executive director and a project director; \$0.5 million for operating expenses, such as leases, insurance, and audit costs and \$0.4 million for contractual services such as legal services.

The Governor transferred this to the Executive Office of Commerce. She recommended \$1.1 million from all funds, including \$0.8 million from general revenues and \$0.3 million from Rhode Island Capital Plan funds. The recommendation also assumes use of \$0.1 million available from FY 2015 unexpended funds.
The Assembly concurred.

Slater Technology Fund Phase-Out. The request includes the enacted amount of \$150,000 from general revenues for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures. The state was awarded a total of \$13.2 million as part of the federal State Small Business Credit Initiative, \$9.0 million of which was allocated to the Slater Technology Fund. Provided that returns on investments are received, the fund would eventually be self-sustaining.

The Slater Centers for Excellence was created in 1997; however, the Governor issued an executive order in 2005 to merge all the Centers into the Slater Technology Fund. The request brings funding to date to \$46.3 million. *Consistent with the revised recommendation, the Governor did not include funding for FY 2016.* **The Assembly concurred.**

Airport Impact Aid. Consistent with the enacted budget, the Department requested \$1.0 million for the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs. *The Governor recommended \$1.0 million from general revenues; however, funding for this is reflected in the Executive Office of Commerce.* **The Assembly concurred.**

Community Service Grants. The Department requested the enacted amount of \$0.9 million for all community service grants. There are 15 grants passed through the Commerce Corporation and six grants are administered by the Department of Administration. *The Governor transferred all community service grants administered by the Commerce Corporation to the Executive Office of Commerce.*

The Assembly concurred and provided an additional \$0.8 million from general revenues, including \$0.3 million for the Adams Library, \$0.1 million for the Center for Women and Enterprise, \$0.3 million for Central Falls shared services and \$0.1 million for planning support to Cranston.

Experimental Program to Stimulate Competitive Research (EPSCoR). The Department's request includes the enacted amount of \$1.2 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is the 11th installment totaling \$13.0 million of state funds, which are necessary to receive federal grant awards of \$3.0 million per year to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. Initially, this was a three-year commitment, which ended in FY 2011. FY 2015 will be the last year of the second five-year commitment. The Science and Technology Advisory Council indicated it has submitted an application to continue the program, which would require state support for FY 2016 through FY 2020.

Since 2006, the Council has distributed \$9.8 million in collaborative research grants to 65 teams working on advances in marine sciences, biologics, energy, aquaculture, brain science and medical devices. *The Governor recommended \$1.2 million from general revenues; however, funding for this is reflected in the Executive Office of Commerce.* **The Assembly concurred.**

HealthSource RI

Summary. The Patient Protection and Affordable Care Act of 2010 required that states establish exchanges, a marketplace for individuals/families and small businesses to compare policies and premiums, and purchase health insurance. The creation of the state's Health Benefits Exchange avoided federal intervention had the state not done so by January 1, 2013. States had the option of: operating their own exchanges, establishing state/federal partnership, whereby states manage certain functions and or default to the federally facilitated marketplace. The Act also required that state based exchanges be self-sustaining beginning on January 1, 2015; however, the FY 2015 enacted budget was predicated on the assumption that HealthSource would receive approval from the Centers on Medicare and Medicaid Services to use federal funds for its operations through FY 2015. Preliminary information from HealthSource suggests that it received approval to extend the use of certain grants.

Through 2014, HealthSource received a total of \$146.6 million in federal funding. Of this amount, \$75.9 million has been spent, leaving a balance of \$70.7 million. The request assumes use of \$61.4 million in FY 2015 and the remaining \$9.2 million in FY 2016. The FY 2016 request is for \$23.7 million, including use of the remaining \$9.2 million from federal funds plus an additional \$14.4 million from an unidentified source. The cover letter that was submitted with the request states that "state based marketplaces must pay for basic operational expenses in calendar year 2015 because the vast majority of state based marketplaces already have a revenue source in state statute to fund their operations." According to the Commonwealth Fund, of the 17 states and the District of Columbia that opted to operate state based exchanges, 14 have a funding mechanism.

The Governor included legislation in Article 28 of 2015-H 5900 establishing a health reform assessment, which would take effect on January 1, 2016 on all health insurance premiums sold inside and outside of the exchange on the small group and the individual markets to support the operations of HealthSource. The legislation allows the Secretary of Health and Human Services to set the assessment equal to the budget for the Exchange. However, the assessment upon each market must be in proportion to anticipated enrollment for each market. It authorizes the Health Benefits Exchange to set-off the amount of delinquency against any payments due to that health insurance carrier if assessment payments are more than 30 days late. This is estimated to generate \$11.8 million in calendar year 2016. The recommended budget assumes use of \$6.2 million in FY 2016.

She subsequently requested an amendment to establish the exchange into general law as a division within the Department. The legislation authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$7.1 million in calendar year 2016, of which \$3.6 million is budgeted for FY 2016.

The Assembly adopted legislation in Article 18 of 2015-H 5900, Substitute A, as amended, essentially consistent with the Governor's subsequent proposal. It also provided \$2.6 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource.

Contracts. The FY 2016 budget submitted by the Department includes expenditures totaling \$23.7 million, including \$9.2 million from federal funds. Of the requested amount, \$20.2 million or 85.3 percent is for consultant services for the contact center, the Exchange's share of the Unified Health Infrastructure Project and other contractual costs. This reflects an increase of \$1.2 million from the enacted budget of \$19.0 million. *The Governor recommended a total of \$27.9 million from federal funds and the health reform assessment for contracted services. This is \$8.9 million more than enacted and is \$7.7 million more than requested to reflect delays from FY 2015. The Assembly concurred.*

Technology Services. The Department requested expenditures of \$7.6 million, including \$4.9 million from federal funds for information technology related services to be provided by Deloitte, Software AG and CSG Consultants Inc. for several technology projects. This is \$0.5 million less than enacted. The request includes \$5.1 million for design and development costs relating to the Unified Health Infrastructure Project, a web-based system to be used by the general public to apply for state programs online and to buy health insurance. Deloitte Consulting is developing a premium billing module to facilitate the invoicing, collections, and customer service needs related to monthly premium payments and disbursement of payments to participating insurance carriers. It also includes \$0.5 million for independent verification and validation services to be provided by CSG Consultants Inc. *The Governor recommended \$1.8 million less than requested to reflect anticipated expenditures.* **The Assembly concurred.**

Contact Center and Small Business Program. The request includes a total of \$4.4 million, of which \$0.8 million is from federal funds for expenditures related to the contact center, which provides customer service and handling of incoming calls. The request includes new expenditures of \$1.5 million to provide specialized support for the small business program to increase outreach and enrollment efforts and \$2.9 million, or \$0.7 million more for the contact center customization needs within the contract. The request is \$2.2 million more than enacted and it assumes that the Office of Health and Human Services will cover 80.0 percent or \$11.6 million of the cost of the contact center with Medicaid funds. *The Governor recommended \$0.7 million less than requested to reflect anticipated expenditures.* **The Assembly concurred.**

Communication, Media and Training Services. The request includes \$2.6 million, \$0.6 million more than enacted for communications and media, print, outreach, as well as training services. HealthSource RI also contracted with the Rhode Island Health Center Association to provide one-on-one, face-to-face application and enrollment assistance to Rhode Islanders. These expenditures account for 10.9 percent of the budget request. Reported expenditures for FY 2014 totaled \$3.0 million, \$4.7 million below the final appropriation. *The Governor recommended \$1.5 million less than requested to reflect anticipated expenditures.* **The Assembly concurred.**

Data, Analytics and Other Services. The request includes \$5.6 million, of which \$1.9 million is from federal funds for all other contractual services, including data, analytical, legal, actuarial and audit services. This is \$1.2 million less than enacted. The request includes \$0.5 million for services to be provided by the Wakely Consulting Group for the development of the Exchange's business process, developing a financial sustainability model and assisting HealthSource staff with health plan certification and qualification; \$0.8 million to obtain outside legal services and \$0.2 million for audit services, including an independent financial statement audit of the Trust Fund. It also includes \$4.0 million for data and analytical services, for which HealthSource will hire a contractor to help design and implement a data analysis system that will fully facilitate federal and state reporting. *The Governor recommended \$11.7 million more than requested to primarily reflect delays from FY 2015.* **The Assembly concurred.**

Salaries and Benefits. The Department includes \$2.6 million, all from an unidentified source to support 15.0 full-time equivalent positions. The request includes medical benefit savings, the cost-of-living adjustment and benefit rate changes consistent with the FY 2016 planning values. The request is \$0.8 million less than enacted to primarily reflect removal of funds for positions that were not authorized in the enacted budget. The request does not assume any turnover savings for which the enacted budget includes \$0.2 million.

Of the authorized 15.0 full-time positions, nine are in the Department of Administration and six appear in the Office of the Governor. By definition, all positions in the Office of the Governor are unclassified. These appear to be included to preserve the unclassified status of the positions. All positions are classified unless specified in the law. There is no statutory authority for Healthsource, therefore no

authority for the positions to be unclassified. As of the pay period ending January 24, 2015, the Office had ten positions filled, resulting in five vacancies, including four in the Department of Administration and one in the Office of the Governor, consistent with filled positions reported on December 13, 2014. *The Governor recommended \$2.4 million for all salaries and benefits, consisting of \$1.0 million from federal funds and \$1.4 million from restricted receipts. This is \$0.2 million less than requested to reflect additional turnover savings. The Governor also proposed legislation to add six positions to the unclassified service. The Assembly concurred and enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, to add the positions to the unclassified service.*

Leased Space and Other Operations. The request includes \$0.9 million from an unidentified source of funds for operating costs for HealthSource. The request is \$0.1 million less than enacted, to primarily adjust costs for rental spaces for which the enacted budget included \$0.6 million; however, the space that was obtained cost less than the amount budgeted. HealthSource signed a seven-month lease, effective June 1, 2014. It has four one-year renewal options. Per the lease agreement, monthly rent for year two through year five ranges from \$12,915 to \$14,219 and it also assumes an annual amount of \$90,000 for parking space. All other operating expenses are \$0.6 million, including \$0.3 million for printing and the remaining \$0.3 million is for postage, travel, insurance and office supplies. *The Governor recommended \$0.6 million from the health reform assessment to fund operating costs. The recommendation is \$0.3 million less than requested. The Assembly concurred.*

Office of Energy Resources

Regional Greenhouse Gas Initiative. The Department requested expenditures of \$9.1 million or \$4.9 million more than enacted from the Regional Greenhouse Gas Initiative restricted receipt fund. The receipts are derived from the sale of carbon emission credits through an auction process. To date, 26 regional auctions have been held for a total of \$1,935.0 million. Rhode Island's share of that is \$35.7 million. The state was allocated just over 2.6 million tons of emission allowances. These allowances can be sold to energy producers in Rhode Island to offset the emissions they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs. The Office reported that a staffing shortage prevented it from completing the 2012 Allocation Plan, therefore expenditures for FY 2013 could not be made. At the end of FY 2014, the fund balance was \$15.9 million. The FY 2015 and FY 2016 requests reflect the Office's intent to disburse prior grants for various projects.

The 2014 Assembly adopted legislation to allow the Department of Environmental Management and the Office to use up to 10.0 percent or \$0.3 million, whichever is greater of the auction proceeds for administrative costs. The request includes \$0.4 million for operations, \$0.2 million more than enacted; all but \$1,310 is for salaries and benefits. The request includes \$0.1 million to fund a new position and includes \$0.1 million more to reflect more staff time being allocated to the initiative, the cost-of-living adjustment as well as benefit rates consistent with the planning values for FY 2016.

The Governor concurred and provided an additional \$1,766 for licensing costs associated with Microsoft Office 365. The Governor also included legislation in Article 24 establishing the Rhode Island Infrastructure Bank. It authorized the Bank to create an efficient buildings fund. The Budget assumes \$3.0 million from 2014 Regional Greenhouse Gas Initiative auction proceeds would go to the Bank. The Assembly concurred and adopted the legislation in Article 14 of 2015-H 5900, Substitute A, as amended.

All Other Salaries and Benefits. The Department requested \$1.1 million from federal and restricted sources to fund all other salary and benefit costs in the Office of Energy Resources. This is \$29,959 more than enacted, including \$21,290 for two interns. The request includes the cost-of-living adjustment and benefit rates consistent with FY 2016 planning values. The request includes a shift of \$0.1 million of salary and benefit costs from federal funds to reflect the end of a grant to available restricted receipts from

the Demand Side Management Fund. Consistent with the enacted budget, the request does not assume any turnover savings. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Projects and Operations. The Department requested \$0.3 million from federal and restricted sources for all other energy related projects and operating costs. This is \$0.1 million less than enacted, including \$48,221 less from federal funds from the Department of Energy for a three-year project to implement activities relating to a number of programmatic areas such as building codes and standards, alternative fuels, industrial efficiency, building efficiency, and solar and renewable technologies. It also includes a reduction of \$79,885 from restricted sources based on anticipated receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Service

38 Studios Debt Service. Consistent with the current service estimate, the Department requested \$12.5 million to reflect the actual debt service due relating to 38 Studios. Legislation contained in Chapter 29 of 2010 Public Laws authorized the Economic Development Corporation to establish a Job Creation Guaranty Program and allowed guaranteed loans in an amount not to exceed \$125.0 million. In 2010, the Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program. The 2013 Assembly repealed this program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Historic Structures Tax Credit. Consistent with the current service estimate, the request includes \$31.7 million from general revenues to fund debt service costs for historic tax credits. This is \$6,563 more than enacted and assumed \$75.0 million in new bonds in FY 2014 to cover expected credits; however, based on available proceeds in the Fund, the issuance did not occur.

The debt comes from the 2008 Assembly's legislation, which significantly modifies the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. As of October 31, 2014, the Division of Taxation had conditionally approved projects totaling \$49.9 million. The Historical Preservation and Heritage Commission has reviewed and provided Phase II approval for 32 projects totaling \$42.3 million. *The Governor recommended \$0.3 million less than requested to reflect savings from a delay in issuance.* **The Assembly concurred.**

RI Public Transit Authority Debt Service. The Department's request includes the enacted amount of \$1.8 million from general revenues for the Rhode Island Public Transit Authority's debt service payment. Initially, the Authority's debt service payment was proposed to be paid with general revenues for two years in order to help reduce the Authority's projected operating shortfalls in FY 2013 and FY 2014. However, the 2014 Assembly concurred with the Governor's recommendation for a third payment with general revenues and it also adopted legislation to transfer 5.0 percent of funding from the surcharges enacted in 2011 and motor vehicle fees to the Authority to support its operations beginning in FY 2016. The five-year forecast assumed that the debt service payment would be covered by the Authority's sources.

The Governor recommended that the Authority's debt service payments be made with general revenues in lieu of Authority sources for an additional year. She included \$1.7 million from general revenues, \$0.1 million less than enacted to reflect anticipated debt service. **The Assembly concurred and provided an additional \$2.0 million from general revenues for operating support.**

Transportation Debt Service. The 2014 Assembly adopted multiple changes to transportation funding beginning in FY 2015, including the allocation of transportation related fees and other sources to the Highway Maintenance account to be used primarily by the Department of Transportation for transportation related expenses. Consistent with the current service estimate and the enacted budget, the request includes \$47.9 million for transportation related debt service, including \$19.3 million from the Highway Maintenance restricted receipts, \$1.9 million from federal funds and \$26.8 million from gasoline tax proceeds. It should be noted that the Department of Transportation's budget includes debt service costs of \$48.5 million, which is \$0.6 million above the request shown in the Department of Administration's budget. The Budget Office subsequently indicated that the debt service is estimated at \$47.9 million. *The Governor recommended \$47.9 million, \$0.1 million less than requested to reflect anticipated debt service costs.* **The Assembly concurred.**

Convention Center Authority. The request includes \$23.0 million from general revenues for debt service for the Convention Center Authority, \$5,989 less than enacted and consistent with the current service estimate. Under the terms of the lease agreement between the state and the Authority, the minimum rentals payable by the state in any fiscal year are equal to the gross debt service costs in that year; the state would be responsible for covering any operating shortfalls and recoups any operating profits.

The Authority's FY 2016 operating budget request totaled \$52.9 million, of which \$25.7 million or 48.5 percent is from state sources. This includes \$23.0 million for the aforementioned debt service and \$2.7 million from Rhode Island Capital Plan funds to renovate the Convention Center, the Dunkin' Donuts Center and the Veterans Memorial Auditorium. The remaining \$27.2 million of expenditures are supported by events, parking, rental, and food and beverage revenues from the three entities: the Convention Center, the Dunkin' Donuts Center and the Veterans Memorial Auditorium. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Restructuring. The Governor's recommendation includes a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. Although the specific debts and amounts have not been identified, the budget includes savings of \$64.5 million in FY 2016, with anticipated FY 2017 savings of \$19.4 million. The state's debt service would increase in FY 2018, remain flat in FY 2019 and then increase by approximately \$15.0 million per year from FY 2020 to FY 2025 as compared to the current debt structure. In total, an additional \$90.0 million of long term debt will be incurred to save the projected \$83.9 million during the next two fiscal years. *The Governor included savings of \$64.5 million from general revenues in FY 2016.* **The Assembly concurred.**

All Other Debt Service. Consistent with the current service estimate, the request includes \$108.2 million from all funds for all other debt service costs. This is \$3.8 million more from general revenues than enacted. This includes \$32.7 million or \$1.4 million more from Certificates of Participation for technology and energy conservation related projects. It includes an additional \$2.3 million for general obligation bond debt service for projected new issuances. The request includes the enacted amount of \$0.5 million for the I-195 land acquisition project and \$3.3 million 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 \$5.4 million less; all but \$14,142 is from general revenues to primarily reflect general obligation debt service. Subsequently, the Budget Office indicated that the debt service schedule for the School for the Deaf requires that the \$1.2 million related to the principal payment budgeted in FY 2015 be made in FY 2016.* **The Assembly concurred and adjusted expenditures accordingly.**

Facilities Management

Utilities. The Department projected utility costs of \$19.6 million from all funds for FY 2016, including \$16.5 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is \$1.6 million more than enacted and is 2.1 percent or \$0.4 million more than FY 2015 anticipated expenditures.

Compared to the enacted budget, the request includes \$0.6 million more for electricity to reflect a rate increase implemented by National Grid in January 2014, for which funding was not included in the enacted budget. In November 2014, National Grid proposed a 23.6 percent rate increase that would be in effect from January 1, 2015, through the end of June. Based on FY 2014 reported expenditures, the impact of the rate increase to the Department would be \$417,791 from all funds, including \$375,348 from general revenues. The Public Utilities Commission approved the rate increase; however, the increase is spread over 12 months instead of 6 months, which would impact both FY 2015 and FY 2016. The request does not include funding for this, as the budget was submitted prior to the proposed increase.

The request includes \$0.3 million less for oil, primarily for the Zambarano power plant being operated on woodchips for which the Department includes \$0.4 million in expenditures. It also includes \$0.7 million more for natural gas, which is \$0.1 million or 0.9 percent more than FY 2015 anticipated expenditures and \$0.3 million more for water to reflect anticipated consumption as well as a 16.9 percent rate increase that took effect in November 2013. *The Governor recommended \$0.7 million more than requested; all but \$53,225 is from general revenues to reflect funding for the rate increases.* **The Assembly concurred.**

Building Maintenance and Snow Removal. Consistent with the revised budget, the Department requested a total of \$2.5 million from all funds, which is \$1.0 million more than enacted, including \$0.9 million from general revenues for building maintenance and snow removal expenditures. This includes \$0.7 million more for building maintenance, for which the enacted budget includes \$1.4 million. The Division is responsible for 140 state facilities, including 19 state buildings and receives maintenance requested from several agencies for painting, elevators repairs, leaking roofs and heating, ventilating and air conditioning. The request is based on reported expenditures for FY 2014, for which the Department incurred a deficit of \$0.7 million. The request includes \$0.4 million for snow plowing expenses, \$0.3 million more than enacted based on reported expenditures for FY 2014, for which the Department incurred a deficit of \$0.3 million. Due to the severity of last winter, the Department incurred more costs for snow removal and it indicated that there were several buildings that experienced heating issues.

The constrained request reduces building maintenance costs by \$0.1 million. *The Governor concurred with the constrained request and further reduced these expenditures by \$0.5 million, including \$0.3 million less for snow removal.* **The Assembly concurred.**

Salaries and Benefits. The Department requested \$10.9 million from all funds and staffing of 116.5 positions for the Division of Facilities Management. The request is \$0.7 million or 6.7 percent more than enacted. The request is \$259,900 more than the current service estimate, including \$97,003 from general revenues. This includes \$0.2 million to reflect the transfer of 2.0 positions from the utilities internal service fund to general revenues. The Department indicated that the amount of time the individuals spend on centralized services is not sufficient to offset the costs of the positions. It should be noted that the Central Utilities Fund had a \$0.2 million deficit in FY 2014. The request also includes \$47,289 more for overtime. The budget request includes \$419,400 for overtime, \$6,502 more than FY 2014 reported expenditures and is \$4,400 more than the revised request. The request includes benefit rate changes to reflect FY 2016 planning values. It assumes \$0.4 million in turnover savings, \$27,269 less than enacted and \$80,272 less than projected for FY 2015.

The Department's constrained budget shifts \$2.5 million of general revenues for salary and benefit costs for 19.8 full-time equivalent positions to Rhode Island Capital Plan funds. This includes 12.3 full-time equivalent positions from Facilities Management and 7.5 full-time equivalent positions from Capital Projects. The Department indicated that the positions would be entirely dedicated to the development, oversight, and completion of capital projects. The Department further noted that the intent of this initiative is to develop a system to capture the time spent on various projects in a transparent way. If the initiative is adopted, a billing methodology will be developed to charge staff time to individual projects. Rhode Island Capital Plan funds have been limited to use on physical assets. The funds were used nearly exclusively for debt service in the early 1990s. The voters approved a constitutional amendment in 2006 to limit the funds to be used solely for capital projects beginning in FY 2008. This initiative was included in the Department's last three budget requests.

The Governor recommended \$9.5 million from all funds, including \$8.2 million from general revenues. This is \$1.5 million less than requested, including \$1.2 million to reflect the cost of positions allocated to Capital Projects. It also includes \$0.2 million more for turnover savings and \$64,400 less for overtime.
The Assembly concurred.

Other Facilities Operations. The Department requested \$5.9 million from all sources of funds for all other expenditures for the Division. Reported expenditures for these items were \$6.0 million in FY 2014 and the request is \$53,907 more than projected for FY 2015. Expenditures for the operations of the central power plant account for more than 45.6 percent of the request and are projected to be \$0.1 million less than enacted. The contract for the operations of the power plant has two components: the direct labor paid, which is a fixed amount, and consumables, which depend on repair costs. Consistent with the revised budget, the request includes \$0.1 million in savings for janitorial services. The Department is in the process of preparing the bid documents for these services.

The request includes \$151,629 for landscaping and cleaning services at the State House and Station Park. It should be noted that the enacted budget includes the Department of Correction's constrained initiative to eliminate funding for landscaping and included a savings of \$231,386. The Department of Administration now assumes responsibility for the State House lawn and Station Park and requested funding for these expenses. It should be noted that the Department of Corrections submitted a budget requesting \$0.1 million for landscaping of Waterplace Park. *The Governor concurred and included an additional \$346 for costs associated with Microsoft Office 365.* **The Assembly concurred.**

Capital Projects

Staffing. The Department requested \$1.3 million from general revenues to fund the authorized level of 9.0 full-time equivalent positions in the Division of Capital Projects. The Division is responsible for the planning, design and construction of new state facilities and major renovations of existing buildings. The request is \$60,081 more than enacted to reflect the cost-of-living adjustment and benefit changes consistent with the planning values for FY 2016. Consistent with the enacted budget, the request does not assume any turnover savings. As of the pay period ending January 24, 2015, the Division had one position vacant, which had just occurred.

The Department's constrained budget shifts \$2.5 million of general revenues for salary and benefit costs for 19.8 positions to Rhode Island Capital Plan funds. This includes 12.3 full-time equivalent positions from Facilities Management and 7.5 full-time equivalent positions from Capital Projects. The Department indicated that the positions would be entirely dedicated to the development, oversight, and completion of capital projects. The Department further noted that the intent of this initiative is to develop a system to capture the time spent on various projects in a transparent way. If the initiative is adopted, a billing methodology will be developed to charge staff time to individual projects. Rhode Island Capital Plan funds have been limited to use on physical assets. The funds were used nearly exclusively for debt

service in the early 1990s. The voters approved a constitutional amendment in 2006 to limit the funds to be used solely for capital projects beginning in FY 2008. This initiative was included in the Department's last three budget requests.

*The Governor's budget consolidates construction, property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections and Transportation. The Governor's recommendation is \$2.9 million more from all funds than requested, including \$1.2 million for staff from Facilities Management and \$1.7 million for staff from the aforementioned departments. She subsequently requested an amendment to shift \$0.6 million from general revenues back to the Department of Environmental Management. **The Assembly concurred.***

Information Technology

Office of Digital Excellence. The request includes expenditures of \$1.0 million from general revenues to support 7.0 full-time positions and operating expenses for the Office of Digital Excellence. This is \$107,689 more than enacted, including \$43,596 for the cost-of-living adjustment and benefit rates consistent with the planning values for FY 2016. The request is \$64,093 above the current service estimate, of which \$41,824 is to restore the turnover savings included in the enacted budget and the remaining \$22,269 is for a position upgrade for the conversion of a vacant programmer analyst position to an information technology project manager. The Department noted that this position will be assigned to the Division of Motor Vehicles' technology project. The request assumes that this position will be filled by December 1. The request includes the enacted amount of \$50,000 for operating expenses.

As part of its constrained budget, the Department increased turnover savings by \$1.1 million from general revenues. This assumes an additional turnover of \$31,862 for the Office of Digital Excellence. *The Governor recommended funding consistent with the constrained request. **The Assembly concurred.***

RI Financial Accounting System Operations. The Department requested expenditures of \$1.7 million from general revenues for operational expenditures of the state's financial accounting system. This is \$85,726 more than enacted, which includes \$32,867 for salaries and benefits to primarily reflect the cost-of-living adjustment and benefit rates consistent with FY 2016 planning values for 3.5 full-time equivalent positions that support the system. Operating costs are \$52,859 more than enacted, primarily for cable, data and sonnet lines, and software and hardware contracts. Excluding salary and benefit costs, the request is \$0.1 million more than FY 2014 reported expenditures and is \$36,316 more than FY 2015 projected costs. *The Governor concurred and provided \$482 for costs associated with Microsoft Office 365. **The Assembly concurred.***

Information Technology Investment Fund. The Department's request includes a total of \$7.6 million from all funds from the Information Technology Investment Fund, \$4.5 million more than enacted. This fund was created by the 2011 Assembly for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. The 2012 Assembly transferred \$9.0 million into the fund and the 2014 Assembly adopted legislation to transfer an amount of not less than \$10.0 million from tobacco bond refinancing proceeds into the fund and it also adopted legislation to transfer 10.0 percent of the \$1.00 monthly surcharge on wireless and land lines into the fund, effective July 1, 2015, which is estimated to generate \$1.5 million annually.

The Information Technology Investment Fund Review Committee consists of five members: chief information officer, chief digital officer, director of the Office of Management and Budget or designee, a designee from the Department of Administration and the chief financial officer of the Department of

Administration approves all the projects. According to the policies and procedures adopted for use of the fund, priority is given to projects that benefit multiple agencies.

Of the \$7.6 million requested, \$5.8 million is for projects under the purview of the Office of Digital Excellence. This includes \$2.0 million to fund one-time agency projects. It also includes \$1.0 million to replace the payroll system, \$1.5 million for second year funding to replace the budgeting system, \$250,000 for the E-Local Permitting System and \$250,000 to digitize records for the Department of Environmental Management. The Department projects a FY 2016 ending balance of \$4.9 million from the fund.

The Governor recommended expenditures of \$7.5 million, \$0.1 million less than requested. The recommendation assumes that \$6.4 million in bond premiums that were deposited into the Rhode Island Capital Plan Fund in FY 2015 will be transferred into the Technology Investment Fund before June 30, 2015 to support the Unified Health Infrastructure Project. Under current law, a total of \$26.3 million from refinancing of tobacco bonds would be deposited into the Fund; the Governor's proposal limited that to \$7.3 million.

The Assembly did not concur with the Governor's proposals, resulting in net new resources of \$12.6 million. The Assembly authorized an additional \$1.7 million in expenditures in FY 2016 for the Judiciary's case management and the Department of Labor and Training's new unemployment insurance tax and benefit systems.

Other Salaries and Benefits. The Department requested expenditures of \$24.0 million from all funds, including \$15.3 million from general revenues to fund the authorized level of 187.0 full-time positions in the Division of Information Technology. This is \$1.2 million more than enacted, including \$0.9 million from general revenues. The request includes the cost-of-living adjustment and benefit rates consistent with the planning values for FY 2016. The general revenue request is \$0.2 million more than the current service estimate to reflect additional turnover savings and none allocated to the Unified Health Infrastructure Project. The request also revised the allocation percentages based on FY 2014 reported agency usage. It assumes \$0.6 million in turnover savings, for which the enacted budget assumes \$0.7 million. As of the pay period ending January 24, 2015, the Division had 14.5 full-time equivalent positions vacant, consistent with the level reported on December 13, 2014.

As part of its constrained budget, the Department proposed to lay off 8.6 full-time equivalent positions and increased turnover savings affecting various programs for a savings of \$1.3 million from all funds, including \$1.1 million from general revenues. This includes \$0.6 million in savings from the Division, including \$0.1 million in additional turnover and \$0.5 million from the elimination of 4.0 positions. The positions include a programmer analyst that supports the Department of Transportation's Oracle Business Suite. It should be noted that the Department has historically stated its hardship in hiring qualified Oracle staff. The remaining positions include a programmer analyst assigned at the Department of Environmental Management, who supports permitting and environmental programs and the remaining two positions would impact the Department of Administration's operations.

*The Governor concurred, with the exception of providing \$0.3 million less from all funds, including \$0.2 million from general revenues for additional turnover savings. **The Assembly concurred.***

All Other Operations. The Department requested revised expenditures of \$5.4 million from all funds for the Division of Information Technology, \$0.9 million less than enacted. This includes the removal of \$1.0 million due to overstated information technology costs for the Department of Transportation. Accounting for this adjustment, the request is \$3,638 more than enacted, including \$31,050 from general revenues. The request includes a savings of \$0.1 million from equipment maintenance and \$0.3 million due to the elimination of leasing costs for printers at the data center. The Department indicated that

equipment totaling \$1.8 million was purchased for the Division of Information Technology's mailroom, based on Deloitte's recommendation for increased utilization relating to the Unified Health Infrastructure Project. This includes a barcode sorter and two automated mail inserters. The equipment was funded with federal funds by the Office of Health and Human Services. The request reflects increases of \$0.1 million for various software maintenance, \$0.1 million for internet services provided by Cox Communications and \$0.1 million for staff training. The request is \$10,006 less than projected expenditures for FY 2015.

The constrained budget reduces the general revenue request by \$19,840 for licensing costs associated with Microsoft Office 365 that the Department installed in FY 2014, at a cost of \$160 per user.

*The Governor concurred with the unconstrained request; however, provided \$1,017 less from all funds to reflect anticipated costs associated with Microsoft Office 365. **The Assembly concurred.***

Human Resources

Human Resources Reorganization. In 2013, a comprehensive personnel study found that the current structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need, the recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services, and the compensation structures are non-competitive. The study included a total of 16 recommendations including restructuring the division, to be headed by a new chief of human resources that will be dedicated to establishing strategic direction and developing policies. The Department filled that position in December 2013.

As the Department moves to implement the recommendations from the study, its request reflects the reorganization of the Division of Human Resources and eliminates the current service center model. The current structure now includes the Office of Human Resources Site Operations and the Office of Employee Services, Payroll and Data.

The FY 2007 budget transferred positions as well as funding from various departments to centralized human resources functions. Prior to that, each agency handled its own human resources functions. According to the Fiscal Fitness documents, "consolidation will eliminate redundant activities, offer a broader, more in-depth level of expertise, implement a wider range of services and provide for the implementation of clear, consistent personnel policies across state service."

The reorganization established the Office of Labor Relations. It also merged the Offices of Employee Benefits and State Employees' Workers Compensation. The reorganization includes merging the chief of employee benefits and chief of workers' compensation into a new deputy personnel administrator. *The Governor concurred. **The Assembly concurred.***

Personnel Redesign Study. The Department requested \$0.5 million from general revenues to obtain outside services to redesign the state's classification and compensation system. The goals of the study are to increase the state's ability to attract and maintain a high quality workforce and increase flexibility within the classification and compensation systems. The total cost of the study is \$834,275; however, the funding included in FY 2015 and FY 2016 totaled \$1.0 million. The Department indicated that the \$0.2 million or 20.0 percent requested above the contract cost is for potential change orders. The contract allows the scope of the study to be revised. *The Governor recommended funding as requested. **The Assembly concurred.***

Medical Related Costs Fund Shift. Consistent with the revised budget, the FY 2016 request reflects shifting current general revenue expenditures of \$0.2 million for costs related to employee health benefits to the Health Insurance Internal Service Fund. Shifting the costs to the internal service fund would allow

the Department to spread costs over all budget funds; saving general revenues. This eliminates the need for a direct appropriation and the costs would now be reflected in the working rates for medical benefit costs. The enacted budget includes \$76,580 for the Worksite Wellness Program and \$130,000 for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as-needed basis and contractual costs for audits of medical and pharmacy claims.

Staff estimated that the fiscal impact on the total costs of health benefits would grow by 0.1 percent. Based on the revised planning values for FY 2015, the impact for a family plan would be \$24 and for an individual plan would be \$8. Employees would be responsible for 15.0 percent to 25.0 percent of the cost and the state would be responsible for 85.0 percent to 75.0 percent.

The constrained request further shifts \$0.8 million in salary and benefit costs for 7.0 full-time equivalent positions from the Office of Employee Benefits and the Retiree Health Trust program into the State Employee Health Fund in the Department's internal service program, effective July 1, 2015. The Department indicated that the fiscal impact on the total costs of health benefits would grow by 0.5 percent. Based on the planning values for FY 2016, the impact for a family plan would be \$120 and for an individual plan would be \$42. Employees would be responsible for 15.0 percent to 25.0 percent of the cost and the state would be responsible for 85.0 percent to 75.0 percent. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

Human Resources Staff. The Department's request includes \$11.1 million from all funds, including \$8.4 million from general revenues to fund 103.0 full-time positions in the Division of Human Resources. This is \$0.9 million more than enacted, including \$1.0 million from general revenues, which is \$0.6 million above the current service estimate. To the current service, it adds \$0.2 million to fund two new administrative positions, assumes \$66,354 less in costs allocated to other programs and adds \$0.3 million to primarily reflect that a greater share of salaries and benefits will now be funded with general revenues as part of the reorganization. The Department indicated that it will work with a vendor to develop a cost allocation plan with the goal of maintaining them as close as possible to the current allocations in order to avoid a large increase in general revenue funded positions.

The request includes the cost-of-living adjustment as well as benefit rates consistent with the Budget Office planning values for FY 2016. It assumes \$31,272 more in turnover savings, for which the enacted budget included \$0.3 million.

The Department's constrained request includes \$190,541 in savings from the elimination of a human resources administrator position, which the Department indicated is currently working on the reorganization of the division. *The Governor concurred and included an additional \$0.1 million in turnover savings.* **The Assembly concurred.**

Contracts. In April 2014, the Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014 offset by increased cost sharing measures for medical benefits. The Department requested new expenditures of \$120,000 from general revenues to print the finalized union contracts, pursuant to the contract agreements. The Department noted that the estimate is based on previous printing jobs. On February 5, the Administration indicated that the contracts still have not been signed. It also indicated that it obtained outside legal services for final signoff of the agreements. The constrained budget removes the funding for this. *The Governor concurred with the constrained request.* **The Assembly concurred.**

All Other Operations. The Department requested \$0.3 million from all funds, including \$0.2 million from general revenues for all other operating expenses for the division. This is \$26,609 more than enacted, including \$19,818 from general revenues, of which \$17,798 is for Microsoft Office 365 that the

Department installed in FY 2014, at a cost of \$160 per user. The request includes minor adjustments for mileage reimbursement, printing and office supplies to reflect anticipated expenditures. *The Governor recommended \$7,333 less general revenues than requested.* **The Assembly concurred.**

Planning

Sustainable Communities Grant - RhodeMAP RI. The request removes the \$0.4 million from the U.S. Department of Housing and Urban Development to reflect the expiration of the Sustainable Communities Regional Planning Cooperative federal grant award. In 2011, the state was awarded a \$1.9 million grant for a three-year project to develop a sustainable plan for the state. The program supports planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments. In FY 2013, Fourth Economy completed the economic data analysis, which focused on the areas of the state's business climate and regulatory environment. In FY 2014, the state entered into a contract with Horsley Witten to provide planning consulting services for the development of the plan. The State Planning Commission adopted the economic development plan on December 11. *The Governor recommended funding as requested.* **The Assembly concurred.**

Lead Abatement, Shelter & Housing Rental Subsidies. The 2014 Assembly adopted legislation to increase the real estate conveyance tax from \$2.00 to \$2.30 per \$500 or fractional part paid for the purchase of property conveyed for more than \$100. The fee increase will 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 request includes the enacted amount of \$3.4 million from restricted receipts, including \$2.8 million from the real estate conveyance tax and \$0.6 million from a settlement for lead abatement activities.

The Revenue Estimating Conference met in November 2014, and estimated that the state would retain a total of \$9.1 million from the tax in FY 2016 from the current disposition of \$0.90 cents. Based on the estimate, an additional \$0.3 million can be assumed for housing initiatives.

The request should have removed the \$0.6 million from a settlement for lead abatement activities since it was for a one-time expense. Subsequently, the Department indicated that this was an oversight and it notified the Budget Office to reflect this change in the recommended budget. *The Governor transferred this program to the Executive Office of Commerce. She recommended \$2.8 million from real estate conveyance receipts; excluding the \$0.6 million of one-time settlement funding.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$4.1 million from all funds, including \$1.9 million from general revenues for all other salary and benefit costs for the Division of Planning. This is \$132,372 more than enacted, including \$96,697 from general revenues for the cost-of-living adjustment and to reflect benefit changes consistent with Budget Office instructions. The general revenue request is \$4,286 more than the current service estimate. The request includes \$0.1 million more in turnover savings for which the enacted budget includes \$0.1 million. *The Governor recommended \$1.3 million less than requested, including \$0.7 million less general revenues to reflect the transfer of 11.0 positions to the Executive Office of Commerce.* **The Assembly concurred.**

Disaster Recovery Grants. The request includes federal fund expenditures of \$4.3 million, \$0.3 million less than enacted to reflect anticipated expenditures for community disaster assistance. The request includes the enacted amount of \$2.3 million for Hurricane Sandy related projects and \$2.0 million to support infrastructures that were impacted by the 2010 flood. In September 2010, the U.S. Department of Housing and Urban Development awarded the state with a \$13.0 million grant for disaster recovery. Of this, the City of Cranston was awarded \$1.3 million and Warwick was awarded \$2.8 million. Of the \$9.0 million that went directly to the state, *\$3.1 million has been spent through FY 2014.* The requests

include \$3.8 million in FY 2015 and \$2.0 million in FY 2016. *The Governor recommended the transfer of this program to the Executive Office of Commerce. The Commerce's budget includes funding for this as requested. The Assembly concurred.*

Community Development Block Grants. The request includes \$4.4 million from federal funds, \$0.1 million more than enacted for various community development block grants. The Community Development Block Grant Disaster Recovery Assistance is authorized under Title I of the Housing and Community Development Act of 1974, as amended. Annually, the grant awards are received from the federal government and prior years' remaining funds are carried forward for expenditures; the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. *The Governor recommended the transfer of this program to the Executive Office of Commerce. The Commerce's budget includes funding for this as requested. The Assembly concurred.*

All Other Programs and Operations. The Department requested \$4.8 million from all funds, \$0.5 million more than enacted for all other programs and operating costs for the Division of Planning. This includes \$15,348 more from general revenues, including \$12,750 for insurance for the Water Resources Board Corporate members and \$2,598 for software maintenance costs associated with the Microsoft Office upgrade. Expenditures from federal funds include \$1.8 million for shelter operations, which reflects a slight increase from the enacted budget and all other federal fund expenditures are \$0.4 million for various planning grants.

Projected expenditures from other funds reflect an increase of \$0.2 million from the enacted amount of \$1.9 million, which are reimbursed by the Federal Highway Administration through the Department of Transportation for planning related projects. The Transportation Advisory Committee advises the State Planning Council on transportation planning and encourages public participation in the process. The Committee also reviews and provides input into the transportation planning documents that are the responsibility of the State Planning Council including the Ground Transportation Plan and Transportation Improvement Program.

The Governor recommended \$1.8 million less than requested to reflect the transfer of this program to the Executive Office of Commerce. The Commerce's budget includes \$1.6 million for this, \$0.2 million less than requested to reflect anticipated expenditures. The Assembly concurred.

Bureau of Audits

Salaries and Benefits. Consistent with the current service estimate, the Department requested general revenue expenditures of \$1.5 million to fund personnel costs for 12.0 full-time equivalent positions for the Bureau of Audits. This is \$0.1 million more than enacted to reflect the cost-of-living adjustment and benefit changes consistent with the planning values for FY 2016. The Bureau of Audits performs the auditing function for the Executive Branch. The Bureau is required to audit the financial records and accounts of all state departments and agencies on a biennial basis. The Bureau also audits human service providers. Consistent with the enacted budget, the request includes \$0.1 million in turnover savings. The constrained request assumes an additional \$25,968 in turnover savings. *The Governor concurred with the constrained request. The Assembly concurred.*

Operations. The Department requested \$0.1 million from general revenues for all operating costs for the Bureau of Audits. This is \$62,062 more than enacted, due to new expenditures of \$65,000 to obtain outside services to assess and certify that the Bureau's work is being documented and performed in accordance with internal auditing standards. The request includes minor adjustments for records keeping and telephone costs. The request is \$2,938 less than the revised request; however, it is \$10,492 more than FY 2014 reported expenditures.

The constrained budget removes the \$65,000 requested for the quality assessment certification; though the Department indicated that the assessment is in line with the Bureau's strategic plan. *The Governor concurred with the constrained request.* **The Assembly concurred.**

Accounts and Control

Staffing and Operations. Consistent with the current service estimate, the Department requested \$4.2 million from general revenues for personnel and operating costs for the Office of Accounts and Control. The request includes \$4.0 million to fund 37.0 full-time equivalent positions, the authorized level. This is \$0.2 million more than enacted to reflect the cost-of-living adjustment and benefit changes consistent with the planning values for FY 2016. The request assumes \$12,620 less in turnover savings, for which the enacted budget included \$37,527.

The request includes \$153,184 for all operating costs, \$15,780 more than enacted to primarily reflect expenditures for membership dues for the National Association of State Auditors, Comptrollers and Treasuries as well as \$12,000 for fees associated with state employees obtaining or viewing their paystubs online. This is a fee based system, with a charge of \$0.05 for each direct deposit. This equates to an annual cost of \$1.30 per employee.

As part of its constrained budget, the Department proposed to shift \$2.5 million of general revenues for salary and benefit costs for 19.8 full-time equivalent positions from Facilities Management and Capital Projects to Rhode Island Capital Plan funds. It also proposes to lay off 8.2 full-time equivalent positions and increased turnover savings by \$1.1 million from general revenues, including \$0.1 million from Accounts and Control. *The Governor concurred with the constrained request.* **The Assembly concurred.**

Purchasing

Salaries and Benefits. The Department requested \$2.9 million from all sources to fund salary and benefit costs for 30.0 full-time positions in the Division of Purchasing. This is \$55,998 more than enacted and staffing consistent with the enacted budget. The request includes the cost-of-living adjustment and benefit rates consistent with the planning values for FY 2016. The request is \$0.1 million less than the current service estimate to primarily reflect the conversion of a vacant position and to reflect additional costs allocated to HealthSource and several other human services agencies. As of the pay period ending January 24, 2015, the Office had seven vacancies, consistent with the level reported on December 13, 2014. *The Governor recommended \$40,806 more from general revenues than requested to reflect that fewer costs can be reimbursed for HealthSource.* **The Assembly concurred.**

Operations. The Department requested \$120,726 from general revenues for operating costs. This is \$35,152 more than enacted, including \$25,000 for outside legal services to examine the Division of Purchasing's procedures and regulations. The Department indicated that the examination is needed in order to reduce the number of protests, reissuing procurements, cancellations and change orders. The Division started this initiative in FY 2014 and reported expenditures were \$93,976. The revised request also includes \$25,000 from general revenues.

The constrained request reduces operation costs by \$30,817, including \$25,000 for the outside legal services. *The Governor recommended \$4,817 more than the constrained request.* **The Assembly concurred.**

Office of Management and Budget

Electronic Permitting System. Consistent with the current service estimate, the request reflects the removal of \$0.3 million provided for the purchase or lease and operation of a web-accessible plan review management and inspection software system, which would create a standardized system available to the State Building Code Commission and all municipalities and fire districts. A vendor has been selected for the development of the system and the Department of Administration is in the process of finalizing the product contract with the vendor. The Department hopes to have phase I completed by the fall of 2015. It should be noted that the Information Technology Investment Fund includes \$250,000 in FY 2016 for phase II of the project. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Ready Project. Consistent with the current service estimate, the request reflects the removal of \$75,000 for the Rhode Island Ready Project, an initiative developed by the administration to enhance collaborative efforts between the Commerce Corporation, state agencies, such as the Department of Environmental Management, and cities and towns to increase the probability of business attraction, expansion and growth. The project is also intended to reduce time and increase the predictability of getting land developed, buildings constructed and operations up and running. The initial demonstration project will target eight to ten parcels in urban, suburban and rural areas of the state. It appears that this initiative is not moving forward. *The Governor concurred. The revised budget also removes the funds to reflect that the initiative is not moving forward.* **The Assembly concurred.**

Office of Regulatory Reform. The request includes \$547,006 for the Office of Regulatory Reform, \$49,835 more than enacted. This includes \$541,196 for salary and benefit costs for six positions. The request includes the cost-of-living adjustment and benefit rates consistent with FY 2016 planning values. It assumes \$69,003 in turnover savings. As of the pay period ending January 24, 2015, the Office had two vacancies, including the director and an analyst. On January 30, the Governor appointed the director's position. The request includes \$5,810 for operating costs, \$3,210 less than enacted to reflect adjustments for cell phones and office supplies. FY 2014 reported expenditures for operating costs were \$4,110.

The Governor recommended \$0.1 million less than requested, to reflect the transfer of the ombudsman position to the Department of Business Regulation. **The Assembly maintained the ombudsman position in the Department of Administration and adjusted staffing and funding accordingly.**

All Other Salaries and Benefits. The Department requested \$3.3 million from general revenues to support staffing of 25.0 full-time positions, consisting of the Budget Office and Federal Grants Management functions of the Office of Management and Budget. This is \$245,949 more than enacted, including \$307,323 more from general revenues and reflects shifting personnel costs of \$61,374 for the Federal Grants Management Office from restricted receipts to general revenues. The receipts were derived from the 0.5 percent assessment on American Recovery and Reinvestment Act funded projects. The legislation adopted by the 2012 Assembly creating the Office established a restricted receipt account with receipts from administrative costs incurred for the oversight and management of federal funds.

The request assumes filling the director of the Office of Management and Budget in January 2015. It includes the cost-of-living adjustment and benefit rates consistent with FY 2016 planning values. *The Governor concurred with the request and included \$27,953 less for turnover savings.* **The Assembly concurred.**

Lean Processing Grant Program. The Governor recommended a Statewide Lean Processing Grant Program, which will be administered by the Office of Management and Budget. Agencies will submit applications to the Office and the agencies will be able to use these funds to conduct Lean Processing activities. *The budget includes \$0.1 million from general revenues.* **The Assembly concurred.**

All Other Operations. The Department requested \$156,955 from general revenues for all other operation costs for the Office of Management and Budget. The request is \$14,566 less than enacted to better align expenditures with FY 2014 spending. It includes adjustments for travel, dues for the state's subscription to Federal Funds Information for States and other items.

The Governor recommended \$30,817 more than requested. This includes \$50,000 for outside legal costs for the Office of Regulatory Reform to assist the Office with review and recommendations of regulations and general laws. The recommendation also includes a savings of \$20,000 from printing of budget books. The Assembly concurred.

Overhead Functions

RI Film and Television Office. Consistent with the current service estimate, the Department requested FY 2016 expenditures totaling \$324,809 from general revenues, of which \$296,200 will be used to support the Office's 2.6 positions. The request is \$14,017 more than enacted for benefit rate changes to reflect FY 2016 planning values consistent with Budget Office instructions. The 2012 Assembly adopted legislation to transfer the Film and Television Office from the Rhode Island State Council on the Arts to the Department of Administration. The request includes \$480 more than enacted for operating costs for Microsoft Office 365 software costs.

As part of its constrained budget, the Department proposed to lay off 8.2 full-time equivalent positions and increased turnover savings by \$1.1 million from general revenues. This includes \$65,069 from the elimination of a 0.6 systems design program position. The Office indicated that this position is responsible for updating its website and building the Office's library via photographs. The elimination would prevent residents from obtaining information on film events and daily community news.

The Governor recommended transferring the Rhode Island Film and Television Office to the Executive Office of Commerce; however, no legislation to effectuate this change was included. That budget includes staffing and funding consistent with the unconstrained request and an additional \$482 for computer supplies. The Assembly adopted legislation to transfer the Office to the Rhode Island Council on the Arts.

Office of Diversity, Equity and Opportunity. The budget includes \$1.2 million from all funds for the Office of Diversity, Equity and Opportunity. This is \$0.3 million more than enacted; all but \$9,010 is from general revenues. In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and to make recommendations to improve collaboration between these offices. As part of the FY 2015 budget request, existing staff of 7.0 full-time positions and funding of \$0.9 million were transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office. Additionally, the Department requested funding for three new positions. The Assembly did not concur and provided staffing at the existing level.

Consistent with the revised request, the budget includes an additional \$0.2 million to fund two new positions. Of the authorized seven positions, one was vacant as of the pay period ending November 29. All other operating costs are \$24,586 more than enacted, including \$10,000 to obtain outside services to review the operations of the Minority Business Enterprise and \$15,000 for educational and training costs. *The Governor concurred and provided an additional \$485 from general revenues for licensing costs associated with Microsoft Office 365. The Assembly concurred.*

All Other Salaries and Benefits. Excluding the items previously mentioned, the Department requested \$8.5 million from all sources of funds, including \$6.5 million from general revenues for all other salary and benefit costs for 73.6 full-time equivalent positions to support the following programs: Central Management, Legal Services, Personnel Appeal Board, Office of Library and Information Services, and Construction, Permitting, Approval and Licensing.

The request is \$1.1 million more than enacted, including \$1.0 million from general revenues. It includes benefit rate changes consistent with FY 2016 planning values and is \$0.4 million more than the current service estimate to primarily restore turnover savings included in the enacted budget. This includes \$0.3 million in Central Management and \$0.1 million in the Office of Library and Information Services for the chief of library services. The request only assumes \$0.1 million in turnover savings in Legal Services from a current vacancy.

The constrained budget request assumes an additional \$0.2 million in turnover savings, \$0.1 million each in Central Management and the Office of Library and Information Services by maintaining the chief of library services position vacant, and \$20,000 in Legal Services.

*The Governor concurred, with the exception of providing \$10,555 less general revenues for turnover savings. **The Assembly concurred.***

Building Code Staff Training. The request includes expenditures of \$115,000 from general revenues for the State Building Code Commission to conduct training on adopted codes for building, residential, plumbing, mechanical, fuel gas, energy, and property management. The Commission consults training programs for code officials and building trades people, as statutorily mandated in 1992. The Department indicated that previous training costs were funded from American Recovery Act funds and were \$66,606 in FY 2012 and \$36,726 in FY 2013. It should be noted that the Building Code Commission proposed to increase the building permits-state properties fee to offset this cost. *The Governor recommended funding as requested. **The Assembly concurred.***

Labor Contract Negotiations. The Department requested a total of \$49,813 from general revenues, including \$25,153 in FY 2016 for continued negotiations with unresolved contractual issues. In April 2014, the Administration reached agreements with its largest unions. The Department indicated that it is utilizing Adler, Pollack and Sheehan for the State Police negotiation. Another firm is being utilized for final signoff of the agreements that were reached in April. It should be noted that outside legal costs for the Rhode Island Brotherhood of Correctional Officers negotiations are not reflected in the request. Reported expenditures were \$0.1 million in FY 2013 and \$0.4 million in FY 2014, \$62,101 above the final appropriation. The constrained budget removes the funding for this. *The Governor concurred with the constrained request. **The Assembly concurred.***

Interlibrary Delivery System. The request includes \$0.6 million from all funds, including \$0.3 million from general revenues for the interlibrary loan system, which includes the delivery of books, audio/visual materials and other resources which are shared between and 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 request is \$0.1 million more than enacted based on current utilization as well as the rebidding of the current contract.

The constrained budget assumes savings of \$143,150 from the interlibrary delivery system. In the event that utilization is more, this may not be achievable. *The Governor concurred with the constrained request. The new contract costs for delivery services increased from \$6.90 to \$24.53 per stop, effective May 1, 2015 and the Governor requested an amendment to fund the expense. **The Assembly provided an additional \$0.3 million from general revenues.***

All Other Operations. The Department requested \$0.9 million from all funds, including \$0.4 million from general revenues for all other operating expenses. This is \$33,789 more than enacted, including \$45,242 from general revenues to reflect anticipated expenditures for online legal research, mileage allowance and user licensing fees relating to the Microsoft Office upgrade. The constrained request reduces these expenditures by \$45,332. *The Governor recommended \$24,984 less than the unconstrained request to reflect some of the savings proposed.* **The Assembly concurred.**

Capital Projects. The Department requested \$22.2 million from Rhode Island Capital Plan funds for 24 capital project expenditures, \$10.4 million less than the enacted budget and \$1.0 million more than the approved plan. The request is consistent with the capital budget request. *The Governor recommended \$11.3 million more than requested.*

The Governor subsequently requested several amendments to reflect revised project costs or delays. **The Assembly provided \$39.8 million for all other capital projects, \$6.4 million more than the original recommendation, to primarily reflect funding for the subsequent amendments. A detailed analysis of the projects is included in the Capital Budget Section of this publication.**

Revenue - Energy Efficiency Rebate. The 2008 Assembly approved \$53.1 million from Certificates of Participation in capital expenditures for energy service contracts, including designing, financing, installing and maintaining energy related capital improvements such as energy efficient boilers, lighting, motors, refrigeration, HVAC systems, and related controls. The Department indicated that it submitted an Energy Efficiency rebate application for energy efficiency related projects completed on the Pastore Campus and includes \$1.6 million in revenues from National Grid for energy efficiency rebates. The Department noted that revenues included in the agreed upon amount will be released upon demonstration of meeting program thresholds. It should be noted that the majority of the funds will be received in FY 2015. This includes a reimbursement of \$0.2 million in January 2015, another \$1.1 million by the end of June 30, and the remaining \$0.3 million in FY 2016. *The budget assumes these revenues in FY 2015.* **The Assembly concurred.**

Revenues - Building Permits - State Properties. The Department proposed to increase the Building Permits-State Properties' fee charged to state agencies that present projects before the Building Code Commission for review and assumes \$0.6 million in revenues. The current fee is 0.50 percent of the total project and the Department proposed to increase it to 1.0 percent. Current law allows the State Building Code Standards Committee to set the permit fees; however, the proceeds are deposited as general revenues. According to the Department, the fee was 1.0 percent nine years ago; however, the Committee reduced it to 0.5 percent. Revenues were \$467,156 in FY 2013 and \$670,596 in FY 2014. *The State Building Code Commission approved the fee in November 2014.* **The Budget assumes the revenues.**

Unidentified Budget Initiative. The Department's constrained budget request includes \$2.8 million in savings, including \$1.5 million from general revenues from a statewide initiative. The Department indicated that it is in the preliminary stage of researching this initiative. *The Governor did not include this initiative.* **The Assembly concurred.**

Department of Business Regulation

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 1,234,949	\$ 1,189,523	\$ 1,435,289	\$ 1,326,772
Banking Regulation	1,564,260	1,660,454	1,711,773	1,711,773
Securities Regulation	1,013,151	929,761	966,197	966,197
Commercial Licensing, Racing & Athletics	1,170,059	1,192,450	1,220,883	1,220,883
Insurance Regulation	5,177,250	5,621,771	5,763,467	5,763,467
Office of the Health Insurance Commissioner	2,539,472	2,941,922	3,341,757	3,341,757
Board of Accountancy	16,654	16,654	16,654	16,654
Boards for Design Professionals	260,635	264,810	273,009	273,009
Total	\$ 12,976,430	\$ 13,817,345	\$ 14,729,029	\$ 14,620,512
Expenditures by Category				
Salaries and Benefits	\$ 10,486,304	\$ 10,485,578	\$ 11,153,686	\$ 11,045,169
Contracted Services	1,965,260	2,750,985	2,960,317	2,960,317
Subtotal	\$ 12,451,564	\$ 13,236,563	\$ 14,114,003	\$ 14,005,486
Other State Operations	431,128	487,044	521,288	521,288
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	80,000	80,000	80,000	80,000
Capital	13,738	13,738	13,738	13,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 12,976,430	\$ 13,817,345	\$ 14,729,029	\$ 14,620,512
Sources of Funds				
General Revenue	\$ 9,013,477	\$ 8,802,653	\$ 9,345,012	\$ 9,236,495
Federal Aid	2,021,830	2,469,508	2,795,240	2,795,240
Restricted Receipts	1,941,123	2,545,184	2,588,777	2,588,777
Other	-	-	-	-
Total	\$ 12,976,430	\$ 13,817,345	\$ 14,729,029	\$ 14,620,512
FTE Authorization	94.0	98.0	99.0	98.0

Summary. The Department requested FY 2016 expenditures of \$14.8 million from all funds, including \$9.5 million from general revenues. The request is \$1.8 million more than enacted, including increases of \$0.5 million from general revenues, \$0.7 million from federal funds and \$0.6 million from restricted receipts. Consistent with the revised request, the Department included staffing of 97.0 full-time equivalent positions, 3.0 more than the authorized level.

The Governor recommended total expenditures of \$14.7 million from all funds and 99.0 full-time equivalent positions. This is \$1.8 million more than enacted and \$0.1 million less than requested. Recommended staffing is 5.0 positions more than enacted, which includes the transfer of the ombudsman

position from the Department of Administration. Consistent with the revised budget, the recommendation adds 4.0 positions but does not fund them. **The Assembly concurred, with the exception of transferring the ombudsman position and adjusted staffing and funding accordingly.**

Target Issues. The Budget Office provided the Department with a general revenue target of \$8.8 million. The amount includes current service adjustments of \$0.5 million and a 7.5 percent target reduction of \$0.7 million.

FY 2016 Budget	Budget Office	DBR	Difference
FY 2015 Enacted	\$ 9,013,477	\$ 9,013,477	\$ -
Current Service Adjustments	533,759	533,761	2
Change to FY 2015 Enacted	\$ 533,759	\$ 533,761	\$ 2
FY 2016 Current Service/Unconstrained Request	\$ 9,547,236	\$ 9,547,238	\$ 2
Target Reduction/Initiatives	(709,293)	(709,291)	2
FY 2016 Constrained Target/Request	\$ 8,837,943	\$ 8,837,947	\$ 4
<i>Change to FY 2015 Enacted</i>	\$ (175,534)	\$ (175,530)	\$ 4

The constrained budget submitted by the agency is \$4 above the Budget Office target. As part of its constrained budget, the Department proposed to eliminate seven positions not specifically identified. The Department indicated that the revenue loss would be \$1.2 million, \$0.5 million is from leaving seven current positions vacant and \$0.7 million is from the proposal to eliminate seven positions. Additionally, the Office of the Health Insurance Commissioner would maintain a vacant position for 5.5 pay periods to achieve \$33,096 in savings. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$0.5 million above the target.* **The enacted budget is \$0.4 million above the target level.**

Executive Office of Commerce. The 2013 Assembly adopted several pieces of legislation pertaining to economic development. One of which created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office will oversee and serve as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce will have powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. *The Governor's budget maintains the Department as a stand-alone department.* **The Assembly concurred.**

Central Management

Salaries and Benefits. The request includes \$1.3 million from general revenues, \$55,245 more than enacted to fund salary and benefit costs for nine positions in Central Management, which administers and oversees the statutory functions of the Department and provides support services for the other programs in the areas of budgeting, accounting, personnel, legal and computer services. The request fully funds the cost-of-living adjustment, includes step increases for two positions and reflects benefit rates consistent with FY 2016 planning values. Consistent with the enacted budget, it does not assume any turnover savings, and as of the pay period ending November 1, there were no vacancies in this division.

As part of its constrained budget, the Department proposed \$0.7 million in general revenue savings from the elimination of seven positions; \$80,652 is included in Central Management for the elimination of a non-revenue generating position, though it is not specifically identified.

The Governor recommended \$53,085 more general revenues and 2.0 more full-time equivalent positions than requested. This includes the transfer the ombudsman position and \$108,517 from the Office of Regulatory Reform within the Department of Administration. There is no proposal to change legislation,

but current law requires that the director of the Office of Regulatory Reform designate a person for this position.

*Consistent with the revised budget, the recommendation includes the transfer of a position from Commercial Licensing, Racing and Athletics to Central Management. The recommendation assumes \$0.1 million more in turnover savings than requested. **The Assembly concurred, with the exception of the transfer and adjusted staffing and funding accordingly.***

E-Licensing Software Maintenance. The Department requested \$94,500 from general revenues for ongoing maintenance costs associated with the e-licensing system. The 2006 Assembly approved \$1.0 million through the use of Certificates of Participation for an integrated web-based licensing system. The e-licensing system is completed and individuals and businesses now have access to register or renew licenses electronically. The annual software maintenance cost is \$90,000; however, the request appears to include a 5.0 percent inflator. The manufacturing warranty for the software expired in November 2014 and the Department of Administration indicated that residual funds from the approved Certificates of Participation will be used for the first year's cost.

The constrained budget reduces the request by \$4,500, which represents the requested 5.0 percent inflation. *The Governor recommended \$1,050 less than the unconstrained request to reflect actual costs. **The Assembly concurred.***

All Other Operations. The Department requested the enacted amount of \$36,986 from general revenues for all other operating costs for Central Management. This includes expenditures for computer supplies, notary and postage. The request is \$1,704 more than FY 2014 reported expenditures. *The Governor recommended \$1,440 less than requested. **The Assembly concurred.***

Banking Regulation

Salaries and Benefits. The Department requested \$1.7 million from general revenues for salary and benefit costs to fund 15.0 full-time positions in the Banking Regulation Division, which is responsible for regulatory oversight of state-chartered financial institutions, credit unions, and licensees. Annual financial examinations are performed to ensure compliance with state banking laws, financial solvency, and safe operations. The request is \$0.2 million more than enacted, including \$0.1 million for the cost-of-living-adjustment, step increases for several positions and benefit rates consistent with FY 2016 planning values. The request is \$0.1 million more than the current services estimate to primarily reflect the restoration of turnover savings for which the enacted budget includes \$0.2 million. As of the pay period ending November 1, the division had one vacancy.

As part of its constrained budget, the Department proposed \$0.7 million in general revenue savings by eliminating seven unidentified positions. A savings of \$0.2 million is included in the Banking Regulation Division from the elimination of two positions. The Department indicated that a total of \$1.2 million in revenues would be lost from the aforementioned vacancies and the elimination of the seven positions. A total of \$2.1 million, or 5.4 percent of the revenues generated by the Department in FY 2014 was from this division. *The Governor recommended \$24,803 less than the unconstrained request to reflect turnover savings and medical benefit savings based on employee selection, consistent with the revised request. **The Assembly concurred.***

Operations. The Department requested the enacted amount of \$68,248 from all funds, including \$18,248 from general revenues for all other costs associated with the Banking Regulation Division. The request includes \$35,000 from all funds for staff training, mileage reimbursement and out-of-state travel related to regulation of the banking industry. The request is consistent with the revised budget and is \$3,873 less than FY 2014 reported expenditures. *Consistent with the revised budget, the recommendation includes*

\$13,000 less from restricted receipts to reflect anticipated banking reimbursements. The Assembly concurred.

Securities Regulation

Salaries and Benefits. The Department's request includes salary and benefit expenditures of \$0.9 million from general revenues to support 10.0 full-time positions in the Securities Regulation Division. This is \$46,828 less than enacted and is \$0.1 million less than the current service estimate primarily to reflect additional turnover savings. The request includes \$44,952 for the cost-of-living increase and benefit rates consistent with the planning values for FY 2016. As of the pay period ending November 1, the Division had two positions vacant.

As part of its constrained budget, the Department proposed \$0.7 million in general revenue savings by eliminating seven unidentified positions. A savings of \$0.1 million is included in the Securities Regulation Division for the elimination of one position. The Department indicated that a total of \$1.2 million in revenues would be lost by maintaining seven vacancies. A total of \$19.1 million, or 49.4 percent of the revenues generated by the Department in FY 2014 was from this division. *The Governor recommended \$126 less than the unconstrained request to reflect minor adjustments to benefits. The Assembly concurred.*

Operations. The Department requested the enacted amount of \$18,141 from all funds for all other Securities Regulation operations. This includes \$14,641 from general revenues and \$3,500 from restricted receipts. The request includes funding for record keeping, professional subscriptions and travel costs. Reported expenditures were \$13,352 in FY 2014, \$28,855 in FY 2013 and \$20,101 in FY 2012. *The Governor recommended funding as requested. The Assembly concurred.*

Commercial Licensing, Racing and Athletics

Salaries and Benefits. The Department requested \$1.1 million from all funds, including \$0.6 million from general revenues for salaries and benefits for 11.0 full-time positions in the Commercial Licensing, Racing and Athletics Division, which is responsible for ensuring the proper conduct of licensees in relation to state law and regulations. This is \$59,164 more and 1.0 full-time position less than enacted to reflect the elimination of a vacant licensing aide position. The request includes \$49,161 for the cost-of-living adjustment and benefit rates consistent with the planning values for FY 2016. The request is \$32,426 more than the current service estimate to primarily reflect the restoration of turnover savings for which the enacted budget includes \$48,779. As of the pay period ending November 1, 2014, the division had 11.0 positions filled. *The Governor recommended \$8,765 less than requested from all funds, including \$67,665 less from general revenues to reflect a shift of staff costs to available restricted receipts, consistent with the revised recommendation. The Assembly concurred.*

Operations. The Department requested \$0.2 million from all funds for all operations for the Commercial Licensing, Racing and Athletics Division. This consists of \$6,666 or \$425 more from general revenues and the enacted amount of \$155,660 from restricted receipts for reimbursable office supplies and travel expenses accrued ensuring the proper conduct of licensees in relation to state law and regulations. Expenditures from restricted receipts include \$47,660 from the Commercial Licensing, Racing and Athletics Reimbursement Fund, which is projected to have a \$0.8 million balance at the end of FY 2016, and \$80,000 from the Real Estate Appraisers and Recovery Fund, which is reserved exclusively for defrauded consumers and funds are only disbursed in accordance with Superior Court orders. *The Governor recommended funding as requested. The Assembly concurred.*

Insurance Regulation

Salaries and Benefits. The Department requested \$4.2 million from all sources to fund salary and benefit costs for 37.0 full-time positions in the Insurance Regulation Division. This is \$0.2 million more from general revenues and staffing consistent with the enacted and revised budgets. The request includes step increases for several positions, \$0.2 million for the cost-of-living adjustment and benefit rates consistent with FY 2016 planning values. It is \$27,172 less than the current service estimate to primarily reflect additional turnover savings. As of the pay period ending November 1, the Department had 6.0 positions vacant in this division.

As part of its constrained budget, the Department proposed \$0.7 million in savings by eliminating seven unidentified positions. A savings of \$0.3 million is included in the Insurance Regulation Division for the elimination of three positions. The Department indicated that a total of \$1.2 million in revenues would be lost from the aforementioned vacancies and the elimination of the seven positions. A total of \$11.7 million, or 35.3 percent of the revenues generated by the Department in FY 2014 was from this division. *The Governor recommended \$4.0 million from all funds, \$164,232 less than the unconstrained request to reflect additional turnover savings.* **The Assembly concurred.**

Actuarial Services for Rate Review Filings. Consistent with the revised request, the Department included FY 2016 expenditures of \$1.5 million from restricted receipts, \$0.6 million more than enacted for the costs of actuaries for the Insurance program. The Department renewed its contract with Deloitte Consulting, Dewesse Consulting, Milliman USA, and Oliver Wyman Actuarial. The Department also contracted with a fifth firm, Merlinos Associates due to the increased number of rate filings. The Department indicated that the increase in cost is due to more complex rate filings, primarily for long-term care and lender place insurance contracts. The Department is statutorily required to review these rate filings of insurers to determine generally whether they are inadequate, excessive, or unfairly discriminatory. Licensed actuaries must be used in order to appropriately make any such determination.

The need for actuarial costs has historically been overstated, compared to actual expenditures. The request is \$0.6 million more than FY 2014 reported expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. Consistent with the enacted budget, the Department requested \$0.3 million, including \$0.1 million from general revenues and \$0.2 million from restricted receipts for state operations in support of the division. The request includes costs for mileage reimbursement and consultants and other clerical services needed to review rate filings, pursuant to Rhode Island General Law 27-9-52. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Health Insurance Commissioner

Salaries and Benefits. The Office requested expenditures of \$2.0 million to fund 13.0 full-time equivalent positions. This is \$0.4 million more than enacted to primarily reflect the restoration of \$0.1 million in turnover savings that the enacted budget assumed and \$0.1 million that was previously funded by the Health Benefits Exchange to support 1.2 full-time equivalent positions reviewing health insurance rates. The Exchange positions subsequently became vacant and the request assumes that 1.0 position would be funded with federal Rate Review funds. The general revenue request is \$31,969 more than enacted. This reflects the cost-of-living adjustment as well as funding to upgrade a vacant administrative officer position to a principal policy associate. As of the pay period ending November 1, the Office had two positions vacant.

The constrained request includes a general revenue savings of \$33,096 by keeping the deputy executive assistant position vacant for several pay periods, although this position is currently filled.

*The Governor recommended \$35,707 less than the unconstrained request, including \$4,094 less from general revenues to primarily reflect excluding the requested upgrade. **The Assembly concurred.***

Operations. The Office requested \$0.3 million more than enacted primarily from federal funds to improve rate review transparencies by developing a consumer-oriented website that publishes health pricing data. The request includes a reduction of \$6,350 from general revenues to help offset the increase in salaries and benefits.

The constrained request reflects the elimination of the entire \$13,120 enacted for operating costs though the Office indicated that this reduction is unattainable.

*The Governor recommended \$0.1 million more federal funds than requested to reflect funding from the State Innovation Models Initiative grant. This project will be in conjunction with the Office of the Lieutenant Governor and several human services agencies. The funds will be used to support the development and testing of state-based models for multi-payer medical claim payments. **The Assembly concurred.***

Board of Accountancy

Operations. Consistent with the enacted budget, the request includes \$16,654 from general revenues for the Board of Accountancy operations, including general office supplies, maintenance costs and contracted legal services that are necessary to support the Board's operations. Reported expenditures were \$5,037 in FY 2014, \$8,506 in FY 2013 and \$4,904 in FY 2012. *The Governor recommended funding as requested. **The Assembly concurred.***

Boards for Design Professionals

Staffing and Operations. The request includes \$0.2 million from general revenues for salary and benefit costs for 2.0 full-time positions to support the Boards for Design Professionals. The request is \$11,697 more than enacted, including \$10,528 for the cost-of-living adjustment. This is \$1,169 more than the current service estimate to reflect a step increase for an administrative assistant position that also supports the Board of Accountancy. The Boards for Design Professionals provide administrative support to the following independent boards: the Board of Registration for Professional Engineers, the Board of Registration for Professional Land Surveyors, the Board of Examiners of Landscape Architects, and the Board of Examination and Registration for Architects.

The request includes the enacted amount of \$58,765 from general revenues for operating costs, including contracted stenographic services required for hearings, postage, and miscellaneous office supplies. *The Governor recommended \$677 more than requested to reflect current planning values. **The Assembly concurred.***

Executive Office of Commerce

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Office of Commerce	\$ -	\$ 221,314	\$ 956,254	\$ 956,254
Housing & Community Development	-	-	14,376,885	14,376,885
RI Film & Television Office	-	-	325,291	-
Quasi-Public Appropriations	-	-	16,204,064	16,133,206
Economic Development Initiative Funds	-	-	44,458,000	43,458,000
Total	\$ -	\$ 221,314	\$ 76,320,494	\$ 74,924,345
Expenditures by Category				
Salaries and Benefits	\$ -	\$ 201,314	\$ 2,433,802	\$ 2,137,602
Contracted Services	-	-	-	-
Subtotal	\$ -	\$ 201,314	\$ 2,433,802	\$ 2,137,602
Other State Operations	-	15,000	127,649	98,558
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	14,839,329	15,268,471
Capital	-	5,000	305,000	305,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	58,614,714	57,114,714
Total	\$ -	\$ 221,314	\$ 76,320,494	\$ 74,924,345
Sources of Funds				
General Revenue	\$ -	\$ 221,314	\$ 62,236,691	\$ 60,840,542
Federal Aid	-	-	10,983,803	10,983,803
Restricted Receipts	-	-	2,800,000	2,800,000
Other	-	-	300,000	300,000
Total	\$ -	\$ 221,314	\$ 76,320,494	\$ 74,924,345
FTE Authorization	-	5.0	18.6	16.0

Summary. The 2013 Assembly adopted several pieces of legislation pertaining to economic development. One of which created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office will oversee and will serve as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce will have powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration.

The Governor recommended expenditures of \$76.3 million, including \$62.2 million from general revenues and staffing of 18.6 full-time equivalent positions. The recommendation reflects the transfer of the Rhode Island Film and Television Office and the Office of Housing and Community Development from the Department of Administration. The budget maintains the Department of Business Regulation as a stand-alone department.

The Assembly provided expenditures totaling \$74.9 million from all funds, including \$60.8 million from general revenues. It adopted legislation in Article 15 transferring the Rhode Island Film and Television Office to the Rhode Island State Council on the Arts and adjusted staffing and funding accordingly.

Executive Office of Commerce

Staffing and Operations. The Executive Office of Commerce will oversee and will serve as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy.

*The Governor recommended total expenditures of \$1.0 million from general revenues, including \$0.9 million to fund 5.0 full-time equivalent positions and \$0.1 million for operating costs. Staffing includes the secretary of commerce, a deputy director, a director of communications, a chief of strategic planning, monitoring and evaluation, and one administrative support position. **The Assembly concurred and adopted legislation in Article 15 of 2015-H 5900, Substitute A, as amended adding the positions to the unclassified service.***

Housing and Community Development

Lead Abatement, Shelter & Housing Rental Subsidies. The 2014 Assembly adopted legislation to increase the real estate conveyance tax from \$2.00 to \$2.30 per \$500 or fractional part paid for the purchase of property conveyed for more than \$100. The fee increase will 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 request includes the enacted amount of \$3.4 million from restricted receipts, including \$2.8 million from the real estate conveyance tax and \$0.6 million from a settlement for lead abatement activities. The request should have removed the \$0.6 million from a settlement for lead abatement activities since it was for a one-time expense. Subsequently, the Department of Administration indicated that this was an oversight and it notified the Budget Office to reflect this change in the recommended budget.

The Revenue Estimating Conference met in November 2014, and estimated that the state would retain a total of \$9.1 million from the tax in FY 2016 from the current disposition of \$0.90. Based on the estimate, an additional \$0.3 million can be assumed for housing initiatives.

*The Governor recommended \$2.8 million from real estate conveyance receipts; excluding the \$0.6 million of one-time settlement funding. **The Assembly concurred.***

Disaster Recovery Grants. The Department of Administration's request includes federal fund expenditures of \$4.3 million, \$0.3 million less than enacted to reflect anticipated expenditures for community disaster assistance. The request includes the enacted amount of \$2.3 million for Hurricane Sandy related projects and \$2.0 million to support infrastructures that were impacted by the 2010 flood. In September 2010, the U.S. Department of Housing and Urban Development awarded the state with a \$13.0 million grant for disaster recovery. Of this, the City of Cranston was awarded \$1.3 million and Warwick was awarded \$2.8 million. Of the \$9.0 million that went directly to the state, \$3.1 million had been spent through FY 2014. The requests include \$3.8 million in FY 2015 and \$2.0 million in FY 2016. *The Governor recommended funding as requested. **The Assembly concurred.***

Community Development Block Grants. The Department of Administration's request includes \$4.4 million from federal funds, \$0.1 million more than enacted for various community development block grants. The Community Development Block Grant Disaster Recovery Assistance is authorized under Title I of the Housing and Community Development Act of 1974, as amended. Annually, the grant awards are received from the federal government and prior years' remaining funds are carried forward for

expenditures; the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Department of Administration's request includes \$1.2 million from all funds, including \$0.6 million from general revenues for salary and benefit costs for 11.0 full-time equivalent positions. This is \$19,499 more than enacted and is \$5,876 more than the current service estimate and assumes no turnover savings. The request includes medical benefit savings based on employee selections, the cost-of-living adjustment and benefit rate changes consistent with the FY 2016 planning values. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Programs. The Department of Administration's request includes \$1.8 million from all funds for all other programs administered by the Office of Housing and Community Development; all but \$10,605 is from federal funds for shelter and emergency shelter operations. *The Governor recommended \$0.2 million less from federal funds than requested to reflect anticipated expenditures.* **The Assembly concurred.**

RI Film and Television Office

RI Film and Television Office. Consistent with the current service estimate, the Department of Administration's request includes \$324,809 from general revenues, of which \$296,200 will be used to support the Office's 2.6 positions. The request is \$14,017 more than enacted for benefit rate changes to reflect FY 2016 planning values consistent with Budget Office instructions. The 2012 Assembly adopted legislation to transfer the Film and Television Office from the Rhode Island State Council on the Arts to the Department of Administration. The request includes \$480 more than enacted for operating costs for Microsoft Office 365 software costs.

As part of its constrained budget, the Department proposed the elimination of a 0.6 systems design program position and included \$65,069 in savings. The Office indicated that this position is responsible for updating its website daily and building the Office's library via photographs. The elimination would prevent residents from obtaining information on film events and daily community news.

The Governor recommended transferring the Office to the Executive Office of Commerce; however, no legislation to effectuate this change was included. She recommended staffing and funding consistent with the unconstrained request and provided an additional \$482 for computer supplies. **The Assembly adopted legislation in Article 15 of 2015-H 5900, Substitute A, as amended transferring the Office to the Rhode Island State Council on the Arts and adjusted staffing and funding accordingly.**

Quasi-Public Appropriations

Commerce Corporation - Operations. The Department of Administration's budget includes the enacted amount of \$4.0 million from general revenues to support general operations of the Corporation.

The FY 2016 budget request submitted by the Corporation to the Department of Administration includes expenditures of \$10.2 million, including a state appropriation of \$7.5 million, which accounts for 73.3 percent of the Corporation's budget. This is \$3.5 million more than enacted, including \$3.0 million to fund a statewide tourism initiative and \$0.4 million to be used upon board approval for leveraging federal and state funds as part of economic development projects. The Corporation's request includes \$3.8 million to support salary and benefit costs for 40.0 full-time equivalent positions. The request includes \$0.1 million for raises that would be awarded to employees based on performance. As of December 2014, the Corporation had 2.0 positions vacant. The request assumes use of \$1.4 million in unrestricted carry forward funds from FY 2015 and the projected ending balance for FY 2016 would be \$0.1 million in unrestricted cash.

The Department of Administration's constrained request reduces the Corporation's operating budget by \$0.3 million, and the Administration indicates that this could be achieved by eliminating 3.0 full-time positions.

The Governor's budget assumes revenues totaling \$20.9 million for the Commerce Corporation. This includes \$11.5 million from general revenues; \$7.6 million more than enacted and new receipts of \$6.4 million from redirected hotel tax proceeds to fund a series of programs in FY 2016, and will provide a permanent stream of funding for the Corporation. The recommendation includes other sources of \$3.0 million from program finance charges and cash receipts available.

*The Governor recommended total expenditures of \$19.1 million, including \$11.5 million from general revenues. **The Assembly reduced expenditures by \$0.5 million.***

Revenues	FY 2016 Governor	FY 2016 Enacted	Change to Governor
State Appropriation - General Operations	\$ 7,894,514	\$ 7,394,514	\$ (500,000)
Executive Office of Commerce Programs	3,600,000	3,600,000	-
<i>Subtotal State Appropriation</i>	<i>\$ 11,494,514</i>	<i>\$ 10,994,514</i>	<i>\$ (500,000)</i>
Redirected Hotel Tax Proceeds	6,412,796	4,983,438	(1,429,358)
Other (unrestricted cash & program financing)	3,037,934	3,037,934	-
Total	\$ 20,945,244	\$ 19,015,886	\$ (1,929,358)

Tourism and Marketing Campaign. The Commerce Corporation's budget includes \$5.5 million from direct general revenues and hotel tax proceeds redirected from general revenues for a statewide tourism campaign that will promote Rhode Island as a vacation and leisure destination and will also include efforts to attract businesses. According to the Commerce Corporation, the amount spent for statewide tourism efforts in FY 2014 was \$0.6 million and currently \$0.5 million is budgeted for FY 2015. This includes \$0.2 million to fund two positions, consisting of a tourism district director and a tourism manager, and an intern. The remaining \$0.3 million is budgeted for postage, mileage reimbursement, website maintenance and \$110,000 for the state's share of the Discover New England consortium.

The Assembly adopted legislation in Article 11 requiring that all hotel tax revenues received by the Corporation in a fiscal year must be expended on marketing the state as a destination for tourists and businesses. The Corporation's Budget assumes use of \$5.0 million.

Competitive Student Loan Forgiveness. The Commerce Corporation's budget includes \$1.8 million from direct general revenues and hotel tax proceeds redirected from general revenues for a student loan forgiveness program to provide up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; two-thirds of the awardees must be permanent residents of the state.

The Assembly adopted legislation establishing the Stay Invested In RI Wavemaker Fellowship, a loan repayment tax credit program for graduates of accredited institutions of higher education who receive an associate's, bachelor's or master's degree. The amount of the tax credit is up to a maximum of \$1,000 for an associate's degree, \$4,000 for a bachelor's degree and \$6,000 for a graduate degree for up to four years. The legislation requires that the Corporation reserve 70.0 percent of the awards per calendar year to permanent residents of the state. The legislation includes a three-year sunset provision and annual reporting requirements.

High School, College and Employer Partnerships. The Commerce Corporation's budget includes \$0.9 million from direct general revenues and hotel tax proceeds redirected from general revenues to allow the Commerce Corporation to provide funds to support 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 Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.

Building and Fire Permit Initiatives. The Commerce Corporation's budget includes \$0.3 million from direct general revenues and hotel tax proceeds redirected from general revenues to expedite building permit and fire inspection processes for state supported projects. The Governor included legislation in Article 29, mandating that projects receiving Commerce Corporation incentives be subject only to the state building and fire codes with the inspections done by the state. A municipality with a population greater than 150,000 may opt to review and inspect its other projects. The Administration indicated that the funds will be used for one-time transition costs for the state taking over the fire and building inspections currently performed at the local level. *The Governor subsequently requested an amendment to remove the provision to use state fire and building code inspectors for other projects.* **The Assembly concurred.**

Office of Economic Empowerment. The Commerce Corporation's budget includes \$0.3 million from direct general revenues and hotel tax proceeds redirected from general revenues to fund a new Office of Economic Empowerment, which would serve as a one-stop shop for individuals to access federal and state benefits, including education, job training, and employment opportunities. **The Assembly concurred.**

Innovative Matching Grants/Internships. The Department of Administration's request includes the enacted amount of \$0.5 million from general revenues to support the Innovate RI Small Business and the Bioscience and Engineering Internship Programs. The Science and Technology Advisory Council developed guidelines to administer the programs. To be eligible, a business must meet the following conditions: be a Rhode Island-based business with 50 or fewer employees and have at least 51.0 percent of its employees residing in the state. A business must also certify that at least 51.0 percent of its research will be conducted in the state. Pursuant to the guidelines, an applicant may receive a matching grant of 30.0 percent of the amount of the recipient's federal award with a maximum matching grant not to exceed \$45,000.

Since its inception in FY 2014, the program has provided 46 grants totaling \$0.7 million to Rhode Island based companies with fewer than 50 employees. These grants have provided training opportunities for 26 interns. Funding has also been used for grant preparation support for seven companies and matching funds to 14 federal Small Business Innovation Research Phase I award recipients. According to the Council, the state matching funds have leveraged \$2.5 million in federal grants from the Departments of Defense and Energy, the National Science Foundation and the National Institutes of Health.

The budget includes \$1.0 million from general revenues, \$0.5 million more than enacted from general revenues or redirected hotel taxes to support the Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs. **The Assembly concurred and enacted legislation in Article 19, Substitute A, as amended to remove the matching loan provision for phase II proposals. It also increased the maximum grant amount from \$100,000 to \$150,000.**

I-195 Redevelopment District Commission. The Department of Administration's request includes the enacted amount of \$0.3 million from general revenues to support the operations of the I-195 Redevelopment District Commission. The Commission was created by the 2011 Assembly as the responsible authority for the sale, marketing and oversight of land made available as a result of the relocation of Interstate 195.

The budget submitted by the Commission totaled \$1.4 million from all funds, including \$1.1 million from general revenues and \$0.3 million from Rhode Island Capital Plan funds. The request assumes \$0.1

million in carry forward funds from FY 2015. It includes \$0.3 million to fund two positions, an executive director and a project director; \$0.5 million for operating expenses, such as leases, insurance, and audit costs; and \$0.4 million for contractual services such as legal services.

*The Governor recommended \$1.1 million from all funds, including \$0.8 million from general revenues and \$0.3 million from Rhode Island Capital Plan funds. The recommendation also assumes use of \$0.1 million available from FY 2015 unexpended funds. **The Assembly concurred.***

Airport Impact Aid. Consistent with the enacted budget, the Department of Administration's request includes \$1.0 million for the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs. *The Governor recommended funding as requested. **The Assembly concurred.***

Experimental Program to Stimulate Competitive Research (EPSCoR). The Department of Administration's request includes the enacted amount of \$1.15 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is the eleventh installment totaling \$13.0 million of state funds, which are necessary to receive federal grant awards of \$3.0 million per year to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. Initially, this was a three-year commitment, which ended in FY 2011. FY 2015 will be fifth and final year of the second commitment. The Science and Technology Advisory Council indicated it has submitted an application to continue the program, which would require state support for FY 2016 through FY 2020.

Since 2006, the Council has distributed \$9.8 million in collaborative research grants to 65 teams working on advances in marine sciences, biologics, energy, aquaculture, brain science and medical devices. *The Governor recommended funding as requested. **The Assembly concurred.***

Chafee Center at Bryant. The Department of Administration's request includes the enacted amount of \$126,200 for the Chafee Center at Bryant University, which helps local companies initiate and/or develop international trade opportunities. *The Governor recommended \$376,200 from general revenues, \$250,000 more than enacted. **The Assembly concurred.***

Slater Technology Fund Phase-Out. The Department of Administration's request includes the enacted amount of \$150,000 from general revenues for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures. The state was awarded a total of \$13.2 million as part of the federal State Small Business Credit Initiative, \$9.0 million of which was allocated to the Slater Technology Fund. Provided that returns on investments are received, the fund would eventually be self-sustaining.

The Slater Centers for Excellence were created in 1997; however, the Governor issued an executive order in 2005 to merge all the Centers into the Slater Technology Fund. The request brings funding to date to \$46.3 million. *The Governor did not recommend any general revenue funding. **The Assembly concurred.***

Community Service Grants. The Department of Administration's request includes the enacted amount of \$0.6 million for 14 community service grants that are passed through the Commerce Corporation. It should be noted that the FY 2014 final budget included \$10,222 from general revenues in grant expenditures to the Center to Advance Minority Participation in Construction to support minority participation in the construction industry. The funds are used to provide additional vocational training for minority construction employers and their employees, in order to increase their participation in building

related trades and businesses in Rhode Island. The Department did not report expenditures for this in FY 2014. The Commerce Corporation indicated that it attempted to reach the Center on numerous occasions; however, it did not receive a call back. *The Governor recommended funding as enacted.*

The Assembly provided an additional \$0.4 million from general revenues for grants, including an increase of \$2,636 for the Bristol 4th of July Parade, \$75,000 to the Maritime Cyber Security Center of Excellence, \$0.2 million for the Rhode Island Composition Alliance and \$0.2 million for the Small Business Administration. The Assembly also eliminated funding for the Center to Advance Minority Participation in Construction, which had not claimed its grant.

Economic Development Initiative Funds

The Governor recommended refinancing and restructuring a portion of the state's general obligation bond debt. The recommended budget assumes a general revenue savings of \$84.0 million over two years, which the Governor proposed to use to fund several economic development initiatives. This assumes use of \$64.5 million in FY 2016 and \$19.4 million in FY 2017. Of the \$64.5 million included for FY 2016, \$44.5 million would be used by the Executive Office of Commerce to fund several initiatives. Legislation effectuating these initiatives are found in Article 29 of 2015-H 5900. The Governor also included legislation in Article 1 authorizing the Secretary of Commerce to transfer funds between each program initiative as he deems necessary. Prior to doing so, the Secretary must notify the Director of the Office of Management and Budget, and the chairpersons of the House and Senate Finance Committees.

The Assembly concurred with the debt restructuring and adopted legislation in Article 19 of 2015-H 5900, Substitute A, as amended effectuating the programs. The legislation includes a three-year sunset provision and reporting requirements for the programs. The Assembly did not concur with the provision that would authorize the Secretary of Commerce to transfer funding among programs.

I-195 Redevelopment Project Fund. The budget includes \$25.0 million from the debt restructuring savings to establish a fund to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The Fund would be administered by the I-195 Redevelopment District Commission.

The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.

Rebuild RI Tax Credit. The Governor proposed legislation establishing the Rebuild Rhode Island tax credit program, effective July 1, 2015. Credits valued between 20.0 and 30.0 percent of qualified project costs would be available to projects that have demonstrated a gap between available funding and total estimated project cost. Credits would be available over five years and require certain performance standards. Projects' incorporation of historic structures, affordable housing, public transit, and other factors would receive increased credits, at the discretion of the Commerce Corporation. It appears that there is no cap on total credits per project, aggregate annual cap on credits, or total program cap. The Budget does not include an FY 2016 impact, as it assumes no credits will be issued until FY 2017. The five-year forecast included with the budget projects an FY 2017 revenue loss of \$7.1 million growing to \$25.1 million by FY 2020.

The Assembly adopted legislation in Section 3 of Article 19 establishing the tax credit program, effective July 1, 2015. Projects located in specific municipalities or that incorporate reuse of historical structures and/or construction of affordable housing are eligible for reductions in minimum qualifications and increased credits. The FY 2016 budget includes \$1.0 million from general revenues for credits in FY 2016. The Assembly added a three-year sunset provision, annual reporting requirements and capped credits for any one project at \$15.0 million.

Tax Stabilization Incentives. The Governor proposed legislation creating a state aid program to incentivize municipalities to enter into tax stabilization agreements with developers in exchange for the development or redevelopment of specific areas in qualifying communities. The legislation allows the Commerce Corporation to provide qualifying municipalities reimbursements up to 10.0 percent of property tax revenues that would have otherwise been collected, if the developed property were not party to a tax stabilization agreement. No funding is included in the recommended budget; however, the Governor had indicated intent to fund this with \$0.6 million from debt restructuring savings in FY 2017. **The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.**

Small Business Assistance Program. The Governor recommended \$5.5 million from debt restructuring to establish a Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. Ten percent of the funding must be set-aside for a microloan program to be administered by a third party with expertise in microloans. **The Assembly concurred. The legislation includes a \$750,000 maximum amount that any one business can obtain from the fund, a three-year sunset provision and annual reporting requirements.**

First Wave Closing Fund. The Governor recommended \$5.0 million from the debt restructuring savings to establish a First Wave Closing Fund, which would provide a company with financing to ensure that certain transactions that are deemed critical to the state's economy occur, subject to the Commerce Corporation's Board approval. **The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.**

Affordable Housing Fund. The Budget includes \$3.0 million from general revenues from debt restructuring to finance the development of affordable housing. This program will be administered by Rhode Island Housing, which will leverage federal resources and private equity for the program. **The Assembly concurred.**

Rhode Island Infrastructure Bank. The budget renames the Clean Water Finance Agency as the Rhode Island Infrastructure Bank, expands the Agency's purview to include renewable energy and efficiency projects, and authorizes the Bank to create an efficient buildings fund. The budget includes \$2.0 million from the debt restructuring savings, \$2.0 million from reprogramming the Energy Revolving Loan Fund at Commerce Corporation and \$3.0 million from the Regional Greenhouse Gas Initiative from the Office of Energy Resources.

The Governor includes legislation in Article 24 to extend the electric and gas demand charges by 20 years and the least cost procurement provision by 21 years. These surcharges fund the Energy Efficiency/Demand Side Management Programs. A portion of these funds would be set aside for debt service coverage on some Infrastructure Bank loans. She subsequently requested an amendment extending the surcharges by 11 years and the least cost provision by 13 years. It includes a one-time allocation of 2.0 percent of 2014 program collections as opposed to the remittance of 5.0 percent of monthly program proceeds from utility companies.

The Assembly adopted legislation extending the surcharges by five years and the least cost procurement provision by seven years. It also includes a one-time allocation of 2.0 percent of 2014 program collections to the Infrastructure Bank. It also allows the Infrastructure Bank to obtain a share of the 10.0 percent for administrative costs associated with the Renewable Energy Fund.

The Assembly did not concur with the Governor's proposal to transfer \$11.0 million from the Clean Water Finance Agency to general revenues by June 30, 2016. By excluding the scoop of

funding from the Clean Water Finance Agency, sufficient funds exist to accomplish the goals. It therefore did not include the \$2.0 million from the debt restructuring savings.

Anchor Tax Credit. The Governor's recommended budget includes the creation of a tax credit program establishing a credit of an unspecified amount that may be applied against corporate income tax liability for up to five years by qualifying businesses that have successfully solicited the relocation of a separate business to the state or relocation of at least ten employees of that separate business on a permanent basis. The budget dedicates \$5.7 million from debt refinancing proceeds over two fiscal years for this purpose but the credits do not appear limited to that total, nor is there a cap on the total credits that may be received by an entity. The FY 2016 budget includes \$1.8 million.

The Assembly enacted legislation requiring that no more than 75.0 percent of the total funds allowed for the program in a fiscal year may be assigned to a single recipient. The legislation includes a three-year sunset provision and annual reporting requirements.

Main Street RI Streetscape Improvement Fund. The Governor proposed legislation to authorize the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The Governor recommended \$1.0 million in FY 2016 and indicated intent to recommend \$1.0 million in FY 2017. **The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.**

Industry Cluster Grants. The Governor proposed the creation of an Industry Cluster Grants Program and includes \$2.0 million from the debt restructuring savings, including \$750,000 in FY 2016 for the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000; and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. **The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.**

Innovation Initiative Vouchers. The Governor proposed establishing an Innovation Initiative for small businesses with less than 500 employees to purchase research and development support from the state's institutions of higher education and other providers. The Budget includes \$0.5 million from general revenues from debt restructuring to create a voucher program for small businesses with less than 500 employees to purchase research and development support from the state's institutions of higher education and other providers. **The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.**

Innovation Network Grant Program. The Budget includes \$0.5 million from general revenues from debt restructuring to support an Innovation Network Grant Program, which will provide matching grants to organizations, including non-profit, for profit, and universities to support promising companies in areas of advanced industries, technology, and other strategically important sectors. **The Assembly concurred and adopted legislation to include a three-year sunset provision and annual reporting requirements.**

Department of Labor and Training

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 2,437,211	\$ 2,468,181	\$ 1,980,112	\$ 2,236,803
Workforce Development Services	34,761,176	45,160,030	30,619,841	30,519,841
Workforce Regulation and Safety	2,720,916	2,794,384	2,925,633	2,925,633
Income Support	462,320,667	429,258,109	400,791,134	399,156,134
Injured Workers Services	8,951,372	8,645,481	8,501,946	8,501,946
Labor Relations Board	388,648	381,690	389,651	389,651
Total	\$ 511,579,990	\$ 488,707,875	\$ 445,208,317	\$ 443,730,008
Expenditures by Category				
Salaries and Benefits	\$ 38,105,588	\$ 39,556,657	\$ 38,810,888	\$ 38,810,888
Contracted Services	4,364,433	9,122,223	7,158,685	7,158,685
Subtotal	\$ 42,470,021	\$ 48,678,880	\$ 45,969,573	\$ 45,969,573
Other State Operations	4,898,680	4,617,835	5,929,723	4,294,723
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	428,486,982	396,183,260	383,355,728	383,255,728
Capital	2,052,638	4,623,043	1,696,551	1,953,242
Capital Debt Service	5,000,000	2,300,000	-	-
Operating Transfers	28,671,669	32,304,857	8,256,742	8,256,742
Total	\$ 511,579,990	\$ 488,707,875	\$ 445,208,317	\$ 443,730,008
Sources of Funds				
General Revenue	\$ 8,669,103	\$ 8,718,217	\$ 8,424,769	\$ 8,324,769
Federal Aid	42,183,672	51,882,281	38,164,061	38,164,061
Restricted Receipts	41,540,583	51,418,162	23,130,150	21,495,150
Other	419,186,632	376,689,215	375,489,337	375,746,028
Total	\$ 511,579,990	\$ 488,707,875	\$ 445,208,317	\$ 443,730,008
FTE Authorization	410.0	410.0	410.0	410.0

Summary. The Department of Labor and Training requested \$444.4 million from all fund sources, including \$10.5 million from general revenues. The request is \$67.1 million less than enacted, including \$1.8 million more from general revenues and reductions of \$42.1 million from other funds, \$20.1 million from restricted receipts and \$6.8 million from federal funds, primarily related to unemployment insurance benefits and loan repayment. The request includes 410.0 full-time equivalent positions, which is consistent with the enacted level and revised request.

The request is \$1.6 million above the Budget Office's general revenue current services target of \$8.8 million. The Department submitted a constrained request that totals \$10.1 million and includes \$0.3 million less from general revenues than the unconstrained request.

The Governor recommended \$445.2 million from all sources, including \$8.4 million from general revenues. This is \$1.1 million more than requested, including \$1.7 million less from general revenues.

The recommendation shifted \$1.6 million requested from general revenues for the unemployment insurance system upgrade to be funded from restricted receipts, reduced other funds by \$1.6 million for capital expenditures, included turnover and operating savings of \$60,294 from general revenues and added \$2.8 million from federal funds, primarily for unemployment insurance positions for funding at the current services level. The Governor recommended 410.0 full-time equivalent positions, consistent with the request and the enacted authorization.

The Governor subsequently requested an amendment to increase capital funds over FY 2015 and FY 2016. The Assembly reduced expenditures originally recommended by \$1.5 million from all sources, including \$0.1 million from general revenues. It did not concur with the Governor's proposal to utilize Job Development Funds for the unemployment insurance system upgrade project.

Target. The Budget Office provided the Department with a general revenue target of \$8.5 million. That includes current service adjustments of \$0.2 million and a 7.5 percent target reduction of \$0.3 million, adjusted for certain exclusions. The constrained budget submitted by the Department exceeds the target by \$1.6 million by including general revenue funding for expenses related to the new unemployment insurance tax and benefit systems being developed, discussed separately. *The Governor's general revenue recommendation is \$60,294 less than the constrained budget target. The enacted budget is \$160,294 below the target.*

FY 2016 Budget	Budget Office	Labor and Training	Difference
FY 2015 Enacted	\$ 8,669,103	\$ 8,669,103	\$ -
Current Service Adjustments	160,212	160,212	-
New Initiatives	-	1,635,000	1,635,000
Change to FY 2015 Enacted	\$ 160,212	\$ 1,795,212	\$ 1,635,000
FY 2016 Current Service/ Unconstrained Request	\$ 8,829,315	\$ 10,464,315	\$ 1,635,000
Target Reduction/Initiatives	(344,252)	(344,252)	-
FY 2016 Constrained Target/Request	\$ 8,485,063	\$ 10,120,063	\$ 1,635,000
<i>Change to FY 2015 Enacted</i>	\$ (184,040)	\$ 1,450,960	\$ 1,635,000

Demand-Driven Workforce Development. The request includes \$33.8 million from all sources, including \$1.1 million from general revenues for various workforce development programs and administration within the Department. *The Governor recommended \$31.7 million, including \$0.8 million from general revenues for workforce development programs. Supporting documents reference a plan to realign workforce training efforts with an emphasis on employers' needs to train people for positions that currently exist and use performance measurements to optimize the investment of existing workforce development funding. There is no accompanying legislation or plan. The Assembly provided \$31.6 million from all sources for job development programs and supports in the Department.*

Work Immersion. The FY 2015 enacted budget includes \$1.1 million from general revenues for certain workforce development programs, including work immersion, non-trade apprenticeships, 3.0 positions for Back to Work Rhode Island, and subsidized child care while in training. For FY 2015, the Department provided specific allocations for each component, including \$1.2 million for work immersion, which is a paid employment program where individuals are partnered with businesses for a temporary work experience to increase the individual's employability and assist businesses by training individuals for potential employment. The Department reimburses the employer for up to 50 percent of the cost of up to 200 hours of work during a ten-week period and up to 75 percent reimbursement if the individual is hired at the completion of the program. From the program's beginning in FY 2014 through November 2014, \$0.4 million has been spent for 553 participants and 78 were hired.

The FY 2016 request includes the enacted level of funding, but did not specify the amount for each component, as the Department planned to base the allocations on the FY 2015 experience in terms of program participation and successes. The Back to Work Rhode Island and subsidized child care pilot programs are not included in the request, since those programs end in FY 2015; however, the request includes the same level of funding, shifting the funding to the remaining components. The request appears to include \$0.9 million for work immersion, assuming that a majority of the funding for the programs that ended is allocated to the work immersion program which is the largest of the components; this is \$0.4 million more than enacted.

As part of its constrained request, the Department requested a reduction of \$344,252 from among all of these new job development programs, though specific program reductions had not been identified and would be determined at a later date. This is the exact amount of the Budget Office target reduction. *The Governor recommended funding consistent with the constrained request, but did not allocate the reduction to specific programs.* **The Assembly concurred.**

Non-Trade Apprenticeships. The FY 2015 enacted budget includes \$1.1 million from general revenues for certain workforce development programs. For FY 2015, the Department provided specific allocations for each component, including \$150,000 for non-trade apprenticeships. It appears that no expenditures were made in FY 2014 for this program and the Department has not provided FY 2015 expenditures. Two apprenticeship proposals were approved in November 2013; the chosen providers then prepared curriculum plans and presented them to the State Apprenticeship Council in the spring of 2014. The employer pays the wages for any apprenticeship and department expenses are for administration.

The FY 2016 request includes the enacted level of funding, but did not specify the amount for each component, as the Department planned to base the allocations on the FY 2015 experience in terms of program participation and successes. The Back to Work Rhode Island and subsidized child care pilot programs are not included in the request, since those programs end in FY 2015; however, the request includes the same level of funding as when all programs were operational, shifting the funding to the remaining components. The request appears to include \$150,000 for non-trade apprenticeships, consistent with the enacted level.

As part of its constrained request, the Department requested a reduction of \$344,252 from among all of these new job development programs, though specific program reductions have not been identified and would be determined at a later date. This is the exact amount of the Budget Office target reduction. *The Governor recommended funding consistent with the constrained request, but did not allocate the reduction to specific programs.* **The Assembly concurred.**

Self-Employment Assistance. The FY 2015 enacted budget includes \$1.1 million from general revenues for certain workforce development programs. The FY 2016 request includes the enacted level of funding, but did not specify the amount for each component, as the Department planned to base the allocations on the FY 2015 experience in terms of program participation and successes.

Consistent with the revised request, the FY 2016 request added the self-employment assistance program and appears to allocate \$0.1 million. The self-employment assistance program provides training and information to individuals collecting unemployment benefits who are interested in becoming self-employed and opening their own business. The Department received a one-time grant from the United States Department of Labor for the program, which will be expended in FY 2015. Since the Department determined the program has been successful, it requested general revenues to continue it. The Department has not been able to provide the number of individuals that participated or have been successful in starting their own business.

As part of its constrained request, the Department requested a reduction of \$344,252 from among all of these new job development programs, though specific program reductions had not been identified and would be determined at a later date. This is the exact amount of the Budget Office target reduction. *The Governor recommended funding consistent with the constrained request, but did not allocate the reduction to specific programs.* **The Assembly concurred.**

Back to Work Rhode Island. The FY 2015 enacted budget includes \$1.1 million from general revenues for certain workforce development programs and for FY 2015, the Department provided specific allocations for each component; it included \$0.4 million for the Back to Work Rhode Island program and the 3.0 related positions. Because the program ended December 31, 2014, there is no funding in the request for this program; the positions were not removed, but were allocated to other duties within the Department. The program allowed individuals to continue collecting unemployment benefits while participating in on-the-job training activities for up to six weeks. The Department spent approximately \$20,000 in FY 2014 and requested \$158,263 for this program in its FY 2015 revised request; it has not been able to provide the number of participants. *The Governor did not include any legislation to continue the program or any funding for the program.* **The Assembly concurred.**

Subsidized Child Care Pilot. The FY 2015 enacted budget includes \$1.1 million from general revenues for certain workforce development programs and for FY 2015, the Department provided specific allocations for each component; including \$0.1 million for the child care component. The child care pilot program allows a parent, with an annual income below 180 percent of the federal poverty level who is attending certain job readiness programs, access to subsidized child care, if child care is required for participation. The program began October 1, 2013, and will end June 30, 2015, so there is no funding in the request for this program in FY 2016. The Department spent \$9,664 in FY 2014 for these expenditures and requested \$90,336 in FY 2015. *The Governor did not include any legislation to continue the program or any funding for the program.*

The Assembly included language in Article 17 of 2015-H 5900, Substitute A, as amended to eliminate the June 30, 2015 expiration date and permanently extend the child care pilot program. The Assembly removed \$0.1 million from general revenues the Department subsequently indicated it had set aside for this program and included \$0.2 million from federal sources in the Department of Human Services to fund and administer the program going forward.

Unemployment Insurance Consortium. The Department requested \$5.6 million from all sources for expenses related to the replacement of the unemployment benefit and tax systems. The request includes \$4.0 million from federal funds comprised of \$3.6 million for system development and \$0.3 million for salaries and benefits. It also includes a new request for \$1.6 million from general revenues, including \$0.9 million for salaries and benefits and \$0.8 million for a new imaging system to be compatible with the new tax and benefit systems. There are no general revenues in the enacted budget for this project and \$1.0 million from federal funds; the request is \$4.6 million above the enacted level. The Department indicated approximately eight positions would be filled with this request.

Rhode Island joined into a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems. The U.S. Department of Labor awarded the consortium \$90.0 million for the project, \$60.0 million for the centralized program development and \$10.0 million for each state to develop the program to its specific needs. The requested \$3.6 million for the system development represents the last of Rhode Island's \$10.0 million allocation. The Department was able to secure \$1.5 million in additional federal funds to support staffing expenses related to developing the system, but those funds expire on September 30, 2015. The requested general revenues would be used to maintain staff to continue the development of the system. The Department will continue to seek additional federal resources whenever possible, but requested general revenues

because these federal resources are expected to end. This is a 3-5 year project for the new system: the benefit portion will be done in 2016, while the tax portion will be completed in 2018.

It should be noted that for FY 2014, the Department anticipated need of up to \$8.0 million for staffing from September 2014 through the completion of the projects and for FY 2015, the Department indicated its staffing need was closer to \$1.0 million annually or \$4.8 million through FY 2019.

*The Governor recommended total funding as requested; she included federal funds as requested, but assumed use of \$1.6 million from Job Development Fund restricted receipts in lieu of general revenues. Use of the Job Development Fund for this purpose requires legislation which was inadvertently omitted. The Governor subsequently submitted the needed legislation. **The Assembly did not concur with the Governor's proposal to utilize \$1.6 million from Job Development Fund restricted receipts and removed the funding. The Assembly did provide \$750,000 from the Information Technology Investment Fund for the imaging system portion of the expenditures, shown in the Department of Administration's budget.***

Unemployment Insurance Benefits. The Department requested \$175.5 million from all fund sources for the payment of all unemployment insurance benefits. This includes \$174.0 million from the Employment Security Trust Fund for the first 26 weeks of regular benefits and \$1.5 million from federal funds for the WorkShare program, which allows employers to reduce staff hours to avoid layoffs and allows the workers to collect unemployment benefits for those reduced hours. The request is \$34.5 million less than enacted, including \$0.9 million less from federal stimulus funds and \$33.6 million less from the Trust Fund. *The Governor recommended funding as requested. **The Assembly concurred.***

Loan Repayment. The Department did not request any funding from the Job Development Fund for the payment of the interest and principal on the state's outstanding federal loans for the payment of unemployment insurance benefits. The loan was repaid on November 5, 2014. The enacted budget includes \$25.6 million. *The Governor concurred. **The Assembly also concurred.***

Unemployment Insurance Legal Fees. The Department requested \$0.4 million from restricted receipts for legal fees related to unemployment insurance claims appeals, which is \$0.2 million more than enacted. The 2013 Assembly passed legislation to change the payment amounts and manner in which legal fees were paid to attorneys in unemployment insurance appeals, intended to reduce expenditures from the restricted receipt accounts to avoid the use of general revenues. Combined with other reductions, the enacted budget assumed total savings of \$0.4 million. The Department implemented the lower fees; however, expenditures remain higher than projected but there are sufficient restricted receipts to offset these expenses. *The Governor recommended funding as requested. **The Assembly concurred.***

Unemployment Insurance Administration. The Department requested \$3.1 million from all sources, though primarily from federal funds for the administration and operations of the unemployment insurance program, excluding salaries and benefits. This is \$0.7 million less than enacted. The request includes \$1.7 million for information technology and computer related expenses including special projects from dedicated federal sources, which is \$0.6 million less than enacted to reflect the completion of projects in FY 2015 and an expected reduction in administrative funds in the coming year from the state's declining unemployment rate and number of claimants. It also includes \$0.4 million for both centralized state services and postage, \$0.1 million each for stenographic services for adjudication and appeals, printing, and rental and lease costs, along with \$0.3 million for utilities, various maintenance costs, and office supplies. *The Governor recommended funding as requested. **The Assembly concurred.***

Police and Fire Relief Fund. The Department requested \$4.1 million from general revenues for the payment of police and fire benefits paid 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 the

disabled worker. This consists of \$3.5 million for pension benefits and \$0.6 million for education benefits; the request is \$0.1 million less than enacted from a recent decline in the number of certain eligible recipients. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workforce Investment Act Grants. The request includes \$5.8 million from federal Workforce Investment Act funds to support employment initiatives oriented toward youth, adults and dislocated workers. This is \$2.2 million less than enacted and \$6.5 million less than the revised request, which includes funds carried forward from FY 2014. The request includes \$0.5 million less than enacted from two grants that are expiring and represents more conservative estimates of available funding for these programs, including less funding carried forward from FY 2015 than prior requests. The request is comprised of \$2.8 million for youth programs, \$1.5 million for dislocated workers, and \$1.5 million for adult programs. *The Governor recommended funding as requested.* **The Assembly concurred.**

Human Resource Investment Council Grants. The Department requested \$7.9 million from restricted receipts or \$0.2 million more than enacted to support workforce development grant awards and employment and training initiatives through the Governor's Workforce Board and the Human Resource Investment Council. The grant awards for FY 2016 will be determined in FY 2015.

The Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment generates approximately \$12.5 million for the Council's use. Administrative costs are approximately \$3.1 million, including the Department's internal expenses for staff and operations. The balance is distributed for workforce development activities, including adult education and these requested grant expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Workforce Development Grants. The Department requested \$2.5 million from federal funds for all other workforce development grants. This is \$2.7 million less than enacted, including \$2.0 million from reduced utilization of the trade adjustment act program, and reductions of \$0.6 million for workforce innovation and \$0.1 million for the data quality initiative to reflect the end of the grant periods. The request includes \$1.7 million for trade adjustment act programs, \$0.5 million for senior community service employment, and \$0.1 million each for the disability employment initiative, data quality initiative and On-Ramps to Career Pathways programs and reflects the estimated federal awards for FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workforce Development Operations. The Department requested \$1.8 million from all sources, including \$1.7 million from federal funds and \$0.1 million from restricted receipts, for administration and operations of the workforce development services program, excluding salaries and benefits. This includes \$0.1 million for the Governor's Workforce Board, \$0.6 million for Workforce Investment Act programs, and \$1.1 million for all other workforce development programs. The request is \$8,187 less than enacted and includes reductions for lease and utilities costs to be in line with FY 2014 expenditure levels and increased computer and information technology expenses to complete renovations at the *netWORK*ri locations. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Disability Insurance Benefits. The Department requested \$175.0 million from the Temporary Disability Insurance Fund for the benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$5.0 million more than enacted and consistent with the revised request. Requested benefits increased 2.9 percent from the enacted level, which is near pre-recession growth; however, the request reflects a 9.8 percent increase from FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Disability Insurance Administration. The Department requested \$6.0 million from the Temporary Disability Insurance Fund for administration of the Temporary Disability Insurance program.

This is \$0.1 million more than enacted, primarily for staffing expenses from shifting 0.7 positions to other programs, maintaining vacant positions and adding \$225,102 for the cost-of-living adjustment. It also includes \$27,621 less for administrative expenses, primarily for maintenance and utility expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Caregiver Benefits. The Department requested \$10.0 million from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. This is \$10.0 million less than enacted and \$7.3 million above FY 2014 expenditures. Although the number of applications was high, the amount of benefits utilized was much lower than anticipated in FY 2014 and the Department anticipated that benefit utilization would increase slightly in both FY 2015 and FY 2016.

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 benefit rate is the same as temporary disability insurance benefits. *The Governor recommended funding as requested.* **The Assembly concurred.**

Temporary Caregiver Administration. The Department requested \$1.0 million from the Temporary Disability Insurance Fund, which is \$0.2 million more than enacted for administration of the temporary caregiver program. This includes \$0.3 million more for salaries and benefits from shifting 3.0 positions from other divisions, for a total of 10.0 positions, and \$42,289 for the cost-of-living adjustment. The Department based its original staffing request on other states' experience, but after six months, assigned additional staff to the program. The request also includes \$23,993 for administration, such as postage, office supplies and utilities, which is \$92,851 less than enacted based on the first eight months of actual expenses. Requested administrative expenses are \$676 more than FY 2014 expenditures; however, the program was only operating for half of the fiscal year. *The Governor recommended funding as requested.* **The Assembly concurred.**

Workers' Compensation. The Department requested \$4.3 million from workers' compensation restricted receipts for administration of the workers' compensation program, excluding salaries and benefits. This includes \$1.8 million for operations at the Donley Rehabilitation Center, \$1.6 million for the Administration Fund for payment of claims for second injuries, \$0.5 million for claims processing, \$0.4 million for the education unit and \$0.1 million for all other administrative costs. The request includes \$1.9 million for doctors, dentists, nurses, employing a graduate student under a training program and other medical services at the Donley Center and for claims determinations, \$0.5 million for information technology expenses, and \$0.3 million for all other operating expenses, such as insurance, utilities and office supplies. The request is \$0.3 million less than enacted, including \$0.7 million less from second injury claims partially offset by increases of \$0.2 million for continued computer programming upgrades and information technology services for claims processing and \$0.1 million for various medical services at the Donley Rehabilitation Center. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Improvements. The Department requested \$3.1 million from Rhode Island Capital Plan funds for a series of nine asset protection projects at the Center General Complex, Donley Rehabilitation Center and West Warwick field office. This is \$1.1 million more than enacted and consistent with the Department's capital budget request. The Department did not request any funding for the roof replacement project since it is expected to be completed in FY 2015. *The Governor recommended \$1.6 million less than requested for the asset protection project. The Governor subsequently requested an amendment to restore \$1.3 million from Rhode Island Capital Plan funds, including \$256,691 for FY 2016 to complete the roof replacement project.* **The Assembly concurred. These projects are discussed in greater detail in the Capital Budget section of this publication.**

Operating Transfers. Excluding items mentioned previously, the Department's request includes \$8.3 million for expenditures classified as "operating transfers," which is \$45,073 more than enacted. The changes include \$0.2 million more from Temporary Disability Insurance funds to support the employer tax unit in the Department of Revenue and \$0.2 million less for reimbursements to the three state institutions of higher education. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and employment security funds and among state agencies. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$29.6 million from all sources for all other salary and benefit expenses for the remaining 339.6 positions, including \$3.3 million from general revenues, \$17.5 million from federal funds and \$8.8 million from restricted receipts. The request is \$2.7 million less than enacted; it includes \$3.3 million less from federal funds from shifting expenses to restricted receipt accounts, maintaining vacancies and an expected reduction in unemployment administration funding in the coming year from the state's declining unemployment rate and number of claimants. The request increased general revenues by \$0.3 million from filling a 0.5 position in Central Management and 1.0 Workforce Regulation and Safety position in addition to the cost-of-living adjustment.

The request includes the enacted number of positions but shifts positions and funding between programs. The request includes turnover savings of \$7.0 million from maintaining approximately 68 positions vacant, primarily related to unemployment insurance administration, but also workforce development. Based on the request, the cost-of-living increase is \$1.3 million, \$0.2 million from general revenues. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014 and October 4, 2015, offset by increased cost sharing measures for medical benefits. The estimated cost for FY 2016 reflects approximately 5.6 percent growth over personnel expenditures for FY 2014.

The Governor recommended \$2.8 million more than requested, including \$53,277 less from general revenues. This includes \$2.9 million to fund unemployment insurance positions at the current services level in the absence of any official reductions to current funding levels. Consistent with the revised budget, the recommendation includes turnover savings from not filling the requested workforce regulation and safety position and additional turnover in the workers' compensation and workforce development divisions. It also adds \$0.1 million from federal funds to offset the general revenue reduction. **The Assembly concurred.**

All Other Operations. The Department requested \$0.2 million from general revenues for all other operations. This is \$14,402 less from general revenues. The request includes \$132,972 for the workforce regulation and safety division, \$17,669 for central management, \$53,370 for the Labor Relations Board and \$2,811 for the Police and Fire Relief program. The request is \$1,099 or 0.4 percent more from general revenues than the revised request for the same expenditures, reflecting a one percent increase for some expenditures and no increase for others. *The Governor recommended \$7,017 less than requested from general revenues, including \$7,000 less for legal expenses for the Labor Relations Board and \$17 less for various operating expenses in the Office of the Director to make expenditures consistent with FY 2013 and FY 2014 expenditures.* **The Assembly concurred.**

Department of Revenue

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Office of Director	\$ 1,122,100	\$ 1,114,066	\$ 1,144,238	\$ 1,144,238
Office of Revenue Analysis	564,334	545,366	574,490	574,490
Lottery Division	342,306,302	330,592,118	303,850,780	303,850,780
Division of Municipal Finance	2,256,992	2,279,033	2,186,998	2,186,998
Taxation	22,098,570	23,354,069	22,819,933	22,819,933
Registry of Motor Vehicles	24,846,255	22,342,940	21,465,170	24,465,170
State Aid	67,020,089	67,249,646	63,165,640	68,165,640
Total	\$ 460,214,642	\$ 447,477,238	\$ 415,207,249	\$ 423,207,249
Expenditures by Category				
Salaries and Benefits	\$ 45,081,072	\$ 44,624,302	\$ 47,430,708	\$ 47,430,708
Contracted Services	4,323,223	4,514,951	1,882,007	1,882,007
Subtotal	\$ 49,404,295	\$ 49,139,253	\$ 49,312,715	\$ 49,312,715
Other State Operations	340,044,958	327,071,842	299,661,838	302,661,838
Aid to Local Units of Government	67,150,629	67,378,685	63,321,548	68,321,548
Assistance, Grants, and Benefits	108,923	1,506,423	108,923	108,923
Capital	3,442,837	2,314,918	2,734,124	2,734,124
Operating Transfers	63,000	66,117	68,101	68,101
Total	\$ 460,214,642	\$ 447,477,238	\$ 415,207,249	\$ 423,207,249
Sources of Funds				
General Revenue	\$ 107,798,690	\$ 107,304,673	\$ 105,198,446	\$ 113,198,446
Federal Aid	5,113,145	6,089,666	1,315,154	1,315,154
Restricted Receipts	4,000,819	2,309,433	3,894,326	3,894,326
Other	343,301,988	331,773,466	304,799,323	304,799,323
Total	\$ 460,214,642	\$ 447,477,238	\$ 415,207,249	\$ 423,207,249
FTE Authorization	505.0	505.0	514.5	514.5

Summary. The Department of Revenue requested expenditures of \$468.3 million for FY 2016, including \$108.8 million from general revenues, \$1.4 million from federal funds, \$3.9 million from restricted receipts and \$354.1 million from other sources including Lottery funds. The request is \$8.1 million more than the enacted budget. This includes increases of \$1.0 million from general revenues and \$10.3 million from other funds and reductions of \$3.7 million from federal funds and \$57,181 from restricted receipts.

The Governor recommended \$415.2 million from all sources, which is \$53.1 million less than requested. Recommended general revenues are \$105.2 million, \$2.6 million less than enacted and \$3.6 million less than requested. The recommendation includes \$0.1 million less than requested from federal funds, \$49,312 less from restricted receipts, and \$49.3 million less from other sources, primarily Lottery funds. The Assembly provided total expenditures of \$423.2 million from all sources, which is \$8.0 million more than recommended from general revenues.

Staffing Authorization. The Department requested 513.5 full-time equivalent positions, 8.5 more than authorized. The request reflects the creation of a training supervisor position within the Office of the Director and part-time customer service representative positions, equivalent to 6.5 full-time positions within the Registry of Motor Vehicles. The request also includes the restoration of 1.0 unidentified full-time equivalent position assumed allocated to other state agencies in the enacted budget; however, the Department did not identify the specific division to which the restored position would be assigned.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015. Based on the request, the FY 2016 cost for the increases is \$2.2 million from all funds, including \$1.7 million from general revenues.

*The Governor recommended 514.5 full-time equivalent positions, 1.0 more than requested. The recommendation includes the requested part-time customer service positions and an additional 3.0 new full-time positions for the Division of Taxation to implement recommended revenue initiatives. The Governor did not include the requested training supervisor position and did not recommend the restoration of the unidentified position. **The Assembly concurred.***

Target Issues. The Budget Office provided the Department of Revenue with a general revenue target of \$105.5 million. The amount includes current service adjustments of \$0.9 million and a 7.5 percent reduction of \$3.3 million.

FY 2016 Budget	Budget Office	DOR	Difference
FY 2015 Enacted	\$ 107,798,690	\$ 107,798,690	\$ -
Current Service Adjustments	949,411	1,014,769	65,358
Change to FY 2015 Enacted	\$ 949,411	\$ 1,014,769	\$ 65,358
FY 2016 Current Service/Unconstrained Request	\$ 108,748,101	\$ 108,813,459	\$ 65,358
Target Reduction/Initiatives	(3,268,040)	(3,340,718)	(72,678)
FY 2016 Constrained Target/Request	\$ 105,480,061	\$ 105,472,741	\$ (7,320)
<i>Change to FY 2015 Enacted</i>	<i>\$ (2,318,629)</i>	<i>\$ (2,325,949)</i>	<i>\$ (7,320)</i>

The constrained budget submitted by the agency is \$7,320 less than the target. The proposals to achieve the reductions are noted among the items described below where appropriate.

Subsequent to submission of its budget request, the Department submitted an amendment requesting \$304,560 from general revenues to fund the new part-time customer service positions and 11 raises for supervisory positions approved at a public hearing on December 2, 2014 as part of its constrained budget. Inclusion of the funds increases the proposal to \$297,240 more than the target. *The Governor's recommendation is \$0.3 million below the target. **The enacted budget is \$7.7 million above the target.***

Office of the Director

Training Supervisor. The Department requested \$0.1 million from general revenues for the creation of a training supervisor position within the Office of the Director, and noted that the position was determined necessary following the drafting of the departmental strategic plan. The Office of the Director oversees overall departmental operations and the position would be tasked with the coordination and supervision of staff currently engaged in developing and conducting in-service training programs for all divisions and the evaluation of existing in-service training.

As part of its constrained request, the Department excluded the position. *The Governor did not recommend the position. **The Assembly concurred.***

All Other Staffing and Operations. The Department requested \$1.2 million from general revenues, which is \$89,409 more than enacted for all other operations of the Office's two units, the director of revenue and legal services.

The request includes \$1.1 million, which is \$20,854 more for salaries and benefits for the authorized 9.0 full-time equivalent positions in the Office. This includes \$58,344 to fund the cost-of-living increases. The request includes turnover savings associated with holding a senior internal auditor position vacant for the fiscal year and is consistent with current planning values and statewide benefit savings.

The Department also requested \$0.1 million, which is \$68,555 more from general revenues for operations expenses, reflective of annual Microsoft 365 license costs. The Department indicated that in the beginning of FY 2015, it was advised by the Division of Information Technology that the license costs would need to be included in its FY 2016 operating request. The request includes the enacted amount of \$20,010 from general revenues for general office expenses and the Office's proportional share of a leased copy machine.

*The Governor recommended funding as requested for staff salaries and benefits. The recommendation includes \$1,284, which is \$67,271 less than requested for the Department's Microsoft 365 licenses, shifting costs to each division for its respective licenses. **The Assembly concurred.***

Office of Revenue Analysis

State Economic Modeling Software. The Department requested \$38,600 to purchase new economic modeling software for the Office of Revenue Analysis. The Office utilizes the Regional Economic Models REMI PI+ software to perform impact analysis of economic development and policy proposals. The request reflects the annual license cost for Regional Economic Models REMI Tax PI software, which the Department noted includes the ability to model the impact of specific changes to tax incentives on state revenues and expenditures; the Office reported that the requested software would allow it to produce more nuanced models of expenditure and revenue changes. The enacted budget includes \$27,500 for the biennial license cost of the Office's current modeling software.

As part of its constrained request, the Department excluded the requested new software. *The Governor did not recommend the purchase. **The Assembly concurred.***

All Other Operations. The Department requested \$0.6 million, which is \$14,948 more than enacted for all other Office of Revenue Analysis staffing and operations. The request includes \$0.6 million to fund salaries and benefits for 4.0 full-time positions, including \$27,928 to fund the cost-of-living increases and \$13,047 for a salary increase for the Chief of the Office of Revenue Analysis, approved via a public hearing in December 2013. The Department reported that insufficient funds were included in its FY 2015 budget request, and therefore the enacted budget, to fund the increase. Consistent with the enacted budget, the request does not include turnover savings.

The Department additionally requested \$7,680, which is \$28,400 less than enacted from general revenues for all other Office operations. This includes \$900 less for general office supplies and expenses, consistent with historical expenditures. Also included is \$27,500 less than enacted for software maintenance agreements, reflective of the inclusion of the biennial license for the Office's economic modeling software in the enacted budget.

As part of its constrained request, the Department included turnover savings of \$5,595. *The Governor recommended turnover savings consistent with the constrained request, but included an additional \$803 for the Office's Microsoft 365 license costs. **The Assembly concurred.***

Lottery Division

Commission Payments. The Department requested \$332.2 million, which is \$7.8 million more than enacted from Lottery funds for commission prizes and payments to reflect enacted estimates. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to Twin River and Newport Grand casinos for the fiscal year. *The Governor recommended \$48.8 million less than requested, including \$7.4 million more for table game prizes and \$56.2 million less for traditional lottery prizes, to reflect the November 2014 Revenue Estimating Conference.* **The Assembly concurred.**

All Other Table Gaming Operations. The Department's request includes \$4.7 million, which is \$0.4 million more than enacted from Lottery funds for salaries and benefits for 33.0 table gaming positions to reflect current staffing, updated planning values, and statewide medical benefit savings. The request includes \$0.2 million to fund the cost-of-living increases. As of November 29, 2014, the Division reported no table gaming vacancies.

Also included is the enacted amount of \$1.4 million from Lottery funds for table gaming operations, including \$0.1 million for general office supplies and operating expenses and \$1.3 million for transfers to the Department of Public Safety for the 10.0 sworn members of the State Police Gaming Enforcement Unit.

The Governor recommended \$5,280 more than requested, including \$133,066 less for staff salaries and benefits, to reflect historical expenditures and additional statewide benefit savings, and \$138,346 more for payments to the Department of Public Safety for the State Police unit, consistent with the Department's anticipated costs. **The Assembly concurred.**

Network Security Audits. The Department requested \$0.1 million from Lottery funds for contracted network security audits to ensure information technology policies, procedures, documentation, and implementation are in line with industry best practices and to safeguard Lottery funds. Audits were last performed in FY 2013. *The Governor did not recommend the funding.* **The Assembly concurred.**

All Other Operations. The Department requested \$16.1 million, which is \$2.5 million more than enacted from Lottery funds for all other Lottery Division operations. This includes \$0.3 million more for salaries and benefits for 51.0 full-time equivalent positions, including \$0.3 million to fund the cost-of-living increases. The request is consistent with current staffing, planning values, and statewide medical benefit savings and assumes no turnover savings, as the Department reported that it anticipated filling all vacant Lottery positions within the current year. As of November 29, 2014, the Division reported 1.0 vacant position.

The request also includes \$2.2 million more than enacted from Lottery funds for all other operations expenses. This includes \$1.8 million more than enacted from Lottery funds for state reimbursement of qualified advertising expenses at Twin River Casino, consistent with statutory changes enacted by the 2014 Assembly. The Department additionally requested \$10,000 more than enacted from Lottery funds for payments to students performing the weekly drawing of winning Lottery numbers, reflective of historical expenditures, and \$0.1 million for the purchase of new vehicles to replace those in the Lottery fleet that have reached the end of their useful life.

The Governor recommended \$0.4 million less than requested to reflect historical expenditures, including \$0.2 million less for staff salaries and benefits and \$0.2 million less for operating expenditures including building maintenance, unspecified software purchases, postage, and mileage. **The Assembly concurred.**

Division of Municipal Finance

Actuarial and Legal Services. The Department requested \$0.2 million, which is \$22,500 less than enacted for legal services associated with municipal finance oversight, reflective of an anticipated reduction in legal expenses related to financial oversight in Woonsocket. The request includes the enacted amount of \$0.1 million for actuarial services associated with the Locally Administered Pension Plans Study Commission. *The Governor recommended \$42,500 less than requested to reflect FY 2014 expenditures.* **The Assembly concurred.**

Oversight Reimbursement. The Department requested \$0.2 million, which is \$0.1 million more than enacted from general revenues for municipal finance oversight reimbursements. The request is consistent with legislation adopted by the 2013 Assembly, which requires that the state reimburse 50.0 percent of the cost for a finance advisor to municipalities that have improved in financial standing and no longer require a receiver. The request includes \$130,084 for reimbursements to Central Falls and East Providence, consistent with the enacted budget. It also includes \$59,308 for reimbursements to Woonsocket, reflective of the anticipated end of the city's Budget Commission and the establishment of a finance advisor position effective January 1, 2015, and \$25,824 for reimbursements to the Central Coventry Fire District, reflective of the anticipated end of fiscal oversight effective July 1, 2015.

The Governor recommended \$59,308 less than requested to reflect savings associated with East Providence's finance advisor concurrently holding the position in Woonsocket. Since his initial appointment in FY 2014, the East Providence advisor's workload has reportedly lessened. The advisor currently holds a dual appointment, spending approximately three days per week working on behalf of Woonsocket and the other two working on behalf of East Providence. **The Assembly concurred.**

Software Upgrade. The Department requested \$21,500, which is \$6,500 more than enacted from general revenues for the purchase of document management software for the Division of Municipal Finance. The Department reported that the new software will enable municipalities to upload financial reports digitally, promoting data sharing and collaborative document management between the Division and municipal governments. The Division reported that the submission of hard-copy municipal data has resulted in delayed determination of proportional shares of state aid programs.

As part of its constrained request, the Department excluded the software upgrade and \$20,000 from general revenues. *The Governor did not recommend the software purchase.* **The Assembly concurred.**

All Other Operations. The Department requested \$2.0 million which is \$0.1 million more than enacted from general revenues for all other Division of Municipal Finance operations. This includes \$0.1 million more for salaries and benefits for 17.0 full-time equivalent positions and \$4,672 less than enacted for operations expenditures. The request includes \$90,905 for the cost-of-living adjustments and reflects current planning values and statewide medical benefit savings. Consistent with the revised request, the request includes turnover savings reflective of filling three vacant positions at the lowest salary level in FY 2015. The request also reflects reimbursements to the Division for a programming services officer position tasked with assisting the Emergency Management Agency. The Department requested reductions for cellular use, printing services, and office supplies, consistent with historical expenditures.

As part of its constrained request, the Department proposed maintaining the programming services officer position vacant for FY 2016 and included savings of \$0.1 million from general revenues. The Division is reimbursed by the Emergency Management Agency for the position. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

Local Aid

Payment in Lieu of Taxes. The Department requested \$35.1 million for the Payment in Lieu of Taxes program, which reimburses cities and towns for property taxes which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, exempted from taxation by state law. Reimbursement is statutorily based on 27.0 percent of the tax that would have been collected had the property been taxable, subject to appropriation. If the appropriation is less than the amount necessary to reimburse at 27.0 percent, the reimbursements are ratably reduced. The state makes one payment to communities in July of each year.

The request is \$5.0 million less than enacted and reflects the one-time nature of funding for FY 2015 made available through refinancing of tobacco bonds. The 2014 Assembly adopted legislation authorizing the Tobacco Settlement Financing Corporation to raise additional funds in an amount of not less than \$20.0 million from the Tobacco Settlement Financing Corporation Act through the refunding of its bonds. Of this amount, \$5.0 million was designated for deposit into the state's General Fund in support of the Payment in Lieu of Taxes program. The request is consistent with funding levels provided in FY 2013 and FY 2014. *The Governor recommended funding as requested.* **The Assembly provided \$40.1 million, which is \$5.0 million more than recommended. The FY 2016 appropriation represents reimbursement of 23.7 percent.**

Distressed Communities Relief Fund. The Department requested the enacted amount of \$10.4 million to fund the Distressed Communities Relief program for FY 2016. This program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. The 2005 Assembly expanded assistance eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four program indices. For FY 2015 and FY 2016, the cities of Central Falls, East Providence, North Providence, Pawtucket, Providence, West Warwick, and Woonsocket qualify for the program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Motor Vehicles Excise Tax Program. The Department requested the enacted amount of \$10.0 million to level fund the Motor Vehicles Excise Tax program for FY 2016. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allowed municipalities to provide an additional exemption not subject to reimbursement, removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year, allowed rates to be lowered from existing frozen levels, and restored the authority for fire districts to levy a motor vehicles excise tax. *The Governor recommended funding as requested.* **The Assembly concurred.**

Property Tax Revaluation Reimbursements. The Department requested \$1.8 million, which is \$1.1 million more than enacted from general revenues to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2016. The request reflects anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations in FY 2016. Expenditures fluctuate annually; they were \$0.4 million in FY 2014, \$0.9 million in both FY 2013 and FY 2012, \$0.7 million in FY 2011, \$1.5 million in FY 2010, and \$1.0 million in FY 2009. In FY 2016, the communities that qualify for reimbursement are Burrillville, Central Falls, Jamestown, Johnston, Lincoln, Little Compton, New Shoreham, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, West Warwick, and Westerly. *The Governor recommended funding as requested.* **The Assembly concurred.**

Municipal Incentive Aid. The Department requested the enacted amount of \$5.0 million from general revenues to fund the third and final year of the Municipal Incentive Aid program, which encourages

sustainable funding of retirement plans and reduction of unfunded liabilities. To receive aid, municipalities must meet certain benchmarks for each program year. For FY 2014, a municipality could receive funds if it had no locally administered pension plan; if it submitted an approved Funding Improvement Plan by June 1, 2013, or if its locally administered plan was not required to submit a Funding Improvement Plan. For FY 2015 and FY 2016, a municipality qualifies for the program if its pension plan is in the state-administered Municipal Employee Retirement System; if it has submitted or implemented an approved Funding Improvement Plan within 18 months of critical status notification; or, if it is not required to submit a Funding Improvement Plan and is making 100 percent of its Annually Required Contribution.

Aid is distributed on the basis of the most recent estimate of population of each municipality as a share of the total state population, as reported by the Bureau of the Census. Payments are made in March of each year. If a municipality is not eligible to receive aid, its share may be reappropriated to the following fiscal year. To receive the prior and current years' share of aid, the municipality must meet the funding requirements for both years. *The Governor recommended funding as requested. The Assembly concurred.*

Car Rental/Surcharge - Warwick Share. The Department requested the enacted amount of \$0.9 million from restricted receipts for the City of Warwick, reflective of updated receipt estimates. The 2002 Assembly enacted legislation to provide the city with the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at T.F. Green Airport. The receipts are deposited into a restricted account. *The Governor recommended funding as requested. The Assembly concurred.*

Division of Taxation

Combined Reporting. The Department requested \$0.9 million, which is \$0.4 million more than enacted from general revenues for the implementation of business tax restructuring and combined reporting effective tax year 2015. This includes \$0.8 million to fund 7.0 full-time equivalent positions for the full fiscal year. The enacted budget assumes the positions will be filled as of January 1, 2015. Also included is \$50,000 for staff training and \$50,000 for legal services associated with changes implemented by the 2014 Assembly. As of November 29, 2014, the Division reported that 1.0 of the 7.0 combined reporting positions was filled. The remaining positions, an implementation aide, a legal officer, and four revenue agent positions would be posted publicly after January 1, 2015.

The enacted budget includes several changes to business tax law, effective January 1, 2015. The changes include the implementation of combined reporting for business corporations tax filers and the elimination of the franchise tax. Additionally, the apportionment calculation used by filers to determine net income and tax liability from the current three-factor method, which weighs property, sales, and payroll equally, is replaced by the "single sales" method, which uses only sales, to be determined by market-based sourcing, effective January 1, 2015. *The Governor recommended funding as requested. The Assembly concurred.*

Revenue Initiatives. The Division is not authorized to establish contingency fee contracts or to allow tax return filers to conduct managed self-audits. Contingency fee contracts permit third party contractors to review Division tax and collections data to assess additional taxes, interest, or penalties owed and reductions in claimed refunds. Vendors are prohibited from conducting field audits and are paid on a contingency basis, as a percentage of the actual amount of revenues collected. Managed self-audits allow filers to review their own records, under the administration of the Division, to determine any additional tax liability owed, typically sales and use taxes. Filers typically receive reduced interest and penalties for reported and paid liabilities.

*The Governor recommended legislation to authorize the Division to engage in both initiatives and recommended \$0.3 million from general revenues to fund 3.0 new full-time equivalent positions, including 2.0 revenue agent positions to administer contingency fee contracts and 1.0 new principal revenue agent to administer the self-audit program. The Budget assumes additional total revenues of \$2.3 million from these initiatives. **The Assembly concurred.***

All Other Salaries and Benefits. The Department requested \$20.7 million, which is \$1.1 million more than enacted from all sources for salaries and benefits for 215.0 full-time equivalent positions for the Division of Taxation. This includes \$0.9 million more from general revenues, \$0.1 million more from federal funds, \$0.1 million more from restricted receipts, and \$0.1 million more from Temporary Disability Insurance funds. The request includes \$0.6 million, of which \$0.5 million is from general revenues, to fund the cost-of-living increases and assumes 2.7 percent or \$0.6 million in turnover savings, equivalent to 5.7 vacant positions, assuming an average Division salary of \$59,051. The enacted budget assumes \$1.0 million, equivalent to 10.8 vacancies. As of the November 29, 2014, the Division reported 197.0 filled positions.

The 2014 Assembly authorized the creation of 7.0 new revenue officer positions associated with enhanced collection and compliance initiatives included in the enacted budget. As of December 6, 2014, the Division reported that of its total authorized 25.0 revenue officer positions, 6.0 were vacant.

As part of its constrained request, the Department proposed the elimination of 26 revenue officer positions for FY 2016, and included \$1.5 million in savings from general revenues. The eliminations would include 13.0 positions in the compliance and collections section of the Division and 13.0 in the field audit section. The enacted budget assumes a full year of funding for the total 25.0 authorized revenue officer positions. The Department reported that each compliance and collections revenue officer is anticipated to collect \$0.9 million in delinquent taxes each year. Revenue officers in the field audit section are anticipated to collect an average of \$0.7 million each year. The anticipated total revenue loss resulting from the eliminations would be \$21.1 million for FY 2016.

*The Governor recommended \$0.8 million less than requested from all sources, including \$0.7 million less from general revenues. The recommendation includes turnover savings consistent with historical expenditures and recent staffing changes and reflects additional statewide benefit savings. **The Assembly concurred.***

All Other Operations. The Department requested \$2.0 million, which is \$0.2 million less than enacted from all funds for all other Division of Taxation operations. This includes \$50,000 less from general revenues, reflective of the anticipated termination of Division legal expenditures for the Landmark and Westerly Hospital bankruptcy case. Also included is \$62,220 less from federal funds, \$25,835 less from restricted receipts, and \$0.1 million less from other funds. The request is consistent with historical and anticipated expenditures for contracted financial services, printing, postage, and other office expenses.

*The Governor recommended \$33,482 less than requested from all sources, including \$39,101 less from general revenues. The recommendation includes \$34,518 for the Division's Microsoft 365 licenses, offset by savings of \$68,000 to reflect internal processing of International Fuel Tax Agreement returns. The Governor's revised FY 2015 recommendation includes \$0.6 million from federal funds to develop systems architecture within the Integrated Tax System to process the returns. **The Assembly concurred.***

The Division of Motor Vehicles

License Plate Reissuance. The Department requested \$2.6 million from general revenues to implement license plate reissuance, effective September 1, 2015. The 2013 Assembly enacted Section 1 of Article 6 of 2013-H 5127, Substitute A, as amended, eliminating the requirement for validation stickers to be

affixed to vehicle license plates and delaying the issuance of new license plates from September 1, 2013. New plates will be issued at the time of initial registration and upon the renewal of registrations. The November 2014 Revenue Estimating Conference included \$2.5 million of revenues from the plate reissuance for FY 2016.

*The Governor did not recommend the requested funding and included Article 26 of 2015-H 5900, postponing the start of license plate reissuance to September 1, 2016. Documents supporting the recommendation note that reissuance costs would be higher than anticipated; however, the Budget Office reported that project costs had not been finalized. The Governor's recommended budget assumes net savings of \$0.1 million from the postponement. **The Assembly included Article 4 of 2015-H 5900, Substitute A, as amended, which postpones the license plate reissuance to July 1, 2016, and provided \$3.0 million from general revenues to fund the printing of plates in the second half of FY 2016. Any unspent funds will be reappropriated to FY 2017 for the same purpose.***

Information Technology Modernization. The Department requested \$2.1 million, which is \$3.9 million less than enacted from all funds for the Rhode Island Modernization System project. This includes \$3.8 million less from federal funds and \$0.1 million less from restricted receipts. The modernization project is intended to expand the online functions available on the Division of Motor Vehicles' website and reduce wait times for transactions performed at the Registry. The Department's capital budget request programs \$3.7 million for the current year, \$1.0 million for FY 2016, and \$2.1 million for FY 2017. However, in May 2014, the Department and Hewlett Packard altered the methodology for system design and development. Resulting changes to the scope of work and project timeline have altered the project schedule, requiring a fourth contract amendment. As of December 2014, a new amendment had not been signed. *The Governor recommended funding as requested. **The Assembly concurred.***

Part-Time Customer Service Representatives. The Department requested \$0.2 million from general revenues for the creation of 12 part-time customer service positions in the Division of Motor Vehicles, equivalent to 6.5 full-time positions, each working a maximum of 19 hours per week. The request reflects anticipated staffing needs associated with the ongoing design and development of the Rhode Island Modernization System and its implementation throughout FY 2016. As of January 2015, the Department had not provided an updated staffing plan reflective of ongoing negotiations with Hewlett Packard or the fourth contract amendment for the completion of the Modernization System. *The Governor recommended funding as requested. **The Assembly concurred.***

All Other Salaries and Benefits. The Department requested \$13.9 million, which is \$0.8 million more than enacted from all sources for all other Registry salaries and benefits. This includes \$0.8 million more from general revenues and \$12,983 more from federal funds and \$645,427 from all funds, of which \$643,157 is from general revenues, to fund the cost-of-living increases. The request includes \$0.5 million in turnover savings, equivalent to 5.6 vacant positions, assuming an average value of \$87,366 per position; the enacted budget assumes \$0.8 million of savings. The remainder of the request is reflective of current planning values and statewide medical benefit savings and includes \$25,000 more from general revenues for overtime expenses associated with training sessions for the Rhode Island Modernization System.

It should be noted that in December 2014, raises were approved for 11.0 filled Division customer service supervisor positions at a public hearing. However, funding for the raises was not included in the Department's FY 2016 operating budget request. The Department reported that the raises are the result of negotiations between the Administration and the collective bargaining agent for Division customer service representatives. The negotiations took place after the budget request had been submitted.

Subsequent to submission of its budget request, the Department requested an amendment to add \$56,154 from general revenues to fund the supervisory position raises as part of its constrained budget.

The Governor recommended \$140,793 less than requested from general revenues. The recommendation restores \$0.2 million of turnover savings included in the enacted budget to reflect current staffing and anticipated customer service needs. The requested funds for the supervisory position raises are included.
The Assembly concurred.

All Other Operations. The Department requested \$5.2 million, which is \$0.4 million less than enacted from general revenues for all other operating expenses for the Division of Motor Vehicles. The request includes \$0.2 million more than enacted for staff travel, mileage, office supplies, postage, and printing costs, consistent with historical expenditures. The request includes \$0.6 million less than enacted from general revenues for software licensing and maintenance agreements for existing Registry information and database systems. The Department reported that the request is reflective of existing software and information technology system architecture and server upgrades included in the revised FY 2015 request. *The Governor recommended \$27,454 more than requested from general revenues for the Division's Microsoft 365 licenses.* **The Assembly concurred.**

Target - DMV Branch Closures. As part of its constrained request, the Department proposed the closure of four Registry branch locations, Woonsocket, Wakefield, Westerly, and Warren, and included total associated savings of \$1.6 million from general revenues. The proposal includes the elimination of 44.0 full-time equivalent positions, with associated savings of \$1.5 million. It also includes operations savings of \$0.1 million from general revenues reflective of the termination of the locations' leases and general office expense reductions associated with the closed branch locations. It should be noted that Rhode Island General Law 31-2-6 requires the Division maintain branch offices in Warren and Westerly. *The Governor did not recommend the proposal.* **The Assembly concurred.**

Legislature

		FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program					
General Assembly	\$	5,314,598	\$ 6,144,378	\$ 5,526,121	\$ 5,526,121
Fiscal Advisory Staff		1,730,384	1,726,518	1,846,092	1,846,092
Legislative Council		4,694,111	4,638,093	5,018,501	5,018,501
Joint Comm. on Legislative Affairs		21,009,636	23,203,715	23,170,750	23,170,750
Office of the Auditor General		5,254,121	5,022,127	5,579,580	5,579,580
Special Legislative Commissions		13,900	13,900	13,900	13,900
Total	\$	38,016,750	\$ 40,748,731	\$ 41,154,944	\$ 41,154,944
Expenditures by Category					
Salaries and Benefits	\$	32,255,238	\$ 32,954,157	\$ 35,293,497	\$ 35,293,497
Contracted Services		442,850	573,350	421,350	421,350
Subtotal	\$	32,698,088	\$ 33,527,507	\$ 35,714,847	\$ 35,714,847
Other State Operations		2,765,162	3,933,720	2,876,597	2,876,597
Aid to Local Units of Government		-	-	-	-
Assistance, Grants, and Benefits		2,300,000	2,441,330	2,300,000	2,300,000
Capital		253,500	846,174	263,500	263,500
Capital Debt Service		-	-	-	-
Operating Transfers		-	-	-	-
Total	\$	38,016,750	\$ 40,748,731	\$ 41,154,944	\$ 41,154,944
Sources of Funds					
General Revenue	\$	36,429,671	\$ 39,233,413	\$ 39,474,071	\$ 39,474,071
Federal Aid		-	-	-	-
Restricted Receipts		1,587,079	1,515,318	1,680,873	1,680,873
Other		-	-	-	-
Total	\$	38,016,750	\$ 40,748,731	\$ 41,154,944	\$ 41,154,944
FTE Authorization		298.5	298.5	298.5	298.5

Summary. The Legislature estimated FY 2016 expenditures of \$41.2 million and 298.5 full-time equivalent positions. This includes \$39.5 million from general revenues and \$1.7 million from restricted receipts and includes funding for statewide benefit adjustments. *The Governor recommended funding as requested. The Assembly concurred.*

Office of the Lieutenant Governor

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,040,151	\$ 941,878	\$ 1,063,157	\$ 1,063,157
Contracted Services	750	40,750	40,750	40,750
Subtotal	\$ 1,040,901	\$ 982,628	\$ 1,103,907	\$ 1,103,907
Other State Operations	47,783	69,464	87,964	87,964
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	12,000	100,000	-
Capital	750	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,089,434	\$ 1,064,842	\$ 1,292,621	\$ 1,192,621
Sources of Funds				
General Revenue	\$ 1,015,084	\$ 1,007,208	\$ 1,227,621	\$ 1,127,621
Federal Aid	74,350	40,134	65,000	65,000
Restricted Receipts	-	17,500	-	-
Other	-	-	-	-
Total	\$ 1,089,434	\$ 1,064,842	\$ 1,292,621	\$ 1,192,621
FTE Authorization	8.0	8.0	8.0	8.0

Summary. The Office of the Lieutenant Governor requested total expenditures of \$1.1 million for FY 2016, which is \$2,116 more than enacted. This includes \$76,466 more from general revenues and \$74,350 less from federal funds to reflect the expiration of a federal grant. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommended \$1.3 million from all funds, which is \$0.2 million more than enacted and requested. She included staffing as requested and enacted. The Assembly did not include funding for a municipal incentive grants program, but concurred with the remainder of the recommendation.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$961,065. The amount includes current service adjustments of \$23,905 and a 7.5 percent target reduction of \$77,924. The Office did not submit a constrained budget request. The Office's budget is \$130,485 above the target.

	Budget Office	Lieutenant Governor	Difference
FY 2016 Budget			
FY 2015 Enacted	\$ 1,015,084	\$ 1,015,084	\$ -
Current Service Adjustments	23,905	76,466	52,561
Change to FY 2015 Enacted	\$ 23,905	\$ 76,466	\$ 52,561
FY 2016 Current Service/Unconstrained Request	\$ 1,038,989	\$ 1,091,550	\$ 52,561
Target Reduction/Initiatives	(77,924)	-	77,924
FY 2016 Constrained Target/Request	\$ 961,065	\$ 1,091,550	\$ 130,485
Change to FY 2015 Enacted	\$ (54,019)	\$ 76,466	\$ 130,485

The Governor's budget is \$0.3 million above the target. The enacted budget is \$0.2 million above the target.

Staffing. The Office requested \$1.1 million from general revenues for salaries and benefits for 8.0 full-time equivalent positions. This is \$26,935 more than enacted, including \$101,285 more from general revenues and \$74,350 less from federal sources. The shift from federal sources to general revenues reflects the expiration in FY 2015 of the Exchange Establishment One federal grant, which had been used to fund personnel expenses. The increase primarily reflects an estimated \$51,099 for the cost-of-living adjustment for state employees, updated benefit rates and revised staffing needs.

The Office did not request any change to the Lieutenant Governor's salary. However, there will be an adjustment to reflect the current law requirement that the salary increase based on the total increase in the Consumer Price Index for all Urban Consumers over the four previous fiscal years. This is an 8.1 percent increase meaning the new Lieutenant Governor's salary will increase from \$108,808 to \$117,637; a \$14,085 impact including benefits.

The Governor recommended \$23,006 more than enacted, which is \$3,929 less than requested. The recommendation includes the increase to the new Lieutenant Governor's salary and turnover savings to better reflect anticipated compensation for new hires. The Assembly concurred.

Municipal Incentive Grants. In February 2015, Governor Raimondo issued Executive Order 15-06 entitled "Strengthening Municipalities for Future Growth and Success," which includes several provisions that require the Office of the Lieutenant Governor to assist municipalities in regionalization and consolidation efforts. *The Governor recommended \$0.1 million from general revenues for a municipal incentive grants program to be administered by the Office to provide assistance to municipalities consistent with the Executive Order. No additional guidance on the use of funds is included in the budget. The Assembly did not include the funding.*

State Innovation Model Grant. The Office of the Lieutenant Governor received federal funds in FY 2013 and FY 2014 for the State Innovation Model Grant, which reflects an award from the Centers for Medicare and Medicaid Services to support the development and testing of state-based models for multi-payer medical claim payment. The Office spent \$1.4 million from this grant in FY 2014, or \$15,063 less than the final appropriation, but did not request funding for FY 2015 or FY 2016. *The Governor recommended \$65,000 to reflect funds available from this grant for FY 2016. The Assembly concurred.*

Transition Expenses. The enacted budget includes \$25,000 from general revenues for transition expenses for the newly elected Lieutenant Governor. The FY 2016 request removes these one-time expenditures. *The Governor concurred. The Assembly concurred.*

Legal Services. The Office of the Lieutenant Governor did not request expenditures for outside legal services and none were included in the enacted budget. The Office has not incurred such expenditures in recent years. The Lieutenant Governor's staff included an attorney, but the Office does not currently have one. The Office submitted a second quarter report indicating the need for \$40,000 for legal services. The Office noted that it retained outside counsel early in FY 2015 for services relating to a Public Utilities Commission hearing concerning the proposed National Grid rate increase. The Office assumes that it will also need to purchase outside legal services in FY 2016. *The Governor recommended \$40,000 to purchase legal services in FY 2016. The Assembly concurred.*

All Other Operations. The Office requested \$24,464, or \$181 more than enacted from general revenues for all other operations. The changes include increases for dues and fees, food, and repairing and maintaining office equipment. *The Governor recommended funding as requested. The Assembly concurred.*

Office of the Secretary of State

		FY 2015 Enacted		FY 2015 Final		FY 2016 Recommended		FY 2016 Enacted
Expenditures by Program								
Administration	\$	2,205,748	\$	2,264,550	\$	2,553,390	\$	2,553,390
Corporations		2,278,601		2,242,682		2,302,691		2,302,691
State Archives		584,018		681,338		653,374		653,374
Elections		1,636,292		1,629,858		1,017,899		1,017,899
State Library		521,178		543,537		536,744		551,744
Office of Public Information		1,141,118		573,181		907,786		907,786
Total	\$	8,366,955	\$	7,935,146	\$	7,971,884	\$	7,986,884
Expenditures by Category								
Salaries and Benefits	\$	5,420,287	\$	5,253,517	\$	5,680,095	\$	5,680,095
Contracted Services		292,200		301,750		330,000		330,000
Subtotal	\$	5,712,487	\$	5,555,267	\$	6,010,095	\$	6,010,095
Other State Operations		1,903,856		2,077,878		1,288,931		1,288,931
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		135,611		135,611		135,611		150,611
Capital		615,001		166,390		537,247		537,247
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	8,366,955	\$	7,935,146	\$	7,971,884	\$	7,986,884
Sources of Funds								
General Revenue	\$	7,337,203	\$	7,296,007	\$	6,936,530	\$	6,951,530
Federal Aid		-		34,123		-		-
Restricted Receipts		529,752		541,262		599,108		599,108
Other		500,000		63,754		436,246		436,246
Total	\$	8,366,955	\$	7,935,146	\$	7,971,884	\$	7,986,884
FTE Authorization		57.0		57.0		57.0		57.0

Summary. The Secretary of State requested FY 2016 expenditures of \$7.6 million, which is \$0.8 million less than the FY 2015 enacted budget. The request includes \$756,998 less from general revenues, \$14,655 more from restricted receipts, and \$63,754 less from other fund sources. The request includes 57.0 full-time equivalent positions, consistent with the enacted authorization.

The Office subsequently submitted revisions to its request that increase general revenues by \$0.4 million and Rhode Island Capital Plan funds by \$23,000. The revisions are discussed in the items described where appropriate.

*The Governor recommended \$8.0 million from all sources, which is \$0.4 million less than enacted and \$0.4 million more than requested. The recommendation reflects many of the proposals included in the Office of the Secretary of State's revisions to its request. The Governor included 57.0 positions, consistent with the authorized and requested level. **The Assembly added \$15,000 to the Newport***

Historical Society community service grant and concurred with the remainder of the recommendation.

Target Issues. The Budget Office provided the Office of the Secretary of State with a general revenue target of \$6.4 million. The amount includes current service adjustments of \$0.4 million and a 7.5 percent target reduction of \$0.5 million.

FY 2016 Budget	Budget Office	Secretary of State	Difference
FY 2015 Enacted	\$ 7,337,203	\$ 7,337,203	\$ -
Current Service Adjustments	(391,747)	(756,998)	(365,251)
Change to FY 2015 Enacted	\$ (391,747)	\$ (756,998)	\$ (365,251)
FY 2016 Current Service/Unconstrained Request	\$ 6,945,456	\$ 6,580,205	\$ (365,251)
Target Reduction/Initiatives	(510,812)	(154,158)	356,654
FY 2016 Constrained Target/Request	\$ 6,434,644	\$ 6,426,047	\$ (8,597)
<i>Change to FY 2015 Enacted</i>	\$ (902,559)	\$ (911,156)	\$ (8,597)

The Office's budget is \$8,597 below the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's budget is \$0.5 million above the target.* **The enacted budget is \$0.5 million above the target.**

Information Technology Reconfiguration. The Office requested \$38,176 less than enacted for information technology expenditures. This includes a reduction of \$80,000 to reflect that the annual vendor payments for the Central Voter Registration servers and the servers for everyday operations ended in FY 2014, as well as an increase of \$50,000 for necessary memory upgrades for the servers in FY 2016. The request also includes an increase of \$10,000 to reflect a new maintenance contract for the servers, which are no longer under warranty. The other major change is a reduction to reflect savings on internet services as a result of lower service provider rates.

The Office subsequently submitted revisions to its request that would increase funding for information technology projects by \$0.1 million and software maintenance agreements by \$27,500 relating to its efforts to make improvements to its eGov/Information Technology Division.

The Governor recommended \$118,291 more than enacted, which includes the funding to make improvements to the eGov/Information Technology Division, consistent with the Office's subsequent request. **The Assembly concurred.**

State Agency Rules and Regulations. The Office of the Secretary of State requested no funding for FY 2016 for modifications to the existing program used for posting agency rules and regulations on its web site. The Office is responsible for maintaining the rules and regulations filed by state agencies, boards and commissions. The enacted budget includes \$100,000 for these modifications, which the Office expects to complete in FY 2015. The Office indicated that the funds will be used to design, write, and implement the new program and then convert the existing data into the new format.

The Office subsequently submitted revisions to its FY 2015 revised request, removing the \$0.1 million to reflect that it does not plan to move forward with this project. *The Governor concurred with the Office's revisions to its request.* **The Assembly concurred.**

Lobby Tracker Module. Rhode Island General Law requires lobbyists to register with the Office of the Secretary of State and for it to maintain this information as a public record. One of the ways the public can access this information is in a searchable database on the Secretary of State's website. Consistent with the enacted budget, the Office requested \$24,000 from general revenues for a new lobby tracker

program to monitor all reporting activity of lobbyists, entities, and lobby firms registered with the state. The program will track compensation for lobbyists, expenses, and contributions. The Office indicated that while the current tracking system utilizes an unsupported database and outdated programming, the new program has been written in current programming language and is scalable and compatible with other programs. The Office noted that the \$24,000 requested represents 12 monthly payments of \$2,000 for services associated with monitoring and supporting the new system.

*The Governor recommended funding as requested. **The Assembly concurred.***

Elections and Civics Personnel. The Office of the Secretary of State requested \$0.5 million, or \$0.1 million more than enacted for salaries and benefits for 5.0 positions in the Elections and Civics Division. The increase primarily reflects the cost-of-living adjustment for state employees, statewide benefit adjustments, higher medical benefit costs than assumed in the enacted budget, and the division's anticipated staffing needs for FY 2016. There is currently one vacancy in the division, but the request assumes that the division will be fully staffed throughout FY 2016. *The Governor recommended \$0.1 million less than requested primarily to reflect that two administrative positions were transferred to the Administration program where personnel are being utilized. **The Assembly concurred.***

Voter Rolls. The Electronic Registration Information Center, which was formed in 2012 with assistance from the Pew Charitable Trusts, also indicates on its website that it provides its members with reports that show voters who have moved within the state, voters who have moved out-of-state, voters who have died, duplicate registrations in the same state and individuals who are potentially eligible to vote but have not yet registered. The Electronic Registration Information Center currently has 11 member states and the District of Columbia; however, it current membership does not include Florida, where many Rhode Islanders have retired over the years, nor does it include any of the other ten most populous states.

The Office of the Secretary of State did not include funding in its budget request for updating the state's voter rolls. The Office subsequently submitted revisions to its request to increase general revenues by \$0.1 million to pursue efforts to update the state's voter rolls and contact eligible voters who have not registered. This includes \$26,000 that would be paid to the Electronic Registration Information Center for annual dues, \$60,000 for mailings to eligible voters who have not yet registered and \$14,000 for mailings to former Rhode Island voters who have moved out of state.

*The Governor recommended \$100,000, consistent with the Office's subsequent request. **The Assembly concurred.***

Other Election Expenses. The Secretary of State and the Board of Elections requested \$0.4 million from general revenues, which is \$0.8 million less than enacted for election expenses, excluding the Elections and Civics personnel noted above. This includes \$0.6 million less for printing expenses, \$0.1 million less for referenda expenses, and \$42,000 less for postage to reflect that FY 2016 is an off-year in the two-year election cycle. The request is \$31,097 more than the Office's spending in FY 2014, the last off-year.

The Office of the Secretary of State also submitted a constrained budget request, which would reduce advertising as well as legal expenses for issues that arise regarding central voter registration, campaign issues, ballot referenda, and proposed legislation.

The Board of Elections requested \$18,872 less than enacted, including \$17,500 less for postage to reflect that FY 2016 is an off-year in the two-year election cycle. *The Governor recommended \$0.4 million for both agencies, which includes \$13,268 less than requested for the Board of Elections and \$7,235 more than requested for the Secretary of State, primarily to reflect an anticipated increase in printing costs. **The Assembly concurred.***

State Archives. The Secretary of State requested \$598,673 from all fund sources or \$14,655 more than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. The request includes funding as enacted from general revenues and \$14,655 more from restricted receipts based on the projected receipts for FY 2016. The requested changes would primarily be used for personnel expenses for the 3.4 positions in the Division, including the cost-of-living adjustment for state employees offset by medical benefits savings. *The Governor recommended \$54,701 more than requested from restricted receipts based on updated receipts and expenditures.* **The Assembly concurred.**

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 into this fund for record storage and retrieval. The Center requested expenditures of \$903,436, which is \$21,000 more than the enacted appropriation. This includes \$503,763 for 4.8 full-time equivalent positions, or \$18,028 more than enacted. Besides salaries and benefits, the request includes a \$2,972 increase, including \$2,509 more for information technology expenditures and \$463 more to rent storage and office spaces. *The Governor recommended \$0.1 million less than requested to better reflect anticipated personnel expenditures.* **The Assembly concurred.**

Other Salaries and Benefits. The request includes \$4.8 million, or \$0.1 million more than enacted from general revenues for salary and benefit expenses to fully fund the 44.9 remaining full-time equivalent positions, excluding the elections and state archives divisions previously mentioned and the Records Center. The increase primarily reflects the cost-of-living adjustment for state employees, statewide benefit adjustments, higher medical benefit costs than assumed in the enacted budget, and the Office's anticipated staffing needs for FY 2016.

The Office also submitted a constrained request which would reduce the salaries of all division directors for general revenue savings of \$0.1 million.

The Office subsequently submitted revisions to its request to reduce personnel funding by \$7,027. This assumes not filling a vacant legal counsel position and an increase to reflect anticipated staffing costs for its eGov/Information Technology Division.

The Governor recommended \$0.1 million more than requested to better reflect the Office's anticipated staffing needs for FY 2016. This is largely consistent with the Office's revisions to its request, and also reflects that two administrative positions were transferred from the Elections and Civics program to better reflect where personnel are being utilized. **The Assembly concurred.**

Rhode Island Government Owner's Manual. The Office requested no funds to publish the Rhode Island Government Owner's Manual, since it is printed in odd numbered years, per Rhode Island General Law 22-3-12. There is \$14,045 in the FY 2015 enacted budget for printing the manual. *The Governor concurred.* **The Assembly concurred.**

State House Tours. Consistent with its revised request, the Office included the enacted level of \$12,750 for a contract with Johnson and Wales University to coordinate tours of the State House for the public and all the school districts in Rhode Island. Many of the tours are at the request of General Assembly members and accommodate various educational institutions throughout the state. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. Past expenditures average \$12,400 from FY 2007 through FY 2014. *The Governor recommended \$2,250 more than enacted.* **The Assembly concurred.**

State House Visitor's Center. Consistent with the enacted budget, the Office requested \$15,000 from restricted receipts to fund the State House Visitor's Center and Gift Shop, which opened in December 2013. Staffing is provided by Rhode Island senior citizens and merchandise sales are used to fund the

restricted receipt account. The receipts will in turn be used to replenish the merchandise, and the Office anticipated \$15,000 would be needed for purchases in FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island Charter Encasement. The Secretary of State requested \$436,246 from Rhode Island Capital Plan funds in FY 2016, \$0.1 million less than enacted for restoration and other work associated with the encasement of the Rhode Island Charter. The funds will be used primarily for replacing the encasement and HVAC and cooling systems that protect the charter. The operating budget request is not consistent with the Office's capital request, which assumes the work would be completed in FY 2015. The Office subsequently indicated that it expects the project to be completed in FY 2016.

The Office subsequently submitted revisions to its request to include \$23,000 from general revenues to insure the Rhode Island Charter while it is being transported to and from Massachusetts for work relating to the charter encasement project.

The Governor recommended the \$436,246 from Rhode Island Capital Plan funds. Based on documents supporting the Governor's budget, it appears general revenue funding of \$23,000 is included to insure the Charter. **The Assembly concurred.**

Transition Expenses. The enacted budget includes \$25,000 from general revenues for transition expenses for the newly elected Secretary of State. The FY 2016 request excludes these one-time expenditures. *The Governor concurred.* **The Assembly concurred.**

Community Service Grants. The Office requested funding as enacted from general revenues for the three community service grants it administers. This includes \$121,620 for the Rhode Island Historical Society, \$9,619 for the Museum of Work and Culture, and \$3,396 for the Newport Historical Society. *The Governor recommended funding as requested.* **The Assembly added \$15,000 to the Newport Historical Society grant.**

Legal Services. The Office requested \$35,450 for outside legal counsel to represent the Office as needed for issues regarding central voter registration, campaign issues, ballot referenda, and proposed legislation.

The Office subsequently submitted revisions to its request to increase outside legal services by \$34,550 instead of filling the vacant legal counsel position.

The Governor recommended \$70,000 for outside legal services, consistent with the subsequent request. **The Assembly concurred.**

All Other Operations. The Office of the Secretary of State requested \$0.6 million from general revenues for all other operations, or \$10,422 more than enacted. This includes increases for various operating expenses, including \$5,440 more for subscriptions, \$3,983 more for rent, \$1,700 more for office supplies, and \$1,685 more for dues and fees. The Office also submitted a constrained budget request which included reductions in printing costs and office supplies for general revenue savings of \$4,635.

The Office subsequently submitted revisions to its request to reflect \$9,800 more to train staff in the Lean Government process.

The Governor recommended \$13,770 more than requested. She included the additional \$9,800 for staff training consistent with the Office's subsequent request, as well as increases for postage and other miscellaneous expenditures. **The Assembly concurred.**

Office of the General Treasurer

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
General Treasurer	\$ 2,735,587	\$ 2,681,115	\$ 2,679,865	\$ 2,979,865
Unclaimed Property	19,712,197	24,032,869	17,986,352	22,350,267
Employees' Retirement System	10,837,045	12,066,804	11,782,495	11,782,495
Crime Victim Compensation	1,957,064	1,988,629	1,982,066	1,982,066
Subtotal	\$ 35,241,893	\$ 40,769,417	\$ 34,430,778	\$ 39,094,693
Expenditures by Category				
Salaries and Benefits	\$ 8,507,130	\$ 8,198,309	\$ 8,953,112	\$ 9,103,112
Contracted Services	5,401,214	6,740,107	5,905,039	5,990,039
Subtotal	\$ 13,908,344	\$ 14,938,416	\$ 14,858,151	\$ 15,093,151
Other State Operations	19,573,674	24,023,726	17,771,352	22,200,267
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,695,000	1,755,000	1,755,000	1,755,000
Capital	64,875	52,275	46,275	46,275
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 35,241,893	\$ 40,769,417	\$ 34,430,778	\$ 39,094,693
Sources of Funds				
General Revenue	\$ 2,432,105	\$ 2,417,151	\$ 2,420,250	\$ 2,420,250
Federal Aid	870,338	902,766	891,955	891,955
Restricted Receipts	31,718,842	37,230,506	30,899,755	35,263,670
Other	220,608	218,994	218,818	518,818
Total	\$ 35,241,893	\$ 40,769,417	\$ 34,430,778	\$ 39,094,693
FTE Authorization	83.0	83.0	83.0	84.0

Summary. The Office requested unconstrained expenditures of \$33.0 million, which is \$2.3 million less than enacted. This includes \$59,405 less from general revenues. The Office requested 83.0 full-time equivalent positions, the authorized level. The Office also submitted a constrained request that totals \$2.3 million from general revenues and includes \$32,800 less from general revenues than the unconstrained request.

The Governor recommended \$34.4 million from all funds, which is \$1.5 million more than requested primarily to reflect the Revenue Estimating Conference unclaimed property estimate. General revenues are \$11,855 less than enacted and \$47,550 more than requested. She recommended 83.0 full-time equivalent positions, consistent with the enacted authorization.

The Governor also recommended transferring administrative responsibility for the state's tuition savings program to the Office but did not include additional funding or staffing directly associated with this proposal.

The Assembly added \$0.3 million from tuition savings fees and 1.0 position for costs associated with the Office administering the CollegeBoundfund. It also added \$4.4 million from restricted receipts for the unclaimed property program to reflect the estimate of the May Revenue Estimating Conference and concurred with the remainder of the recommendation.

Target Issues. The Budget Office provided the Office with a general revenue target of \$2.3 million. The amount includes current service adjustments of \$70,089 and a 7.5 percent target reduction of \$187,665.

The constrained budget submitted by the agency is \$25,371 above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$0.1 million more than the target.* **The Assembly concurred.**

FY 2016 Budget	Budget Office	Treasurer	Difference
FY 2015 Enacted	\$ 2,432,105	\$ 2,432,105	\$ -
Current Service Adjustments	70,089	(59,405)	(129,494)
Change to FY 2015 Enacted	\$ 70,089	\$ (59,405)	\$ (129,494)
FY 2016 Current Service/ Unconstrained Request	\$ 2,502,194	\$ 2,372,700	\$ (129,494)
Target Reduction/Initiatives	(187,665)	(32,800)	154,865
FY 2016 Constrained Target/Request	\$ 2,314,529	\$ 2,339,900	\$ 25,371
Change to FY 2015 Enacted	\$ (117,576)	\$ (92,205)	\$ 25,371

Unclaimed Property Transfer to General Fund. The Office requested \$7.2 million for the transfer from unclaimed property to the state, \$3.3 million less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. Although this represents the agency's estimate, the transfer is adopted by the Revenue Estimating Conference that meets in November and May and expenditures reflect that. *The Governor recommended a transfer of \$8.1 million, consistent with the November Revenue Estimating Conference estimate.* **The Assembly added \$1.9 million to reflect the estimate of the May Revenue Estimating Conference. The FY 2016 transfer is estimated at \$10.0 million.**

Unclaimed Property Claims. The Office requested \$8.8 million for payment of unpaid property claims, which is \$0.2 million less than enacted to reflect estimated claims activity. 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 claims of \$8.8 million, consistent with the November estimate.* **The Assembly added \$2.6 million to reflect the estimate of the May Revenue Estimating Conference.**

Unclaimed Property Change in Liability. The Office requested an increase of \$0.6 million in the amount of revenues set aside for future claims liability. 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 added \$0.2 million to the set aside to reflect the November estimate.* **The Assembly removed \$0.2 million to reflect the estimate of the May Revenue Estimating Conference.**

Crime Victim Compensation. The FY 2016 request includes \$1.5 million for crime victim compensation claims, which is consistent with the enacted budget and includes \$0.9 million from restricted receipts and \$0.6 million from federal funds. The program pays claims from restricted receipts and federal grant awards. Restricted monies come 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.

The Office historically budgeted the maximum federal grant award and did not always reflect likely expenditures. The Office's current request reflects its estimate for likely expenditures based on available grant funds as of September 30, 2013, and its estimate of its FY 2014 grant award. Federal grant funds from the United States Department of Justice 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. For the past several fiscal years, the program expended a significant amount of court receipts, resulting in larger federal grant awards. The program has three years to utilize each grant award. For FY 2014, the program used funds from the 2010 grant. *The Governor recommended funding as requested. The Assembly concurred.*

Retirement System Legal. The FY 2016 request includes \$1.3 million for legal expenses which is \$0.9 million more than enacted from Retirement System restricted receipts for legal expenses associated with the current legal challenges to the changes made during the 2009 and 2011 legislative sessions. *The Governor recommended funding as requested. The Assembly concurred.*

Municipal Payroll Audit. The FY 2016 request removes \$150,000 in contracted costs associated with performing a municipal payroll audit during FY 2015. The Retirement System underwent an audit of the municipal payroll for those communities participating in the Municipal Employees' Retirement System during FY 2015.

Municipal pension benefits are provided through either the state-run Municipal Employees' Retirement System (MERS) or through locally-administered plans, often referred to as non-MERS plans. Thirty-six non-MERS pension plans are locally-administered (not governed by state law) by 24 communities, of which half cover public safety employees. Many of these plans are included in collective bargaining agreements, and a few municipal employees are covered by plans administered by employee unions. *The Governor recommended funding as requested. The Assembly concurred.*

Retirement System Actuaries. The FY 2016 request includes an additional \$80,000 for actuarial services for total expenditures of \$0.4 million. The additional cost associated with the implementation of new Government Accounting Standards Board (GASB) standards as well as a valuation of the teachers' survivors benefit plan, which does not occur every year unlike the other plans. *The Governor recommended funding as requested. The Assembly concurred.*

Retirement System Computer Upgrades. The FY 2016 budget request for \$3.3 million is \$0.4 million less than enacted from retirement fund administration restricted receipts for a new computer system. The savings result from the System not having to run parallel systems for most of FY 2016. The System will run parallel systems for FY 2015 as the new system is being implemented. The Office anticipates the new system being up and running in FY 2016. The final contract terms with the vendor were agreed to in June 2013. The first year of the contract was FY 2015. The total price will be \$21.4 million over 12 years. *The Governor recommended funding as requested. The Assembly concurred.*

Retirement System Disability Determinations. The Office requested \$0.4 million for costs related to disability determinations of the Retirement Board which is \$0.2 million more than enacted. Of the increase, \$60,000 reflects an increase in fees charged for independent medical examiners that are used to determine eligibility for disability pensions as well as an increase in the number of people applying for disability pensions. The Retirement System pays the cost of independent medical examinations as part of the evaluation process. The remaining \$90,000 is related to contracted disability investigations to vet potential and current cases and thwart fraudulent activity based on an increase in the number of investigations. *The Governor recommended funding as requested. The Assembly concurred.*

Capitol Police Security. The Office requested \$44,095, including \$5,000 from general revenues for the Capitol Police officer stationed in the building at Service Road in Warwick. This is \$43,595 more than

enacted including \$5,000 from general revenues. The Department of Administration's Division of Information Technology also has space in the building and the Office has indicated it believes that the Department of Administration will also be charged for a portion of the Officer's time, and the request reflects that cost sharing.

As part of its constrained request, the Office reduced expenditures for the Capitol Police by \$1,102 from all funds, \$700 from general revenues. It is not clear how these savings would be achieved because the cost is based on the salary of the person assigned to that station. *The Governor recommended \$350 less from general revenues than the unconstrained request.* **The Assembly concurred.**

Transition Expenses. The enacted budget includes \$25,000 from general revenues for transition expenses associated with the new elected General Treasurer. The FY 2016 request removes these expenditures as the new Treasurer will take office during FY 2015. *The Governor removed funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$8.5 million for salaries and benefits for FY 2016. This is \$26,293 more than enacted and includes \$96,505 less from general revenues. The request includes turnover savings of \$0.3 million which is equal to 3.1 vacant positions. These turnover savings are partially offset by updated benefit rates and a cost-of-living adjustment of \$0.4 million of which \$0.1 million is from general revenues.

The Governor recommended \$0.4 million more than requested including \$0.1 million from general revenues based on a request from the new General Treasurer after taking office. This reflects funding for an investigative and compliance officer to monitor annual disability medical certifications for the Retirement System. **The Assembly concurred.**

Other Operating Adjustments. The Office requested \$1.7 million for all other operating expenses, which is \$22,391 less than enacted including \$57,100 more from general revenues. The majority of the general revenue increase, \$45,000 is to reflect the payment of bank fees. The Treasury had negotiated banking contracts with reduced fees that expire in FY 2016. The remainder of the general revenue increase is to replace outdated computer equipment.

As part of its constrained request, the Office proposed partially reducing non-discretionary bank fees, fees on bonds and delaying the purchase of new computers for savings of \$32,100. The Office indicated that it is confident that the constrained request is achievable however, any activity beyond its control could impact bank fees and fees on bonds and notes which would reduce the savings. *The Governor recommended the reductions proposed in the constrained request. She also removed \$20,000 in fees on bonds and notes consistent with her revised recommendation.* **The Assembly concurred.**

CollegeBoundfund Administration. The Governor's budget transfers administrative responsibility for the state's tuition savings program to the Office but does not include additional funding or staffing directly associated with this proposal.

The Governor subsequently requested an amendment to add \$0.4 million and 2.0 full-time equivalent positions to the Office's budget. This represents direct program positions as well as overhead support.

The Assembly provided 1.0 position and \$0.3 million to the Office to administer the CollegeBoundfund based on the current expenditure levels required to administer the Fund.

Rhode Island Board of Elections

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,306,590	\$ 1,307,294	\$ 1,196,343	\$ 1,196,343
Contracted Services	73,488	73,488	73,488	73,488
Subtotal	\$ 1,380,078	\$ 1,380,782	\$ 1,269,831	\$ 1,269,831
Other State Operations	657,109	568,589	526,784	526,784
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,000,000	2,620,273	-	-
Capital	107,940	86,555	21,690	21,690
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 4,145,127	\$ 4,656,199	\$ 1,818,305	\$ 1,818,305
Sources of Funds				
General Revenue	\$ 4,145,127	\$ 4,656,199	\$ 1,818,305	\$ 1,818,305
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 4,145,127	\$ 4,656,199	\$ 1,818,305	\$ 1,818,305
FTE Authorization	11.0	11.0	11.0	11.0

Summary. The Rhode Island Board of Elections requested \$2.8 million from general revenues, \$1.4 million less than enacted. The Board requested 11.0 full-time equivalent positions, consistent with the enacted authorization.

The Board subsequently submitted revisions to its request removing \$1.1 million requested for voting machines and \$37,602 inadvertently requested for employee benefits.

*The Governor recommended \$1.8 million from general revenues, which is \$2.3 million less than enacted and \$0.9 million less than requested. Consistent with the Board's revisions to its request, she did not include funding for new voting machines. The Governor included the requested 11.0 positions. **The Assembly concurred.***

Target Issues. The Budget Office provided the Board with a general revenue target of \$1.8 million. The amount includes current service adjustments of \$2.2 million and a 7.5 percent target reduction of \$0.1 million.

The Board of Elections did not submit a constrained budget request. The Board's budget is \$1.0 million above the target. *The Governor's budget is \$45,470 above the target. **The Assembly concurred.***

FY 2016 Budget	Budget Office	Board of Elections	Difference
FY 2015 Enacted	\$ 4,145,127	\$ 4,145,127	\$ -
Current Service Adjustments	(2,228,549)	(2,188,996)	39,553
New Initiatives	-	796,031	796,031
Change to FY 2015 Enacted	\$ (2,228,549)	\$ (1,392,965)	\$ 835,584
FY 2016 Current Service/Unconstrained Request	\$ 1,916,578	\$ 2,752,162	\$ 835,584
Target Reduction/Initiatives	(143,743)	-	143,743
FY 2016 Constrained Target/Request	\$ 1,772,835	\$ 2,752,162	\$ 979,327
Change to FY 2015 Enacted	\$ (2,372,292)	\$ (1,392,965)	\$ 979,327

Board Member Compensation. The Board of Elections requested \$47,187 for salaries and benefits for its seven members in FY 2016, which is essentially consistent with the enacted budget. Each member of the Board receives an annual salary of \$7,000 and the state pays certain payroll taxes, but members do not receive benefits.

There are no vacancies on the Board, but currently only four members of the Board accept a salary. The Board of Elections' Executive Director indicated that the Board instructed him to request compensation for seven members for FY 2016, but compensation was inadvertently requested for only six members. However, in a scenario where three Board members continue to decline the salary throughout FY 2016, compensation would be needed for only four members. *The Governor recommended \$31,458 for four members, which is \$15,729 less than requested.* **The Assembly concurred.**

Seasonal Staff. The Board of Elections requested \$35,000 for seasonal staff for the 2016 Presidential Preference Primary, which is \$125,000 less than enacted. The Board spent \$11,952 on seasonal staff for the last Presidential Preference Primary in FY 2012, and it indicated that the anticipated increase for FY 2016 reflects additional technicians and retaining seasonal staff for longer periods of time, consistent with recommendations in the House Oversight Committee's *Review of the 2012 Elections* report that the Board hire and train more technicians to repair machines on Election Day and have a more timely reconciliation of the ballot following the election. The requested increase also reflects additional seasonal staff to process mail ballots, which are expected to increase over the 2012 level. *The Governor did not recommend funding for seasonal staff.* **The Assembly concurred.**

Other Salaries and Benefits. The Board of Elections requested \$1.3 million, or \$0.1 million more than enacted from general revenues for salaries and benefits to fully fund 11.0 full-time equivalent positions for FY 2016. This increase includes an estimated \$59,088 to fund the cost-of-living adjustment for state employees and additional funding to reflect actual employee benefit selections. It should be noted, the Board has acknowledged inadvertently overstating its request.

The Board subsequently submitted revisions to its request removing \$37,602 it had inadvertently requested for employee benefits.

The Governor recommended \$76,136 less than requested, primarily to reflect turnover savings from a currently vacant position and corrections to employee benefit calculations. **The Assembly concurred.**

New Voting Machines. The Board's request includes \$1.1 million for the first year of a contract for the lease purchase of new voting machines and related equipment, equipment service and maintenance, a project manager, and vendor services. Such a lease requires General Assembly approval, pursuant to Rhode Island General Law, Section 35-18-3. The Board indicated that the total cost for this contract is an estimated \$10.2 million over an eight-year period.

The state last purchased voting machines in 1997. The House Oversight Committee's *Review of the 2012 Elections* report included a recommendation that the current voting machines are outdated and no longer adequate and, as such, the General Assembly should support funding for new voting machines. The Board's current contract with Election Systems and Software, which requires a \$271,969 payment for service and maintenance of all election machines, a reporting system and a project manager, expires on June 30, 2015.

The Board subsequently submitted revisions to its request, removing the \$1.1 million it had requested for voting machines. The Board noted that it intends to request funding for voting machines after submitting a request for proposals and identifying an acceptable bid.

*The Governor did not recommend funding for new machines, consistent with the subsequent request. She included only \$271,969 to support the current vendor payment. **The Assembly concurred and adopted 2015-H 6312, Substitute A, as amended that makes the Secretary of State solely responsible for specifications related to new voting equipment purchases. The Secretary of State will also be responsible for oversight after procurement.***

Voting Equipment Delivery. The Board of Elections requested \$35,000 for delivery of voting equipment and supplies to and from the precincts, which is \$90,000 less than enacted. This reflects anticipated delivery costs for the 2016 Presidential Preference Primary. *The Governor recommended funding as requested. **The Assembly concurred.***

Legal Services. Consistent with the enacted budget, the Board of Elections requested \$60,000 from general revenues for legal services. The Board spent an average of \$46,961 for legal services over the past three completed fiscal years. The Executive Director, an attorney, indicated the Board has instructed him to use outside counsel more frequently and further noted that he has done much of the legal work himself in the past in an attempt to keep costs down. *The Governor recommended funding as requested. **The Assembly concurred.***

Public Financing of Elections. The Board's request did not include funding for the Matching Public Funds campaign finance program since the general election occurred and campaign reports are all due in FY 2015. The enacted budget includes \$2.0 million for the state's Matching Public Funds program. *The Governor concurred. **The Assembly concurred.***

New Voting Booths. The Board requested no funding for FY 2016 to purchase new voting booths as the supply is currently sufficient. The FY 2015 enacted budget includes \$61,250 to fund 300 new voting booths purchased in FY 2015. *The Governor concurred. **The Assembly concurred.***

All Other Election Expenses. The Board of Elections and the Office of the Secretary of State requested FY 2016 expenditures of \$0.4 million from general revenues for all other costs associated with the preparation and execution of general election activities, excluding salaries and benefits. Combined, this is \$0.8 million less than the FY 2015 enacted budget, which was an on-year in the two-year election cycle. The Board requested \$18,872 less than enacted, including \$17,500 less for postage to reflect that FY 2016 is an off-year in the two-year election cycle. *The Governor recommended \$0.5 million from general revenues, \$0.1 million more than requested for the Office of the Secretary of State to pursue efforts to update the state's voter rolls and contact eligible voters who have not yet registered. **The Assembly concurred.***

Warehouse Rental Space. The Board of Elections stores voting equipment at its location at 50 Branch Avenue and, because of limited storage capacity there, also occupies 10,350 square feet at the Cranston Street Armory. The Board requested \$75,000 for FY 2016 for alternative storage space for its voting equipment stored at the Armory, noting that the State Fire Marshal's Office has expressed concerns about

the amount of flammable and combustible materials the Board is storing at the Armory. The enacted budget assumed the Board would find alternative storage space in FY 2015 for its voting equipment currently stored at the Armory and included \$60,000 for this purpose, but the Board delayed its request for storage space to FY 2016.

*The Governor recommended the enacted level of \$60,000, or \$15,000 less than requested to reflect the Budget Office's estimate based on FY 2010, the last year it leased warehouse space, updated for inflation. **The Assembly concurred.***

All Other Operations. The Board of Elections requested \$69,886 from general revenues for all other operations, which is \$50,492 less than enacted. The reduction primarily reflects that information technology upgrades at the Board's headquarters for which the enacted budget included \$58,690 were completed in FY 2015. The remaining expenditures include funding for security services, insurance, dues and fees, and repairing and maintaining office equipment. The requested amounts for these expenditures appear to be largely based on the Board's actual spending in FY 2013 and FY 2014. *The Governor recommended \$17,307 more than requested. This primarily reflects \$18,690 more for information technology improvement expenses delayed from FY 2015. **The Assembly concurred.***

Rhode Island Ethics Commission

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,378,075	\$ 1,404,913	\$ 1,438,149	\$ 1,438,149
Contracted Services	31,500	25,000	25,000	25,000
Subtotal	\$ 1,409,575	\$ 1,429,913	\$ 1,463,149	\$ 1,463,149
Other State Operations	165,512	174,852	175,609	175,609
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	6,118	14,118	6,118	6,118
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,581,205	\$ 1,618,883	\$ 1,644,876	\$ 1,644,876
Sources of Funds				
General Revenue	\$ 1,581,205	\$ 1,618,883	\$ 1,644,876	\$ 1,644,876
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,581,205	\$ 1,618,883	\$ 1,644,876	\$ 1,644,876
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Ethics Commission requested unconstrained expenditures of \$1.7 million, which is \$73,607 more than enacted from general revenues, and the authorized level of 12.0 full-time equivalent positions. The Commission also submitted a constrained request that totals \$1.7 million and includes \$3,436 less from general revenues. *The Governor recommended \$1.6 million from general revenues, which is \$63,671 more than enacted and \$9,936 less than requested. She recommended staffing consistent with the authorized level.* **The Assembly concurred.**

Target Issues. The Budget Office provided the Ethics Commission with a general revenue target of \$1,651,798, including current service adjustments of \$70,593. The target provided to the Commission does not include the 7.5 percent reduction assigned to larger agencies.

	Budget Office	Ethics Commission	Difference
FY 2016 Budget			
FY 2015 Enacted	\$ 1,581,205	\$ 1,581,205	\$ -
Current Service Adjustments	70,593	73,607	3,014
Change to FY 2013 Enacted	\$ 70,593	\$ 73,607	\$ 3,014
FY 2016 Current Service/Unconstrained Request	\$ 1,651,798	\$ 1,654,812	\$ 3,014
Target Reduction/Initiatives	-	(3,436)	(3,436)
FY 2016 Constrained Target/Request	\$ 1,651,798	\$ 1,651,376	\$ (422)
<i>Change to FY 2015 Enacted</i>	<i>\$ 70,593</i>	<i>\$ 70,171</i>	<i>\$ (422)</i>

The constrained budget submitted by the agency is \$422 less than the target. The agency's proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$6,922 less than the target.* **The Assembly concurred.**

Salaries and Benefits. The Commission requested \$1.4 million, which is \$60,074 more than enacted from general revenues for salary and benefit expenses for the authorized level of 12.0 full-time equivalent positions. Consistent with the revised request, the Commission's FY 2016 request includes turnover savings associated with the filling of a vacant position at a lower salary level in August 2014. The FY 2015 enacted budget assumes no turnover savings.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015. Based on the request, the FY 2016 cost for the increases is \$70,717 from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

Information Technology Upgrades. The Commission requested \$8,976, which is \$6,476 more than enacted from general revenues for information technology upgrades for FY 2016. The request includes \$2,408 for Microsoft 365 email account licenses and \$4,068 for the monthly lease of a dedicated internet service line to replace its current frame relay. The Commission indicated that in the beginning of FY 2015, it was advised by the Division of Information Technology that the upgrades would be necessary in the current year; associated expenditures are included in the Commission's revised FY 2015 request.

As part of its constrained request, the Commission proposed reductions of \$1,000 from unspecified information technology purchases. *The Governor recommended funding consistent with the constrained request.* **The Assembly concurred.**

All Other Operations. The Commission requested \$207,687, which is \$7,057 more than enacted from general revenues for all other operations. The request includes a \$5,000 increase for electricity, consistent with FY 2014 expenditures, and \$121 more than enacted for the Commission's property and casualty insurance policy premium to reflect the actual billed cost. Also included is \$1,250 more than enacted for staff training to facilitate attendance at a governmental ethics conference.

As part of its constrained request, the Commission proposed operations reductions totaling \$2,436 from general revenues, including the omission of \$1,750 for conference participation and \$686 from postal expenses.

The Governor recommended \$8,936 less than the unconstrained request. She recommended the reductions included in the constrained request and additional reductions of \$6,500 from contracted services, reflective of actual FY 2014 expenditures and consistent with her revised FY 2015 recommendation. **The Assembly concurred.**

Office of the Governor

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 3,859,412	\$ 3,978,577	\$ 4,365,317	\$ 4,365,317
Contracted Services	130,500	130,500	500	500
Subtotal	\$ 3,989,912	\$ 4,109,077	\$ 4,365,817	\$ 4,365,817
Other State Operations	267,750	276,750	267,750	267,750
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250,000	250,000	250,000	250,000
Capital	19,900	19,900	19,900	19,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 4,527,562	\$ 4,655,727	\$ 4,903,467	\$ 4,903,467
Sources of Funds				
General Revenue	\$ 4,527,562	\$ 4,655,727	\$ 4,903,467	\$ 4,903,467
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 4,527,562	\$ 4,655,727	\$ 4,903,467	\$ 4,903,467
FTE Authorization	45.0	45.0	45.0	45.0

Summary. The Office of the Governor requested FY 2016 expenditures totaling \$4.7 million from general revenues and 45.0 full-time positions. This is \$0.1 million more than enacted and staffing consistent with the authorized level. *The Governor recommended general revenue expenditures of \$4.9 million, which is \$0.2 million more than requested. The recommendation reflects the transfer of 6.0 positions for HealthSource RI to the Department of Administration; however, the recommendation retains the authorized level of 45.0 full-time equivalent positions.* **The Assembly concurred.**

Target Issues. The Budget Office provided the Office with a general revenue target of \$4.3 million. The amount includes current service adjustments of \$0.1 million, including the removal of \$130,000 budgeted in FY 2015 for transition expenses, and a 7.5 percent target reduction of \$0.3 million. *The recommendation is \$0.6 million above the target.* **The Assembly concurred.**

	Budget Office	Office of the Governor	Difference
FY 2016 Budget			
FY 2015 Enacted	\$ 4,527,562	\$ 4,527,562	\$ -
Current Service Adjustments	66,985	129,775	62,790
Change to FY 2015 Enacted	\$ 66,985	\$ 129,775	\$ 62,790
FY 2016 Current Service/ Unconstrained Request	\$ 4,594,547	\$ 4,657,337	\$ 62,790
Target Reduction/Initiatives	(325,841)	(225,560)	100,281
FY 2016 Constrained Target/Request	\$ 4,268,706	\$ 4,431,777	\$ 163,071
Change to FY 2015 Enacted	\$ (258,856)	\$ (95,785)	\$ 163,071

The Office submitted a constrained budget that exceeded the target level by \$163,071. The proposals to achieve the reductions are noted among the items described below where appropriate.

Transition Expenses. Consistent with the current service estimate, the request reflects the removal of \$130,000 from general revenues budgeted in FY 2015 for transition expenses within the Office of the Governor. A new Governor took office in January and Rhode Island General Law 36-1-2.1 requires that all newly elected general officers, prior to their engagement of office, shall be entitled to space for transition staff, adequate funds from the outgoing general office from the budget of that department for use to hire transition staff, obtain office supplies and equipment. *The Governor recommended funding as requested. The Assembly concurred.*

Salaries and Benefits. The Office requested expenditures of \$3.9 million from general revenues for all salary and benefit expenses. This is \$0.3 million more than enacted and staffing consistent with the authorized level. The request includes \$0.2 million for the cost-of-living-adjustment and \$16,682 for student interns. It is \$0.1 million more than the current service estimate to reflect less turnover savings than assumed in the enacted budget.

Of the authorized 45.0 full-time positions for the Office of the Governor, 6.0 positions are for HealthSource RI. By definition, all positions in the Office of the Governor are unclassified. These appear to be included to preserve the unclassified status of the positions. All positions are classified unless specified in the law. There is no statutory authority for Healthsource RI positions to be unclassified. The remaining nine positions are budgeted in the Department of Administration.

The Office's constrained request reduces its staffing cost by \$0.2 million, equivalent to two additional vacancies for the entire fiscal year.

The Governor recommended \$0.2 million more than the unconstrained request to reflect anticipated filled positions. The Governor also included legislation in Article 22 that adds the positions for HealthSource RI to the unclassified service. The FY 2016 recommended budget includes the positions in the Department of Administration.

The Assembly concurred with the funding and staffing levels. It included legislation in Article 15 to add the positions to the unclassified service and adopted legislation in Article 18 establishing the health benefits exchange as a division within the Department of Administration.

Contingency Fund. The request includes the enacted amount of \$250,000 from the contingency fund. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. The average expenditures for the last five fiscal years totaled \$72,753. *The Governor recommended funding as requested. The Assembly concurred.*

Operations. The Office requested the enacted amount of \$0.3 million from general revenues for all operating costs. The request is \$6,975 more than FY 2014 reported and is \$9,000 less than FY 2015 projected expenditures. The request includes \$0.1 million for various dues including the National Governors Association and the Coalition of Northeastern Governors, \$0.1 million for general office expenses and \$0.1 million for all other expenses, such as fuel and insurance for a vehicle purchased in FY 2011 and interpreter services. *The Governor recommended funding as requested. The Assembly concurred.*

Rhode Island Commission for Human Rights

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,252,259	\$ 1,274,060	\$ 1,310,285	\$ 1,310,285
Contracted Services	5,331	20,030	2,760	2,760
Subtotal	\$ 1,257,590	\$ 1,294,090	\$ 1,313,045	\$ 1,313,045
Other State Operations	222,589	248,375	234,965	234,965
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,480,179	\$ 1,542,465	\$ 1,548,010	\$ 1,548,010
Sources of Funds				
General Revenue	\$ 1,193,083	\$ 1,231,773	\$ 1,252,174	\$ 1,252,174
Federal Aid	287,096	310,692	295,836	295,836
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,480,179	\$ 1,542,465	\$ 1,548,010	\$ 1,548,010
FTE Authorization	14.5	14.5	14.5	14.5

Summary. The Commission for Human Rights requested FY 2016 expenditures of \$1.6 million, which is \$0.1 million more than the FY 2015 enacted budget. The request includes \$38,190 more from general revenues and \$32,259 more from federal sources. The request includes 14.5 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommended \$1.5 million from all funds, which includes \$59,091 more general revenues than enacted. She included the requested 14.5 positions. The Assembly concurred.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.2 million. The amount includes current service adjustments of \$47,497.

	Budget Office	Commission for Human Rights	Difference
FY 2016 Budget			
FY 2015 Enacted	\$ 1,193,083	\$ 1,193,083	\$ -
Current Service Adjustments	47,497	38,190	(9,307)
Change to FY 2015 Enacted	\$ 47,497	\$ 38,190	\$ (9,307)
FY 2016 Current Service/Unconstrained Request	\$ 1,240,580	\$ 1,231,273	\$ (9,307)
Target Reduction/Initiatives	-	-	-
FY 2016 Constrained Target/Request	\$ 1,240,580	\$ 1,231,273	\$ (9,307)
<i>Change to FY 2015 Enacted</i>	<i>\$ 47,497</i>	<i>\$ 38,190</i>	<i>\$ (9,307)</i>

The Commission was not required to meet a target that includes a reduction to current services. The Commission’s budget is \$9,307 below the Budget Office’s current service estimate. *The Governor’s recommendation is \$11,594 above the Budget Office target.* **The Assembly concurred.**

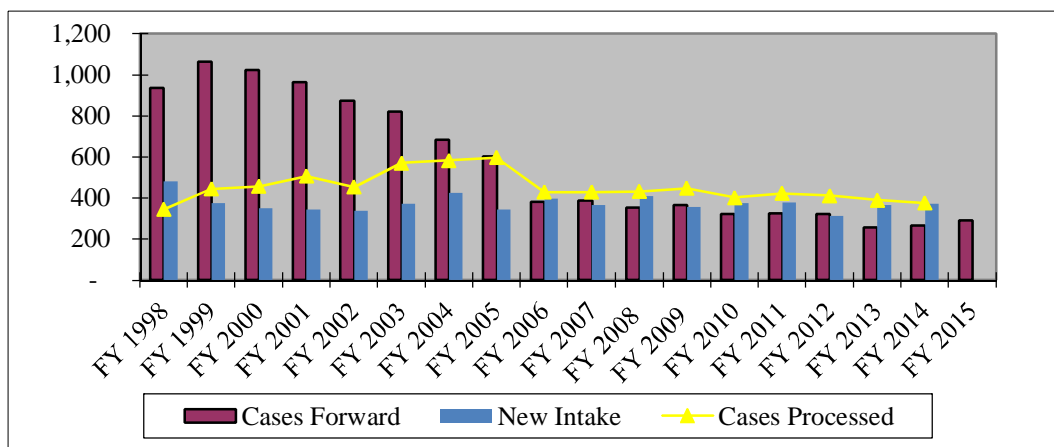
Federal Receipts. The Commission’s budget request assumes that federal receipts available to be spent in FY 2016 total \$319,355. The enacted budget includes expenses totaling \$287,096 leaving a surplus of \$32,259 for FY 2017. *The Governor’s recommendation includes \$295,836 from federal sources, which is \$23,519 less than requested based on anticipated available receipts.* **The Assembly concurred.**

Salaries and Benefits. The Commission requested \$1.3 million from all sources to support all salaries and benefits consistent with the Budget Office instructions. This is \$0.1 million more than enacted, including \$29,951 more from general revenues and \$29,008 from federal funds primarily to reflect the cost-of-living adjustment for state employees. *The Governor included \$58,026 more than enacted from all sources, which is \$933 less than requested, including \$22,436 more from general revenues. The general revenue increase reflects a shift of payroll expenses from federal funds based on anticipated available receipts from federal sources.* **The Assembly concurred.**

Other Operations. The Commission requested \$0.2 million, nearly all from general revenues, for all other operations. This requested funding is \$11,490 more than enacted, which primarily reflects \$7,850 more for leased photocopiers. During last year’s budget process, the Commission requested \$2,850 for this item, but spent \$10,827 in FY 2014. The request also includes funding for rent and utilities, trial related costs, office equipment and supplies, subscriptions, travel, insurance and staff training largely consistent with the Commission’s FY 2013 and FY 2014 spending. *The Governor recommended \$1,685 less than requested to reflect minor adjustments based on historical expenditures.* **The Assembly concurred.**

Caseloads. Over 15 years ago, the impact of past staff reductions and increased intake was that the Commission was unable to clear its cases, resulting in growing backlogs. The backlog entering into FY 1999 reached a new high of 1,061 cases. However, as the result of two additional federally funded positions, the Commission was able to process an average of 511 cases per year from FY 2000 through FY 2004. In FY 2004, federal funding was exhausted and the 2.0 full-time equivalent positions were eliminated. As the graph shows, the intake and closures has been relatively stable.

For FY 2014, the Commission intake of 371 new cases was offset by 376 closed cases with 290 cases forwarded to FY 2015.



Public Utilities Commission

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 5,736,655	\$ 5,790,261	\$ 6,015,293	\$ 6,015,293
Contracted Services	1,722,963	1,673,525	1,673,525	1,673,525
Subtotal	\$ 7,459,618	\$ 7,463,786	\$ 7,688,818	\$ 7,688,818
Other State Operations	937,931	936,763	936,530	936,530
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	337	337	337	337
Capital	62,000	30,000	59,000	59,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 8,459,886	\$ 8,430,886	\$ 8,684,685	\$ 8,684,685
Sources of Funds				
General Revenue	-	-	-	-
Federal Aid	87,733	87,733	90,000	90,000
Restricted Receipts	8,372,153	8,343,153	8,594,685	8,594,685
Other	-	-	-	-
Total	\$ 8,459,886	\$ 8,430,886	\$ 8,684,685	\$ 8,684,685
FTE Authorization	50.0	50.0	50.0	50.0

Summary. The Public Utilities Commission requested FY 2016 expenditures of \$8.8 million, which is \$0.4 million more than enacted from all sources, including \$2,267 more from federal funds and \$0.4 million more from restricted receipts. Restricted receipts are generated from billing the regulated utilities for the expenses of both the Public Utilities Commission and the Division of Public Utilities and Carriers. The request includes the authorized level of 50.0 full-time equivalent positions.

The Public Utilities Commission does not receive general revenue funding and was not required to meet a specific funding target set by the State Budget Office. *The Governor recommended \$8.7 million from all sources, which includes \$0.2 million less than requested from restricted receipts, and the current authorized level of 50.0 full-time equivalent positions.* **The Assembly concurred.**

Staff Attorney - Former ARRA Position. The Commission requested \$137,439 more than enacted from restricted receipts for the permanent addition of one full-time staff attorney position that had been funded from federal American Recovery and Reinvestment Act grant funds, granted to the Commission in FY 2011. Grant funding expired by December 31, 2013; the Commission utilized unbudgeted turnover savings to fund the position for the remainder of FY 2014 from restricted receipts generated by assessments to regulated utilities. The position is also included in the revised FY 2015 request. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Commission requested \$6.0 million, which is \$0.3 million more than enacted from all sources for all other salary and benefit expenses for the remaining 49.0 positions. The request includes \$3,668 more than enacted from federal Gas Pipeline Safety grant funds. Also

included is \$0.3 million more from restricted receipts, reflective of the filling of all vacant positions in FY 2015.

As of November 1, 2014, the Commission reported 45.0 filled full-time equivalent positions, five less than authorized. The FY 2016 request assumes all vacant positions, excluding the special projects coordinator position formerly funded from stimulus funds, will be filled at lower salary levels in FY 2015. The special projects coordinator position is anticipated to remain vacant through FY 2016. However, no additional turnover savings are assumed in the request, as the FY 2015 enacted budget does not include funds for this position.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017, which includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015, offset by increased cost sharing measures for medical benefits. The request includes \$0.3 million from all sources to fund the increases, including \$4,414 from federal funds and \$0.3 million from restricted receipts. *The Governor recommended \$0.2 million less than requested to reflect current vacancies. **The Assembly concurred.***

Rate Case Reserve Account. The Commission requested the enacted amount of \$1.1 million from restricted receipts for expenses incurred for hearings and investigations of rate case applications and other filings. Funds are used to purchase materials, contract with external legal counsel, official stenographers, engineers, accountants, economists, other expert witnesses, and for all other necessary expenses. *The Governor recommended funding as requested. **The Assembly concurred.***

Expert Testimony. The Commission requested \$0.4 million, which is \$0.1 million less than enacted from restricted receipts for expert and consultant services associated with the state's renewable energy standard. The request is reflective of historical expenditures for contracted professional services and appears to adjust funding to better align with anticipated expenditures for these services. *The Governor recommended funding as requested. **The Assembly concurred.***

Fleet. The Commission requested \$44,000, which is \$3,500 less than enacted from restricted receipts for its fleet of vehicles. This includes \$15,000, which is \$3,500 less for fleet maintenance costs, and the enacted amount of \$29,000 for the purchase of a new sport utility vehicle. The request is reflective of historical expenditures and the purchase of new vehicles in FY 2013 and FY 2014. *The Governor recommended funding as requested. **The Assembly concurred.***

All Other Operations. The Commission requested \$1.1 million from all sources, which is \$13,771 more than enacted for all other operations expenditures. This includes \$1,401 less from the federal Gas Pipeline Safety grant to accommodate funds needed to cover personnel costs and \$15,172 more from restricted receipts reflective of historical expenditures for information technology and printing services. *The Governor recommended funding as requested. **The Assembly concurred.***

Office of Health and Human Services

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 125,872,625	\$ 135,672,867	\$ 126,468,973	\$ 124,237,973
Medical Assistance	2,265,539,221	2,230,467,977	2,301,197,819	2,263,665,980
Division of Advocacy	-	-	2,143,606	-
Total	\$2,391,411,846	\$2,366,140,844	\$2,429,810,398	\$2,387,903,953
Expenditures by Category				
Salaries and Benefits	\$ 22,674,399	\$ 22,442,461	\$ 25,647,745	\$ 23,824,387
Contracted Services	66,900,931	84,538,620	76,388,218	74,966,136
Subtotal	\$ 89,575,330	\$ 106,981,081	\$ 102,035,963	\$ 98,790,523
Other State Operations	4,648,668	6,120,805	5,408,165	4,321,897
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,293,923,158	\$2,251,624,127	2,322,048,153	2,284,497,916
Capital	3,264,690	1,414,831	318,117	293,617
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$2,391,411,846	\$2,366,140,844	\$2,429,810,398	\$2,387,903,953
Sources of Funds				
General Revenue	\$ 904,633,663	\$ 926,069,661	\$ 889,519,628	\$ 909,934,065
Federal Aid	1,470,870,303	1,424,270,855	1,524,436,297	1,462,232,758
Restricted Receipts	15,907,880	15,800,328	15,854,473	15,737,130
Other	-	-	-	-
Total	\$2,391,411,846	\$2,366,140,844	\$2,429,810,398	\$2,387,903,953
FTE Authorization	184.0	184.0	202.0	187.0

Summary. The Office requested \$2,480.8 million from all sources, including \$952.2 million from general revenues, \$1,512.9 million from federal funds and \$15.7 million from restricted receipts and a staffing level of 188.0 positions in its current services request. The request is \$89.4 million more than enacted, including \$47.6 million more from general revenues, \$42.0 million more from federal funds and \$0.2 million less from restricted receipts and 4.0 positions more than the current authorized staffing level that directly relate to the implementation of four separate savings initiatives.

The Office's constrained request lowers medical assistance expenditures by \$130.2 million from all sources, including \$71.2 million from general revenues, \$64.5 million from federal funds and adds \$5.5 million from restricted receipts. It does not make any reductions in central management and continues to include 4.0 additional positions.

The Governor recommended \$2,429.8 million from all funds, including \$889.5 million from general revenues and 202.0 positions. The Governor transferred the Office of the Child Advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing into a new Division of Advocacy in the Office of Health and Human Services. She subsequently requested an amendment to withdraw this proposal.

Her recommendation is \$51.0 million more than requested, including \$62.7 million less from general revenues. She proposed savings of \$175.5 million, including \$88.1 million from general revenues in the medical assistance program; \$86.6 million in the Office's budget, including \$43.0 million from general revenues, is tied to the report due by April 30, 2015 by the Working Group to Reinvent Medicaid. The report was submitted May 1, 2015 and the Governor requested an amendment to reflect the recommendations of the group and May caseload savings.

The Assembly provided \$2,387.9 million from all funds, including \$909.9 million from general revenues, \$1,462.2 million from federal funds and \$15.7 million from restricted receipts and 187.0 positions. This is \$41.9 million less than originally recommended, including \$20.4 million more from general revenues, \$62.2 million less from federal funds and \$0.1 million less from restricted receipts. The Assembly included 15.0 fewer positions than recommended.

Target Issues. The Budget Office provided the Office with a general revenue target of \$881.1 million. The amount includes current service adjustments of \$47.9 million and a 7.5 percent target reduction of \$71,439,941.

FY 2016 Budget	Office of Health &		
	Budget Office	Human Services	Difference
FY 2015 Enacted	\$ 904,633,663	\$ 904,633,663	\$ -
Current Service Adjustments	47,898,886	47,307,463	(591,423)
New Initiatives	-	287,097	287,097
Change to FY 2015 Enacted	\$ 47,898,886	\$ 47,594,560	\$ (304,326)
FY 2016 Current Service/Unconstrained Request	\$ 952,532,549	\$ 952,228,223	\$ (304,326)
Target Reduction/Initiatives	(71,439,941)	(71,198,853)	241,088
FY 2016 Constrained Target/Request	\$ 881,092,608	\$ 881,029,370	\$ (63,238)
Change to FY 2015 Enacted	\$ (23,541,055)	\$ (23,604,293)	\$ (63,238)

The constrained budget submitted by the agency is \$63,238 below the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$8.4 million above the target.* **The Assembly provided \$28.9 million above the target.**

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 Office of Health and Human Services. The 2015 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 11,770	\$ 15,654	\$ 19,491	\$ 17,655	\$ 20,598	\$ 21,186	\$ 21,775	\$ 23,540	\$ 29,425
2	15,930	21,187	26,380	23,895	27,878	28,674	29,471	31,860	39,825
3	20,090	26,720	33,269	30,135	35,158	36,162	37,167	40,180	50,225
4	24,250	32,253	40,158	36,375	42,438	43,650	44,863	48,500	60,625
5	28,410	37,785	47,047	42,615	49,718	51,138	52,559	56,820	71,025
6	32,570	43,318	53,936	48,855	56,998	58,626	60,255	65,140	81,425
7	36,730	48,851	60,825	55,095	64,278	66,114	67,951	73,460	91,825
8	40,890	54,384	67,714	61,335	71,558	73,602	75,647	81,780	102,225

For families with more than 8 members, add \$4,160 for each additional member for the 100 percent calculation.

Medicaid Expenses - State/National Comparison. The following table compares national and state 2012 Medicaid spending using the Centers for Medicare and Medicaid Services 2013 Actuarial Report on the Financial Outlook for Medicaid and information from the state's Office of Health and Human Services. By percentage, Rhode Island's enrollment of children and parents (the state's RItE Care

population) is lower than the national average. The percent of total spending for this population is lower than the national average, but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Office of Health and Human Services' budget.

For disabled individuals, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the budget of the Office of Health and Human Services, as well as the budgets of the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities, and Hospitals, and Children, Youth and Families.

Enrollment and expenses for the aged population are also higher than the national average when comparing percent of enrollment to total enrollment and cost per enrollee. Expenses supporting this population are in the budgets of the Office of Health and Human Services and the Department of Human Services' Division of Elderly Affairs.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US*	RI	US	RI	US	RI	US	RI	US	RI
Population	27.2	85,155	50.0%	45.0%	\$ 77,400	\$ 256.0	20.0%	14.2%	\$ 2,851	\$ 3,006
Children	13.2	43,967	24.0%	23.2%	57,800	202.8	15.0%	11.3%	4,362	4,613
Adults	9.4	42,442	17.0%	22.4%	169,300	873.3	44.0%	48.5%	17,958	20,576
Blind/Disabled	4.8	17,567	9.0%	9.3%	77,200	470.1	20.0%	26.1%	15,931	26,760
Aged										
Total	54.7	189,131	100%	100%	\$381,800	\$ 1,802.2	100%	100%	\$ 6,982	\$ 9,529

*Source: Centers for Medicare and Medicaid Services 2013 Actuarial Report on the Financial Outlook for Medicaid and the Office of Health and Human Services; *in millions*

There are other publications that compare national and state data with potential differences in how certain populations, for example children with special healthcare needs, and data are shown. The Kaiser Family Foundation reports an annual cost per enrollee for FY 2011 of \$6,110 to Rhode Island's annual cost per enrollee of \$9,247; however, the national data contain FY 2010 data for ten states whose FY 2011 data was not available. The Kaiser Family Foundation counts children with special health care needs in its blind/disabled population while the Centers for Medicare and Medicaid Services reports them in the children population.

Medical Assistance

Working Group to Reinvent Medicaid. The FY 2015 enacted budget includes \$2,712.1 million, of which \$1,083.8 million is general revenues for Medicaid funded programs through the Office of Health and Human Services and the agencies under its umbrella: the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; Human Services; and Health. The Medicaid program represents approximately 30 percent of all state spending.

On February 26, 2015, the Governor signed Executive Order 15-08, Establishing the Working Group to Reinvent Medicaid, comprised of Medicaid stakeholders, to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program.

*The Working Group would issue a report on or before April 30, 2015 that would include specific quality improvement and cost savings measures for redesigning Medicaid to meet the specific system transformation goals and reduced Medicaid spending. The Governor reduced Medicaid spending by \$92.6 million, of which \$46.0 million is general revenues, across the health and human services agencies, based on the report. She included \$86.6 million, of which \$43.0 million is general revenues, in the Office of Health and Human Services' budget. The Working Group submitted its report on May 1, 2015 and the Governor requested an amendment with her proposals (and then a replacement) for any statutory and resolution changes. **The Assembly included Article 5 for the statutory and resolution changes, each***

of which is discussed separately, along with any programmatic changes that did not require legislative action.

The following table itemizes medical assistance expenditures in FY 2013 and FY 2014, as enacted by the 2014 and 2015 Assemblies, adopted by the caseload estimators, recommended by the Governor. Each category is discussed separately.

The Caseload Estimating Conference met on November 5, 2014 and based on current law, set the FY 2016 medical assistance expenditures at \$2,457.7 million, including \$948.7 million from general revenues, which is \$211.1 million more than enacted from all sources and \$72.1 million more from general revenues.

Medical Assistance	FY 2014 Spent	FY 2015 Enacted	FY 2015 Final	FY 2016 Nov. CEC	FY 2016 Gov. Rec.	FY 2016 May CEC	FY 2016 Enacted
Hospitals							
Regular Payments	\$ 78.7	\$ 68.3	\$ 77.2	\$ 80.5	\$ 51.6	\$ 83.0	\$ 79.3
DSH Payments	129.8	138.3	138.3	138.3	138.3	138.3	140.5
Total	\$ 208.5	\$ 206.6	\$ 215.5	\$ 218.8	\$ 189.9	\$ 221.3	\$ 219.8
Long Term Care							
Nursing and Hospice Care	\$ 281.5	\$ 162.1	\$ 180.5	\$ 191.0	\$ 183.8	\$ 195.0	\$ 180.8
Home and Community Care	90.1	53.8	70.0	75.6	73.2	73.0	73.1
Total	\$ 371.7	\$ 215.9	\$ 250.5	\$ 266.6	\$ 257.0	\$ 257.0	\$ 253.9
Managed Care							
Rlte Care	\$ 503.4	\$ 516.1	\$ 542.9	\$ 564.7	\$ 457.3	\$ 571.8	\$ 533.5
Rlte Share	14.3	12.0	10.6	11.6	11.6	9.4	9.4
Fee For Service	75.4	87.4	69.1	84.1	84.1	69.6	69.6
Total	\$ 593.1	\$ 615.4	\$ 622.5	\$ 660.4	\$ 553.0	\$ 650.7	\$ 612.4
Rhody Health Partners	\$ 192.2	\$ 252.3	\$ 269.0	\$ 301.0	\$ 292.2	\$ 293.4	\$ 275.5
Rhody Health Options	\$ 126.1	\$ 297.0	\$ 270.7	\$ 290.1	\$ 274.9	\$ 275.5	\$ 253.8
Pharmacy	\$ (0.3)	\$ 1.4	\$ (1.0)	\$ 4.0	\$ 4.0	\$ 1.9	\$ 0.9
Pharmacy Part D Clawback	\$ 50.6	\$ 50.4	\$ 50.2	\$ 52.0	\$ 52.0	\$ 53.8	\$ 53.8
Medicaid Expansion	\$ 147.5	\$ 492.4	\$ 424.6	\$ 547.1	\$ 547.1	\$ 474.4	\$ 468.9
Other Medical Services	\$ 112.2	\$ 115.1	\$ 109.5	\$ 117.6	\$ 111.9	\$ 113.5	\$ 105.7
Federal Funds	\$ 975.8	\$ 1,359.3	\$ 1,303.8	\$ 1,498.4	\$ 1,411.0	\$ 1,406.3	\$ 1,349.9
General Revenues	813.0	876.6	897.0	948.7	860.6	935.6	884.1
Restricted Receipts	11.7	10.6	10.6	10.6	10.6	10.6	10.6
Total*	\$ 1,800.4	\$ 2,246.5	\$ 2,211.5	\$ 2,457.7	\$ 2,282.2	\$ 2,352.5	\$ 2,244.7

*Expenditures in millions

The Governor recommended \$2,282.2 million, including \$860.6 million from general revenues. Her recommendation is \$175.5 million less from all sources than the November caseload estimate, including \$87.4 million less from general revenues and \$88.1 million less from federal funds.

The Assembly provided \$2,244.7 million, including \$884.1 million from general revenues, \$1,349.9 million from federal funds and \$10.6 million from restricted receipts. This is \$39.3 million less from all sources than recommended, including \$62.1 million more from general revenues and \$22.8 million less from federal funds.

The Office submitted a FY 2016 constrained request of \$2,350.6 million, of which \$881.0 million is from general revenues, that is \$40.8 million less than enacted from all sources and \$23.6 million less from general revenues. The request is also \$246.6 million less than the adopted estimate, including \$96.0 million less from general revenues. The Office's constrained budget proposes savings of \$130.2 million from all sources and \$79.1 million from general revenues.

Program	Constrained Budget Proposals			Governor's Budget Proposals		
	General Revenues	Federal Funds	Total	General Revenues	Federal Funds	Total
Hospitals	\$ (19.4)	\$ (18.4)	\$ (37.8)	\$ (14.9)	\$ (14.0)	\$ (28.9)
Long Term Care	(6.8)	(6.8)	(13.5)	(4.8)	(4.8)	(9.6)
Managed Care	(18.0)	(17.8)	(35.7)	(10.7)	(10.1)	(20.8)
Rhody Health Partners	(15.9)	(0.2)	(16.1)	(4.3)	(4.4)	(8.8)
Rhody Health Options	(9.1)	(9.1)	(18.2)	(7.5)	(7.6)	(15.2)
Other Medical Services	(9.9)	1.1	(8.8)	(2.8)	(2.9)	(5.7)
Medicaid Work Group	-	-	-	(43.0)	(43.6)	(86.6)
Total (millions)	\$ (79.1)	\$ (51.2)	\$ (130.2)	\$ (88.1)	\$ (87.4)	\$ (175.5)

Note: There are 24 proposals with 9 that impact multiple programs; each proposal is discussed in the appropriate program

The Office's request includes 24 savings proposals that impact the medical assistance program. Some of the initiatives impact only one program, but \$67.0 million, including \$33.6 million from general revenues of the savings initiatives impact multiple programs, including hospitals, long term care, Rite Care, Rhody Health Partners and Rhody Health Options. This is shown in the following tables and further explained in the separate program sections.

The first table shows proposed savings in the three managed care programs and the actions taken by the Governor and Assembly.

Program Proposals	Managed Care		Rhody Health Partners		Rhody Health Options		Total		Governor's Action	Assembly vs. Governor
	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total		
Managed Care Capitated Payments	\$ (1.7)	\$ (3.3)	\$ (0.7)	\$ (1.4)	\$ (0.3)	\$ (0.6)	\$ (2.7)	\$ (5.4)	Accept	Concurred
Hospital Rate Freeze	(8.0)	(16.1)	(3.9)	(7.5)	(0.8)	(1.6)	(13.3)	(26.4)	Accept	Concurred
Federally Qualified Health Centers	(0.9)	(1.8)	(8.8)	(1.8)	-	-	(9.6)	(3.5)	Accept	Concurred
Behavioral Healthcare Rate Reduction	(0.3)	(0.6)	-	-	-	-	(0.6)	(1.2)	Did Not Accept	Concurred
Laboratory Services	(0.9)	(1.7)	(0.3)	(0.7)	-	-	(1.2)	(2.4)	Accept	Concurred
Nursing Home Rate Reduction	-	-	-	-	(5.0)	(10.1)	(8.7)	(17.4)	Accept	Concurred
Nursing Home Rate Freeze	-	-	-	-	(1.6)	(3.3)	(3.3)	(6.5)	Accept	Concurred
Electronic Visit Verification	-	-	-	-	(0.8)	(1.5)	(2.1)	(4.2)	Accept	Concurred

Values in millions

The second shows proposed savings in the fee-for-service program and savings across all programs and the actions taken by the Governor and Assembly.

Program Proposals	Hospitals		Long Term Care		Other Medical		Total		Governor's Action	Assembly vs. Governor
	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total		
Managed Care Capitated Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2.7)	\$ (5.4)	Accept	Concurred
Hospital Rate Freeze	(0.6)	(1.2)	-	-	-	-	(13.3)	(26.4)	Accept	Concurred
Federally Qualified Health Centers	-	-	-	-	-	-	(9.6)	(3.5)	Accept	Concurred
Behavioral Healthcare Rate Reduction	(0.3)	(0.5)	-	-	-	-	(0.6)	(1.2)	Did Not Accept	Concurred
Laboratory Services	-	-	-	-	(0.03)	(0.1)	(1.2)	(2.4)	Accept	Concurred
Nursing Home Rate Reduction	-	-	(3.6)	(7.3)	-	-	(8.7)	(17.4)	Accept	Concurred
Nursing Home Rate Freeze	-	-	(1.6)	(3.2)	-	-	(3.3)	(6.5)	Accept	Concurred
Electronic Visit Verification	-	-	(1.3)	(2.6)	-	-	(2.1)	(4.2)	Accept	Concurred

Values in millions

The remaining savings of \$63.2 million, of which \$37.6 million is general revenues, are in the hospitals,

long term care, managed care programs and other medical services programs, also discussed separately.

The Governor recommended \$175.5 million in savings, including \$88.1 million from general revenues in the medical assistance program. The final recommendation allocated the savings somewhat differently and was also offset by the use of revenue enhancements and lower medical benefit costs estimated at the May caseload conference. The Assembly included savings of \$214.8 million, of which \$65.3 million is general revenues from including the May caseload conference estimate and also accepting or rejecting the Governor’s proposals.

Hospitals

Hospitals. The November Caseload Estimating Conference estimate includes FY 2016 expenditures at \$218.8 million, of which \$109.7 million is from general revenues. This includes \$138.3 million for the disproportionate share payments to hospitals, including \$69.2 million from general revenues and \$80.5 million, including \$40.5 million from general revenues for direct payments. The estimate is \$12.2 million more than enacted, including \$5.9 million more from general revenues. The estimate reflects lower than anticipated enrollment in the Rhody Health Options program and other program costs.

The estimate also includes the \$22.6 million upper limit reimbursement payments made to the community hospitals and \$1.0 million for graduate medical education support.

The Office’s constrained request includes proposals that lower total hospital spending by \$37.8 million from all sources, including \$19.4 million from general revenues. Each is shown in the following table and discussed separately.

The Governor recommended \$189.9 million, including \$94.8 million from general revenues; she included \$51.6 million, of which \$25.6 million is from general revenues for direct hospital expenses. Her recommendation is \$28.9 million, including \$14.9 million from general revenues, less than the conference estimate. She later requested an amendment that made several changes to her original recommendation, each discussed separately.

The Assembly provided \$219.8 million, including \$109.7 million from general revenues, and \$110.2 million from federal funds. This is \$1.5 million less than the May Caseload Estimate and \$30.0 million more than the Governor’s initial recommendation primarily to restore the inpatient and outpatient upper payment limit reimbursements, which were offset by an increase in the hospital license fee.

Hospitals - Constrained Savings Proposals			Governor’s Action	Assembly vs. Governor
Proposals	Gen. Rev.	All Funds		
Hospital Rate Freeze	\$ (623,382)	\$ (1,246,764)	Accept	Concurred
Hospital Rate Reduction	(1,188,075)	(2,376,150)	Accept	Concurred
Disproportionate Share Payments	(5,000,000)	(10,000,000)	Did Not Accept	Concurred
Upper Payment Limit Reimbursements	(11,308,885)	(22,631,349)	Rescinded	Concurred
Graduate Medical Education	(1,000,000)	(1,000,000)	Accept	Did Not Concur
Inpatient Psychiatric Hospital Rates	(271,528)	(543,056)	Did Not Accept	Concurred
Total	\$ (19,391,870)	\$ (37,797,319)		

The Assembly also included Sections 2, 10 and 14 of Article 5 that impact hospitals, including updating the definition of a hospital to address recently purchased facilities.

Target - Hospital Rate Freeze. The Office proposed savings of \$9.4 million from all sources, including \$4.7 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate

increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Office included savings of \$1.2 million from all sources, including \$0.6 million from general revenues in fee-for-service hospital expenses from this action, which requires a statutory change and a category II change under the Medicaid waiver. The FY 2014 and FY 2015 budgets froze the outpatient and inpatient rates for hospitals. Rates were increased in FY 2011 and reduced by legislative action in the FY 2012 and FY 2013 budgets.

It should be noted that there is a potential cost shift to the upper payment limit reimbursement, which pays the difference between Medicare and Medicaid payments if this proposal were to be accepted, and the proposal to eliminate the reimbursement is not. *The Governor accepted the proposal and included Article 5 to freeze the payment. She included updated savings of \$1.4 million, of which \$0.7 million is general revenues based on the November caseload estimate.* **The Assembly concurred with the rate freeze for updated savings of \$1.6 million, \$0.8 million from general revenues and included Section 10 for this change.**

Hospital Incentive Program. The Office's request did not include any language seeking federal authority to create a hospital incentive program. The state did seek authority, as part of the extension of the Medicaid waiver, to pilot a "Delivery System Reform Incentive Payment (DSRIP) program that will allow a hospital and its affiliated community providers to be designated as eligible for incentive payments. The waiver material indicates that the program will be designated to affect critical areas of quality, patient experience and cost.

As part of her Reinventing Medicaid initiative, the Governor requested legislation to authorize the Office to seek federal approval to implement the program. The program would provide hospital with the ability to obtain certain payments for achieving performance goals established by the secretary. Payment will be made no earlier than July 1, 2016. **The Assembly included Section 10 of Article 5 to allow the Office to seek federal approval for the program.**

Target - Hospital Rate Reduction. The Office proposed savings of \$19.4 million from all sources, including \$9.7 million from general revenues, from reducing rates paid to hospitals by five percent in the fee-for-service program. The Office included savings of \$2.4 million from all sources, including \$1.2 million from general revenues, in fee-for-service hospital expenses from this action, which requires a statutory change and a category II change under the Medicaid waiver.

Similar to the hospital rate freeze, there is a potential cost shift to the upper payment limit reimbursement, which pays the difference between Medicare and Medicaid payments if this proposal were to be accepted, and the proposal to eliminate the reimbursement is not.

The Governor accepted the proposal and included Article 5 for the reduction. She included updated savings of \$3.9 million, of which \$1.9 million is general revenues based on the November caseload estimate. She requested an amendment following the Working Group report that included the savings but lowered the rate reduction to 2.5 percent. This new rate was based on projected hospital spending adopted at the May caseload conference and a correction the original recommendation that did not include reducing rates for the Medicaid expansion population. **The Assembly included savings of \$2.2 million, \$1.1 million from general revenues from the rate change; the Assembly passed Section 10 of Article 5 to make the rate reduction.**

Disproportionate Share Payments to Hospitals. The Caseload Estimating Conference included \$138.3 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals, consistent with the enacted budget. This includes \$69.2 million from general revenues and

from federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Office of Health and Human Services.

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 what hospital provides the treatment.

The Office's constrained request lowers the funding available to be distributed to the state and community hospitals for the uncompensated care payments by \$10.0 million from all sources, including \$5.0 million from general revenues. The state's federal allotment was not changed; the Office's request reduces the state match, which lowers the amount of federal funding used for the payments.

Hospital Payments	FY 2014 Reported	FY 2015 Enacted	FY 2016 Nov. CEC	FY 2016 Gov. Rec.	FY 2016 May CEC	FY 2016 Enacted
Community Hospitals						
State	\$ 62,549,661	\$ 68,253,945	\$ 68,380,292	\$ 68,380,292	\$ 68,380,292	\$ 69,493,490
Federal	65,747,555	68,519,649	68,393,303	68,393,303	68,393,303	69,506,586
Subtotal	\$ 128,297,216	\$ 136,773,594	\$ 136,773,594	\$ 136,773,594	\$ 136,773,594	\$ 139,000,075
Eleanor Slater Hospital						
State	\$ 755,119	\$ 755,118	\$ 774,421	\$ 774,421	\$ 774,421	\$ 774,421
Federal	793,722	793,723	774,421	774,421	774,421	774,421
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841
Upper Payment Limit						
State	\$ 5,482,285	\$ 11,308,885	\$ 11,243,254	\$ -	\$ 13,846,297	\$ 13,846,298
Federal	5,570,152	11,322,464	11,388,095	-	14,024,672	14,024,671
Subtotal	\$ 11,052,437	\$ 22,631,349	\$ 22,631,349	\$ -	\$ 27,870,969	\$ 27,870,969
Graduate Medical Education						
State	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 2,000,000
Federal	-	-	-	-	-	2,025,765
Subtotal	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 4,025,765
Total	\$ 140,898,494	\$ 161,953,784	\$ 161,953,784	\$ 138,322,435	\$ 167,193,404	\$ 172,445,650

The Governor recommended funding consistent with the caseload estimate and included Article 4 to make an FY 2017 payment that does not exceed \$128.3 million. The Assembly included Section 14 of Article 5 to increase the FY 2016 payment to not exceed \$138.6 million from all sources, including \$69.1 million from general revenues. It also included an FY 2017 payment not to exceed \$138.2 million.

Upper Payment Limit Reimbursements. The Office's request includes the enacted level of \$22.6 million from all sources, \$11.3 million from general revenues, for the outpatient and inpatient upper payment limit reimbursement made to the community hospitals.

Hospitals currently receive quarterly inpatient and outpatient supplemental upper payment limit based payments and the FY 2015 enacted budget includes \$11.8 million for the inpatient supplemental payment and \$10.8 million for the outpatient payment.

The Office's constrained budget includes savings of \$22.6 million from all sources, of which \$11.3 million is general revenues from eliminating both payments. This would require a statutory change. *The Governor accepted the proposal and included Article 4 to eliminate the payment. She subsequently requested an amendment to restore the payments as part of Reinventing Medicaid. The Assembly concurred and included \$27.9 million, of which \$13.8 million is from general revenues, consistent with the May caseload estimate that used updated data to calculate the payment.*

Graduate Medical Education. The Office included \$1.0 million from general revenues to support graduate medical education activities at Lifespan; this is consistent with the enacted level.

The Office’s constrained budget includes savings of \$1.0 million from general revenues from eliminating the payment. *The Governor accepted the proposal and included Article 5 to eliminate the payment. The Assembly included Section 15 of Article 5 to provide up to \$2.5 million from general revenues to support graduate medical education and included \$2.0 million from general revenues in the FY 2016 enacted budget with the potential to receive a Medicaid match if federally approved.*

Hospital License Fee. The Assembly included Section 1 of Article 16 of 2014-H 7133 Substitute A, as amended which set the FY 2015 license fee at 5.703 percent based on 2013 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.6 percent fee, subject to federal approval of a waiver.

The Governor included Article 3, which extends the hospital licensing fee in FY 2016 consistent with the enacted rate. The licensing fee appears annually in the Appropriations Act. The Assembly included Section 2 of Article 5 for a 5.862 percent fee based on 2014 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital, which will pay a lower 3.67 percent fee, subject to federal approval of a waiver.

FY 2016 Hospital License Fee	FY 2014 Enacted	FY 2015 Enacted	FY 2015 Final	FY 2016 Gov. Rec.	FY 2016 Enacted
<i>Base Year</i>	<i>2012</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2014</i>
<i>Tax Rate</i>	<i>5.246%</i>	<i>5.703%</i>	<i>5.745%</i>	<i>5.703%</i>	<i>5.862%</i>
Community Hospital License Fee	\$ 139,497,359	\$ 153,548,271	\$ 154,679,084	\$ 153,548,271	\$ 166,519,794
Washington County Hospitals Waiver	(3,521,472)	(3,942,912)	(3,971,950)	(3,942,912)	(4,212,878)
Subtotal Licensing fee	\$ 135,975,887	\$ 149,605,359	\$ 150,707,134	\$ 149,605,359	\$ 162,306,917
Slater License Fee	5,281,695	6,466,243	6,513,863	6,466,243	6,743,533
Total	\$ 141,257,582	\$ 156,071,602	\$ 157,220,997	\$ 156,071,602	\$ 169,050,450

Target - Inpatient Psychiatric Hospital Rates. The Office proposed savings of \$1.2 million, including \$0.6 million from general revenues from reducing the fee-for-service payments made to the community hospitals for in-patient hospital stays. This includes \$0.5 million, of which \$0.3 million is from general revenues in the hospital program. This is separate from the hospital rate freeze previously discussed. The Office has the discretion to adjust certain hospital rates and has done so with this proposal.

The Office reported that the proposal will reduce hospital payments by 20 percent and that the adjustment will remain in effect until an alternative arrangement with equivalent savings is developed as part of a broader behavioral health initiative.

It should be noted that the Office requested one additional position to implement the proposal in both the request and constrained budget and also entered into a contract with Truven Analytics in FY 2015 to address behavioral health needs in the state. It is unclear why the position was included in the request since the proposal was part of the constrained budget. This is not deducted from the savings.

Although the Governor did not explicitly include the savings, she did propose \$96.2 million, including \$46.0 million from general revenues as part of the Reinventing Medicaid Working Group and supporting documents include \$6.0 million, of which \$3.0 million is general revenues from providing better coordinated care for individuals with behavioral healthcare needs. She later requested an amendment with her proposals as part of her Reinventing Medicaid initiative and this was not included in that package. The Assembly concurred and did not reduce the hospital rates.

Long Term Care

Long Term Care. The November Caseload Estimating Conference estimate includes long term care expenses at \$266.6 million, of which \$129.4 million is from general revenues. This includes \$191.0 million for nursing facilities and hospice care and \$75.6 million for home and community care. The estimate is \$50.7 million more than enacted, including \$24.6 million more from general revenues; it is \$20.3 million above the revised estimate for FY 2015.

The Office's request includes proposals that lower long term care spending by \$13.5 million from all sources, including \$6.8 million from general revenues, each discussed separately.

*The Governor included \$257.0 million from all sources for long term care expenses, including \$124.7 million from general revenues. Her recommendation is \$9.6 million less than the conference estimate, including \$4.8 million less from general revenues. **The Assembly provided \$253.9 million from all sources including \$126.1 million from general revenues. This is \$37.9 million more than enacted and \$3.2 million less than recommended.***

Nursing Facilities and Hospice Care. The November Caseload Estimating Conference estimate includes FY 2016 expenditures of \$191.0 million, of which \$94.9 million is from general revenues for the state's 84 nursing facilities. The estimate is \$28.9 million more than enacted, including \$13.9 million more from general revenues and \$15.0 million more than the revised estimate for FY 2015.

The Office proposed savings of \$10.5 million from all sources, including \$5.2 million from general revenues for nursing facilities in its constrained budget. *The Governor recommended \$183.8 million, including \$91.3 million from general revenues for nursing home expenses. Her recommendation is \$7.2 million less than the caseload estimate. **The Assembly included \$180.8 million from all sources, including \$89.8 million from general revenues. This is \$18.7 million more than enacted and \$3.0 million less than recommended. The Assembly concurred with most of the Governor's proposals, each discussed separately.***

Long Term Care - Constrained Savings Proposals			Governor's Action	Assembly vs. Governor
Proposal	Gen. Rev.	All Funds		
Rate Reduction	\$(3,641,254)	\$(7,282,509)	Accept	Concurred
Rate Freeze	(1,608,149)	(3,216,297)	Accept	Concurred
Electronic Visit Verification	(1,307,662)	(2,615,324)	Accept	Concurred
Personal Choice Program Payments	(200,000)	(400,000)	Accept	Concurred
Total	\$(6,757,065)	\$(13,514,130)		

The Assembly also passed Sections 1, 3, 7 and 13 of Article 5 to assist nursing homes in addressing payments owed by the residents, the rights of residents upon discharge and the hearings for Medicaid eligibility. The Assembly also included Section 9 to require that nursing homes bill Medicare for certain skilled nursing and rehabilitation services that have recently been added to the Medicare Policy Benefit Manual.

Nursing Facility Incentive Program. The Office's request did not include any language seeking federal authority to create a nursing facility incentive program. Unlike the hospital incentive program that is included in the Medicaid waiver, a nursing facility incentive program is not. *As part of her Reinventing Medicaid initiative, the Governor requested a new article that authorized the Office to seek federal approval to implement the program. The program would provide nursing facilities with the ability to obtain certain payments for achieving performance goals established by the Secretary. Payments would be made no earlier than July 1, 2016. **The Assembly included Section 11 to allow the Office to seek federal approval for the program.***

Nursing Home Assessment. The state charges nursing facilities a 5.5 percent assessment against net services revenue and collects approximately \$40 million that is deposited into the general fund. *The Governor requested an amendment as part of the Reinventing Medicaid proposal, to increase the assessment to 6.0 percent for additional revenue of \$2.0 million in FY 2016. The Assembly did not concur and retained the 5.5 percent assessment.*

Target - Nursing Facilities Rate Reduction. The Office's budget includes savings of \$17.4 million, of which \$8.7 million is from general revenues, reducing nursing home rates by five percent. This includes savings of \$7.3 million from all sources, including \$3.6 million from general revenues in the fee-for-service program. The rate reduction would result in lower revenues for nursing homes, which lowers taxes paid by \$0.4 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$6.9 million.

This is the third year that the Office has proposed this reduction. There is an impact to revenue of \$1.0 million which is included in the Office's request. There was a five percent rate reduction accepted in the final six months for FY 2012 but it was not implemented by the Office, although savings were included in the enacted budget; it was not a structural adjustment, just a one-time fix for that year.

The Governor included Article 5 to reduce the rates by three percent and assumed savings of \$4.4 million, including \$2.2 million from general revenues. The rate reduction results in lower revenues for nursing homes, which lowers taxes paid by \$0.2 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$2.0 million.

She requested an amendment that included the savings but lowered the rate reduction to 2.5 percent. This new rate was based on projected spending adopted at the May caseload conference and a correction to the calculation used in the original recommendation. The Assembly included Section 11 of Article 5 for a 2.0 percent rate reduction for savings of \$3.6 million, including \$1.8 million from general revenues.

Target - Nursing Facilities Rate Freeze. The Office's budget includes savings of \$6.5 million, of which \$3.3 million is from general revenues from eliminating the October 1, 2015 rate increase for the nursing facilities. This includes savings of \$3.2 million from all sources, including \$1.6 million from general revenues in the fee-for-service program. The rate freeze would result in lower revenues for nursing homes, which would lower taxes paid by \$0.2 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$1.4 million.

This is the third year that the Office has proposed this freeze. For FY 2015, the Assembly delayed the previous adjustment by six months until April 2015. *The Governor included Article 5 to eliminate the October 1, 2015 rate increase and assumed savings of \$2.8 million, including \$1.4 million from general revenues based on the November caseload estimate. The rate reduction results in lower revenues for nursing homes, which lowers taxes paid by \$0.2 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$1.2 million. The Assembly concurred and included Section 11 for this change.*

Home and Community Care. The November Caseload Estimating Conference estimate includes \$75.6 million for home and community care expenses, including \$34.5 million from general revenues for FY 2016. This is \$21.8 million more than enacted, including \$10.7 million more from general revenues. The estimate increases home and community care funding by \$0.6 million to comply with state law that requires reinvestment of a portion of long term care savings, in this case, from a reduction in hospice days.

The Office testified that it appears a significant number of individuals who opted-out and were receiving

home care services are high utilizers; however, it does not track the reason that an individual chooses to not participate in the managed care program. The Office indicated its intent to do further analysis.

The Office proposed savings of \$3.0 million from all sources, including \$1.5 million from general revenues in its constrained budget. Each proposal is discussed separately. *The Governor recommended \$73.2 million, including \$33.3 million from general revenues for home and community based expenses. Her recommendation is \$2.4 million less than the caseload estimate, as noted above.* **The Assembly provided \$73.1 million, including \$38.3 million from general revenues.**

Target - Electronic Visit Verification. The enacted budget includes savings of \$1.0 million from all sources, of which \$0.5 million is from general revenues to implement an electronic visit verification process that records arrival and departure times of the home health worker through a software application that uses a home care patient's own telephone or a home care worker's cell phone, tablet or personal computer. The Office's constrained budget assumes \$4.2 million in added savings, including \$2.6 million, of which \$1.3 million is general revenues in the fee-for-service home and community based program.

The electronic visit verification technology will send alerts when visits performed do not match visits authorized and scheduled, including: customizable time limits for real-time missed visit alerts; automated, customizable determination that a visit is late or missed; broadcast messaging; multiple management reports and documentation of services provided, tasks completed/not completed, supplies consumed, vital signs and narratives.

The Office indicated that the savings are net of the cost of implementation, which it has included and also hired staff for the initiative in FY 2015. *The Governor proposed savings of \$2.0 million, including \$1.0 million from general revenues from the verification process.* **The Assembly concurred.**

Target - Personal Choice Program Payments. The Office's request includes savings of \$0.4 million from all sources, including \$0.2 million from general revenues from reducing the \$125 monthly administrative payment to \$60 paid to Tri-Town for the 512 individuals enrolled in the participant-directed program.

The personal choice program is a participant-directed program designed to provide in-home services and supports to adults with disabilities and elders. The model allows people with disabilities and elders the option and opportunity to manage a flexible budget and determine how that budget will be spent to best meet their needs. The budget can be used exclusively for personal care needs or in combination with other goods and services that will assist an individual in living independently in the community. *The Governor recommended this proposal.* **The Assembly concurred.**

Community First Choice. The FY 2015 enacted budget includes general revenue savings of \$3.0 million from providing the community first choice program option to individuals who require an institutional level of care. The community first choice option provides states the ability to make available home and community based attendant services and supports to eligible individuals, as needed, to assist with activities of daily living, instrumental activities of daily living and health-related tasks through hands-on assistance, supervision or cueing which is a sensory signal used to identify experiences, facilitate memory, or organize responses.

The community first choice option must be provided on a statewide basis in a manner that provides services and supports in the most integrated setting appropriate to the individual's needs and without regard to the person's age, type or nature or severity of disability, or the form of home and community-based attendant services and supports that the person requires to lead an independent life. States are eligible to receive a six percent permanent increase in the Medicaid rate for the community attendant

services.

The November caseload conference adjusted for the delay in implementing the proposal; however, the caseload estimate includes the enacted level of savings in FY 2016. *The Governor recommended funding consistent with the November caseload estimate. The Assembly concurred.*

Managed Care

The November Caseload Estimating Conference estimate includes managed care expenses of \$660.4 million of which \$314.3 million is from general revenues. The estimate includes RItE Care expenses at \$564.7 million, RItE Share at \$11.6 million and fee-for-service expenses at \$84.1 million; a discussion of each follows.

The November estimate is \$45.0 million more than enacted, including \$16.6 million more from general revenues and \$44.0 million more than the Office's request, including \$16.3 million more from general revenues. The Office's constrained request is \$43.6 million less than the enacted budget, including \$21.8 million less from general revenues and does not reflect the adopted estimate.

The Office's constrained request includes ten proposals that lower managed care spending by \$35.7 million from all sources, including \$18.0 million from general revenues and also includes unidentified changes totaling \$0.8 million from all sources, including \$0.3 million from general revenues; each is shown in the following table and discussed separately.

Managed Care - Constrained Savings Proposals			Governor's Action	Assembly vs. Governor
Proposals	Gen. Rev.	All Funds		
Managed Care Capitated Payments	\$ (1,670,734)	\$ (3,341,468)	Accepted	Concurred
Hospital Rate Freeze	(2,502,492)	(5,004,985)	Accepted	Concurred
Hospital Rate Reduction	(5,536,700)	(11,073,399)	Accepted	Concurred
Early Intervention Services	(2,462,053)	(4,924,106)	Not Accepted	Concurred
Neo-Natal Intensive Care Unit Rate Reduction	(2,810,493)	(5,620,986)	Accepted	Concurred
Federally Qualified Health Centers	(875,000)	(1,750,000)	Accepted	Concurred
Laboratory Services	(852,450)	(1,704,900)	Accepted	Concurred
Pay for Performance Goal Program	(425,000)	(850,000)	Not Accepted	Concurred
Behavioral Healthcare Rate Reduction	(323,559)	(647,118)	Not Accepted	Concurred
Health Centers Enhanced Medicaid Rate	(189,000)	-	Accepted	Concurred
Unidentified Savings	(307,870)	(792,765)	Not Accepted	Concurred
Total	\$ (17,955,351)	\$ (35,709,727)		

The Governor recommended \$553.0 million for managed care expenses, including \$260.6 million from general revenues. Her recommendation is \$53.7 million less than the conference estimate and she included several proposals impacting program expenses, discussed separately. It should also be noted that the \$86.6 million in Medicaid savings assigned to the Working Group has been taken in this program; however, this changed somewhat when the report was completed.

The Governor requested amendments for her final recommendation that allocated the savings somewhat differently and was also offset by the use of revenue enhancements and lower medical benefit costs estimated at the May caseload conference.

The Assembly provided \$612.4 million, including \$289.1 million from general revenues and made the necessary statutory changes as part of the Governor's recommendation and her proposal through the Reinventing Medicaid initiative, each discussed separately.

The Assembly also changed the definition of a hospital and allowed any newly purchased facility the ability to negotiate with the managed care plans new base rates that are not tied to the current rates paid for services and added \$1.8 million, including \$0.7 million from general revenues for the potential impact of Landmark Hospital prospective rate negotiations.

RIte Care. The November Caseload Estimating Conference estimates RIte Care expenditures at \$564.7 million including \$266.7 million from general revenues. This is \$48.6 million more than enacted, including \$23.0 million more from general revenues based on revisions to the caseload demographics and costs. The estimate assumes an increase in the number of newborns, older children and adults that influences program costs.

The estimate also includes \$5.1 million from all sources to treat individuals enrolled in RIte Care who meet the criteria for the new treatment for Hepatitis C. The Office projected that 71 RIte Care enrollees would receive the treatment at a cost of \$90,000 with an assumed rebate of 23 percent for a net cost of approximately \$70,000 per person.

*The Governor included \$457.3 million from all sources, including \$213.0 million from general revenues. Excluding the savings from the work group, her recommendation is \$20.8 million less than the conference estimate; program changes are discussed separately. **The Assembly included \$533.5 million, including \$249.8 million from general revenues in FY 2016. As noted, the Assembly added \$1.8 million, including \$0.7 million from general revenues for the potential impact of Landmark Hospital prospective rate negotiations.***

Target - Managed Care Capitated Payments. The state pays a monthly capitated payment to both Neighborhood Health and United Healthcare to provide medical benefits for its RIte Care and Rhody Health enrollees. The state also negotiates a risk share/gain share agreement within the payment system to offset any losses or gains the state may incur with the managed care plans during the reconciliation process. The Office proposes savings of \$5.4 million, including \$2.7 million from general revenues from reducing the managed care capitation payments by 0.9 percent. This includes savings of \$3.3 million, of which \$1.7 million is from general revenues in the RIte Care program. This action would result in lower revenues for the managed care plans that reduces taxes paid by \$0.1 million on the 2.0 percent assessment made on the plan premiums for a net general revenue savings of \$2.6 million.

This is the third consecutive year that the Office has proposed this initiative. *The Governor recommended the proposal and included savings of \$3.3 million, of which \$1.7 million is from general revenues and she included Article 5 for the necessary changes. Adjusting for the assessment, the net savings is \$1.6 million. **The Assembly included the savings and the necessary resolution language in Section 22 of Article 5.***

Target - Hospital Rate Freeze. The Office proposed savings of \$9.4 million from all sources, including \$4.7 million from general revenues from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Office included savings of \$5.3 million from all sources, including \$2.7 million from general revenues, in the RIte Care program from this action which requires a statutory change and a category II change under the Medicaid waiver. The FY 2014 and FY 2015 budgets froze the outpatient and inpatient rates for hospitals. Rates were increased in FY 2011 and reduced by legislative action in the FY 2012 and FY 2013 budgets. This change would result in lower revenues for the managed care plans that reduces taxes paid by \$0.1 million on the 2.0 percent assessment made on the plan premiums for a net general revenue savings of \$2.6 million.

*The Governor recommended the proposal and included savings of \$5.6 million, of which \$2.8 million is from general revenues and included Article 5 for the necessary changes. Adjusting for the assessment, the net savings is \$2.7 million. **The Assembly included the savings of \$6.0 million, including \$3.0 million from general revenues based on the May caseload conference estimate and passed Section 10 to freeze the rates.***

Target - Hospital Rate Reduction. The Office proposed savings of \$19.4 million from all sources, including \$9.7 million from general revenues from reducing rates paid to hospitals by five percent in the fee-for-service and managed care programs. The Office included savings of \$11.1 million from all sources, including \$5.5 million from general revenues in the RIte Care program from this action, which requires a statutory change and a category II change under the Medicaid waiver. This change would result in lower revenues for the managed care plans that reduces taxes paid by \$0.2 million on the 2.0 percent assessment made on the plan premiums for a net general revenue savings of \$4.6 million.

*The Governor recommended the proposal and included savings of \$11.9 million, of which \$5.9 million is from general revenues and included Article 5 for the necessary changes. Adjusting for the assessment, the net savings is \$5.7 million. She requested an amendment that included the savings but lowered the rate reduction to 2.5 percent. This new rate was based on projected hospital spending adopted at the May caseload conference and a correction to the original recommendation that did not include reducing rates for the Medicaid expansion population. **The Assembly included Section 10 to make the rate reduction and included updated savings of \$6.3 million, including \$3.1 million from general revenues.***

Target - Early Intervention Services. The Office proposed savings of \$4.9 million from all sources, including \$2.5 million from general revenues from increasing the limit of coverage for early intervention services that must be covered by a commercial insurer from \$5,000 to \$15,000.

Rhode Island General Law 27-18-64 mandates that the first \$5,000 of early intervention services provided to children with comprehensive commercial coverage is the responsibility of the commercial carrier. After the \$5,000 “cap” has been exceeded, providers bill Medicaid fee-for-service for any additional services and expenses provided during the remainder of the calendar year. This reimbursement to early intervention providers is through state and federal funds.

Although the Governor did not explicitly include the proposal, she did include savings of \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid task force and supporting documents include \$3.0 million, of which \$1.5 million is general revenues, from improved oversight and efficiency, such as increasing the commercial insurance mandate for early intervention services.

*The Governor subsequently requested an amendment to eliminate the \$5,000 cap on services and assumed savings of \$1.0 million, including \$0.5 million from general revenues from this action. **The Assembly included Section 4 of Article 5 for the change.***

Target - Neo-Natal Intensive Care Unit Rate Reduction. The Office’s budget proposes savings of \$5.6 million from all sources, including \$2.8 million from general revenues from a reduction to the rates paid for neo-natal intensive care. The neo-natal intensive care rate is currently an “out-of-plan” service, paid through Medicaid fee-for-service. The November caseload conference estimate includes \$28.5 million from all sources for neo-natal intensive care unit costs; the proposed reduction lowers those costs by 19.7 percent in FY 2016.

Similar to the behavioral health care reduction, the Office reported that the lower rate would remain in effect until an alternative arrangement was developed to pay neo-natal intensive care unit and pre/post-

partum services as a bundled payment with equivalent savings.

The Office added one position in the request and constrained budgets for this initiative and it should also be noted that the Qualdigm contract also includes a cost not to exceed \$0.3 million in FY 2016 related to review of neo-natal intensive care unit admissions. It is unclear why the position was included in the request since the proposal was only included as part of the constrained budget.

Although the Governor did not explicitly include the savings, she included \$96.2 million, including \$46.0 million from general revenues as part of the Reinventing Medicaid work group and supporting documents include \$30.2 million, of which \$15.0 million is general revenues, for implementing value-based payments to hospitals, such as a neo-natal intensive care services rate adjustment and aligning re-admission penalties with Medicare.

*The Governor included the requested savings for this initiative in her Reinventing Medicaid amendment. **The Assembly concurred.***

Target - Federally Qualified Health Centers. The Office's budget proposes savings of \$3.5 million from all sources, including \$1.8 million from general revenues from lowering payments made to the state's federally qualified health centers through the incentive program. This includes \$1.8 million, of which \$0.9 million is general revenues in the RItE Care program. The November caseload estimate for FY 2016 includes supplemental payments totaling \$15.3 million for the federally qualified health centers.

The Office also included funding for a new position in both its request and constrained budgets to implement this proposal. It is unclear why the position was included in the request since the proposal was only included as part of the constrained budget. The position totals \$75,000 in FY 2016, discussed in the central management program.

Although the Governor did not explicitly include the savings, she did include \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid work group exercise and supporting documents include \$16.1 million, of which \$8.0 million is general revenues, from value-based payment approaches in managed care, such as refining the federally qualified health center incentive program.

*The Governor requested an amendment that further defined her Reinventing Medicaid proposals that included the reduction to this payment. **The Assembly concurred.***

Target - Laboratory Services. The Office proposed savings of \$2.4 million, including \$1.2 million from general revenues from entering into a selective contract for laboratory services. This includes savings of \$1.7 million from all sources, including \$0.9 million from general revenues in the RItE Care program.

The Office reported that currently over 300,000 lab analyses are conducted annually through community based and hospital based labs with the work divided equally between the settings. The Office reported that a substantial portion of the work performed by the hospital based labs is generated by clinical visits in community based provider sites. The average cost for the hospital based lab service is approximately 250 percent of the average cost for the community based lab service, or \$134 compared to \$54. This initiative is based on selective contracting for lab services to obtain comparable services in a more cost effective setting.

Although the Governor did not explicitly include the savings, she did include \$96.2 million, of which \$46.0 million is from general revenues as part of the Reinventing Medicaid work group exercise and supporting documents include \$16.1 million, of which \$8.0 million is general revenues, from value-based payment approaches in managed care, such as selective contracting for certain services.

*The Governor included the requested savings for this initiative in her requested amendment that contained her proposals for Reinventing Medicaid. **The Assembly concurred.***

Target - Pay for Performance Goal Program. The Office proposed savings of \$0.9 million, including \$0.4 million from general revenues from eliminating the payment made to the health plans to achieve certain performance measures. The Office has been asked to further define the measures.

The RIte Care pay for performance goal program is the second oldest in the nation and during the last 15 years, it has been updated several times. The RIte Care health plans must achieve performance metrics at high levels to receive incentive payments. The health plans usually achieve incentive payments in the range of \$1.5 million to \$1.7 million on an annual basis. The Office reported that the initiative will modify performance standards to include outcome metrics that lower the total cost of care while maintaining quality. The Office reported that it will substitute current process measures with new outcome measures and for FY 2016, the outcome measures will not be rewarded. Baseline thresholds will be obtained during this timeframe.

Although the Governor did not explicitly include the savings, she did propose \$96.2 million, including \$46.0 million from general revenues as part of the Reinventing Medicaid work group exercise and supporting documents include \$16.1 million, of which \$8.0 million is general revenues, from value-based payment approaches in managed care.

*The Governor requested an amendment that further detailed her proposals which did not include this initiative. **The Assembly concurred.***

Target - Behavioral Healthcare Rate Reduction. The Office proposed savings of \$1.2 million, including \$0.6 million from general revenues from reducing the fee-for-service payment made to the community hospitals for in-patient hospital stays. This includes \$0.6 million, of which \$0.3 million is general revenues in the RIte Care program.

The proposal would reduce hospital payments by 20 percent and the Office reports that the adjustment would remain in effect until an alternative arrangement with equivalent savings is developed as part of a broader behavioral health initiative.

It should be noted that the Office requested one additional position to implement the proposal and has also entered into a contract with Truven Analytics to complete a study in FY 2015 that addresses behavioral health needs for individuals in Rhode Island.

Although the Governor did not explicitly include the savings, she did propose \$96.2 million, including \$46.0 million from general revenues, as part of the Reinventing Medicaid work group exercise and supporting documents include \$6.0 million, of which \$3.0 million is general revenues, from better coordinated care for individuals with behavioral health care needs. She did not include the new position.

*The Governor requested an amendment that further detailed her proposals which did not include this initiative. **The Assembly concurred.***

Target - Health Centers Enhanced Medicaid Rate. The Office proposed general revenue savings of \$0.2 million from leveraging the higher Medicaid rate for certain services at the health centers.

The state has been unable to claim enhanced Medicaid match for eligible individuals because specific, member level information was not readily available. With planned enhancements to the submissions filed by each health center, the state can identify, at the patient level, which services are eligible for the higher

Medicaid match beginning with dates of service on or after July 1, 2015. *The Governor recommended savings of \$0.4 million from the proposal. The Assembly concurred.*

RIte Share. The November Caseload Estimating Conference estimate includes RIte Share expenditures of \$11.6 million, including \$5.8 million from general revenues. This is \$0.4 million less than enacted, including \$0.2 million less from general revenues, based on decreased enrollment. The Office’s request is consistent with the enacted budget and does not reflect the adopted estimate. The RIte Share program allows families who are eligible for medical assistance to remain in 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. *The Governor recommended funding consistent with the November caseload estimate. The Assembly included \$9.4 million, of which \$4.7 million is from general revenues, consistent with the May caseload conference estimate.*

Fee-Based Managed Care. The November Caseload Estimating Conference estimate includes FY 2016 fee-based managed care expenditures of \$84.1 million from all sources, of which \$41.8 million is general revenues. The estimate is \$3.2 million less than enacted, including \$1.6 million less from general revenues from shifting some expenses from fee-based managed care to in-plan and increased transportation expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. The Office’s request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the November caseload estimate. The Assembly provided \$69.6 million, including \$34.6 million from general revenues, consistent with the May caseload conference estimate.*

Unidentified Reduction. The Office’s constrained request inadvertently understates total costs in the managed care program by \$0.5 million, of which \$0.1 million is general revenues. This understatement is not part of a specific proposal. *The Governor’s recommendation corrected for this. The Assembly concurred.*

Rhody Health Partners

Rhody Health Partners. The November Caseload Estimating Conference estimate includes expenditures of \$301.0 million from all sources, including \$150.7 million from general revenues for the managed care program for adults with disabilities in FY 2016. The Office’s request is \$16.1 million less than its unconstrained request, of which \$8.1 million is from general revenues and includes several savings proposals, discussed separately.

The Office’s constrained budget includes savings of \$15.9 million, \$8.1 million from general revenues, from six proposals and includes unidentified savings of \$0.3 million in the Rhody Health Partners program.

Rhody Health Partners - Constrained Savings Proposals			Governor's
Proposals	General Revenues	All Funds	Action
Hospital Rate Freeze	\$ (1,467,594)	\$ (2,668,046)	Accepted
Hospital Rate Reduction	(2,421,122)	(4,842,244)	Accepted
Behavioral Health Services	(2,237,170)	(4,474,340)	Pending
Federally Qualified Health Centers	(875,000)	(1,750,000)	Pending
Managed Care Capitated Payments	(724,855)	(1,449,710)	Accepted
Laboratory Services	(340,962)	(681,924)	Pending
Unidentified Savings	-	(267,142)	Not Accepted
Total	\$ (8,066,703)	\$ (16,133,406)	

*The Governor recommended \$292.2 million, including \$145.7 million from general revenues; specific program changes are discussed separately. **The Assembly provided \$275.5 million, including \$137.4 million from general revenues, which is \$17.9 million less than the May conference estimate.***

Methadone Maintenance Health Home Program. The November caseload estimate includes \$4.0 million, including \$1.6 million from general revenues to make the monthly payment for individuals enrolled in the methadone maintenance health home program. The state match includes a 90/10 rate in the first quarter of FY 2016 when the state's ability to leverage the higher match rate expires; expenses incurred in the next three quarters of FY 2016 are matched at the lower Medicaid rate of 50.32 percent. *The Governor included funding consistent with the caseload estimate. **The Assembly concurred.***

Target - Hospital Rate Freeze. The Office proposed savings of \$9.4 million from all sources, including \$4.7 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans. The Office included savings of \$2.3 million from all sources, including \$1.2 million from general revenues, in the Rhody Health Partners program from this action, which requires a statutory change and a category II change under the Medicaid waiver. The FY 2014 and FY 2015 budgets froze the outpatient and inpatient rates for hospitals. Rates were increased in FY 2011 and reduced by legislative action in the FY 2012 and FY 2013 budgets.

It should be noted that there is a potential cost shift to the upper payment limit reimbursement which pays the difference between Medicare and Medicaid payments if this proposal is accepted and the proposal to cap the reimbursement is not.

*The Governor recommended the proposal and included savings of \$0.5 million, of which \$0.3 million is from general revenues and Article 5 for the necessary changes. The savings will be reduced by \$49,273 in lost assessment revenue. **The Assembly included Section 10 of Article 5 to freeze the rates and the savings of \$2.6 million, including \$1.3 million from general revenues.***

Target - Hospital Rate Reduction. The Office proposed savings of \$19.4 million from all sources, including \$9.7 million from general revenues from reducing rates paid to hospitals by five percent in the fee-for-service program. The Office included savings of \$4.8 million from all sources, including \$2.4 million from general revenues, in the Rhody Health Partners program from this action, which requires a statutory change and a category II change under the Medicaid waiver.

This change would result in lower revenues for the managed care plans that reduces taxes paid by \$0.1 million on the 2.0 percent assessment made on the plan premiums for a net general revenue savings of \$2.3 million. *The Governor recommended the proposal and included savings of \$1.1 million, of which \$0.5 million is from general revenues and included Article 5 for the necessary changes. The savings will be reduced by \$21,350 in loss assessment revenue.*

*She requested an amendment that included the savings but lowered the rate reduction to 2.5 percent. This new rate was based on projected hospital spending adopted at the May caseload conference and a correction to the original recommendation that did not include reducing rates for the Medicaid expansion population. **The Assembly included Section 10 of Article 5 to make the rate reduction and savings of \$2.6 million, including \$1.3 million from general revenues.***

Target - Behavioral Health Services. The Office included savings of \$4.5 million, including \$2.2 million from general revenues from mandatorily enrolling the Medicaid/Medicare recipients who have opted out of Rhody Health Options into Rhody Health Partners to address the recipient's behavioral health care needs.

The authority and funding to manage and pay for certain behavioral health services for the severely and persistently mentally ill population has been transferred from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services. The Medicaid program is currently working with its two managed care health plans, Neighborhood Health Plan of RI and United Healthcare, to bring these services into its managed care delivery system. The Office will develop a system to oversee and pay claims for these services for Medicaid recipients who are in the fee-for-service delivery system by engaging with a managed behavioral health organization to administer the array of intensive behavioral health services for severely and persistently mentally ill members who are not enrolled in Medicaid managed care. *The Governor did not include the proposal.* **The Assembly concurred.**

Target - Federally Qualified Health Centers. The Office's budget proposes savings of \$3.5 million, including \$1.8 million from general revenues from lowering payments made to the state's federally qualified health centers through the incentive program. This includes savings of \$1.8 million from all sources, including \$0.9 million from general revenues in the Rhody Health Partners managed care program.

The Office also included funding for a new position in both its current services request and constrained budgets to implement this proposal. It is unclear why the position was not limited to only the constrained budget. The position totals \$75,041 in FY 2016 and is discussed in the central management program.

The federally qualified provider incentive program is an important mechanism by which a Medicaid managed care organization can partner with the state to achieve the goals of lowering total costs of care, improving quality of care and improving member experience. An incentive payment is based on the provider's performance on a specified measure, a set of measures and/or payment models that include a quality withhold or alternative payment schedule.

Although the Governor did not explicitly include the proposal, she did include savings of \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid Working Group and supporting documents include \$16.1 million, of which \$8.0 million is general revenues, from value-based payment approaches in managed care, such as refining the federally qualified health center incentive program.

The Governor requested an amendment that further defined her proposals that included the reduction to this payment. **The Assembly concurred.**

Target - Managed Care Capitated Payments. The state pays a monthly capitated payment to both Neighborhood Health and United Healthcare to provide medical benefits for its RIte Care and Rhody Health Partners enrollees. The state also negotiates a risk share/gain share agreement within the payment system to offset any losses or gains the state may incur with the managed care plans during the reconciliation process. The Office proposed savings of \$5.4 million, including \$2.7 million from general revenues from reducing the managed care capitation payments by 0.9 percent. This includes savings of \$1.4 million, of which \$0.7 million is from general revenues in the Rhody Health Partners program.

This reduction results in lower revenues for the managed care plans that reduces taxes paid by \$28,997 on the 2.0 percent assessment made on the plan premiums. *The Governor assumed the proposed savings and included Article 5 for the necessary changes.* **The Assembly included the savings and the necessary resolution language in Section 22 to make this change.**

Target - Laboratory Services. The Office proposed savings of \$2.4 million, including \$1.2 million from general revenues from entering into a selective contract for laboratory services. This includes savings of \$0.7 million from all sources, including \$0.3 million from general revenues in the Rhody Health Partners

program.

The Office reported that currently over 300,000 lab analyses are conducted annually through community based and hospital based labs with the work divided 50/50 between the settings. The Office reported that a substantial portion of the work performed by the hospital based labs is generated by clinical visits in community based provider sites. The average cost per service for the hospital based lab service is approximately 250 percent of the average cost for the community based lab service, or \$134 compared to \$54. This initiative is based on selective contracting for lab services in order to obtain comparable services in a more cost effective setting.

Although the Governor did not explicitly include the proposal, she did include savings of \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid work group exercise and supporting documents include \$16.1 million, of which \$8.0 million is from general revenues, from value-based payment approaches in managed care, such as selective contracting for certain services.

*The Governor included the requested savings for this initiative in her amendment that detailed her proposals for reinventing Medicaid. **The Assembly concurred.***

Unidentified Reduction. The Office’s constrained request inadvertently understates total costs by \$0.6 million in the Rhody Health Partners program, of which \$0.3 million is general revenues. This understatement is not part of a specific proposal. *The Governor’s recommendation corrects this. **The Assembly concurred.***

Rhody Health Options

Rhody Health Options. As of November 1, 2013, the state entered into 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. Consistent with the Office’s testimony, the November caseload conference estimate includes \$290.1 million from all sources, including \$144.1 million from general revenues for the program.

The Office’s constrained budget includes savings of \$18.2 million, \$9.1 million from general revenues, from six proposals and includes unidentified changes of \$117,777 from all sources, including \$58,889 from general revenues.

Rhody Health Options - Constrained Budget Proposals			Governor's Action	Assembly vs. Governor
Proposals	Gen. Rev.	All Funds		
Nursing Facilities Rate Reduction	\$ (5,035,445)	\$ (10,070,891)	Accepted	Concurred
Nursing Facilities Rate Freeze	(1,645,615)	(3,291,229)	Accepted	Concurred
Electronic Visit Verification	(767,992)	(1,535,984)	Accepted	Concurred
Hospital Rate Freeze	(253,537)	(507,075)	Accepted	Concurred
Hospital Rate Reduction	(533,762)	(1,067,523)	Accepted	Concurred
Medicare Coverage Opportunities	(500,000)	(1,000,000)	Accepted	Concurred
Managed Care Capitated Payments	(319,581)	(639,162)	Accepted	Concurred
Unidentified Savings	(58,889)	(117,777)	Not Accepted	Concurred
Total	\$ (9,114,821)	\$ (18,229,641)		

*The Governor recommended \$274.9 million, including \$136.6 million from general revenues; this is \$15.2 million less than the November conference estimate and each change is discussed separately. **The Assembly provided \$253.8 million, including \$126.2 million from general revenues; this is \$21.7 million less than the May conference estimate and \$21.1 million less than the Governor’s recommendation.***

The Assembly passed Section 18 of Article 5, which requires that the managed care organization will pay nursing facilities an amount that is no less than the amount that would be paid by the state under its fee-for-service Medicaid program for any arrangement that is not part of the duals demonstration project or the integrated care initiative. The managed care organization is also not required to use the same payment methodology as the Office of Health and Human Services.

The Assembly also included the same instructions for payment arrangements that are part of the dual demonstration project with the managed care organizations required to pay no less from the amount that would be paid under traditional Medicare and the state's Medicaid fee-for-service program for these service types. The managed care organization is also not required to use the same payment methodologies as either the Centers for Medicare and Medicaid Services or the Office of Health and Human Services under the duals demonstration project.

Target - Nursing Facilities Rate Reduction. The Office's budget includes savings of \$17.4 million, of which \$8.7 million is from general revenues from reducing average nursing home rates by five percent. This includes savings of \$10.1 million from all sources, including \$5.0 million from general revenues in the Rhody Health Options program.

The rate reduction would result in lower revenues for nursing homes, which lowers taxes paid by \$0.6 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$5.4 million.

*The Governor included Article 5 to reduce the rate by three percent and assumed savings of \$6.5 million, including \$3.2 million from general revenues updated for the November caseload conference. The rate reduction results in lower revenues for nursing homes, which lowers taxes paid by \$0.2 million through the 5.5 percent assessment on a facility's revenues for net savings of \$2.0 million. **The Assembly included Section 11 of Article 5 for a 2.0 percent rate reduction for savings of \$5.0 million, including \$2.5 million from general revenues.***

Target - Nursing Facilities Rate Freeze. The Office's budget includes savings of \$6.5 million, of which \$3.3 million is from general revenues from eliminating the October 1, 2015 rate increase for the nursing facilities. This includes savings of \$3.3 from all sources, including \$1.6 million from general revenues in the Rhody Health Options program.

The rate freeze would result in lower revenues for nursing homes, which lowers taxes paid by \$0.2 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$1.4 million.

This is the third year that the Office has proposed this freeze. For FY 2015, the Assembly delayed the adjustment until April 2015.

*The Governor included Article 5 to freeze the rate and assumed savings of \$4.2 million, including \$2.1 million from general revenues updated for the November caseload conference. The rate reduction results in lower revenues for nursing homes, which lowers taxes paid by \$0.3 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$2.9 million. **The Assembly included Section 11 for the rate freeze and concurred with the recommended savings.***

Target - Electronic Visit Verification. The enacted budget includes savings of \$1.0 million from all sources, of which \$0.5 million is from general revenues to implement an electronic visit verification process that records arrival and departure times of the home health worker through a software application that uses a home care patient's own telephone or a home care worker's cell phone or tablet or personal computer. The Office's constrained budget assumes \$4.2 million in added savings, including \$1.5 million from all sources, of which \$0.8 million is general revenues in the Rhody Health Options managed care program.

The Office indicated that the savings are net of the \$0.6 million to pay Sandata to implement the verification system which it has included in its request and it should also be noted that staff has been hired for the initiative in FY 2015.

The electronic visit verification technology sends alerts when visits performed do not match visits authorized and scheduled, including customizable time limits for real-time missed visit alerts; automated, customizable determination that a visit is late or missed; broadcast messaging; multiple management reports; and documentation of services provided, tasks completed/not completed, supplies consumed, vital signs and narratives. *The Governor proposed savings of \$1.2 million, \$0.6 million from general revenues for the verification process. **The Assembly concurred.***

Target - Hospital Rate Freeze. The Office proposed savings of \$9.4 million from all sources, including \$4.7 million from general revenues from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Office included savings of \$0.5 million from all sources, including \$0.3 million from general revenues in the Rhody Health Options program from this action, which requires a statutory change and a category II change under the Medicaid waiver. Rates were increased in FY 2011 and reduced by legislative action in the FY 2012 and FY 2013 budgets. The FY 2014 and FY 2015 budgets froze the outpatient and inpatient rates for hospitals.

It should be noted that there is a potential cost shift to the upper payment limit reimbursement, which pays the difference between Medicare and Medicaid payments, if this proposal is accepted, and the proposal to eliminate the reimbursement is not.

*The Governor recommended the proposal and included savings of \$0.5 million, of which \$0.3 million is from general revenues and included Article 5 for the necessary changes. The savings are offset by a \$10,675 loss of revenue. **The Assembly included Section 10 of Article 5 to make the change and savings of \$0.6 million, including \$0.3 million from general revenues.***

Target - Hospital Rate Reduction. The Office proposed savings of \$19.4 million from all sources, including \$9.7 million from general revenues from reducing rates paid to hospitals by five percent in the fee-for-service program. The Office included savings of \$1.1 million from all sources, including \$0.5 million from general revenues in the Rhody Health Options program from this action, which requires a statutory change and a category II change under the Medicaid waiver.

Similar to the hospital rate freeze, there is a potential cost shift to the upper payment limit reimbursement, which pays the difference between Medicare and Medicaid payments, if this proposal is accepted and the proposal to eliminate the reimbursement is not. *The Governor recommended the proposal and included the savings. The savings are offset by a \$21,350 loss of revenue.*

*She requested an amendment that included the savings but lowered the rate reduction to 2.5 percent. This new rate was based on projected spending adopted at the May caseload conference and a correction to the calculation used in the original recommendation. **The Assembly included Section 10 to make the change and savings of \$0.5 million, including \$0.3 million from general revenues.***

Target - Medicare Coverage Opportunities. The Office's proposed budget includes savings of \$2.0 million, of which \$0.1 million is general revenues from identifying opportunities to shift costs to Medicare. The Office included \$1.0 million, \$0.5 million from general revenues in the Rhody Health Options program.

This includes identifying crossover payments, Part B Drug and durable medical equipment cost shifts, and Medicare identification for those under 65, and 65 and older. The Office indicated that it will need to hire a contractor for this initiative; however, no additional funds have been requested in the central management budget for the initiative. *The Governor recommended the proposal.* **The Assembly concurred and also included Section 9 of Article 5 that required the billing of certain skilled nursing and rehabilitation services through Medicare that were recently approved for payment.**

Target - Managed Care Capitated Payments. The state pays a monthly capitated payment to both Neighborhood Health and United Healthcare to provide medical benefits for its RItE Care and Rhody Health Partner enrollees. The state also negotiates a risk share/gain share agreement within the payment system to offset any losses or gains the state may incur with the managed care plans during the reconciliation process. The Office proposed savings of \$5.4 million, including \$2.7 million from general revenues from reducing the managed care capitation payments by 0.9 percent. This includes savings of \$0.6 million, of which \$0.3 million is from general revenues, in the Rhody Health Options program.

This reduction results in lower revenues for the managed care plans that reduces taxes paid by \$12,783 on the 2.0 percent assessment made on the plan premiums. *The Governor assumed the proposed savings and included Article 5 for the necessary changes.* **The Assembly concurred with the savings and included the necessary resolution language to make the change.**

Unidentified Reduction. The Office's constrained request inadvertently understates total costs as savings in the Rhody Health Options, of which \$0.1 million is general revenues. This understatement is not part of a specific proposal. *The Governor's recommendation corrects this.* **The Assembly concurred.**

Pharmacy

The November Caseload Estimating Conference estimate included pharmacy expenses of \$56.0 million; this is \$4.2 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's 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 \$54.7 million which is \$1.0 million less than the May caseload conference and \$3.1 million less than the recommendation.**

Pharmacy. The November Caseload Estimating Conference estimate included FY 2016 pharmacy expenditures of \$4.0 million, of which \$2.9 million is from general revenues. This is \$2.7 million more than enacted, including \$1.5 million more from general revenues. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below.

The Governor recommended funding consistent with the caseload estimate. The Governor requested an amendment as part of her Reinventing Medicaid initiatives that included savings of \$1.0 million, including \$0.5 million from general revenues, from analyzing the impact of using a single pharmacy preferred drug list. **The Assembly accepted the proposal and included \$0.9 million for pharmacy expenses, which is \$1.0 million less than the May conference estimate.**

Medicare Drug Benefit - Part D Clawback. The November Caseload Estimating Conference estimate included the state payment for the Medicare Part D clawback provision at \$52.0 million, \$1.6 million more than enacted. The Office's request is consistent with the enacted budget and \$1.6 million less than the conference 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 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 included \$53.8 million consistent with the May caseload conference estimate.*

Medicaid Expansion

Medicaid Expansion for Certain Adults. The November conference estimate increased federal fund expenditures for the Medicaid expansion program by \$54.7 million for total funding of \$547.1 million to provide health benefits to certain adults. The estimate includes \$30.2 million to treat individuals who meet the criteria for the new treatment for Hepatitis C. The Office projected that 430 low income adults would receive the treatment at a cost of \$90,000 with an assumed rebate of 23 percent for a net cost of approximately \$70,000 per person. *The Governor recommended funding consistent with the caseload estimate. The Assembly reduced the May caseload conference estimate by \$5.5 million for total funding of \$468.9 million. The change includes \$8.5 million less from federal funds to reflect the hospital rate freeze and 2.5 percent rate reduction and an add of \$3.0 million for the shift of Medicaid beneficiaries who were considered “medically needy” because of high medical bills and were paid for with state and federal funds who are now covered through the federally funded expansion program.*

Other Medical Services

The November Caseload Estimating Conference estimate included costs for other medical services, which includes Part B Medicare premium payments for the dually eligible population and additional payments to dentists, physicians and other practitioners.

Other Medical Services. The November Caseload Estimating Conference estimate included expenditures for other medical services at \$117.6 million, which includes \$46.2 million from general revenues. The estimate is \$2.5 million more than the enacted budget, including \$1.5 million more from general revenues. The Office’s FY 2016 request is \$8.8 million less than enacted and \$4.7 million more than the conference estimate and includes several savings initiatives, each discussed separately.

The Office’s constrained budget includes savings of \$8.8 million, including \$9.9 million from general revenues from seven proposals

Other Medical Services - Constrained Savings Proposals			Governor's Action	Assembly vs. Governor
Proposal	Gen. Rev.	All Funds		
Children's Health Account*	\$(5,491,413)	\$ -	Accepted	Did Not Concur
Children with Special Health Care Needs	(1,046,754)	(2,093,507)	Accepted	Concurred
Connect Care Choice Community Partners Program	(1,000,000)	(2,000,000)	Accepted	Concurred
Predictive Modeling and Analytics	(1,000,000)	(2,000,000)	Accepted	Concurred
Global Settlements	(1,000,000)	(2,000,000)	Did Not Accept	Concurred
Rhode Island Residency Confirmation	(344,400)	(688,800)	Accepted	Concurred
Laboratory Services	(30,477)	(60,955)	Accepted	Concurred
Total	\$(9,913,044)	\$(8,843,262)		

**Savings were changed in the Governor's Reinventing Medicaid amendment*

The Governor recommended \$111.9 million, including \$43.4 million from general revenues; this is \$5.7 million less than the November conference estimate, and each change is discussed separately. The

Assembly provided \$105.7 million, including \$40.7 million from general revenues; this is \$7.8 million less than the May conference estimate and \$6.3 million less than the Governor's recommendation.

Children's Health Account. The enacted budget includes \$10.6 million from restricted receipts, which provide direct general revenue savings for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Office of Health and Human Services for those services, not to exceed \$7,500 per service per child per year. Expenses are paid from this account that would otherwise require general revenues. The payments from insurance providers are assessments that are deposited into the children's health restricted receipt account. The Department currently assesses program expenses in three categories; comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services, and each category has a number of specific services within it.

The Office proposed to increase the assessment from \$7,500 per service to \$15,000 per service per child for general revenue savings of \$5.5 million in FY 2016. This action would require a statutory change.

Although the Governor did not explicitly accept the proposal, she did include savings of \$96.2 million, of which \$46.0 million is from general revenues as part of the Reinventing Medicaid task force and supporting documents include \$3.0 million, including \$1.5 million from general revenues from improved program oversight and efficiency.

*The Governor included savings of \$2.5 million, \$1.2 million from general revenues for this initiative in her amendment that detailed her proposals for reinventing Medicaid. She increased the threshold to \$11,000 and included the necessary statutory change. **The Assembly did not concur.***

Target - Children with Special Health Care Needs. The Office proposed savings of \$2.1 million from all sources, including \$1.0 million from general revenues from conducting a thorough review of the current service system of "out of plan" services for children with special health care needs to provide more evidence-based, clinically appropriate, lower cost services to children and adolescents. This includes home based therapeutic services, personal services and supports, private duty nursing and certified nursing assistants. *The Governor recommended the proposal. **The Assembly concurred.***

Target - CEDARR Services. The Office requested \$4.5 million, including \$2.2 million from general revenues to support the Comprehensive Evaluation Diagnosis Assessment Referral Reevaluation, CEDARR, services in FY 2016. Services include personal assistance services and supports to assist children with disabilities and special needs and their families with daily life skills as well as respite care. *The Governor recommended funding as requested, which was consistent with the November caseload estimate. She later requested an amendment as part of Reinventing Medicaid to reduce funding by \$2.1 million, including \$1.0 million from general revenues from discontinuing family care plan review, reducing the amount of health needs coordination services, and transferring direct service review functions to state staff. **The Assembly concurred.***

Target - Connect Care Choice Community Partners Program. The Office proposed savings of \$2.0 million, including \$1.0 million from general revenues, from eliminating the statewide care management and wellness program designed to improve management of beneficiaries with multiple chronic disease conditions with the goal of keeping beneficiaries well and living independently in the community.

Although the Governor did not explicitly include the proposal, she did include savings of \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid work group exercise and supporting documents include \$3.0 million, including \$1.5 million from general revenues from

*improved program oversight and efficiency. The Governor included savings of \$1.0 million, \$0.5 million from general revenues for this initiative in her amendment that detailed her proposals for Reinventing Medicaid. **The Assembly concurred.***

Long Term Care Services Estate Recovery. The Office's Medicaid estate recovery unit recoups medical costs from the estates of Medicaid beneficiaries, including nursing home residents, under certain circumstances, once they have passed away. A claim may not be filed when the recipient is under the age of 55 or for which there is a surviving spouse, minor child or blind/disabled child. The state also intercepts personal income tax refunds to offset overpayment of medical or cash assistance benefits. The state collected \$3.0 million in FY 2013 and \$3.1 million in FY 2014 from this activity. The November caseload conference did not include a distinct estimate for this item.

*The Governor requested an amendment to include savings of \$1.0 million, of which \$0.5 million is general revenues, as part of her Reinventing Medicaid initiative from expanded medical assistance recoveries. **The Assembly did not concur with expanding the scope of recoveries, but did include Section 6 of Article 5 to expand the current reporting requirements. The Assembly also added two paralegal positions to assist in the recovery process.***

Target - Predictive Modeling and Analytics. The Office's request includes savings of \$2.0 million, including \$1.0 million from general revenues from a predictive modeling and analytics initiative to address and prevent waste, fraud and abuse, identify Medicaid provider payment reimbursement policies and inconsistencies as well as errors or needed enhancements within the claims processing and related systems. The predictive modeling solution will integrate with the existing Medicaid management information system, analyze Medicaid claims data and provide real time or near real time transaction risk scoring and referral strategy capabilities and will have broad linkage to external data sources to extrapolate claims or consumer application patterns, which may be applicable to claims presented in Rhode Island. *The Governor recommended the proposal. **The Assembly concurred with the savings and also included Section 12 of Article 5 to expand the responsibilities of the Office of Program Integrity and coordinate with other state agencies to focus on detecting areas of fraud and assisting in investigations and recoveries.***

Target - Medicare Coverage Opportunities. The Office's proposed budget includes savings of \$2.0 million, of which \$0.1 million is general revenues from identifying opportunities to shift costs to Medicare. The Office included \$1.0 million, \$0.5 million from general revenues in the other medical services program.

This includes identifying crossover payments, Part B Drug and durable medical equipment cost shift, and Medicare identification for those under 65, and 65 and older. The Office indicated that it will need to hire a contractor for this initiative; however, no additional funds have been requested in the central management budget for the initiative. *The Governor recommended the proposal. **The Assembly concurred.***

Target - Rhode Island Residency Confirmation. The Office proposed savings of \$688,800 from all sources, including \$344,400 from general revenues from verifying that the state is not paying medical benefits for individuals who reside out of state. An individual must be a Rhode Island resident to be eligible for Medicaid benefits. The initiative was proposed and accepted by the Assembly for the FY 2015 enacted budget.

The Office reported that it will coordinate with the Department of Human Services and the Medicaid managed care organizations to regularly confirm whether specific Medicaid members continue to be Rhode Island residents. If the Department of Human Services cannot confirm Rhode Island residency, as required by regulations, the member will be dis-enrolled from the Medicaid program. This is in addition

to the \$0.1 million already included in the November caseload conference estimate from verifying residency. It is unclear why the savings have been increased and how that will be done. *The Governor recommended this proposal.* **The Assembly concurred.**

Target - Laboratory Services. The Office proposed savings of \$2.4 million, including \$1.2 million from general revenues from entering into a selective contract for laboratory services. This includes savings of \$60,955 from all sources, including \$30,477 from general revenues in the other medical services program.

The Office reported that currently over 300,000 lab analyses are conducted annually through community based and hospital based labs with the work divided evenly between the settings. The Office reported that a substantial portion of the work performed by the hospital based labs is generated by clinical visits in community based provider sites. The average cost per service for the hospital based lab service is approximately 250 percent of the average cost for the community based lab service, or \$134 compared to \$54. This initiative is based on selective contracting for lab services in order to obtain comparable services in a more cost effective setting.

Although the Governor did not explicitly include the proposal, she included savings of \$96.2 million, of which \$46.0 million is from general revenues as part of the Reinventing Medicaid work group exercise and supporting documents include \$16.1 million, of which \$8.0 million is general revenues, from value-based payment approaches, such as selective contracting for certain services. The Governor included the requested savings for this initiative in her amendment that detailed her proposals for Reinventing Medicaid. **The Assembly concurred.**

Target - Global Settlements. The Office included savings of \$2.0 million from all sources, including \$1.0 million from general revenues from amending the current agreement with the Office of the Attorney General to permit it to recoup settlements for pharmacy claims made through the managed care organizations. It should be noted that if recommended, this would be recognized as a revenue item.

Global settlements occur when a plaintiff's law firm sues a pharmaceutical company for false claims related to a drug. The state's Attorney General coordinates filing with the Office of Health and Human Services' Medicaid Office for a claim against the pharmaceutical company based upon point of service pharmacy claims. Traditionally, only fee-for-service claims were considered in Rhode Island. The average pharmaceutical global settlements for FY 2012 and FY 2013 for fee-for-service point of sale claims were \$3.0 million. In FY 2015, managed care organization contracts were amended to permit the State Attorney General's Office on Medicaid Fraud to request and include those pharmacy claims data in global settlement cases potentially increasing settlement recoupments. *The Governor did not include the proposal.* **The Assembly concurred.**

Unidentified. The Office's constrained request inadvertently overstates total costs in the other medical services program by \$1.0 million, of which \$0.5 million is from general revenues. This overstatement is not part of a specific proposal. *The Governor's recommendation corrects this.* **The Assembly concurred.**

Central Management

New Positions. The Office added 4.0 positions and \$0.6 million, including \$0.3 million from general revenues to hire staff to work on savings initiatives identified in the medical assistance program. These initiatives reduce rates for neo-natal intensive care, federally qualified health centers, behavioral health care services and address services provided to children with special health care needs. It is unclear why the positions were requested in the current services budget and not limited to the constrained budget. This is the first year that positions have been requested to implement savings initiatives. *The Governor did not recommend the positions.* **The Assembly concurred.**

Paralegals. The Office requested \$0.1 million for three paralegals to assist in the state's efforts related to estate recoveries. *The Governor recommended the request. She also requested an amendment as part of her Reinventing Medicaid initiative to expand state recoveries for savings of \$1.0 million, including \$0.5 million from general revenues.* **The Assembly did not concur with the expanded recovery but did add two new positions and \$0.1 million to increase the state's recovery efforts under current law.**

Unified Health Infrastructure Project. The Office requested \$4.2 million less from all sources for total FY 2016 funding of \$27.5 million, including \$3.6 million, or \$2.1 million less than enacted from general revenues for the Unified Health Infrastructure Project. The request includes \$26.9 million for contracted services with \$20.3 million for Deloitte Consulting, \$4.0 million for HP Enterprises and \$0.7 million for CSG Solutions. It also includes \$0.6 million for staffing and \$0.5 million to support all other project operations.

It should be noted that the request includes \$160,000 for Connexions to operate the call center; this is \$4.7 million less than enacted and \$9.9 million less than the revised request. The Office indicated that the contractually obligated amount of \$24.0 million will be spent by the end of FY 2015 with \$160,000 remaining.

The Governor recommended \$36.8 million for the project in FY 2016. The Governor provided \$34.5 million, including \$5.2 million from general revenues for costs in the Office of Health and Human Services and the Department of Human Services' budgets. She shifted \$2.0 million in requested general revenue expenses to the Information Technology Investment Fund and included Section 5 of Article 10 to transfer \$6.4 million in bond premiums from Rhode Island Capital Plan funds into the technology fund in FY 2015 to support the project. She provided \$31.0 million in the Office's budget, including \$3.1 million from general revenues in FY 2016.

The Assembly provided the recommended funding but did not transfer Rhode Island Capital Plan funds into the Information Technology Investment Fund for the project since it assumes the use of existing technology fund resources. It should be noted the final project has still not been determined and a new function will be added that incorporates child support enforcement activities in the Department of Human Services.

State Innovation Models Grant. The Office was recently awarded a four-year \$20.0 million State Innovation Models Grant to address health care delivery; it did not include funding in its request. *The Governor recommended \$4.1 million in the Office's budget and one new position.* **The Assembly concurred.**

No Wrong Door Planning Grant. The Office was recently awarded a \$225,000 federally funded No Wrong Door System Planning Grant to address the long term care service delivery model. Funding was not included in the Office's budget request. *The Governor recommended \$112,500 in FY 2015 and \$112,500 in FY 2016.* **The Assembly concurred.**

CurrentCare. The Office's FY 2016 request includes the enacted level of \$0.3 million from general revenues to be matched with \$2.6 million from Medicaid for a total payment of \$2.9 million to support the enrollment of Medicaid recipients in CurrentCare, the Rhode Island Statewide Health Information Exchange. The secure electronic system allows doctors and other care givers immediate access to a patient's up-to-date health information and is operated through the Rhode Island Quality Institute, which has partnered with the state to develop information exchange. *The Governor recommended funding as requested.* **The Assembly concurred.**

Predictive Modeling Initiative. The enacted budget includes \$2.0 million from all sources, of which \$0.2 million is general revenues for a predictive modeling initiative to make enhancements to the

Medicaid management information system to incorporate the use of real-time predictive modeling of Medicaid claims, allowing the Office to disqualify claims before being paid and disqualifying Medicaid providers.

The FY 2016 request includes \$2.1 million from all sources, including \$0.2 million from general revenues, which is \$122,258 more than enacted including \$41,476 more from general revenues. The request includes \$250,000, of which \$25,000 is general revenues to pay HP Enterprises for costs related to the new system. *The Governor recommended funding as requested.* **The Assembly concurred and also included Section 12 of Article 5 to expand the responsibilities of the Office of Program Integrity and coordinate with other state agencies to focus on detecting areas of fraud and assisting in investigations and recoveries.**

Electronic Visit Verification. The Office requested \$0.6 million from all sources, including \$0.2 million from general revenues to implement an electronic visit verification system for home health care providers. Funding was not included in the enacted budget for this activity and the Office is in the process of contracting with Sandata to provide software for billing and scheduling attendant services with all Medicaid funded home health care providers using three methods.

The FY 2015 enacted budget includes savings of \$1.0 million from implementing an electronic visit verification system, including \$0.5 million from general revenues to monitor the delivery of home care services, including personal care and homemaker activities, and to record the arrival and departure times of direct care workers providing the services. The Office's FY 2016 request includes net savings of \$5.1 million from all sources, including \$2.5 million from general revenues from fully implementing the new system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Health Records. In July 2011, the Department began the Electronic Health Records Incentive program where eligible medical providers and acute care hospitals with at least 30 percent and 10 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. The Office included \$6.2 million from federal funds to support the electronic health records initiative in FY 2016; this is \$5.6 million less than enacted to reflect projected payments. *The Governor recommended funding as requested.* **The Assembly concurred.**

Health Care Planning and Accountability Advisory Council. The Office requested the enacted level of \$300,000, including \$150,000 from general revenues to support to the health care planning and accountability advisory council. The support activities include research and reporting related to the council's objective to develop ongoing assessments of the state's health care needs and health care system. The Office indicated that FY 2015 funding will be awarded to Truven Analytics for an evaluation of behavioral health services. The Rhode Island Behavioral Healthcare Analysis and Report Project will provide a comprehensive review of mental health and substance abuse incidence rates, service use rates, capacity and potentially high and rising spending. Funding was not yet awarded for FY 2016. *The Governor recommended funding as requested.* **The Assembly did not concur and eliminated the funding. The Department of Health will continue to staff the council.**

Race to the Top Funding. The Office requested \$141,623 less than enacted for totaling funding of \$170,377 from the federal Race to the Top grant to be awarded to Meeting Street School in FY 2016. This reflects updated funding from the Rhode Island Department of Elementary and Secondary Education. *The Governor recommended \$64,865 less than requested.* **The Assembly concurred.**

HIV Treatment Services and Administration. The Office's request includes \$7.1 million from all sources, including \$3.6 million from restricted receipts and \$3.5 million from federal funds for HIV

treatment services and administration. The request is \$1.0 million less than enacted from Medicaid and drug rebate funds and supports six positions.

It should be noted that as of January 1, 2014, the Medicaid program recipients are now eligible to obtain coverage through the expansion program or the Health Benefits Exchange. *The Governor recommended funding as requested. The Assembly concurred.*

RIte Care/RIte Share Program Administration. The Office requested \$0.2 million less than enacted, including \$0.1 million less from general revenues for total funding of \$5.7 million for contracted administrative activities in the RIte Care/RIte Share program. This is consistent with the revised request; however, it is \$1.9 million more than FY 2014 actual expenses, including \$0.9 million from general revenues. *The Governor recommended funding as requested. It should be noted that she did reduce FY 2015 funding by \$1.0 million, including \$0.5 million from general revenues, based on prior year's spending. The Assembly reduced FY 2016 funding by \$1.0 million from all sources including \$0.5 million from general revenues consistent with FY 2014 actual spending and the FY 2015 final appropriation.*

Hospital Admission Screening and Utilization Review. The enacted budget includes \$1.9 million from all funds, including \$0.5 million from general revenues for a contract with Connecticut Peer Review, or Qualidigm, for hospital admission screening and utilization review for several programs, including Community Care Choice Partners and neo-natal intensive care unit services. The FY 2016 request adds \$0.7 million, including \$0.2 million from general revenues for total funding of \$2.6 million. It should be noted that the contract was amended on May 1, 2014, to increase the funding cap in the final two years of the award. *The Governor recommended funding as requested. The Assembly concurred.*

Medicaid Management Information System Expenses. The Office's request adds \$1.8 million, including \$0.3 million from general revenues, for total funding of \$25.4 million for expenses related to the Medicaid Management Information System. This is \$0.9 million more than the revised request. The state's contract with HP Enterprises to manage the system is in effect from January 1, 2013 through December 31, 2017. The contractor processes an estimated 11 million transactions a year at \$0.20 a transaction, manages the data warehouse, and performs prior authorizations, utilization and claims reviews, training and outreach activities, and other core system functions.

The request also includes funding for the multi-state collaborative for the Medical Assistance Provider Incentive Repository Resources (known as MAPIR) and other system enhancements. The application is the state-level information system for the electronic health records incentive program and will track and act as a repository for information related to payments, applications, attestations, oversight functions, and interface with the Centers for Medicare and Medicaid Services' national-level repository. *The Governor recommended funding as requested. The Assembly concurred.*

Other Medicaid Administration Expenses. The Office requested \$14.7 million, including \$3.0 million from general revenues for all other medical administration operations. This is \$1.1 million more than enacted including \$0.7 million more from general revenues in FY 2016.

The Office requested \$13.1 million for salaries and benefits, \$1.2 million more than enacted, including \$0.8 million from general revenues for 96.7 positions, leaving three positions vacant. This includes \$1.0 million from all sources and \$0.4 million from general revenues for cost-of-living adjustments, staffing reclassifications and other adjustments that are \$0.3 million above Budget Office planning values.

The request includes \$6.6 million for the data warehouse and other technology projects, \$4.3 million for Medicaid administration costs, and \$3.0 million for early intervention services.

The Governor recommended funding essentially as requested with the exception \$0.6 million less from early intervention federal funds inadvertently included in the Office's request for the Family Outreach Program; the program is funded through the Department of Health. This is also included in her revised recommendation. The Governor requested an amendment that assumed \$1.0 million in savings, including \$0.5 million from general revenues for operational efficiencies tied to her Reinventing Medicaid initiative. She assumed the same operational efficiency savings in the Department of Human Services. The Assembly concurred.

Central Administration Expenses. The Office requested \$10.1 million, including \$7.5 million from general revenues for central administration operations. This is \$0.8 million more from all sources, including \$0.8 million more from general revenues than the enacted budget. The Office did not reduce any funding for central administration expenses in its constrained request.

The Office requested \$9.8 million from all sources for staffing, including \$7.3 million from general revenues, to fund 71.2 positions. This is \$0.9 million more than enacted, primarily from general revenues. The request includes cost-of-living adjustments, step increases, staff reclassifications and other adjustments that are \$0.3 million above Budget Office planning values. The request also includes \$0.3 million from all sources for other operating expenses. *The Governor recommended \$0.6 million less than requested from general revenues; she increased savings from keeping positions vacant in FY 2016. The Assembly concurred.*

The Assembly passed Section 20 of Article 5 which contains some administrative changes within the Office of Health and Human Services, including the final transfer of all backroom functions from the four health and human services agencies. The 2007 Assembly provided the specific dates for which administrative functions were to be transferred to the Office taking place over several years. Fiscal and legal services were the administrative functions transferred leaving communication, policy, information systems and data management, assessment and coordination, program integrity, quality control, collection and recovery functions, and protective services in the separate agencies. It should be noted that the HIV/AIDS treatment program was transferred to the Office as required by statute.

Special Education. The Office requested the enacted level of \$27.0 million from federal funds to match Medicaid eligible special education services provided by the local education agencies and includes \$19.0 million for direct services and \$8.0 million for administration costs. *The Governor recommended funding as requested. The Assembly concurred.*

Division of Advocacy

Advocates. The Office of the Child Advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing submitted separate FY 2016 budgets that totaled \$3.3 million from all sources, including \$2.0 million from general revenues and 16.7 positions.

The Governor included Article 18 to consolidate the administrative functions of the advocate agencies into one Division of Advocacy in the Office of Health and Human Services. The consolidation would be for administrative purposes only and all agencies would maintain their responsibilities as mandated by current law. She included \$2.1 million from all sources, of which \$2.0 million is from general revenues and 17.0 positions. A more detailed description of the requests can be found in the individual agency analyses. She subsequently requested an amendment to withdraw the proposal. The Assembly concurred and kept the agencies separate.

2015-H 5900, Substitute A, as Amended

Article 5 of 2015-H 5900, Substitute A, as amended contains legislation that affects implementation and operation for many of the Office's programs and are summarized below.

Sections 1 & 7. Nursing Home Recovery - Uncompensated Care. Allows that nursing home costs may be recovered from children over the age of 18 if there was a transfer of property that resulted in a period of ineligibility (penalty period).

Section 2. Hospital License Fee. Includes a hospital license fee of 5.862 percent using an updated base year of 2014 for the payment to be made in FY 2016. It also updated the FY 2015 fee at 5.745 percent. It extends the two-tiered fee in both years. This article appears annually in the Appropriations Act. The section also changes the definition of hospital to address the finding in the lawsuit brought forth in the purchase of Landmark hospital and the rates paid by the managed care plans.

Section 3. Nursing Home Patients. Details the rights of a patient upon discharge for non-payment in a nursing facility.

Section 4. Early Intervention Services. Eliminates the \$5,000 cap on early intervention services.

Section 5. Applied Behavior Analysis. Eliminates the \$32,000 cap that is in current law for benefit coverage for individuals with autism who receive applied behavioral analysis services.

Section 6. Estate Recovery Reporting. Expands the information to be collected by the Office of Health and Human Services and reported monthly on estate recoveries.

Section 8. Supplemental Security Income Payments. Creates a new payment category for individuals eligible to receive a state payment through the Supplemental Security Income program. The new \$465 payment is for those eligible to receive Medicaid funded long term care services and supports and living in a Medicaid certified state licensed assisted living residence or adult supportive housing residence participating in the program authorized under Rhode Island General Law 40.8.13-2.1, which the Article creates in Section 18.

Section 9. Medicare Opportunities. Requires billing certain skilled nursing and rehabilitation services through Medicare based on the federal court decision in Jimmo v. Sebellius.

Section 10. Hospital Payments. Reduces the rates paid to hospitals by 2.5 percent. The section also authorizes the Office to seek federal authority to implement a hospital incentive program that will allow participating hospitals the ability to obtain certain payments for achieving goals established by the Secretary. The payments will begin no earlier than July 1, 2016. This section also contains nursing home language regarding a patient's pending application for Medicaid.

Section 11. Nursing Facility Payments. Reduces the rates paid to nursing facilities by 2.0 percent and eliminates the October 1, 2015 adjustment. It also authorizes the Office of Health and Human Services to seek federal authority to implement a nursing facilities incentive program that will allow facilities the ability to obtain certain payments for achieving goals established by the Secretary; payments will begin no earlier than July 1, 2016.

Section 12. Office of Program Integrity. Expands the responsibilities of the Office of Program Integrity to coordinate with state and local agencies, law enforcement and investigative units to increase program effectiveness in dealing with prevention, detection & prosecution of Medicaid and public assistance fraud and develop strategies to investigate and eliminate fraud and recover funds.

Section 13. Nursing Facilities Support for Certain Patients. Relates to a nursing homes' ability to collect a debt owed from a resident.

Section 14. Uncompensated Care Payments. Includes an FY 2016 payment not to exceed \$140.0 million and an FY 2017 payment not to exceed \$138.2 million and updated the definition of a hospital.

Section 15. Graduate Medical Education Program. Includes a payment not to exceed \$5.0 million with \$2.5 million from general revenues. The budget includes \$2.0 million from all funds in FY 2015 and \$4.0 million from general revenues in FY 2016.

Section 16. Long Term Care. This section establishes payment reform for assisted living facilities, adult day programs and adds new clinical standards for activities of daily living. It also set new acuity standards for community based care.

Section 17. Long Term Care. This section eliminates the assessment and coordination unit.

Section 18. Long Term Care. Includes the 2.0 percent rate reduction to the nursing facilities paid through the managed care plans. It also requires that the managed care organization will pay nursing facilities an amount that is no less than the amount that would be paid by the state under its fee-for-service Medicaid program for any arrangement that is not part of the duals demonstration project or the integrated care initiative. The managed care organization is also not required to use the same payment methodology as the Office of Health and Human Services.

The Assembly also included the same instructions for payment arrangements that are part of the duals demonstration project with the managed care organizations required to pay no less than the amount that would be paid under traditional Medicare and state's Medicaid fee-for-service program for these service types. The managed care organization is also not required to use the same payment methodologies as either the Centers for Medicare and Medicaid Services or the Office of Health and Human Services under the duals demonstration project.

Section 19. Community-Based Supportive Living Program. Creates the supportive living program.

Section 20. OHHS Functions. Updates functions assigned to the Office of Health and Human Services and eliminates the transfer dates of certain activities so that it can be effective upon passage of the budget.

Section 21. Children's Cabinet. Updates the composition of the Children's Cabinet and reporting requirements for the five-year plan.

Section 22. Medicaid Resolution. Contains the necessary language to allow changes under the Medicaid waiver and includes the statutory changes for hospital and nursing home rates and changes to the behavioral healthcare delivery system and long term care services.

Department of Children, Youth and Families

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 6,878,757	\$ 8,237,814	\$ 7,864,120	\$ 7,864,120
Child Welfare	166,099,724	179,016,560	168,618,193	170,717,855
Juvenile Corrections	24,421,036	25941982	25,867,700	26,402,700
Children's Behavioral Health	13,036,874	11,992,578	10,294,149	11,407,735
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
Total	\$ 210,636,391	\$ 225,388,934	\$ 212,844,162	\$ 216,592,410
Expenditures by Category				
Salaries and Benefits	\$ 67,349,824	\$ 70,508,206	\$ 71,293,937	\$ 71,293,937
Contracted Services	5,551,885	5,526,082	5,251,141	5,251,141
Subtotal	\$ 72,901,709	\$ 76,034,288	\$ 76,545,078	\$ 76,545,078
Other State Operations	6,965,544	7,847,666	8,364,834	8,364,834
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	127,792,626	140,502,606	127,934,250	129,443,912
Capital	2,976,512	1,004,374	-	2,238,586
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 210,636,391	\$ 225,388,934	\$ 212,844,162	\$ 216,592,410
Sources of Funds				
General Revenue	\$ 148,707,146	\$ 159,341,580	\$ 151,837,731	\$ 152,587,731
Federal Aid	56,568,664	62,202,837	58,167,464	58,927,126
Restricted Receipts	2,448,750	2,840,143	2,838,967	2,838,967
Other	2,911,831	1,004,374	-	2,238,586
Total	\$ 210,636,391	\$ 225,388,934	\$ 212,844,162	\$ 216,592,410
FTE Authorization	670.5	672.5	672.5	672.5

Summary. The Department of Children, Youth and Families requested \$228.6 million from all funds, including \$164.2 million from general revenues, \$58.8 million from federal funds, \$2.8 million from restricted receipts, \$2.9 million from other funds and 694.5 full-time equivalent positions. This is \$18.0 million more than enacted including \$15.4 million more from general revenues, primarily reflecting additional funding for the System of Care, 24.0 new caseworkers, a foster care rate increase, and a cost-of-living adjustment for Department employees.

*The Governor recommended \$2.2 million more than enacted including \$3.1 million more from general revenues, \$1.6 million more from federal funds, \$0.4 million more from restricted receipts and \$2.9 million less from Rhode Island Capital Plan funds. This is \$15.8 million less than requested including \$12.3 million less from general revenues, \$0.6 million less from federal funds and \$12,727 more from restricted receipts. She also added 2.0 new federally funded positions. **The Assembly included \$216.6 million including \$152.6 million from general revenues, \$58.9 million from federal funds, \$2.8 million from restricted receipts and \$2.2 million from Rhode Island Capital Plan funds. This is \$0.8***

million more from general revenues, \$0.8 million more from federal funds, and \$2.2 million more from Rhode Island Capital Plan funds than recommended.

Target Issues. The Budget Office provided the Department with a general revenue target of \$143.4 million. The amount includes current service adjustments of \$6.2 million and a 7.5 percent target reduction of \$11.4 million.

FY 2016 Budget	Budget Office	Children, Youth and Families	Difference
FY 2015 Enacted	\$ 148,707,146	\$ 148,707,146	\$ -
Current Service Adjustments	6,223,244	10,295,628	4,072,384
New Initiatives	-	5,152,865	5,152,865
Change to FY 2015 Enacted	\$ 6,223,244	\$ 15,448,493	\$ 9,225,249
FY 2016 Current Service/Unconstrained Request	\$ 154,746,942	\$ 164,155,639	\$ 9,225,249
Target Reduction/Initiatives	(11,368,179)	(4,351,496)	7,016,683
FY 2016 Constrained Target/Request	\$ 143,378,763	\$ 159,804,143	\$ 16,425,380
Change to FY 2015 Enacted	\$ (5,328,383)	\$ 11,096,997	\$ 16,425,380

The constrained budget submitted by the agency is \$16.4 million above the target. The proposals to achieve the reductions are noted among the items described where appropriate.

*The Governor's recommendation is \$8.5 million above the target. **The enacted budget is \$9.2 million above the target.***

Staffing. The Department requested \$74.2 million for salaries and benefits, including \$53.0 million from general revenues and \$21.1 million from federal funds. This is \$6.8 million more than enacted, including \$5.3 million more from general revenues and \$1.5 million more from federal funds. This reflects a cost-of-living adjustment of \$2.7 million, funding for new social worker positions and restoration of turnover savings assumed in the enacted budget. Major staffing issues are described separately in this analysis where appropriate.

In April 2014, the Administration reached agreements with its largest unions on new four-year contracts effective from July 1, 2013 through June 30, 2017. This includes a 2.0 percent salary increase offset by increased cost sharing measures for medical benefits. The FY 2015 cost for the Department was estimated to be \$2.1 million including \$1.5 million from general revenues; however, the Assembly did not include additional funds to accommodate the new cost-of-living adjustments in FY 2015 and assumed the Department would achieve the savings through turnover or other cost saving measures. The Department's FY 2016 request reflects a cost-of-living adjustment of \$2.7 million.

*The Governor recommended \$3.5 million less than requested including \$1.7 million less from general revenues and \$1.8 million less from federal funds. She excluded funding and authorization for the requested 24.0 new positions, but did include 2.0 new federally funded positions. These changes are noted where appropriate. **The Assembly concurred.***

Resource Team. In summer of 2014, Governor Chafee established a Resource Team to identify issues and make recommendations to address consistent budget shortfalls and organizational concerns within the Department of Children, Youth and Families and its System of Care contract. This team included representatives from the Lieutenant Governor's Office, the Executive Office of Health and Human Services, Emergency Management Agency, and the Budget Office.

The Resource Team produced a report in January 2015 describing its findings and options for the Raimondo Administration and the General Assembly to consider. These options include canceling and

rebidding the System of Care contract, eliminating portions of the contract, and fully funding the existing contract for FY 2015. The Team also included a list of actions to be considered including the continuous recruitment of case workers, the Department taking over the payment process from network leads, procuring a utilization management contract, upgrading information technology agency-wide, and assigning a dedicated project manager with clear authority over the contracts.

Governor Raimondo's FY 2015 revised recommendation fully funds the System of Care based on updated cost projections included in the Department's second quarter report as recommended by the Resource Team. It also includes funding to support a continued presence of staff from the Executive Office of Health and Human Services.

*Her FY 2016 recommendation includes funding for information technology upgrades, renegotiation of the contract, utilization management, and improvements to payment and management practices. She recommended legislation in Article 17 authorizing the Director to move appropriations between line-items to achieve savings and to spend any savings achieved for information technology upgrades, infrastructure, and other related services with the approval of the Director of the Office of Management and Budget. This authority would be limited to FY 2016 and FY 2017. **The Assembly concurred with funding for the Governor's resource team; however, did not include the expanded authority.***

Working Group to Reinvent Medicaid. The FY 2015 enacted budget includes \$2,712.1 million of which \$1,083.8 million is from general revenues for Medicaid funded programs through the Office of Health and Human Services and the agencies under its umbrella: the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; Human Services; and Health. The Medicaid program represents approximately 30 percent of all state spending.

On February 26, 2015, the Governor signed Executive Order 15-08, Establishing the Working Group to Reinvent Medicaid, comprised of Medicaid stakeholders who conducted a comprehensive review of the Medicaid program and made recommendations for short and long-term plans to transform the program.

*The Governor's budget reduced Medicaid spending by \$92.6 million, of which \$46.0 million is general revenues, across the health and human services agencies based on the report. Of this total, \$1.5 million is in the Department of Children, Youth and Families' budget for program efficiency and addressing high need populations. The working group issued a report in May, which included specific quality improvement and cost savings measures for redesigning Medicaid to meet the specific system transformation goals and reduced Medicaid spending. The Governor subsequently requested an amendment that restored these savings in the Department of Children, Youth and Families. **The Assembly concurred with the restoration.***

System of Care

System of Care. The Department of Children, Youth and Families requested \$78.0 million including \$56.6 million from general revenues, \$16.6 million from federal funds and \$2.8 million from restricted receipts for the System of Care. This is \$4.6 million more than the enacted level, including \$5.0 million more from general revenues and primarily reflects adjustments made to the Department's current caseload and the restoration of savings assumed in the FY 2015 enacted budget. It should be noted that the Department overspent its FY 2014 general revenue appropriation for the System of Care by \$2.4 million and that the contract expired at the end of FY 2015. The Department's request assumes that the contract will continue into FY 2016.

The Governor recommended \$5.3 million less than requested including \$7.0 million less from general revenues for the System of Care. The reductions to the request are in treatment foster care and residential placements offset by \$0.8 million more from general revenues to contract for a vendor to

conduct a utilization review of the System of Care contract. The Governor's recommendation for FY 2016 is \$9.2 million less than the FY 2015 revised recommendation and appears to assume a reduction in the need for higher cost services based on changes being implemented in the current year and the utilization review efforts. **The Assembly concurred.**

Education Costs. The enacted budget includes \$1.0 million to fund the added costs to the state for student's residential care that result from changes to the calculation of average special education costs on which district payment requirements are based. This is included in the total provided through the System of Care contract totals noted above. The Department of Elementary and Secondary Education began transitioning from a full-time equivalent funding methodology to one based on a student head count in FY 2013. The original transition plan was for \$2.5 million phased in over a five year period in \$0.5 million increments beginning in FY 2013 to fund the difference between each child's local education agency's average per-pupil special education rate and the cost for education at residential facilities. FY 2015 is the third year of the transition with \$1.5 million, but explicit funding was not included in the FY 2015 budget to increase this from the FY 2014 level, nor did the Department request these adjustments. *The Governor added \$0.5 million to fully fund the third year of the transition in FY 2015 revised and \$1.0 million in FY 2016 for the fourth year. This is in addition to the funding for the System of Care contracts noted above.* **The Assembly concurred.**

Medically Fragile Children Unachieved Savings. The Department requested \$0.5 million more than enacted from general revenues for medically fragile youth in its care. Based on a proposal from the Department, the enacted budget includes \$1.0 million from savings achieved by shifting the cost of care for six medically fragile youth to the Executive Office of Health and Human Services. The Department was able to shift three youth to the Office and restored savings for the remaining youth in its care. *The Governor restored the funding as requested.* **The Assembly concurred.**

In-State Girls Program Unachieved Savings. The Department requested \$0.4 million including \$0.3 million from general revenues for out-of-state services for seriously emotionally disturbed adolescent girls because of a failed savings initiative. Based on a proposal from the Department, the enacted budget includes \$0.3 million from savings achieved by creating an in-state program for these girls. The Department had indicated that it was in the process of developing this program with a provider in the summer of 2014; however, the program did not materialize as the providers requested a new or recently refurbished state building. *The Governor restored the funding as requested.* **The Assembly concurred.**

Child Placement Assessment Team. The Department requested \$0.3 million from general revenues for contracted services associated with a placement assessment team. This includes psychiatric and psychological services to provide assessments of youth in care and professional assessments of residential providers. The aim of these services is ultimately to reduce the number of youth in out of home care and place them in the least restrictive available placement. The revised request includes \$148,000 from general revenues for this item. It was originally assumed that these assessments would be performed as part of the System of Care contract. *The Governor did not recommend funding for the assessment team and eliminated the \$4,935 that was in the enacted budget for psychiatric services.* **The Assembly concurred.**

Foster Care Rates and Services. The Department requested \$3.9 million more than enacted, including \$3.1 million from general revenues to fund a rate increase for most foster parents as of January 1, 2015. Total funding provided for payments would increase from \$20.9 million to \$24.8 million. The base foster care rate has not been raised since 2001 and averages between \$13.73 and \$15.79 per day depending on the needs of each child. Currently, the Department sets a rate based on a child's age and increases that rate incrementally based on the health and behavioral needs of the child. The Department's stated goal is for all foster parents to receive at least \$20 per day and more for children with mental health or medical considerations.

This would bring Rhode Island more in line with neighboring states including Massachusetts at \$23 per day and Connecticut at \$26 per child per day. The calculation includes rate increases for the adoption assistance program and does not take into account foster parents that already receive more than \$20 per day based on each child's therapeutic and medical needs. It should be noted that Rhode Island provides state-funded day care for working foster parents, clothing and food subsidies to foster parents that other states do not, and the value of those supports are not included in the comparison. There are approximately 3,900 children for whom the Department makes payments to foster parents, which includes foster care payments, guardianship support or adoption incentive payments.

The Governor did not explicitly recommend a rate increase for FY 2016. The Governor included \$3.1 million more than enacted including \$2.2 million from general revenues to enhance funding for the current foster care population and associated services.

*The Department later indicated during testimony before the Senate Finance Committee that it would use part of the additional funding to raise the base foster care rates by approximately \$1 in FY 2016. It did not provide a date that the rate would be raised; however, a \$1 rate increase for all children in foster care, receiving guardianship support, and adoption incentive payments would cost approximately \$1.4 million for the entire year. It did not give similar testimony to the House Finance Committee. **The Assembly concurred with the Governor's recommendation; it also provided \$1.0 million more in FY 2015 based on overspending for those services.***

Foster Care - Support Contracts. The Department requested the enacted level of \$2.1 million from general revenues for foster care support contracts. The Department contracts with about 12 providers for care coordination to kinship families in which a family member is fostering a youth in Department care. These contracts provide between 60 and 180 days of assistance to work with foster families and children to identify available services and to advise the family on how to access services in the community.

The Department's FY 2016 constrained request eliminates several of the smaller contracts for a savings of \$0.6 million.

*The Governor recommended expenditures consistent with the constrained request. Her FY 2015 revised recommendation includes savings of \$0.3 million based on the contracts being terminated at the end of December 2014. The FY 2016 recommendation assumes that permanent staff at the Department will be providing some of the services, particularly referrals. **The Assembly concurred.***

Foster Care - Special Needs. The Department requested \$0.4 million from federal funds for support services associated with the adoption and fostering of youth with disabilities, which is \$0.2 million less than enacted. The federal Children's Bureau awarded the Department two foster care grants totaling \$0.4 million. The Adoption and Well Being and A Family for Every Child grants promote foster care and adoption for children with special needs. These grants provide for several services for families that adopt youth with disabilities, such as adoption incentive payments, foster care support services, post-adoption tracking for trauma victims, adoption resources, and trauma response. Contractors include Family Services of Rhode Island, Adoption Rhode Island and Yale University for the data and tracking. The Department does not anticipate these grants being renewed for FY 2017.

*The Governor recommended \$14,412 more than requested to reflect updated federal grant projections. **The Assembly concurred.***

18 to 21 Year Olds. The Department requested \$2.0 million from general revenues which is \$1.1 million less than enacted for services provided by Foster Forward to youth between the ages of 18 and 21 years old. This reflects a reduction to contracts aftercare services. These services include the Youth Establishing Self Sufficiency (YESS) program and several life skills programs offered by this

provider. The Department indicated that this reflects a reduced caseload. In FY 2014 the Department had a caseload of 221 youth and the request reflects a projected caseload of 212 youth. *The Governor recommended \$0.1 million less than requested to reflect the reduced caseload.* **The Assembly concurred.**

Project Hope and Project Reach. The Department requested \$0.2 million from general revenues which is \$0.7 million less than enacted for Project Hope and Project Reach. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. Funding for Project Hope has been reduced since FY 2010 because many of the services that the program provides have been duplicated in the Family Care and Community Partnership programs. *The Governor further reduced the request by \$0.1 million to reflect the elimination of both programs.* **The Assembly concurred.**

Hasbro PANDA Contract. The Department's request includes the enacted level of \$0.4 million from general revenues for its contract with the Hasbro Physical Abuse, Neglect, and Assessment Clinic. The Department contracts with the hospital to assess children as soon as they are brought to the hospital with signs of abuse or neglect.

The Department submitted a constrained request that reduces the contract for savings of \$0.1 million. The Department indicated that the hospital should be able to continue to offer this program. The total contract cost for FY 2016 would be reduced to \$0.3 million. *The Governor recommended the reduction as included in the constrained request.* **The Assembly concurred.**

Other Services Outside the System of Care. The Department requested \$27.3 million including \$17.2 million from general revenues and \$10.1 million from federal funds for services outside the System of Care. This is \$1.9 million more than enacted including \$1.7 million more from general revenues. The general revenue increase is more consistent with FY 2014 spending and revisions requested to the FY 2015 enacted budget. This includes non-residential services to families with children still residing in the home, such as in-home parenting training, individual and family counseling, and emergency services. Providers include North American Family Institute, Child and Family, Bradley Hospital, and Family Services of Rhode Island.

The Governor recommended \$0.1 million less than enacted and \$2.0 million less than requested. General revenues are \$0.4 million less than enacted and \$2.2 million less than requested. This is somewhat lower than her recommendation for FY 2015 revised, which was closer to the enacted budget. The FY 2016 recommendation appears to assume the Department will continue to manage its expenses to be lower than FY 2014 and FY 2015 experience. **The Assembly concurred.**

Community Service Grants. The Department requested the enacted level of \$210,256 from general revenues for its six community service grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

Juvenile Corrections

Education Costs. The Department's request includes \$3.7 million from general revenues for teachers, contracted instructors and assistants, and administrative staff at the training school. This is \$0.5 million more than enacted and primarily reflects a cost-of-living adjustment and medical benefit savings. The Department is required to provide education services to youth serving a sentence at the training school. These costs include teachers, teacher assistants, and administrative staff at the school.

As part of its constrained budget, the Department included the privatization of the training school education program for savings of \$1.8 million from general revenues. The state's contract with the Howard Teacher's Union that represents training school teachers expired in 2012; however, teachers are working under the terms of the previous contract through a memorandum of settlement that expires in 2017. It appears that this involves eliminating approximately 18 teacher positions.

*The Governor recommended \$28,181 less from general revenues than the unconstrained request to reflect additional turnover savings. She did not concur with the privatization proposal. **The Assembly concurred.***

Other Salaries and Benefits. The Department requested \$17.0 million, including \$16.8 million from general revenues for the remaining salaries and benefits in the Juvenile Corrections program. This is \$0.8 million more than enacted and primarily reflects a cost-of-living adjustment partially offset by additional turnover. The Department projected a census at the training school consistent with previous years. Based on the average cost per position, the Department projected approximately nine fewer filled positions in Juvenile Corrections, offset by the cost-of-living adjustment.

*The Governor recommended \$0.6 million more than requested from general revenues to restore turnover savings assumed in the enacted budget based on an average census of 92 youth. This is consistent with additional funding provided in the revised recommendation based on current and prior year spending. **The Assembly concurred.***

Training School Medical Unachieved Savings. The Department requested \$1.6 million from general revenues, which is \$0.4 million more than enacted for on-campus medical services for youth at the Rhode Island Training School. The enacted budget includes savings that were to be achieved by renegotiating a contract with Lifespan to provide medical services at the training school. The Department indicated that it was unable to achieve these savings. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Services. The Department requested \$1.1 million, primarily from general revenues, which is \$0.1 million less than enacted for staff training and all other services provided to youth currently incarcerated, on probation, or on parole. This primarily reflects fewer youth on probation and parole than were assumed in the enacted budget. Services include electronic monitoring, chaplains, counseling, wraparound services through community agencies, and vocational training for youth at the training school. *The Governor recommended \$0.1 million more than requested, primarily from general revenues, for updated costs for chaplains and electronic monitoring that were excluded from the Department's request. **The Assembly concurred.***

Operations. The Department requested \$1.8 million including \$1.7 million from general revenues and \$77,986 from federal funds for facility repairs, professional development for teachers and staff, insurance, security systems, utilities, and office supplies for the training school and juvenile probation and parole locations. This is \$0.2 million more than enacted from general revenues and \$8,996 more from federal funds to reflect the Department's estimates for insurance costs, medical supplies, utility costs and office supplies. The request excludes \$21,859 from Race to the Top funding that will no longer be available in FY 2016.

*The Governor recommended \$0.3 million less than requested, primarily from general revenues to reflect lower estimates for utilities and insurance costs as well as reductions to contracted nursing and custodial services. **The Assembly concurred.***

Overhead and Other Programs

New Caseworker Class. The Department requested \$4.1 million including \$1.6 million from general revenues for training and hiring 36.0 new caseworkers. This requires authorization for 24.0 new positions and funding for 12.0 existing vacancies for which turnover was assumed in the enacted budget. This is in addition to the new class of 36 social workers that started in November 2014. The Department indicated that having more caseworkers will improve service delivery and reduce caseloads of existing caseworkers. The total includes \$0.5 million, mostly from federal funds for training at Rhode Island College above the current contract for caseworker training.

*The Governor did not recommend the new class or added positions. **The Assembly concurred.***

All Other Staffing. The Department requested \$49.9 million for all other salaries and benefits including \$31.0 million from general revenues and \$18.9 million from federal funds. This is \$2.0 million more than enacted, including \$2.5 million more from general revenues. This reflects \$1.9 million for the cost-of-living adjustment and the shifting of expenses formerly funded from federal funds to general revenues.

*The Governor recommended \$0.1 million less from general revenues than requested. She added \$0.2 million from federal funds for 2.0 new positions funded through the federal A Family for Every Child grant. Unlike the revised recommendation, there is no additional funding for a continued presence of a team from the Executive Office of Health and Human Services. **The Assembly concurred.***

Social Worker Training. The enacted budget includes \$1.7 million for social worker training including \$1.0 million from general revenues and \$0.7 million from federal funds at the Rhode Island College Child Welfare Institute. The Department pays for pre-service training based on a national model for all incoming social workers once they have been hired. New social workers receive pay during a six-week course that includes refresher courses on safety, current issues, substance abuse disorders, and a field seminar and practicum in which they apply classroom training in real-time situations. The request does not alter this expense.

*The Governor recommended \$0.2 million less than enacted including \$0.7 million less from general revenues and \$0.5 million more from federal funds. This is consistent with the recommended revision to FY 2015. The Department indicated that it is currently in the process of reassessing this contract. **The Assembly concurred.***

New Computers. The Department requested \$142,650 including \$59,420 from general revenues and \$83,230 from federal funds for new computers. This is \$76,365 more than enacted including \$33,128 more from general revenues. The Department indicated that many of its computers were obsolete, did not contain the necessary memory and program capabilities and must be replaced. A similar request for \$0.5 million from Rhode Island Capital Plan funds was made in the Department's capital budget request.

*The Governor included \$0.5 million from general revenues. **The Assembly concurred.***

Mileage and Child Transportation. The Department requested \$1.3 million including \$55,003 from federal funds for mileage and other transportation costs. This is \$0.4 million more than enacted for costs associated with transporting children in the Department's care. This is \$394,618 more from general revenues and is \$49,003 more from federal funds, the majority of which is for mileage payments based on an increased number of youth in out-of-state placements and increased travel expenses for social workers. The Department was able to claim some mileage and transportation costs associated with out-of-state caseloads to federal sources.

*The Governor recommended \$0.2 million less than requested from general revenues to reflect updated mileage and transportation costs as reported by the Department. **The Assembly concurred.***

Rent. The Department requested the enacted level of \$2.9 million including \$2.8 million from general revenues and \$0.1 million from federal funds for rented office space throughout the state, primarily the regional offices and parking lots. Rented facilities include an office building and parking lots in Providence, office space and a parking lot in Bristol, and numerous large containers used to hold unused equipment and furniture, primarily at the training school. The largest expense is for the space on Friendship Street for which the lease expires on December 31, 2015. *The Governor recommended funding as requested. She subsequently requested an amendment to seek General Assembly approval for six long-term lease agreements for several agencies, including the Department of Children, Youth and Families. The estimated costs were consistent with those included in the Department's request. **The Assembly concurred.***

Clerical and Security Services. The Department did not include funding for clerical and security services. The enacted budget includes \$0.6 million from all funds including \$0.4 million from general revenues and \$0.2 million less from federal funds for clerical and security services at offices throughout the state. The Department contracts with Adil to provide administrative support in lieu of hiring new clerical staff. The Department also contracts with the City of Providence and private security agencies for security details at its offices. The Department's request appears to erroneously exclude funding for these services. *The Governor included \$0.4 million from general revenues for clerical and security services. This is \$0.2 million less than enacted from all sources to reflect FY 2014 expenditures. **The Assembly concurred.***

Data Analysis and Network Maintenance. The Department requested \$2.7 million, including \$0.8 million from general revenues and \$1.9 million from federal funds to maintain the child information system and for a data analysis contract. This is \$39,305 more than enacted from general revenues to reflect updated network administration costs. The Rhode Island Children's Information System is the state central registry for child abuse and neglect complaints and maintains data on all children involved with the Department. The System was launched in 1997 and the Department spends \$1.9 million annually for a contract with NTT Data Incorporated for network maintenance and updates. The Department also spends \$0.7 million for a contract with Yale University to conduct data analysis and technical assistance to produce contract funds status reports for federal grants. *The Governor recommended funding as requested. **The Assembly concurred.***

All Other Operations. The Department requested \$3.2 million, including \$2.0 million from general revenues and \$1.2 million from federal funds for all other Department operations. This is \$0.5 million more than enacted, including \$0.3 million more from general revenues and \$0.2 million more from federal funds. Costs include utilities, staff training, office supplies, legal costs, insurance, snow removal, internet access costs, and other operating expenses. *The Governor recommended \$57,283 more than requested from general revenues to reflect adjustments for legal and other office expenses. **The Assembly concurred.***

Capital. The Department requested the enacted level of \$2.9 million from Rhode Island Capital Plan funds for capital projects. This is not consistent with the funding requested for FY 2016 as part of the Department's five year capital budget or any update to prior year spending. *The Governor's budget does not include any funding from Rhode Island Capital Plan funds for FY 2016. **The Assembly shifted \$2.2 million from Rhode Island Capital Plan funds from FY 2015 to FY 2016 to reflect project delays. Specific project information is included in the Capital Budget section of this publication.***

Department of Health

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 13,379,460	\$ 13,037,843	\$ 11,264,374	\$ 11,305,700
State Medical Examiner	2,072,836	2,131,827	2,913,581	2,913,581
Environmental & Health Services Reg.	18,804,370	18,416,800	18,521,711	18,529,373
Health Laboratories	7,855,236	8,514,268	9,352,021	9,352,021
Public Health Information	3,625,459	3,965,192	3,883,319	3,883,319
Community, Family Health, and Equity	70,329,618	73,840,165	68,571,092	68,571,092
Infectious Disease and Epidemiology	6,578,591	6,087,430	6,846,819	6,846,819
Total	\$ 122,645,570	\$ 125,993,525	\$ 121,352,917	\$ 121,401,905
Expenditures by Category				
Salaries and Benefits	\$ 51,166,990	\$ 50,082,473	\$ 53,535,751	\$ 53,543,413
Contracted Services	7,989,390	8,966,595	6,563,092	6,616,442
Subtotal	\$ 59,156,380	\$ 59,049,068	\$ 60,098,843	\$ 60,159,855
Other State Operations	46,061,286	47,467,263	45,452,574	45,452,574
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,174,485	19,197,116	15,644,020	15,631,996
Capital	253,419	280,078	157,480	157,480
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 122,645,570	\$ 125,993,525	\$ 121,352,917	\$ 121,401,905
Sources of Funds				
General Revenue	\$ 22,957,920	\$ 22,829,506	\$ 25,840,318	\$ 25,835,956
Federal Aid	65,094,393	69,625,405	63,405,159	65,752,434
Restricted Receipts	34,593,257	33,469,564	32,107,440	29,813,515
Other	-	69,050	-	-
Total	\$ 122,645,570	\$ 125,993,525	\$ 121,352,917	\$ 121,401,905
FTE Authorization	491.3	491.3	488.6	490.6

Summary. The Department requested FY 2016 expenditures totaling \$121.7 million from all sources of funds, including \$26.4 million from general revenues and staffing authorization of 591.6 full-time equivalent positions. This is \$1.0 million less from all funds, including \$3.4 million more from general revenues and decreases of \$1.9 million from federal funds and \$2.5 million from restricted receipts. Staffing reflects an increase of 100.3 full-time equivalent positions.

The Department indirectly submitted another request citing the cost needed to fully fund all of its mandates as well as expanding certain programs. It submitted a list of 21 items totaling \$8.7 million from all funds, including \$7.2 million from general revenues, impacting three programs: Environmental and Health Services Regulation; Community, Family Health, and Equity; and Infectious Disease and Epidemiology. It should be noted that the budget request does not fund these items; however, it does

include 100.3 positions that would be needed to implement the items. These initiatives will be noted among the items described below where appropriate.

The Governor recommended expenditures of \$121.4 million from all sources, including \$25.8 million from general revenues. This is \$1.3 million less than enacted and is \$0.3 million less than the unconstrained request. The recommendation includes 488.6 positions, 2.7 fewer than enacted. This reflects the elimination of 3.0 positions, 2.0 of which support the non-prescribing boards. She also included legislation in Article 20 of 2015-H 5900 to repeal 26 professional license and permit requirements administered by the Department.

She subsequently requested two amendments; the first to properly reflect \$2.3 million of expenditures as federal funds, they were inadvertently budgeted as restricted receipts. The second amendment adds \$53,350 of restricted receipt funding received from the Alzheimer's Association, the United Way, and the National Association of Chronic Diseases.

The Assembly concurred with the subsequent amendments. The Assembly did not concur with the consolidation of the non-prescribing boards and restored funding and staffing. It assumed \$0.2 million in turnover savings, and also maintained current law provisions for the following licenses: music therapist, athletic trainer, occupational and physical therapist assistants.

The Assembly passed Section 20 of Article 5 of 2015-H 5900 Substitute A, as amended, which contains some administrative changes within the Office of Health and Human Services including the final transfer of all backroom functions from the four health and human services agencies, including the Department of Health. The 2007 Assembly provided specific dates for which administrative functions were to be transferred to the Office taking place over several years. Fiscal and legal services are the administrative functions that have been transferred leaving communication, policy, information systems and data management, assessment and coordination, program integrity, planning and implementation and protective services in the separate agencies. It should be noted that the HIV/AIDS treatment program was transferred in July 2012 to the office as required by statute.

Target. The Budget Office provided the Department with a general revenue target of \$23.0 million. The amount includes current service adjustments of \$1.9 million and a 7.5 percent target reduction of \$1.8 million.

The Department's unconstrained budget request is \$1.5 million above the Budget Office current services estimate and the constrained budget request is \$0.1 million above the Budget Office target. Of the \$1.5 million above the current service estimate, \$1.0 million is for the Health Laboratories and \$0.4 million is for the Office of the Medical Examiner. The Department's proposals to achieve the reductions are noted among the items described below where appropriate.

*The Governor's recommendation is \$2.8 million above the target. **The Assembly concurred.***

FY 2016 Budget	Budget Office	Health	Difference
FY 2015 Enacted	\$ 22,957,920	\$ 22,957,920	\$ -
Current Service Adjustments	1,899,242	3,441,982	1,542,740
Change to FY 2015 Enacted	\$ 1,899,242	\$ 3,441,982	\$ 1,542,740
FY 2016 Current Service	\$ 24,857,162	\$ 26,399,902	\$ 1,542,740
Target Reduction/Initiatives	(1,839,427)	(3,286,062)	(1,446,635)
FY 2016 Constrained Target/Request	\$ 23,017,735	\$ 23,113,840	\$ 96,105
<i>Change to FY 2015 Enacted</i>	\$ 59,815	\$ 155,920	\$ 96,105

Indirect Cost Recovery Fund. 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 expenditures such as assistance and grants. A portion of the Department's federal grants allow a 19.3 percent indirect cost recovery charge on the actual amount expended. In the past, the Department's revenues and carry-forward cash balance has exceeded expenditures, resulting in significant cash balances. The FY 2016 budget includes revenues of \$4.1 million, \$0.9 million more than assumed in the FY 2015 enacted budget and \$0.3 million more than the FY 2015 revised budget. The anticipated revenues of \$4.1 million will be supplemented with a \$0.4 million cash balance from FY 2015. The FY 2016 budget assumes expenditures of \$4.4 million from indirect cost recovery restricted receipts, which would result in a year end surplus of \$0.1 million. *The recommended budget includes \$28,951 more in expenditures than requested.* **The Assembly concurred.**

Central Management

Community Service Grants. The Department requested the enacted amount of \$331,469 from general revenues for nine community service grants administered through the Department. This is consistent with the revised request and includes grants to agencies providing services related to AIDS, hepatitis, and cancer. It also includes a \$12,024 grant to the Rhode Island Blood Center, which the center uses for pediatric services including hemophilia and sickle cell anemia. It appears that the grant expenditure was not made in FY 2014. Subsequently, the Center informed the Department that the pilot program, which this grant supported, had ended. *The Governor recommended funding as requested.* **The Assembly provided \$12,024 less from general revenues to reflect the end of the pilot program.**

Emergency Response Preparedness Funding. The Department requested \$6.5 million from federal bioterrorism funds for the operations of the Center for Emergency Preparedness and Response. The Department uses these funds to help hospitals and healthcare entities plan for, respond to, and recover from mass casualty events. It also provides grants to cities and towns to enhance emergency response preparedness.

The request includes \$3.5 million to support 25.0 full-time equivalent positions, \$0.6 million for grants to cities and towns and \$2.4 million for all other information technology, training and operating expenses. The request is \$1.3 million less than enacted to reflect a reduction in available federal funds. Federal bioterrorism grants have been reduced significantly over the years, including a 14.0 percent reduction from sequestration. The request includes \$0.2 million more for salaries and benefits to reflect the cost-of-living adjustment and benefit rate changes to reflect FY 2016 planning values.

The request includes a reduction of \$1.5 million in expenditures for medical supplies, training, and maintenance of equipment, such as radios and other communication devices, based on the availability of federal funds. The request is \$0.1 million more than FY 2015 revised projected expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

Ebola Response. The request does not include any funding for Ebola response related activities. The Department projected expenses of \$0.8 million, \$0.7 million of which would be used to fund several positions, including stress test staff and nurses. The remaining \$0.1 million would be used for precaution supplies, travel and public outreach expenses. The federal administration submitted an emergency request of \$6.2 billion to Congress for FY 2015 to address the Ebola epidemic. The Centers for Disease Control and Prevention would receive \$1.8 billion to prevent, detect, and respond to the Ebola epidemic as well as other public health emergencies. According to the Federal Funds Information for States, Rhode Island would receive a total of \$2.9 million for public health emergency preparedness and the hospital preparedness program. *The recommended budget does not include any funding.* *The Department*

indicated that it submitted a request to the Centers for Disease Control and Prevention for \$1.3 million. The expected date of that award is April 1st. **The Assembly concurred.**

Public Awareness Campaign Grant. The Department received \$0.1 million from a non-profit agency in FY 2015 to support a public awareness campaign regarding the risk of addiction and accidental overdose. These one-time funds, which were budgeted as restricted receipts, are excluded for the FY 2016 request. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested salary and benefit costs of \$3.9 million from indirect cost recovery restricted receipts to fund the remaining 34.1 full-time equivalent positions in Central Management, which provides the overall leadership for the Department through strategic planning and public health policy development, centralized administrative services, and community affairs. The request is \$0.1 million or 3.9 percent more than enacted. This includes \$0.1 million less from general revenues from shifting costs to indirect cost recovery restricted receipts. The request includes the cost-of-living adjustment as well as benefit rates consistent with FY 2016 planning values. Federal fund expenditures are \$0.2 million less than enacted to reflect the end of a grant award.

The request assumes \$0.5 million in turnover savings, \$0.5 million less than enacted. The requested turnover savings is equivalent to 5.7 vacancies, based on the Department's cost of \$121,925 per position in Central Management. *The Governor concurred and included an additional \$28,951 from indirect cost recovery restricted receipts to reflect partial funding for a position in the Division of Purchasing for work related to the Office of Health and Human Services' agencies. This is pursuant to a cooperative agreement that was signed between the administration and the Office of Health and Human Services.* **The Assembly concurred.**

All Other Operations. The Department requested \$0.5 million from indirect cost recovery restricted receipts for all other operations. This is \$33,970 less than enacted from all funds, including \$0.1 million less from federal funds to reflect the end of a grant, and savings of \$12,300 from general revenues; this is due to shifting several expenditures to indirect cost recovery restricted receipts. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$53,350 of restricted receipt funding received from the Alzheimer's Association, the United Way, and the National Association of Chronic Diseases.* **The Assembly concurred.**

Office of the Medical Examiner

Staffing. The Department requested staffing costs of \$2.7 million, all but \$48,183 is from general revenues for the Office of the Medical Examiner. This includes \$2.5 million to fund 17 positions and \$0.2 million for contracted services. The request is \$0.5 million more than enacted, including \$1.0 million from general revenues, of which \$0.5 million is from shifting expenditures back to general revenues previously budgeted from indirect cost recovery restricted receipts. The request includes \$0.3 million to fund an additional 2.6 positions, which brings staffing to 17 positions. This is 2.6 positions more than enacted and is consistent with the revised request to reflect staff shifted from elsewhere in the Department. The request also includes new expenditures of \$21,290 for seasonal staff and \$0.1 million for the cost-of-living adjustment and benefit rates consistent with FY 2016 planning values.

Consistent with the revised budget, the request includes \$210,000 or \$60,000 more than enacted for contracted services, such as livery, x-ray and histology services. Though this is \$60,000 more than the current service estimates, reported expenditures were \$195,703 in FY 2013 and \$207,639 in FY 2014. It also includes \$15,000 for contracted medical examiners, \$8,723 more than enacted and is consistent with the FY 2015 revised request. It should be noted that FY 2014 reported expenditures for contracted medical examiners were \$0.1 million. The Department noted that the increase in staffing negates the need to bring this expense to the FY 2014 reported level.

*The Governor recommended \$0.1 million less than requested to reflect that salary and benefit costs were overstated. **The Assembly concurred.***

Operations. The Department requested expenditures of \$0.3 million from all sources, including \$198,132 from general revenues for all other operating costs of the Office of the Medical Examiner. The request includes \$55,000 for medical supplies, \$35,000 for insurance expenses, and \$0.1 million for all other expenses, postage, printing and other supplies. It is \$68,050 less than enacted from all funds, including \$59,638 less from general revenues. Major changes to the enacted budget reflect decreases of \$25,000 for temporary services and \$39,000 for miscellaneous expenditures. It should be noted that the Department included these reductions in an attempt to offset the increase in staffing previously noted. *The Governor recommended funding as requested. **The Assembly concurred.***

Environmental and Health Services Regulation

Drinking Water Quality Program. The request includes \$3.3 million from all sources to fund the Drinking Water Quality Program, which is 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 is \$0.4 million less than enacted, including \$0.1 million less from federal funds to reflect the end of a grant and \$0.3 million less from the Safe Drinking Water Act Revolving Loan Fund. The Fund was established to provide a mechanism to issue low interest loans to public water systems to improve their infrastructure.

The request includes \$2.1 million for 18.0 full-time equivalent positions. This is \$72,393 or 3.6 percent more than enacted and is \$0.1 million more than the current service estimate to reflect the restoration of budgeted turnover savings.

The constrained budget reduces the request by \$50,142 including the 50.0 percent match of \$25,071 from general revenues for the elimination of licensure and quality assurance of the bottled water program. This would require a statutory change and \$70,950 in revenues would be lost. According to the Department, there are more than 130 bottlers, four of which are in-state, and these bottlers would experience difficulty in obtaining a license to sell bottled water in other states.

The Department indicated that in order to fully fund all of the mandates pertaining to the Drinking Water Quality Program, an additional \$1.3 million of federal funds would be needed to support 17.0 full-time equivalent positions, which would double the current staffing level. The Department noted there is insufficient staffing in the areas of engineering, information technology and legal support.

*The Governor recommended funding consistent with the unconstrained request. **The Assembly concurred.***

Food Protection Program. The request includes \$4.4 million, of which \$3.1 million is from general revenues to fund the Food Protection Program. Of this, \$4.1 million is included to fund 41 positions, which are responsible for licensing and regulating more than 7,300 food establishments from “farm to table” including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, bottle beverage plants, and health care facilities. The Office also conducts inspections and investigates food related disease outbreaks and complaints. The request is \$0.1 million more than enacted, which includes \$0.2 million for the cost-of-living adjustment and medical benefit rates consistent with FY 2016 planning values. It reflects \$0.1 million in additional turnover savings and is \$7,616 less than the current service estimate.

The request includes \$0.3 million for all operating expenses, including \$0.1 million for travel expenses such as mileage reimbursement and \$0.2 million for clerical services, cell phones and other supplies such

as ice. The Department noted that various food products are taken from restaurants and must be properly refrigerated before the samples are taken to the laboratory for testing. The general revenue request for operating expenses is consistent with the revised budget, \$11,806 more than enacted and the current service estimate to better align FY 2016 expenditures with historical spending patterns.

The constrained budget reduces the request by \$0.4 million to reflect the elimination of five positions, including four food inspectors and one licensing aide. The Department indicated that with the current staff of 18 inspectors, a total of 6,000 inspections are done annually; therefore, approximately 20 percent of establishments are not inspected at all. Reducing the staff by 22.2 percent would reduce the number of inspections by 1,332. The Department also noted that the reduction in inspections would increase the risk of food borne illness and possibly death.

The Department indicated that in order to fully fund all of the mandates pertaining to the Food Protection Program, an additional \$1.5 million from general revenues would be needed to support 27.0 positions, consisting of 19 food inspectors, 4 food specialists and 4 supervising food specialists. The request appears to include four months of turnover savings. The Department noted that the request for the additional positions is based on an audit conducted by the Bureau of Audits, which recommended an additional 37 food inspectors; however, the 27 positions that the Department requested would inspect food establishments at half of the frequency recommended by the U.S. Food and Drug Administration.

According to the Department, a review of state food program data from 22 states provided by the Association of Food and Drug Officials “shows that 73.0 percent of these states had less food establishments per inspector than Rhode Island. The average number of food establishments per inspector was 260 versus 365 for Rhode Island. Massachusetts listed 208 food establishments per inspector. No data was available for Connecticut where local health departments conduct all restaurant inspections.”

*The Governor recommended funding consistent with the unconstrained request. **The Assembly concurred.***

All Other Salaries and Benefits. The Department requested expenditures of \$9.7 million from all sources for salaries and benefits for the remaining 88.0 full-time equivalent positions in the Environmental and Health Services Regulation program. The request includes \$5.8 million from general revenues, \$3.1 million from federal funds, and \$0.8 million from restricted receipts. This is \$0.5 million more than enacted from all sources, including \$455,651 from general revenues. It includes \$0.5 million for the cost-of-living adjustment as well as benefit rate changes consistent with the planning values for FY 2016. The request is \$0.3 million more than the current service estimate, of which \$0.1 million is for temporary and seasonal employees and \$0.2 million in general revenues to support two positions that were previously supported with indirect cost recovery funds.

The Department indicated that an additional \$3.5 million, all but \$0.1 million from general revenues would be needed to fund an additional 46.0 full-time equivalent positions to insure all mandates pertaining to the Environmental and Health Services Regulation program are implemented. Additionally, the Department noted that it is not in compliance with several mandates since it does not have dedicated staffing to perform the work. For example, there is no current staff available to monitor the compliance of nurses placed on the Alternative Disciplinary Program.

The Governor recommended \$0.1 million less general revenues than the unconstrained request. This consists of \$10,086 for partial funding for a health facility surveyor position that the Department deemed not vital after its budget submission. It also includes \$79,018 to reflect the removal of a position that the Department inadvertently funded twice. She subsequently requested an amendment to properly reflect \$2.3 million of expenditures as federal funds; they were inadvertently budgeted as restricted receipts.

The Assembly provided \$0.2 million less general revenues to reflect turnover savings and concurred with the remainder of the recommendation.

Target - Consolidation of Non-Prescribing Health Professional Boards. The Department's constrained request includes a proposal to consolidate all of the non-prescribing health professional boards into one board. This includes 25 professional boards that include a variety of professions, such as dietitians, occupational therapists, optometrists, social workers and funeral home directors. This would allow for the elimination of 2.0 positions and \$0.2 million from general revenues. This would require statutory changes. The Department currently approves all written and practical examinations and issues licenses and permits for these professions.

The Governor concurred and included legislation in Article 19 of 2015-H 5900 to effectuate this change. The proposed legislation creates a single board of review for appeals, discipline and advisory functions. The Assembly did not concur and restored the funding and the positions.

Target - Reduce Office of Facilities Regulation - Assisted Living. The Department monitors assisted living residences and investigates consumer complaints and incidents occurring in these facilities. In an attempt to meet the target, the Department requested relief from the requirement to inspect residences prior to renewal of existing licenses as well as relief from the requirement to investigate allegations of abuse, mistreatment and neglect and includes \$90,750 in savings from the elimination of one position that supports licensing of assisted living facilities. According to the Department, there are currently 61 assisted living residences with more than 4,000 beds licensed to operate in the state. *The Governor did not concur with this reduction. The Assembly concurred.*

All Other Operations. Excluding the items mentioned above, the Department requested \$1.5 million from all sources for all other operations in the Environmental and Health Services Regulation program, including \$0.6 million from general revenues. This is \$22,495 less than enacted, including an increase of \$45,134 from general revenues, of which \$0.1 million is to reflect clerical services costs previously funded with restricted receipts from indirect cost recoveries. It also includes other adjustments for printing and testing services. *The Governor recommended funding as requested. The Assembly concurred.*

Health Laboratories

Salaries and Benefits. The Department requested \$6.8 million from all sources for salaries and benefits for 66.6 full-time equivalent positions for the Health Laboratories, including \$5.4 million from general revenues and \$1.4 million from federal funds. This is \$0.8 million more than enacted, including \$0.6 million more from general revenues, of which \$0.3 million is for the cost-of-living adjustment and benefit rate changes consistent with FY 2016 planning values. The general revenue request is \$0.3 million more than the current service estimate, including new expenditures of \$22,610 for temporary and seasonal employees, and \$0.1 million for the full restoration of turnover savings. It also includes \$0.2 million for positions that were previously allocated to the indirect cost recovery account.

The request includes 6.4 full-time equivalent positions more than enacted and as of the pay period ending November 1, 2014, Health Laboratories had 67.0 full-time equivalent positions filled, 6.8 positions above the authorized level. The Department noted that the staffing level for Health Laboratories is dictated by workload. It further noted depending on the test requests, the requirements for when the test results are needed varies: tests for a pathogen that could cause a public health crisis must be completed within an hour and routine clinical tests, such as HIV or blood lead levels are expected within days. *The Governor recommended funding as requested. The Assembly concurred.*

Lab Software Maintenance. Consistent with the revised budget, the Department included general revenue expenditures of \$175,511 for which funding was not included in the enacted budget to fund software maintenance costs for Health Laboratories. The current software Millennium is supported by Cerner Corporation, which tracks sample information, such as date of collection, specimen type, test requested, and patient demographic information. The software also allows electronic transmission of files to a billing contractor to file claims with health insurers. The latest contract with Cerner began July 1, 2011, and prior to FY 2014, it was paid with federal funds, which the Department indicated have been exhausted. It appears that the budget includes \$82,000 from federal funds in Central Management for various information technology services for the system.

The Department indicated that if the software is not properly maintained, there could be a loss in revenues. In FY 2014, reimbursements from insurance companies totaled \$1.8 million, which were deposited into the general fund. *The Governor recommended funding as requested. The Assembly concurred.*

Equipment Maintenance & Medical Supplies. The request includes \$1.6 million from all sources, including \$1.3 million from general revenues for medical supplies, such as test kits, chemicals, reagents, glassware, and laboratory equipment maintenance costs. This is \$0.5 million more than enacted, all but \$9,734 is from general revenues. The request is \$80,490 more than FY 2014 expenditures, for which the Department incurred a deficit of \$0.4 million from general revenues. Of the deficit, it appears that \$0.2 million relates to maintenance of equipment. It should be noted that the Department submitted a capital budget requesting a total of \$0.8 million from Rhode Island Capital Plan funds to replace several pieces of equipment that are used to perform DNA, toxicology and analysis of metals in drinking water and food, including arsenic, lead, mercury and copper. It appears that the equipment has reached its useful life and has experienced significant down time, thereby necessitating additional maintenance. *The Governor recommended funding as requested. The Assembly concurred.*

Medical Billing Services. Consistent with the revised request, the Department requested \$141,600 from general revenues, \$81,600 more than enacted for medical billing services. The Department noted that the increase in costs is due to a projected increase in demand for certain testing from the Affordable Care Act coverage of previously uncovered individuals. Medical billing service expenditures were \$93,493 in FY 2013 and \$125,451 in FY 2014. The request is \$16,149 more than FY 2014 reported expenses. Laboratory billing costs are set as a percentage of revenues collected. Therefore, increased costs of billing are indicative of increased revenues. In FY 2014, reimbursements from insurance companies totaled \$1.8 million, which were deposited into the general fund and based on expenditures of \$125,451, 7.15 percent is charged. *The Governor recommended funding as requested. The Assembly concurred.*

Target - Privatize Blood Lead Testing. In an attempt to meet the target, the Department requested that the blood lead laboratory operation be privatized and includes a general revenue savings of \$0.2 million from the elimination of two positions and operating supplies. In FY 2014, more than 15,000 children's blood specimens for ages one through five were analyzed for elevated lead levels as part of the universal lead screening program. Testing is mandated by state law to be performed at the State Lab, unless specifically allowed to be done at select hospitals. Though the service is available in the private sector, the Department noted that its privatization could result in lower screening rates. This proposal requires a statutory change and approximately \$0.2 million in revenues would be lost. *The Governor did not recommend the privatization of the blood lead testing. The Assembly concurred.*

Target - Tuberculosis Testing. As part of its constrained request, the Department proposed to eliminate lab testing for tuberculosis, which would also eliminate a clinical lab scientist position for savings of \$100,974 from general revenues. The Department noted that the position is 60.0 percent federally funded; however, the constrained budget does not reflect this reduction. Currently, hospital labs are required to submit specimens to the State Lab for identification. Discontinuing this testing would require a statutory

change, allowing the hospitals to submit the specimens to other laboratories. The Department noted that tuberculosis testing is mostly performed by state public health laboratories and the services may not be readily available in the private sector. The Department currently collects approximately \$63,000 annually in revenue through insurance reimbursements of test fees which would not be collected if the program is discontinued. In 2012, the State Lab tested 1,682 specimens and 20 patients were found positive for tuberculosis. *The Governor did not recommend the elimination of lab testing for tuberculosis.* **The Assembly concurred.**

Target - Testing for Ova and Parasites. As part of its constrained request, the Department proposed the elimination of lab testing, which would eliminate 1.0 senior clinical lab specialist for savings of \$0.1 million from general revenues. The Department indicated that it currently collects approximately \$11,000 annually in revenue through insurance reimbursements of test fees which would not be collected if the program is discontinued. Testing is performed primarily for the community health centers' patients and the lab has conducted approximately 900 tests per year for the last several years.

The Department noted that if this initiative is adopted, it could lose federal funds provided by the Centers for Disease Control and Prevention to upgrade equipment used exclusively for this purpose. It would also have to reduce expenses in other labs because the laboratory scientists perform multiple functions or tests and multiple labs would be impacted by this cut, even though the cut may be for a specific testing area. *The Governor did not recommend this elimination.* **The Assembly concurred.**

Target - Biological Sciences Administration. The constrained request reflects the elimination of two positions, including the chief clinical laboratory scientist and the quality assurance officer and operating expenses from the Biological Sciences Administration for a general revenue savings of \$0.3 million. The Biological Sciences Administration program provides microbiological diagnostic and surveillance services to state and municipal agencies and health care providers, including community health centers, private physicians, and hospitals. The Department indicated this elimination is proposed due to the fact that if three of the four programs in Health Laboratories were eliminated, there would be no need for management. The Department noted that employee "bumping," whereby the least senior employee is laid off, would reduce the proposed savings substantially. *The Governor did not recommend this elimination.* **The Assembly concurred.**

Target - Testing for State Agencies and Community Health Centers. The constrained request includes a general revenue savings of \$0.5 million for laboratory services provided to the community health centers and various state agencies including the Department of Corrections and the Department of Environmental Management and the training school. The services provided include HIV testing, screening and confirmation and molecular detection of pathogens causing sexually transmitted infections. In 2013, the State Lab performed approximately 50,000 tests for the aforementioned entities. According to the Department, approximately 10 percent of all tests that are performed in the laboratories are for state agencies including forensic drug tests for law enforcement agencies including the State Police and DNA for the Office of the State Medical Examiner and Judiciary.

The Department indicated that its surveillance activities for HIV and sexually transmitted diseases incidence in the state would be negatively affected since reporting from private labs is not as complete as from the state. The Department of Corrections would need to pay for HIV and Hepatitis testing services currently performed free of charge at the State Lab. The cost of the tests for the Department of Corrections is \$0.1 million. Additionally, the program provides testing of mosquitos collected by the Department of Environmental Management for rabies, West Nile and EEE viruses. Adoption of this initiative would require a statutory amendment; with the exception of hospital laboratories, all HIV conformation testing must be performed by the State Lab. Additionally, the Department indicated that there is no company, public or private entity that performs West Nile and EEE virus testing. *The Governor did not recommend this elimination.* **The Assembly concurred.**

Target - All Other Tests. The constrained request includes a general revenue savings of \$0.3 million from the elimination of two positions that perform lab tests, including foodborne disease, such as salmonella or E.coli, H1N1 and testing for pathogens causing infectious diseases. The Department noted that an effective public health program cannot exist without access to these laboratory services, almost all of which are not available in the private sector. The elimination of the positions supporting the program would severely impact the Department's ability to investigate and contain outbreaks of infectious diseases. *The Governor did not recommend this elimination.* **The Assembly concurred.**

All Other Operations. The request includes \$0.7 million from all sources, including \$0.4 million from general revenues for all other lab functions, including toxicology, forensic DNA and food testing. This is \$0.1 million less than enacted, primarily from general revenues to reflect decreased expenditures for office equipment maintenance and staff training. The request is \$0.1 million less than the current service estimate in an attempt to help offset the increase in salaries and benefits requested. *The Governor recommended funding as requested.* **The Assembly concurred.**

Public Health Information

Vital Records Staffing and Operations. The Department requested \$1.8 million from all sources, including \$1.1 million from general revenues and \$0.6 million from federal funds for expenses related to vital records. This is \$0.2 million more than enacted, including \$0.1 million from general revenues. The request includes \$1.5 million for 16.0 positions. This is \$148,054 more than enacted for the cost-of-living adjustment and benefit rate changes consistent with FY 2016 planning values. Consistent with the enacted budget, the request assumes \$0.1 million in turnover savings. The request is \$0.1 million more than the current service estimate, which is due to restoration of turnover savings.

The request includes \$0.3 million for operating costs; all but \$41,118 is from federal funds. This is \$45,303 more than enacted to primarily reflect new expenditures of \$49,000 for temporary clerical services to help mitigate the high vacancy rate in the division.

The Department currently records deaths, fetal deaths and induced terminations of pregnancies, which are all classified as vital death records. It records approximately 9,000 deaths, 750 fetal deaths and 3,500 induced terminations of pregnancy per year. These records are manually entered into in a paper-based system that is approximately 25 years old. *The Governor recommended funding as requested.* **The Assembly concurred.**

Center for Health Data Analysis. The request includes total expenditures of \$1.9 million from all funds, including \$0.4 million from general revenues to fund the Center for Health Data and Analysis, which supports and coordinates all efforts within the Department to provide health data quality and the provision of health related data and analysis to inform health policy. The request includes \$1.3 million, to fund 13.3 full-time equivalent positions. The request includes cost-of-living adjustment as well as benefit rates consistent with the FY 2016 planning values. The general revenue request is \$0.1 million less than the current service estimate to reflect the shift of half of a position to federal funds.

The request includes \$0.6 million, including \$0.1 million from general revenues for operating costs. This is \$147,942 less than enacted from all funds, including \$65,112 from general revenues, of which \$19,000 is due to shifting software maintenance expenditures to indirect cost recovery restricted receipts and includes \$35,000 in savings for various services such as clerical. The request includes \$0.2 million to provide technical assistance for the KIDSNET system, \$0.1 million in contractual costs with Healthcentric Advisors to produce quarterly and annual measures of quality for hospitals, nursing homes and home health care and \$0.1 million for various research services.

*The Governor concurred and provided an additional \$0.2 million from federal funds to reflect two grants that the Department received subsequent to its budget submission. This includes \$0.1 million each for birth defects surveillance and the State Innovation Models Initiative. The funds will be used to support the development and testing of state-based models for multi-payer medical claim payments. **The Assembly concurred.***

Community, Family Health, and Equity

Infant and Early Childhood Development. The Department requested \$7.0 million from federal funds for the initiative that focuses on promoting good health habits, primarily for low income pregnant women, infants, and children, children with special health care needs and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. The request is \$2.4 million less than enacted of which \$1.9 million is to reflect the end of the Maternal, Infant, and Early Childhood Home Visiting Development grant. Of the requested amount, \$0.8 million will be used to fund 7.0 positions for the administration of the program. *The Governor recommended funding as requested. **The Assembly concurred.***

Immunizations. The Department requested expenditures of \$37.4 million from all sources for immunization expenses, including \$14.8 million from federal funds and \$22.5 million from restricted receipts. This is \$1.2 million less than enacted, including \$0.2 million more 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 \$1.3 million less from restricted receipt expenditures for child and adult immunizations based on vaccine purchasing projections. The request includes \$2.8 million for salaries and benefits for 29.8 positions and several interns. This is \$0.1 million more than enacted to reflect the cost-of-living adjustment and benefit rate changes to reflect FY 2016 planning values. All other operating costs are \$35,223 less than enacted. *The Governor recommended funding as requested. **The Assembly concurred.***

Wise Woman Program. The budget includes \$0.8 million from federal funds for the Wise Woman Program. This includes the enacted level of \$60,000 from general revenues for a state pilot program that resembles the federal program, which provides screenings, referrals and follow up services for low-income, uninsured and underinsured women ages 40 through 64 who are at risk for heart disease, diabetes and stroke. The request includes \$47,903 more for salaries and benefits, which includes the cost-of-living increase, funding for a 0.1 full-time equivalent position and benefit rates consistent with the FY 2016 planning values. The request includes staffing of 2.8 full-time equivalent positions, 0.1 more than enacted. It also includes \$0.4 million more for screening and referral services, and \$42,036 for operating expenses.

The constrained request includes \$0.8 million less federal funds from the elimination of the Wise Woman program. The Department indicated that this award is tied to anti-smoking initiatives that the Department undertakes since smoking is a risk factor for heart disease. If the Tobacco Control program is eliminated, it would lose the federal funds to implement this initiative.

*The Governor recommended funding consistent with the unconstrained request. **The Assembly concurred.***

Race to the Top. The Department requested \$0.9 million from federal Race to the Top funds, \$0.3 million less than enacted for implementation of the education plan developed in FY 2013. In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years and ends December 31, 2015. The request includes \$0.5 million for salaries and benefits for 4.5 positions, \$4,194

less for salaries and benefits, based on updated cost allocations for FY 2016. It includes \$0.2 million for all operating costs, such as printing, office supplies and communications expenses and \$0.3 million in grants to Healthcentric Advisors. *The Governor recommended funding as requested. The Assembly concurred.*

Health Professional Loan Repayment Program. The Department requested expenditures of \$350,000 from federal funds and restricted receipts for the health professional loan repayment program, which 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 is \$0.1 million more than enacted; \$50,000 each from federal funds and restricted receipts. The Department uses the restricted receipts, which are primarily from donations to provide the 50.0 percent minimum match on the federal grant.

The Department indirectly submitted another request citing the cost needed to fully fund all of its mandates as well as expanding certain programs. It submitted a list of 21 items totaling \$8.7 million from all funds, including \$7.2 million from general revenues. Though not mandated, the Department indicated that it would like to provide scholarships to Rhode Island high school graduates attending medical schools in an attempt to correct the shortfall in projected primary care physicians. The Department indicated that \$0.3 million from general revenues would be needed to provide 12 education scholarships in the amount of \$25,000. The program would require that scholarship recipients practice as primary care physicians in the state upon completion of medical school and residency training for a year. Additionally, the Department indicated that \$0.1 million from general revenues would be needed to provide a state match for the Health Professional Loan Repayment Program.

The Governor recommended the \$350,000, consistent with the unconstrained request. She also included legislation in Article 13 of 2015-H 5900 to exempt the restricted receipts for the health professional loan repayment program from the state's indirect cost recovery charge. It appears that the receipts have been excluded from the surcharge. The Assembly concurred.

Tobacco Control. The Department requested \$1.6 million, including \$0.4 million from general revenues and \$1.3 million from federal funds for tobacco control programs, including cessation and the telephone quit line. The request is \$16,489 more than enacted, including \$8,527 from general revenues. The request includes \$0.8 million for salary and benefit expenses for 6.6 full-time equivalent positions; \$0.5 million for services such as cessation, counseling and support, and education and information resources, and \$0.3 million for operations including anti-smoking advertising, postage and printing expenses.

The Department indirectly submitted another request citing the cost needed to fully fund all of its mandates as well as expanding certain programs. It indicated that \$30,000 would be needed to implement the Reduced Cigarette Propensity and Firefighter Protection Act, which requires that no cigarettes may be sold in the state without having been tested against the New York Fire Safety Standards for Cigarettes. The Department estimated that \$19,500 in revenues would be generated from a \$250 per brand certificate fee. As of January 1, 2012, there were 78 cigarette brands being sold in the state.

The Department also indicated that \$0.2 million would be needed to fund 1.5 full-time positions for licensing of electronic nicotine delivery system sellers, effective January 2015. Pursuant to Rhode Island General Laws 23-1-56, any distributor or dealer engaged in the business of selling electronic nicotine delivery system products must obtain a license from the Department. The law requires that the Department maintain a website detailing all sellers by class, and the website must be updated six times a year. The law further allows the director to set a fee not to exceed \$25 for the issuance of the license. According to the Department, there are 1,340 tobacco retail licenses in the state. Assuming that all retailers apply for the electronic nicotine delivery systems, \$33,500 in revenues could be generated.

It should be noted that the Budget Office prepared a fiscal note and stated that the Department would use existing staff to implement the licensing of electronic nicotine delivery systems. Therefore implementation would have no impact on expenditures. The Department of Health noted that to the extent that staff from other program areas are used to implement this, backlogs in other programs will be created or increase.

*The Governor recommended funding consistent with the Department's request. **The Assembly concurred.***

Minority Health Program. Consistent with the current service estimate, the Department requested \$0.4 million from general revenues for the minority health program. The request is \$11,747 more than enacted including \$161,495 from general revenues, of which \$149,748 is for grants provided to community based organizations to reduce disparities and eliminate childhood obesity by providing health promotion, disease prevention, and referral services to the community. The enacted budget funded the grants with indirect cost recovery restricted receipts. The revised request shifts the expenditures to general revenues and the Department suggested that funding the grants with revenues generated from the indirect cost rate may not be an appropriate use of those funds. The request also includes \$0.2 million to support 1.7 full-time equivalent positions to administer the program. *The Governor concurred; with the exception of providing \$1,000 less from general revenues for out-state travel expenditures. **The Assembly concurred.***

Blood Lead Poisoning Prevention. The Department requested \$0.6 million from all sources for blood lead poisoning prevention, including the enacted amount of \$15,873 from general revenues and \$0.6 million from federal funds. The request is \$0.1 million more than enacted; \$0.4 million more from federal funds and it reflects the removal of \$250,000 from restricted receipts from a donation from the Providence Water Supply Board since continuation of funding has not been identified.

The program provides state staff to investigate complaints and inquiries about lead poisoning, arrange inspections when elevated blood lead levels are found, make referrals for case management and provide follow up after the inspection to ensure the lead abatement was completed and the individual's blood lead level has returned to a reasonable level. The Department indicated that a total of nine positions are needed for FY 2016 to implement the program; however, if additional funds are not secured, staffing will have to be reduced. *The Governor recommended funding as requested. **The Assembly concurred.***

All Other Salaries and Benefits. The Department requested \$9.3 million from all sources including \$1.3 million from general revenues for all other salaries and benefits for the Community, Family Health, and Equity program. This is \$0.6 million or 6.7 percent more than enacted, including increases of \$0.1 million each from general revenues and restricted receipts and \$0.5 million from federal funds for several chronic disease prevention and control grants. The request includes the cost-of-living adjustment as well as benefit rate changes consistent with FY 2016 planning values.

The Department indirectly submitted another request citing the cost needed to fully fund all of its mandates as well as expanding certain programs. It indicated that \$0.2 million would be needed for the Community, Family Health and Equity program to provide staff support for four commissions: Commission for Health Advocacy and Equity, Study Commission on Lupus, Interagency Food and Nutrition Policy Advisory Council, and the Stroke Task Force.

*The Governor recommended \$43,215 less from general revenues than the original request for partial funding of an assistant administrator position. The recommendation assumes that the Department will utilize existing federal or restricted sources to fund this position in lieu of general revenues. **The Assembly concurred.***

Poison Control Center. The Department requested \$200,000 from general revenues to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings. The Center receives calls from individuals, hospitals and health care centers. Rhode Island used to operate its own Poison Control Center at an annual cost of over \$0.4 million. Over a decade ago, it joined with Massachusetts and the required cost was reduced to \$0.3 million. Over time funding for the Poison Control Center was reduced to \$200,000 where it remained through FY 2014 and was funded with bioterrorism grants. The federal bioterrorism grants have been reduced over the years; including a 14.0 percent cut from sequestration. Based on grant reductions, and depletion of cash carry-forward balances, the Department determined that it would no longer fund the Center with bioterrorism grants, but committed to finding an alternative funding mechanism to operate the Center. It has also requested general revenues for FY 2015.

The constrained budget removes the requested funding for the Poison Control Center. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

All Other Programs. The Department requested \$10.0 million from all sources for all other Community, Family Health, and Equity program operations, including \$0.2 million from general revenues. The request is \$1.0 million more than enacted, including \$6,054 less general revenues of which \$4,906 is to adjust for a private donation for vaccine grants. The funds were private donations that the Department received and were deposited as general revenue. This includes \$1.1 million more federal funds based on anticipated awards and expenditures, and \$0.1 million less restricted receipts.

The request includes \$3.6 million for prenatal and early childhood programs, including newborn screenings and family planning, \$2.0 million for chronic care and disease management, including cancer, asthma and arthritis, \$0.8 million from preventive and maternal and child health block grant funds, \$0.5 million for a program to eliminate health disparities, including rural, minority and disability health programs, \$0.5 million for oral health services and \$2.6 million for all other programs, including rape, violence and suicide prevention. Grants are awarded to numerous agencies that provide services, including the American Lung Association, Blackstone Valley Community Health Care, Family Resources Community Action, Family Service of RI, The Providence Center and others.

The Department indirectly submitted another request citing the cost needed to fully fund all of its mandates as well as expanding certain programs. It indicates that \$0.9 million would be needed for various initiatives impacting the Community, Family Health and Equity program. This includes \$0.2 million for an opioid overdose data collection system, \$0.3 million to maintain a traumatic brain injury/spinal cord injury registry, of which \$250,000 would be used for development of a web-based statewide reporting system and \$54,563 would be used to fund half of a position to provide survivors with resources and/or referral information. It also includes \$0.3 million for an integrated primary care and behavioral health pilot program, pursuant to 2014-H 8189.

The Governor recommended \$25,611 less from general revenues than the unconstrained request for insurance, cell phones and program supplies. **The Assembly concurred.**

Infectious Disease and Epidemiology

HIV/AIDS. The Department's request includes \$2.6 million, \$0.1 million more than enacted from federal funds for prevention and surveillance functions and tasks of the HIV/AIDS program. This includes \$0.8 million to fund 7.0 positions, which is \$0.3 million and 6.0 positions less than enacted. The Department indicated that the program has been restructured in anticipation of potential large reductions in federal funds.

The request includes \$1.7 million for all other operating expenses, \$0.4 million more than enacted, including \$0.2 million more for grants to various community based agencies providing services to reflect

updated grant priorities from the Centers for Disease Control and Prevention, and \$0.2 million more for medical supplies, media and advertising expenses. The request is \$3,345 more than FY 2015 projected expenditures and is \$0.2 million more than FY 2014 reported expenditures.

The Department funds AIDS/HIV awareness and prevention services 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 the services are to be provided. *The Governor recommended funding as requested. The Assembly concurred.*

HIV Prevention Grants. The Department included \$73,667 in FY 2016 for HIV prevention grants, which are awarded to various organizations such as Miriam Hospital, AIDS Care Ocean State, and Family Service of RI for HIV prevention services. It should be noted that some of these entities also receive community service grants. The Department indicated that these grants were previously funded with federal sources, which are now no longer available. It appears that the Department incurred expenses for these grants, though no funding was appropriated. Expenditures were \$123,260 in FY 2013 and \$195,390 in FY 2014. The Department requested general revenue funding for these grants in FY 2015; however, the Governor recommended funding them with restricted receipts from the indirect cost recovery. The request is \$119,764 less than the current service estimate to reflect the Department's anticipated expenditures based on revised contracts with the providers that were restructured. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Salaries and Benefits. The Department requested expenditures of \$2.9 million from all sources for all other salary and benefit expenses for 29.0 full-time equivalent positions for the Infectious Disease and Epidemiology program. This is \$0.2 million more than enacted, including \$0.1 million each from general revenues and federal funds. The request includes the cost-of-living adjustment as well as benefit rate changes consistent with FY 2016 planning values. The request is \$0.1 million above the current service estimate to primarily reflect \$55,478 for temporary staff and \$0.1 million less in costs allocated to other programs. *The Governor recommended funding as requested. The Assembly concurred.*

Whitmarsh Sexually Transmitted Disease Clinic. The Department indirectly submitted another request citing the cost to fully fund all of its mandates. It indicated that a total of 21 items totaling \$8.7 million from all funds, including \$7.2 million from general revenues would be needed. This includes \$167,148 from general revenues to fund 2.0 positions including a community health nurse coordinator and a disease intervention specialist. The Department currently dedicates 2.8 positions, which it indicated is insufficient to respond to increases in cases. *The recommendation does not include funding for this. The Assembly concurred.*

National Electronic Disease Surveillance System Maintenance. The Department requested \$0.1 million of new general revenues to be used in conjunction with \$0.1 million of existing federal funds for maintenance of the national electronic disease surveillance system which is a database used to track infectious diseases in the state, as well as comparative trends across the nation. The FY 2009 budget included \$0.2 million from general revenues for the system; however, the Department subsequently received approval from the Centers for Disease Control and Prevention to shift budgeted general revenue expenses to federal funds. The Department indicated that since then the system has been supported by federal sources, which are now no longer available. It appears that \$0.2 million of federal funds is budgeted for FY 2015 for the maintenance cost. The Department indicated that the annual cost of the system fluctuates based upon the addition of new diseases added for reporting. For FY 2016, it estimated the cost to be \$215,000 to \$265,000. *The Governor recommended funding as requested. The Assembly concurred.*

Tuberculosis Specialty Clinic. The request includes the enacted general revenue amount of \$300,000 for the state funded tuberculosis specialty clinic (RISE) at Miriam Hospital and a \$13,794 contract for Rhode Island Hospital for ambulatory pediatric tuberculosis services. Through the direct therapy services, the Department provides 4,500 home visits each year.

The constrained request eliminates funding for the contracts. The Department noted that not providing the visits may result in individuals not completing their remediation programs completely or correctly, resulting in outbreaks and potentially death. The Department indicated that approximately half of the tuberculosis patients would not be eligible for health insurance, additionally, tuberculosis is not a Medicaid eligible condition.

The Governor recommended funding consistent with the unconstrained request. **The Assembly concurred.**

All Other Operations. The Department requested expenditures of \$0.9 million from all sources, including \$0.1 million from general revenues and \$0.8 million from federal funds. This is \$0.2 million less than enacted; all but \$1,671 is from federal funds for Epidemiology and Lab Capacity to reflect anticipated awards for FY 2016. This program is responsible for the major areas of reportable infectious and communicable diseases. This program also operates a tuberculosis control program which provides clinical services for uninsured and under-insured patients through contracts with several providers. *The Governor recommended funding as requested.* **The Assembly concurred.**

Department of Human Services

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 9,266,726	\$ 9,671,141	\$ 9,734,001	\$ 10,114,001
Child Support Enforcement	8,240,435	8,786,012	9,642,411	9,642,411
Individual and Family Support	157,546,872	166,556,261	155,690,867	155,980,278
Veterans' Affairs	28,390,910	29,973,767	29,393,531	29,393,531
Health Care Eligibility	20,000,978	21,137,970	20,509,318	19,509,318
Supplemental Security Income	18,579,280	18,233,396	18,705,407	18,706,478
Rhode Island Works	86,709,580	84,567,734	88,589,490	90,434,358
State Funded Programs	302,308,138	269,628,865	269,740,560	269,743,880
Elderly Affairs	18,743,971	18,137,090	18,387,740	18,879,250
Total	\$ 649,786,890	\$ 626,692,236	\$ 620,393,325	\$ 622,403,505
Expenditures by Category				
Salaries and Benefits	\$ 92,391,947	\$ 90,603,714	\$ 94,805,139	\$ 94,805,139
Contracted Services	224,850,688	20,549,175	17,557,341	17,557,341
Subtotal	\$ 114,877,015	\$ 111,152,889	\$ 112,362,480	\$ 112,362,480
Other State Operations	18,050,211	19,116,834	18,443,538	17,443,538
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	510,205,878	488,609,176	483,384,341	486,129,024
Capital	466,068	1,918,325	537,717	537,717
Capital Debt Service	-	-	-	-
Operating Transfers	6,187,718	5,895,012	5,665,249	5,930,746
Total	\$ 649,786,890	\$ 626,692,236	\$ 620,393,325	\$ 622,403,505
Sources of Funds				
General Revenue	\$ 96,328,781	\$ 94,847,483	\$ 96,425,089	\$ 98,271,683
Federal Aid	547,332,819	524,207,412	517,564,219	517,462,308
Restricted Receipts	1,797,309	3,074,518	2,076,036	2,076,036
Other	4,327,981	4,562,823	4,327,981	4,593,478
Total	\$ 649,786,890	\$ 626,692,236	\$ 620,393,325	\$ 622,403,505
FTE Authorization	959.1	959.1	959.1	959.1

Summary. The Department of Human Services requested \$609.5 million from all fund sources, including \$99.2 million from general revenues, \$504.1 million from federal funds, \$1.7 million from restricted receipts and \$4.4 million from other funds. This is \$40.3 million less than enacted, including increases of \$2.9 million from general revenues and \$0.1 million from other funds with decreases of \$43.2 million from federal funds and \$0.1 million from restricted receipts. The Department also requested 995.6 full-time-equivalent positions, 36.5 more than enacted and consistent with the revised request.

The Governor recommended expenditures of \$620.4 million, including \$96.4 million from general revenues. This is \$10.9 million more than requested, including reductions of \$2.8 million from general revenues and \$0.1 million from other funds with increases of \$13.5 million from federal funds and \$0.3 million from restricted receipts. She recommended 959.1 full-time equivalent positions, consistent with the enacted level; she provided authorization for the 36.5 additional requested positions, but offset it with a reduction of 36.5 unspecified positions, requiring the Department to manage vacancies accordingly.

She subsequently requested amendments to reduce expenditures by \$0.7 million, including \$0.2 million from general revenues, for May caseload and revenue adjustments and changes related to the Working Group to Reinvent Medicaid. **The Assembly concurred and also added \$2.7 million, including \$2.1 million from general revenues from increasing child care rates to providers, permanently extending child care to certain individuals in job training programs and adjusting several community service grants.**

Target. The Budget Office provided the Department with a general revenue target of \$91.6 million. The amount includes current service adjustments of \$2.3 million and a 7.5 percent target reduction of \$7.1 million, adjusted for certain exclusions. The Department’s request is \$0.6 million above the current services target; the constrained budget submitted by the Department meets the target. *The Governor’s recommendation is \$4.8 million above the constrained budget target. The enacted budget is \$6.7 million above the target.*

FY 2016 Budget	Budget Office	Human Services	Difference
FY 2015 Enacted	\$ 96,328,781	\$ 96,328,781	\$ -
Current Service Adjustments	2,343,028	2,916,348	573,320
Change to FY 2015 Enacted	\$ 2,343,028	\$ 2,916,348	\$ 573,320
FY 2016 Current Services	\$ 98,671,809	\$ 99,245,129	\$ 573,320
Target Reduction/Initiatives	(7,069,029)	(7,642,349)	(573,320)
FY 2016 Recommendation/Request	\$ 91,602,780	\$ 91,602,780	\$ -
<i>Change to FY 2015 Enacted</i>	\$ (4,726,001)	\$ (4,726,001)	\$ -

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 Office of Health and Human Services. The 2015 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 11,770	\$ 15,654	\$ 19,491	\$ 17,655	\$ 20,598	\$ 21,186	\$ 21,775	\$ 23,540	\$ 29,425
2	15,930	21,187	26,380	23,895	27,878	28,674	29,471	31,860	39,825
3	20,090	26,720	33,269	30,135	35,158	36,162	37,167	40,180	50,225
4	24,250	32,253	40,158	36,375	42,438	43,650	44,863	48,500	60,625
5	28,410	37,785	47,047	42,615	49,718	51,138	52,559	56,820	71,025
6	32,570	43,318	53,936	48,855	56,998	58,626	60,255	65,140	81,425
7	36,730	48,851	60,825	55,095	64,278	66,114	67,951	73,460	91,825
8	40,890	54,384	67,714	61,335	71,558	73,602	75,647	81,780	102,225

For families with more than 8 members, add \$4,160 for each additional member for the 100 percent calculation.

Medicaid Expenses - State/National Comparison. The following table compares national and state 2012 Medicaid spending using the Centers for Medicare and Medicaid Services 2013 Actuarial Report on the Financial Outlook for Medicaid and information from the state’s Office of Health and Human Services. Rhode Island’s enrollment of children and parents (the state’s Rite Care population) is a lower percent of total Medicaid enrollment than the national average. The percent of total spending for this

population is lower than the national average, but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Office of Health and Human Services' budget.

For disabled individuals, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the Office of Health and Human Services, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US*	RI	US	RI	US	RI	US	RI	US	RI
Population	27.2	85,155	50.0%	45.0%	\$ 77,400	\$ 256.0	20.0%	14.2%	\$ 2,851	\$ 3,006
Children	13.2	43,967	24.0%	23.2%	57,800	202.8	15.0%	11.3%	4,362	4,613
Adults	9.4	42,442	17.0%	22.4%	169,300	873.3	44.0%	48.5%	17,958	20,576
Blind/Disabled	4.8	17,567	9.0%	9.3%	77,200	470.1	20.0%	26.1%	15,931	26,760
Aged	Total	54.7 189,131	100%	100%	\$381,800	\$ 1,802.2	100%	100%	\$ 6,982	\$ 9,529

*Source: Centers for Medicare and Medicaid Services 2013 Actuarial Report on the Financial Outlook for Medicaid and the Office of Health and Human Services; *in millions*

Enrollment and expenses for the aged population are slightly lower than the national average when comparing enrollment, but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the budgets of the Office of Health and Human Services and the Department of Human Services' Division of Elderly Affairs.

There are other publications that compare this data with potential differences in how certain populations, for example children with special health needs, and data are shown. The Kaiser Family Foundation reports an annual cost per enrollee for FY 2011 of \$6,110 to Rhode Island's annual cost per enrollee of \$9,247; however, the national comparison contains FY 2010 data for ten states whose FY 2011 data was not available. The Kaiser Family Foundation counts children with special health care needs in its blind/disabled population while the Centers for Medicare and Medicaid Services reports them in the children population.

Working Group to Reinvent Medicaid. The FY 2015 enacted budget includes \$2,712.1 million of which \$1,083.8 million is general revenues, for Medicaid funded programs through the Office of Health and Human Services and the agencies under its umbrella: the departments of Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; Human Services; and Health. The Medicaid program represents approximately 30 percent of all state spending.

On February 26, 2015, the Governor signed Executive Order 15-08, Establishing the Working Group to Reinvent Medicaid, comprised of Medicaid stakeholders that will conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program.

*The Governor reduced Medicaid spending by \$92.6 million, of which \$46.0 million is from general revenues, across the health and human services agencies based on the work of the group. She included \$0.5 million, of which \$250,000 is from general revenues, in the Department of Human Services' Division of Elderly Affairs' budget. The working group submitted its report on May 1, 2015 that included specific quality improvement and cost savings measures for redesigning Medicaid to meet the specific system transformation goals and reduced Medicaid spending. The Governor subsequently requested an amendment that restored her original savings, made supplemental security income changes and assumed additional savings from other operational efficiencies. **The Assembly included Article 5 for the statutory and resolution changes, each are discussed separately along with any programmatic changes that did not require legislative action.***

Staffing. The Department requested 995.6 full-time equivalent positions in FY 2016, which is 36.5 positions above the enacted authorization. The enacted budget includes a reduction of 35.0 unspecified positions, leaving the Department to manage its vacancies, and the request restored those 35.0 positions and added another 1.5 positions. Compared to the enacted budget, the request added 8.0 positions for the Office of Rehabilitation Services, 2.0 positions each for child care, child support enforcement, and central management and shifted eligibility technicians from cash assistance to Medicaid determinations, based on increased activity. The request also eliminated 10.0 Unified Health Infrastructure Project positions, 1.0 Race to the Top position, and 2.0 positions for the low income home energy assistance program while it moved numerous other positions among programs.

The enacted budget includes funding for approximately 872 positions, leaving around 86 positions unfunded. The Department’s request includes authorization for an additional 36.5 positions; however, about 9 appear funded. It assumes some will be filled while other funded positions will become or remain vacant, and assumes numerous vacant positions will be filled at lower pay grades. As a result of these changes, the request includes approximately 77 unfunded and 918 funded positions. The Department averaged 840.0 filled positions in FY 2014 and 855.5 positions through December 2014; the Department has sufficient clearance to fund positions without increasing the authorization. The request includes authorization for 134 positions and funding for 57 positions above the number filled on November 3rd.

The Department requested \$95.7 million from all sources for salaries and benefits, which is \$3.3 million more than enacted, including increases of \$2.8 million from general revenues and \$0.6 million from federal funds. The request restores \$0.4 million of the \$8.3 million assumed as turnover savings in the enacted budget, increases overtime expenses by \$0.1 million to a total of \$5.4 million, and includes \$4.3 million, including \$2.0 million from general revenues for the cost-of-living adjustment. In April 2014, the Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015, offset by increased cost sharing measures for medical benefits.

The Department’s constrained request shifted general revenue staffing expenses for the general public assistance bridge program, which the constrained request eliminated, to the supplemental nutrition assistance program that utilizes 50 percent federal funding. The total staffing costs and number of positions remain the same, but general revenue staffing expenses would be reduced by \$0.5 million.

The following table shows the number of positions by program in the enacted budget, request, Governor’s recommendation and the FY 2016 enacted authorization. The details of the staffing changes by program are included with the analysis of the Department’s FY 2015 revised request.

Staffing Changes	FY 2015 Enacted	FY 2016 Request	Change to Enacted	FY 2016 Gov. Rec.	Gov. to Enacted	Gov. to Request	FY 2016 Enacted
Central Management	60.0	62.0	2.0	62.0	2.0	-	62.0
Office of Child Support	58.0	60.0	2.0	60.0	2.0	-	60.0
Individual & Family Support	471.5	462.0	(9.5)	462.0	(9.5)	-	462.0
Health Care Eligibility	134.0	141.0	7.0	141.0	7.0	-	141.0
Elderly Affairs	31.0	31.0	-	31.0	-	-	31.0
Veterans Affairs	239.6	239.6	-	239.6	-	-	239.6
Unidentified	(35.0)	-	35.0	(36.5)	(1.5)	(36.5)	(36.5)
Total	959.1	995.6	36.5	959.1	0.0	(36.5)	959.1

The Governor recommended \$94.8 million from all sources, including \$42.5 million from general revenues, which is a total of \$0.9 million less than requested and \$2.4 million more than enacted. She included turnover savings of \$8.7 million from maintaining approximately 94 vacant positions, which is \$0.9 million or approximately 10 positions more than assumed vacant in the enacted budget. Consistent

with her revised budget, she recommended the enacted level of authorized positions; however, she funded and provided authorization for the 36.5 new positions, offset by an unspecified 36.5 position reduction to be at the discretion of the Department. **The Assembly concurred.**

Unified Health Infrastructure Project. The Department requested \$8.1 million from all sources including \$3.4 million from general revenues and \$4.7 million from federal funds for 37.0 positions and operations related to the Unified Health Infrastructure Project. This is \$0.7 million more than enacted, including \$0.1 million less from general revenues and \$0.8 million from more federal funds and 10.0 fewer positions. The request includes \$4.8 million for information technology expenses through a contract with the main vendor, Deloitte, \$0.3 million more than enacted. It also includes \$0.3 million for operating expenses, which is \$0.2 million more than enacted, primarily for postage and supplies.

The request includes \$3.0 million for salaries and benefits, which is \$0.1 million more than enacted, though it assumes approximately \$0.2 million in turnover savings from attrition and delays in filling vacancies and eliminates 10.0 unfunded positions, consistent with the revised request. Based on the request, the cost-of-living increase is \$133,442, including \$22,696 from general revenues.

The project is a joint venture between the Department, Office of Health and Human Services, and the new health benefits exchange to create smoother transitions for individuals, who upon entering their personal information are not eligible for the exchange, can seamlessly enroll in Medicaid or other assistance without calling a different office and re-entering their information.

The Governor recommended \$36.8 million for the project in FY 2016. The Governor provided \$34.5 million, including \$5.2 million from general revenues, for costs in the Office of Health and Human Services and the Department of Human Services' budgets. She also included Section 5 of Article 10 to transfer \$6.4 million of bond premiums from Rhode Island Capital Plan funds into the technology fund in FY 2015 to support the project and included use of \$2.0 million from the fund for FY 2016. She provided \$7.5 million in the Department's budget, including \$2.6 million from general revenues in FY 2016.

*The Department subsequently indicated that additional federal funding was available to include child support in the project and that the project would be delayed by one year to reflect this change. **The Assembly provided the recommended funding but did not transfer bond premiums into the Information Technology Investment Fund for the project; it assumed the use of existing technology fund resources. It should be noted the final project scope and costs have still not been determined and a new function will be added incorporating child support enforcement activities.***

InRhodes Eligibility System. The Department requested \$4.1 million from all sources, including \$1.1 million from general revenues and \$3.0 million from federal funds to operate and maintain the InRhodes eligibility system as well as transition to the new eligibility system in FY 2016. The request is \$0.8 million less than enacted, including \$0.4 million less from both general revenues and federal funds. InRhodes, which processes applications for cash assistance and Medicaid eligibility, is over 30 years old and is being replaced with the new system being developed as part of the Unified Health Infrastructure Project, discussed previously. The new eligibility system was expected to be rolled-out on July 6, 2015, but Northrup Grumman will continue support for up to six months and will continue to operate the child support interface since that component is not part of the new eligibility system. The child support division uses InRhodes to verify an individual's eligibility for or participation in one of these programs; InRhodes is not used to determine eligibility for child support services.

Currently the participating programs contribute to the cost of maintaining the InRhodes system; the child support division contributes 15.6 percent of the \$4.8 million in the enacted budget, Medicaid eligibility contributes 21.2 percent and the cash assistance programs contribute 63.3 percent. Because the programs, excluding child support, are being converted to the new program, their funding for InRhodes will

transition to the new eligibility system once it is operational. Although the InRhodes contract will be reduced once child support is the only program requiring support, the cost will no longer spread among all the programs. The request accounted for this shift and included \$1.9 million from the child support division, which is \$1.1 million more than enacted, and \$2.2 million from the other eligibility programs, which is \$1.9 million less than enacted.

The Governor recommended funding as requested. The Department subsequently indicated that InRhodes would be continued for FY 2016 since the child support component was added to the Unified Health Infrastructure Project, which would bring the InRhodes funding shares closer to the enacted levels; however, the Department did not identify what the funding changes were for the project and InRhodes programs in FY 2016. The Assembly concurred with the Governor's recommendation.

Cash Assistance Programs

The November Caseload Estimating Conference estimate includes \$108.7 million from all sources, including \$29.8 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$2.0 million more than enacted, including \$0.2 million more from general revenues. Consistent with the revised request, the Department's request is essentially consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November conference since the request was submitted prior to the conference.

The following table itemizes cash assistance expenditures as enacted by the 2014 and 2015 Assemblies, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2014. Each category is discussed separately.

Cash Assistance	FY 2014 Spent	FY 2015 Enacted	FY 2015 Final	FY 2016 Nov. CEC	FY 2016 Gov. Rec.	FY 2016 May CEC	FY 2016 Enacted
Rhode Island Works							
Persons	14,559	14,450	14,450	13,475	13,475	12,216	12,216
Monthly Cost per Person	\$ 182.71	\$ 182.00	\$ 182.00	\$ 183.00	\$ 183.00	\$ 181.71	\$ 181.71
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	35.7	35.6	35.6	33.3	33.3	29.2	29.2
Total Costs*	\$ 35.7	\$ 35.6	\$ 35.6	\$ 33.3	\$ 33.3	\$ 29.2	\$ 29.2
Child Care							
Subsidies	7,113	7,146	7,146	7,950	7,950	8,600	8,629
Annual Cost per Subsidy	\$ 6,918	\$ 7,000	\$ 7,000	\$ 6,950	\$ 6,950	\$ 6,850	\$ 7,100
General Revenue	\$ 9.7	\$ 9.7	\$ 9.7	\$ 9.7	\$ 9.7	\$ 9.7	\$ 11.4
Federal Funds	39.9	41.5	41.5	45.6	45.6	49.2	49.9
Total Costs*	\$ 49.6	\$ 51.1	\$ 51.1	\$ 55.3	\$ 55.3	\$ 58.9	\$ 61.3
SSI							
Persons	33,600	33,930	33,930	34,239	34,239	34,101	34,101
Monthly Cost per Person	\$ 45.35	\$ 45.50	\$ 45.50	\$ 45.40	\$ 45.40	\$ 44.85	\$ 45.59
Total Costs/General Revenue*	\$ 18.3	\$ 18.6	\$ 18.6	\$ 18.7	\$ 18.7	\$ 18.4	\$ 18.7
SSI Transition/Bridge							
Persons	487	500	500	465	465	434	434
Monthly Cost per Person	\$ 133.28	\$ 113.50	\$ 113.50	\$ 132.00	\$ 132.00	\$ 135.00	\$ 135.00
General Revenue	\$ 1.7	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4
Federal Funds	0.3	-	-	-	-	-	-
Total Costs*	\$ 2.0	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4
General Revenue	29.7	29.7	29.7	29.8	29.8	29.5	31.5
Federal Funds	75.9	77.0	77.0	78.9	78.9	78.4	79.1
Total Cash Assistance*	\$ 105.6	\$ 106.7	\$ 106.7	\$ 108.7	\$ 108.7	\$ 107.9	\$ 110.5

*Expenditures in millions

The Governor recommended funding consistent with the caseload estimate. She also included Sections 4 and 5 of Article 14 to remove cash assistance from the estimating purview of the Caseload Estimating Conference. The Assembly provided \$110.5 million from all sources, including \$31.5 million from general revenues. This reflects a reduction of \$0.8 million to be consistent with the May caseload estimate and \$2.2 million more for increased child care provider rates and \$0.2 million from permanently extending child care to individuals in approved training programs who need child care to participate. The Assembly included language in Article 17 for the child care changes and did not concur with the proposal to remove cash assistance from the Conference.

Maintenance of Effort Requirement. The Department is required to spend \$60.4 million from general revenues as its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant, assuming it meets its work participation rates. The state has separate one-parent and two-parent participation rates, but receives the penalty if either rate is not met; for Rhode Island, this penalty increases the requirement by \$4.0 million to \$64.4 million. The state has not met its 90 percent two-parent participation rate, so it must maintain the higher maintenance of effort.

Work participation rates are the percent of qualified parents that are participating in work, work-like activities or the individualized employment plan. Almost all individuals receiving Rhode Island Works are required to immediately enter into individualized employment plans, which can include job search and readiness, vocational or adult education, on-the-job training and subsidized employment. The Department has not met its 90 percent two-parent work participation rate, which requires one parent to engage in work activities for 35 hours a week, because families who are in non-compliance with their work plan remain on the active caseload. The rules and regulations call for individuals and families to be sanctioned and have benefits reduced or eliminated when they are not in compliance with the individual employment plan, miss appointments, or refuse or quit employment.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Departments of Children, Youth and Families and Labor and Training. The Department's request assumes that the higher \$64.4 million requirement will be met. *The Governor's budget assumes the state meets its maintenance of effort requirements for the block grant funding. The Assembly concurred and also passed 2015-H 5926 which allows both parents to contribute towards the 35-hour minimum requirement in an effort to meet the two-parent participation rate.*

Rhode Island Works. The November Caseload Estimating Conference estimate includes program expenditures of \$33.3 million entirely from federal funds. The estimate decreased the monthly caseload by 975 cases to a level of 13,475 and the monthly cost per person increased by \$1.00 to \$183.00; both components are consistent with the FY 2015 estimate. The estimated program expenditures are \$2.2 million less than the enacted budget, primarily from the reduced number of persons with \$0.3 million less for transportation expenses along with minor adjustments for clothing and other supportive services. The Department requested \$3.2 million more than enacted for the program in error; the request did not reflect the estimate adopted at the November caseload conference. *The Governor recommended funding consistent with the caseload estimate. The Assembly provided \$29.2 million from federal funds, consistent with the May caseload estimate, which lowered the number of persons by 1,259 to 12,216 and the average monthly cost by \$1.29 to \$181.71.*

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of \$55.3 million, of which \$9.7 million is from general revenues. This is \$4.1 million more from federal

funds than enacted, reflecting 804 additional child care subsidies for a monthly level of 7,950 and decreased the annual cost by \$50 to \$6,950 for FY 2016. The Department's request adds \$1.3 million, primarily from federal funds to reflect increased utilization; the request did not reflect the estimate adopted at the November caseload conference.

A family is eligible for child care assistance either automatically as participants in the Rhode Island Works program or if they have income at or below 180 percent of federal poverty. The 2013 Assembly enacted a pilot program allowing families who initially qualify through income to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013 through September 30, 2014. The 2014 Assembly extended the pilot through September 30, 2016. *The Governor recommended funding consistent with the caseload estimate.*

The Assembly provided \$61.3 million, including \$11.4 million from general revenues. It included an increase of \$3.6 million from federal sources, consistent with the May caseload estimate, which increased the number of subsidies by 650 to 8,600 and reduced the average annual cost per person by \$100 to \$6,850. It also provided language in Article 17 and additional funding for child care programs. This includes \$2.2 million, including \$1.7 million from general revenues from increased child care provider rates; it increased the weekly rate paid to family-based providers for infant care by \$10 and increased all weekly rates for all providers for all age groups by 3.0 percent. It also includes \$0.2 million from federal sources to permanently extend child care to individuals in certain approved training programs that need child care to participate. These changes increased the number of subsidies to 8,629 and the average annual cost per person to \$7,100. The Assembly did not concur with the proposal to remove cash assistance from the Conference.

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes FY 2016 direct supplemental security income expenditures of \$18.7 million from general revenues, or \$0.1 million more than enacted. The estimate increased the caseload by 309 persons to a monthly level of 34,239 and decreased the monthly cost per person by \$0.10 to \$45.40. The estimate also includes transaction fees of \$52,000, \$1,500 less than enacted. The Department's request was consistent with the enacted level and did not reflect the conference estimate.

As part of its constrained budget, the Department reduced benefit expenditures by \$0.4 million, or 2.4 percent, but did not indicate whether it proposed a benefit reduction or to end the program. The Department planned to reach out to the federal Social Security Administration with a formal request to either reduce or eliminate the payment, but did not submit the request. Changes to this program require at least 90 days advanced notice to the Social Security Administration and must be done on the beginning of a quarter, in addition to statute and administrative rules and regulations changes.

The Governor recommended funding consistent with the caseload estimate and did not include the reductions proposed in the constrained request. She subsequently requested an amendment to create a state supplemental payment to the federal Supplemental Security Income payment for certain individuals residing in adult supportive housing that are not currently included. This creates a new category with a payment of \$465 per person per month, \$133 above the state's monthly assisted living payment, at an estimated cost of \$301,320 from general revenues for FY 2016.

The Assembly included \$18.4 million from general revenues, consistent with the May caseload estimate which reduced the number of people by 138 to 34,101 and lowered the average monthly cost by \$0.55 to \$44.85. It also included \$0.3 million and Sections 8 and 18 of Article 5 to make the changes requested as part of the Reinventing Medicaid working group recommendations. This change increased the average monthly cost to \$45.59.

The following table includes the categories and monthly payments for calendar year 2015, including the changes made by the Assembly, which begin in July 2015.

Supplemental Security Income Payments Category	Beginning 1-1-2015			Beginning 7-1-2015		
	State	Federal	Total	State	Federal	Total
Individual living alone	\$ 39.92	\$ 733.00	\$ 772.92	\$ 39.92	\$ 733.00	\$ 772.92
Couple living alone	\$ 79.38	\$ 1,100.00	\$ 1,179.38	\$ 79.38	\$ 1,100.00	\$ 1,179.38
Individual living with others	\$ 51.92	\$ 488.67	\$ 540.59	\$ 51.92	\$ 488.67	\$ 540.59
Couple living with others	\$ 97.30	\$ 733.34	\$ 830.64	\$ 97.30	\$ 733.34	\$ 830.64
Resident in state licensed supportive residential care	\$ 300.00	\$ 733.00	\$ 1,033.00	\$ 300.00	\$ 733.00	\$ 1,033.00
Resident in assisted living	\$ 332.00	\$ 733.00	\$ 1,065.00	\$ 332.00	\$ 733.00	\$ 1,065.00
Resident in Medicaid certified long-term care residence with income over 120% FPL	N/A	N/A	N/A	up to \$465.00	\$ 733.00	Up to \$1,198.00
Resident in Medicaid certified long-term care residence with income up to 120% FPL	N/A	N/A	N/A	\$ 797.00	\$ 733.00	\$ 1,530.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00	\$ 20.00	\$ 30.00	\$ 50.00

Assisted Living State Supplemental Payment. The Department requested the enacted level of \$335,284 from general revenues, which is \$64,523 more than FY 2014 expenditures, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals living 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. She subsequently requested an amendment to increase funding by \$23,914 to reflect anticipated expenditure estimates provided by the Department during the May Caseload Estimating Conference. The Assembly concurred.*

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$1.4 million, entirely from general revenues, which is \$39,560 more than enacted. The estimate includes \$0.7 million for cash payments and \$0.7 million for burials, reduces the projected number of persons by 35 to 465 and increases the monthly cost per person by \$18.50 to \$132.00. The Department's request is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active supplemental security income application.

As part of its constrained request, the Department eliminated the cash assistance payments from the general public assistance program, maintaining burial expenditures of \$700,000. This is estimated to save \$706,000 from general revenues. Discussed separately, but related, the constrained request also shifted all but two staff members currently working on the general public assistance program to the supplemental nutrition assistance program. This is estimated to save an additional \$0.5 million from general revenues by shifting the general revenue portion of the salary and benefit expenses for these positions to federal funding at a 50 percent rate. If the positions are eliminated with the program, this would result in savings of \$1.1 million from general revenues.

The Governor recommended funding consistent with the caseload estimate and did not include the reductions proposed in the Department's constrained request. The Assembly included \$1.4 million from general revenues, consistent with the May caseload estimate which increased expenditures by \$3,320, including \$33,480 less for cash benefits from reducing the number of persons by 31 to 434 and increasing the cost per person by \$3.00 to \$135.00 and \$36,800 more for burials.

Hardship Payments. The Department requested \$180,000 from general revenues, or \$30,000 less than enacted, for hardship contingency payments, which provide temporary support to persons who do not

qualify for the supplemental security income or Rhode Island Works programs. The Department spent \$112,775 in FY 2014 and \$151,675 in FY 2013; it has 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.

As part of its constrained request, the Department proposed eliminating this program in conjunction with the other general public assistance reductions; this program could be eliminated independently.

*The Governor recommended funding consistent with the enacted budget and did not include the reductions proposed in the Department's request or constrained request. **The Assembly concurred.***

Cash Assistance Administration

Rhode Island Works Pilot. The Department requested the enacted level of \$1.5 million 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 Department planned to issue a request for proposals to establish a contract creating and managing a transportation assistance program for Rhode Island Works clients in January 2015 and anticipated spending up to \$0.4 million annually for these services to assist Rhode Island Works clients with transportation issues that are barriers to obtaining and maintaining employment. *The Governor recommended funding as requested. **The Assembly concurred; however, it should be noted that updated plans from the Department indicate it will no longer pursue this transportation contract.***

Cash Assistance Administration. The Department requested \$28.9 million from all sources for expenses related to administering the Rhode Island Works, subsidized child care, supplemental security income and general public assistance programs, including \$6.4 million from general revenues and \$22.5 million from federal funds. The request is \$0.4 million more than enacted, including \$0.7 million more from general revenues and \$0.3 million less from federal funds, and is \$1.1 million more than the revised request.

The request includes \$13.8 million for salary and benefit expenses. Consistent with the revised request, the request shifts 15.0 eligibility technicians to handle Medicaid determinations, assumed additional turnover savings from the shifting of union employees among positions, and added 2.0 positions for child care administration. The request includes \$0.6 million to fund the cost-of-living increase, including \$0.2 million from general revenues and \$0.4 million from federal funds.

Requested operating expenditures total \$15.1 million, \$0.4 million more than enacted. The request includes grant expenditures of \$8.6 million for training and work activities for Rhode Island Works recipients and \$1.7 million for child care related programs, including licensing functions, resource and referral services, and training programs. It also includes \$1.8 million for lease and security costs for the field offices, \$0.8 million for postage and printing, \$0.3 million for interpreters and translators, and \$0.4 million for the monthly fee to charge the electronic benefit cards for the Rhode Island Works recipients. It also includes \$1.5 million for all other operating expenses, including office supplies, utilities, and various maintenance expenses; operating adjustments are consistent with the revised request, except for \$0.1 million increases for both security and information technology services.

As part of its constrained request, the Department shifted general revenue staffing expenses of \$0.5 million for the general public assistance program to federal sources within the supplemental nutrition assistance program. The request assumes that by eliminating the general public assistance program, the general revenue funded positions will be transferred to the supplemental nutrition assistance program where staffing expenses are split with federal funds. It should be noted that the general revenues for these transferred positions remained budgeted in the Rhode Island Works account in the constrained request

while the federal funds are included with the nutrition program. Eliminating these positions, instead of shifting them, would result in general revenue savings of \$1.1 million.

*The Governor recommended \$28.3 million from all sources, including \$5.8 million from general revenues, which is \$0.6 million less from general revenues than the unconstrained request, entirely from assuming additional vacancies in Rhode Island Works administration. The Governor did not recommend the program reduction included in the constrained request. **The Assembly concurred.***

Division of Veterans' Affairs

Staffing and Contracted Nurses. The Department requested \$26.1 million from all sources for staffing and contracted nurse expenses in the Division of Veterans' Affairs, including \$18.3 million from general revenues and \$7.8 million from federal funds for 239.6 positions. This is \$1.2 million more than enacted, including increases of \$0.8 million from general revenues and \$0.4 million from federal funds for the enacted number of positions. The request includes \$24.5 million for salaries and benefits, which is \$1.3 million more than enacted, including \$0.1 million for additional overtime expenses, \$0.1 million from step increases and updated benefit rates, along with \$0.1 million less for holiday pay. Based on the request, the cost-of-living increase is \$1.1 million, including \$0.8 million from general revenues. The request includes \$1.6 million for the contracted nursing pool, which is \$0.1 million less from general revenues from filling more positions, thus reducing the need for contracted nurses.

*The Governor recommended funding contracted nurses as requested and salaries and benefits at \$0.3 million less than requested, including \$0.7 million less from general revenues and \$0.3 million more from federal funds. This includes \$0.8 million in turnover savings from maintaining additional vacancies and adds \$0.1 million from general revenues for the Division Director position; the position has been included in the prior budgets, but not funded. The job description and specifications are being updated in FY 2015, which then requires approval in a public hearing before the position can be filled. **The Assembly concurred.***

All Other Operations. The Department requested \$3.5 million for all other operating expenses, including \$2.8 million from general revenues, \$0.1 million from federal funds and \$0.6 million from restricted receipts. This is \$0.2 million more than enacted, including \$37,513 more from general revenues. The request includes \$0.8 million for food costs, \$0.8 million for medical supplies, testing and pharmaceuticals, \$0.7 million for janitorial and linen expenses, \$0.5 million for grave liners at the cemetery, \$0.2 million for computer information technology related expenses, which is \$0.1 million than enacted and \$0.4 million for other operating expenses, which is \$0.1 million more than enacted and essentially consistent with the revised request. *The Governor recommended \$47,436 more from general revenues to align insurance costs with prior year expenditures. **The Assembly concurred.***

Capital Projects. The Department requested \$61,000 from restricted receipts for the replacement of two vehicles at the Veterans' Cemetery in Exeter. However, the revised request also includes the vehicles, thus the FY 2016 request acts a placeholder in case additional vehicles are needed. The request is \$79,000 less than enacted from restricted receipts for vehicle purchases at the Veterans' Home and the cemetery. The request assumes that renovation projects at the Veterans' Home will be completed in FY 2015 and includes no projects at either the Home or the Cemetery.

Although not reflected in the expenditure totals, the Department requested expenditures of \$38.2 million from general obligation bond proceeds for the design and construction of the new Veterans' Home in FY 2016. *The Governor recommended funding for the vehicles as requested and also recommended a total of \$47.5 million for the new Veterans' Home in FY 2016, including \$34.2 million from federal funds and \$13.4 million from general obligation bond proceeds. **The Assembly concurred. This project is discussed in greater detail in the Capital Budget section of this publication.***

Division of Elderly Affairs

Pharmaceutical Assistance to the Elderly. The Department requested \$137,026 from restricted receipts to fully fund the pharmaceutical assistance program, which is \$186,794 less than enacted as participation and utilization of the program continues to decrease each year. The request eliminates the enacted level of \$24,484 from general revenues and includes \$162,310 less from restricted receipts. The request includes \$92,026 for salaries and benefits for 1.0 position, which is \$228 less than enacted and reflects a reduction in medical and vision rates. This does not appear to include updated benefit rates provided by the Budget Office or the estimated value of the cost-of-living adjustment, which is \$4,358; the request appears to underfund the position by up to \$16,035.

The request includes \$45,000 for rebate payments, a reduction of \$129,484 to reflect a lower number and costs of rebate payments over the past several years. It also eliminates \$57,103 for the contract with Hewlett-Packard for processing the point of sale pharmaceutical transactions as they continue to decrease and it appears the contract is paid through the Office of Health and Human Services. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Staffing. The Department requested \$3.1 million from all sources, including \$1.3 million from general revenues and \$1.8 million from federal funds for salaries and benefits for the remaining 30.0 full-time equivalent positions. This is \$31,444 less than enacted, including \$118,936 more from general revenues. Based on the request, the cost-of-living increase is \$141,846, including \$60,318 from general revenues and the request assumes maintaining approximately 1.5 positions vacant for the full year to support the increase. The Division's three vacancies were filled in the middle of FY 2015, and the turnover assumed is based on the average number of vacant positions over the past three years. The request also shifted expenses from federal funds to general revenues because of stricter interpretations of the federal guidelines regarding the amount of grant funds that can be used for administration combined with a continued reduction and end to certain federal grant awards, consistent with the revised request. *The Governor recommended \$802 less from general revenues than requested to correct benefit expenditures that were inadvertently included in the request. The Assembly concurred.*

Home Care Services. The Department requested \$4.1 million from all sources, including \$2.1 million from general revenues for the home care services program. This is \$0.7 million more than enacted, including \$0.4 million from both general revenues and federal funds to reflect a 21.9 percent increase in expected program utilization based on FY 2014 experience and the first quarter of FY 2015. This program serves low-income elders who pay a portion of the hourly cost of home care services, including bathing, dressing, household chores, and ambulatory needs. It is designed to reduce the occurrence of low-income elderly moving into an assisted living or nursing home setting.

As part of its constrained request, the Department eliminated these services. The implementation of the Affordable Care Act in January 2014 did not affect these services and this population. The proposal did not include an estimate of potential impacts to the state's long term care expenses.

The Governor recommended total funding of \$4.1 million, consistent with the unconstrained request, but shifted \$12,375 from general revenues to federal funds to correct the federal match rate. As previously noted, the Governor included savings of \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid work group and supporting documents include \$3.0 million, of which \$1.5 million is general revenues, from improved oversight and efficiency, such as consistent payment rates and strengthening eligibility determination. This includes \$0.5 million, including \$250,000 from general revenues in the Division of Elderly Affairs. The Governor subsequently requested an amendment to restore these funds. The Assembly concurred and restored the funds.

Adult Day Care Services. The Department's request includes \$1.9 million from all sources, including \$0.9 million from both general revenues and federal funds for the adult day care services program. This is \$0.9 million or 32.0 percent less than the enacted level, including \$0.4 million less from general revenues, based on FY 2014 experience and the first quarter of FY 2015. This program serves low-income elders who pay a portion of their day care services.

As part of its constrained request, the Department eliminated these services. The implementation of the Affordable Care Act in January 2014 did not affect these services and this population. The proposal did not include an estimate of potential impacts to the state's long term care expenses.

*The Governor recommended total funding of \$1.9 million, consistent with the unconstrained request, but shifted \$5,650 from general revenues to federal funds to correct the federal match rate. As previously noted, the Governor included savings of \$96.2 million, of which \$46.0 million is from general revenues, as part of the Reinventing Medicaid work group and supporting documents include \$3.0 million, of which \$1.5 million is from general revenues, from improved oversight and efficiency, such as consistent payment rates and strengthening eligibility determination. This includes \$0.5 million, including \$250,000 from general revenues in the Division of Elderly Affairs. The Governor subsequently requested an amendment to restore these funds. **The Assembly concurred and restored the funds.***

Case Management Services. The Department's request includes \$0.9 million from all sources, including \$0.5 million from general revenues for elder case management services. This is \$21,153 less than enacted from all sources, including \$10,297 from general revenues, representing a 2.3 percent reduction, based on the FY 2014 expenditures and the first quarter of FY 2015. These services were previously funded only from state funds; however, the Department is now able to leverage Medicaid through the Medicaid waiver. Case management programs assist older Rhode Islanders who wish to remain at home as long as possible. The state leverages federal funds for both individuals eligible for Medicaid and those not Medicaid eligible, but eligible through the provisions in the Medicaid waiver.

As part of its constrained request, the Department requested to eliminate these services for individuals who are not Medicaid eligible. The implementation of the Affordable Care Act in January 2014 did not affect these services and this population. Medicaid eligible individuals will continue to receive these services and the non-Medicaid individuals would have to pay for the services out of pocket.

*The Governor recommended total funding of \$0.9 million, consistent with the unconstrained request, but shifted \$1,595 from general revenues to federal funds to correct the federal match rate. **The Assembly concurred.***

All Other Grant Programs and Operations. The Department requested \$7.2 million from all sources for all other grants and operating expenses for the Division, including \$0.6 million from general revenues and \$6.6 million from federal funds. This is \$63,237 less than enacted, including \$56,729 more from general revenues. The request reduced grants for the Point and respite care because they are ending, and increased grants for nutrition and Medicaid expenses. Consistent with the revised request, it also shifted expenses from federal funds to general revenues because of stricter interpretations of federal guidelines regarding the amount of grant funds that can be used for administration combined with an overall reduction in federal grant awards.

*Consistent with the revised recommendation, the Governor recommended \$0.3 million more than requested, including \$61 less from general revenues for updated insurance costs. She included additional federal funds of \$0.2 million for adjustments to existing grants and for a new grant for a nutrition program providing monthly food assistance targeted at low-income seniors. **The Assembly concurred.***

Other Programs

Health Care Determination Administration. The Department requested \$16.5 million from all sources for expenses related to eligibility determinations for Medicaid and long term care services, including \$7.8 million from general revenues and \$8.7 million from federal funds. This is \$0.5 million more than enacted, including \$0.8 million more from general revenues. The request includes \$2.9 million for operating expenses, including \$0.9 million for lease and security costs for the field offices, \$0.7 million for audit expenses, \$0.6 million for printing and postage, \$0.2 million for interpreter services, and \$0.6 million for maintenance, utilities, office supplies and all other operating expenses.

The request includes \$13.6 million for salary and benefit expenses, including \$6.8 million from both general revenues and federal funds; this is \$0.3 million more than enacted, including \$0.8 million more from general revenues. The enacted budget assumed an enhanced Medicaid rate can be leveraged for more positions than will be achievable, and the request includes additional general revenues to fund the difference. In addition, the cost-of-living increase is \$0.6 million, including \$0.3 million from both general revenues and federal funds, based on the request. Consistent with the revised request, the Department shifted 16.0 eligibility technicians from Rhode Island Works administration, though they do not appear to be funded. The request includes \$0.8 million for overtime and assumes turnover savings from approximately 16.0 vacant positions. Staff in this program work in the field offices processing Medicaid eligibility claims or are long term care administrators that determine eligibility for state long term care medical assistance services and determine post-eligibility treatment of income.

The Governor recommended funding as requested except to add \$96 from general revenues for insurance expenditures. She subsequently requested an amendment that assumed \$1.0 million in savings, including \$0.5 million from general revenues for operational efficiencies tied to her Reinventing Medicaid initiative. The Assembly concurred.

Child Support Enforcement - IRS Expenditures. The Department requested \$300,000 from general revenues to establish an account for Internal Revenue Service adjustments of tax intercepts after payments are made to custodial parents. Sometimes after the Internal Revenue Service intercepts owed child support and the state forwards the funds onto the custodial parent, it is determined that the tax return included errors or was fraudulent and the Internal Revenue Service recovers the funds from the state. However, the state has already sent the funds to the family and when it cannot collect the funds from the family, the state pays the cost.

There had been sufficient funds in prior years in an account from a series of cases that had not been fully paid or closed out; however, this backlog has cleared up and the account no longer has the capacity to absorb any Internal Revenue Service clawbacks, as they are called. The average total of the payments has been approximately \$0.3 million annually and the request would provide funding when any clawbacks occur. The request is based on years of history and since the state will have this expense every year, the Department indicated a need to budget and plan for it. *The Governor recommended funding as requested. The Assembly concurred.*

Child Support Enforcement - All Other Staffing and Operations. The Department requested \$8.5 million from all sources for other expenditures related to child support enforcement. This includes \$2.3 million from general revenues and \$5.2 million from federal funds and is \$20,628 more than enacted, including \$48,266 less from general revenues. The request includes \$2.6 million for all operating expenses, including \$0.7 million for processing payments and claims, \$0.5 million for lease and security costs, \$0.5 million for constable services, \$0.4 million for postage and printing, and \$0.5 million for all other operating expenditures.

The request includes \$4.9 million for salaries and benefits for 60.0 positions, which is \$33,235 and 2.0 positions more than enacted, including a high-level finance position to satisfy recommendations from the most recent state audit that certain tasks and reconciliations need to be done that currently are not done and also an assistant for the division director, which are both funded in the request. It also includes \$75,000 for overtime expenditures, which is \$20,000 more than enacted, assumes turnover for approximately 8.5 positions, which is approximately 4 more than assumed in the enacted budget, and includes \$0.2 million for the cost-of-living adjustment, including \$73,589 from general revenues.

The Governor recommended \$64,640 less than requested, including \$21,978 less from general revenues. This includes reductions of \$63,935 for constable services and \$705 for insurance expenditures to align funding with prior year spending. The Assembly concurred.

Women, Infants and Children's Nutrition Program. The Department requested \$26.0 million from federal funds for the benefits and administration of the Women, Infants and Children's nutrition program. This includes \$18.8 million, or \$0.6 million less for direct benefit payments, \$6.6 million or \$0.1 million more from administrative funds, and the enacted level of \$139,700 for the farmer's market program. From administrative funds, the request includes \$4.3 million for the various vendors in the field who issue the benefit vouchers to recipients, \$0.7 million for information technology and claims processing which is \$0.1 million more than enacted to develop a replacement data collection system and prepare the state to be able to utilize electronic benefit cards by 2020, and \$0.3 million for all other operating expenses. The request includes \$1.4 million or \$46,671 less for salaries and benefits for 15.0 full-time equivalent positions. This includes turnover savings of \$111,903 from maintaining vacancies and \$65,232 more for the cost-of-living adjustment. *The Governor added \$75 to bring insurance expenses up to FY 2014 expenditure levels, consistent with the revised recommendation. The Assembly concurred.*

Supplemental Nutrition Assistance Program - Benefits. The Department requested \$268.0 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. This is \$32.6 million less than enacted and \$17.9 million less than the amount spent in FY 2014. The enacted level was based on FY 2013 expenditures; however, the recent slight decline in utilization is expected to continue as the economy improves and the temporary increase in benefit levels from the Stimulus Act ended in November 2013, automatically reducing benefit levels compared to FY 2013. *The Governor recommended funding as requested. The Assembly concurred.*

Supplemental Nutrition Assistance Program - Technology Improvement Grant. The enacted budget includes \$405,375 from federal funds from a two-year technology improvement grant to be used in FY 2014 and FY 2015 for document imaging. There had been delays in FY 2014, but the Department anticipated spending the entire award in FY 2015 now that final plans have been developed, thus no funding is included in the FY 2016 request. The original plan overlapped and duplicated scanning programs that are being developed for the Unified Health Infrastructure Project, which was not an allowable use of the grant funding. The Department developed a new plan to contract with Deloitte for the conversion of certain documents to a new system and other electronic document scanning; the proposed system will compliment and be compatible with the other Deloitte programs. *The Governor concurred. The Assembly also concurred.*

Supplemental Nutrition Assistance Program - Staffing. The Department requested \$12.8 million, including \$6.4 million from both general revenues and federal funds, for staffing expenses to administer the supplemental nutrition assistance program. This is \$0.9 million more than enacted, including \$0.5 million from general revenues. The request includes funding for 5.0 positions shifted from elsewhere in the Department, maintains overtime at the enacted level of \$1.0 million, and includes \$0.6 million from the cost-of-living adjustment, including \$0.3 million from general revenues.

As part of its constrained request, the Department increased federal staffing expenses by \$0.5 million. The request assumed that by eliminating the general public assistance program, discussed separately, the general revenue funded positions would be transferred to the supplemental nutrition assistance program where staffing expenses are split with federal funds. It should be noted that the general revenues for these transferred positions remained budgeted in the Rhode Island Works account in the constrained request while the federal funds were included with the nutrition program. *The Governor recommended funding as requested and did not include the changes in the constrained request.* **The Assembly concurred.**

Supplemental Nutrition Assistance Program - All Other Operations. The Department requested \$7.4 million from all funds, including \$1.6 million from general revenues and \$5.8 million from federal funds, for operating expenses for administration of the supplemental nutrition assistance program. The request is \$1.7 million more than enacted, including \$34,081 more from general revenues, and reflects increased and newly awarded grants for education, employment and training services, and supports while in training programs. The request includes \$1.1 million for administrative grants to participating vendors, \$1.4 million for the electronic benefit cards, \$0.8 million for printing and postage expenses, and \$0.7 million for lease and security costs. It also includes \$1.4 million for nutrition education, \$1.2 million for employment and training services and \$0.2 million for new awards to provide transportation and child care services for individuals in training and education programs that need these services to participate. The request contains \$0.7 million or \$0.1 million more than enacted, for all other operating expenditures, such as interpreters, audit fees, utilities and office supplies. *The Governor recommended \$390 less from federal funds than requested to reflect FY 2014 expenditures for insurance.* **The Assembly concurred.**

LIHEAP and Weatherization Assistance Programs. The Department requested \$10.3 million from federal sources and other funds for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs. This is \$15.7 million less than enacted, primarily for benefit and grant awards due to the spending of prior year awards and continued reductions in funding for the low income home energy assistance program; it also eliminates 2.0 positions. The request includes \$9.5 million for benefits and grants for home energy and weatherization projects, \$0.7 million for salary and benefit expenses for 6.0 positions and \$0.1 million for operating expenses. Based on the request, the cost-of-living increase is \$29,708 from federal funds.

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 currently 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 \$15.6 million more than requested from federal funds carried forward from prior years to more accurately reflect anticipated benefit spending from certain awards based on the experience in recent years. There was also an increase of \$81 for insurance expenditures. **The Assembly concurred.**

Race to the Top. The Department requested \$6.2 million from federal Race to the Top funds, which is \$4.3 million less than enacted to reflect the end of the program on December 31, 2015. The request includes \$5.5 million, or \$4.4 million less than enacted, for contracts and grants for several programs and initiatives the Department developed. These include expanding the Bright Stars quality rating and improvement system, a new professional development technical assistance center for community-based technical support to improve programs, a contract with the Community College of Rhode Island to award credits for experience for early childhood workers who want to obtain an early childhood degree, quality

improvement grants to help providers improve the quality of care and quality awards to providers who have a high rating in order to help them maintain high quality of care.

The request includes \$0.1 million more than enacted for staffing and operating expenses. This includes \$1,832 more for operating expenses such as audit fees, travel expenses and office supplies and \$55,401 more for salaries and benefits. Based on the request, the cost-of-living increase is \$35,271; the remaining \$20,130 increase relates to step increases and updated benefit rates and the request eliminates authorization for 1.0 unfunded position for a total of 7.0 positions. However, the request includes staffing expenses for the full year, even though the program ends in December; these staffing expenses could be shifted to grant awards and spent before the program ends.

The Department received the award in December 2011; it made no expenditures in FY 2012 and spent \$168,879 in FY 2013 and \$3.6 million in FY 2014. The grant award will expire December 31, 2015 and the Department requested \$15.5 million in FY 2015 and \$6.2 million in FY 2016 to complete activities within the grant award. *The Governor recommended funding as requested.* **The Assembly concurred.**

Paratransit Services for the Elderly. The Department requested \$6.8 million from all sources for elderly transportation services, including \$2.0 million from general revenues, \$0.5 million from federal funds and \$4.3 million from the Department's one-cent share of the motor fuel tax. The state leverages federal funds under the Medicaid waiver for certain transportation expenses that were previously state only and the requested increase of \$31,705, including \$15,983 from general revenues reflects 7.3 percent growth for these expenses. The request also includes \$0.1 million more from gas tax revenues to reflect use of some of the unspent funds carried forward from FY 2014. Requested expenditures are \$0.6 million and \$0.8 million above FY 2014 and FY 2013 expenditures, respectively.

As part of its constrained request, the Department proposed to eliminate transportation services for non-Medicaid individuals and those receiving services through the Medicaid waiver for savings of \$2.5 million, including \$2.0 million from general revenues. It maintained \$4.3 million from the gas tax for transportation services for Medicaid clients who would still be eligible for transportation to Medicaid covered services by RIDE Van, taxi or through private, non-emergency transportation companies. Individuals not eligible for Medicaid may apply for a disability status, allowing for paratransit service through RIDE with a \$2 one-way co-pay. Individuals determined not to be disabled would have to pay for transportation expenses out of pocket. The proposal did not include an estimate of potential impacts to the state's transportation system or the individuals affected. This has been proposed in the past.

The Governor recommended \$0.6 million less than the unconstrained request, including \$0.5 million from general revenues and \$0.1 million from gas tax revenues. The recommendation reflects the first full year of the vendor contract for managing the state's paratransit system and required transfers to the Rhode Island Public Transit Authority, bringing expenditures more in line with prior years. The recommendation also shifted \$1,398 from general revenues to federal funds to correct for the federal Medicaid match rate. She subsequently requested an amendment to add \$0.3 million from gas tax proceeds to reflect updated estimates of gas tax yields. **The Assembly concurred.**

Community Services Block Grant. The Department requested \$3.8 million from federal funds for expenses related to the community services block grant, including salaries and benefits. Consistent with the revised request, this is \$0.4 million more than enacted, primarily for grant awards to reflect restoration of additional sequestration that had been proposed by Congress but not implemented. The request includes \$3.7 million for direct grants awarded to the state's nine community action agencies, \$0.1 million for staffing expenses, including \$4,933 for the cost-of-living adjustment and \$4,194 for all other operating expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

Meals on Wheels. The enacted budget and the Department's request include a community service grant for \$200,000 from general revenues to support Meals in Wheels, Rhode Island. Funding for this award is included in the item below. *The Governor recommended additional grant funding of \$330,000 from general revenues in the Division of Elderly Affairs for total funding of \$530,000; this funding was included separately, and not as an increase to the existing community service grant.* **The Assembly provided the funding and included the funds as an increase to the existing community service grant.**

Community Service Grants. The Department requested the enacted level of \$3.3 million from general revenues for community service grants that support over 100 social service agencies and community organizations. *The Governor recommended funding as requested.* **The Assembly added \$368,289 including increases of \$125,000 for Day One, \$100,000 for Crossroads, and \$50,000 each for the Boys and Girls Club of Rhode Island, John Hope Settlement House and the Institute for Nonviolence. It included \$5,000 for a new grant for the Rhode Island Military Organization Lounge at the T.F. Green Airport and eliminated grants of \$9,059 to the Retired Senior Volunteer Association, Inc. since it is closing and \$2,652 for the Town of North Smithfield's elderly transportation program since it no longer operates that program.**

Head Start. The Department requested the enacted level of \$0.8 million from general revenues to support the local Head Start agencies. Head Start is a federally funded program that provides services to 2,471 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the agencies and the state provides additional funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

Medicaid Rehabilitative Services. The Department requested \$1.0 million for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications, and are aimed to help an individual maintain independence. The request includes \$0.4 million for personal care attendants, \$0.3 million for social services for the blind and \$0.2 million for home modification services. The request is \$34,542 more than enacted from general revenues and includes the enacted level of federal funds; this reflects increases of 3.7 percent for personal care attendants and home modification services and 1.3 percent for social services for the blind. It appears the request uses a Medicaid match rate that is lower than the anticipated rate.

As part of its constrained request, the Department included the elimination of these three programs. These services would still be available through the current providers and the community action agencies, but individuals would have to pay for the services out of pocket if the waiver services were eliminated. It is possible that these individuals cannot afford to pay for these services and may enter into an assisted living or long term care facility if the state's waiver services are eliminated. This reduction has been included in prior budget requests.

The Governor recommended total funding of \$1.0 million, consistent with the unconstrained request, but shifted \$19,908 from general revenues to federal funds to correct the federal match rate. **The Assembly concurred.**

Office of Rehabilitation Services - Staffing and Operations. The Department requested \$30.9 million from all sources for staffing and operations for the Office of Rehabilitation Services, including \$3.8 million from general revenues, \$26.9 million from federal funds and \$0.2 million from restricted receipts. This is \$3.8 million more than enacted, including increases of \$0.1 million from general revenues and \$3.7 million from federal funds.

The Department requested \$17.4 million to support operations, which is \$2.8 million more than enacted, primarily to reflect the expectation of utilizing federal funds made available from other states that had not

spent all of their allocations. The request includes \$9.8 million for rehabilitation services, \$1.8 million for medical services and supplies for individuals applying for disability, \$0.4 million for education and training programs, and \$0.9 million for grant awards within the vocational rehabilitation program. The request also includes \$1.7 million for contracted temporary clerical services to assist with processing applications, \$1.1 million for lease costs for the offices located at 20 Fountain Street in Providence, and \$1.8 million for all other operating costs, which is \$0.5 million less than enacted.

The request includes \$13.5 million for staffing costs, which is \$1.0 million more than enacted and contains benefit rates consistent with Budget Office planning values. The request includes authorization for 8.0 additional positions, including 5.0 positions to comply with the Department of Justice consent decree, 1.0 position for a new fraud investigative unit, and 2.0 other administrative positions, though it only includes funding for the first 6.0 positions. The Office's positions are either fully federally funded or have a federal match of approximately 80 percent. Several retirements are anticipated during FY 2015 and the request assumes these positions will eventually be filled during FY 2016. Based on the request, the cost-of-living increase is \$0.6 million, including \$0.1 million from general revenues. *The Governor recommended \$5,485 less than requested, including \$116 more from general revenues and \$5,601 less from federal funds to reflect FY 2014 expenditures for insurance.* **The Assembly concurred.**

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. The request includes \$105,000 for renovations to the location in the Federal Building on Westminster Street in Providence, planning expenditures of \$10,000 each for the Pastore Center consolidated hospital grounds, Labor and Training location in the Pastore Center and the Naval Underwater Command in Newport, and \$30,000 for miscellaneous issues or equipment failures at any of the remaining locations. There are currently 16 facilities that operate under the name COFFEE PLUS. The request is consistent with the Department's capital budget request. *The Governor recommended funding as requested.* **The Assembly concurred. This project is discussed in greater detail in the Capital Budget section of this publication.**

Work Support Strategies Grant. The Department requested \$462,880 from general revenues from the Work Support Strategies grant provided by the Urban Institute that is being used to streamline access to and delivery of the services of the major programs that support low income families. Requested expenditures include \$169,879 for salaries and benefits, \$200,000 for grants, \$84,438 for information technology expenses and \$8,500 for operating costs. This is \$32,297 less than enacted to reflect reductions for information technology and operating costs partially offset by increased staffing expenditures and grant awards.

The Governor recommended \$342,880 from restricted receipts, which is \$120,000 less than requested. Consistent with the revised recommendation, she shifted the funding source to restricted receipts for both FY 2015 and FY 2016 and also adjusted the revenues in both years, though the anticipated revenues are different from the anticipated expenditures in each year. The reduction in funding from the request reflects the total remaining balance from the grant award. **The Assembly concurred.**

All Other Staffing. The Department requested \$3.4 million from all sources, including \$1.9 million from general revenues, \$0.9 million from federal funds and \$0.5 million from restricted receipts for all other staffing expenses. This is \$0.1 million less than enacted, including \$0.2 million more from general revenues and \$0.3 million less from federal funds. The request adds authorization and funding for 2.0 new positions in central management, including the addition of 3.0 quality control positions and 1.0 medical-related position, and the elimination of 2.0 positions, and also shifts 6.5 vacant, unfunded positions to other programs. The request includes \$0.3 million less for federal staffing expenses within the Social Services Block Grant because of over-spending in FY 2014 and assumes turnover for approximately four positions. Based on the request, the cost-of-living increase is \$163,189 including

\$98,348 from general revenues. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Department requested \$3.1 million for all other operating expenses, including \$0.6 million from general revenues and \$2.5 million from federal funds. This is \$85,457 more than enacted, including \$12,631 more from general revenues. The request includes \$1.0 million for shelter and housing services, \$0.8 million for family violence prevention services, \$0.4 million for services for refugees, \$0.4 million for an annual grant award to Crossroads, and \$0.2 million for emergency food assistance. It also includes \$0.3 million in unidentified expenditures from the federal Social Services Block Grant and \$0.2 million for all other expenses, including lease and security costs, computer and information technology expenses, office supplies, printing and postage, and utilities. *The Governor recommended \$14 less from federal funds than requested to align insurance expenses with prior year expenditures.* **The Assembly concurred.**

Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 1,510,085	\$ 1,558,429	\$ 1,615,952	\$ 1,615,952
Services for the Dev. Disabled	227,389,523	234,907,299	230,874,476	230,874,476
Hosp. & Comm. System Support	3,928,659	3,614,586	2,780,863	2,780,863
Hospital & Comm. Rehab. Services	113,666,710	112,122,722	112,302,106	116,305,161
Behavioral Healthcare Services	19,014,849	20,988,729	19,294,242	19,369,242
Total	\$ 365,509,826	\$ 373,191,765	\$ 366,867,639	\$ 370,945,694
Expenditures by Category				
Salaries and Benefits	\$ 132,438,423	\$ 131,634,273	\$ 134,809,134	\$ 130,783,369
Contracted Services	1,259,791	2,990,715	3,380,227	3,380,227
Subtotal	\$ 133,698,214	\$ 134,624,988	\$ 138,189,361	\$ 134,163,596
Other State Operations	13,546,317	13,663,706	14,312,346	14,012,346
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	210,776,683	219,107,060	207,437,436	215,841,256
Capital	7,488,612	5,796,011	6,928,496	6,928,496
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 365,509,826	\$ 373,191,765	\$ 366,867,639	\$ 370,945,694
Sources of Funds				
General Revenue	\$ 167,536,873	\$ 173,300,573	\$ 170,425,740	\$ 172,488,711
Federal Aid	181,157,004	185,561,701	180,590,102	182,605,186
Restricted Receipts	9,608,663	8,790,976	9,180,797	9,180,797
Other	7,207,286	5,538,515	6,671,000	6,671,000
Total	\$ 365,509,826	\$ 373,191,765	\$ 366,867,639	\$ 370,945,694
FTE Authorization	1,422.4	1,420.4	1,421.4	1,421.4

Summary. The Department requested \$410.2 million from all sources, including \$172.5 million from general revenues, \$183.0 million from federal funds, \$45.4 million from Rhode Island Capital Plan funds and \$9.3 million from restricted receipts in its FY 2016 request. The request is \$44.7 million more than the FY 2015 enacted budget and includes \$5.0 million more from general revenues, \$38.2 million more from Rhode Island Capital Plan funds, \$1.8 million more from federal funds and \$0.3 million less from restricted receipts.

The request also includes a staffing level of 1,421.4 full-time equivalent positions; this is one less than authorized.

The Department's constrained request totals \$346.2 million, of which \$159.6 million is general revenues, which is \$64.0 million from all sources, including \$12.5 million from general revenues, less than the request; this includes \$38.6 million less from Rhode Island Capital Plan funds.

The Department's constrained request lowers the staffing authorization by 124.4 positions to reflect downsizing the Eleanor Slater Hospital footprint.

The Governor recommended \$1.4 million more than enacted and \$43.3 million less than requested from all sources, including \$2.9 million more than enacted and \$2.1 million less than requested from general revenues. She included 1,421.4 positions, consistent with the request and one more than the revised recommendation. She requested several amendments impacting the Division of Developmental Disabilities and the state hospital program, each is discussed separately.

The Assembly provided \$370.9 million, including \$172.5 million from general revenues and the recommended staffing level. This \$4.1 million more than recommended, including \$2.1 million more from general revenues and \$5.4 million more than enacted, including \$5.0 million more from general revenues.

The Assembly passed Section 20 of Article 5 of 2015-H 5900 Substitute A, as amended, which contains some administrative changes within the Office of Health and Human Services including the final transfer of all backroom functions from the four health and human services agencies, including the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The 2007 Assembly provided specific dates for which administrative functions were to be transferred to Office taking place over several years. Fiscal and legal services are the administrative functions that have been transferred leaving communication, policy, information systems and data management, assessment and coordination, program integrity, planning and implementation and protective services in the separate agencies.

Target Issues. The Budget Office provided the Department with a general revenue target of \$159,247,758. The amount includes current service adjustments of \$4,592,841 and a 7.5 percent target reduction of \$12,881,956, excluding community service grants.

FY 2016 Budget	Budget Office	Dept. of BHDDH	Difference
FY 2015 Enacted	\$ 167,536,873	\$ 167,536,873	\$ -
Current Service Adjustments	4,592,841	4,981,921	389,080
Change to FY 2015 Enacted	\$ 4,592,841	\$ 4,981,921	\$ 389,080
FY 2016 Current Service/Unconstrained Request	\$ 172,129,714	\$ 172,518,794	\$ 389,080
Target Reduction/Initiatives	(12,881,956)	(12,879,926)	2,030
FY 2016 Constrained Target/Request	\$ 159,247,758	\$ 159,638,868	\$ 391,110
<i>Change to FY 2015 Enacted</i>	\$ (8,289,115)	\$ (7,898,005)	\$ 391,110

The constrained budget submitted by the Department is \$0.4 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$11.4 million above the target. The Assembly provided \$2.1 million above the recommended budget.*

Departmentwide

Working Group to Reinvent Medicaid. The FY 2015 enacted budget includes \$2,712.1 million of which \$1,083.8 million is general revenues, for Medicaid funded programs through the Office of Health and Human Services and the agencies under its umbrella: the departments of Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; Human Services and Health. The Medicaid program represents approximately 30 percent of all state spending.

On February 26, 2015, the Governor signed Executive Order 15-08, Establishing the Working Group to Reinvent Medicaid, comprised of Medicaid stakeholders to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program.

The Working Group would issue a report on or before April 30, 2015, that would include specific quality improvement and cost savings measures for redesigning Medicaid to meet the specific system transformation goals and reduced Medicaid spending. The Governor reduced Medicaid spending by \$92.6 million, of which \$46.0 million is general revenues, across the health and human services agencies based on the report. She included \$4.0 million, of which \$2.0 million is general revenues, in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget. The savings are tied to two themes: targeted interventions for high cost individuals and addressing appropriate settings for those in institutions. The Governor also included \$4.0 million in savings, of which \$2.0 million is from general revenues, in the state-run Eleanor Slater hospital program.

*The Governor submitted an amendment to restore the initial savings in the hospital program from addressing individuals who may not require that level of care and shifted the savings to the state-run system for adults with developmental disabilities based on privatizing the system, starting January 1, 2016. The Governor included savings of \$300,000, of which \$150,000 is from general revenues, from privatizing laundry services at the state hospital. This is in addition to her recommendation to consolidate food services also saving \$300,000 from all sources. **The Assembly concurred.***

Capital Projects. The Department requested \$41.6 million from Rhode Island Capital Plan and Medicaid funds for capital projects, which is \$38.1 million more than enacted.

The Department's constrained budget reduces its capital request by \$38.6 million from Rhode Island Capital Plan funds. The request eliminates funding for the new psychiatric hospital and reduces funding for other projects; however, the Department reported that this was requested in error. *The Governor recommended \$0.6 million less than enacted and \$38.7 million less than requested. **The Assembly concurred with the exception of reducing funding by \$540,000 based on the Department's updated projections in FY 2015. The Capital Budget section of this publication includes project descriptions.***

Division of Developmental Disabilities

The state provides residential, day programming, family supports and/or medical services to support adults with developmental disabilities. As of January 2015, there are 3,970 individuals receiving services through either the state run system or through community based providers. This includes approximately 3,658 individuals receiving direct residential/day programming and/or family supports.

The Department performed a review of its individuals receiving case management services and reduced its caseload by 265 for those who were no longer eligible for those services. There are also approximately 312 individuals who do not receive direct services but receive case management services from the division.

The Department requested \$230.6 million from all sources, including \$113.3 million from general revenues for the population. This is \$3.2 million more than enacted, including \$2.2 million more from general revenues.

The Department's constrained request is \$13.1 million less than its current services request including \$6.3 million less from general revenues. The Department proposed bundling certain services for individuals in the privately operated program for savings of \$6.7 million; \$1.9 million from closing one of its special care facilities; \$1.8 million from an electronic visit verification system; \$0.9 million from enhanced

collection of the cost of care payment; \$0.5 million from reducing state only supported services; and \$0.4 million from consolidating and closing two state-run group homes. Each proposal is discussed separately.

*The Governor recommended \$230.9 million, including \$113.8 million from general revenues which is \$3.5 million more than requested and \$13.4 million more than the constrained budget request. She requested an amendment as part of her Reinventing Medicaid initiative to realize savings of \$4.0 million, including \$2.0 million from general revenues, from transitioning the state-run Rhode Island Community Living Supports program to the privately operated system. She also added \$4.0 million, including \$2.0 million from general revenues in the privately operated system based on a January 1, 2014 rate increase that was not properly reported or budgeted for. The funding is not related to services being provided in compliance with the consent decree. **The Assembly concurred with the savings in the state-run system and added the funding based on FY 2015 overspending.***

Medical Benefits/Rhody Health Options. Individuals receiving residential and other community based services receive medical benefits through the Office of Health and Human Services' budget. Those individuals who are not also 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. As of April 1, 2015, 1,645 developmentally disabled individuals were enrolled in Rhody Health Options, 229 enrolled and then later opted out, and 19 have not returned the mail. *The Governor requested an amendment to eliminate the opt out provision and enroll the remaining individuals in Rhody Health Options. **The Assembly did not concur.***

Department of Justice Consent Decree

On January 14, 2014, Rhode Island entered into an interim settlement with the federal government and on April 8, 2014 signed a consent decree to settle United States v. State of Rhode Island and City of Providence which addressed the statewide day activity service system for individuals with intellectual and developmental disabilities.

The consent decree has two fiscal components: a monitor and a Trust Fund. The Department signed a six month contract with FedCap (March 11, 2013 to September 30, 2013) that totaled \$472,695 to bring one of the agencies (Training Thru Placement) into full compliance with the consent decree.

Interim Settlement Agreement/Consent Decree. The Department entered into a contract with the FedCap's Center for Excellence and Advocacy to provide work readiness training, vocational training and job retention services. The one-year contract totaled \$944,388, started January 1, 2014 and ended December 31, 2014 and there is a one-year extension until December 31, 2015 that totals \$877,400. The Center will work specifically with individuals who attend Training Thru Placement and the Birch school. *The Governor did not include any expenses for the interim settlement in FY 2016. **The Assembly concurred.***

Department of Justice Consent Decree - Monitor. The consent decree has two fiscal components: a monitor and a Trust Fund. The Department did not include any funding for the monitor, Charles Moseley from the National Association of State Directors of Developmental Disabilities Services, in FY 2015. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000.

The Governor recommended \$275,000 from general revenues in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and did not recommend any funding in either the

*Department of Human Services or the Department of Elementary and Secondary Education. The Governor subsequently requested an amendment to add \$125,000 from general revenues in the Department of Elementary and Secondary Education for the monitor. **The Assembly concurred with the amendment and added \$125,000 for consent decree activities in the Department of Elementary and Secondary Education.***

Department of Justice Consent Decree - Trust Fund. The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing from an \$800,000 Workshop Conversion Trust Fund which will be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The fund will support start-up costs for providers who convert services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services.

*The Governor included \$0.2 million in FY 2016 in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals but did not include any funding in the Department of Human Services which is the trust administrator as identified in the consent decree. **The Assembly concurred.***

Sherlock Workshop Conversion Institute. The Paul V. Sherlock Center will also provide services, in addition to administering the Trust Fund. The Department did not include funding in its revised budget for program expenses for the Sherlock Workshop Conversion Institute. It should be noted the consent decree does not stipulate a funding amount for the Conversion Institute. *The Governor included \$250,000 in the Department's budget for activities at the Sherlock Center. **The Assembly concurred.***

Burns and Associates Management Contract. The Department requested \$400,000 from all sources to pay Burns and Associates to implement the administrative and reimbursement program changes under Project Sustainability and other changes related to the consent decree. This is \$47,985 less than enacted including \$7,445 less from general revenues.

The Department signed a \$459,400 contract with Burns and Associates in March 2014 for consultant and technical services related to Project Sustainability and the consent decree. The one-year contract, April 1, 2014 through March 30, 2015, has four optional renewal years. *The Governor recommended funding as requested. **The Assembly concurred.***

Privately Operated System

Privately Operated System. The Department requested \$191.3 million, including \$96.0 million from general revenues for privately provided residential, day and family support programs provided through the community based waiver program, the rehabilitation option and the cost not otherwise matchable (CNOM) in its current services request. This is \$2.6 million more than enacted, including \$1.5 million more from general revenues and \$1.1 million more from federal funds and includes the updated Medicaid rate. Each program is discussed separately.

The Department's constrained request includes savings of \$9.9 million from all sources, including \$5.2 million from general revenues to the current services request. Each proposal is discussed separately.

The Governor recommended \$192.4 million, including \$96.8 million from general revenues, which is \$3.7 million more than enacted and \$11.0 million more than the constrained request. This includes \$2.3 million more than enacted from general revenues and \$6.1 million more than the constrained request.

She requested an amendment to add \$4.0 million, including \$2.0 million from general revenues for services provided to adults with developmental disabilities based on a January 1, 2014 rate increase for

which the full impact was not properly reported or funded. The funding is not related to services being provided in compliance with the consent decree.

*The Governor also requested a new article, The Reinventing Medicaid Act of 2015, of which Section 6 allowed the Department to replace quarterly authorizations with annual authorizations for services provided to adults with developmental disabilities. A replacement article was requested, but it did not include this provision, but did allow for any category changes needed to implement a new payment methodology. **The Assembly included \$196.4 million, including \$98.8 million from general revenues for services in the privately operated system. It also included Section 22 of Article 5 to allow for the waiver change if approved by the Office of Health and Human Services and it is within the resources appropriated for the program.***

Community Based Waiver Program. The Department requested \$180.8 million, including \$90.3 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid global waiver in its current services request. This is \$2.4 million more than enacted, including \$1.4 million more from general revenues and \$1.1 million more from federal funds. This includes \$1.4 million from all sources to address the requirements of the consent decree that more developmentally disabled adults be involved in work activities which may require job coaching and other direct supports that were included in the Budget Office's current services adjustment provided to the Department for the consent decree.

It should be noted that 108 of the 188 individuals in the state-run system attend day programming operated by the private community based agencies.

The Department's constrained request includes savings of \$9.5 million from all sources, including \$4.7 million from general revenues to the current services request from several proposals; each is discussed separately.

The Governor added \$6.5 million to the enacted budget, including \$3.2 million from general revenues. She added \$4.0 million, including \$2.0 million from general revenues to support changes anticipated through the consent decree and increased savings from the electronic visit verification initiative. It should be noted that any methodology changes require a category II change to the Medicaid waiver. The Governor did not include any specific language to make this change. She also included the two savings proposals, discussed separately.

The Governor requested an amendment to add \$4.0 million, including \$2.0 million from general revenues to fully fund a January 1, 2014 rate increase that was not properly reported or budgeted for; these expenses are not related to the consent decree.

As previously noted, the Governor also proposed legislation to allow the Department to replace quarterly authorizations with annual authorizations for services provided to adults with developmental disabilities. Excluding this provision, she later replaced that legislation allowing for any category changes needed to implement a new methodology.

The Assembly concurred with the recommendation and included Section 22 of Article 5 for the necessary category changes through the Medicaid waiver and mandates that any changes to rates or payment methodologies must be approved by the Office of Health and Human Services and funded within the appropriation.

Program Eligibility. In Rhode Island there are two pathways for a disabled individual (including those with a developmental disability) to receive Medicaid-funded long term care services; either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the

Supplemental Security Income program and the Department's criteria for its long term care supports program, or he or she is "medically needy". To be considered "medically needy", an individual meets the Department's criteria for its program and the federal disability definition but has income that is higher than \$721 a month. In this situation, the state allows the individual to pay a portion of the services monthly, referred to as "cost of care", until he or she meets the monthly income limit of \$922 and then the state pays for the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset.

There are currently 721 individuals with a cost of care payment requirement; 673 in the privately operated program and 48 in the state-run system. The payments total \$0.2 million a month or \$2.4 million annually; the monthly range is a low of \$1.50 to a high of \$3,860 for annual payments between \$18 for an individual with an annual income of \$11,082 to \$46,316 for an individual with an annual income of \$54,513. An individual may collect a deceased parent's Social Security payment, Social Security Disability Income check, or may be employed receiving an income that is above the \$922 monthly limit.

The Department reported that it collects patient liability from those in the state-run system, but potentially only about half in the privately operated system. That gap appears to relate to individuals who live with their family and are in a self-directed plan or who live independently. It includes a proposal in its constrained budget to increase collection, discussed separately. *The Governor included savings from increased collections.* **The Assembly concurred.**

Target - Cost of Care Collection. The Department included an initiative in its FY 2016 constrained budget that assumes collection of a program recipient's financial responsibility toward care will increase to 100 percent and includes savings of \$0.9 million from all sources, of which \$0.5 million is from general revenues. *The Governor included the savings from the increased collections.* **The Assembly concurred.**

Target - Electronic Visit Verification. The Department proposed savings of \$1.9 million, including \$0.9 million from general revenues from using an electronic visit verification system to monitor the delivery of home care services, including personal care and homemaker activities, to record the arrival and departure times of direct care workers providing the services to individuals receiving home based services. This is the same system that will be used by the Office of Health and Human Services and provides the Department the opportunity to piggyback on that system for its home visits. *The Governor included the proposals and realized savings of \$2.7 million, \$1.4 million from general revenues from the verification process.* **The Assembly concurred.**

Target - Bundle Community and Day Programs. The Department proposed savings of \$6.7 million, including \$3.3 million from general revenues from decreasing the available hours of day and community support that is available for an individual that lives with a family. Currently an individual at home has access to 30 hours of day programs per week and may access 5 to 20 hours of one to one community supports.

This proposal would provide that individuals who live with family would only have access to a condensed day and community support package rather than a full day program and full community support package. The participant would still have the choice to use the funding for all day, all community, homemaker, respite or any other combination of programs that best fits their individual needs; but they could see a decrease in available hours for supports. *The Governor did not recommend the request.* **The Assembly concurred.**

Out-of-State Placements. The Department's request includes \$283,353 to fund three individuals who reside in facilities out-of-state. The 2014 Assembly passed legislation requiring out-of-state facilities that provide services to Medicaid eligible Rhode Island residents to apply to become state Medicaid providers.

This allows the state to leverage federal funds for at least 50 percent of the costs of services, lowering the state cost for the person's care.

The four agencies included in the Department's budget support services for three people: one individual lives at Latham Academy and attends Transitions Academy during the day, one person attends Berkshire Hills Music Academy, a post-secondary learning academy with classes from September through May with an optional 11-week summer program, and the third resides at Riverbrook, all are located in Massachusetts.

The Latham Academy, Transitions Academy and the Music Academy have been approved as Rhode Island Medicaid providers, while Riverbrook has not yet applied.

In December 2014 an individual living at the Latham Academy under the care of the Department of Children, Youth and Families turned 21 and became the responsibility of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Department did not include funding in its budget for this transfer. *The Governor recommended funding as requested and did not include any funding for the transfer.* **The Assembly concurred.**

Day Programs - Rehabilitation Option. The Department chooses to provide additional day program services to 170 individuals through the Medicaid rehabilitation option. The individuals are disabled but do not meet the eligibility criteria for day programming services through the Medicaid global waiver. This is the second of four programs available to adults with developmental disabilities who apply for day programming services. Services are provided by the same community based agencies for those individuals who receive day programming services through the Medicaid waiver. A number of individuals also attend Generations Adult Day Services. If an individual does not meet the criteria for services through the Medicaid global waiver, but is disabled according to the federal definition through the Social Security Administration, he or she will be placed in this program based on approval from Department staff.

The Department requested \$1.2 million from all sources, \$50,750 less than enacted including \$25,840 less from general revenues in its current services request. The Department did not adjust spending in its constrained request. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Medicaid Funded Day Services. The Department requested \$0.7 million from all sources for day programs through the Medicaid global waiver for services provided to 30 individuals who are not otherwise eligible for Medicaid. This is \$98,059 less than enacted, including \$49,000 less from general revenues. This program is available to individuals who are not eligible for either the first Medicaid waiver or Medicaid funded services through the rehab option. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vocational Rehabilitation Services. The Department eliminated the enacted level of funding of \$0.8 million from all sources for vocational rehabilitation services, including \$0.1 million from general revenues in its revised budget. The Department had entered into a memorandum of understanding with the Department of Human Services' Office of Rehabilitation Services to provide training to individuals with developmental disabilities. The agreement ended in FY 2013; however, the funding was not adjusted in the FY 2014 budget and continued to be included in the FY 2015 enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

Developmental Disabilities Other State Services. The Department requested \$8.1 million for other state services for adults with developmental disabilities, including \$4.5 million from general revenues in its FY 2016 request. The request is \$1.2 million more than enacted and \$0.3 million more from general revenues. The request includes \$6.0 million from all sources for staffing and adds \$0.6 million to the

enacted budget for cost-of-living and other benefit adjustments as well as providing state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. This includes parent subsidies and day programming services.

As part of its constrained request, the Department proposed general revenue savings of \$0.5 million from eliminating state funded services to individuals who do not meet the waiver eligibility criteria for Medicaid funded services or for the Department's criteria for the two other programs: the Medicaid rehabilitation option or cost not otherwise matchable program for services. *The Governor recommended funding consistent with the unconstrained request. The Assembly concurred.*

Rhode Island Community Living and Supports Program

State Operated Program. There are 29 state-run group homes that provide overnight care, of which three are special needs facilities that have the capacity to provide residential services to a total of 202 clients. As of May 2015, there were 179 clients in the state-run facility with 23 vacancies supported by 330 state employees. The Department has established a policy that clients will be admitted into the state-run system in emergency situations only.

It should be noted that of the 179 clients, over 100 attend a day program run by a community based provider.

Current Services - State Operated Program. The Department requested \$37.3 million from all sources, including \$17.3 million from general revenues, to support operations in the state-run system in FY 2016.

The Department added \$0.3 million to the enacted budget for staffing costs at the state-run program for adults with developmental disabilities, for a total of \$34.1 million, including \$16.6 million from general revenues, to include the cost-of-living adjustment and benefit changes consistent with Budget Office planning values. The request also includes \$4.2 million for overtime and \$0.5 million for temporary workers, \$0.1 million less than enacted.

The request also includes \$1.4 million from all sources to support operating costs at the group homes, rent for one state-operated day facility and mileage costs for state staff; this is \$0.1 million less than enacted.

The Governor recommended funding as requested. As part of her Reinventing Medicaid Initiative, the Governor later requested an amendment that assumed savings of \$4.0 million, including \$2.0 million from general revenues, from transitioning the state-run system to the private system starting January 1, 2016. The Assembly concurred with the savings.

Target - Special Needs Facilities. The Department proposed savings of \$1.9 million, including \$0.9 million from general revenues from closing one of the three special care facilities in the state-run system and eliminating 15.0 positions. The savings do not include the potential shift of costs to other state supported institutions such as nursing homes or the state-run Eleanor Slater Hospital. The Department proposed this initiative in its FY 2014 and FY 2015 budgets, but it was not accepted by the Governor. *The Governor did not recommend the proposal. The Assembly concurred.*

Target - RICLAS Group Homes. The Department proposed savings of \$0.4 million, including \$0.2 million from general revenues from consolidating existing vacancies within the state-run system and closing two group homes. There is no impact on staffing, as individuals will be re-assigned to other homes to reduce overtime expenses.

*The Governor did not recommend the savings but it should be noted that the Department has been downsizing the state-run program by consolidating homes, where appropriate, when vacancies occur. However as previously noted, she requested an amendment that included savings of \$4.0 million from transitioning away from the state-run system starting January 1, 2016. **The Assembly concurred.***

State Operated System Client Revenue. The Department requested \$0.2 million less than enacted for a total of \$1.8 million from restricted receipts to reflect client resources, including the \$749.92 monthly Supplemental Security Income payments made by the federal government to clients or other income payments, such as a deceased parent's Social Security or Social Security Disability Income payment, to support daily living costs, such as rent, food, and utilities. This reflects the updated collection for the 188 individuals in the state-run system.

The Department's constrained budget downsizes the state-run system and adjusts the client revenue accordingly by reducing the restricted receipts by \$0.1 million for receipts of \$1.7 million for those in the remaining group homes. *The Governor recommended \$0.2 million less than enacted, consistent with the request. **The Assembly concurred.***

Division of Behavioral Healthcare Services

The state provides behavioral health services, including Medicaid funded mental health and substance abuse services to individuals through the Office of Health and Human Services. The 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 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 Office's budget. With the transfer of the Medicaid funds to the Office, the state now pays for Medicaid funded direct care and behavioral healthcare benefits through the Rhody Health Partners managed care plan.

The May caseload conference estimate included \$69.8 million for fee-for-service behavioral health services and \$468.9 million from federal funds for the Medicaid expansion program, which includes newly enrolled individuals who previously received a limited benefit through the Department's program. It should also be noted that the caseload conference estimate includes \$275.5 million for the Rhody Health Partners program in FY 2016.

Medicaid Expansion for Certain Low Income Adults. The November caseload estimate includes \$547.1 million from federal sources to provide Medicaid coverage to approximately 55,622 low income adults in FY 2016. Included in this population are 2,200 previously uninsured individuals who received a limited substance abuse and/or mental health benefit through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, who now have access to Medicaid, including acute care, community supports, and behavioral health services. *The Governor included funding consistent with the November caseload estimate in the Office of Health and Human Services' budget. **The Assembly included \$468.9 million, consistent with updated information provided at the May caseload conference.***

SYNAR Activities. The Department requested \$48,000 from general revenues to operate SYNAR activities that monitor state tobacco compliance statutes in coordination with municipal law enforcement agencies. The state paid for the activity with general revenues, and although there is an opportunity to

pay for a portion of the activities through its substance abuse block grant, it chose to use state funds. The activities that were allowable include paying the participant, but federal regulations did not allow a state to pay for the administrative aspects (such as the police officer filling out paperwork related to issuing a citation).

Since the Department did not separate the monitoring activity from the law enforcement activity, it used general revenues to reimburse municipal law enforcement agencies, but can it now use substance abuse block grant funds in lieu of general revenues. It should be noted that the Department added \$0.9 million in its revised request to increase funding from the substance abuse block grant to use on activities other than SYNAR. *The Governor recommended funding as requested. The Assembly concurred.*

Methadone Maintenance Treatment Services for Medicare Recipients. The Department's request uses \$0.3 million from the substance abuse block grant to provide methadone maintenance treatment services for approximately 100 Medicare recipients to continue treatment previously paid through the Medicaid program. The Department will not report how it will spend the FY 2016 award until the start of that fiscal year.

Methadone is not a covered Medicare benefit and recipients previously received treatment through the cost not otherwise matchable program. That limited benefit is no longer funded since individuals are either now covered through the Medicaid expansion program or can obtain coverage through the health care exchange. Also covered were Medicare recipients and the Department is using its federal resources to continue to provide the benefit. *The Governor recommended funding as requested. The Assembly concurred.*

Substance Abuse Treatment Block Grant. The Department requested \$7.5 million from federal funds for the substance abuse treatment block grant, \$0.9 million more than enacted. Funding is awarded to community agencies to support treatment services and local programs. *The Governor recommended funding as requested. The Assembly concurred.*

Municipal Substance Abuse Task Forces. The Department included the enacted level of \$0.9 million from federal funds for the municipal substance abuse task forces. The state currently supports 35 municipal substance abuse prevention task forces, three student assistance program providers serving 8,700 students in 25 middle and 21 high schools, and 16 providers providing services to 1,400 families in order to promote drug free communities and assess, in cooperation with school systems and human services organizations, the extent of the substance abuse problem in communities. *The Governor recommended funding as requested. The Assembly concurred.*

Community Service Grants. The Department requested the enacted level of \$135,148 from general revenues for the Department's five community service grants. *The Governor recommended funding as requested. The Assembly added \$50,000 for the James L. Maher Center and \$25,000 for AccessPoint RI.*

Transition to Community Program. The enacted budget does not include any funds to continue the Transition from Prison To Community Program, because an individual who was supported through the state funded program now has access to either Medicaid, through the expansion program or benefits through the exchange. The state funding was eliminated by the Department in its FY 2015 operating request, which the Governor recommended and the Assembly accepted. The Department did not request federal funding for the program in its FY 2015 revised budget.

The Department's FY 2016 request uses \$0.4 million of its substance abuse block grant funds and \$0.1 million from Byrne grant funds for total funding of \$0.5 million from federal funds to pay for residential

care for Medicaid eligible individuals who have access to Medicaid but have not yet enrolled in a managed care plan. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health Block Grant. The Department requested \$1.8 million from the federally funded mental health block grant. Funding supports services provided by the community mental health centers and is \$0.4 million above the enacted level to reflect the projected grant award. *The Governor recommended funding as requested.* **The Assembly concurred.**

Strategic Prevention Framework Grant. The Department requested new federal funding totaling \$2.0 million from a recently awarded strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. This includes: preventing the onset and reducing the progression of substance abuse, including childhood and underage drinking; reducing substance abuse-related problems in communities; and building prevention capacity and infrastructure at the state and community levels. *The Governor recommended funding as requested.* **The Assembly concurred.**

Healthy Transitions Grant. The Department requested new federal funding of \$9.0 million from the healthy transitions grant. Grants will be provided to community agencies that improve access to treatment and support services for an individual age 16 through 25 years that either has, or is at risk of, developing a serious mental health condition. One employee was supported through the access to recovery grant that expired in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health Treatment Services for Medicare Recipients. The Department's request includes using \$0.3 million from the social services block grant to provide community based mental health services for approximately 100 Medicare recipients to continue treatment previously paid through the Medicaid program. The Department will not report how it will spend the FY 2016 award until the start of that fiscal year.

Medicare beneficiaries received mental health treatment services through the cost not otherwise matchable program. That limited benefit is no longer funded since individuals are either now covered through the Medicaid expansion program or can obtain coverage through the health care exchange. This does not include those on Medicare, which does not provide comprehensive behavioral health care benefits, and the Department is using its federal resources to continue to provide the benefits. *The Governor recommended funding as requested.* **The Assembly concurred.**

Mental Health - Social Services Block Grant. The Department requested \$1.1 million from federal funds, \$0.4 million less than enacted to support mental health services through the social services block grant to reflect the grant award. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Innovation Models Grant. The state was recently awarded a four-year \$20.0 million State Innovation Models Grant to address health care delivery; the Department did not include funding in its FY 2016 budget. *The Governor recommended \$135,951 and one new position for the grant. Funding is also included in the budgets of the Office of Health and Human Services and the Department of Health.* **The Assembly concurred.**

Access to Recovery Grant. The Department eliminated \$3.1 million for the federally funded access to recovery grant to reflect the grant's expiration. The program is a voucher based system to expand treatment opportunities for recently released prisoners, juveniles released from the training school, and parents and guardians involved with the Department of Children, Youth and Families who meet the substance abuse treatment income guideline of at or below 200 percent of the federal poverty level.

This includes \$3.1 million less for vouchers and \$0.3 million less for expenses to manage the grant, including funding for three positions. *The Governor recommended funding as requested. The Assembly concurred.*

Post-Traumatic Stress Grant. The Department requested \$150,000 for the post-traumatic stress services federal grant; this is \$135,311 less than enacted to reflect the anticipated grant award. *The Governor recommended funding as requested. The Assembly concurred.*

Other Grants. The Department requested \$0.7 million less than enacted from federal funds for three grants that have expired: the state epidemiological outcome workgroup grant, which supported the coordination, conducting and dissemination of data on substance abuse, mental health and protective factors; the combat underage drinking grant; and the Rhode Island data infrastructure grant. *The Governor recommended funding as requested. The Assembly concurred.*

Rhode Island Housing - Thresholds. The Department requested \$30,000 from general revenues to pay Rhode Island Housing to administer the Thresholds program, which provides Rhode Island Capital Plan funds to the organization so that it can leverage other funding sources to build and rehabilitate housing for disabled individuals. The Assembly reduced general revenue support for behavioral health programs in the FY 2015 enacted budget, since many of the treatment programs would not be needed with the expansion of Medicaid and access to insurance through HealthSource RI. Funding for the program was part of the reduction. The Department does not have a contract with Rhode Island Housing to administer the program. *The Governor recommended funding as requested. The Assembly concurred.*

Salaries and Benefits. The Department requested \$3.0 million from all funds, \$0.3 million more than enacted for salaries and benefits to fund 28.0 positions in the Division of Behavioral Healthcare Services, leaving two vacant. This also includes \$0.2 million for the cost-of-living adjustment and other benefit changes based on Budget Office planning values. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Operations. The Department requested \$0.8 million from all sources, including \$0.1 million from general revenues for all other operations. The request is \$0.1 million less than enacted and includes \$0.6 million for grants, primarily from federal funds and \$0.2 million for all other operating expenses. *The Governor recommended funding as requested. The Assembly concurred.*

Eleanor Slater Hospital

State Hospital. The state hospital is a 495 bed licensed facility comprised of two campuses: 306 licensed beds at the main Pastore campus in Cranston, of which 156 are occupied, and 189 licensed beds, of which 123 are occupied, at the Zambarano unit in Burrillville.

The FY 2016 budget request of \$150.9 million, including \$54.3 million from general revenues is based on a census of 275 patients, which is an annual cost per person of \$548,683, taking into account capital plan funding.

Excluding its capital request, the Department added \$3.7 million for hospital costs in FY 2016; this includes \$2.3 million more from general revenues, \$1.3 million more from federal funds and a slight reduction to restricted receipts. The Department added \$1.9 million for staffing costs and \$1.8 million for operations.

The Governor recommended \$112.3 million, including \$51.5 million from general revenues. She did not fund the new hospital in the FY 2016 through FY 2020 capital plan, pending further study. The Governor included savings of \$4.0 million, including \$2.0 million from general revenues in the hospital program

from addressing appropriate placement for high cost individuals. Subsequent to the recommendation and as part of her Reinventing Medicaid proposal, she requested an amendment to restore the savings in the hospital program and shift the savings to the Division of Developmental Disabilities. **The Assembly concurred and provided \$116.3 million from all sources, including \$53.5 million from general revenues.**

Hospital Licensing Fee. The enacted budget included \$6.5 million from all sources to pay the 5.703 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2013, including \$3.2 million from general revenues in FY 2015. The Department's request inadvertently added \$0.3 million for a payment of \$6.8 million in FY 2016. *The Governor included Article 3, which extends the hospital licensing fee in FY 2016 consistent with the enacted rate. She included the funding as requested to pay the fee.* **The Assembly passed Section 2 of Article 5 to include a 5.862 percent license fee and added \$0.3 million to make the associated \$6.7 million payment.**

Southwick Group Home Closure. The FY 2015 enacted budget includes savings of \$0.5 million from all sources from closing the Southwick group home in Lincoln and transitioning the four residents to one of the three other homes that have vacancies. The home closed in October 2014. The Department continues to operate three other facilities: Rogler group home, East Wallum Lake group home, and Mowry Avenue group home. *The Governor's budget does not include funding for Southwick in FY 2016.* **The Assembly concurred.**

Target - Southwick and Rogler Group Homes. The Department proposed savings of \$0.9 million from all sources, including \$0.4 million from general revenues from closing Rogler and Southwick group homes and consolidating the residents into the remaining two group homes. The Department also lowered its staffing authorization by ten to accommodate the closing.

As noted, the Southwick group home closed in October 2014 and the residents were relocated to East Wallum Lake group home, which has the capacity for six residents. There were three residents in the Rogler group home located at 1 Roger Farm Road, Smithfield. The other group home on Mowry Avenue in North Smithfield has the capability for five residents. *The Governor included the requested savings from the closure of the Rogler group home; the home closed in April 2015.* **The Assembly concurred.**

Salaries and Benefits. The Department requested \$88.5 million from all sources for staffing at the state hospital in FY 2016. This is \$1.9 million more than enacted, including \$2.5 million from all sources for the cost-of-living adjustment and other benefit changes consistent with Budget Office planning values.

The request also increases savings by \$1.5 million from keeping an additional 17 positions vacant in FY 2016. It includes \$7.2 million from all sources for overtime, which is \$0.3 million less than enacted; it is also \$0.4 million more than revised and \$0.2 million less than FY 2014 actual expenses. *The Governor recommended \$28,381 less than requested.* **The Assembly concurred.**

Contracted Medical and Other Services. In addition to the funding requested for the employees at the state hospital, the Department also requested \$6.2 million for various contracted services in FY 2016. This is \$31,727 less than enacted from all sources to fund additional medical services, including nurses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Food Services. The Department requested \$1.6 million, including \$1.3 million from general revenues, for food services at the Cranston campus. This is \$287,685 more than enacted, including \$163,377 more from general revenues. *The Governor included \$300,000 less than requested, including \$150,000 less from general revenues from consolidating purchasing and warehousing of food services with the Department of Corrections.* **The Assembly concurred.**

Laundry Services. The Department requested \$0.6 million, including \$0.3 million from general revenues, for supplies and laundry services at the Cranston campus. This is \$21,841 more than enacted, including \$19,646 more from general revenues. *The Governor recommended \$8,233 less than requested, including \$4,123 less from general revenues. She requested an amendment as part of the Reinventing Medicaid workgroup that includes savings of \$300,000, including \$150,000 from general revenues from consolidating laundry services.* **The Assembly concurred.**

Other Operations. The Department requested \$9.0 million for all other operations, which is \$1.2 million more than enacted and includes \$0.2 million more from general revenues and \$1.1 million more for Medicaid reimbursements. Increases include \$0.4 million for medical supplies and \$0.4 million for other hospital supplies. *The Governor recommended \$8,998 less than requested.* **The Assembly concurred.**

Target - Downsize Hospital Operations. The Department proposed savings of \$12.2 million from all sources, including \$6.1 million from general revenues from downsizing operations at the state-run hospital. The proposal will reduce the hospital census and staffing by closing two psychiatric patient care units and one medical unit, discharging patients to other settings, and reducing staff through lay-offs. It should be noted this proposal does not factor in the cost of transferring a patient to another facility that may impact another Department's budget, such as the Office of Health and Human Services. The proposal reduces staffing by 109.4 positions.

The hospital currently operates seventeen patient care units (nine psychiatric, eight medical) with a plan to reduce the number of units to fourteen, with a change in census in FY 2015. The potential units for closure would be two units in Adolf Meyer and a medical unit at the Zambarano Campus. Personnel expenses account for approximately seventy-five percent of the hospital's operating budget. *The Governor did not include this proposal.* **The Assembly concurred.**

Hospital and Community System Support

Salaries and Benefits. The Department requested \$2.4 million from all sources, including \$1.6 million from general revenues for salaries and benefits to support 21.0 positions in the hospital and community support program. This includes adjustments based on Budget Office planning values, \$0.2 million for the cost-of-living increases, and keeps two positions vacant in FY 2016.

The Governor recommended funding as requested, with the exception of shifting \$0.3 million, including \$0.2 million from general revenues to the Department of Administration for two positions assigned to the proposal to consolidate the administration of capital projects. **The Assembly concurred.**

Operations. The Department requested \$82,268 from general revenues for home and community system support program operations. This is \$12,050 less from all sources and \$7,717 less from general revenues and includes \$75,862 for operating expenses and \$5,506 for contracted services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Central Management

Salaries and Benefits. The Department requested \$1.5 million from all sources, including \$0.9 million from general revenues for staffing costs in central management. This is \$108,765 more than enacted to fully fund 11 positions and includes a cost-of-living adjustment and other benefit changes consistent with Budget Office planning values. *The Governor recommended funding as requested.* **The Assembly concurred.**

Operations. The Department requested \$129,796 from general revenues for all other operations in the central management program. This is \$2,898 less than enacted and eliminates \$5,337 from federal funds

from the information technology grant. *The Governor recommended funding as requested.* **The Assembly concurred.**

Office of the Child Advocate

		FY 2015 Enacted		FY 2015 Final		FY 2016 Recommended*		FY 2016 Enacted
Expenditures by Category								
Salaries and Benefits	\$	641,886	\$	655,337	\$	-	\$	679,461
Contracted Services		500		500		-		500
Subtotal	\$	642,386	\$	655,837	\$	-	\$	679,961
Other State Operations		18,431		26,317		-		26,312
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		1,000		1,000		-		11,000
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	661,817	\$	683,154	\$	-	\$	717,273
Sources of Funds								
General Revenue	\$	611,817	\$	633,154	\$	-	\$	672,273
Federal Aid		50,000		50,000		-		45,000
Restricted Receipts		-		-		-		-
Other		-		-		-		-
Total	\$	661,817	\$	683,154	\$	-	\$	717,273
FTE Authorization		6.0		6.0		-		6.0

**Transferred to the proposed Division of Advocacy in the Office of Health and Human Services*

Summary. The Office of the Child Advocate requested \$709,350 from all sources which is \$47,533 more than enacted. The request includes \$52,491 more from general revenues and \$4,958 less from federal funds. The request includes the enacted level of 6.0 positions.

The Governor included Article 18 to create a Division of Advocacy in the Office of Health and Human Services for budgetary and administrative purposes. The agencies transferred into the new division, including the Office of the Child Advocate, Office of the Mental Health Advocate, the Governor's Commission on Disabilities, and Commission on the Deaf and Hard of Hearing would retain their statutory authority. The Governor included \$2.1 million for the Division, of which \$2.0 million is general revenues. Of that recommendation, \$0.7 million is for the Office of the Child Advocate. She included 17.0 positions, 6.0 for the Office of the Child Advocate.

*The Governor subsequently requested an amendment that rescinded Article 18 and maintained the Office as a separate agency and restored operating savings assumed to be achieved through the merger. **The Assembly concurred.***

Target Issues. The Budget Office provided the Office with a general revenue target of \$641,524. The amount includes current service adjustments of \$29,707.

The Office was not required to meet a target that contained a reduction to current services. The request is \$22,784 above the target. *The Governor's recommendation is \$30,174 above the target. **The enacted budget is \$30,749 above the target.***

FY 2016 Budget	Budget Office	Child Advocate	Difference
FY 2015 Enacted	\$ 611,817	\$ 611,817	\$ -
Current Service Adjustments	29,707	52,491	22,784
Change to FY 2015 Enacted	\$ 29,707	\$ 52,491	\$ 22,784
FY 2016 Current Service / Unconstrained Request	\$ 641,524	\$ 664,308	\$ 22,784
Target Reduction/Initiatives	-	-	-
FY 2016 Constrained Target/Request	\$ 641,524	\$ 664,308	\$ 22,784
<i>Change to FY 2015 Enacted</i>	\$ 29,707	\$ 52,491	\$ 22,784

Salaries and Benefits. The Office requested \$679,461, including \$634,460 from general revenues and \$45,001 from federal funds for salaries and benefits. This is \$37,575 more than enacted, including \$42,533 more from general revenues and \$4,958 less from federal funds. This primarily reflects statewide cost-of-living adjustments for all state employees. *The Governor recommended \$37 more than requested from general revenues to offset a reduction to available federal funds.* **The Assembly concurred.**

Other Operations. The Office requested \$29,889 including \$29,848 from general revenues and \$41 from federal funds for all other operations. This is \$9,958 more than enacted from general revenues and includes increases of \$3,308 for subscriptions to legal journals and services, \$2,928 for mileage and travel expenses, \$800 for a cell phone for the assistant child advocate, \$500 for a parking space at the Family Court in Providence, and \$2,422 for other adjustments. This is consistent with the Office's updated projections included in its FY 2015 revised request. *The Governor concurred with the request and added \$7,353 in the Division of Advocacy for new furniture.*

She subsequently submitted an amendment that included \$575 from general revenues to restore operating savings assumed through the potential merger. **The Assembly concurred.**

Commission on the Deaf and Hard of Hearing

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended*	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 333,438	\$ 337,900	-	\$ 351,042
Contracted Services	108,646	111,146	-	111,146
Subtotal	\$ 442,084	\$ 449,046	\$ -	\$ 462,188
Other State Operations	28,695	26,195	-	26,195
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	3,500	3,500	-	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 474,279	\$ 478,741	\$ -	\$ 491,883
Sources of Funds				
General Revenue	\$ 394,279	\$ 398,741	-	\$ 411,883
Federal Aid	-	-	-	-
Restricted Receipts	80,000	80,000	-	80,000
Other	-	-	-	-
Total	\$ 474,279	\$ 478,741	\$ -	\$ 491,883
FTE Authorization	3.0	3.0	-	3.0

**Transferred to the proposed Division of Advocacy in the Office of Health and Human Services*

Summary. The Commission on the Deaf and Hard of Hearing requested \$575,672 or \$101,393 more than enacted, \$84,960 more than the current service target provided by the Budget Office. The Commission requested 4.0 positions which is 1.0 more than the enacted level.

The Governor included Article 18 to create a Division of Advocacy in the Office of Health and Human Services for budgetary and administrative purposes. The agencies transferred into the new division, including the Office of the Child Advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and Commission on the Deaf and Hard of Hearing would retain their statutory authority. The Governor included \$2.1 million for the division, of which \$2.0 million is general revenues. Of that total, \$0.5 million is for the Commission on the Deaf and Hard of Hearing. She included 17.0 positions, 3.0 for the Commission.

*The Governor subsequently requested an amendment that rescinded Article 18 and maintained the Commission as a separate agency and restored operating savings assumed to be achieved through the merger. **The Assembly concurred.***

Target Issues. The Budget Office provided the Commission with a general revenue target of \$410,712 including current service adjustments of \$18,340.

The Commission was not required to meet a target that contained a reduction to current services. *The Governor's recommendation is \$1,051 above the target. **The enacted budget is \$1,171 above the target.***

FY 2016 Budget	Budget Office	Deaf and Hard of Hearing	Difference
FY 2015 Enacted	\$ 394,279	\$ 394,279	\$ -
Current Service Adjustments	18,340	18,941	601
New Initiatives	-	82,452	82,452
Change to FY 2015 Enacted	\$ 18,340	\$ 101,393	\$ 83,053
FY 2016 Current Service/ Unconstrained Request	\$ 412,619	\$ 495,672	\$ 83,053
Target Reduction/Initiatives	-	-	-
FY 2016 Constrained Target/Request	\$ 410,712	\$ 495,672	\$ 84,960
<i>Change to FY 2015 Enacted</i>	\$ 16,433	\$ 101,393	\$ 84,960

Interpreters. The Commission requested \$132,688 from general revenues for a new staff interpreter position and contracted translation and interpreter services. This is \$82,452 more than enacted and includes the full year cost for the new position and a reduction to contracted interpreter services. The Commission indicated that having a full time interpreter would improve interoffice communication and reduce its reliance on contracted interpreter services.

The Governor's recommendation does not include funding for a staff interpreter. The Assembly concurred.

All Other Salaries and Benefits. The Commission requested \$349,379 for salaries and benefits to fully fund its current level of 3.0 positions. This is \$18,941 more than enacted from general revenues and includes adjustments consistent with the Budget Office planning values including the cost-of-living increase. *The Governor included \$348,042, which is \$1,337 less than requested to reflect statewide medical benefit savings. The Assembly concurred.*

Emergency and Public Communication Access. The 2013 Assembly created the Emergency and Public Communication Access program to be administered by the Commission. This is funded with \$80,000 annually including \$20,500 for interpreters and translators, \$40,000 for a new contracted employee to manage the program and \$500 for a conference on emergency readiness. This also includes \$19,000 for electronic communications equipment to be installed at state facilities, printing costs associated with advertising, travel, training, and additional computer equipment to accommodate the contracted employee. The Commission requested the enacted level of \$80,000. *The Governor recommended funding as requested. The Assembly concurred*

Other Operations. The Commission requested the enacted level of \$10,695 from general revenues for all other operating costs, including costs associated with attending conferences, a Blackberry for an interpreter referral specialist, printing, postage, and other operating costs associated with client services and education. *The Governor recommended \$120 less than requested for office supplies. The Governor subsequently requested an amendment that rescinded Article 18 and maintained the Office as a separate agency and restored \$120 for operating savings assumed to be achieved through the merger. The Assembly concurred.*

Governor's Commission on Disabilities

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended*	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 346,020	\$ 366,978	\$ -	\$ 376,523
Contracted Services	16,718	9,215	-	8,665
Subtotal	\$ 362,738	\$ 376,193	\$ -	\$ 385,188
Other State Operations	66,320	53,753	-	24,938
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	76,116	242,022	-	18,398
Capital	1,000,628	650,628	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	3,000	-	-	-
Total	\$ 1,508,802	\$ 1,322,596	\$ -	\$ 428,524
Sources of Funds				
General Revenue	\$ 358,275	\$ 357,141	\$ -	\$ 383,056
Federal Aid	141,350	305,524	-	35,459
Restricted Receipts	9,177	9,931	-	10,009
Other	1,000,000	650,000	-	-
Total	\$ 1,508,802	\$ 1,322,596	\$ -	\$ 428,524
FTE Authorization	4.0	4.0	-	4.0

**Transferred to the proposed Division of Advocacy in the Office of Health and Human Services*

Summary. The Governor's Commission on Disabilities requested \$1.9 million which is \$421,302 more than enacted from all sources for FY 2016. The request includes \$33,349 more from general revenues, \$112,879 less from federal funds, \$832 more from restricted receipts and \$500,000 more from Rhode Island Capital Plan funds and the authorized level of 4.0 positions.

The Governor included Article 18 to create a Division of Advocacy in the Office of Health and Human Services for budgetary and administrative purposes. The agencies transferred into the new division, including the Office of the Child Advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and Commission on the Deaf and Hard of Hearing, would retain their statutory authority. The Governor included \$2.1 million for the division, of which \$2.0 million is general revenues. Of that total recommendation, \$0.4 million is for the Commission on Disabilities. She included 17.0 positions, 4.0 for the Commission.

*The Governor subsequently requested an amendment that rescinded Article 18 and maintained the Commission as a separate agency and restored operating savings assumed to be achieved through the merger. **The Assembly concurred.***

Target Issues. The Budget Office provided the Commission with a general revenue target of \$375,109. The amount includes current service adjustments of \$17,214. The Commission was not required to meet a target that includes a reduction to current services. The constrained budget submitted by the agency is consistent with the Budget Office target. The proposals to achieve the reductions are noted among the

items described below where appropriate. *The Governor's recommendation is \$6,317 above the target. The enacted budget is \$7,947 above the target.*

FY 2016 Budget	Commission on		
	Budget Office	Disabilities	Difference
FY 2015 Enacted	\$ 358,275	\$ 358,275	\$ -
Current Service Adjustments	16,834	33,349	16,515
<i>Change to FY 2015 Enacted</i>	<i>\$ 16,834</i>	<i>\$ 33,349</i>	<i>\$ 16,515</i>
FY 2016 Current Service/Unconstrained Request	\$ 375,109	\$ 391,624	\$ 16,515
Target Reduction/Initiatives	-	(16,515)	(16,515)
FY 2016 Constrained Target/Request	\$ 375,109	\$ 375,109	\$ -
<i>Change to FY 2015 Enacted</i>	<i>\$ 16,834</i>	<i>\$ 16,834</i>	<i>\$ -</i>

Salaries and Benefits. The Commission's unconstrained request includes \$376,525 from all sources for salaries and benefits for its 4.0 full-time equivalent positions, including \$34,521 more from general revenues and \$4,016 less from federal funds. This reflects funding for current staffing levels and the end of federal Help America Vote Act funding partially offset by additional federal Americans with Disabilities Act funds. This includes statewide adjustments consistent with Budget Office planning values including a cost-of-living adjustment. The Commission did not assume turnover savings, consistent with the enacted budget.

The Commission's constrained request includes \$16,076 less from general revenues to reflect 11.0 unpaid furlough days.

The Governor recommended \$6,990 less from general revenues than the unconstrained request, \$9,656 less from federal funds and \$16,644 more from restricted receipts to fully fund all positions. This does not include furlough days. The Assembly concurred.

Help America Vote Act Grants. The Commission indicated that FY 2015 is the last year that it will be able to spend federal Help America Vote Act funds. The Commission did not request funding for FY 2016. The funds are only authorized to be spent until September 2016, at which point all unspent funds will be refunded to the federal government. The federal funding had supported polling place renovations and inspections since 2003. *The Governor recommended funding as requested. The Assembly concurred.*

Fellowships. The Commission requested \$18,398 which is \$7,359 less than enacted from federal funds and the enacted level of \$14,718 from general revenues for fellowships. This reflects full funding for three Mary Brennan Fellowships and one federally funded Americans with Disabilities Act Fellowship. These fellows aid in producing a weekly newsletter on state legislation, updating the Commission's websites and social media accounts, and compiling information in order to advocate for the disabled. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operations. The Commission requested \$35,181 from all sources, including \$18,023 from general revenues, \$7,149 from federal funds and \$10,009 from restricted receipts for all other Commission operations. This includes \$1,172 less from general revenues, \$51,145 less from federal funds and \$832 more from restricted receipts. The federal fund reduction primarily reflects the end of Help America Vote Act funding and associated election activities.

The Commission's constrained request eliminates some printing costs for some program information brochures for savings of \$439 from general revenues.

*The Governor recommended \$3,208 less than requested for office expenses and translator services. This is 4.4 percent more from general revenues and 14.7 percent more from all funds than the Department spent in FY 2014. She subsequently requested an amendment that restored general revenue operating savings assumed through the potential merger. **The Assembly concurred.***

Accessibility Capital Projects. The Commission requested \$1.5 million from Rhode Island Capital Plan funds for accessibility renovations to state-owned facilities. This is \$0.5 million more than enacted, which increases the overall scope of the project for FY 2016. The Commission plans to continue renovations of state facilities identified by a comprehensive engineering and accessibility survey completed in FY 2012. *The Governor recommended \$1.0 million for FY 2016 and transferred the project to the Department of Administration's budget. The Commission would continue to prioritize projects. **The Assembly concurred. Specific project information is included in the Capital Budget section of this publication.***

Office of the Mental Health Advocate

		FY 2015 Enacted		FY 2015 Final		FY 2016 Recommended*		FY 2016 Enacted
Expenditures by Category								
Salaries and Benefits	\$	480,514	\$	489,359	\$	-	\$	495,232
Contracted Services		1,800		3,300		-		1,800
Subtotal	\$	482,314	\$	492,659	\$	-	\$	497,032
Other State Operations		12,696		13,419		-		11,219
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		-		-		-		-
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	495,010	\$	506,078	\$	-	\$	508,251
Sources of Funds								
General Revenue	\$	495,010	\$	506,078	\$	-	\$	508,251
Federal Aid		-		-		-		-
Restricted Receipts		-		-		-		-
Other		-		-		-		-
Total	\$	495,010	\$	506,078	\$	-	\$	508,251
FTE Authorization		3.7		3.7				4.0

**Transferred to the newly created Division of Advocacy in the Office of Health and Human Services*

Summary. The Office of the Mental Health Advocate requested \$642,450 from general revenues, \$147,440 more than enacted. The request funds 5.0 positions, which is 1.7 above the current authorization.

The Governor included Article 18 to create a Division of Advocacy in the Office of Health and Human Services for budgetary and administrative purposes. The agencies transferred into the new division, the Office of the Child Advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and Commission on the Deaf and Hard of Hearing will their retain statutory authority. The Governor included \$2.1 million for the division, of which \$2.0 million is from general revenues. Of that total, \$0.5 million is for the Office of the Mental Health Advocate. She included 17.0 positions, 4.0 for the Office of the Mental Health Advocate.

*The Governor requested an amendment to withdraw the proposal for the new division and kept the agencies separate. **The Assembly concurred with the funding and retained the Office of the Mental Health Advocate as a separate agency.***

Target Issues. The Budget Office provided the Office with a general revenue target of \$518,888. The amount includes current service adjustments of \$23,878. The Office was not required to meet a target that contained a reduction to current services. *The Governor's recommendation is \$10,637 less than the target. **The Assembly concurred.***

FY 2016 Budget	Mental Health		
	Budget Office	Advocate	Difference
FY 2015 Enacted	\$ 495,010	\$ 495,010	\$ -
Current Service Adjustments	23,878	27,178	3,300
New Initiatives	-	120,262	120,262
Change to FY 2015 Enacted	\$ 23,878	\$ 147,440	\$ 123,562
FY 2016 Current Service/Unconstrained Request	\$ 518,888	\$ 642,450	\$ 123,562
Target Reduction/Initiatives	-	-	-
FY 2016 Constrained Target/Request	\$ 518,888	\$ 642,450	\$ 123,562
<i>Change to FY 2015 Enacted</i>	\$ 23,878	\$ 147,440	\$ 123,562

Positions. The Office requested \$120,262 from general revenues for 1.3 more positions than authorized, including a new social worker position to assist with non-legal issues that the Office addresses with its clientele, such as housing and health care, and to convert a part-time attorney to full-time to address current caseloads. This is consistent with its revised request. *The Governor included the attorney upgrade in the Division of Advocacy.* **The Assembly concurred with the position upgrade.**

Other Salary and Benefit Adjustments. The Office requested \$507,669 for all other salary and benefit adjustments to fully fund 3.7 positions. The request is \$27,155 more than enacted including \$16,746 for the statewide cost-of-living adjustments and \$10,409 for updated benefit rates. *The Governor included \$0.4 million for all other staffing in the Division of Advocacy.* **The Assembly included the recommended funding.**

Other Operations. The Office requested \$14,519 for other operations. This is \$23 more than enacted and includes \$3,000 for psychiatric evaluations, which is \$1,500 more than enacted and consistent with the revised request. Since the evaluations are as-needed, the Office indicates it based the cost on past spending. However, the Office spent \$3,900 in FY 2012, \$1,500 in FY 2013 and had no expenses in FY 2014. The Office also reduced all other operating expenses by \$1,477. *The Governor added \$10,000 in the Division of Advocacy for new furniture. She also recommended \$1,600 less than requested for other expenses, primarily from excluding the additional funds for evaluations.* **The Assembly concurred with the funding recommendation.**

Department of Elementary and Secondary Education

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
State Aid	\$ 776,696,153	\$ 777,160,523	\$ 824,689,996	\$ 815,639,686
School Housing Aid	67,949,504	68,100,072	90,907,110	90,907,110
Teachers' Retirement	89,529,396	88,620,682	92,805,836	92,805,836
RI School for the Deaf	6,823,642	6,941,770	7,384,095	7,384,095
Central Falls School District	39,010,583	39,010,583	39,369,337	39,520,102
Davies Career & Technical School	19,084,650	18,728,583	18,433,051	18,916,400
Met. Career & Tech. School	11,762,017	12,491,931	100,000	13,700,795
Administration	235,240,412	238,554,125	229,186,671	229,616,671
Total	\$1,246,096,357	\$1,249,608,269	\$1,302,876,096	\$1,308,490,695
Expenditures by Category				
Salaries and Benefits	\$ 40,294,601	\$ 40,056,869	\$ 40,299,588	\$ 39,822,937
Contracted Services	39,777,947	43,478,305	38,180,655	38,070,507
Subtotal	\$ 80,072,548	\$ 83,535,174	\$ 78,480,243	\$ 77,893,444
Other State Operations	12,793,383	12,916,511	13,300,934	13,300,934
Aid to Local Units of Government	1,126,947,588	1,119,196,890	1,157,185,568	1,168,663,101
Assistance, Grants, and Benefits	20,060,664	18,203,486	20,016,579	20,091,579
Capital	6,222,174	4,729,338	3,379,157	7,615,527
Capital Debt Service	-	-	-	-
Operating Transfers	-	11,026,870	30,513,615	20,926,110
Total	\$1,246,096,357	\$1,249,608,269	\$1,302,876,096	\$1,308,490,695
Sources of Funds				
General Revenue	\$1,004,400,123	\$1,002,758,930	\$1,067,340,856	\$1,067,719,085
Federal Aid	208,495,934	214,845,235	202,962,314	203,962,314
Restricted Receipts	26,953,972	27,384,533	28,948,926	28,948,926
Other	6,246,328	4,619,571	3,624,000	7,860,370
Total	\$1,246,096,357	\$1,249,608,269	\$1,302,876,096	\$1,308,490,695
FTE Authorization				
Administration	154.9	158.4	153.4	151.4
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
Total Authorized Positions	340.9	344.4	339.4	337.4

Summary. The Board requested \$1,292.9 million from all sources of funds, including \$1,054.7 million from general revenues, \$201.7 million from federal funds, \$29.0 million from restricted receipts and \$7.6 million from other funds. The request is \$46.8 million more than enacted, including increases of \$50.3 million from general revenues, \$2.0 million from restricted receipts and \$1.3 million from other funds with \$6.8 million less from federal funds. The staffing request includes 337.4 full-time equivalent positions, 3.5 positions less than enacted. The Department also submitted a constrained request that totals

\$1,289.4 million, including \$1,051.2 million from general revenues, which is \$3.5 million and 2.0 full-time equivalent positions less than the unconstrained request.

The Governor recommended \$1,302.9 million, which is \$56.8 million more than enacted and \$10.0 million more than requested. She recommended \$1,067.3 million from general revenues, which is \$62.9 million more than enacted and \$12.7 million more than requested. She fully funded the fifth year of the funding formula and recommended an additional \$20.0 million for school construction aid.

Federal funds are \$1.3 million more than requested from an additional Race to the Top grant and Rhode Island Capital Plan funds are \$3.9 million less to reflect the Governor's capital budget proposal. She included 339.4 full-time equivalent positions, which is 2.0 more than requested to restore a position at the School for the Deaf and 1.0 new position to oversee the School Building Authority Capital Fund. This is 5.0 positions less than the revised recommendation to reflect the elimination of Race to the Top positions that were not shifted to general revenue funding.

She subsequently requested amendments to add \$4.5 million from all sources, including \$0.2 million less from general revenues for the March student enrollment update, Department of Justice settlement, additional Race to the Top funding, and capital expenditures at the Met School.

The Assembly concurred with the amendments, and also added \$2.5 million, including \$2.0 million from general revenues to her recommendation. This includes restoration of out-of-district transportation and textbook expenses and increases to community service grants with adjustments to education aid for a charter school that was not approved, the exclusion of some new initiatives and Race to the Top costs shifted to general revenues, and additional turnover. The Assembly included 2.0 fewer positions.

Target Issues. The Budget Office provided the Department with a general revenue target of \$1,049.3 million. The amount includes current service adjustments of \$46.9 million and a 7.5 percent target reduction, adjusted for certain exclusions, of \$2.0 million. The constrained budget submitted by the agency is \$1.9 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's general revenue recommendation is \$18.1 million above the constrained target. The enacted budget is \$18.4 million above the target.*

FY 2016 Budget	Budget Office	Elementary and Secondary Ed.	Difference
FY 2015 Enacted	\$ 1,004,400,123	\$ 1,004,400,123	\$ -
Current Service Adjustments	46,921,575	47,767,230	845,655
New Initiatives	-	2,500,000	2,500,000
<i>Change to FY 2015 Enacted</i>	<i>\$ 46,921,575</i>	<i>\$ 50,267,230</i>	<i>\$ 3,345,655</i>
FY 2016 Current Service/ Unconstrained Request	\$ 1,051,245,923	\$ 1,054,667,353	\$ 3,345,655
Target Reduction/Initiatives	(1,974,201)	(3,486,458)	(1,512,257)
FY 2016 Constrained Target/Request	\$ 1,049,271,722	\$ 1,051,180,895	\$ 1,909,173
<i>Change to FY 2015 Enacted</i>	<i>\$ 44,871,599</i>	<i>\$ 46,780,772</i>	<i>\$ 1,909,173</i>

Education Aid. The Board requested \$776.5 million for state aid to local school districts, not including the Central Falls School District and the Met School. This represents the fifth year of the education funding formula adopted by the 2010 Assembly. The request is \$37.2 million more than the enacted level, based on updated data including enrollment and poverty. This is consistent with the Budget Office current service calculation. *The Governor recommended \$0.3 million more than requested to reflect updated data based on the funding formula calculation. She subsequently requested an amendment to reduce expenditures by \$0.3 million to reflect the updated March enrollment data, which included charter school lottery results. The Assembly further reduced expenditures by \$0.7 million to reflect*

adjustments from one charter school that was funded in the formula, but subsequently not approved to open for the 2015-2016 school year.

Central Falls School District. The request includes \$39.6 million from general revenues to support the Central Falls School district for FY 2016, which is \$0.5 million more than enacted. The increase reflects year five of the funding formula as well as an allocation from the stabilization fund. The formula includes a stabilization fund to stabilize the Central Falls school district until the city can begin paying its local share. This is the second year the Department has requested stabilization funding and the request includes \$3.7 million, \$1.9 million more than enacted. The request also includes a \$1.3 million reduction representing year five of the funding formula; this reduction reflects a declining Central Falls enrollment primarily due to the proliferation of charter schools. *The Governor recommended \$188,084 less than requested to correctly show the amount requested based on the funding formula calculation.* **The Assembly added \$150,765 to reflect updated March enrollment data.**

Metropolitan Career and Technical School. The Board requested \$9.9 million for the Metropolitan Career and Technical School, which is \$0.6 million less than enacted. The Met School is funded pursuant to the funding formula with the state paying a state share for each student and the sending districts contributing a local share. The decline is related to the transition from total state support to the formula, which includes local support and a lower cost per student.

Using projected FY 2016 enrollments of 838 free and 618 reduced price lunch students, total formula aid is projected to be \$10.5 million or approximately \$3.5 million less than FY 2015 enacted aid. This decrease will be transitioned over five years, the remainder of the ten-year transition plan. The projected FY 2016 share of the decrease, \$588,717, will be offset by projected increases in local share of \$1.1 million, which yields a net increase of \$0.5 million. The local revenue estimate uses FY 2015 tuition rates and will change when the FY 2016 tuition rates become available. However, it appears the request may have been developed on the prior year's data, since the request was submitted prior to certain reporting dates and the request is less than the estimated education aid for FY 2016, using the updated data.

The Department requested that the funding for the Met School be included in the Education Aid formula and not separate, as it is currently shown. The Met is now financially responsible for the costs of transporting students to and from the schools from respective sending districts within the applicable transportation regions; however, the state's other regional career and technical centers do not bear the cost of student transportation since sending districts remain responsible for transporting their students to their respective centers. Therefore, while the school's budget is being reduced as a result of funding formula calculations, the school must also absorb within its operating budget the cost of transportation of its students.

The Governor recommended \$74,778 more than requested to correctly reflect the amount based on the funding formula calculation using the updated data. The recommendation includes the funding in the Education Aid appropriation line and not as a separate line, as has been the case historically. **The Assembly reduced expenditures by \$123,080 to reflect updated March enrollment data and maintained the appropriation in a separate line.**

Career and Technical Education Categorical Funding. The Board requested \$4.5 million for career and technical education categorical funding for FY 2016, which is \$1.0 million more than enacted. The request reflects year five of the ten-year phase in period. The funding formula allows for additional state resources to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding is used to help transform existing programs or create new programs and to help offset costs associated with facilities, equipment maintenance and repairs and supplies. The Department develops criteria for the purpose of allocating funds provided by the Assembly each year and prorates the funds available for distribution among those eligible school districts, if the total approved costs for which

districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased in. *The Governor recommended the enacted level, which is \$1.0 million less than requested. The Assembly concurred.*

Early Childhood Categorical Funding. The Board requested \$4.0 million for early childhood categorical funding as part of the education funding formula, which is \$1.0 million more than enacted. The request reflects year five of the ten-year phase in period. The funding formula allows for additional resources from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding is used to increase access to voluntary, free, high-quality pre-kindergarten programs. In FY 2015, nine organizations are receiving funds through a request for proposal process. This pilot program began in FY 2010 with \$700,000. *The Governor recommended funding as requested. The Assembly concurred.*

High Cost Special Education. The Board requested \$2.5 million for high cost special education students as part of the education funding formula, which is \$1.0 million more than enacted. The request reflects year five of the ten-year phase-in period. The education formula allows for additional state resources to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state assumes the costs related to high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Department prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Department has indicated that the total cost of full implementation for FY 2015 would be \$10.4 million and the FY 2016 estimate is \$11.7 million, based on FY 2014 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

Transportation Categorical Funding. The Board requested \$5.4 million for transportation categorical funding, which is \$1.1 million more than enacted. The request reflects year five of the ten-year phase in period. The funding formula allows for additional state resources to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts for those districts participating in the statewide transportation system. The state and regional school district share equally the student transportation costs net any federal sources of revenue for these expenditures. The Department prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased in.

The Governor recommended \$2.4 million for FY 2016, a \$2.0 million decrease from the enacted level and \$3.1 million less than requested to reflect her proposal to repeal the requirement that local education agencies provide transportation for students attending private schools. The recommended funding is for the regionalized districts only and the Governor included the legislation for this change in Article 6. The Assembly did not concur and restored \$2.0 million, for total funding of \$4.4 million, consistent with the FY 2015 enacted level.

School Breakfast. The Board requested the enacted level of \$270,000 for the administrative cost reimbursement to districts for the school breakfast program. Food is paid from federal sources. The 2005 Assembly passed legislation to provide a per breakfast subsidy, subject to appropriation, to school districts based on each district's proportion of the number of breakfasts served in the prior school year

relative to the statewide total in the same year. *The Governor recommended funding as requested. The Assembly concurred.*

Textbook Reimbursement. The Board requested the enacted level of \$240,000 from general revenues for textbook reimbursement. The state 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 12th grade. *The Governor recommended legislation contained in Article 6 to eliminate the requirement that municipalities provide textbooks for non-public school students and eliminated funding for the reimbursements allowed under the program for savings of \$240,000. The law currently requires districts provide these books to all grades for all pupils living in the district, regardless of location of the school they are attending. The Assembly did not concur and restored the funding.*

All Day Kindergarten Pilot Program. The Board requested the enacted level of \$250,000 from general revenues for the full-day kindergarten incentive grant program which provides one-time, startup funding for school districts that move from offering a part-time kindergarten to a full-day kindergarten. The Commissioner shall approve up to four eligible districts per year to voluntarily implement a full-day kindergarten program and appropriate funds based upon criteria established by the Commissioner. Funding was historically provided through the full-day kindergarten investment fund that was established by the 2000 Assembly and funded until FY 2012 with the implementation of the education funding formula. Funding was appropriated based on the number of students enrolled in full-day kindergarten programs and the tax equity index of each district. This program is intended to support startup costs associated with moving from a part-time to a full-time kindergarten. *The Governor recommended funding as requested. The Assembly excluded the funding since it provided other full-day kindergarten transition funding as part of the funding formula.*

Teacher Diversity. The Department does not currently have a policy on the selection of diverse teachers, since hiring of teachers is at the discretion of the districts, with the exception of the state-operated schools. *The Governor recommended \$250,000 from general revenues for a new program to focus the Department's efforts on recruiting a more diverse pool of educators to reflect the demographics of students in high need communities around the state. Financing would be available to approved teacher preparation programs. The Governor did not include legislation or additional information regarding the duration or scope of the program. The Assembly did not concur and excluded the funding.*

Progressive Support and Intervention. The Department requested \$2.5 million in general revenue funding to restore the Progressive Support and Intervention program. The 2011 General Assembly eliminated the general revenue support for these activities in the FY 2012 budget as they were being funded through federal Race to the Top funds. The Department requested reinstatement of these general revenue funds for direct grant support for the state's lowest performing schools to cover a portion of the costs of school improvement and turnaround for the eligible districts of Providence, Central Falls, Pawtucket, East Providence, Newport, and Cranston, direct financial support to cover a portion of the costs necessary to fund the teacher induction program, which provides various supports to new teachers, and support for the continued development and implementation of the school improvement monitoring process, which is a system used to track various indicators of progress for the lowest performing schools on a monthly basis.

The Department excluded this request from its constrained budget. *The Governor excluded this funding, consistent with the constrained request. The Assembly concurred.*

Education Telecommunication Access Fund. The Department requested \$2.8 million, including \$1.0 million from general revenues and \$1.8 million from restricted receipts, to fully fund the education telecommunications access fund and related salaries and benefits for FY 2016. This is \$1.4 million more than enacted, including \$0.6 million more from general revenues; of the increase, \$1.3 million is from

higher requests from local education agencies and expected increases in internet costs. The recent upgrades to the technology infrastructure in classrooms throughout the state and programs built from Race to the Top funds have increased the availability and usage of internet services by both teachers and students, which is the largest contributor to the requested increase in expenditures. The request includes \$0.2 million from restricted receipts for 1.0 position, which is \$0.1 million more and 0.4 additional positions than included in the enacted budget to reflect more staff time spent on this program than in the past and \$7,018 for the cost-of-living adjustment.

The education telecommunications access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line, supported by general revenues when surcharge revenues are insufficient. The federal allocation varies based on the result of the local education agencies' technology surveys and applications and the number of students eligible for free and reduced price lunches.

The Department's estimates of revenues for both FY 2015 and FY 2016 appear to exceed prior year and annualized year-to-date collections. Based on the first five months of FY 2015, the Department will collect \$0.9 million less than it requested to spend and \$0.5 million less than the Department's revenue estimate for FY 2016. The \$1.0 million from general revenues will allow the Department to fully fund the districts based on this year's grant requests if surcharge revenues are close to the Department's estimate; however, revenues normally decrease each year as fewer landlines are utilized while the Department's estimate assumes an increase in revenues.

As part of its constrained request, the Board reduced the general revenue request by \$0.6 million, to \$0.4 million, consistent with the FY 2015 enacted level from general revenues. The Department has not determined how a reduction would be allocated to all of the districts.

*The Governor recommended \$2.2 million from all sources, including \$0.4 million from general revenues. She excluded the additional general revenues, consistent with the constrained request, and added \$21 to adjust staffing costs. Through May, the FY 2015 revenues are consistent with the FY 2015 appropriation, but approximately \$0.4 million below the Department's FY 2015 revenue estimates, which are close to FY 2016 revenue estimates. **The Assembly concurred.***

Group Home Aid. The Board requested \$5.1 million to fund beds for communities hosting group homes, which is \$1.0 million less than enacted as a result of 17 fewer beds and consistent with funding changes adopted in the enacted budget. The request deducted the impact of group home beds from the education funding data, which resulted in a decrease in funding that is phased-in over the remaining years of the transition period. The reduction is shown in the group home aid total rather than the formula aid total. This is consistent with the enacted budget, which is a departure from prior practice in which the required fixed payment is made for each bed open as of December 31 outside the other formula distributions.

The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time of the budget. The legislation uses the count of beds that are open as of December 31 for the budget year's aid.

*The Governor recommended \$5.1 million for group home aid, based on 431 beds. This is \$2,798 more than requested to reflect the additional impact of two added beds in Burrillville in FY 2015 on the education funding data that is phased-in over the remaining years of the transition period. **The Assembly concurred.***

School Housing Aid. The Board requested \$70.9 million from general revenues for school housing aid. This is \$3.0 million more than the enacted amount for projects expected to be completed in FY 2014 but delayed until FY 2015 and new projects expected to be completed in FY 2015. The state reimburses cities and towns for capital school projects; reimbursement is on the cost of the project, including interest on bonded projects, and does not begin until the projects have been completed. *The Governor recommended funding as requested, but also proposed legislation and funding for a new program, discussed separately.* **The Assembly concurred.**

School Building Authority Capital Fund. On May 1, 2015, the moratorium on approvals of new school housing projects that did not yet have Board approval, with exception for projects necessitated by health and safety reasons, expired. The Department estimated a need of approximately \$70 million per year to support approved and anticipated new projects.

The Governor included legislation in Article 9 to establish a new School Building Authority Capital Fund and recommended \$20.0 million from general revenues available from debt restructuring to start the Fund. The program would be administered by the Rhode Island Health and Educational Building Corporation and funding would be used for financial assistance and loans for school construction projects. She also created a School Building Authority office within the Department of Elementary and Secondary Education to oversee the Fund, an advisory council to assist the School Building Authority, and proposed changes to the Corporation's Board. She also included authorization for 1.0 new position to administer the program; however, the recommendation did not include any funding for the position.

The Governor subsequently requested an amendment to provide further clarification on the roles and duties of the advisory board, School Building Authority and additional changes to the composition of the Corporation's Board and reporting requirements.

The Assembly included Article 7 of 2015-H 5900, Substitute A, as amended, and created the Authority, the Advisory Council and included the new position. It also provided \$20.0 million to start the Fund. The Council on Elementary and Secondary Education shall approve projects based on the recommendations of the Authority, and state shares of aid shall be consistent with the existing formula, in addition to incentive points, at the discretion of the Authority. No changes were made to the Corporation's Board.

Teacher Retirement. The Board requested \$92.9 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of \$3.3 million to the FY 2015 enacted level based on FY 2016 rates and a 2.0 percent growth in teacher payroll. Prior to changes enacted in a special legislative session during the fall of 2011, teachers had contributed 9.5 percent of their salaries; beginning July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers pay the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. *The Governor recommended \$92.8 million, \$0.1 million less than requested to reflect revisions to payroll growth assumptions based on FY 2014 experience.* **The Assembly concurred.**

Statewide Student Transportation System. The Board requested \$17.5 million from restricted receipts, which is \$1.0 million more than enacted for the statewide transportation system. This adjustment is essentially consistent with the revised request; it includes increased rates from a new contract and the addition of buses and routes. The revised request includes a 5.5 percent increase and the FY 2016 request is 2.0 percent above the revised estimate for an increase of 5.9 percent to the enacted level.

The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students; this has been implemented for special needs students and for out-of-district transportation. Districts reimburse the state

for its share of the cost, offsetting this expenditure. All fees paid for transportation services under the statewide system are paid into a restricted receipt account. The legislation allows the Commissioner of Elementary and Secondary Education to grant a variance to the requirement for the purchase of transportation services through the statewide transportation system for non-public and non-shared routes if an alternative system is more cost effective. The Department has indicated that some districts are able to transport their non-public students at a cheaper cost than through the statewide system. *The Governor recommended funding as requested.* **The Assembly concurred.**

Race to the Top - Early Childhood. The Department requested \$4.6 million from Race to the Top – Early Childhood grant funds, which is \$0.9 million more than enacted as a result of the utilization of larger than anticipated carryover funds and the remainder of the grant award. In December 2011, the state was awarded \$50.0 million to be used to improve education for preschool students. The Department also requested \$1.3 million from this grant for salaries and benefits that are not included in this total. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years beginning in FY 2012 and ending December 31, 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Race to the Top - Preschool Development Grant. Neither the enacted budget nor the request includes any specific federal funding for preschool development grants. *The Governor included \$1.3 million from federal funds to reflect receipt of a preschool development expansion grant that will be used to expand access to pre-kindergarten programs for all children, especially those in the seven communities that have more than 50 percent of children enrolled in free and reduced price lunch, and also expand upon the state's processes and supports to ensure implementation of the program. FY 2016 is the first year of the four-year grant award. This is a separate program from the Race to the Top Early Childhood Program, discussed previously.*

She subsequently requested an amendment to add \$1.0 million to reflect revised estimates. The Department received preliminary notification of this new award in January and anticipated expending the entire award in FY 2016. **The Assembly concurred.**

Nutrition Grants. The Board requested authorization to spend \$53.5 million from federal nutrition program funds. This is \$0.7 million more than the enacted level to reflect an increase in school lunch program participation as well as the number of free meals being served. *The Governor recommended funding as requested.* **The Assembly concurred.**

Special Education Grants. The Board requested authorization to spend \$44.7 million, \$0.3 million less than enacted from federal special education funds to reflect fewer than anticipated carryover funds and updated awards. 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 and appropriate public education, including special education and related services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Title I Grants. The Board requested \$54.1 million in federal fund expenditures from Title I funds. This is \$1.6 million more than enacted from the restoration of most of the latest sequestration reduction related to the disadvantaged youth program. 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.**

Vocational Education Grants. The Board requested \$5.5 million from federal vocational education grants. This is \$0.3 million more than the enacted level to reflect the actual grant awards. Vocational

Education funds are used to improve vocational education programs statewide. *The Governor recommended funding as requested.* **The Assembly concurred.**

Teacher Quality/Professional Development Grants. The Board requested \$12.4 million from federal funds that support teacher quality and professional development. This is \$0.9 million less than enacted to reflect a reduction in available grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

Channel 36 Transition Grant. The FY 2014 budget included \$300,000 and the FY 2015 enacted budget includes \$250,000 as pass through grants to assist in the transition of Channel 36 from a state agency to control of the Rhode Island PBS Foundation. The request excludes future funding to Channel 36/RIPBS, based on the assumption of a limited 2-year commitment.

The Governor recommended \$250,000 from general revenues for a third year of grant funding in order to provide a total of \$800,000. It appears this was based on a request from RIPBS and was intended to be only \$200,000. **The Assembly provided \$200,000 from general revenues.**

Longitudinal Data Systems. The Board requested \$1.8 million from federal funds for information technology expenses to develop statewide data hubs, networks and a data warehouse. This is \$0.3 million more than enacted to reflect updated project schedules and grant awards. These data projects are aimed at linking and tracking student data from elementary grades through post-secondary schooling, including adult and vocational education programs, health indicators, and to show statewide trends and patterns of student progress and outcomes. *The Governor recommended funding as requested.* **The Assembly concurred.**

State Assessments. The Board requested \$3.6 million from federal grants for state assessments, which is \$155,000 or 4.1 percent less than enacted, reflecting anticipated expenditures. This is consistent with the FY 2015 revised request. These grants are used to support the development of the additional state assessments and standards required by federal law. These grants are also used to support the administration of those assessments or to carry out other activities related to ensuring that the state's schools and local educational agencies are held accountable for results. *The Governor recommended funding as requested.* **The Assembly concurred.**

Adult Education Grants. The Board requested the enacted level of \$5.5 million for adult education grants for FY 2016, including \$2.0 million from general revenues and \$3.5 million from Human Resource Investment Council funds. 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 drop-outs aged 16 and older. Approximately 6,000 students participate in these programs with 25 percent of the program attendees for GED preparation services, 50 percent for English as a second language services, and 25 percent for low level literacy services.

The 2014 Assembly passed legislation allowing for a waiver of the test fee. The enacted budget does not include any funding for this. The Department indicated intent to submit rules and regulations for preliminary approval by the Council on Postsecondary Education in February. *The Governor recommended funding as requested. The Department began to issue waivers in June, using personnel savings to purchase the initial round of waivers. It indicated it would continue to fund the waiver program without seeking additional sources, but specific reductions had not yet been determined.* **The Assembly concurred.**

Vision Services. The Department's request eliminated the \$0.2 million from general revenues for vision services that is included in the enacted budget. This is the last year of a three-year transition of the costs

for services provided by the Paul Sherlock Center to visually impaired students from state funds to local education agencies enacted by the 2012 General Assembly. *The Governor excluded this funding, consistent with the request.* **The Assembly concurred.**

Department of Justice Settlement. The Department requested the enacted level of \$125,000 from general revenues for a federal monitor as part of a settlement with the United States Department of Justice for violations of Title II of the Americans with Disabilities Act. The Department of Justice discovered that individuals with intellectual and developmental disabilities were being segregated through a “Training Thru Placement” program sheltered at the Harold A. Birch Vocational Program at Mount Pleasant High School. The Department of Justice’s investigation found that the majority of people receiving state and city-funded employment and daytime services through the segregated program could and wanted to work and receive services in more integrated community settings.

Under the Americans with Disabilities Act, people with disabilities have the right to receive services in the most integrated settings appropriate for them. As part of the settlement, the Department of Elementary and Secondary Education must take certain remedial actions. The appropriation request will fund the remedies and the cost of the federal monitor that would validate compliance.

In addition to the Department of Elementary and Secondary Education, the Office of Health and Human Services and the Departments of Human Services and Behavioral Healthcare, Development Disabilities and Hospitals are included in the investigation. The settlement and monitoring fees will be allocated among these agencies. The Department spent \$44,862 in FY 2014 and reported that it anticipated spending \$125,000 in FY 2015 for the federal monitor and implementation of compliance programs.

As part of its constrained request, the Board eliminated this funding, citing that it had not been notified of any payments or expenditures that may be required in FY 2016; however, it is not clear if this reduction is feasible. The consent decree to develop and maintain compliance spans ten years, so eliminating the funds will likely go against the memorandum of understanding. *The Governor did not include any funding related to this settlement, consistent with the constrained request. Although no official notification had been received, the Governor subsequently requested an amendment to restore the \$125,000 from general revenues.* **The Assembly concurred.**

Community Service Grants. The Board requested the enacted level of \$1.8 million from general revenues for 17 community service grants to community organizations. *The Governor recommended \$480,000 less than requested; however, it appears the intent was to remove the entire \$500,000 for a one time grant.* **The Assembly corrected the \$20,000 error and added \$375,000, including new awards of \$250,000 to Teach for America and \$30,000 to Man-Up, \$50,000 for a one-time award for the music program in Woonsocket schools, and adding \$45,000 for COZ.**

Performance Management. The Board requested \$0.1 million in new general revenue funding and authorization for 1.0 full-time equivalent position that would be responsible for continuing the operation and maintenance of the Department’s performance management system. This is \$36,246 more than enacted from all sources and shifts existing staffing expenses funded from federal Race to the Top funds to general revenues since Race to the Top grant funds for this position ended in September 2014. The Department has attempted to continue the functions with existing staff since then, but indicated it is not sustainable. This position was requested for the FY 2015 budget, but not included as part of the Governor’s recommendation or the enacted budget. *The Governor recommended the position and funding as requested.* **The Assembly did not concur; it excluded both the authorization and funding.**

Education Specialist. The Board requested \$0.1 million and authorization for 1.0 full-time equivalent position that would be responsible for supporting the Rhode Island Evaluation Model and for providing technical assistance to local education agencies. The FY 2015 enacted budget includes \$34,048 from

federal Race to the Top funds for this position for three months; the position has been vacant for the full year, but a staff member has been performing the duties as needed to total approximately a 0.25 full-time equivalent position. Since the federal funds are no longer available in FY 2016, the request only includes general revenues for the position. The request assumes approximately three months of turnover savings from filling the position at the end of the first quarter of FY 2016. This position was requested to be added for the FY 2015 budget, but was not recommended by the Governor or included in the enacted budget. *The Governor recommended the position and funding as requested.* **The Assembly did not concur; it excluded both the authorization and funding.**

Data Systems Administrator. The Board requested \$0.1 million from general revenues and authorization for 1.0 full-time equivalent position that would be responsible for data services related to teacher certification, educator performance and working with local education agencies to ensure data quality. The tasks of this position have been supported by Race to the Top funds that will no longer be available in FY 2016. The position is filled and expected to remain filled during FY 2015, so it is not clear why the request assumes approximately three months of turnover savings from filling the position at the end of the first quarter of FY 2016. The request shifted federal expenses to general revenues and is \$40,250 less than the enacted level of funding, because it assumes three months of vacancy. This position was requested to be added for the FY 2015 budget, but was not recommended by the Governor or included in the enacted budget. *The Governor recommended the position and funding as requested.* **The Assembly concurred.**

All Other Race to the Top Positions. The Board's request eliminates \$0.4 million from federal funds and 5.5 full-time equivalent Race to the Top positions in FY 2016, since the program ends June 30, 2015. The enacted budget includes 5.5 positions and the revised request includes 10.0 positions to complete the work in FY 2015 under a no-cost extension. This excludes the 3.0 previously discussed positions that the Board requested general revenue funding and authorization for to continue work started with federal Race to the Top funds. *The Governor excluded the funding and the 5.5 positions.* **The Assembly concurred.**

All Other Salaries and Benefits. The Board's request includes \$19.6 million for the Department's other 148.4 administrative positions. This is \$0.2 million more from all funds, including \$0.6 million more from general revenues to reflect current service adjustments and the cost-of-living adjustment. It also includes \$0.3 million less from federal funds, primarily as a result of the end of the Race to the Top – Early Learning grant on December 31, 2015 and \$0.2 million less from restricted receipts. The request shifted positions around within the administrative program, shifted a 0.4 position to the E-rate program, discussed separately, and includes turnover savings of \$1.3 million from maintaining approximately 13 vacant positions in FY 2016, which is \$0.4 million more and four additional positions than assumed in the enacted budget, based on the average cost per position of \$95,101 in the request.

Based on the request, the cost-of-living increase is \$0.9 million, including \$0.6 million from general revenues. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015, offset by increased cost sharing measures for medical benefits. The estimated cost for FY 2016 reflects approximately 5.6 percent growth over personnel expenditures for FY 2014.

The Governor recommended \$34,275 less than requested, including \$9,752 less from general revenues to reflect additional turnover and updates to available federal and restricted receipt funding. **The Assembly further reduced general revenue expenditures by \$0.3 million from assuming additional turnover.**

Teacher Evaluation. The Department requested \$140,000 from general revenues to continue teacher evaluation support systems implemented with Race to the Top funds. This program was previously

funded through Race to the Top federal funds, but will no longer receive funding when the Race to the Top grants end in FY 2015. The request includes funding for maintenance of the software that provides local education agencies with access to roster verification, schedule observations, keeping track of evaluation ratings and is linked to the teacher certification system. The Department indicated that if the funding is not provided, the local education agencies would have to replace the funds or the evaluation system would cease to operate. *The Governor recommended funding as requested.* **The Assembly did not concur and excluded the funding.**

Assessment Tools. The Department requested \$150,000 from general revenues for the annual license fee to maintain student assessment tools, trainings and supports for teachers and local education agencies throughout the state. This program was previously funded through Race to the Top federal funds, but will no longer receive funding when the Race to the Top grants end in FY 2015. These funds would assist teachers by providing updated itemized development information for assessment training and data analysis, which is used by teachers to assess and address the strengths and weaknesses of the students and access tools to help make improvements to student success. The Department indicated that if the state did not continue to fund the upkeep and licensure requirements, the local education agencies would have to replace the funds or the evaluation system would cease to operate. *The Governor recommended funding as requested.* **The Assembly did not concur and excluded the funding.**

Instructional Support System. The Department requested \$180,000 from general revenues to continue to provide maintenance and support for the Rhode Island Instructional Support System. This system combines curriculum, assessment, instructional practice tools, and student data for educators and administrators into one system. This program was the largest and most costly initiative developed with federal Race to the Top funds, requiring \$180,000 annually for its continued maintenance and operation. It will no longer receive federal funding when the Race to the Top grants end in FY 2015. The Department indicated that if the state did not continue to fund the maintenance and support requirements, the local education agencies would have to replace the funds or the support system would cease to operate. *The Governor recommended funding as requested.* **The Assembly concurred.**

Single Sign-On System. The Department requested an additional \$75,000 from general revenues for the single sign-on system, which provides services and resources to all users of the new data system created by the state for use by educators in the field. This program was previously funded through federal Race to the Top funds; the enacted budget includes \$32,000 from general revenues, but the Department indicated that the additional funding is needed to maintain and support this program as federal Race to the Top funding will no longer be available when the grant ends in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Race to the Top Expenses. The Board requested \$0.2 million to complete work on education reforms funded by the Race to the Top grant. This is \$7.3 million less than enacted, adjusted for the four items previously discussed where expenses are shifted to general revenues, from the federal grants ending June 30, 2015. The grant was scheduled to end on September 20, 2014; however, the state was able to receive a no-cost extension for certain projects. On August 24, 2010, Rhode Island was notified it would be awarded Race to the Top grant funds. The Department's total award of \$75.0 million will be spent by the end of FY 2015, with final payments of up to \$200,000 in FY 2016. A requirement of the award is that 50.0 percent of funds must be used directly for education aid; most of the remaining funds will be used for consultants and full-time equivalent positions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Met School Capital. The Board requested \$3.2 million from Rhode Island Capital Plan funds for two projects for the Metropolitan Career and Technical School. This is \$2.0 million more than enacted, including \$1.7 million for the HVAC project from increased costs from the first two buildings that are expected to continue through the remaining buildings and \$0.3 million for the various projects within the

asset protection project. This is consistent with the capital request. *The Governor recommended \$3.1 million less than requested, reducing the scope for both the HVAC and asset protection projects. She subsequently requested an amendment to add \$3.7 million from Rhode Island Capital Plan funds for the HVAC project since reported delays had been resolved. The Assembly concurred. A detailed analysis of all of the projects is included in the Capital Budget section of this publication.*

Other Capital. The Board requested \$2.8 million from Rhode Island Capital Plan funds for FY 2016 for capital projects at the state's career and technical centers. This is \$0.4 million less than enacted and includes work at the Warwick and Woonsocket career and technical centers; the Cranston center is expected to be completed in FY 2015. The state is making significant repairs and renovations at the career and technical centers for the districts to consider taking ownership of the facilities. *The Governor shifted \$0.8 million from FY 2016 to FY 2017 related to the Warwick career and technical center. The Assembly concurred.*

Grant and Programming Adjustments. The Board's request for \$20.8 million includes adjustments in state and federal expenditures producing a total decrease of \$0.4 million, including a reduction of \$6,000 from general revenues. Federal funds changes reflect actual grant awards and projected expenditures and include the end of several grants and increased awards for others. The request includes expenditures of \$8.1 million from general revenues, \$12.6 million from federal funds and \$0.1 million from restricted receipts. *The Governor recommended funding as requested. The Assembly concurred.*

Davies Career and Technical School

Funding Formula. The Board requested \$17.3 million from all sources, including \$11.7 million from general revenues to fund Davies Career and Technical School for FY 2016, the fifth year of the funding formula. This is \$0.4 million less than enacted, including \$0.6 million less from general revenues and \$0.2 million more from restricted receipts. 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 2016 is the fifth year of the funding formula. Using enrollments of 875 and 603 free and reduced price lunch students, respectively, total formula aid is projected to be \$8.1 million or approximately \$4.2 million less than FY 2015 enacted aid. This decrease will be transitioned over five years, the remainder of the ten-year transition plan.

The request assumes several positions that were assumed to remain vacant in the enacted budget will be filled and based on the request, the cost-of-living increase is \$0.6 million, primarily from general revenues; however, since the school is funded through the funding formula and only receives a single allocation for the year, the school will have to find savings elsewhere within its allocation. *The Governor recommended funding as requested. The Assembly reduced expenditures by \$16,651 to reflect updated March enrollment data.*

Capital. The Board requested \$1.2 million from Rhode Island Capital Plan funds for capital projects at the Davies Career and Technical School. This is \$0.3 million less than enacted, including \$0.8 million less for the repair of the HVAC system and \$0.6 million more for general asset protection projects. *The Governor recommended funding as requested. The Assembly shifted \$1.4 million related to the HVAC project from FY 2015 to later years, including \$0.5 million to FY 2016.*

Rhode Island School for the Deaf

Salaries and Benefits. The Board's budget request contains \$6.3 million in salary and benefit expenditures for 59.0 full-time equivalent positions at the school. This is \$0.5 million more than enacted, including \$0.3 million more from general revenues as a result of benefit updates, the cost-of-living adjustment, several staffing adjustments and the elimination of one position, consistent with the revised request. The request

assumes several positions will be filled that were assumed to remain vacant in the enacted budget and based on the request, the cost-of-living increase is \$0.3 million, primarily from general revenues.

As part of its constrained request, the Department proposed eliminating 2.0 full-time teacher positions for savings of \$0.3 million. This has been proposed in the past. The Department stated that these layoffs would cause a significant detriment to the School's functions and result in non-highly qualified teachers assuming roles for which they are not prepared.

*The Governor recommended \$86,640 more than the unconstrained request, including \$83,011 more from general revenues for 60.0 positions, which provides funding for the existing faculty and staff at the school. The Governor did not eliminate the positions offered in the constrained request, but did assume they would remain vacant unless other sources of funding become available. **The Assembly concurred.***

All Other Operations. The Board requested \$1.0 million for all other operating expenditures for the School for the Deaf, including \$0.6 million from general revenues. The request is \$25,724 less than enacted, including \$26,857 less from general revenues, \$44,200 less from federal funds, primarily from the expiration of federal Race to the Top funds in FY 2015, and an increase of \$45,333 from fee for service restricted receipts. The Board requested \$0.4 million for specialized care contracted services, such as speech pathologists, behavior specialists and personal care attendants, which is approximately \$36,000 more than enacted to reflect anticipated expenditures. The Board also included the enacted level of \$59,000 from Permanent School funds for computer and information technology supplies and support. *The Governor recommended funding as requested. **The Assembly concurred.***

Public Higher Education

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Office of Postsecondary Commissioner	\$ 9,658,557	\$ 10,586,735	\$ 29,088,477	\$ 28,302,867
University of Rhode Island	743,589,467	733,893,971	717,786,562	720,672,430
Rhode Island College	171,374,139	175,117,201	178,733,154	179,033,154
Community College of RI	156,167,029	156,078,809	162,150,985	162,150,985
Total	\$1,080,789,192	\$1,075,676,716	\$1,087,759,178	\$1,090,159,436
Expenditures by Category				
Salaries and Benefits	\$ 458,686,332	\$ 464,708,242	\$ 471,607,946	\$ 470,957,336
Contracted Services	20,454,821	20,897,234	26,522,730	26,387,730
Subtotal	\$ 479,141,153	\$ 485,605,476	\$ 498,130,676	\$ 497,345,066
Other State Operations	195,928,291	197,299,397	195,663,850	195,933,850
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	306,515,026	289,344,879	302,760,114	303,071,982
Capital	44,342,111	51,329,374	37,818,980	40,422,980
Capital Debt Service	54,862,611	52,097,590	53,385,558	53,385,558
Operating Transfers	-	-	-	-
Total	\$1,080,789,192	\$1,075,676,716	\$1,087,759,178	\$1,090,159,436
Sources of Funds				
General Revenue	\$ 190,954,911	\$ 188,230,069	\$ 195,693,088	\$ 196,304,956
Federal Aid	5,092,287	5,099,787	15,442,544	15,092,544
Restricted Receipts	644,000	644,000	653,200	653,200
Other	884,097,994	881,702,860	875,970,346	878,108,736
Total	\$1,080,789,192	\$1,075,676,716	\$1,087,759,178	\$1,090,159,436
Uses of Funds				
Unrestricted Use Funds	\$ 615,755,668	\$ 623,544,198	\$ 644,143,834	\$ 644,755,702
Restricted Use Funds	465,033,524	452,132,518	443,615,344	445,403,734
Total	\$1,080,789,192	\$1,075,676,716	\$1,087,759,178	\$1,090,159,436
FTE Authorization	3,496.2	3,498.4	3,518.4	3,513.4
<i>Limited to Third Party Funds</i>	<i>750.8</i>	<i>750.8</i>	<i>745.8</i>	<i>745.8</i>
Total Authorized Positions	4,247.0	4,249.2	4,264.2	4,259.2

Summary. The Board requested \$1,087.7 million from all funds, including \$204.4 million from general revenues. This is \$7.0 million of new spending above the FY 2015 enacted budget for FY 2016 including \$13.5 million more in general revenue support, \$23.5 million more from other unrestricted sources and \$30.0 million less from restricted sources. The Board requested total funding from all sources of \$1,087.7 million for FY 2016, which is 0.6 percent growth over the FY 2015 enacted budget. The Board requested \$652.7 million from unrestricted use funds and \$435.0 million from restricted use funds. The unrestricted request represents 4.1 percent growth over FY 2015 revised expenditure projections; the restricted request represents a 4.7 percent reduction.

The Governor recommended \$1,087.8 million from all sources, which is \$7.0 million more than enacted. She recommended \$195.7 million from general revenues, which is \$4.7 million more than enacted and \$8.7 million less than requested. She transferred \$19.1 million and 15.0 full-time equivalent positions from the Rhode Island Higher Education Assistance Authority to the Office of Postsecondary Commissioner and recommended abolishment of the Authority as a stand-alone agency.

The Assembly added \$311,868 from general revenues for community service grants and \$0.3 million from general revenues for Rhode Island College. It also added \$2.6 million from Rhode Island Capital Plan funds for the University’s asset protection projects and project management for the shared nursing education center. It transferred \$18.3 million and 10.0 positions from the Higher Education Assistance Authority and concurred with the remainder of the recommendation.

Target Issues. Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. The Budget Office provided the Department with a general revenue target of \$184.1 million. The amount includes current service adjustments of \$5.7 million and a 7.5 percent target reduction, adjusted for certain exclusions, of \$12.5 million.

The constrained budget submitted by the agency is \$0.4 million above the target. The proposals to achieve the reductions are noted among the items described in each institution’s section where appropriate. *The Governor’s recommendation is \$11.6 million more than the target. The enacted budget is \$12.2 million more than the target.*

FY 2016 Budget	Budget Office	Higher Education	Difference
FY 2015 Enacted	\$ 190,954,911	\$ 190,954,911	\$ -
Current Service Adjustments	5,704,873	13,467,112	7,762,239
<i>Change to FY 2015 Enacted</i>	<i>\$ 5,704,873</i>	<i>\$ 13,467,112</i>	<i>\$ 7,762,239</i>
FY 2016 Current Service/ Unconstrained Request	\$ 196,659,784	\$ 204,422,023	\$ 7,762,239
Target Reduction/Initiatives	(12,547,256)	(19,914,232)	(7,366,976)
FY 2016 Constrained Target/Request	\$ 184,112,528	\$ 184,507,791	\$ 395,263
<i>Change to FY 2015 Enacted</i>	<i>\$ (6,842,383)</i>	<i>\$ (6,447,120)</i>	<i>\$ 395,263</i>

Full-Time Equivalent Positions. The FY 2016 request includes authority for 4,275.2 full-time equivalent positions, provided that 750.8 of those positions would be limited to third-party sources. This is 28.2 more than the enacted level, including 2.2 new positions at the Office to reflect the new Commissioner’s staffing plan, 21.0 more positions at the University and 5.0 positions at the Community College. The 2004 Assembly changed its treatment of research-funded positions to provide the institutions’ estimates of staffing needs associated with additional research grants and other third-party funds. Article 1 separately lists the authorization for each institution and the Office of Higher Education and indicates how many positions are reserved for third-party funded activities.

The Governor recommended 4,264.2 full-time positions, which is 17.2 more than enacted. This includes the 2.2 positions added for the Office of Postsecondary Commissioner in FY 2015 and transfer of 15.0 positions from the Rhode Island Higher Education Assistance Authority in a proposed merger into the Office of Postsecondary Commissioner. She reduced authorization for third party funded positions by 5.0, increasing non-third party funded ones by a like amount at the Community College. The Assembly transferred 10.0 positions from the Higher Education Assistance Authority and concurred with the remainder of the recommendation.

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four

operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives and approves from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Board continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Board specifies as requested, staff analysis starts from the allocations.

*The Governor recommended \$8.1 million less than requested including \$3.5 million less from general revenues of which \$2.6 million reflects refunding savings on general obligation bonds for the University and College and \$0.5 million represents additional statewide medical benefit savings. She also recommended \$5.2 million less from Rhode Island Capital Plan funds to reflect her capital budget recommendations. **The Assembly eliminated \$68,132 for a community service grant for a program that is no longer active.***

Higher Education Funding. Expenditures in Public Higher Education increased 63.5 percent during the period FY 2005 through FY 2015, which is an annual rate of 6.4 percent. Public Higher Education would grow 56.2 percent if the Board's FY 2016 request were funded, which is an annual rate of 5.6 percent. It should be noted that beginning in FY 2007, debt service expenditures, which had been shown in the budget of the Department of Administration from FY 2000 through FY 2006, are again shown in Higher Education's budget.

In Rhode Island, as in many other states, expenditures and sources for public higher education are generally broken into two categories: (1) *unrestricted* budget and (2) *restricted* budget. The distinction is extremely important to the understanding of public higher education funding.

*The Governor's FY 2016 recommendation, adjusted for the transfer of the Higher Education Assistance Authority functions, represents 68.8 percent growth during the period of FY 2005 through FY 2016, which is an annual rate of 6.3 percent. **The enacted budget represents 69.1 percent growth, which is an annual rate of 6.3 percent.***

Unrestricted Budget. 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, auxiliary indirect costs and miscellaneous revenue. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The Board's unrestricted budget includes \$651.9 million, of which \$204.4 million is from general revenues. The general revenue portion is \$13.5 million more than the FY 2015 enacted budget; other unrestricted sources increase \$36.2 million.

*The Governor recommended \$644.1 million from unrestricted sources, which is \$28.4 million more than enacted and \$7.8 million less than requested. General revenues are \$4.7 million more than enacted and \$8.7 million less than requested. **The Assembly added \$0.3 million for community service grants and \$0.3 million for Rhode Island College operations.***

Restricted Budget. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, parking funds where they occur, and any other funds whose sources are limited to use for certain purposes. Federal funds, including sponsored research overhead, are considered restricted use; the traditional display in the Governor's budget presentation breaks them out separately. The Board requested restricted budgets of

\$435.8 million for FY 2016. This is a decrease of \$29.2 million, or 6.4 percent to the enacted FY 2015 level. Compared to the revised allocation, the request is \$21.4 million more. *The Governor recommended \$443.6 million, which is \$21.4 million less than enacted and \$7.8 million more than requested.* **The Assembly added \$2.6 million from Rhode Island Capital Plan funds and reduced the recommended transfer from the Higher Education Assistance Authority by \$0.8 million to reflect efficiencies provided for in a merger.**

Salaries and Benefits. The Board requested \$473.9 million for salary and benefit expenditures, of which \$386.1 million is from unrestricted sources and \$87.9 million is from restricted sources. The request represents a \$25.3 million or 7.0 percent increase from the FY 2015 enacted level in unrestricted funding, and a \$10.1 million decrease in restricted funding or 10.3 percent. Compared to the institutions' FY 2015 revised projections, the unrestricted increase is \$16.2 million or 4.4 percent and a \$7.2 million decrease in restricted funding or 0.6 percent. The Board's request includes benefit adjustments consistent with Budget Office planning values and assumes successful outcome of contract negotiations with employee unions.

The Governor recommended \$6.0 million more than enacted and \$0.2 million less than requested. The unrestricted recommendation is \$21.5 million more than enacted and \$3.9 million less than requested. This includes \$0.5 million from general revenues for statewide medical benefit savings. **The Assembly reduced expenditures associated with the transfer of the Higher Education Assistance Authority by \$0.7 million to reflect efficiencies provided for in a merger.**

Contracted Services. The Board requested \$21.9 million for contracted services for FY 2016, of which \$14.0 million is from unrestricted sources and \$8.0 million is from restricted sources. This is \$1.5 million more than the FY 2015 enacted budget and \$1.1 million more than the FY 2015 revised allocation. Compared to the revised allocation, unrestricted sources increase \$1.6 million or 12.8 percent and restricted sources decrease \$0.5 million or 6.0 percent. *The Governor recommended \$0.4 million more than enacted and \$31,678 more than requested.* **The Assembly reduced expenditures associated with the transfer of the Higher Education Assistance Authority by \$0.1 million to reflect efficiencies provided for in a merger.**

Other Operating Expenses. The Board requested \$195.4 million for other operating expenditures in FY 2016, of which \$93.1 million is from unrestricted sources and \$102.3 million is from restricted sources. This is \$0.5 million less than the FY 2015 enacted operating expenses. Compared to the institutions' FY 2015 revised projections, the unrestricted increase is \$6.2 million, or 7.1 percent and the restricted budget decrease is \$7.6 million or 6.9 percent. *The Governor recommended \$1.4 million more than enacted and \$0.4 million more than requested.* **The Assembly added \$0.3 million in operating support for Rhode Island College and eliminated \$30,000 in expenditures associated with the transfer of the Higher Education Assistance Authority to reflect efficiencies provided for in a merger.**

Grants and Scholarships. The Board requested \$291.8 million for total grants and scholarships expenditures for FY 2016, a decrease of \$14.7 million, or 4.8 percent to the enacted FY 2015 budget. The unrestricted budget accounts for \$117.3 million, a decrease of \$2.7 million, or 2.2 percent. The restricted budget includes \$174.5 million, a 6.5 percent increase of \$12.1 million.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 29.9 percent of the tuition and mandatory fees based on the Board's current service budget. Revised FY 2015 estimates are for 30.0 percent. For FY 2014, that share was 29.4 percent. External student aid also includes the Ford Direct Student Loan and Parent Loan programs at the University. The University requested \$96.7 million related to the Ford Loans for FY 2016. The Ford Loan program began in FY 1996 with loans of \$33.8 million.

*The Governor recommended \$3.8 million less than enacted and \$11.0 million more than requested. This includes the transfer of \$11.4 million from the Higher Education Assistance Authority to the Office of Postsecondary Commissioner. She included language in Article 1 that requires the institutions to maintain internal student financial aid for FY 2016 at the FY 2015 level. **The Assembly concurred and added \$0.3 million for several community service grants.***

Capital. The Board requested \$49.4 million in total expenditures for capital outlays and improvements. The request includes \$34.5 million from Rhode Island Capital Plan funds of which \$17.8 million is for asset protection. It should be noted that the Rhode Island Capital Plan funds request is not consistent with the Board's five-year capital plan request. The operating budget excludes several new projects requested in the capital budget. *The Governor recommended \$6.9 million more than enacted and \$1.0 million less than requested.*

The Assembly added \$2.2 million from Rhode Island Capital Plan funds for the University's asset protection projects and \$0.4 million for project management for the shared nursing education center. These and all other projects are discussed in the Capital Budget section of this publication.

Debt Service. The Board requested \$55.3 million in total debt service expenditures for FY 2016. Of this, \$35.9 million is unrestricted. General revenues are used to support general obligation bond debt service. *The Governor recommended \$2.8 million less than enacted and \$2.6 million less than requested to reflect savings from the refinancing of general obligation bond debt. **The Assembly concurred.***

Enrollment. FY 2016 enrollment, based on revised estimates, would be 31,345 full-time equivalent students, which is 0.1 percent more than the reported FY 2014 level. The Board's FY 2015 revised budget estimates a decrease of 1.0 percent at the University that reflects 115 fewer students overall and a change in the mix of in-state and out-of-state students. *The Governor's recommendation appears to reflect the Board's enrollment projections. **The Assembly concurred.***

Tuition and Fees. The Board's FY 2016 request includes \$409.6 million from tuition and fees. This represents a \$22.2 million, or 5.7 percent increase in revenues over the FY 2014 level and is \$14.1 million or 3.6 percent more than the revised allocation. The Board of Education approved tuition rates for FY 2016 at its December 2014 meeting. These include tuition and fee increases of 2.8 percent for in-state and out-of-state students at the University, 7.8 percent for in-state students at the College and 8.0 percent at the Community College.

It should be noted that the Board approved the tuition and fee rates for the College and Community College as requested. They changed the rates requested by the University which were 4.8 percent or \$600 for in-state students and 2.3 percent or \$648 for out-of-state students.

The three institutions proposed further tuition rate increases to offset the general revenue reduction contained in the constrained budget instead of making expenditure reductions. The Board of Education approved the tuition rates proposed as part of the current service budget at its December 2014 meeting. The Board voted to "retain the right to readjust tuition based on the Governor's recommended budget and Assembly action." *The Governor's budget appears to assume tuition and fee increases consistent with those approved by the Board. **The Assembly concurred.***

Office of Postsecondary Commissioner

Office of Postsecondary Commissioner	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 576,515	\$ 1,398,830	\$ 3,460,617	\$ 2,810,007
Contracted Services	129,000	252,000	5,262,500	5,127,500
Subtotal	\$ 705,515	\$ 1,650,830	\$ 8,723,117	\$ 7,937,507
Other State Operating	2,473,263	3,502,761	4,314,032	4,284,032
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	6,479,779	5,433,144	16,042,994	16,072,994
Capital	-	-	8,334	8,334
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,658,557	\$ 10,586,735	\$ 29,088,477	\$ 28,302,867
Sources of Funds				
General Revenue	\$ 4,566,270	\$ 5,486,948	\$ 5,785,323	\$ 5,815,323
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 4,566,270	\$ 5,486,948	\$ 5,785,323	\$ 5,815,323
Restricted	5,092,287	5,099,787	23,303,154	22,487,544
All Sources	\$ 9,658,557	\$ 10,586,735	\$ 29,088,477	\$ 28,302,867
FTE Authorizations				
	11.8	14.0	29.0	24.0
<i>Third-Party Funded Positions</i>	1.0	1.0	1.0	1.0
Total Positions	12.8	15.0	30.0	25.0

Summary. The Board requested \$10.3 million in FY 2016 expenditures from all sources and 15.0 full-time equivalent positions which reflects the new Commissioner of Postsecondary Education's staffing and operations plan for the reconstituted Office of Higher Education as the Office of Postsecondary Commissioner. This is \$0.7 million more than the FY 2015 enacted authorization and includes \$1.5 million more from general revenues and \$0.9 million less from restricted sources. Staffing is 2.2 more than the enacted authorization.

The Governor recommended \$29.1 million, including \$5.8 million from general revenues. This is \$19.4 million more than enacted including \$1.2 million from general revenues. This reflects the Governor's proposal to transfer all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer and establish a new division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget transfers \$19.1 million and 15.0 full-time positions to the Office. She also recommended the 2.2 new positions for the Office, as requested.

The Assembly transferred \$18.3 million and 10.0 positions from the Higher Education Assistance Authority, added \$30,000 for a community service grant and concurred with the remainder of the recommendation.

Unrestricted Budget. The unrestricted budget accounts for \$6.1 million from general revenues, which is \$0.6 million more than the revised budget request and \$1.5 million more than the FY 2015 enacted budget

to reflect funding for approximately 13 of 14.0 full-time equivalent positions. This reflects an increase of 2.2 full-time equivalent positions in the newly constituted Office of Postsecondary Commissioner. *The Governor recommended \$5.8 million from unrestricted sources; this is \$1.2 million more than enacted and \$0.3 million less than requested to primarily reflect a reduction to costs associated with PeopleSoft implementation.* **The Assembly added \$30,000 for a community service grant.**

Full-Time Equivalent Positions. The Office requested 15.0 full-time equivalent positions, which is 2.2 more than the enacted authorization. *The Governor recommended the 2.2 new positions as requested and also transferred 15.0 positions from the Higher Education Assistance Authority to the Office of Postsecondary Commissioner eliminating 7.0 positions from the Authority's prior authorization as requested. This represents direct program positions as well as overhead support.* **Remaining direct functions will require fewer staff with the efficiencies provided for in a merger; therefore, the Assembly retained 10.0 positions from the Authority and concurred with the remainder of the recommendation.**

Office of Postsecondary Commissioner Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ 951,951	\$ 920,678	\$ 920,678
Higher Education Restructuring	585,074	527,181	527,181
Shepard Building	-	-	-
PeopleSoft	-	(228,806)	(228,806)
Community Service Grants	-	-	30,000
Total	\$ 1,537,025	\$ 1,219,053	\$ 1,249,053

Current Year Revisions. The revised budget includes \$5.5 million from general revenues, which is \$1.0 million more than enacted to reflect funding for approximately 13 of 14.0 requested full-time equivalent positions for a newly constituted Office of Postsecondary Commissioner. This includes 2.2 new full-time equivalent positions effective April 2015. The new Commissioner began work in August 2014 and presented a new organization chart that includes several new functions including communications director and legislative relations, legal support and Board meetings ombudsman, fiscal research analyst, policy research analyst and assistant commissioner for workforce development. The intent of the Assembly in authorizing the creation of a new Office of Postsecondary Commissioner was to have the new Commissioner assess the needs of the new office, and staff it with personnel with the appropriate skill set.

The Governor recommended \$31,273 less from general revenues than requested. This includes \$5,196 in statewide medical benefit savings as well as minor reductions to staff training, telephones and other office supplies. **The Assembly concurred.**

Higher Education Restructuring. The 2012 Assembly enacted legislation that abolished the Board of Governors for Higher Education and the Board of Regents effective January 1, 2013 and created a new 11 member Rhode Island Board of Education. It also abolished the Office of Higher Education effective July 1, 2014. The 2014 Assembly adopted legislation to restructure the Board of Education into a 17-member board responsible for setting goals and working on system-wide initiatives and whose members serve on one of two eight-member councils, one for elementary and secondary education and one for higher education. These councils have full statutory authority for governance and regulatory functions. It also transferred a limited number of management authorities previously held by the Board to the institution presidents. The legislation also reconstituted the Office of Higher Education as the Office of Postsecondary Commissioner. The FY 2015 enacted budget includes savings of \$0.5 million for the new Office pending the new commissioner's determination of necessary staffing and operations. A new Commissioner of Postsecondary Education was hired during the summer of 2014.

The unrestricted request for \$2.1 million will support the operations of the Office of Postsecondary Commissioner and 15.0 full-time equivalent positions, which is 2.2 more than the enacted authorization and consistent with the revised request. This is \$1.5 million more than enacted and \$0.6 million more than the revised allocation to reflect a full-year's salary and benefits for approximately 14 of 15.0 positions.

The constrained budget includes a 33.4 percent reduction of \$0.7 million. Of this, \$0.6 million is a reduction in salaries and benefits equivalent to approximately 6 positions.

*The Governor recommended \$57,893 less than requested almost entirely for staff training. **The Assembly concurred.***

Shepard Building. The unrestricted budget request includes \$2.4 million for costs associated with parking and operating expenses for the Shepard Building. This is consistent with the revised allocation and enacted budget. The Shepard building's primary use is as the Providence Campus of the University of Rhode Island. It also houses the Department of Elementary and Secondary Education.

The constrained request reduces operating expenses by \$0.1 million which would shift these costs to the University. The Office and the University believe that the original agreement between the state and the University was to split the cost of the building 50/50. As state funding has declined and the Office has been instructed to submit budget requests with reductions, it has reduced its support for Shepard, which shifts the cost to the University. It should be noted that the Office did not reduce parking expenses which are \$954,000. Parking expenses were also held harmless from reduction in the Budget Office target calculations. *The Governor recommended funding as requested. **The Assembly concurred.***

PeopleSoft. The unrestricted budget includes the enacted amount of \$0.9 million for costs associated with PeopleSoft. Each year the Office allocates the appropriation among the institutions. Funding was originally provided to implement the PeopleSoft system. In the past few years funds have been used for upgrades, updates, and expansions to the Oracle/PeopleSoft/Banner systems. Although the original systems are implemented, the Office has indicated that there are continual needs and interfaces that are required for federal and state reporting requirements as well as other administrative purposes such as human resources and payroll as well as student related administrative systems through both PeopleSoft and Banner. In recent years, the Office has also considered security projects for the safe handling of data to be among the most significant projects.

The constrained request reduces expenditures by \$68,642 or 7.5 percent. *The Governor recommended \$0.7 million, which is \$0.2 million less than the unconstrained request and represents a 25.0 percent reduction to enacted funding. **The Assembly concurred.***

Community Service Grants. The Board requested \$0.7 million for its community service grants consistent with the revised budget request and the enacted level. Community service grants fund various programs that support or promote higher education. This includes \$0.4 million for the College Crusade. *The Governor recommended funding as requested. **The Assembly added \$30,000 for the Institute for Labor Studies and Research to provide a total of \$194,444 to that organization.***

College Access Challenge Grant. The request includes \$0.8 million for the College Access Challenge Grant, which is \$0.7 million less than enacted based on available resources and projected expenditures. This is the final year of funding for this five-year grant. Funding is being used for access and persistence programs being done at each of the three institutions. There are other small amounts of funds to be allocated for staffing, professional development and workshops. *The Governor recommended funding as requested. **The Assembly concurred.***

Other Restricted Use Operations. The restricted budget request is for \$3.4 million, which is \$0.2 million less than the FY 2015 enacted budget. The restricted budget reflects federal expenditure authority for grants, primarily passed through to the institutions and the College Crusade for Higher Education. *The Governor recommended funding as requested. The Assembly concurred.*

Division of Higher Education Assistance. The Higher Education Assistance Authority submitted a budget request for \$7.8 million and 15.0 full-time equivalent positions for its operations for FY 2016. This is \$3.9 million and 7.0 fewer positions than enacted to reflect conversion from a partial-service to full-service contract with Navient (formerly called Sallie Mae) beginning April, 2015 for loan guaranty services, which is the Authority's main purpose. Guaranty agencies like the Authority receive a majority of their funding from default reduction and collection activities. Agencies use these proceeds to provide default prevention services to students and families. Federal budget actions regarding default aversion fees reduced the agency's revenue by approximately 40 percent beginning July 1, 2014. Because of the decisions at the federal level, the Authority currently has between three and five years remaining to manage its existing loan portfolio.

The Governor recommended Article 7 to transfer all of the powers, duties, authority and resources of the Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer. The Authority and its corporate existence will be terminated on July 1, 2015. She transferred 15.0 full-time equivalent positions and \$7.7 million from the Authority to a new Division of Higher Education Assistance in the Office for its programs and operating support. This represents direct program positions as well as overhead support.

Remaining direct functions will require fewer staff with the efficiencies provided for in a merger; therefore, the Assembly eliminated 5.0 positions and \$0.8 million; 1.0 position and \$0.3 million would be shifted to the Office of the General Treasurer to administer the CollegeBoundfund.

Need-Based Scholarships and Grants. The Higher Education Assistance Authority requested the enacted level of \$12.1 million for need-based scholarships and grants, including \$4.1 million from general revenues and \$8.0 million from tuition savings funds consistent with the enacted level. The FY 2015 enacted budget includes \$4.1 million from Authority operating reserve funds in lieu of a like amount from general revenues for total grants of \$12.1 million. This request reverses the 2014 Assembly action.

For FY 2015, the Board voted not to use the \$4.1 million from reserve funds and to only use the \$8.0 million from tuition savings fees. The Board reduced the maximum grant award from \$750 to \$500. In FY 2014, approximately 18,355 received state grant offers, up to a maximum of \$750. The average award for FY 2014 was \$637 which covered less than five percent of an average student's need. For FY 2015, the Authority estimated that 23,000 would receive grants up to a maximum of \$500.

The Governor recommended legislation in Article 7 to replace the state's need-based scholarship and grants program formula and eligibility requirements with a more flexible program under the direction of the Commissioner of Postsecondary Education. She removed all funding for the need-based scholarships and grants and used \$11.4 million for two new programs described below. The Assembly concurred.

Last Dollar Scholarship Program. Legislation in Article 7 replaces the state's need based scholarship and grants program formula and eligibility requirements with a more flexible state grant program under the direction of the Commissioner of Postsecondary Education.

The Governor recommended \$10.1 million from tuition savings fees and federal loan reserve funds for a new Last Dollar Scholarship program for students with proven academic performance and financial need. The Assembly concurred with the proposal and further provided that the lesser of 20.0 percent or \$2.0 million annually be allocated to students attending independent, non-profit higher

education institutions in Rhode Island with the remaining funding limited to public higher education institutions in Rhode Island. It also enacted legislation requiring the Commissioner of Postsecondary Education to submit a plan with the annual budget describing how the grant funds will be distributed to students for each institution participating in the program.

Dual Enrollment Initiative. Legislation in Article 7 replaces the state’s need-based scholarship and grants program formula and eligibility requirements with a more flexible state grant program under the direction of the Commissioner of Postsecondary Education.

The Governor recommended \$1.3 million from tuition savings fees for a new dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. The Assembly concurred.

Scholarships and Grants						
Uses	FY 2015 Enacted	FY 2016 Governor	Change to Enacted	Change to Request	FY 2016 Enacted	Change to Enacted
Need-Based Scholarships and Grants	\$ 12,134,726	\$ -	\$(12,134,726)	\$(12,134,726)	\$ -	\$(12,134,726)
Last Dollar Scholarship Program	-	10,095,000	10,095,000	10,095,000	10,095,000	10,095,000
Dual Enrollment Initiative	-	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total	\$ 12,134,726	\$ 11,395,000	\$(739,726)	\$(739,726)	\$ 11,395,000	\$(739,726)
Sources						
General Revenues	\$ -	\$ -	\$ -	\$(4,134,726)	\$ -	\$ -
Tuition Savings Fees	8,000,000	7,395,000	(605,000)	(605,000)	7,395,000	(605,000)
Guaranty Agency Reserves	4,134,726	4,000,000	(134,726)	4,000,000	4,000,000	(134,726)
Total	\$ 12,134,726	\$ 11,395,000	\$(739,726)	\$(739,726)	\$ 11,395,000	\$(739,726)

Other Authority Programs and Issues

WaytoGo Web Portal. The Authority requested \$700,000 from federal funds for the WaytoGo Rhode Island web portal. WaytoGo Rhode Island is a website that contains tools for elementary, middle, high school, and college students. The Authority has chosen to use federal guaranty agency operating funds to support this program, but as these are diminished, this expense will compete with other priorities. *The Governor recommended funding as requested; however, she transferred all funding from the Authority’s budget to the Office of Postsecondary Commissioner. The Assembly concurred.*

Tuition Savings Program. The 1997 Assembly established a tuition savings program designed to facilitate and encourage savings by or on behalf of students, future students and parents for the purpose of paying the costs of attending institutions of higher education. Investments grow free from federal income taxes and distributions for qualified higher education expenses, such as tuition, fees, books, room and board, are federal income tax-free. In August 2000, the program was placed under the management of AllianceBernstein and renamed the Collegeboundfund.

Tuition savings fees are used to fund the need-based scholarships and grants program as well as other programs at the Board’s direction, from time to time. The Agency’s contract with AllianceBernstein, the manager of the CollegeBoundfund, expires on June 30, 2016.

As of June 30, 2011, there were approximately 500,000 accounts totaling \$7.9 billion. This was the peak number of accounts. The number of accounts has been declining since and totaled 417,000 at the end of 2013. The 2013 experience of assets showed market growth of \$800.0 million offset by a loss of \$500.0 million in accounts being withdrawn or closed.

The Governor recommended legislation in Article 7 to transfer administrative responsibility of the tuition savings program to the Office of the General Treasurer; all funding would go to the Office of

Postsecondary Commissioner. Currently, 0.5 of a position is dedicated to maintaining the relationship with AllianceBernstein.

*She subsequently requested an amendment to transfer \$0.4 million from tuition savings funds to the Office of the General Treasurer. **The Assembly shifted \$0.3 million and 1.0 position to the General Treasurer to administer the CollegeBoundfund.***

Academic Promise. Periodically the Board has created other grant programs that are not statutory. These are funded from tuition savings fees from the CollegeBoundfund. The Academic Promise program was created in 2002. In order to be eligible, a student must be a graduating high school senior who is planning to enroll in a postsecondary institution on a full-time basis, demonstrates academic promise and shows financial need. The award is up to \$2,500 per year over four years, up to a total of \$10,000. *There is no funding for a new cohort in the FY 2016 budget. Because the cohorts are pre-funded, everyone who has been promised an award will receive one. **The Assembly made no change.***

CollegeBoundbaby. At its September 25, 2014 meeting, the Board voted to approve a new program. Starting January 1, 2015, children born to or adopted by Rhode Island families are eligible for a \$100 contribution from AllianceBernstein funding. The money will be held and invested in a master account on behalf of the child until the child is ready to attend a higher education institution. This is stipulated to in the Authority's contract with AllianceBernstein.

*There is no change to this program proposed in the Governor's budget as it is funded by AllianceBernstein and not through the state budget. It should be noted that the Agency's contract with AllianceBernstein expires June 30, 2016. A new vendor or contract renegotiation could dramatically reduce the available revenues. **The Assembly made no change.***

Reserve Funds. The federal student loan operating fund is derived from fees paid by the federal government to administer the loan program. These include loan issuance fees, default aversion fees, and account maintenance fees. The federal operating fund also includes income earned as a result of collection and consolidation of previously defaulted loans. The uses of the guaranty agency's operating fund are limited by state and federal statutes. State law limits the use to the ordinary operating expenses of the Authority; it also states that it is the intent of the General Assembly that these funds eventually be used to increase financial assistance to Rhode Island students in the form of scholarships and grants. The Higher Education Assistance Authority Board had expressed interest in endowing guaranty operating reserves. As of June 30, 2014, there was approximately \$28 million available.

*The Governor's budget uses \$4.0 million from federal loan reserve funds for the new Last Dollar Scholarship. **The Assembly concurred.***

University of Rhode Island

University of Rhode Island	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 273,770,506	\$ 277,855,376	\$ 275,736,907	\$ 275,736,907
Contracted Services	15,507,647	15,357,533	15,579,934	15,579,934
Subtotal	\$ 289,278,153	\$ 293,212,909	\$ 291,316,841	\$ 291,316,841
Other State Operating	145,869,837	144,032,624	139,655,486	139,655,486
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	236,700,976	220,363,291	220,577,786	220,859,654
Capital	29,063,094	35,472,224	25,733,459	28,337,459
Capital Debt Service	42,677,407	40,812,923	40,502,990	40,502,990
Operating Transfers	-	-	-	-
Total	\$ 743,589,467	\$ 733,893,971	\$ 717,786,562	\$ 720,672,430
Sources of Funds				
General Revenue	\$ 91,231,968	\$ 89,086,223	\$ 90,362,378	\$ 90,644,246
Tuition and Fees	267,720,376	275,117,438	279,415,003	279,415,003
Other Unrestricted	24,188,377	23,453,660	25,341,994	25,341,994
Total Unrestricted	\$ 383,140,721	\$ 387,657,321	\$ 395,119,375	\$ 395,401,243
Restricted	360,448,746	346,236,650	322,667,187	325,271,187
All Sources	\$ 743,589,467	\$ 733,893,971	\$ 717,786,562	\$ 720,672,430
FTE Authorizations	1,882.7	1,882.7	1,882.7	1,882.7
<i>Limited to Third-Party Funds</i>	573.8	573.8	573.8	573.8
Total Positions	2,456.5	2,456.5	2,456.5	2,456.5

Summary. The University requested \$736.1 million and 2,477.5 full-time equivalent positions for FY 2016, a decrease of \$7.5 million or 1.0 percent to the FY 2015 enacted budget and a decrease of \$4.5 million or 0.6 percent to the revised allocation. This includes the Rhode Island State Crime Lab. General revenues, requested at \$97.4 million, are \$6.2 million more than the enacted budget and \$6.3 million more than the revised allocation. Compared to the enacted budget, restricted expenditures are \$27.3 million less which largely reflects a reduction in available sponsored research funds. The staffing request includes an increase of 21.0 full-time equivalent positions over the enacted budget and assumes that 573.8 of the total positions would be limited to funding from third-party sources.

The Governor recommended \$717.8 million, which is \$25.8 million less than enacted and \$18.3 million less than requested. She recommended \$90.4 million from general revenues, which is \$0.9 million less than enacted and \$7.1 million less than requested. She recommended 2,456.5 full-time equivalent positions, consistent with the enacted authorization.

The Assembly added \$0.3 million from general revenues for community service grants, \$2.2 million from Rhode Island Capital Plan funds for asset protection projects, \$0.4 million from Rhode Island Capital Plan funds for project management for the shared nursing education center and concurred with the remainder of the recommendation.

Tuition and Enrollment. The FY 2016 budget includes revenue related to tuition and mandatory fee increases of 4.8 percent, or \$600, and 2.3 percent, or \$648, for in-state and out-of-state students,

respectively. The Board of Education changed the rates to 2.8 percent for both in-state and out-of-state students. The change to the rates result in tuition increases of 2.3 percent, or \$250, for in-state students and 2.5 percent, or \$674, for out-of-state students and fees increase 6.5 percent, or \$106, for all undergraduates and that room and board would increase 1.7 percent or \$204. In-state enrollment is projected to decrease 1.0 percent or 79 full-time equivalent students and out-of-state enrollment is projected to increase 1.5 percent or 91 full-time equivalent students for a total increase of 0.1 percent or 12 full-time equivalent students. For FY 2016, the University is projecting that of 14,344 full-time equivalent students, 8,071 will be in-state and 6,273 or 43.7 percent will be out-of-state. Over the past few years, the University has made an effort to increase its recruitment of out-of-state students in an effort to generate more revenue as it has not raised tuition in the past two years.

The University, like the other two institutions, has proposed tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The Board of Education approved the tuition rates proposed as part of the current service budget at its December 2014 meeting. It voted to “retain the right to readjust tuition based on the Governor’s recommended budget and Assembly action.” *The Governor’s budget appears to assume tuition and fee increases consistent with Board approval.* **The Assembly concurred.**

University Undergraduate Tuition and Fees	FY 2015	FY 2016	Change to FY 2015	
Resident				
Tuition	\$ 10,878	\$ 11,128	\$ 250	2.3%
Fees	1,628	1,734	106	6.5%
Total	\$ 12,506	\$ 12,862	\$ 356	2.8%
Nonresident				
Tuition	\$ 26,444	\$ 27,118	\$ 674	2.5%
Fees	1,628	1,734	106	6.5%
Total	\$ 28,072	\$ 28,852	\$ 780	2.8%
Average Room and Board	\$ 11,752	\$ 11,956	\$ 204	1.7%
Undergraduate and Graduate Enrollment				
In-State	8,150	8,071	(79)	-1.0%
Out-of-State	6,182	6,273	91	1.5%
Total	14,332	14,344	12	0.1%

Staffing. The request for 2,477.5 full-time equivalent positions is 21.0 more than the enacted level. The enacted authorization and the request assumes that 573.8 of those will be limited to third-party sources. *The Governor recommended 2,456.5 full-time equivalent positions, consistent with the enacted authorization.* **The Assembly concurred.**

Unrestricted Budget Summary. The unrestricted budget, including the Rhode Island State Crime Lab, accounts for \$402.2 million, which is an increase of \$19.0 million or 5.2 percent to the FY 2015 enacted budget and \$12.7 million or 3.3 percent to the revised allocation. Sources of funds for the increase from the revised budget include \$6.3 million from general revenues, \$5.3 million from tuition and fees and \$1.1 million from other institutional resources.

The Budget Office instructed agencies to submit a constrained budget request including a 7.5 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the University is \$6.3 million more than the unconstrained request including \$9.7 million less from general revenues offset by \$16.0 million more from tuition and fees. All three institutions proposed further tuition rate increases to offset the general revenue reduction contained in the budget target.

The Governor recommended \$395.1 million in unrestricted expenditures, which is \$12.7 million more than enacted and \$7.0 million less than requested. General revenues are \$0.9 million less than enacted and \$7.1 million less than requested. She included language in Article 1 that requires the University to maintain internal student financial aid for FY 2016 at the FY 2015 level. **The Assembly added \$0.3 million from general revenues for community service grants and concurred with the remainder of the recommendation.**

University of Rhode Island Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ 7,039,029	\$ 5,303,184	\$ 5,235,052
New Positions (21.0)	2,469,557	-	-
Other Salaries and Benefits	5,729,931	4,525,681	4,525,681
Buildings and Grounds	240,439	240,439	240,439
Contracted Project Management	125,000	125,000	125,000
Business Engagement Center	175,000	175,000	175,000
Chemistry Building Equipement & Furniture	1,079,804	1,079,804	1,079,804
New Building Operations	662,370	662,370	662,370
Utilities	1,869,661	1,869,661	1,869,661
Community Service Grants	-	-	281,868
Capital Expenditures - Chemsitry Building	(2,000,000)	(2,000,000)	(2,000,000)
Capital Expenditures - LGBTQ Center	(1,800,000)	(1,800,000)	(1,800,000)
Capital Expenditures - Welcome Center	-	-	-
Debt Service	507,271	(504,747)	(504,747)
Student Aid	3,182,204	3,182,204	3,182,204
State Crime Lab	68,478	44,318	44,318
Allowance for Unpaid Accounts	178,933	178,933	178,933
Other Operating Adjustments	258,316	(332,496)	(332,496)
Total	\$ 19,785,993	\$ 12,749,351	\$ 12,963,087

Current Year Revisions. Historically the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Board continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Board specifies as requested, staff analysis starts from the allocations. The revised unrestricted budget includes the enacted level of general revenues.

The University requested \$389.5 million, which includes \$6.4 million or 2.4 percent more than enacted from tuition and fees, \$0.1 million less the enacted level of general revenues to reflect medical benefit savings and \$16,265 less from other University sources. Of the increased tuition and fees, \$0.7 million is from a change in enrollment and student mix and \$5.7 million is from the use of carryforward funds from prior years. Although there are 115 fewer students, more students are from out-of-state. The University projected FY 2015 enrollment of 14,332, which is an overall decrease of 115 or 1.0 percent compared to the enrollment assumptions in the FY 2015 enacted budget. The enacted budget assumed 8,298 students would be in-state. The revised allocation assumes 148 or 2.0 percent fewer in-state students. The enacted

budget also assumed 6,149 students would be out-of-state. The revised allocation is for 33 or 1.0 percent more out-of-state students.

The revised allocation is \$6.3 million more than enacted; it is \$10.7 million or 2.3 percent more than spent in FY 2014 and \$36.2 million or 10.2 percent more than spent in FY 2013. The year to year growth from FY 2013 to FY 2014 was 7.2 percent. Changes to the enacted budget include \$6.8 million more for salaries and benefits and \$7.8 million less for student aid partially to reflect the revised enrollment projections. Changes to salaries and benefits include \$160,164 in medical benefit savings.

There is also a significant increase in unrestricted expenditures for capital projects. The University is spending \$1.8 million in FY 2015 from prior unrestricted year end fund balances to construct the LGBTQ Center. The University will spend a total of \$2.4 million between FY 2013 and FY 2015 for the construction of this center. The budget also includes \$0.9 million from both unrestricted and restricted sources for a Gateway Welcome Center project. According to the University, the Gateway project is seen as a strategic and highly important asset for bolstering the recruitment of new students and is, therefore, critical to sustaining its most predominant revenue streams from student tuition and fees.

The budget also includes a total of \$2.0 million from unrestricted sources for the fourth floor of the chemistry building. The capital budget includes \$7.5 million for the fourth floor of the chemistry building for an air-handling unit, the fit-out of instructional labs on the first and second floors, and the full fit-out of the research space on the fourth floor. Of the total, \$2.0 million is from University unrestricted year-end balances, \$1.5 million has been committed from private sources for FY 2016, and \$4.0 million is being requested from Rhode Island Capital Plan funds for FY 2016.

The Governor's recommendation is \$1.7 million less than requested including \$2.0 million less from general revenues to reflect \$1.7 million of debt service savings on general obligation bonds, \$0.2 million in statewide medical benefit savings and \$0.1 million in reductions to the Rhode Island Crime Lab.

The Assembly eliminated \$68,132 for a community service grant for a program that is no longer active and concurred with the remainder of the recommendation.

New Staff Positions. Unrestricted expenditures increase \$2.5 million to fund 21.0 new positions for FY 2016. These include 10.0 tenure track faculty positions, 4.0 lecturers and 7.0 staff positions. The University indicated that it is committed to hiring 55 new faculty, 40.0 tenure track and 15.0 lecturers over the next four years. The faculty positions will be allocated across colleges and disciplines with an emphasis on responding to student demand for introductory, general education, advanced undergraduate and graduate courses. The University also aims to enhance the gender, cultural and ethnic diversity of the faculty. *The Governor did not recommend the new positions or funding.* **The Assembly concurred.**

Other Salaries and Benefits. Excluding the new positions mentioned above, the unrestricted budget includes \$207.9 million for all other salary and benefit expenditures. This is \$5.7 million or 2.8 percent more than the revised allocation. The increase reflects step increases, a number of faculty promotions and benefit adjustments consistent with Budget Office instructions. It also assumes funding based on a successful outcome of contract negotiations with faculty, non-classified and classified staff. *The Governor recommended \$4.6 million or 2.2 percent more than her revised allocation. This is 6.4 percent more than FY 2014 spending.* **The Assembly concurred.**

Buildings and Grounds. The unrestricted budget request includes \$3.0 million for buildings and grounds repairs and maintenance including trash and recycling services, custodial services, carpet cleaning and window cleaning. This is \$0.2 million or 8.6 percent more than the revised allocation. The request is 6.4 percent more than FY 2014 spending. The increase is partially a result of a new trash

contract and an increase in hazardous waste removal needs. *The Governor recommended funding as requested. The Assembly concurred.*

Contracted Project Management. The unrestricted budget includes \$125,000 for a new expenditure to contract for project management services for the University's smaller capital projects. This contracted position will assist the director and assistant director of capital planning with managing the approximately 50 capital projects going on at any given time. The University has indicated that staff time limitations and an increasing workload have resulted in continuous delay in projects due to back-log, and delayed decision making which extends project schedules and costs. The University's capital program involves approximately \$50.0 million a year and the University has calculated that every week of delay translates into \$28,000 in additional cost because of construction cost escalation. *The Governor recommended funding as requested. The Assembly concurred.*

Business Engagement Center. The unrestricted budget includes \$175,000 for a new expense for the University to contract with the University Foundation to expand the Business Engagement Center. This would be the first year of a two-year request. The University of Rhode Island Business Engagement Center opened September 5, 2013. The University reported that since its opening, more than 80 companies have utilized the services of the Center in addition to faculty and students. The University would like to invest to increase industry engagement and market the research and education at the University. The University Foundation currently pays half the salary of the executive director and administrative assistant positions. The University indicated that there will be a \$75,000 request as part of the FY 2017 budget to continue this work. *The Governor recommended funding as requested. The Assembly concurred.*

Chemistry Building Equipment and Furniture. The unrestricted budget includes \$1.1 million in costs associated with outfitting the new chemistry building including lab equipment and furniture. The voters approved \$61.0 million from general obligation bonds on the November 2010 ballot to construct a new chemistry building. More than 6,000 students take at least a semester of chemistry each year and 40 percent of all university degree programs require at least one chemistry class. Construction is currently underway and is scheduled to achieve substantial completion early in calendar year 2016, with progressive occupancy accomplished by summer 2016. *The Governor recommended funding as requested. The Assembly concurred.*

New Building Operations. The unrestricted budget includes \$0.7 million for operating costs associated with two new buildings coming online during FY 2016, the chemistry building and the LGBTQ Center. Of the total, \$0.6 million is for utility expenses with the remaining \$0.1 million for insurance, trash removal and recycling costs.

It should be noted that construction of the chemistry building is currently underway. Construction of the project is scheduled to achieve substantial completion early in calendar year 2016, with progressive occupancy accomplished by summer 2016. The LGBTQ Center is scheduled for completion of construction early in calendar year 2015 and will be fully operational in FY 2016. *The Governor recommended funding as requested. The Assembly concurred.*

Utilities. The unrestricted budget includes \$8.8 million for energy costs excluding the chemistry and LGBTQ buildings previously mentioned. This is \$1.9 million or 27.0 percent more than the FY 2015 revised allocation. The request is \$0.7 million or 9.1 percent more than spent in FY 2014 and \$5.1 million or 135 percent more than spent in FY 2013. The increase reflects projected rate increases and the most recent usage projections. *The Governor recommended funding as requested. The Assembly concurred.*

Community Service Grants. The unrestricted budget includes the enacted level of \$0.5 million for its community service grants. Community service grants fund various programs that support or promote higher education. These include the Hope High School Scholarship grant, Italian Cultural Heritage, learning enhancements for adults, minority outreach, Ocean State Center Law, citizen education, senior standard medical information system, Special Olympics and funding for the Small Business Development Center. *The Governor recommended funding as requested.* **The Assembly added \$350,000 for a new grant to Polaris Manufacturing Extension Partnership and eliminated the \$68,132 grant for a Senior Standard Medical Information System as the company providing the service ceased operations in June 2014.**

Capital Expenditures - Chemistry Building. The revised budget includes \$2.0 million from unrestricted sources for capital expenses for the fourth floor of the chemistry building that do not repeat in FY 2016. The capital budget includes \$7.5 million for the fourth floor of the chemistry building for an air-handling unit, the fit-out of instructional labs on the first and second floors, and the full fit-out of the research space on the fourth floor. Of the total, \$2.0 million was committed from University unrestricted year-end balances, \$1.5 million has been committed from private sources for FY 2016, and \$4.0 million is being requested from Rhode Island Capital Plan funds for FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Expenditures - LGBTQ Center. The University is spending \$1.8 million in FY 2015 from prior year unrestricted fund balances to construct the LGBTQ Center. The University spent a total of \$2.0 million between FY 2013 and FY 2015 for the construction of this center. The FY 2016 request does not include any additional funding for this center. The building is scheduled for completion of construction early in calendar year 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Expenditures - Welcome Center. The budget includes \$900,000 from both unrestricted and restricted sources, consistent with the revised allocation, for a Gateway Welcome Center. According to the University, the Gateway project is seen as a strategic and highly important asset for bolstering the recruitment of new students and is, therefore, critical to sustaining its most predominant revenue streams from student tuition and fees. The unrestricted budget and the auxiliaries and enterprises that rely heavily on student tuition and fee revenue are supporting this project. *The Governor recommended funding as requested.* **The Assembly concurred.**

Debt Service. The unrestricted request includes \$26.2 million for debt service costs, which is \$0.5 million more than the revised allocation to reflect new revenue bonds for road, utilities and landscaping improvements to Fraternity Circle. The Assembly would need to approve the issuance of this debt. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds.

Between FY 2009 and the FY 2016 request, unrestricted debt service will grow \$12.3 million or 83.6 percent. General revenue expenditures for general obligation bond debt service will grow \$8.3 million or 66.0 percent.

The Governor recommended \$1.0 million less than requested to reflect savings from the refunding of general obligation bond debt. Updated for these savings, unrestricted debt service would grow \$8.8 million or 60.2 percent between FY 2009 and FY 2016, and general revenue expenditures for general obligation bond debt service will grow \$5.6 million or 44.4 percent. **The Assembly concurred.**

Unrestricted Debt Service - URI				
	GO	RIHEBC	ESCO	Total
FY 2009	\$ 12,590,080	\$ 2,104,178	\$ -	\$ 14,694,258
FY 2010	\$ 14,178,053	\$ 2,791,057	\$ -	\$ 16,969,110
FY 2011	\$ 15,006,727	\$ 3,065,682	\$ -	\$ 18,072,409
FY 2012	\$ 16,095,746	\$ 3,239,088	\$ -	\$ 19,334,834
FY 2013	\$ 19,721,003	\$ 3,316,971	\$ 2,283,569	\$ 25,321,543
FY 2014	\$ 20,351,930	\$ 3,211,739	\$ 2,368,374	\$ 25,932,043
FY 2015 Final	\$ 20,903,400	\$ 3,184,366	\$ 1,669,647	\$ 25,757,413
FY 2016 Request	\$ 20,903,400	\$ 3,599,062	\$ 1,709,977	\$ 26,212,439
FY 2016 Governor/Enacted	\$ 18,186,018	\$ 3,599,062	\$ 1,709,986	\$ 23,495,066

Student Aid. The unrestricted budget includes \$95.9 million for student aid, which is \$3.2 million or 3.4 percent greater than the FY 2015 allocation and 7.9 percent greater than FY 2014 expenditures. The additional funding is intended to increase the yield of the freshman class and retention of all classes. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue. For FY 2016, student aid is estimated to be 36.6 percent of tuition and fee revenue. This had steadily increased over the years; FY 2016 is slightly lower than FY 2015. For FY 2010, student aid was 25.6 percent of tuition and fees and has grown to 36.8 percent for FY 2015.

The constrained request adds \$6.5 million in student aid consistent with a tuition increase that generates \$16.0 million more in tuition revenue to offset a reduction of \$9.7 million from general revenues.

The Governor recommended funding as requested. She included language in Article 1 that requires the University to maintain internal student financial aid for FY 2016 at the FY 2015 level. The Assembly concurred.

State Crime Lab. The unrestricted budget includes \$1.2 million for the State Crime Lab, which is \$0.1 million more than the FY 2015 allocation. The majority of the additional funding is for salaries and benefits including the upgrade of all staff positions, except the director. The Crime Lab has been part of the University's budget since FY 2012.

The constrained budget request reduces general revenues by \$0.2 million and requests that a like amount of funding be provided from an alternate source. The Crime Lab has indicated that a possible alternative source of revenue would be to impose a fee on the agencies which use the laboratory services. The Crime Lab has indicated that this practice was enacted in 1978 legislation but repealed in 1984. The Crime Lab suggested that another option would be to add a dedicated surcharge of 5.0 percent to every insurance property loss policy written in the state. The Crime Lab indicates that any reduction in expenditures would result in the loss of its standing as an accredited laboratory under the guidelines for forensic testing laboratories. This is the same proposal submitted as part of the FY 2014 and FY 2015 constrained budget requests. *The Governor recommended \$24,160 less than requested to reject the request to upgrade positions. The Assembly concurred.*

Allowance for Unpaid Accounts. The unrestricted budget request includes \$3.5 million in allowance for unpaid accounts. This is \$0.2 million or 5.3 percent more than the revised allocation. Accounting standards require the practice of accounting for uncollected accounts in the budget. A year end accounting entry records bad debt allowance based on a formula applied to unpaid accounts receivables. The University Controller projects bad debt expenses based on the history and the anticipated balance required for reporting in the audited Financial Statement of Net Position. The Allowance is based on prior years' history, tuition increases as well as outstanding tuition and fees expected at the end of the fiscal year. The economy over the last few years has impacted the collection of outstanding balances. *The Governor recommended funding as requested. The Assembly concurred.*

Other Operating Expenditures. Excluding the items noted previously, the unrestricted budget includes \$47.4 million for all other operating and contracted services expenditures. These include audit fees, guest speakers, legal services, student loan management services, fundraising, tuition and student loan collection services, travel, Shepard Building operations and technology. This is a \$0.3 million or 0.5 percent more than the revised allocation. Overall, these expenditures are 6.9 percent more than spent in FY 2013 and 2.4 percent less than spent in FY 2014. *The Governor recommended \$0.3 million less than the revised allocation, which is \$0.4 million less than requested.* **The Assembly concurred.**

Restricted Budget. The restricted budget request is for \$334.0 million, which is a 7.4 percent decrease of \$26.5 million to the FY 2015 enacted budget. Compared to the revised allocation, the request is \$17.2 million or 4.9 percent less. The decrease to the enacted budget includes \$9.3 million less for salaries and benefits, \$12.0 million less for student aid, \$6.8 million more for capital improvements funded from Rhode Island Capital Plan funds, \$0.8 million more for debt service, and \$12.9 million less for all other contracted and operating expenditures.

Of the total decrease of \$27.3 million, \$23.4 million is related to a reduction in sponsored research activity. The projection reflects account awards in hand or anticipated as well as current and future proposals. The University reported that the effects of sequestration and a decrease in federal agency budgets have finally “caught up” to the University. The decline of research funding is part of a national trend due to flat or decreased funding for research provided by the federal government. Now that the stimulus funding has expired, federal research funds are contracting and the funding success rate for peer-reviewed grants has dropped to very low levels. Sponsored research funding has been declining over the past few years. The FY 2016 request is 17.6 percent less than the revised allocation and 26.2 percent less than was spent in FY 2013.

There is also a \$3.2 million decrease in student aid from the FY 2015 allocation that is attributable to a decrease in the federal Ford Loan program based on the current loans disbursed. The University believes that the main reason for this is that alternative loans are offering better rates than the federal loan. The University has noticed a corresponding increase in alternative private loans that do not appear in the University’s budget. *The Governor recommended \$11.3 million less than requested from Rhode Island Capital Plan funds for capital projects.*

The Assembly added \$2.2 million from Rhode Island Capital Plan funds for asset protection projects and \$0.4 million from Rhode Island Capital Plan funds for project management for the shared nursing education center and concurred with the remainder of the recommendation. All projects are discussed in detail in the Capital Budget section of this publication.

Rhode Island College

Rhode Island College	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 96,342,268	\$ 97,579,148	\$ 100,303,621	\$ 100,303,621
Contracted Services	2,370,419	2,546,885	2,738,159	2,738,159
Subtotal	\$ 98,712,687	\$ 100,126,033	\$ 103,041,780	\$ 103,041,780
Other State Operating	26,874,712	28,207,539	28,928,791	29,228,791
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	28,299,572	28,897,326	30,307,674	30,307,674
Capital	8,049,911	9,349,583	6,057,287	6,057,287
Capital Debt Service	9,437,257	8,536,720	10,397,622	10,397,622
Operating Transfers	-	-	-	-
Total	\$ 171,374,139	\$ 175,117,201	\$ 178,733,154	\$ 179,033,154
Sources of Funds				
General Revenue	\$ 47,361,399	\$ 46,201,365	\$ 49,903,011	\$ 50,203,011
Tuition and Fees	65,505,516	65,633,786	70,265,844	70,265,844
Other Unrestricted	7,712,045	11,261,051	10,447,266	10,447,266
Total Unrestricted	\$ 120,578,960	\$ 123,096,202	\$ 130,616,121	\$ 130,916,121
Restricted	50,795,179	52,020,999	48,117,033	48,117,033
All Sources	\$ 171,374,139	\$ 175,117,201	\$ 178,733,154	\$ 179,033,154
FTE Authorizations	841.6	841.6	841.6	841.6
<i>Limited to Third-Party Funds</i>	82.0	82.0	82.0	82.0
Total Positions	923.6	923.6	923.6	923.6

Summary. Rhode Island College requested \$178.5 million from all sources and 923.6 full-time equivalent positions, of which 82.0 would be limited to third party sources. This is an increase of \$7.2 million or 4.2 percent from the FY 2015 enacted budget and an increase of \$2.1 million or 1.2 percent to the revised budget allocation. The staffing request is consistent with the enacted authorization.

The Governor recommended \$178.7 million, which is \$7.4 million more than enacted and \$0.2 million more than requested. The Governor recommended \$49.9 million from general revenues, which is \$2.5 million more than enacted and \$0.6 million less than requested. Staffing is consistent with the enacted authorization. The Assembly added \$0.3 million in general revenue support to help close the gap between the current service budget requested by the College and the Governor's recommendation and concurred with the remainder of the recommendation.

Tuition and Enrollment. The FY 2016 budget assumes that tuition would increase 9.0 percent which is equivalent to a \$588 increase for in-state students and a \$1,551 increase for out-of-state students. It assumes that fees would increase 0.7 percent or \$7 for resident and nonresident undergraduates and that room and board would increase 3.0 percent or \$310. In-state enrollment is projected to increase 2.6 percent or 150 full-time equivalent students and out-of-state enrollment is projected to increase 2.4 percent or 20 full-time equivalent students for a total increase of 2.5 percent or 170 full-time equivalent students. For FY 2016, the College is projecting that of 6,860 full-time equivalent students, 6,010 will be in-state and 850 or 12.4 percent will be out-of-state.

The College, like the other two institutions, proposed tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The Board of Education approved the tuition rates proposed as part of the current service budget at its December 2014 meeting. It voted to “retain the right to readjust tuition based on the Governor’s recommended budget and Assembly action.” *The Governor’s budget appears to assume tuition and fee increases consistent with Board approval.* **The Assembly concurred.**

College Undergraduate Tuition and Fees	FY 2015	FY 2016	Change to FY 2015	
Resident				
Tuition	\$ 6,530	\$ 7,118	\$ 588	9.0%
Fees	1,072	1,079	7	0.7%
Total	\$ 7,602	\$ 8,197	\$ 595	7.8%
Nonresident				
Tuition	\$ 17,228	\$ 18,779	\$ 1,551	9.0%
Fees	1,072	1,079	7	0.7%
Total	\$ 18,300	\$ 19,858	\$ 1,558	8.5%
Average Room and Board	\$ 10,408	\$ 10,718	\$ 310	3.0%
Undergraduate and Graduate Enrollment				
In-State	5,860	6,010	150	2.6%
Out-of-State	830	850	20	2.4%
Total	6,690	6,860	170	2.5%

Staffing. The request for 923.6 full-time equivalent positions is consistent with the enacted level. The enacted authorization and the request assume that 82.0 of those will be limited to third-party sources. *The Governor recommended staffing as requested.* **The Assembly concurred.**

Unrestricted Budget. The unrestricted budget accounts for \$130.4 million, which is an increase of \$9.8 million, or 8.2 percent to the enacted budget and \$6.3 million or 5.1 percent to the revised allocation. Sources of funds for the increase to the revised allocation include \$3.1 million more from general revenues, \$4.8 million more from tuition and fees and \$1.6 million less from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 7.5 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the College is consistent with the unconstrained request, however, further increases tuition to generate \$4.9 million from tuition and fee revenue in lieu of a like amount from general revenues.

The Governor recommended \$130.6 million in unrestricted expenditures. This is \$10.0 million more than enacted and \$0.2 million more than requested. General revenues are \$2.5 million more than enacted and \$0.6 million less than requested. She included language in Article 1 that requires the College to maintain internal student financial aid for FY 2016 at the FY 2015 level. **The Assembly added \$0.3 million in general revenue support for the College and concurred with the remainder of the recommendation.**

College Changes to Enacted			
	Request	Governor	Assembly
Current Year Revisions	\$ 3,545,397	\$ 2,517,242	\$ 2,517,242
Salaries and Benefits	3,104,039	3,104,039	3,104,039
Student Aid	1,337,728	1,465,348	1,465,348
Repairs and Maintenance	1,031,188	731,957	1,031,957
Utilities	707,576	707,576	707,576
Debt Service	(4,517)	1,919,479	1,919,479
Other Operating Adjustments	126,236	(408,480)	(408,480)
Total	\$ 9,847,647	\$ 10,037,161	\$ 10,337,161

Current Year Revisions. Historically the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Board continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Board specifies as requested, staff analysis starts from the allocations. The College is projecting FY 2015 enrollment of 6,690, which is the same as the enrollment assumptions in the enacted budget.

Changes to the enacted budget include \$1.6 million less in salaries and benefits, \$0.7 million more in student aid, and \$1.3 million more in all other expenses. The change to salaries and benefits includes medical benefit savings of \$127,620. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue. Fewer students mean less in tuition and fee revenue which translates to less in unrestricted student aid; however, the enrollment and tuition and fee revenue is projected to be at the enacted level yet the revised allocation includes \$0.7 million more for student aid. The College has indicated that it believes the lack of financial aid is an impediment to students completing their degrees. The College has voiced its commitment to providing support to its students that demonstrate financial need.

*The Governor's recommendation is \$1.0 million less than requested, including \$1.2 million less from general revenues to reflect \$0.9 million of debt service savings from general obligation bonds and \$0.1 million in statewide medical benefit savings. She also reduced requested unrestricted student aid by \$0.1 million to account for medical benefit savings in the enacted budget. **The Assembly concurred.***

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$86.2 million and are \$3.1 million or 3.7 percent more than the FY 2015 allocation and 6.6 percent more than spent in FY 2014. Approximately \$1.0 million of the increase reflects restoring a portion of the turnover savings assumed in the enacted budget. The request also reflects benefit adjustments consistent with Budget Office instructions and assumes funding pending successful contract negotiations with employee unions. *The Governor recommended funding as requested. **The Assembly concurred.***

Student Aid. The request includes \$15.8 million for student aid, which is \$1.3 million or 9.2 percent greater than the FY 2015 allocation and \$1.4 million or 10.1 percent more than FY 2014 expenditures. It should be noted that the constrained request assumes tuition increases that result in an additional \$4.9

million in revenue. An increase in student aid would be expected given an increase in tuition. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue.

*The Governor recommended \$0.1 million more than requested to restore a like amount of student aid removed in the revised recommendation. She included language in Article 1 that requires the College to maintain internal student financial aid for FY 2016 at the FY 2015 level. **The Assembly concurred.***

Repairs and Maintenance. The unrestricted budget includes \$3.4 million for repairs and maintenance for the College's buildings. The College reported that as the buildings continue to age, the cost to repair and maintain them rises each year. The request is \$1.0 million or 43.3 percent greater than the revised allocation and \$0.6 million or 20.3 percent greater than spent in FY 2014.

The College is undertaking a multiyear project to make major renovations to the academic buildings on campus. The voters approved \$50.0 million of new general obligation bonds for academic buildings and health and nursing facilities in November 2012. As this work begins and continues, repair and maintenance costs would be expected to begin declining. *The Governor recommended \$0.7 million or 30.8 percent more than the revised allocation and \$0.3 million less than requested. **The Assembly added \$0.3 million to provide funding as requested.***

Utilities. The unrestricted budget includes \$3.3 million for utilities for the College's buildings. The request is \$1.0 million or 43.3 percent greater than the revised allocation and \$0.6 million or 20.3 percent greater than spent in FY 2014 based on assumed rate increases. *The Governor recommended funding as requested. **The Assembly concurred.***

Debt Service. The unrestricted request includes \$7.0 million for debt service costs, which is \$4,517 less than the revised allocation. The unrestricted budget funds debt service payments on general obligation bonds and revenue bonds. This is \$1.2 million more than spent in FY 2014 and \$1.3 million more than spent in FY 2013. *The Governor recommended \$1.9 million more for debt service on general obligation bonds associated with the first phase of repairs to academic buildings approved by the voters in 2012. **The Assembly concurred.***

Other Operating Adjustments. Excluding the items noted previously, the unrestricted budget includes \$14.8 million for all other expenditures, which is \$0.1 million or 0.9 percent more than the revised allocation. Spending for these same expenditures are 43.5 percent more than spent in FY 2013 and 17.3 percent more than spent in FY 2014. Increases were made for snow removal, outside legal services and hazardous waste removal based on more recent expenditure experience. The College also added \$0.3 million for feasibility studies consistent with the capital budget. This includes \$150,000 for a feasibility study for the fourth phase of academic building renovations and \$150,000 for improvements to the East Campus. These increases were partially offset by a reduction in bad debt. *The Governor recommended \$0.2 million less than requested to bring expenditures more in line with FY 2014 spending. **The Assembly concurred.***

Restricted Budget. The restricted budget request is for \$48.1 million, which is \$2.7 million or 5.3 percent less than enacted for FY 2015. It is \$4.2 million less than the revised allocation. Compared to the enacted budget, the request includes \$0.6 million less for salaries and benefits, \$0.2 million less for contracted services, \$0.1 million less for debt service, \$0.1 million less for student aid, \$1.8 million less for capital expenditures and \$49,598 more for operating expenditures. Rhode Island Capital Plan funds decrease by \$1.8 million essentially to reflect a reduction of \$1.9 million for the infrastructure modernization project. *The Governor recommended funding as requested. **The Assembly concurred.*** **Projects are described in detail in the Capital Budget section of this publication.**

Community College of Rhode Island

Community College of Rhode Island	FY 2015 Enacted	FY 2015 Final	FY 2016 Governor	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 87,997,043	\$ 87,874,888	\$ 92,106,801	\$ 92,106,801
Contracted Services	2,447,755	2,740,816	2,942,137	2,942,137
Subtotal	\$ 90,444,798	\$ 90,615,704	\$ 95,048,938	\$ 95,048,938
Other State Operating	20,710,479	21,556,473	22,765,541	22,765,541
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	35,034,699	34,651,118	35,831,660	35,831,660
Capital	7,229,106	6,507,567	6,019,900	6,019,900
Capital Debt Service	2,747,947	2,747,947	2,484,946	2,484,946
Operating Transfers	-	-	-	-
Total	\$ 156,167,029	\$ 156,078,809	\$ 162,150,985	\$ 162,150,985
Sources of Funds				
General Revenue	\$ 47,795,274	\$ 47,455,533	\$ 49,642,376	\$ 49,642,376
Tuition and Fees	55,101,113	55,274,864	58,230,857	58,230,857
Other Unrestricted	4,573,330	4,573,330	4,749,782	4,749,782
Total Unrestricted	\$ 107,469,717	\$ 107,303,727	\$ 112,623,015	\$ 112,623,015
Restricted	48,697,312	48,775,082	49,527,970	49,527,970
All Sources	\$ 156,167,029	\$ 156,078,809	\$ 162,150,985	\$ 162,150,985
FTE Authorizations	760.1	760.1	765.1	765.1
<i>Limited to Third-Party Funds</i>	94.0	94.0	89.0	89.0
Total Positions	854.1	854.1	854.1	854.1

Summary. The Community College requested \$162.8 million from all sources, an increase of \$6.6 million or 4.2 percent over the FY 2015 enacted budget and \$6.5 million or 4.2 percent more than the revised allocation. The request also assumes 859.1 full-time equivalent positions including 5.0 new positions. Consistent with the enacted budget, 94.0 positions would be limited to funding from third party sources.

The Governor recommended \$162.2 million, which is \$6.0 million more than enacted and \$0.6 million less than requested. The Governor recommended \$49.6 million from general revenues, which is \$1.8 million more than enacted and \$0.8 million less than requested. She recommended 854.1 total positions as enacted but reduced authority for third party funded positions by 5.0, increasing non-third party funded ones by a like amount. The Assembly concurred.

Tuition and Enrollment. The FY 2016 budget assumes that tuition increases 9.0 percent or \$326 and that fees decrease \$10 or 3.1 percent for resident students. Enrollment is projected to decrease by 3.4 percent or 357 full-time equivalent students.

The Community College, like the other two institutions, proposed tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The Board of Education approved the tuition rates proposed as part of the current service budget at its December 2014 meeting. It voted to “retain the right to readjust tuition based on the Governor’s recommended budget and Assembly action.”

The Governor's budget appears to assume tuition and fee increases consistent with Board approval. The Assembly concurred.

Community College Tuition and Fees	FY 2015	FY 2016	Change to FY 2015	
Resident				
Tuition	\$ 3,624	\$ 3,950	\$ 326	9.0%
Fees	326	316	(10)	-3.1%
Total	\$ 3,950	\$ 4,266	\$ 316	8.0%
Nonresident				
Tuition	\$ 10,256	\$ 11,180	\$ 924	9.0%
Fees	326	316	(10)	-3.1%
Total	\$ 10,582	\$ 11,496	\$ 914	8.6%
Enrollment	10,498	10,141	(357)	-3.4%

Staffing. The request for 859.1 full-time equivalent positions is 5.0 more than the FY 2015 enacted authorization. It assumes that of the total positions, 94.0 will be limited to funding from third party sources. *The Governor recommended 854.1 full-time equivalent positions, consistent with the total enacted authorization. The recommendation shifted 5.0 third-party funded research positions to non-restricted positions. The Assembly concurred.*

Unrestricted Budget. The unrestricted budget accounts for \$113.2 million, which is \$5.8 million or 5.4 percent more than the enacted budget and revised allocation. Sources of funds for the increase to the revised allocation include \$2.6 million more from general revenues, \$3.1 million more from tuition and fees and \$0.1 million more from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 7.5 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the College is consistent with the unconstrained request; however, it further increases tuition to generate \$4.9 million in revenue to use in lieu of a like amount from general revenues.

The Governor recommended \$112.6 million in unrestricted expenditures. This is \$5.2 million more than enacted and \$0.6 million less than requested. General revenues are \$1.8 million more than enacted and \$0.8 million less than requested. She included language in Article 1 that requires the Community College to maintain internal student financial aid for FY 2016 at the FY 2015 level. The Assembly concurred.

Community College Changes to Enacted	Request	Governor	Asembly
Current Year Revisions	\$ -	\$ (165,990)	\$ (165,990)
New Positions	361,986	361,986.00	361,986.00
Other Salaries and Benefits	4,035,574	4,035,574	4,035,574
Technology Upgrades	510,000	510,000	510,000
Utilities	120,000	120,000	120,000
Fleet Replacement	193,000	193,000	193,000
Building Repairs and Maintenance	326,388	326,388	326,388
Building Renovations	(935,313)	(935,313)	(935,313)
Student Aid	280,542	280,542	280,542
Debt Service	950	(235,308)	(235,308)
Other Operating Expenses	886,445	662,419	662,419
Total	\$ 5,779,572	\$ 5,153,298	\$ 5,153,298

Current Year Revisions. Historically the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Community College requested \$107.5 million which is consistent with the enacted budget and reflects enrollment consistent with the assumptions in the enacted budget. The Community College requested \$0.1 million or 0.1 percent less for salaries and benefits. This includes medical benefit savings of \$165,990; however, the College did not reduce its request by this amount.

Expenditures for building repairs and capital renovations are \$0.6 million less than enacted. Final FY 2013 expenditures were \$5.3 million and the enacted budget included \$4.2 million. The Community College used unrestricted sources to make major building renovations to its facilities in FY 2013, requiring less need for FY 2014 and FY 2015. The Community College also removed the \$0.4 million in the enacted budget to replace six vehicles, and reduced tuition waivers by \$0.4 million. It added \$0.4 million for utility costs, \$0.4 million for bad debt and \$0.7 million for all other contracted services and operating expenditures.

*The Governor recommended \$0.2 million less than requested, including \$0.3 million less from general revenues to reflect \$0.2 million in statewide medical benefit savings and a \$0.2 million reduction to miscellaneous operating supplies to account for the enacted medical benefit savings. **The Assembly concurred.***

New Positions. The unconstrained request includes \$0.4 million for 5.0 new full-time equivalent positions for FY 2016. The Community College indicated that the request is consistent with the college's strategic goal to improve student success. The new positions include 3.0 student development counselors, 1.0 joint articulation advisor and 1.0 Clery Act compliance coordinator.

The 3.0 new counselors plus the joint articulation advisor would work with future College and University transfer students. The Community College indicated in budget request supporting documents that it would like to add 4.0 more positions in FY 2017 and 3.0 in FY 2018. The 1.0 Clery Act compliance coordinator will work with all departments to ensure the college's compliance with the Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act and associated regulations. *The Governor recommended funding and additional positions as requested. **The Assembly concurred.***

Other Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$86.4 million, which is \$4.0 million or 4.9 percent more than the FY 2015 allocation. The increase reflects benefit adjustments consistent with Budget Office instructions as well as additional funding for cost-of-living adjustments pending successful contract negotiations with faculty, staff and adjunct faculty unions. *The Governor recommended funding as requested. **The Assembly concurred.***

Technology Upgrades. The unrestricted budget includes \$1.4 million for technology initiatives and upgrades to existing equipment, which is \$0.5 million more than the revised allocation. This includes \$250,000 for equipment and \$260,000 for software.

The \$250,000 for equipment includes the purchase of multi-functional devices that combine scanner, copier, fax machines, etc. into one device. All of the devices are networked so that people can forward

printing from a desk to a device on any campus. The request includes \$260,000 for Degree Works software that partners with the Community College's Banner student administrative software. The software will assist students, advisors and faculty in assessing academic progress, course requirements, and GPA (grade point average) monitoring. The Community College has indicated that it will take over a year to implement this project and will involve the information technology department, student services and academic departments. *The Governor recommended funding as requested.* **The Assembly concurred.**

Utilities. The unrestricted budget includes \$2.7 million for utility costs for FY 2016. This is \$0.1 million or 4.6 percent more than the revised allocation to reflect anticipated rate increases. This represents an 8.3 percent increase over FY 2014 spending and a 31.3 percent increase over FY 2013 spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

Vehicle Replacement. The unrestricted budget includes \$0.2 million for vehicle purchases. The enacted budget included \$0.4 million to replace six vehicles during FY 2015 but the revised allocation removed the entire amount. The Community College has a total of 33 vehicles and is requesting replacement of three in FY 2016. The current vehicle fleet of the Community College is worth an estimated \$1.1 million. It has a variety of vehicles including vans, pick-up trucks, cars, sports utility vehicles, and dump trucks among others. The last time the Community College purchased vehicles was in FY 2013 when it spent \$246,020. *The Governor recommended funding as requested.* **The Assembly concurred.**

Building Repairs and Maintenance. The unrestricted budget includes \$2.6 million for building repairs and maintenance. This is \$0.3 million more than the revised allocation to address the ongoing needs of its facilities. Spending in FY 2013 and FY 2014 was \$2.1 million and \$2.4 million, respectively, for the same types of expenditure. The \$0.3 million in additional spending includes \$0.1 million each for software maintenance agreements, plant equipment that is out of warranty, and for contracted electrical services. *The Governor recommended funding as requested.* **The Assembly concurred.**

Building Renovations. The unrestricted budget includes \$0.5 million for building renovations which is \$0.9 million less than the revised allocation and based on anticipated need. The Community College used unrestricted sources to make major building renovations to its facilities in FY 2013. These types of projects are typically funded from Rhode Island Capital Plan funds through the asset protection project for which the Community College receives approximately \$2.0 million annually. *The Governor recommended funding as requested.* **The Assembly concurred.**

Student Aid. The unrestricted budget includes \$3.8 million for student aid, which is \$0.3 million more than the revised allocation based on the tuition increase requested. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue. The request is \$0.5 million or 15.8 percent more than spent in FY 2014.

The constrained request includes an additional \$0.2 million to reflect an increase in tuition. Like the other two institutions, the Community College has opted to increase tuition to generate an additional \$4.6 million in revenue in lieu of \$4.4 million from general revenues instead of making expenditure reductions.

The Governor recommended funding as requested in the unconstrained request. She included language in Article 1 that requires the Community College to maintain internal student financial aid for FY 2016 at the FY 2015 level. **The Assembly concurred.**

Debt Service. The unrestricted budget includes \$2.7 million for debt service expenditures. This is \$950 more than the revised allocation. The unrestricted budget funds debt service payments on general

obligation bonds and revenue bonds. *The Governor recommended \$0.2 million less than requested to reflect savings from the refunding of general obligation bond debt.* **The Assembly concurred.**

Other Operating Expenses. Excluding the items noted previously, the request includes \$13.4 million for all other operating expenditures, which is \$0.9 million or 7.1 percent more than the revised allocation. This includes spending on buildings and grounds keeping services, legal services, and program supplies. The majority of the additional funding is for computers and other supplies offset by reductions made for building renovations. These same expenditures are 18.3 percent more than spent in FY 2013 and 9.7 percent more than spent in FY 2014. *The Governor recommended \$0.2 million less than requested, which is \$0.7 million more than the revised allocation.* **The Assembly concurred.**

Restricted Budget. The restricted budget request is for \$49.5 million, which is \$0.8 million or 1.7 percent more than the FY 2015 enacted budget and \$0.8 million or 1.5 percent more than the FY 2015 revised allocation. Salaries and benefits are \$0.2 million less than enacted and student aid is \$0.9 million more. All other expenditures are \$0.1 million more.

External financial aid and college work study awards are estimated at \$32.0 million which is \$0.9 million more than enacted and nearly the same as spent in FY 2014. There is a \$0.5 million reduction in sponsored research. All three institutions are experiencing a decline in available federal sponsored research dollars. *The Governor recommended funding as requested.* **The Assembly concurred.**

Rhode Island State Council on the Arts

		FY 2015 Enacted		FY 2015 Final		FY 2016 Recommended		FY 2016 Enacted
Expenditures by Category								
Salaries and Benefits	\$	598,368	\$	607,679	\$	629,179	\$	925,379
Contracted Services		25,500		40,500		40,500		40,500
Subtotal		623,868	\$	648,179	\$	669,679	\$	965,879
Other State Operations		83,981		111,861		111,861		140,952
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		1,604,574		1,511,574		1,546,574		1,576,574
Capital		602,536		701,372		1,353,293		1,353,293
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
Total	\$	2,914,959	\$	2,972,986	\$	3,681,407	\$	4,036,698
Sources of Funds								
General Revenue	\$	1,483,075	\$	1,491,068	\$	1,507,761	\$	1,863,052
Federal Aid		799,348		735,546		775,353		775,353
Restricted Receipts		-		-		-		-
Other		632,536		746,372		1,398,293		1,398,293
Total	\$	2,914,959	\$	2,972,986	\$	3,681,407	\$	4,036,698
FTE Authorization		6.0		6.0		6.0		8.6

Summary. The Council requested \$4.1 million from all sources including \$1.9 million from general revenues. This is \$1.2 million more than enacted including \$0.4 million more from general revenues, \$15,558 less from federal funds, and \$0.8 million more from Percent for Art funds, which are used for the acquisition of art works to be placed in public places in the state. The staffing request is 6.0 full-time equivalent positions, consistent with the enacted level.

The Governor recommended \$0.4 million less than requested, primarily from general revenues and the enacted level of positions. The Assembly added \$0.4 million from general revenues and 2.6 full-time equivalent positions to reflect the transfer of the Rhode Island Film and Television Office to the Council from the Department of Administration and one new community service grant.

Target Issues. The Budget Office provided the Council with a general revenue target of \$1.5 million. The amount includes current service adjustments of \$22,419. The target provided to the Office does not include the 7.5 percent reduction assigned to larger agencies.

The constrained budget submitted by the agency is \$2,054 below the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$2,267 above the target. The enacted budget is \$0.4 million above the target primarily reflecting a transferred function.*

FY 2016 Budget	Budget Office	Arts Council	Difference
FY 2015 Enacted	\$ 1,483,075	\$ 1,483,075	\$ -
Current Service Adjustments	22,419	20,866	(1,553)
New Initiatives	-	410,000	410,000
Change to FY 2015 Enacted	\$ 22,419	\$ 430,866	\$ 408,447
FY 2016 Current Service/ Unconstrained Request	\$ 1,505,494	\$ 1,913,941	\$ 408,447
Target Reduction/Initiatives	-	(410,501)	(410,501)
FY 2016 Constrained Target/Request	\$ 1,505,494	\$ 1,503,440	\$ (2,054)
<i>Change to FY 2015 Enacted</i>	\$ 22,419	\$ 20,365	\$ (2,054)

Discretionary Grants. The Council requested \$1.5 million from all sources for discretionary grants, including \$1.0 million from general revenues and \$0.5 million from federal National Endowment for the Humanities funds. This is \$0.4 million more than enacted from general revenues and \$58,000 less from federal funds. Discretionary grants are awarded to artists and organizations throughout the state, ranging from individual artists to venues such as the Providence Performing Arts Center. The Council indicated the increase in general revenue funding was requested to reach its goal of awarding \$1.0 million from discretionary grants, a goal that was set by the Council in the late 1990's.

The Council's constrained request excludes the requested general revenue increase. *The Governor's recommendation is consistent with the constrained budget request, funding general revenues at the enacted level.* **The Assembly concurred.**

Salaries and Benefits. The Council requested \$0.6 million, including \$0.4 million from general revenues for salaries and benefits for 6.0 positions. This is \$20,266 more from general revenues and \$15,345 more from federal funds. This primarily reflects a cost-of-living adjustment of \$28,155 and other benefit adjustments consistent with updated rates.

The Council's constrained request appears to reduce federally funded benefits by \$42,730 but does not address accompanying salaries.

The Governor recommended \$4,617 less than the unconstrained request including \$3,820 more from general revenues and \$8,437 less from federal funds to reflect medical benefit savings and correct benefit calculations. **The Assembly concurred.**

RI Film and Television Office. Consistent with the current service estimate, the Department of Administration requested FY 2016 expenditures totaling \$324,809 from general revenues, of which \$296,200 will be used to support the Office's 2.6 positions. The request is \$14,017 more than enacted for benefit rate changes to reflect FY 2016 planning values consistent with Budget Office instructions. The 2012 Assembly adopted legislation to transfer the Film and Television Office from the Rhode Island State Council on the Arts to the Department of Administration.

The request includes \$480 more than enacted for operating costs for Microsoft Office 365 software costs.

As part of its constrained budget, the Department proposed to lay off a 0.6 systems design program position for savings of \$0.1 million. The Office indicated that this position is responsible for updating its website and building the Office's library via photographs. The elimination would prevent residents from obtaining information on film events and daily community news.

The Governor recommended transferring the Rhode Island Film and Television Office to the Executive Office of Commerce; however, no legislation to effectuate this change was included. That budget includes staffing and funding consistent with the unconstrained request and an additional \$482 for computer supplies. **The Assembly adopted legislation to transfer the Office to the Rhode Island**

State Council on the Arts and included \$0.3 million from general revenues and 2.6 full-time equivalent positions.

Community Service Grants. The Council requested the enacted level of \$464,574 from general revenues for community service grants. *The Governor recommended funding as requested.* **The Assembly added \$30,000 for a new grant to the Stadium Theatre.**

Online Grant Application Systems. The Council requested \$33,500 including \$1,000 from general revenues and \$32,500 from National Endowment for the Arts federal funds for the development and maintenance of a new online grant application system. The online grant system was developed in 2011; the requested amount of \$20,500 more than enacted from federal funds would provide the Council with an expansion of its online application interface allowing the Council to process grant applications more efficiently.

The Council's constrained request reduces federal funding for the system by \$12,000.

The Governor recommended funding as included in the unconstrained request. **The Assembly concurred.**

Memberships and Other Operations. The Council requested \$73,861 including \$18,206 from general revenues and \$55,655 from federal funds for all other memberships and operations. This is \$7,380 more than enacted including \$600 more from general revenues and \$6,780 more from federal funds. New requested expenses include the cost of holding grant review panels, records storage, and the Council's new funding for membership in Grantmakers in the Arts and the Americans for the Arts, two organizations that support the work of artists and arts funders throughout the country, and other operating expenses.

The Council's constrained request eliminates one federally funded arts organization membership for savings of \$3,250 and reduces unidentified general revenue funded telecommunications expenses by \$501. *The Governor recommended funding as included in the unconstrained request.* **The Assembly concurred.**

Percent for Art Program. The Council's request includes \$1.4 million for public art projects at various new state owned facilities, which is \$0.8 million more than enacted. The request includes \$20,000 for costs associated with administration of the program such as posting online, newspaper advertising, and choosing requests for proposals. *The Governor recommended funding as included in the unconstrained request.* **The Assembly concurred.**

Rhode Island Atomic Energy Commission

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,044,239	\$ 1,064,345	\$ 1,117,528	\$ 1,117,528
Contracted Services	-	-	315	315
Subtotal	\$ 1,044,239	\$ 1,064,345	\$ 1,117,843	\$ 1,117,843
Other State Operations	97,708	448,215	164,497	164,497
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	129,227	92,528	54,829	54,829
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,271,174	\$ 1,605,088	\$ 1,337,169	\$ 1,337,169
Sources of Funds				
General Revenue	\$ 913,197	\$ 907,737	\$ 957,170	\$ 957,170
Federal Aid	-	351,171	54,699	54,699
Restricted Receipts	-	-	-	-
Other	357,977	346,180	325,300	325,300
Total	\$ 1,271,174	\$ 1,605,088	\$ 1,337,169	\$ 1,337,169
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island Atomic Energy Commission requested \$1.4 million including \$1.0 million from general revenues for its FY 2016 unconstrained request. This is \$121,825 more than enacted, including \$43,973 more from general revenues, \$60,529 more from federal funds, and \$17,323 more from University of Rhode Island Research funds. The Commission requested the enacted level of 8.6 positions. *The Governor recommended \$55,830 less than requested including \$5,830 less from federal funds and \$50,000 less from Rhode Island Capital Plan funds.* **The Assembly concurred.**

Target Issues. The Budget Office provided the Commission with a general revenue target of \$957,170. The amount includes current service adjustments of \$43,973. The Budget Office did not require the Commission to submit a budget that contained a reduction to current services. The Commission's request is consistent with the target. *The Governor's recommendation is consistent with the target.* **The enacted budget is consistent with the target.**

FY 2016 Budget	Budget Office	Atomic Energy	Difference
FY 2015 Enacted	\$ 913,197	\$ 913,197	\$ -
Current Service Adjustments	43,973	43,973	-
Change to FY 2015 Enacted	\$ 43,973	\$ 43,973	\$ -
FY 2016 Current Service/Unconstrained Request	\$ 957,170	\$ 957,170	\$ -
Target Reduction/Initiatives	-	-	-
FY 2016 Constrained Target/Request	\$ 957,170	\$ 957,170	\$ -
<i>Change to FY 2015 Enacted</i>	<i>\$ 43,973</i>	<i>\$ 43,973</i>	<i>\$ -</i>

Salaries and Benefits. The Commission requested \$1.1 million, including \$0.9 million from general revenues, \$17,609 from federal funds and \$0.2 million from University of Rhode Island research funds for staffing costs. This is \$0.1 million more than enacted from all funds including \$44,000 more from general revenues, \$17,609 more from federal funds and \$17,510 more from University funds. The request fully funds salaries and benefits for 8.6 full-time equivalent positions. *The Governor recommended \$5,830 less than requested from University research funds to reflect turnover savings associated with two vacant positions.* **The Assembly concurred.**

Instrumentation Upgrades. The Commission's request includes \$37,920 from federal funds for the upgrade of instrumentation associated with the health physics program. The Commission indicated that funding for the federal infrastructure support program was restored. It should be noted that most of the instrumentation at the Rhode Island Nuclear Science Center has not been upgraded since it was built in 1960. The Commission projects the majority of these upgrades to be completed in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital. Consistent with the enacted amount, the Commission requested \$100,000 from Rhode Island Capital Plan funds for asset protection projects. The Commission spent \$59,257 in FY 2013 and \$45,770 in FY 2014. *The Governor recommended \$50,000.* **The Assembly concurred. A detailed analysis of the project is included in the Capital Budget section of this publication.**

All Other Grants and Operations. The Commission requested \$131,721, including \$48,064 from general revenues, \$5,000 from federal funds and \$78,657 from University funds for all other grant funded activities and operations. This is \$27 less from general revenues, \$5,000 more from federal funds and \$187 less from University research funds. Federal grants fund nuclear engineering research and support nuclear education projects. Expenditures include general office and maintenance expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

Historical Preservation and Heritage Commission

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 1,718,591	\$ 1,688,724	\$ 1,755,591	\$ 1,755,591
Contracted Services	3,100	3,400	3,400	3,400
Subtotal	\$ 1,721,691	\$ 1,692,124	\$ 1,758,991	\$ 1,758,991
Other State Operations	110,899	90,278	95,988	95,988
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	2,173,686	2,180,229	2,051,194	2,096,694
Capital	1,903,700	2,122,450	5,030	5,030
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,909,976	\$ 6,085,081	\$ 3,911,203	\$ 3,956,703
Sources of Funds				
General Revenue	\$ 1,320,610	\$ 1,206,107	\$ 1,355,972	\$ 1,380,972
Federal Aid	2,183,588	2,259,795	2,054,893	2,075,393
Restricted Receipts	434,910	428,630	428,630	428,630
Other	1,970,868	2,190,549	71,708	71,708
Total	\$ 5,909,976	\$ 6,085,081	\$ 3,911,203	\$ 3,956,703
FTE Authorization	16.6	16.6	16.6	16.6

Summary. The Historical Preservation and Heritage Commission requested \$4.2 million, which is \$1.7 million less than enacted from all sources. This includes \$0.1 million more from general revenues, \$0.2 million less from federal funds, \$6,280 less from restricted receipts, and \$1.7 million less from other funds, primarily Rhode Island Capital Plan funds. The request includes the authorized level of 16.6 full-time equivalent positions.

The Commission also submitted a constrained request that totals \$1.4 million from general revenues and includes \$21,161 less from general revenues than the unconstrained request.

The Governor recommended \$3.9 million from all funds. This is \$0.3 million less than requested, including \$0.1 million less from general revenues and \$0.2 million less from Rhode Island Capital Plan funds. She included the authorized level of 16.6 full-time equivalent positions.

The Assembly provided \$4.0 million, which is \$45,500 more than recommended from all sources, including \$25,000 more from general revenues for community service grants and \$20,500 more from federal funds to reflect a new federal grant awarded to the Commission, consistent with an amendment requested by the Governor.

Target Issues. The Budget Office provided the Historical Preservation and Heritage Commission with a general revenue target of \$1,442,113, including current service adjustments of \$0.1 million. The target provided to the Commission does not include the 7.5 percent reduction assigned to larger agencies.

FY 2016 Budget	Budget Office		HPHC	Difference		
FY 2015 Enacted	\$	1,320,610	\$	1,320,610	\$	-
Current Service Adjustments		121,503		137,616		16,113
Change to FY 2015 Enacted	\$	121,503	\$	137,616	\$	16,113
FY 2016 Current Service/Unconstrained Request	\$	1,442,113	\$	1,458,226	\$	16,113
Target Reduction/Initiatives		-		(21,161)		(21,161)
FY 2016 Constrained Target/Request	\$	1,442,113	\$	1,437,065	\$	(5,048)
<i>Change to FY 2015 Enacted</i>	\$	<i>121,503</i>	\$	<i>116,455</i>	\$	<i>(5,048)</i>

The constrained budget submitted by the agency is \$5,048 below the target. The Commission's proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$86,141 below the target. The enacted budget is \$61,141 below the target.*

Eisenhower House. The Commission requested \$0.4 million from all funds for staffing, operations, and renovations to Eisenhower House. This includes \$0.2 million, which is \$15,287 more than enacted from general revenues for house staffing and operations, consistent with current planning values and historical expenditures. Also included is \$0.2 million, which is \$1.7 million less than enacted from Rhode Island Capital Plan funds, reflective of the anticipated completion of substantial renovations to the house in the fourth quarter of FY 2015.

As part of its constrained request, the Commission proposed \$1,720 less from general revenues for the staffing and operations of Eisenhower House, including the one-week furlough of the full-time staff member who maintains Eisenhower House for savings of \$1,420. Also included is a \$300 reduction in unspecified house operations expenses. The Commission did not provide any information regarding the impacts on Eisenhower House operations resulting from the proposals.

The Governor recommended \$0.2 million less than requested from all funds. Her recommendation includes \$7,212 less from general revenues to reflect anticipated part-time staffing and statewide benefit savings. She also included \$0.2 million less from Rhode Island Capital Plan funds to reflect a shift of funding from FY 2016 to FY 2015 for the completion of the renovation project in the current year. The Assembly concurred.

All Other Salaries and Benefits. The Commission requested \$1.7 million, which is \$99,323 more than enacted from all sources for salaries and benefits for the remaining 15.0 authorized full-time equivalent positions. This includes \$0.1 million more from general revenues, \$11,545 more from restricted receipts, and \$1,406 more from Department of Transportation reimbursement funds. Increases are offset by \$26,619 less from federal funds. The FY 2015 enacted budget includes one-time funding for salaries and benefits from Hurricane Sandy Grant funds that produced general revenue savings; the FY 2016 request shifts these expenditures back to general revenues.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017, which includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015, offset by increased cost sharing measures for medical benefits. The request includes \$0.1 million from all sources to fund the increases, including \$46,634 from general revenues. The remainder of the request is consistent with FY 2016 planning values, statewide medical benefit savings, and anticipated staffing.

As part of its constrained request, the Commission proposed a one week furlough of its staff and includes \$37,396 less from all sources to reflect that for 15.0 authorized full-time equivalent positions. This includes \$16,741 less from general revenues, \$18,569 less from federal funds, and \$2,086 less from Department of Transportation reimbursement funds. It should be noted that the target provided to the Commission by the Budget Office only applies to funding from general revenues. However, the

Commission reported that the furlough of all staff and a reduction from all sources was determined to be the most equitable, as its staff is assigned to various tasks, funded from multiple sources throughout the year. No information was provided regarding the impact the furlough would have on the Commission's ability to fulfill its statutory requirements.

*The Governor recommended \$66,078 less than requested from all sources, including \$0.1 million less from general revenues and \$29,239 more from federal funds to reflect the shift of personnel expenses to available federal Survey and Planning grant funds. The recommendation includes statewide benefit savings and turnover savings consistent with recent staffing changes. **The Assembly concurred.***

Grant Programs. The Commission requested \$1.5 million, which is \$0.1 million less than enacted from federal funds for its grant programs. This includes \$0.1 million less for the Hurricane Sandy Disaster Relief Grant, reflective of reported FY 2014 and anticipated FY 2015 expenditures and \$2,143 more for the Survey and Planning grant program, reflective of the Commission's FY 2015 award. The request also eliminates \$565 in enacted funds from the Preserve America grant program, which has expired and is not anticipated to be revived at the federal level.

*The Governor recommended funding as requested. She subsequently requested an amendment to add \$20,500 from federal funds for Commission efforts to increase the number of Rhode Island properties and landmarks listed on the National Register of Historic Places. **The Assembly concurred.***

Preservation Programs. The Commission requested \$0.4 million, which is \$17,825 less than enacted from restricted receipts for preservation program expenses, excluding staffing. The request includes the enacted amount of \$0.4 million from restricted receipts for the Historic Preservation loan fund and \$1,715 for other preservation program operations. This reflects historical expenditures for these programs and shifts funds from Historic Preservation Loan Fund interest to fund increasing personnel costs. *The Governor recommended funding as requested. **The Assembly concurred.***

Community Service Grants. The Commission requested the enacted amount of \$176,301 from general revenues for 11 community service grants. *The Governor recommended funding as requested. **The Assembly provided \$25,000 more than recommended for a grant supporting the Quonset Air Museum.***

All Other Operations. The Commission requested \$70,743, which is \$8,772 more than enacted from all sources for all other operations, including a shift of \$8,158 to general revenues, reflective of a reduction in allowable administrative expenditures associated with the federal Hurricane Sandy Disaster Relief grant. The request includes \$1,800 for unspecified office furniture or equipment purchases and the enacted amount of \$17,000 from general revenues for grants to state preservation organizations. Also included is \$566 less from Department of Transportation reimbursement funds to reflect historical expenditures to support archeological review of Department construction projects.

As part of its constrained request, the Commission proposed general revenue reductions totaling \$2,700, including a \$900 reduction in printing expenditures for the year and the exclusion of furniture and equipment purchases. *The Governor recommended \$275 more than requested from general revenues to reflect an increase in the Commission's internet and information technology expenses. **The Assembly concurred.***

Office of the Attorney General

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Criminal	\$ 26,442,544	\$ 29,372,820	\$ 17,106,413	\$ 23,106,413
Civil	5,733,404	6,184,174	6,182,731	6,182,731
Bureau of Criminal Identification	1,542,124	1,391,883	1,591,162	1,591,162
General	3,073,613	3,043,735	3,155,011	3,155,011
Total	\$ 36,791,685	\$ 39,992,612	\$ 28,035,317	\$ 34,035,317
Expenditures by Category				
Salaries and Benefits	\$ 23,863,118	\$ 24,431,079	\$ 24,951,076	\$ 24,951,076
Contracted Services	1,707,122	4,533,098	683,793	683,793
Subtotal	\$ 25,570,240	\$ 28,964,177	\$ 25,634,869	\$ 25,634,869
Other State Operations	3,226,111	3,705,954	1,902,815	1,902,815
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,995,334	7,322,481	497,633	6,497,633
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 36,791,685	\$ 39,992,612	\$ 28,035,317	\$ 34,035,317
Sources of Funds				
General Revenue	\$ 23,607,146	\$ 24,360,068	\$ 25,193,210	\$ 25,193,210
Federal Aid	1,634,631	2,679,629	1,291,777	1,291,777
Restricted Receipts	11,249,908	12,702,915	1,250,330	7,250,330
Other	300,000	250,000	300,000	300,000
Total	\$ 36,791,685	\$ 39,992,612	\$ 28,035,317	\$ 34,035,317
FTE Authorization	236.1	236.1	236.1	236.1

Summary. The Office of the Attorney General's request is \$29.9 million from all sources, including \$26.4 million from general revenues. This is \$6.9 million less than enacted, including \$2.8 million more from general revenues, \$0.3 million less from federal funds, \$10.0 million less from restricted receipts and \$0.6 million more from Rhode Island Capital Plan funds. The Office requested 238.1 full-time equivalent positions, 2.0 positions above the authorized level.

The Governor recommended \$8.8 million less than enacted and \$1.8 million less than requested from all sources of funds and included \$1.6 million more than enacted from general revenues which is \$1.2 million less than requested. She included the enacted level of 236.1 positions. She requested an amendment to add \$6.0 million from restricted receipts for a capital project. The Assembly concurred and provided total funding of \$34.0 million, including \$25.2 million from general revenues, in FY 2016.

Target Issues. The Budget Office provided the Office with a general revenue target of \$22,993,748. The amount includes current service adjustments of \$1,231,384 and a 7.5 percent target reduction of \$1,844,782.

FY 2016 Budget	Office of the		
	Budget Office	Attorney General	Difference
FY 2015 Enacted	\$ 23,607,146	\$ 23,607,146	\$ -
Current Service Adjustments	1,231,384	2,416,058	1,184,674
New Initiatives	-	345,032	345,032
Change to FY 2015 Enacted	\$ 1,231,384	\$ 2,761,090	\$ 1,529,706
FY 2016 Current Service/Unconstrained Request	\$ 24,838,530	\$ 26,368,236	\$ 1,529,706
Target Reduction/Initiatives	(1,844,782)	-	1,844,782
FY 2016 Constrained Target/Request	\$ 22,993,748	\$ 26,368,236	\$ 3,374,488
Change to FY 2015 Enacted	\$ (613,398)	\$ 2,761,090	\$ 3,374,488

The Office did not submit a constrained budget; its unconstrained budget exceeds the target by \$3.4 million. *The Governor's recommendation is \$2.3 million above the target.* **The Assembly concurred.**

Criminal Division

New Staff - 2.0 Positions. The Office requested \$0.2 million from general revenues to support two new positions: an entry level staff attorney and an investigator based on projected needs for the Criminal Division. This request assumes funding for the positions for a full year; however, the Office did not increase its staffing authorization for the new hires and restored funding included in the enacted budget from keeping positions vacant. It should be noted that this was also part of the Attorney General's FY 2015 request but was not recommended by the Governor. The Office's FY 2016 request does not increase its staffing level and fills the positions under existing authorization based on available vacancies. *The Governor did not provide funding for the positions.* **The Assembly concurred.**

Medicaid Fraud Unit. The Office requested \$1.4 million, including \$0.3 million from general revenues for the Medicaid Fraud Unit, including 12.0 positions. This is \$0.2 million less from all sources; however, adds \$33,661 from general revenues and includes the correct Medicaid rate of 75 percent. The Office spent \$1.2 million from all sources in FY 2013 and FY 2014 for the fraud unit. *The Governor recommended \$26,988 less than requested from general revenues; she did not adjust the matching federal funds.* **The Assembly concurred.**

Other Salaries and Benefits. The Office requested \$15.9 million from all sources, including \$14.5 million from general revenues for other salaries and benefits for the remaining 147.7 full-time equivalent positions within the Criminal Division. This is \$1.2 million more than enacted, primarily from general revenues, including \$0.7 million for the cost of living adjustments, \$0.3 million to restore turnover savings and \$0.1 million to adjust benefit rates consistent with the Budget Office planning values. *The Governor recommended \$0.4 million less than requested from keeping additional positions vacant.* **The Assembly concurred.**

Google Settlement Funds. The Office requested no funding for use from Google settlement funds; the enacted budget includes \$10.0 million. The revised request uses \$11.4 million for total expenditures of \$16.5 million leaving \$43.5 million unspent. *The Governor recommended funding as requested. She subsequently requested an amendment to authorize \$6.0 million in settlement funds for the potential rehabilitation of the Gloria McDonald building to relocate certain agency functions to the Pastore campus.* **The Assembly concurred.**

Operations. The Office requested \$1.7 million from all sources, including \$1.4 million from general revenues for all other operations. This is \$220,664 more than enacted, including \$212,953 more from general revenues, \$16,015 more from restricted receipts offset by \$8,304 less from federal funds.

The request includes increases of \$62,439 for travel, \$61,926 for maintenance and repairs, \$39,664 for security supplies, \$21,640 for temporary services and \$34,995 for all other adjustments. The Office decreased information technology expenses and indicated that it is part of its plan to use Google settlement funds for a system-wide upgrade; however, is waiting for federal approval and did not include any funding in FY 2016. *The Governor included \$97,637 less than requested but \$123,027 more than enacted, including \$115,316 more from general revenues. The Governor included \$28,398 less for maintenance and repairs and office equipment to be consistent with prior year spending.* **The Assembly concurred.**

Civil Division

Paralegal Position. The Office requested \$0.1 million from general revenues to support 1.0 new paralegal clerk position. The paralegal clerk will perform legal research and analysis of law sources in order to assist attorneys with their caseloads. The Office noted additional staff is necessary to maintain the desired level of proficiency when handling all legal matters and caseloads. *The Governor did not recommend the new position.* **The Assembly concurred.**

Pension Settlement Lawsuit. The Office's revised request adds \$276,650 from general revenues for costs related to the pension lawsuit currently in Superior Court. The Office of the General Treasurer is responsible for the rest. It is anticipated that it will take two years to complete the legal process to settle the lawsuit. As of February 1, 2015, there were no expenses related to the lawsuit. *The Governor included \$250,000 in the Office of the Attorney General.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$5.5 million from all sources, including \$4.9 million from general revenues for other salaries and benefits for 44.6 full-time equivalent positions within the Civil Division. This is \$0.4 million more than enacted, nearly all from general revenues to include \$0.3 million for the cost-of-living adjustments, to partially restore turnover savings, and includes step increases, other staffing changes and benefit rates consistent with the Budget Office planning values. The enacted budget assumed \$0.1 million in turnover savings, equating to holding 1.0 full-time equivalent position vacant for FY 2015; the FY 2016 request leaves 0.4 positions vacant. *The Governor recommended \$0.2 million less than requested from keeping 1.8 positions vacant.* **The Assembly concurred.**

All Other Operations. The Office requested \$0.7 million, including \$0.4 million from general revenues for all other operating expenses in the Civil Division. This is \$32,780 more than enacted, including \$87,145 more from general revenues offset by reduced receipts available through the oversight and regulation with the Public Utilities Commission to support operating expenses. This includes increases to office supplies and equipment, travel and maintenance. *The Governor included \$28,833 less than requested including \$11,585 less for office equipment. This is consistent with historical spending.* **The Assembly concurred.**

Bureau of Criminal Identification Division

Fingerprint Expert Position. The Office requested \$0.1 million from general revenues to support 1.0 new fingerprint expert position to provide assistance in implementing the federal mandates that require all healthcare workers to have a background check prior to volunteering and/or employment. The Office noted additional staff is necessary to maintain the desired level of proficiency when handling all fingerprinting matters. The position was also included in the Office's FY 2015 request but was not recommended by the Governor. *The Governor did not recommend the new position.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$1.6 million from general revenues for other salaries and benefits for 18.8 full-time equivalent positions for the Bureau of Criminal Identification Division. The

request is \$87,874 more than enacted to include \$71,457 for the cost-of-living adjustment, \$12,361 to reduce turnover savings, and other benefit adjustments consistent with Budget Office planning values totaling \$3,966 in FY 2016. The enacted budget assumed holding a 0.4 full-time equivalent position vacant; the Office assumed only \$14,944 in turnover savings equivalent to 0.1 positions vacant in FY 2016. *The Governor recommended \$37,366 less than requested to reflect additional turnover savings.* **The Assembly concurred.**

Operations. The Office requested \$76,396 from general revenues for all other operations for the Bureau of Criminal Identification. This is \$7,795 more than enacted to reflect increases for travel expenses and office equipment and supplies, partially offset by decreases in building maintenance and repairs; the request is based on projected Office needs and is consistent with the revised request and \$10,149 less than FY 2014 actual expenses. *The Governor included \$9,205 less than requested.* **The Assembly concurred.**

General Division

Salaries and Benefits. The Office requested \$2.7 million from general revenues for salaries and benefits for 20.8 full-time equivalent positions within the General Division. This is \$137,650 more than enacted to include the cost-of-living adjustments, backfilling a portion of the savings included in the enacted budget and for other benefit adjustments consistent with Budget Office planning values totaling \$1,950 in FY 2016. *The Governor recommended \$5,271 less than requested and included savings from keeping 0.2 positions vacant.* **The Assembly concurred.**

Operations. The Office requested \$190,953 from general revenues for division operations. This is \$33,011 less than enacted to reflect decreases primarily for utilities and record center charges that are partially offset by increases for other expenses based on projected Office needs. *The Governor included \$17,970 less than requested; she did not include additional funding for other expenses.* **The Assembly concurred.**

Asset Protection. The Office requested \$945,695 from Rhode Island Capital Plan funds for its asset protection projects for FY 2016. This is consistent with its capital request and is \$0.6 million more than the approved plan. Funds are expected to be used for continuous upgrade to its heating, ventilation and air conditioning system, as well as other interior renovations, including office spaces. *The Governor recommended funding consistent with the approved plan.* **The Assembly concurred.**

Department of Corrections

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 9,533,210	\$ 9,815,416	\$ 9,427,197	\$ 9,077,197
Parole Board	1,313,799	1,349,510	1,383,685	1,383,685
Custody and Security	119,558,624	125,312,558	127,143,451	127,643,470
Institutional Support	35,253,504	23,908,519	27,711,667	26,011,667
Institutional Based Rehab/Pop	9,620,945	10,185,599	10,106,057	10,106,057
Healthcare Services	18,916,896	20,956,127	20,771,182	20,771,182
Community Corrections	15,129,522	15,018,934	16,032,431	16,032,431
Total	\$ 209,326,500	\$ 206,546,663	\$ 212,575,670	\$ 211,025,689
Expenditures by Category				
Salaries and Benefits	\$ 162,641,349	\$ 168,143,677	\$ 172,033,046	\$ 172,183,065
Contracted Services	9,804,000	11,037,858	10,366,604	10,366,604
Subtotal	\$ 172,445,349	\$ 179,181,535	\$ 182,399,650	\$ 182,549,669
Other State Operations	15,472,911	18,010,134	17,574,458	17,574,458
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,556,148	1,191,908	1,191,908	1,191,908
Capital	19,852,092	8,163,086	11,409,654	9,709,654
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 209,326,500	\$ 206,546,663	\$ 212,575,670	\$ 211,025,689
Sources of Funds				
General Revenue	\$ 187,745,480	\$ 196,263,428	\$ 200,075,231	\$ 200,225,250
Federal Aid	1,654,703	2,009,400	1,337,381	1,337,381
Restricted Receipts	398,879	404,403	47,058	47,058
Other	19,527,438	7,869,432	11,116,000	9,416,000
Total	\$ 209,326,500	\$ 206,546,663	\$ 212,575,670	\$ 211,025,689
FTE Authorization	1,419.0	1,419.0	1,419.0	1,419.0
Prison Population	3,170	3,239	3,292	3,292

Summary. The Department requested \$229.0 million, \$19.7 million or 9.4 percent more than enacted from all sources of funds, including \$21.7 million more from general revenues. Consistent with the enacted authorization, the Department requested 1,419.0 full-time equivalent positions. The Department's FY 2016 request is based on a population of 3,292, an increase of 122 inmates above the enacted level.

The Governor recommended \$212.6 million from all sources, including \$200.1 million from general revenues and the enacted level of positions. This is \$16.4 million less than requested, including \$9.4 million less from general revenues. The Governor assumed a population of 3,292, which is consistent with the Department's request.

The Assembly rejected the Governor’s proposal to mandate that correctional officers complete weapons qualification no sooner than every two years and restored \$0.5 million from general revenues associated with that proposal. It also included general revenue turnover savings of \$350,000 and reduced Rhode Island Capital Plan fund expenditures by \$1.7 million to reflect revised project schedules.

Target Issues. The Budget Office provided the Department with a general revenue target of \$178.3 million. The amount includes current service adjustments of \$3.6 million and a 7.5 percent target reduction of \$13.1 million.

FY 2016 Budget	Budget Office	Department of Corrections	Difference
FY 2015 Enacted	\$ 187,745,480	\$ 187,745,480	\$ -
Current Service Adjustments	3,598,005	6,263,440	2,665,435
Change to FY 2015 Enacted	\$ 3,598,005	\$ 6,263,440	\$ 2,665,435
FY 2016 Current Service/Unconstrained Request	\$ 191,343,485	\$ 194,008,920	\$ 2,665,435
Target Reduction/Initiatives	(13,069,999)	(15,773,880)	(2,703,881)
FY 2016 Constrained Target/Request	\$ 178,273,486	\$ 178,235,040	\$ (38,446)
Change to FY 2015 Enacted	\$ (9,471,994)	\$ (9,510,440)	\$ (38,446)

The constrained budget submitted by the Department meets the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor’s recommendation is \$21.8 million above the Budget Office target. The enacted budget is \$22.0 million above the target.*

Population. The enacted budget is based on a population of 3,170. The FY 2016 request is based on more current data and assumes a population of 3,292, which is 122 higher than included in the enacted budget. The Department contracts with a firm to prepare population estimates, which has estimated the population for FY 2016 upward to 3,292, which is growth of almost 4 percent. This is the population upon which the FY 2016 request is based.

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.

History	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<i>Request</i>	2,583	3,803	4,008	3,709	3,416	3,231	3,152	3,170	3,292
Governor	3,289	3,848	4,008	3,643	3,416	3,231	3,152	3,170	3,292
Enacted	3,289	3,848	3,767	3,450	3,239	3,194	3,152	3,170	3,292
Revised Request	4,018	3,869	3,669	3,350	3,264	3,146	3,192	3,239	-
Governor Revised	3,925	3,869	3,659	3,350	3,265	3,146	3,192	3,239	-
Final	3,925	3,788	3,551	3,273	3,192	3,146	3,192	3,239	-
<i>Actual</i>	3,860	3,773	3,502	3,273	3,191	3,160	3,214	3,183	-

The table above depicts the recent history of budgeted and actual prison population from FY 2008 through the FY 2016 enacted budget. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections’ budget by the number of inmates. This is \$61,052 for the FY 2016 request, where the enacted budget includes \$57,839, or \$3,312 less per inmate. *The Governor’s recommendation assumes a population of 3,292, as requested, which is 122 more inmates than enacted. The Assembly concurred.*

Institutional Corrections

Population: Per Diem Expenditures. The Department requested \$14.7 million, \$2.5 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is based on prior year expenditures for items such as food, inmate clothing and linens, and janitorial supplies, accounting for \$0.9 million of the increase. Another contributor to these expenses is medical costs, which include both inpatient and outpatient services as well as contracted dentistry services. In prior years, dental services were dependent upon availability of staff, requiring the levels of service to be reduced. The Department decided it would be more efficient to contract for these services beginning in FY 2015, and added \$0.5 million to per diem costs to reflect this change. The final change is \$0.7 million of increased costs for pharmaceuticals. This increase is not associated with new drugs for Hepatitis C, which is discussed elsewhere in this analysis, but is based on historical projections and anticipated costs. The Department spent \$4,202 per inmate for FY 2014. The enacted budget includes annual inmate costs of \$3,865, and the request increases these costs to \$4,795. *The Governor recommended \$0.4 million less than requested to reflect revised medical expenses.* **The Assembly concurred.**

Hepatitis C Treatment. The Department requested \$1.5 million from general revenues for medication and physician consultants related to providing a cure for inmates with Hepatitis C. The enacted budget does not contain funding for the medication or the consultants, who prioritize treatment and administer the medications. The request is based on using the drug Sovaldi, which costs approximately \$84,000 for the required dosage to cure Hepatitis C, and the Department has included similar expenses for both FY 2015 and FY 2016. Consistent with United States Supreme Court rulings, the Department is required to provide the treatment to inmates, which is based on certain criteria, including an individual's stage of the disease, length of prison sentence and the existence of other health complications.

The prioritization of treatment is established by a departmental panel of five infectious disease experts who are mandated to meet the community standard of care, which is consistent with the standards established by the Medicaid program. The Department has noted that approximately one-third of its population has Hepatitis C, but it will provide the medication for only 15 cases each year for FY 2015 and FY 2016, based on projected caseloads and prioritization. *The Governor recommended \$0.7 million, \$0.8 million less than requested based on treating fewer cases.* **The Assembly concurred.**

Affordable Care Act Savings. The enacted budget includes \$0.8 million of savings associated with expanded health coverage available under the Affordable Care Act. The Department increased the savings by an additional \$0.5 million for total projected savings of \$1.3 million in FY 2016. These savings are realized due to the expansion of Medicaid eligibility and a streamlined process, which allows for the billing of hospital stays to go directly to the Office of Health and Human Services. The Department will be billed less for eligible stays based on the presumption of Medicaid eligibility for all inmates when they are received in the hospital setting. This avoids a more lengthy and expensive eligibility determination, and shifts the cost for the hospital treatments from 100 percent state funding in the Department's budget to the state Medicaid program. Inmates are not eligible for Medicaid while incarcerated, except when they are receiving treatment in a community hospital for a period of more than 24 hours. *The Governor recommended funding as requested.* **The Assembly concurred.**

Electronic Medical Records. The Department requested \$0.5 million, \$0.1 million more than enacted from general revenues for upgrades to the Department's electronic medical record tracking system to include the design of updated templates for the system in FY 2016. The Department indicated these upgrades are required in order to continue the tracking of all medical records, and consultant services are necessary for the maintenance and operation of the system that tracks the inmate population's medical history and treatments. *The Governor recommended funding as requested.* **The Assembly concurred.**

RIBCO Cost-of-Living Adjustment. The Department's request includes \$3.1 million from general revenues for the cost-of-living adjustment associated with the new contract for the Rhode Island Brotherhood of Correctional Officers, which represents 1,155 of the Department's 1,419 authorized positions. The contract for all but the professional unit has not been resolved; the request assumes that correctional officers will receive a cost-of-living adjustment consistent with other state employees, who will receive 2.0 percent salary increases in FY 2016. The enacted budget did not include the funding for the increases. Statewide, it was assumed the savings required to pay for the increases would be generated primarily from turnover savings. This union typically settles contracts long after other unions. *The Governor recommended funding as requested. As of the end of May, an agreement had not been reached with the Brotherhood.* **The Assembly concurred.**

Staffing Request. The Department's request includes new funding of \$1.9 million from general revenues to fill 16.0 vacant positions, including correctional officer lieutenants, correctional officer stewards, teachers, administrators, and clerks. The request anticipates filling the positions at the end of FY 2015, and includes funding the positions for the entirety of FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Correctional Officers. The Department requested \$2.4 million from general revenues to hire 25.0 new correctional officers in FY 2016. The Department noted that if these new officers are hired, it will save \$2.3 million of overtime costs, resulting in a net request of \$0.1 million for the new class. The request assumes the new officer class would be recruited, trained and hired by the beginning of FY 2016, with anticipated hiring costs for new officers at an estimated \$96,000 each. The positions are contingent upon a new correctional officer training class, which is currently delayed due to an active lawsuit brought by the Department of Justice, which relates to certain procedures utilized by the Department.

It should be noted the enacted budget and the Department's revised request include \$0.9 million for the class, including \$0.1 million for recruitment and \$0.8 million for all other operations. Subsequent to its submission, the Department removed funding for operations as part of its corrective action plan in FY 2015, but maintained funding for recruitment, as that has historically been expended in the fiscal year before the class takes place. The FY 2016 request includes the \$0.8 million for operations related to the new officer class. *The Governor recommended funding as requested.* **The Assembly concurred.**

Construction Supervision. There are two situations for which the Department would like to use Rhode Island Capital Plan funds to pay for correctional officer overtime related to capital projects at correctional facilities. The first instance occurs when officers are needed to stay with outside vendors performing work at the facilities for security reasons. The Governor's previously recommended budget included shifting these overtime costs to Rhode Island Capital Plan funds in fiscal years 2014 and 2015. Instead, the Assembly's budget assumed the Department would integrate overtime expenses into the project costs incurred by the vendor as part of its capital budget request.

The Department intends to comply for future contracts with outside vendors; however, it requested \$0.6 million from general revenues for overtime costs for projects already underway. A new element, also included in the revised request, is the allocation of these funds for correctional officer supervision of inmates working at the Department's facilities. Work includes demolition, masonry work and painting.

The Department's constrained budget request includes savings of \$0.4 million by transferring higher levels of correctional officer overtime costs to Rhode Island Capital Plan funds. These costs do not appear to be included in contracts; rather, they are for the supervision of inmate work crews only, which would not qualify as an authorized use of these funds. *Supporting documentation shows that the Governor recommended the reduction; however, there are no personnel expenditures from Rhode Island Capital Plan funds in the budget.* **The Assembly made no change to the Governor's recommendation.**

Correctional Industries Offset. The Department requested \$0.7 million from general revenues to restore savings included in the FY 2015 enacted budget that were to be generated by shifting supervision costs for work crews from general revenues to the Correctional Industries' internal service fund. Correctional Industries receives payments from state agencies and municipalities on behalf of work crews for various work assignments, including painting, moving, and janitorial services. Funding is also generated from the sale of goods produced by Correctional Industries. The Department noted that it does not have sufficient funding in the Correctional Industries account to offset these costs and requested general revenues to reflect the failure of this savings initiative. It should be noted this savings initiative was originally proposed by the Department in its FY 2013 revised request, and each subsequent request through the enacted budget. Despite their inclusion in several budgets, the savings have not been achieved. *The Governor did not recommend restoring the funding.* **The Assembly concurred.**

State Criminal Alien Assistance Funds. The Department requested \$0.8 million, \$0.2 million more than enacted from general revenues to reflect a decrease in federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipates a total of \$0.8 million, consistent with the grant funds awarded for FY 2014. The federal award for FY 2016 is expected to be \$0.2 million less than enacted and the Department's revised request increases general revenues to offset the anticipated shortfall. *The Governor recommended funding as requested.* **The Assembly concurred.**

Weapons Requalification. Current law allows for correctional officers to complete weapons qualification every year. The enacted budget includes \$0.5 million in costs associated with annual weapons requalification. The 2008 Assembly adopted legislation allowing biennial weapons requalification; however the Supreme Court upheld an arbitration decision to allow for annual weapons requalification. *The Governor recommended legislation that would mandate that correctional officers complete weapons qualification no sooner than every two years. The Budget assumes \$0.5 million in savings in ammunition, mileage, overtime and range costs. Testimony from the Department at the article hearing indicated the actual savings were less than assumed, approximately \$150,000.* **The Assembly did not concur and restored the \$0.5 million assumed in savings.**

Other Institutional Corrections Staffing. The Department requested \$151.1 million, primarily from general revenues, for salaries and benefits within its Institutional Corrections program. The request is \$9.2 million more than enacted, including \$9.3 million more from general revenues, which reflects step increases and the restoration of turnover savings assumed in the enacted budget. These savings were assumed based on traditional turnover, and also on savings the Department suggested would be achieved from the closing of housing modules at the Intake Services Center. The housing modules remained open though the enacted budget was based on the assumption these modules would be closed.

The request includes \$1.0 million for step increases and restores \$1.9 million to recognize the modules assumed closed in the enacted budget remaining open during the current year. The request also restores \$3.4 million of turnover savings along with an increase of \$0.2 million for the two percent cost-of-living adjustment associated with employees not in the Brotherhood of Correctional Officers.

The Governor recommended \$5.0 million more than enacted, which is \$4.2 million less than requested. The increase to the enacted budget includes the requested \$2.9 million to reflect step increases and additional modules remaining open, \$1.8 million to restore turnover savings, and \$0.2 million to fund the cost-of-living adjustment. The recommendation includes \$2.1 million of turnover savings for FY 2016. **The Assembly concurred.**

Institutional Corrections All Other Operations. The Department requested \$5.9 million, primarily from general revenues, for all other Institutional Corrections' operations. The changes to the enacted

budget include \$0.6 million more from general revenues to reflect several adjustments to operating expenditures at the Intake Service Center and \$2,274 less from federal funds to reflect revised awards and expenditures for criminal justice and offender reentry grants. *The Governor recommended \$0.2 million more than enacted, \$0.4 million less than requested to reflect only partial funding of operating costs at the Intake Service Center.* **The Assembly concurred.**

Target - Closing High Security Facility. The Department's constrained budget request includes general revenue savings of \$5.6 million from closing the High Security Center. The proposal correctly indicates that the High Security Center carries the most expensive per capita costs due to the nature of offenders housed at the facility. Excluding inmate per diem costs, the enacted budget includes \$12.3 million for the Center's operations. This proposal assumes inmates housed in this facility would be transferred to either the maximum or medium facilities. This would require statutory changes to address potential issues that could affect the current labor contract agreement between the state and the Rhode Island Brotherhood of Correctional Officers. *The Governor did not include this proposal.* **The Assembly concurred.**

Target - Elimination of Double Time Rate. The Department's constrained budget request includes general revenue savings of \$0.2 million from eliminating the double time rate for correctional officers who are working more than 16 hours consecutively. The Department proposed to make legislative changes to limit all overtime to time and a half, including overtime hours for those working over 16 hours consecutively. *The Governor did not include this proposal.* **The Assembly concurred.**

Target - Expansion of Corrections Options. The Department's constrained budget request includes general revenue savings of \$7.1 million from expanding the award of good behavior credits that would reduce the minimum custody population by over 400 beds. This would allow for the closure of two housing modules at the Minimum Security facility. Increasing the amount of good behavior time awarded to qualified inmates would require legislation. The proposal indicates that this would benefit inmates at the lower security classification and/or non-violent offenders. *The Governor did not include this proposal.* **The Assembly concurred.**

Target - Eliminate RIBCO Educational Stipend. The Department's constrained budget request includes general revenue savings of \$0.5 million by eliminating the educational stipend provided to current or prior members of the Brotherhood of Correctional Officers who are employed by the Department. The annual stipend is based on the member's attainment of an associate's, bachelor's or master's degree. *The Governor did not include this proposal.* **The Assembly concurred.**

Target - Transfer Correctional Officer Training to the Department of Public Safety. The constrained budget request includes general revenue savings of \$2.1 million from transferring annual expenditures and staff from the Department of Corrections to the Department of Public Safety. The objective behind this proposal is to place its training unit into the Department of Public Safety's Municipal Police Academy. The unit is comprised of 10 positions responsible for ongoing training of current correctional officers, as well as the recruitment and training for upcoming correctional officer classes. The proposal shifts the ten positions and associated operating costs to the Department of Public Safety. Although this proposal would lower the Department's budget, it would not reduce the overall state budget since the costs would just be shifted from the Department of Corrections to the Department of Public Safety. *The Governor did not include this proposal.* **The Assembly concurred.**

Target - Donald Price Facility & Land Sale. The Department proposed a constrained budget that includes \$8.6 million in revenues from selling the Donald Price Medium Security building and land. This facility was built in 1929; it was originally designed and used to house youthful offenders. The facility was closed in 1992 when the Medium Moran facility opened and then re-opened in 1997 as the Donald Price Medium Security facility; it was closed again in November 2011 due to the continuous decline of the inmate population. It should be noted that the funds raised from the sale of this land would be

deposited into the state's technology fund, and would not generate or save general revenues. *The Governor did not include this proposal.* **The Assembly concurred.**

Target - Sell the Former Gloria McDonald Facility. The Department proposed a constrained budget that includes \$3.9 million in new revenues from selling the former Gloria McDonald female facility, which is currently vacant. The Department's initial plans were to transform the facility into storage spaces for other departmental units. This facility became operational in 1984 with an average population of 134 females and an operational capacity of 150 females. This is a converted hospital building, which features dormitory style living arrangements. The facility was closed in late 2010 and the female population was transferred to the facility formerly known as the Reintegration Center. It should be noted that the funds raised from the sale of this land would be deposited into the state's technology fund, and would not generate or save general revenues. *The Governor did not include this proposal.* **The Assembly concurred.**

Other Programs

Staffing Request. The Department requested \$1.6 million from general revenues to fund 16.0 vacant positions in programs outside of Institutional Corrections. These include 7.0 positions in the Community Corrections program, including probation and parole officers, and 9.0 positions in its Central Management program, including clerks, typists and administrative officers. The request assumes an entire year of funding for all positions. The Department notes that it is requesting to fill the positions primarily to lower the caseloads of its probation and parole officers, as well as to assist with the input and processing of data throughout the Department. *The Governor recommended \$0.8 million to fund these vacancies.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$23.8 million, \$0.4 million less than enacted primarily from general revenues, for all other salaries and benefits for 199.0 full-time equivalent positions for the three remaining departmental programs. The request includes the cost-of-living adjustment and updated benefit rates, offset by additional turnover savings equivalent to six vacant positions. *The Governor recommended funding as requested.* **The Assembly added general revenue turnover savings of \$350,000, which is equivalent to 3.3 full-time equivalent positions.**

Staff Development Grants. The Department requested \$71,651, \$14,994 less than enacted from federal funds to reflect decreases from federal grants that support existing staff development programs. These grants support a variety of functions, including staff activities aimed at crime control and prevention and overall improvement of the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommended funding as requested.* **The Assembly concurred.**

Educational Grants. The Department requested \$0.3 million, \$0.1 million more than enacted from federal funds to support its existing educational programs, including special education for eligible inmates. The request reflects increased grant awards and expenditures for FY 2016. The request includes a small decrease for math and reading programs, offset by increases for adult continuing basic education services and programs that encourage released female offenders to acquire postsecondary education. *The Governor recommended funding as requested.* **The Assembly concurred.**

Recidivism Reduction Grant. The Department requested \$0.1 million, \$16,733 less than enacted from federal funds to reflect projected funding from a grant awarded to develop and implement comprehensive strategies that address the challenges of offender reentry and recidivism reduction. This is a project grant established under the federal Second Chance Act, to help ensure safe and successful transition from prison or jail to the community. Funding is provided to enhance the Department's transitional services in

order to provide released offenders essential treatment services to maintain a self-sustaining and law-abiding life. *The Governor recommended funding as requested.* **The Assembly concurred.**

New Vehicle Purchase. The enacted budget did not include funding for the purchase of new vehicles by the Department. The FY 2016 request includes \$250,000 from general revenues for new vehicles, which the Department notes are necessary to replace current vehicles which have become too costly to repair. *The Governor did not recommend the funding.* **The Assembly concurred.**

Management Information Systems. The Department requested \$0.5 million, \$0.2 million more than enacted from general revenues for various components of its management information system. These components include software for its Livescan fingerprinting system and iris scanning system. *The Governor recommended \$32,233 less than requested to reflect computer maintenance savings.* **The Assembly concurred.**

CMARS and RILETS. The Department's request removes the \$0.3 million included in the enacted budget that were being used to support the Community Mapping and Reentry System and the Rhode Island Law Enforcement Telecommunications System. The reentry system is a database which tracks sex offenders, probation clients and parole clients along with their charges and current locations. The telecommunication system database tracks all Rhode Island inmates, both in and out of state, and provides up to date photographs and vital information to police. The funds for these programs were provided to the Department as part of the statewide Google settlement and will be exhausted in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Consolidation. The Governor's Budget consolidates construction, property and asset management functions into the Department of Administration. The goal is to support greater oversight of capital projects and a more strategic approach to planning and management. *The Governor's budget removes \$0.2 million from the Department of Correction's budget which is equivalent to 2.0 maintenance supervisors' costs; however, the positions remain in the Department's budget.* **The Assembly concurred.**

Capital Projects. The Department requested \$18.2 million, \$1.4 million less than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2016. This reflects delays to repairs at the intake services center along with work delays at both the minimum and medium security buildings. *The Governor recommended \$11.1 million, \$8.4 million less than enacted and \$7.0 million less than requested based on the availability of Rhode Island Capital Plan funds.*

The Assembly provided \$1.7 million less than recommended for FY 2016 based on revised project schedules for several projects. A more detailed description of the capital projects is available in the Capital Budget section of this publication.

All Other Operations. The Department requested \$2.4 million, primarily from general revenues, for all other operations at the Department. This includes \$0.2 million less from general revenues offset by an increase of \$0.2 million from other funds. The general revenue change reflects decreased costs for software maintenance agreements and contracted services for computer programming. The federal fund adjustment includes minor increases to three separate Department of Justice grants to reflect updated awards and expenditures. The request increases other funds to include several small scale increases to operating costs not associated with Institutional Corrections.

The Governor recommended \$32,016 less than requested, including \$0.2 million less from general revenues to reflect numerous reductions to operating expenditures, including office furniture, contracted clerical work and office equipment maintenance. These are offset by revised receipts and expenditures from federally funded operating expenses. **The Assembly concurred.**

Judicial Department

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Supreme Court	\$ 30,268,377	\$ 32,115,373	\$ 31,893,692	\$ 35,834,192
Defense of Indigent Persons	3,562,240	3,542,240	3,542,240	3,542,240
Commission on Judicial Tenure & Discipline	115,513	119,161	121,527	121,527
Superior Court	22,493,957	23,085,632	23,560,346	23,560,346
Family Court	20,955,333	23,356,449	23,932,580	23,932,580
District Court	11,801,337	12,457,835	12,554,797	13,002,213
Traffic Tribunal	8,760,119	8,430,692	8,542,221	8,542,221
Workers' Compensation Court	7,712,640	7,614,932	7,763,807	7,763,807
Total	\$ 105,669,516	\$ 110,722,314	\$ 111,911,210	\$ 116,299,126
Expenditures by Category				
Salaries and Benefits	\$ 80,011,752	\$ 82,328,836	\$ 84,623,721	\$ 84,910,720
Contracted Services	2,109,813	1,848,285	1,686,354	1,686,354
Subtotal	\$ 82,121,565	\$ 84,177,121	\$ 86,310,075	\$ 86,597,074
Other State Operations	10,607,659	12,848,515	12,186,613	13,162,158
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,951,188	10,634,298	10,341,635	10,467,007
Capital	1,989,104	3,062,380	3,072,887	6,072,887
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 105,669,516	\$ 110,722,314	\$ 111,911,210	\$ 116,299,126
Sources of Funds				
General Revenue	\$ 91,636,668	\$ 94,058,445	\$ 95,797,046	\$ 96,031,046
Federal Aid	1,909,247	3,409,568	3,217,720	3,431,136
Restricted Receipts	10,773,601	11,820,152	10,396,444	11,336,944
Other	1,350,000	1,434,149	2,500,000	5,500,000
Total	\$ 105,669,516	\$ 110,722,314	\$ 111,911,210	\$ 116,299,126
FTE Authorization	723.3	723.3	723.3	724.3

Summary. The Judiciary requested \$123.0 million from all sources, including \$100.7 million from general revenues for FY 2016. This is \$17.4 million more than enacted, including \$9.0 million more from general revenues, which reflects an increase of approximately 10 percent. Consistent with the enacted authorization, the Department requested 723.3 full-time equivalent positions.

The Governor recommended \$111.9 million, including \$95.8 million from general revenues. This is \$11.1 million less than requested, including \$4.9 million less from general revenues and \$6.7 million less from Rhode Island Capital Plan funds.

The Assembly added 1.0 position and \$234,000 from general revenues to reflect the statutory establishment of a Veterans' calendar and the addition of 1.0 new judge in District Court. It also provided \$3.0 million from Rhode Island Capital Plan funds to accelerate the start of the Noel Judicial Complex project to FY 2016 and concurred with the remainder of the recommendation.

Target Issues. The Budget Office provided the Judiciary with a general revenue target of \$88.8 million. The amount includes current service adjustments of \$3.6 million and an adjusted 7.5 percent target reduction of \$6.4 million. The Judiciary did not submit a constrained request. *The Governor recommended \$95.8 million which is \$7.0 million more than the target set by the Budget Office. The enacted budget is \$7.2 million more than the target.*

FY 2016 Budget	Budget Office	Judiciary	Difference
FY 2015 Enacted	\$ 91,636,668	\$ 91,636,668	\$ -
Current Service Adjustments	3,573,769	7,662,582	4,088,813
New Initiatives	-	1,364,221	1,364,221
Change to FY 2015 Enacted	\$ 3,573,769	\$ 9,026,803	\$ 5,453,034
FY 2016 Current Service/ Unconstrained Request	\$ 95,210,437	\$ 100,663,471	\$ 5,453,034
Target Reduction/Initiatives	(6,427,368)	-	6,427,368
FY 2016 Constrained Target/Request	\$ 88,783,069	\$ 100,663,471	\$ 11,880,402
<i>Change to FY 2015 Enacted</i>	\$ (2,853,599)	\$ 9,026,803	\$ 11,880,402

Staffing. The Judiciary requested \$87.3 million from all sources for salaries and benefits for 723.3 positions. The enacted budget includes \$2.9 million of turnover, which is decreased by \$1.1 million to \$1.8 million in the Department's FY 2016 request. The request appears to inadvertently overfund medical insurance costs by approximately \$2.0 million.

The Governor recommended \$84.6 million for salaries and benefits, which is \$4.6 million more than enacted and \$4.9 million less than requested, of which \$0.3 million reflects statewide benefit savings. The recommendation includes \$2.1 million of turnover savings, which is \$0.8 million less than enacted and \$0.3 million more than requested. The recommendation includes the correction to medical benefit costs and removes \$2.2 million to reflect the change. It also includes the enacted level of 723.3 positions.

The Assembly added \$234,000 and 1.0 new full-time equivalent position to reflect the statutory establishment of a Veterans' Calendar and concurred with the remainder of the recommendation.

Overhead Functions

Pay-Go Judges Pensions. The Department requested \$5.5 million from all sources, including \$4.8 million from general revenues for retirement costs for judges and magistrates who are not part of the state employees' retirement system. This is \$0.5 million less than enacted from all funds, including \$0.4 million less from general revenues to reflect the estimate of expected retirements for those judges eligible. There are currently seven active judges not in the system and they all meet the eligibility threshold to retire. Subsequent to the request, the Department noted that the general revenue reduction was overstated by \$0.2 million. *The Governor recommended the \$5.5 million included in the original request. The Assembly concurred.*

Case Management System. The Judiciary requested \$1.4 million from general revenues to purchase computers, servers and software for the ongoing implementation of its case management system. The enacted budget does not include funding for the system, which will enable electronic filing for all courts through the internet, and will replace the current system which relies on duplicative data input and paper files. It should be noted that the Department's revised request includes \$0.9 million for the system, and the first quarter report from the Budget Office indicates funding for the system will be made available

from the state's Information Technology Investment Fund for FY 2015; however, there has been no indication that the funding will be provided from that source in FY 2016. *The Governor did not recommend any funding for the system in FY 2016.*

*The Governor subsequently requested an amendment to add \$0.9 million from restricted receipts to pay the vendor managing the Judiciary's case management system. **The Assembly concurred and also allocated \$1.5 million for FY 2015 and \$0.9 million for FY 2016 from the Information Technology Investment Fund in the Department of Administration's budget.***

Court Technology. The Department requested \$6.2 million from general revenues for its technology expenses including the personnel that are assigned to this function. These expenses are separate from those described above as part of the case management system. One of the missions of the Department is to implement and support information technologies that improve decision making processes of judges and magistrates, as well as being responsible for overseeing the development and implementation of a technology system that includes computer maintenance, systems, software, interagency technical training, 24/7 network monitoring and an interagency help desk. The request is \$0.5 million more than the enacted budget, including \$0.2 million to reflect a cost-of-living adjustment and turnover restoration, with the remaining increase for new wiring of the courtrooms and barcode printers for the inventory of files and equipment. *The Governor recommended \$5.8 million, \$0.4 million less than requested, including \$0.1 million to reflect a correction to medical benefits and \$0.3 million less for software maintenance contracts. **The Assembly concurred.***

Facilities and Operations. The Department requested \$6.7 million from general revenues for the maintenance of the judicial complex facilities including personnel. This is \$0.5 million more than enacted to reflect an increase of operating expenses. These are passed along to non-judicial agencies occupying space within the courthouses, as well as the increase of expenditures to historical levels. The facilities and operations division is responsible for the execution and coordination of various services relating to the courthouses, infrastructure and grounds. *The Governor recommended \$0.1 million less than requested to reflect a correction to medical benefits. **The Assembly concurred.***

Finance, Budget and Employee Relations. The Judiciary requested \$2.0 million from general revenues to support 14.3 full-time equivalent positions in the finance, budget and employee relations function. This is \$0.1 million more than enacted to reflect a cost-of-living adjustment and the restoration of turnover savings included in the enacted budget for this function, which is 1.0 position. *The Governor recommended \$49,984 less than requested to reflect a correction to medical benefits. **The Assembly concurred.***

Community Outreach and Public Support. The Judiciary requested \$1.0 million from general revenues to support 7.6 full-time time equivalent positions in the community outreach and public support function for FY 2016. This is \$0.1 million more than enacted and includes interpreter services and programs to inform and educate the public about the services, programs and activities of the Judiciary. The request reflects more funding for interpreter services and subscription fees to multilingual services, as well as a cost-of-living adjustment for the positions. *The Governor recommended \$34,887 less than requested to reflect a correction to medical benefits. **The Assembly concurred.***

Planning. The Judiciary requested \$0.2 million from general revenues to support the planning function of the Judiciary, which is comprised of 3.0 positions and minor amounts of operating expenditures. The request is \$14,663 more than enacted to reflect updated benefits and a cost-of-living adjustment. The planning program provides a centralized function for research and planning to increase the effectiveness and efficiency of the Judiciary. *The Governor recommended \$1,677 less than requested to reflect a correction to medical benefits. **The Assembly concurred.***

Education. The Judiciary requested \$0.4 million from general revenues for the education function which is \$29,144 more than enacted primarily to reflect a cost-of-living adjustment and updated benefits for the four positions in this function, as well as minor increases to operating expenditures. The education function includes overseeing mandatory continuing legal education for attorneys and the education program for judges and magistrates. *The Governor recommended \$9,857 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Clerks/Records Center. The Judiciary requested \$3.6 million for 25.6 full-time equivalent positions who support clerks and record center functions. This is \$0.4 million more than enacted, of which \$0.3 million reflects the restoration of turnover for three positions included in the enacted budget with \$0.1 million included for a cost-of-living adjustment. The Judicial Records Center is located in rented property on Hill Street in Pawtucket and serves as the central repository for the state's semi-active, inactive and archival court records. Current records that are still necessary for the daily operations of the courts remain stored at the Clerk's Office of the respective court. Clerks also provide legal research and writing assistance to the judges and magistrates of the Superior, Family, District, and Workers' Compensation Courts and the Traffic Tribunal. *The Governor recommended \$99,490 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Disciplinary Board/Counsel. The Department requested \$1.3 million from restricted receipts to support 10.8 full-time equivalent positions in the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2016. This is \$37,490 less than enacted to reflect projected filled positions and benefit adjustments consistent with Budget Office planning values. The enacted budget did not assume any turnover for these positions; however, the Department has indicated it anticipates leaving a position open at the beginning of FY 2016 as part of its overall personnel plan. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of \$200 from each active attorney in the Rhode Island Bar to fund the Disciplinary Counsel functions. The goal of the Board is to process disciplinary complaints filed against Rhode Island attorneys as expeditiously and fairly as possible. *The Governor recommended \$40,149 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Law Library. The Judiciary requested \$1.2 million from general revenues to support 10.6 full-time equivalent positions in the law library for FY 2016. This is \$0.2 million more than enacted, which primarily reflects the restoration of \$0.2 million for subscriptions for legal software, periodicals and books, which was removed in the enacted budget. The Law Library is a complete, publicly accessible legal reference service with over 110,000 volumes and computer aided legal research. *The Governor recommended \$23,467 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Appellate Screening Unit. The Judiciary requested \$0.9 million from general revenues to support 6.5 positions performing the activities of the appellate screening unit for FY 2016. This is \$64,153 more than enacted to reflect turnover restoration for half of a position and a cost-of-living adjustment. The Appellate Screening Unit is the central staff attorney's office for the Supreme Court. The unit's mission is to increase the efficiency of the court in handling cases and to increase the knowledge and preparedness of the justices in deciding cases. *The Governor recommended \$21,040 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Board of Bar Examiners. The Judiciary requested \$0.2 million from general revenues to support the Board of Bar Examiners for FY 2016. This is \$14,659 more than enacted and reflects funding the 1.0 position that staffs the Board. The position was vacant and not fully funded in the enacted budget; however, the position has been filled and the increase reflects the actual cost of funding. The Board of Bar Examiners tests the legal knowledge of Bar applicants by administering the Rhode Island Bar examination. *The Governor recommended \$4,381 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Indigent Defense Services. Consistent with the enacted budget, the Department requested \$3.5 million from general revenues for indigent defense services. This program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide legal representation services because of conflict of interests. In FY 2012 actual expenses were \$3.2 million, \$3.4 million of expenditures for FY 2013 and \$3.6 million reported for FY 2014. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested \$7.9 million from Rhode Island Capital Plan funds for its capital projects during FY 2016. This includes an additional \$5.6 million for the expansion of the Noel Judicial Complex in Kent County and \$1.5 million more to upgrade HVAC systems throughout the court system. Funding is consistent with the amounts requested in the Judiciary's capital budget request. *The Governor recommended \$1.2 million, \$6.7 million less than requested, which primarily reflects a delay in the start of the Noel courtroom expansion project from FY 2016 to FY 2019.* **The Assembly accelerated the start of the Noel courtroom expansion project to FY 2016. This revision and other projects are explained in the Capital Budget section of this publication.**

Supreme Court

Salaries and Benefits. The Judiciary's request includes \$4.3 million from all sources, \$0.2 million less than enacted, for the salaries and benefits of the Supreme Court. The request includes 161.7 full-time equivalent positions in this program; 120.7 of these positions are associated with the previously described overhead functions, with 41.0 positions dedicated strictly to the Supreme Court. The request reflects the cost-of-living adjustment and minor changes to benefits. It should be noted that the \$0.5 million of turnover included in the enacted budget for the Supreme Court was increased by \$0.5 million to cover the additional funds for the cost-of-living adjustment. The request also includes shifting \$0.5 million of expenses formerly funded from restricted receipts to general revenues. This reflects the available amount of restricted receipts, which is less than included in the enacted budget because those receipts were accumulated over a three year period before they were used by the Department.

The Governor recommended \$4.2 million, \$0.1 million less than requested from all sources including \$0.6 million less from general revenues, which reflects the use of restricted receipts for personnel costs as included in the enacted budget. The recommendation restores \$0.1 million of turnover savings, for total turnover of \$0.4 million for FY 2016 and removes \$0.1 million to reflect a correction to medical benefits. **The Assembly concurred.**

Community Service Grants. Consistent with the enacted budget, the Judiciary requested \$0.5 million from general revenues for five separate community service grants for justice related initiatives. This includes advocating for victims of domestic violence, and providing legal services for low income individuals. *The Governor removed \$0.1 million of general revenues to reflect the conclusion of the Justice Assistance one-time modeling grant.* **The Assembly concurred.**

All Other Operations. The Judiciary requested \$2.1 million for all other operating expenses of the Supreme Court. This is \$0.3 million less than enacted and includes \$0.1 million less from general revenues and \$0.2 million less from restricted receipts. The majority of the decrease is due to a revision to restricted receipts to reflect projected available funds. The receipts are derived from fines assessed on individuals convicted of crimes, and are used to provide assistance to crime victims including an explanation of rights, assistance with impact statements, counseling recommendations and possible restitution claims. *The Governor recommended funding as requested.* **The Assembly concurred.**

Superior Court

Salaries and Benefits. The Judiciary's request includes \$19.8 million from general revenues for the salaries and benefits of the Superior Court's 165.7 full-time equivalent positions. This is \$1.5 million more than enacted, which reflects the restoration of \$1.0 million of turnover savings, for which the enacted budget includes \$1.3 million. The request also includes \$0.3 million more for the cost-of-living adjustment with \$0.2 million requested to reflect updated benefit rates. *The Governor recommended \$0.5 million less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

All Other Operations. The Judiciary requested \$1.9 million for all other operations of the Superior Court. Expenditures are programmed for juror fees, rental payments, expert witnesses, insurance and other office expenses. This is \$0.2 million more than enacted including \$0.2 million more from general revenues offset by \$47,546 less from federal funds. Increases reflect anticipated expenses for temporary staff and travel reimbursements for jurors based on the length and number of trials projected during FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

District Court

Salaries and Benefits. The Judiciary's request includes \$11.3 million from all sources, \$1.4 million more than enacted, for the salaries and benefits of the District Court's 93.0 full-time equivalent positions. The change to the enacted budget includes \$1.5 million more from general revenues to restore all of the \$0.6 million of turnover savings included in the District Court. The request also includes \$0.4 million more for the cost-of-living adjustment with \$0.3 million requested to reflect updated benefit rates.

The Governor recommended \$11.0 million, \$0.3 million less than requested including \$0.4 million less from general revenues offset by \$0.1 million more from restricted receipts. Personnel costs of \$0.1 million are eligible to be offset by receipts available from small claims mediation, but were requested from general revenues. The recommendation also includes \$0.3 million less from general revenues to reflect a correction to medical benefits. **The Assembly concurred.**

Veterans' Treatment Calendar. The Veterans' treatment calendar functions as a specialized calendar within District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses.

The Governor subsequently requested an amendment to add \$0.2 million from federal funds to reflect a new grant award. Funding will allow the Judiciary to expand operations to serve a larger population of veterans and provide additional services as part of a jail diversion program aimed at addressing veterans, charged primarily with misdemeanor offenses. **The Assembly concurred and also increased the number of District Court judges from 12 to 13 and established the Veterans' Calendar in statute. It added 1.0 full-time equivalent position and \$234,000 for the new judge position.**

All Other Operations. The Judiciary requested \$0.5 million for all other operating expenses for the District Court. Major expenditures include office supplies, interpreter services, printing and insurance. This is \$0.1 million less than enacted, primarily from general revenues. The reduction reflects lower costs for temporary staff for the District Court due to the projected filling of certain vacant positions. *The Governor recommended funding as requested.* **The Assembly concurred.**

Family Court

Salaries and Benefits. The Judiciary's request includes \$21.4 million from all sources, \$19.7 million from general revenues, for the salaries and benefits of the Family Court's 173.7 full-time equivalent positions. This is \$2.7 million more than enacted including \$2.3 million more from general revenues and

\$0.4 million more from federal funds. Of the increase, \$1.1 million is associated with restoring turnover for 11.0 positions, for which the enacted budget included turnover for 14.0 positions. Other increases above the enacted budget include \$0.6 million for the cost-of-living adjustment and \$0.5 million for updated benefit rates.

*The Governor recommended \$20.9 million, \$0.5 million less than requested, including \$0.6 million less from general revenues offset by \$0.1 million more from federal funds. Personnel costs of \$0.1 million are eligible to be offset by the supervision of court ordered visits federal grant, but they were not offset in the request. She increased requested turnover by \$0.1 million, and removed \$0.5 million from general revenues to reflect a correction to medical benefits. **The Assembly concurred.***

Child Support Enforcement. The Department requested \$1.0 million more than enacted from federal funds to properly reflect its award and expenditures from the 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. It should be noted that the request increases these funds as part of a technical adjustment to its budget, but does not reflect an actual increase in funds. The Judiciary charges an indirect cost recovery to this grant, which was historically shown as restricted receipts and can be used for general revenue expenses. The request increases the federal sources to properly reflect the award and expenditures; however, the request inadvertently excludes the corresponding increase to restricted receipts to show the indirect cost recovery. *The Governor recommended funding as requested. **The Assembly concurred.***

All Other Operations. The Judiciary requested \$1.0 million for all other operations of the Family Court for FY 2016. Major expenditures include mileage reimbursement, office supplies, insurance and auditing services. This is \$0.1 million less than enacted; including \$0.2 million less from federal funds offset by \$0.1 million more from general revenues. The majority of the general revenue increase is in temporary services provided by Adil for the Juvenile Drug Court and increases for the rental of parking spaces from the Rhode Island Convention Center Authority. *The Governor recommended funding as requested. **The Assembly concurred.***

Traffic Tribunal

Salaries and Benefits. The Judiciary's request includes \$8.1 million from general revenues for the salaries and benefits of the Traffic Tribunal's 78.2 full-time equivalent positions. The enacted budget includes turnover for six positions, and the request reflects restoring \$0.4 million of funding for all of those positions, along with \$0.2 million more for a cost-of-living adjustment and \$0.1 million more to reflect updated benefit rates. *The Governor recommended \$7.5 million, \$0.6 million less than requested to reflect \$0.4 million of turnover. The recommendation also removes \$0.2 million to reflect a correction to medical benefits. **The Assembly concurred.***

All Other Operations. The request includes \$0.7 million from general revenues for all other operating expenses of the Traffic Tribunal. This is \$0.1 million less than enacted almost entirely for security services. These expenses are for Capitol Police overtime that were previously in the Department of Public Safety's budget. These expenditures are tracked through an internal service fund, which is funded from the Judiciary's budget, then used by the Capitol Police for its personnel expenditures associated with court activities. *The Governor recommended funding as requested. **The Assembly concurred.***

Workers' Compensation Court

Salaries and Benefits. The Judiciary's request includes \$6.6 million from restricted receipts for the salaries and benefits of the Workers' Compensation Court's 50.0 full-time equivalent positions. The enacted budget includes turnover for 2.0 positions, and the request includes \$0.2 million more than

enacted to reflect restoring those funds, as well as \$0.1 million more for the cost-of-living adjustment and updated benefit values. *The Governor recommended \$0.2 million less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

All Other Operations. The request includes \$0.7 million from restricted receipts for all other operations at the Workers' Compensation Court. Major expenditures include \$0.2 million for building repairs and \$0.1 million each for electricity and software maintenance agreements. The request is \$20,900 more than enacted and reflects additional funding for small scale repairs and office equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

Judicial Tenure and Discipline

Judicial Tenure and Discipline. The Judiciary requested \$0.1 million from general revenues to support the Commission on Judicial Tenure and Discipline for FY 2016. This is \$7,577 more than enacted to reflect the cost-of-living adjustment and minor adjustments to operating expenses. The Judicial Tenure and Discipline Commission is responsible for conducting investigations of judges suspected of or charged with misconduct. *The Governor recommended \$1,563 less than requested to reflect a correction to medical benefits.* **The Assembly concurred.**

Military Staff

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 7,742,984	\$ 7,636,881	\$ 8,309,609	\$ 8,309,609
Contracted Services	1,267,908	1,371,307	1,434,168	1,434,168
Subtotal	\$ 9,010,892	\$ 9,008,188	\$ 9,743,777	\$ 9,743,777
Other State Operations	5,076,261	5,121,878	5,015,055	5,015,055
Assistance, Grants, and Benefits	497,000	502,000	502,000	502,000
Capital	3,869,921	4,261,771	4,147,266	4,147,266
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 18,454,074	\$ 18,893,837	\$ 19,408,098	\$ 19,408,098
Sources of Funds				
General Revenue	\$ 1,842,096	\$ 2,164,935	\$ 2,065,434	\$ 2,065,434
Federal Aid	14,779,178	14,518,597	15,361,864	15,361,864
Restricted Receipts	442,800	438,300	323,300	323,300
Other	1,390,000	1,772,005	1,657,500	1,657,500
Total	\$ 18,454,074	\$ 18,893,837	\$ 19,408,098	\$ 19,408,098
FTE Authorization	85.0	85.0	92.0	92.0

Summary. The Military Staff's request includes \$19.6 million from all sources, including \$2.3 million from general revenues, \$15.5 million from federal funds, \$0.3 million from restricted receipts, \$1.5 million from Rhode Island Capital Plan funds and 94.0 full-time equivalent positions, which is 9.0 more than enacted. This is \$1.2 million more than enacted, which primarily reflects new positions, a cost-of-living adjustment and additional funding for capital projects.

*The Governor recommended \$211,938 less than requested including \$0.2 million less from general revenues, \$0.1 million less from federal funds and \$0.1 million more from Rhode Island Capital Plan funds. She recommended 2.0 fewer full-time equivalent positions than requested, but 7.0 more than enacted. **The Assembly concurred.***

Target Issues. The Budget Office provided the Department with a general revenue target of \$1.9 million. The amount includes current service adjustments of \$0.2 million and a 7.5 percent target reduction of \$0.1 million.

The constrained budget submitted by the agency is \$12,809 below the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$210,885 above the target. **The Assembly concurred.***

FY 2016 Budget	Budget Office		Military	Difference		
FY 2015 Enacted	\$	1,837,655	\$	1,837,655	\$	-
Current Service Adjustments		163,369		363,217		199,848
New Initiatives		-		76,500		76,500
Change to FY 2015 Enacted	\$	163,369	\$	439,717	\$	276,348
FY 2016 Current Service/ Unconstrained Request	\$	2,001,024	\$	2,277,372	\$	276,348
Target Reduction/Initiatives		(146,475)		(435,632)		(289,157)
FY 2016 Constrained Target/Request	\$	1,854,549	\$	1,841,740	\$	(12,809)
<i>Change to FY 2015 Enacted</i>	\$	<i>16,894</i>	\$	<i>4,085</i>	\$	<i>(12,809)</i>

Firefighters. The Military Staff requested \$3.5 million, including \$0.2 million from general revenues and \$3.3 million from federal funds for the Rhode Island National Guard firefighter program. This is \$32,814 more than enacted for salaries and benefits, including \$0.2 million more from general revenues and \$0.2 million less from federal funds for 30.0 full-time positions, including 17.0 full-time firefighters that are specialized in fire containment and disaster response involving National Guard vehicles, 10.0 crew chiefs and 3.0 assistant chiefs. The Rhode Island National Guard was notified in October 2013 that the federal National Guard Bureau will only reimburse the state for the cost of firefighters being paid at a level consistent with federal Government Service pay scales capped at \$59,617 annually. Firefighters hired after FY 2012 are subject to the new cost sharing guidelines. The average salary cost per firefighter in the Rhode Island Air National Guard is \$66,219 per year in the agency's FY 2016 request. It appears that the Staff was aware that this change would be happening but did not request additional funding in its FY 2015 request. The Military Staff indicated that this only applies to those firefighters hired after 2012.

The Staff's request also shifts \$0.1 million from federal funds to general revenues for costs associated with a firefighter who has qualified as injured on duty. The Staff indicated that beginning in FY 2015, the National Guard Bureau will only pay for this firefighter's benefits in FY 2015. For FY 2016, the state will be responsible for the full cost of firefighters injured on duty.

*The Governor recommended \$0.1 million less than requested, including \$48,538 less from general revenues, which assumes additional turnover savings based on current filled positions. This funds 28.0 positions, which is 2.0 fewer than requested. **The Assembly concurred.***

9.0 New Maintenance Positions. The Military Staff requested \$0.7 million more than enacted; all but \$1,500 is from general revenues for nine additional maintenance employees including four new production systems specialists and five maintenance repair persons. These maintenance employees will be responsible for maintaining approximately one million square feet of building space throughout the state. The Military Staff indicated that current maintenance personnel float between different locations to provide the necessary maintenance at sites throughout the state. This has been the case since 2002; however, building space has increased by approximately 350,000 square feet since then and the Staff does not believe that the current staff is sufficient enough to maintain all of the equipment, vehicles, and space.

The Staff indicated that the master cooperative agreement with the federal National Guard Bureau allows the Rhode Island National Guard to have 67.0 maintenance positions, but it only plans to fill 13.0 positions. The two existing positions would move to the mobile team and be funded primarily from federal funds with a general revenue component of \$1,500 per year to account for making an existing maintenance employee a supervisor.

*The Governor recommended \$130,000 less than requested from all funds and 2.0 fewer positions. The Governor excluded the \$1,500 of general revenue funding for promotions and positions above federal allowances. **The Assembly concurred.***

Activations. The Military Staff requested \$75,000 from general revenues to support the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. The agency's request suggests that this could involve a state or federal emergency, including weather events. Currently, funding required for activations is appropriated during the year in which it is needed. The enacted budget includes \$75,000 for expenses associated with the Governor's inauguration. The current request is more of a placeholder with funds appropriated and then expended as needed.

As part of its constrained request, the Military Staff excluded the funding. *The Governor did not include any funding for activations in FY 2016.* **The Assembly concurred.**

All Other Salaries and Benefits. The Military Staff requested \$5.9 million for salaries and benefits including \$0.8 million from general revenues and \$5.1 million from federal funds for the remaining 55.0 full-time equivalent positions. This is \$14,897 more than enacted from general revenues and \$102,695 more from federal funds. This primarily reflects \$0.3 million for the cost-of-living adjustment and other benefit adjustments consistent with Budget Office planning values offset by \$0.2 million from additional turnover savings. *The Governor recommended \$0.1 million more than requested to restore turnover savings for 1.0 position and shifted \$0.1 million from general revenues to available federal sources.* **The Assembly concurred.**

Counterdrug Asset Forfeiture. The Military Staff's request includes \$23,300 from restricted receipts, which is \$119,500 less than enacted to reflect funds available from asset forfeitures generated from the Guard's counterdrug activities. The funds are part of the state's overall Google settlement and will be used for the purchase of equipment and other supplies in support of the Guard's counterdrug operations. Total Google settlement funds allocated to the Military Staff are \$5.0 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

Building Maintenance. The Military Staff requested \$0.9 million including \$0.3 million from general revenues and \$0.6 million from federal funds for building maintenance and small scale repairs. This is \$0.2 million more than enacted including \$0.1 million more from general revenues. This reflects an increase in minor renovations and repairs at all National Guard facilities, projects at other armories and militia facilities, custodial services at armories, and fire inspection.

The constrained request reduces janitorial services by \$13,635. It should be noted that this is below the enacted level of funding and assumes that the agency will sign a new cleaning contract for less than a contract that expired in 2014. The agency's constrained request also reduces maintenance costs for state armories, for savings of \$0.2 million, including \$0.1 million from general revenues. *The Governor recommended federal funds as requested; she did not recommend the additional general revenues.* **The Assembly concurred.**

Military Funeral Honors. The Military Staff requested \$109,200, or \$18,200 more than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2016. Retired military members are paid a \$50 stipend to perform military honors at the funerals. A new federal memorandum indicates 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 agency's constrained request eliminates funding for military funeral honors. It appears that this would require a change to state law. Honor guards would either have to provide the service free of charge or the honors would not be provided at veterans' funerals. *The Governor recommended \$13,200 less than requested to reflect updated projections based on current year expenditures.* **The Assembly concurred.**

Education Benefits. The Military Staff requested the enacted level of \$0.1 million from general revenues to support the state mandate for the provision of free tuition to National Guard members at the

state's public higher education institutions. The current course limit is five per semester, and any expenses above \$100,000 are borne by the institutions.

The Military Staff eliminated these benefits as part of its constrained request. The Military Staff noted that it included this option without considering a change to the general laws or the source of future education benefits for National Guard members. *The Governor recommended the enacted level of funding.* **The Assembly concurred.**

Utilities and Other Operations. The Military Staff requested \$3.7 million including \$0.7 million from general revenues, \$2.7 million from federal funds and \$0.3 million from restricted receipts for all other expenses for the National Guard. This includes \$0.1 million more from general revenues and \$0.3 million more from federal funds and the enacted level from restricted receipts. The increase is primarily for insurance, electricity, and fuel which are funded from federal sources with a state match.

The Military Staff's constrained request includes a reduction of \$46,391 from general revenues for operating expenses. *The Governor recommended funding as requested in the unconstrained request.* **The Assembly concurred.**

Capital Projects. The Military Staff requested \$5.4 million for capital projects including \$3.8 million from federal funds and \$1.5 million from Rhode Island Capital Plan funds. This is \$0.1 million less than enacted from Rhode Island Capital Plan funds and \$137,500 more from federal funds for FY 2016. This primarily reflects an expansion of the asset protection projects, renovations and funding for a new Joint Force Headquarters to be built at Camp Fogarty.

The Governor recommended \$130,000 more than requested from Rhode Island Capital Plan funds to reflect the new headquarters project and adjustments to other projects based on current year expenditures. **The Assembly concurred. Specific project information is included in the Capital Budget section of this publication.**

Rhode Island Emergency Management Agency

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 3,388,157	\$ 3,216,246	\$ 3,436,024	\$ 3,436,024
Contracted Services	1,039,219	839,963	807,408	807,408
Subtotal	\$ 4,427,376	\$ 4,056,209	\$ 4,243,432	\$ 4,243,432
Other State Operations	1,796,093	3,679,533	3,689,972	3,689,972
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	13,950,446	15,573,238	10,596,014	10,596,014
Capital	448,312	461,943	8,500	8,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 20,622,227	\$ 23,770,923	\$ 18,537,918	\$ 18,537,918
Sources of Funds				
General Revenue	\$ 1,959,858	\$ 1,861,076	\$ 1,766,002	\$ 1,766,002
Federal Aid	18,273,640	21,438,224	16,551,541	16,551,541
Restricted Receipts	221,729	216,680	220,375	220,375
Other	167,000	254,943	-	-
Total	\$ 20,622,227	\$ 23,770,923	\$ 18,537,918	\$ 18,537,918
FTE Authorization	32.0	32.0	32.0	32.0

Summary. The Rhode Island Emergency Management Agency requested \$12.1 million including \$2.0 million from general revenues, \$9.9 million from federal funds and \$0.2 million from restricted receipts. This is \$8.5 million less than enacted including \$39,682 more from general revenues, \$8.4 million less from federal funds, \$0.2 million less from Rhode Island Capital Plan funds, and \$3,248 less from restricted receipts. This primarily reflects adjustments to available federal disaster aid and other federal grants. The Agency requested the enacted level of 32.0 positions.

*The Governor recommended \$6.4 million more than requested, including \$6.6 million more from federal funds and \$0.2 million less from general revenues. **The Assembly concurred.***

Target Issues. The Budget Office provided the Agency with a general revenue target of \$1.9 million. The amount includes current service adjustments of \$42,641 and a 7.5 percent target reduction of \$149,966.

The constrained budget submitted by the agency is \$2,959 below the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$83,572 below the target. **The enacted budget is consistent with the Governor's recommendation.***

FY 2016 Budget	Budget Office	Emergency Management	Difference
FY 2015 Enacted	\$ 1,959,858	\$ 1,959,858	\$ -
Current Service Adjustments	42,641	39,682	(2,959)
Change to FY 2015 Enacted	\$ 42,641	\$ 39,682	\$ (2,959)
FY 2016 Current Service/ Unconstrained Request	\$ 2,002,499	\$ 1,999,540	\$ (2,959)
Target Reduction/Initiatives	(149,966)	(149,966)	-
FY 2016 Constrained Target/Request	\$ 1,852,533	\$ 1,849,574	\$ (2,959)
<i>Change to FY 2015 Enacted</i>	\$ (107,325)	\$ (110,284)	\$ (2,959)

Statewide Communications Network. The Agency requested \$1.2 million from all funds including \$1.1 million from general revenues, \$83,171 from federal funds and \$500 from restricted receipts for expenses related to the Rhode Island Statewide Communications Network. This is \$0.3 million less from federal funds and \$8,724 more from general revenues than enacted. This includes major maintenance costs, heating, ventilation, and air conditioning systems, and the replacement of radio control boards funded through available federal sources. General revenue funding primarily reflects the updated contract with Motorola to maintain the radio system, consistent with the revised request.

The Governor recommended general revenues essentially as requested and added \$1.0 million more than requested from available federal funds for ongoing maintenance to the network. The Assembly concurred. The five-year plan for this work is described in the Capital Budget section of this publication.

Salaries and Benefits. The Agency requested \$3.5 million, including \$0.8 million from general revenues, \$2.6 million from federal funds, and \$0.1 million from restricted receipts for salaries and benefits for the enacted level of 32.0 positions. This is \$103,369 more than enacted, including \$23,412 more from general revenues. This primarily reflects a cost-of-living increase of \$0.2 million and turnover savings of \$0.1 million. The request shifts \$0.2 million of staffing costs from general revenues and restricted receipts to federal sources. The restricted receipts were budgeted to cover indirect cost recovery on federal grants. These have been shifted to operating expenses, but without corresponding general revenue savings.

As part of its constrained request, the Agency proposed shifting an additional \$0.1 million of general revenue staffing costs to federal Emergency Management Performance grant funds. It is unclear why the Agency did not include these savings as part of its unconstrained request.

The Governor recommended \$0.1 million less than the unconstrained request, including \$0.2 million less from general revenues, \$0.1 million more from federal funds and \$0.1 million more from restricted receipts. This includes turnover savings for one vacant position and a shift of funding for two positions from general revenues to restricted receipts and federal sources. The Assembly concurred.

Disaster Funding. The Agency requested \$2.1 million, which is \$2.4 million less than enacted from federal funds for reimbursements to entities in the state that have applied for federal disaster relief. The Federal Emergency Management Agency conducted audits on disaster grants and many grants will be awarded in FY 2015 with the remainder being awarded in FY 2016. This reflects actual reimbursements to be made in FY 2015 for entities affected by Hurricane Sandy, Tropical Storm Irene, and the blizzards in 2012 and 2015. *The Governor recommended \$2.0 million more than requested to reflect funds carried forward from FY 2014. The Assembly concurred.*

Emergency Operations and Performance Grants. The Agency requested \$0.9 million from federal fund expenditures for emergency operations. This is \$0.4 million less than enacted and reflects an adjustment to available federal awards. Funds are used for construction and renovation of a state or local

government's principal emergency management operations centers, and also provide support for emergency operations. *The Governor recommended \$2.6 million more than requested to reflect available funds carried forward from prior years.* **The Assembly concurred.**

Other Federal Grants. The Agency requested \$0.8 million from federal funds for all other grant awards and related expenditures. The request is \$5.2 million less than enacted and includes changes to reflect funds carried forward from previous years, as well as updated expenditure plans. Reductions to grant funding involve the Federal Emergency Management Flood Clean Up reimbursements, staff training for emergency and Ebola response, and homeland security related upgrades throughout the state.

The Governor recommended \$1.1 million more than requested including \$1.0 million from federal Homeland Security grant funds for reimbursements to other state agencies including the Departments of Public Safety and Environmental Management. The increase also includes \$55,551 to reflect available Federal Emergency Management and Homeland Security grants to be dispersed to state and local entities. **The Assembly concurred.**

All Other Operating. The Agency requested \$2.3 million from all funds, including \$0.1 million from general revenues, \$2.1 million from federal funds and \$0.1 million from restricted receipts for all other operating expenses. This is \$0.2 million less than enacted, including \$7,546 more from general revenues for phone, internet, travel and other expenses and \$73,106 more from restricted receipts. The request includes minor adjustments to operating costs and adds \$0.1 million in miscellaneous expenditures from restricted receipts available from indirect cost recovery on federal funds. A larger value had been budgeted from this source for use on staffing. Because many of its grants are a pass through for municipal and state entities, an indirect rate is not permitted on them. The Agency is still in the process of developing its own indirect cost policy that accurately reflects the grants that can be charged for administrative overhead.

The Agency's constrained request reduced unidentified operating expenditures by \$37,640 from general revenues and \$162,525 from federal funds and adds \$3,808 to reflect available restricted receipts. *The Governor recommended \$0.1 million less than the unconstrained request for all other operating expenses, primarily reflecting reductions for updated travel and utility costs.* **The Assembly concurred.**

Capital. The Agency's operating request does not include funding for capital projects. The enacted budget included \$167,000 from Rhode Island Capital Plan funds for Hurricane Sandy clean-up expenses. It should be noted that this is inconsistent with the funding requested in the Agency's capital request which includes \$6.7 million for six capital projects. *The Governor recommended funding as included in the operating request.* **The Assembly concurred.**

Department of Public Safety

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Central Management	\$ 5,292,389	\$ 5,269,660	\$ 5,095,429	\$ 5,095,429
E-911	5,428,479	5,288,026	5,377,414	5,377,414
Fire Marshal	5,331,144	5,086,827	5,702,217	5,896,017
Capitol Police	3,703,351	3,523,466	3,645,409	3,645,409
Sheriffs	18,048,299	18,222,645	19,034,895	19,034,895
Municipal Police Training Academy	642,779	498,752	399,087	420,421
State Police	88,108,405	85,620,408	83,653,721	84,255,831
Total	\$ 126,554,846	\$ 123,509,784	\$ 122,908,172	\$ 123,725,416
Expenditures by Category				
Salaries and Benefits	\$ 77,470,061	\$ 80,646,345	\$ 79,381,504	\$ 79,702,054
Contracted Services	327,400	794,639	663,721	753,405
Subtotal	\$ 77,797,461	\$ 81,440,984	\$ 80,045,225	\$ 80,455,459
Other State Operations	11,819,420	10,155,330	9,777,949	10,110,541
Aid to Local Units of Government	-	-	200,000	-
Assistance, Grants, and Benefits	28,461,110	21,190,888	19,805,672	20,005,672
Capital	8,476,855	10,722,582	13,079,326	13,153,744
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 126,554,846	\$ 123,509,784	\$ 122,908,172	\$ 123,725,416
Sources of Funds				
General Revenue	\$ 95,294,034	\$ 98,287,230	\$ 96,454,299	\$ 97,060,493
Federal Aid	6,894,275	8,272,348	6,346,357	6,764,072
Restricted Receipts	12,863,854	9,215,075	11,383,011	11,176,346
Other	11,502,683	7,735,131	8,724,505	8,724,505
Total	\$ 126,554,846	\$ 123,509,784	\$ 122,908,172	\$ 123,725,416
FTE Authorization	633.2	633.2	633.2	633.2

Summary. The Department of Public Safety requested expenditures of \$136.3 million, which is \$9.7 million more than enacted from all sources. This includes \$107.7 million from general revenues, \$5.7 million from federal funds, \$8.2 million from restricted receipts, and \$14.6 million from other fund sources. The Department requested authorization for 663.2 full-time equivalent positions, 30.0 more than authorized. The Department also submitted a constrained request that totals \$128.6 million and includes \$7.6 million less from general revenues than the unconstrained request.

*The Governor recommended \$122.9 million from all sources, which is \$3.6 million less than enacted and \$13.4 million less than requested. Recommended general revenues are \$1.2 million more than enacted and \$11.3 million less than requested. She subsequently requested an amendment to add \$0.4 million from federal grant funds made available to the Department after submission of her recommendation. She included the authorized level of full-time positions. **The Assembly concurred and included an***

additional \$0.3 million from general revenues and \$0.1 million from restricted receipts for the 56th State Police Training Academy.

Staffing Authorization. The Department requested staffing authorization for 663.2 full-time equivalent positions, 30.0 more than authorized. This includes 7.0 new positions in the Department’s Central Management division, 3.0 new fire safety inspectors in the Office of the State Fire Marshal, and 20.0 new State Police trooper positions.

The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014, and October 4, 2015, offset by increased cost sharing measures for medical benefits. Based on the revised request, the combined FY 2016 cost for the increases is \$4.2 million from all funds, of which \$3.9 million is from general revenues.

*The Governor recommended staffing consistent with the authorized level. However, her recommendation shifts 1.0 currently vacant position from the Division of State Police to Central Management to create the requested assistant administrator of financial management position. **The Assembly concurred.***

Target Issues. The Budget Office provided the Department of Public Safety with a general revenue target of \$96.7 million. The amount includes current service adjustments of \$7.7 million, including staffing and operations costs associated with the 56th State Police Training Academy, and a 7.5 percent reduction of \$6.4 million.

FY 2016 Budget	Budget Office	DPS	Difference
FY 2015 Enacted	\$ 95,294,034	\$ 95,294,034	\$ -
Current Service Adjustments	7,733,920	10,406,075	2,672,155
New Initiatives	-	2,005,672	2,005,672
Change to FY 2015 Enacted	\$ 7,733,920	\$ 12,411,747	\$ 4,677,827
FY 2016 Current Service/Unconstrained Request	\$ 103,027,954	\$ 107,705,781	\$ 4,677,827
Target Reduction/Initiatives*	(6,360,959)	(7,608,003)	(1,247,044)
FY 2016 Constrained Target/Request	\$ 96,666,995	\$ 100,097,778	\$ 3,430,783
<i>Change to FY 2015 Enacted</i>	<i>\$ 1,372,961</i>	<i>\$ 4,803,744</i>	<i>\$ 3,430,783</i>

The constrained budget submitted by the agency is \$3.4 million more than the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor’s recommendation is \$0.2 million below the target. **The enacted budget is \$0.4 million above the target.***

E-911 Telephone System

Salaries and Benefits. The Department requested \$4.8 million, which is \$0.5 million more than enacted from general revenues for the authorized level of 50.6 full-time equivalent positions for E-911. The request includes \$248,806 to fund cost-of-living increases. The Department also requested \$210,990 for a full year of funding for 3.0 telecommunicator positions assumed vacant in the enacted budget.

As part of its constrained request, the Department proposed holding the 3.0 telecommunicator positions vacant, however removed more funding than the associated value. The request notes that these vacancies would increase the number of calls in-queue and wait times for emergency callers; however, as the positions have been vacant, it is likely that call processing would not be impacted as predicted.

*The Governor recommended \$0.4 million less than the unconstrained request; she included vacancies as proposed in the constrained request and additional turnover savings consistent with filling vacant telecommunicator positions at the lowest step in FY 2015. **The Assembly concurred.***

Communication Systems. The Department requested \$1.0 million, which is \$0.1 million less than enacted from general revenues for E-911 communication system expenses. The request is consistent with the completion of the first phase of Next Generation 911 installation and deployment included in the revised FY 2015 request. It includes \$0.5 million, which is \$0.1 million less than enacted for software and information technology maintenance agreements, necessary for public safety answering point functionality. Also included is \$0.2 million, which is \$3,060 less than enacted for telephone systems, consistent with historical and anticipated expenses, and the enacted amount of \$240,000 for the Division's annual geographic information system contract, contracts with Qwest/CenturyLink for broadband services and with Language Line Communications for translation services. *The Governor recommended funding as requested. The Assembly concurred.*

All Other Operations. The Department requested \$53,468, which is \$14,818 more than enacted from general revenues for all other E-911 operations. This includes \$20,518 more for utilities and general office expenses, consistent with FY 2014 expenditures and \$5,700 less for computer and information technology hardware purchases, consistent with FY 2014 expenditures and the revised FY 2015 request. *The Governor recommended funding as requested. The Assembly concurred.*

Fire Marshal

Fire Safety Inspectors. The Department requested \$0.2 million from general revenues for a full year of funding for 3.0 new full-time fire safety inspector positions in the Office of the State Fire Marshal. The request reflects an anticipated increase in workload associated with planning and construction in the Interstate 195 Redevelopment District and an increase in requested inspections following budget cuts by municipalities. The Office anticipated plans for approximately \$400 million in Interstate 195 development projects would begin the review process in FY 2015. As of November 2014, the I-195 District Commission reported that it had approved one project for which an agreement was signed.

As part of its constrained request, the Department excluded the positions. *The Governor did not recommend the positions. The Assembly concurred.*

40 Hour Work Week. The Department requested \$424,600 from general revenues to increase the standard 35 hour work week to a 40 hour work week for all authorized positions in the Office of the State Fire Marshal. The request reflects the increase in workload experienced by the office following statutory changes to plan review standards and significant municipal cut-backs in local fire departments, including in the cities of Providence, Warwick, and Cranston. The Department reported that inspections staff appeared to be undercompensated for the plan review and site visit workload. The increased work week would provide additional flexibility to inspections staff and provide sufficient compensation for hours worked.

As part of its constrained request, the Department excluded the change in work week. *The Governor did not recommend changing the work week. The Assembly concurred.*

All Other Salaries and Benefits. The Department requested \$3.2 million, which is \$0.3 million more than enacted from all sources to fully fund the authorized number of 36.0 full-time equivalent positions in the Office of the State Fire Marshal. This includes \$0.3 million more from general revenues, \$61,043 more from restricted receipts, and \$11,649 more from Quonset Development Corporation funds. The request includes \$136,712 from all funds, of which \$118,500 is from general revenues, to fund the cost-of-living increases and restores \$0.2 million of turnover savings included in the enacted budget. The Department anticipated that all vacant positions would be filled as of July 1, 2015. As of December 13, 2014, the Office reported 33.0 filled positions, 3.0 less than authorized.

As part of its constrained request, the Department proposed maintaining 3.0 authorized full-time equivalent positions vacant for the fiscal year and included \$0.2 million in savings from all funds, of which \$155,675 is from general revenues. The Department also proposed shifting 40.0 percent of costs associated with the Fire Marshal's salary and benefits to restricted receipts and included \$42,194 of savings from general revenues. The enacted budget assumes 20.0 percent of this expense will be funded from Fire Training Academy receipts; the constrained request doubles that.

*The Governor recommended \$141,902 less than the unconstrained request, including \$119,404 less from general revenues. Her recommendation includes holding 2.0 fire investigator positions vacant for the fiscal year and assumes 1.0 vacant fire safety inspector position will be filled at the lowest step in FY 2015 to focus on plan review for I-195 redevelopment projects. Consistent with the enacted budget, the recommendation funds 20.0 percent of the Fire Marshal's salary from Fire Training Academy restricted receipts. **The Assembly provided total funding as recommended; however, shifted \$0.3 million of personnel costs associated with the 3.2 Fire Training Academy positions, including the Fire Marshal, from restricted receipts to general revenues.***

Leased Office Space. The Department requested \$0.6 million from general revenues for the lease of office space for the Office of the State Fire Marshal for FY 2016. The Fire Marshal's staff was moved from its previous location in the Cranston Street Armory in April 2014, due to reportedly hazardous and difficult working conditions in the building. Staff was relocated to the Department of Administration, the Fire Training Academy, and the E-911 secondary public safety answering point. A call for proposals was announced in September 2014; proposals were due by October 31, 2014. The Department's capital request includes funds for a feasibility study of the construction of new Fire Marshal office space at the Fire Training Academy. The Department reported that one proposal was received; however, the terms of the offered lease did not meet the Department's needs. The revised FY 2015 request includes \$0.3 million from general revenues for a half year of lease costs.

*The Governor did not recommend funding for a lease; the FY 2016 and revised FY 2015 recommendations include expenses for the Office's temporary locations. **The Assembly concurred.***

Bomb Disposal Unit Grants. Excluding salaries and benefits, the Department requested \$0.2 million, which is \$0.1 million more than enacted from federal funds for the purchase of equipment and fire safety supplies to support the Fire Marshal's Bomb Disposal unit and for hazardous materials training programs held at the State Fire Training Academy. *The Governor recommended funding as requested. **The Assembly concurred.***

Fire Training Academy. Consistent with its capital budget request, the Department requested \$2.2 million, which is \$0.2 million more than enacted from Rhode Island Capital Plan funds for the second phase of construction at the Fire Training Academy, reflective of increased project costs and an amended project schedule. *The Governor recommended \$0.2 million less than requested to reflect an updated project schedule, as described in greater detail in the Capital Budget section of this publication. **The Assembly concurred.***

All Other Operations. The Department requested \$0.4 million, which is \$44,862 less than enacted from all sources for all other Fire Marshal operations, including \$4,527 less from general revenues and \$40,335 less from restricted receipts associated with the Fire Training Academy. The request includes \$16,427 less than enacted from general revenues for fuel and utilities, reflective of the anticipated occupancy of leased office space. The requested decrease for utility costs is offset by \$16,436 more for general office expenses and \$16,457 more than enacted for maintenance of the Fire Marshal vehicle fleet, consistent with FY 2014 expenditures.

The request also includes \$40,335 less from Fire Training Academy restricted receipts for Academy operations, including utility costs, general office expenses, and payments to course instructors; it appears to be essentially consistent with historical expenditures.

*The Governor recommended \$39,550 more than requested from general revenues to reflect an increased payment to the state fleet revolving loan fund for an FY 2015 vehicle purchase to replace a vehicle that has reached the end of its useful life. She subsequently requested an amendment to add \$0.2 million from federal funds reflective of a federal Assistance to Firefighters grant awarded to the Department after submission of her recommended budget. **The Assembly concurred.***

Capitol Police

Salaries and Benefits. The Department requested \$3.8 million, which is \$0.2 million more than enacted from general revenues for Capitol Police salaries and benefits. The request includes funding for 38.0 full-time equivalent positions and \$198,571 from general revenues to fund the cost-of-living increases. The request restores \$0.2 million of turnover savings included in the enacted budget, offset by a shift of \$0.2 million of personnel costs from general revenues to Capitol Police Internal Service, "Rotary," funds.

It should be noted that the current staffing authorization for the Capitol Police is 40.0 full-time equivalent positions funded from general revenues. The enacted budget assumes an additional 11.0 positions are funded from Rotary funds, which are paid by other state agencies. Rotary funds are not reflected in the Department's expenditure totals. The request includes the total authorization of 51.0 full-time positions; however, it shifts funding for 2.0 positions from general revenues to Rotary funds. The requested decrease in general revenues is not a reduction in expense, just a shift of where the expense appears.

As part of its constrained request, the Department proposed maintaining 2.0 full-time officer positions vacant for the fiscal year and included \$157,741 of savings from general revenues.

*The Governor recommended \$0.3 million less than the unconstrained request; she maintained the enacted level of turnover and included funding reflective of statewide benefit savings. The recommendation includes the proposed shift of 2.0 positions to Capitol Police Rotary funds. **The Assembly concurred.***

All Other Operations. The Department requested the enacted amount of \$142,097 from general revenues for all other Capitol Police operations. Consistent with FY 2014 expenditures, the request includes \$14,557 less for general office expenses offset by \$12,000 more for the Capitol Police fleet and \$1,985 more for equipment maintenance. *The Governor recommended \$3,208 more than requested to reflect the division's share of the Department's Microsoft 365 email licenses. **The Assembly concurred.***

Sheriffs

Extended Work Week. The Department requested the enacted amount of \$0.1 million from general revenues for the extension of a 35 hour work-week to a 37.5 hour work week for 12.0 full-time equivalent positions in the Division of Sheriffs, effective in the current year. The change reflects a 2005 agreement between the Division of Sheriffs and the Department of Administration to increase the hourly work week of specific employees. In his recommended FY 2015 budget, Governor Chafee included \$0.1 million to increase the work week from 35 hours to 40 hours for 6.0 positions. The Assembly concurred. Documents supporting the FY 2015 recommendation reflected the intent to transition 6.0 positions to the extended work week each successive fiscal year after FY 2015. In the first quarter of FY 2015, the Department determined that the extension of 12.0 employees' work week from 35 to 37.5 hours each fiscal year would be more beneficial than the enacted extension, to fulfill staffing needs reported by the Judiciary.

The Department reported that it erroneously neglected to request funds sufficient to extend the work week of 12 additional employees in FY 2016. Position transfers will likely occur based on staff seniority; the Department cannot provide a specific amount required for FY 2016. *The Governor recommended funding consistent with the request and the enacted budget, but did not include funds to increase the work week for additional staff in FY 2016.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$17.9 million, which is \$1.1 million more than enacted from general revenues for salaries and benefits for the authorized level of 180.0 full-time equivalent positions for the Division of Sheriffs. The request includes \$0.8 million from general revenues to fund the cost-of-living increases and includes turnover savings of \$0.3 million, equivalent to 3.1 vacant positions, assuming an average cost of \$96,071. The enacted budget includes \$0.4 million in turnover savings. The Department requested \$0.7 million, which is \$0.1 million more than enacted for Sheriffs overtime for shift details at hospitals, inmate transportation, and extraditions, reflective of FY 2014 expenditures.

The Governor recommended \$0.2 million less than requested; the recommendation includes turnover consistent with maintaining approximately 4.5 positions vacant to reflect historical staffing trends and statewide benefit savings. **The Assembly concurred.**

All Other Operations. The Department requested \$1.2 million, which is \$26,858 more than enacted from general revenues for all other Sheriffs operations. The request includes \$60,418 more than enacted for maintenance of the Sheriffs fleet of vehicles, reflective of a revolving loan fund repayment for replacement vehicles that the Department anticipated purchasing in FY 2015. Also included is \$55,062 more than enacted for maintenance payments for Sheriffs locations in other Departments' facilities, including the Judiciary and the Department of Corrections, consistent with FY 2014 expenditures.

Increases are partially offset by \$95,960 less than enacted for staff uniforms and food. The Department requests \$44,600 less than enacted for uniform purchases, consistent with a change in Division policy regarding the annual replacement of members' uniforms. Also included is \$40,000 less than enacted for prisoners' food, reflective of the purchase of meal replacement bars rather than premade, ready-to-eat meals. The request includes \$10,000 less than enacted for standard gear, consistent with equipping current staff in FY 2013 and FY 2014. *The Governor recommended \$0.1 million more than requested, consistent with actual maintenance expenses and her revised FY 2015 recommendation.* **The Assembly concurred.**

Municipal Police Training Academy

Personnel and Operations. The Department requested \$0.4 million, which is \$0.2 million less than enacted from all sources for Municipal Police Training Academy personnel and operations, including \$10,900 more from general revenues and \$252,980 less from federal funds. The request includes \$14,375 more than enacted from general revenues for salaries and benefits, including \$9,476 to fund the cost-of-living increases, and funds the authorized level of 2.0 full-time equivalent positions. Also included is \$256,455 less from all funds for Academy operations. This includes \$3,475 less than enacted from general revenues for classroom lectures and the Academy's lease payment to the Community College of Rhode Island. Also included is \$0.2 million less than enacted from federal funds, reflective of available grant funding. *The Governor recommended \$1,612 less than requested from general revenues to reflect statewide benefit savings. She subsequently requested an amendment to add \$21,334 reflective of available federal Byrne grant funds for continuing education classes.* **The Assembly concurred.**

State Police

56th State Police Training Academy. The Department requested \$1.7 million from general revenues for the 56th State Police Training Academy, anticipated to begin in September 2015 and run into calendar year 2016. The request includes \$0.8 million for salaries and benefits for 40 recruits for 22 weeks of Academy training. Also included is \$0.9 million for medical services, uniforms, supplies, equipment, laptops, and room and board. The Department began recruitment in the fourth quarter of FY 2014, funded from Google forfeiture funds.

As of October 2014, the Department reported 247.0 sworn members of the State Police. The Department reported that the potential retirement of sworn members in the next fiscal year could place the State Police at risk of having a significantly decreased staff size. There are 65 troopers eligible to retire between FY 2015 and FY 2016, 15 of whom are required to retire in calendar year 2015. Should all eligible sworn members choose to retire, the State Police reported that it would be unable to fulfill its responsibilities and obligations. It noted that a smaller staff of sworn members would prevent the Division from maintaining its current “Gold Standard” accreditation as a public safety agency. It should be noted that accreditation by the Commission on Accreditation for Law Enforcement Agencies is not a statutory or functionality requirement for the Department.

As part of its constrained request, the Department included the postponement of the Academy and excluded the requested funds.

*The Governor recommended \$0.5 million less than the unconstrained request, including \$0.8 million less from general revenues, for the Academy. Her recommendation includes postponing the Academy to February 2016, a decreased class size of 30 recruits to reflect historical graduation rates, and a shift of \$0.3 million of Academy supply purchases from general revenues to available Google forfeiture funds, as permitted by the Department of Justice. **The Assembly provided \$0.3 million more than recommended from general revenues and \$0.1 million more from Google forfeiture funds for 10 additional recruits in the 56th Academy class, consistent with the request.***

40.0 New Troopers. The Department requested \$1.8 million from general revenues for costs associated with the hiring of 40.0 new troopers anticipated to graduate from the 56th Training Academy in January 2016. The request includes \$1.4 million for salaries and benefits and \$0.5 million for uniform and basic supply purchases, \$11,379 per new trooper.

As part of its constrained request, the Department proposed the postponement of the 56th Academy and included savings of \$1.8 million from general revenues from salary and benefit and uniform purchase costs for the new troopers. *Consistent with her recommendation to postpone the Academy to February 2016, the Governor did not recommend funding for the new troopers. The Budget assumes that the 56th Academy class will be sworn in as members of the State Police in July 2016, which is FY 2017. **The Assembly concurred.***

Principal Confidential Transcriber. The Department requested \$76,332 from general revenues for a new civilian principal confidential transcriber position within the State Police. The Department reported that its current work load requires two transcribers; it has been authorized one transcriber position since FY 2011. Since April 2013, transcriptions are produced approximately two months behind schedule. As a number of troopers were promoted in FY 2014 and early FY 2015 into the Detectives unit, the Department predicted a greater backlog will occur in the current year.

As part of its constrained request, the Department excluded the position. *The Governor did not recommend the position. **The Assembly concurred.***

Intelligence Analyst. The Department requested \$143,938 from general revenues for a new civilian intelligence analyst position within the State Police to increase the Detectives unit's efficiency and to assist with data entry, case management, and other clerical and analytical functions.

As part of its constrained request, the Department excluded the position. *The Governor did not recommend the position.* **The Assembly concurred.**

MIS Administrator. The Department requested \$150,704 from general revenues for a new civilian intelligence analyst position within the State Police. The position is intended to assist the Management Information Systems Unit, meet the information technology demands of the Department's disparate divisions and to provide support to municipal public safety departments that rely on the Department's information technology infrastructure.

As part of its constrained request, the Department excluded the position. *The Governor did not recommend the position.* **The Assembly concurred.**

Promotions. The Department's request includes the \$1.9 million from general revenues for expenses reflective of the promotion of 35 sworn members of the State Police in FY 2014, consistent with the revised FY 2015 request. The request includes 11 members promoted to the rank of corporal, 10 to the rank of sergeant, 8 to lieutenant, 4 to captain, 1 to major, and 1 to lieutenant colonel. Current law requires that there be at least one colonel, two lieutenant colonels, and three majors serving as superintendent and command staff of the State Police. The remainder of the force's composition is left to the superintendent's discretion. The Department reported that there were 18 more promotions in FY 2014 than in FY 2013. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. Excluding the new positions already noted, the Department requested \$49.8 million, \$1.8 million more than enacted from all funds for all other State Police salaries and benefits, including \$1.9 million more from general revenues. The request includes \$2.4 million from all funds, including \$2.2 million from general revenues, to fund the cost-of-living increases. As of January 5, 2015, the Administration had not reached an agreement with the Troopers' Association regarding the actual cost of the increases. The Department reported that it anticipated an agreement would be reached by the end of January 2015.

The request appears to include the retirement of at least 30.0 sworn members of the Division. As of December 2014, 65 sworn members were eligible to retire. The request additionally appears to reflect the general state employee retirement contribution rate of 23.64 percent for all employees; for FY 2016 the state contribution rate for sworn members is 17.22 percent.

As part of its constrained request, the Department included \$1.5 million in savings from general revenues associated with retirement of more eligible sworn members of the Division. The Department cannot predict the total number of retirements; therefore, the suggested savings cannot be guaranteed.

The Governor recommended \$3.5 million less than the unconstrained request from all funds, including \$3.6 million less from general revenues. The recommendation includes \$1.8 million of savings to reflect the actual contribution rate for FY 2016. It also includes \$1.4 million less than the unconstrained request for detectives' overtime payments and associated bonuses to reflect historical trends and her expectation that the Department will minimize those expenses to the best of its ability. She subsequently requested an amendment for \$0.2 million from additional Sex Offender Registry Grant federal funds made available after the budget was submitted. **The Assembly concurred.**

Pay-Go Pensions. The Department requested \$17.6 million, which is \$115,234 less than enacted from general revenues for State Police pension benefits funded in a pay-as-you-go basis. The request includes

198 regular pensions, 44 widows' pensions, and 15 disability pensions. Sworn members hired prior to July 1, 1987 were not required to contribute to their pensions, which are funded through an annual appropriation.

*The Governor recommended \$1.0 million less than requested based on converting these payments from pay-go to a trust fund. The Budget includes legislation to establish a new trust fund to pay for State Police pay-go pensions, to be seeded with \$15.0 million of available Google forfeiture funds and \$16.6 million from general revenues. Future funding would be from general revenues. **The Assembly concurred.***

Modernization. The Department requested \$7.3 million, which is \$4.2 million less than enacted from restricted receipts from Google forfeiture funds for State Police modernization programs including fleet purchases, staff training, and capital projects. The Department does not have a long-term spending plan for its share of forfeiture funds. Final FY 2014 expenditures from this source were \$3.3 million, which is \$9.6 million less than enacted. Final FY 2013 expenditures were \$2.7 million, \$9.5 million less than enacted. In FY 2014, the Department indicated that it would expend \$0.5 million in grants to local public safety agencies; however, no funds were spent.

In 2011, the Department of Public Safety was named as one of the five state agency recipients of funds forfeited by Google, Inc. due to the corporation's violation of the Federal Food, Drug and Cosmetic and Controlled Substances Acts. Part VIII, Section A(1)d of the Federal Guide to Equitable Sharing for State and Local Law Enforcement Agencies establishes permissible uses of forfeiture funds, including "law enforcement equipment." Per Rhode Island General Law Title 42, Chapter 41, Section 6, all expenditures from forfeited funds must be first appropriated or reappropriated by the Assembly and the Governor.

*The Governor recommended \$2.9 million more than requested, reflective of a shift in fund source for three capital projects requested from Rhode Island Capital Plan funds to available Google forfeiture funds. **The Assembly concurred. These projects are discussed in greater detail in the Capital Budget section of this publication.***

Forfeited Property. The request includes no expenses from restricted receipts from forfeited property resulting from closed cases. The enacted budget includes \$0.7 million from these funds resulting from shared cases with municipal law enforcement agencies and funds resulting from cases shared with the federal government.

The Department historically requests funds from these sources to share with municipal police departments and other public safety agencies that assisted in the investigation of specific cases. However, from FY 2009 through FY 2012, no funds were shared. In FY 2013, eight municipalities and the Rhode Island National Guard assisted the Division in multiple cases and shared forfeited funds. Although the Department received \$0.2 million of forfeited property in FY 2014, it expended only \$1,378 for the purchase of office supplies. No funds were shared with other agencies.

The Department reported that it does anticipate that cases resulting in forfeited property will be closed in FY 2016. However, as of December 2014, the Department did not have a spending plan in place. It requested equipment and information technology purchases from general revenues, which may be an appropriate use of forfeited funds. *The Governor recommended funding as requested. **The Assembly concurred.***

State Fleet. The Department requested \$2.4 million from all funds for costs associated with the Division's fleet of vehicles. This is \$0.4 million more than enacted from general revenues. The request includes \$0.8 million more than enacted for state fleet revolving loan fund payments and \$0.4 million less for maintenance costs consistent with vehicle purchases in FY 2013 and FY 2014. The Division has

purchased new vehicles in each fiscal year since FY 2011; this includes expenditures from Google forfeiture funds for vehicles in FY 2013 and expenditures from federal CVSIN funds to purchase vehicles in FY 2014. As of October 2014, the fleet totaled 343 vehicles. The Department reported that seven Chevrolet Tahoes would be added to the fleet in FY 2015, necessitating the increase in loan repayment. Seven of the oldest vehicles, which have reached the end of their useful life, will be retired from the fleet upon receipt of the new SUVs.

*The Governor recommended \$0.8 million less than requested from general revenues and included funding for the State Police fleet to reflect vehicle purchases made over the past five fiscal years and a corresponding decrease in maintenance costs, consistent with her revised FY 2015 recommendation. **The Assembly concurred.***

Information Technology Contracts. The Department requested \$1.5 million, \$0.4 million more than enacted from general revenues for contracts for State Police information technology and computer systems, reflective of FY 2014 expenditures and necessary renewal of multi-year contracts. The Department last renewed maintenance and remediation contracts for headquarters facility information technology and equipment in FY 2013. The contracts have expired.

As part of its constrained request, the Department proposed reductions to cellular communications use and included \$0.2 million of savings from general revenues. The Department's constrained request appears consistent with FY 2014 expenditures for Division telephone and cellular usage. *The Governor recommended funding consistent with the constrained request. **The Assembly concurred.***

Grants. The Department requested \$0.7 million, which is \$0.2 million less than enacted from federal funds for State Police grant programs. The request reflects anticipated expenditures for travel, training and equipment purchases, predominantly for Homeland Security anti-terror programs. *The Governor recommended \$0.4 million more than requested to reflect available Internet Crimes Against Children and State Homeland Security grant funds. **The Assembly concurred.***

Capital. The Department requested \$7.5 million from Rhode Island Capital Plan funds for unspecified asset protection projects at the headquarters building, expansion and renovation of ancillary buildings at the Department's headquarters facility in North Scituate, construction of new Hope and Wickford Valley barracks, and the construction of a Consolidated Training Academy. This is \$2.7 million more than enacted and is consistent with the Department's capital budget request. *The Governor recommended \$5.6 million less than requested from all funds to reflect updated project schedules, updated project costs, and use of Google forfeiture funds for three projects. The recommended changes are discussed in greater detail in the Capital Budget section of this publication. **The Assembly concurred.***

Other Operations. The Department requested \$1.6 million, which is \$15,068 less than enacted from all sources, including \$6,712 more from general revenues, for all other State Police operations. The request includes \$0.5 million, \$3,690 more than enacted from general revenues for fuel and electricity costs; \$0.5 million, \$45,053 less than enacted from general revenues for office supplies and equipment, consistent with FY 2014 expenditures for postage, insurance costs, travel and staff training costs; \$0.2 million from general revenues for ammunition and other military equipment; and \$0.3 million for office expenses including records storage and stenographic services. The request is essentially consistent with FY 2014 expenditures. Also included is \$18,780 less from restricted receipts for polygraph testing. The request eliminates \$3,000 from federal municipal police traffic enforcement training funds, reflective of the exhaustion of these funds in FY 2014. *The Governor recommended \$0.1 million more than requested for uniform purchases to reflect an anticipated increase in the cost of materials. **The Assembly concurred.***

Central Management

Legal Positions. The Department requested \$213,604 from general revenues to fund a new general counsel position and a new paralegal position. The transfer of the Sheriffs has increased the Department's responsibilities for labor negotiations and disputes, regarding individual officers and the Sheriffs as a division. The requested positions are intended to relieve some of the burden on the Department's current general counsel and paralegal.

The Department included the positions in its FY 2015 operating request. The Governor did not recommend the positions and the Assembly concurred.

As part of its constrained request, the Department excludes the positions. *The Governor did not recommend the positions.* **The Assembly concurred.**

Public Information Officer. The Department requested \$125,268 from general revenues for the creation of a public information officer position to assist State Police command staff with media inquiries and public relations. The Department included this position in its FY 2015 operating budget request. The Governor did not recommend the position and the Assembly concurred.

As part of its constrained request, the Department excluded the position. *The Governor did not recommend the position.* **The Assembly concurred.**

Financial Positions. The Department requested \$0.3 million from general revenues for three new financial administration positions, including an assistant administrator of financial management, a supervising clerk, and a fiscal clerk. The positions are intended to assist the Department's finance director with budget development and review, expenditure forecasting, and to provide additional fiscal supervision within the department.

As part of its constrained request, the Department excluded the positions. *The Governor recommended the creation of the assistant administrator position and included \$62,822; the Budget assumes the position will be filled as of December 1, 2015. The recommendation does not increase the Department's full-time equivalent position authorization, as it includes the shift of a State Police vacancy to Central Management. The Governor did not recommend either clerk position.* **The Assembly concurred.**

Case Management Coordinator. The Department requested \$98,871 from general revenues for the creation of a case management coordinator position to assist the administrative assistant performing the human resources function with Injured on Duty and disability claims unique to the Department.

As part of its constrained request, the Department excluded the position. *The Governor did not recommend the position.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$142,353 more than enacted from all sources for salaries and benefits for the authorized remaining 15.6 full-time positions for its Central Management division. This includes \$140,455 more from general revenues and \$1,898 more from federal funds. The request includes \$0.1 million of turnover savings, equivalent to 0.8 vacant positions, assuming an average annual salary of \$73,481. The enacted budget includes turnover savings equivalent to 0.4 vacant positions. As of December 13, 2014, the Department reported 13.0 filled full-time positions in the Central Management division, 2.6 less than authorized.

The Governor recommended \$66,441 less than requested from all funds, including \$57,662 less than requested from general revenues; the recommendation includes turnover savings reflective of historical expenditures. **The Assembly concurred.**

Grants. The Department requested \$3.2 million, which is \$0.3 million less than enacted from federal funds for federal Department of Justice grant programs administered by the Public Safety Grant Administration Office. The request is reflective of current grant awards and of FY 2014 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Department requested \$16,296 less than enacted from all sources for all other Central Management operations. This includes \$2,960 more from general revenues for records storage and office supplies and \$19,256 less from restricted receipts reflective of anticipated interest from Judge Advocate General program receipts.

As part of its constrained request, the Department proposed the elimination of \$744 of grants to other agencies from Judge Advocate General program receipts. It should be noted that the target provided to the Department only applies to funding from general revenues.

The Governor recommended \$427 more than requested from general revenues, reflecting the division's share of the Department's Microsoft 365 email account licenses. **The Assembly concurred.**

Office of the Public Defender

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Category				
Salaries and Benefits	\$ 9,997,617	\$ 9,761,442	\$ 10,391,716	\$ 10,391,716
Contracted Services	319,188	262,931	221,363	221,363
Subtotal	\$ 10,316,805	\$ 10,024,373	\$ 10,613,079	\$ 10,613,079
Other State Operations	959,125	974,088	979,768	979,768
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	60,000	60,000	60,000	60,000
Capital	43,750	43,750	47,500	47,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,379,680	\$ 11,102,211	\$ 11,700,347	\$ 11,700,347
Sources of Funds				
General Revenue	\$ 11,130,816	\$ 10,948,671	\$ 11,621,977	\$ 11,621,977
Federal Aid	248,864	153,540	78,370	78,370
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 11,379,680	\$ 11,102,211	\$ 11,700,347	\$ 11,700,347
FTE Authorization	93.0	93.0	93.0	93.0

Summary. The Office of the Public Defender requested FY 2016 expenditures of \$11.8 million, which is \$0.4 million more than the enacted budget. The request includes \$0.6 million more from general revenues and \$0.2 million less from federal funds. Consistent with the enacted budget, the Office requested 93.0 full-time equivalent positions. *The Governor recommended \$11.7 million from all sources, including \$11.6 million from general revenues and the enacted level of authorized positions. This is \$0.3 million more than enacted and \$0.1 million less than requested.* **The Assembly concurred.**

Target Issues. The Budget Office provided the Office with a general revenue target of \$10.8 million. The amount includes current service adjustments of \$0.5 million and a 7.5 percent target reduction of \$0.8 million.

	Budget Office	Office of the Public Defender	Difference
FY 2016 Budget			
FY 2015 Enacted	\$ 11,130,816	\$ 11,130,816	\$ -
Current Service Adjustments	513,736	318,420	(195,316)
Change to FY 2015 Enacted	\$ 513,736	\$ 610,895	\$ (195,316)
FY 2016 Current Service/Unconstrained Request	\$ 11,644,552	\$ 11,741,711	\$ (195,316)
Target Reduction/Initiatives	(829,571)	(1,070,532)	(240,961)
FY 2016 Constrained Target/Request	\$ 10,814,981	\$ 10,671,179	\$ (143,802)
Change to FY 2015 Enacted	\$ (315,835)	\$ (459,637)	\$ (143,802)

The constrained budget submitted by the Office is \$0.1 million less than the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget recommendation is \$0.8 million above the Budget Office target.* **The Assembly concurred.**

Salaries and Benefits. The Office requested \$10.5 million from general revenues for all salaries and benefits for 93.0 full-time positions. This is \$0.5 million more than enacted and primarily reflects the cost-of-living increase for state employees. The request also reflects updated benefit rates essentially consistent with Budget Office planning values and includes step increases. The request includes a shift of \$35,212 of federally funded payroll expenses to general revenues to reflect the expiration of a federal juvenile response grant.

The Office's constrained request proposes eliminating 11.0 full-time positions for savings of \$1.0 million. The Office indicated that its current caseload would prevent the ability to absorb additional cases for FY 2016, if this proposal is approved. As a result, cases referred by the Judiciary would not be accepted. The Office's proposal offered the following three options to achieve the proposed savings.

The Governor recommended \$10.4 million, all from general revenues. This is \$0.4 million more than enacted and \$0.1 million less than the unconstrained request to reflect additional turnover savings. **The Assembly concurred.**

Target Option 1. The first option would eliminate misdemeanor representation in district courts statewide. In FY 2014, the Office disposed of approximately 10,750 misdemeanor cases statewide. This proposal assumes approximately 977 misdemeanor cases per attorney per fiscal year. In accordance with state law, the Office is obligated to represent indigent defendants only in criminal and parental rights cases. *The Governor's recommendation did not include this proposal.* **The Assembly concurred.**

Target Option 2. The second option would prevent the Office from accepting and providing representation services for juvenile cases in family courts statewide. In FY 2014, the Office entered as counsel in 1,388 juvenile cases statewide. This proposal assumes 126 juvenile cases per attorney per fiscal year for which the Office entered as counsel. To achieve the desired savings, this proposal would require changes to current law to exempt the state from its obligation to provide legal representation to indigent defendants in parental rights cases. *The Governor's recommendation did not include this proposal.* **The Assembly concurred.**

Target Option 3. The third and final option would close branch offices in Newport and Washington Counties as well as eliminate the requirement to provide representation on felony violation cases in Providence. In FY 2014, the Office provided representation in 1,900 misdemeanor cases, 981 felony cases, and 576 parental rights cases in Newport and Washington counties. This proposal assumes a caseload per attorney of 172 misdemeanor cases, 89 felony cases, and 52 parental rights cases per fiscal year. The Office has indicated that the bulk of its cases are in Providence.

It appears that this proposal would require both state and federal law changes to achieve the desired savings since it would conflict with them, as constructed. Federal and state requirements mandate the assistance of counsel to indigent defendants in criminal cases pursuant to the United States Supreme Court's *Gideon v. Wainwright* decision. Also, current state law requires legal representation to indigent defendants in parental rights cases. *The Governor's recommendation did not include this proposal.* **The Assembly concurred.**

Intake Interviewers and Case Management. The Office requested \$145,968 from all sources, including \$130,968 from general revenues and \$15,000 from federal funds for intake interviewers and case management services. The requested changes include \$127,425 less from federal funds to reflect the reduction of a grant for case management services, including the utilization of community resources to

assist adult offenders with substance abuse and mental health issues. The request assumes use of \$30,329 from general revenues to partially offset the lost federal funds.

The Office's constrained budget request reduces general revenues for case management services for savings of \$49,804. The savings would be achieved through the elimination of two temporary part-time positions, including a paralegal and a juvenile social worker, resulting in a reduction of the 5.5 percent surcharge for vendors providing qualified expert services. The Office indicated that the proposed change would further limit its ability to provide these services to a population that is disproportionately homeless and in need of substance abuse treatment and mental health services.

*The Governor recommended funding consistent with the unconstrained request. **The Assembly concurred.***

Trial Related Expenses. The Office requested \$128,043, or \$4,271 more than enacted from all sources for contracted trial related expenses. The Office requested the enacted level of general revenues for stenographers, interpreters, legal experts, and security services. The requested change from federal funds reflects a \$4,271 increase for the 5.5 percent state surcharge on vendors providing qualified expert services, to be paid to the retirement system according to state law. *The Governor recommended \$5,000 less than requested based on historical spending. **The Assembly concurred.***

All Other Operations. The Office requested \$1.0 million, nearly all from general revenues for all other operations. This includes \$0.5 million for rent. The request is \$28,137 more than enacted, including \$11,293 more to reflect an anticipated increase to renew the lease at its Providence headquarters and \$15,120 more for court overhead based on updated charges issued by the Judiciary. *The Governor recommended \$3,744 less than requested primarily to reflect an updated estimate of rent and minor adjustments to office supplies. **The Assembly concurred.***

Department of Environmental Management

	FY 2015 Enacted	FY 2015 Final	FY 2016 Recommended	FY 2016 Enacted
Expenditures by Program				
Office of the Director	\$ 8,087,939	\$ 8,737,953	\$ 7,963,281	\$ 8,413,281
Bureau of Natural Resources	65,042,601	66,863,632	54,683,994	60,055,812
Bureau of Environmental Protection	30,680,987	31,052,679	30,835,528	30,835,528
Total	\$ 103,811,527	\$ 106,654,264	\$ 93,482,803	\$ 99,304,621
Expenditures by Category				
Salaries and Benefits	\$ 47,050,632	\$ 47,906,219	\$ 48,851,802	\$ 49,382,620
Contracted Services	7,616,259	8,504,484	6,620,958	6,620,958
Subtotal	\$ 54,666,891	\$ 56,410,703	\$ 55,472,760	\$ 56,003,578
Other State Operations	11,592,660	12,373,745	12,379,692	12,379,692
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	6,555,017	10,428,041	6,501,661	6,951,661
Capital	30,946,959	27,391,775	19,078,690	23,919,690
Capital Debt Service	-	-	-	-
Operating Transfers	50,000	50,000	50,000	50,000
Total	\$ 103,811,527	\$ 106,654,264	\$ 93,482,803	\$ 99,304,621
Sources of Funds				
General Revenue	\$ 35,540,105	\$ 36,105,322	\$ 36,505,567	\$ 37,586,385
Federal Aid	31,859,611	34,034,773	29,307,477	29,307,477
Restricted Receipts	15,934,989	16,478,862	18,454,537	18,354,537
Other	20,476,822	20,035,307	9,215,222	14,056,222
Total	\$ 103,811,527	\$ 106,654,264	\$ 93,482,803	\$ 99,304,621
FTE Authorization	399.0	399.0	399.0	399.0

Summary. The Department requested \$99.2 million, which is \$4.6 million less than enacted. This includes \$2.3 million more from general revenues, \$2.6 million less from federal funds, \$2.4 million more from restricted receipts and \$6.9 million less from other funds, primarily Rhode Island Capital Plan funds.

The Department also submitted a constrained request that totals \$95.7 million and includes \$3.5 million less from general revenues than the unconstrained request. The savings in the constrained request would primarily be achieved through the elimination of 26.0 full-time equivalent positions.

The Governor recommended \$93.5 million from all sources, which is \$10.3 million less than enacted and \$5.7 million less than requested. General revenues are \$1.0 million more than enacted and \$1.4 million less than requested. The Budget includes Article 15 of 2015-H 5900, which would increase the commercial feed registration fee with the increase to be deposited into the Local Agriculture and Seafood Fund and Article 16, which would abolish the Bays, Rivers and Watersheds Coordination Team. The Governor subsequently requested amendments to seek General Assembly approval for a long-term lease agreement for the Department, shift funding back to the Department to reverse a capital consolidation proposal, deposit Deepwater Wind's annual lease payments into the Local Agriculture and Seafood Fund,

and add funding for capital projects. **The Assembly provided \$99.3 million, \$5.8 million more than recommended, which primarily reflects adjustments to capital projects, community service grants, the local agriculture and seafood program, as well as the seasonal recreation program to reflect the actual increase in the state's minimum wage.**

Target Issues. The Budget Office provided the Department of Environmental Management with a general revenue target of \$34.4 million. The amount includes current service adjustments of \$1.4 million and a 7.5 percent target reduction of \$2.5 million. The Department's constrained budget is \$40,968 below the target.

FY 2016 Budget	Budget Office	DEM	Difference
FY 2015 Enacted	\$ 35,540,105	\$ 35,540,105	\$ -
Current Service Adjustments	1,373,522	2,319,942	946,420
Change to FY 2015 Enacted	\$ 1,373,522	\$ 2,319,942	\$ 946,420
FY 2016 Current Service/Unconstrained Request	\$ 36,913,627	\$ 37,860,047	\$ 946,420
Target Reduction/Initiatives	(2,489,269)	(3,476,657)	(987,388)
FY 2016 Constrained Target/Request	\$ 34,424,358	\$ 34,383,390	\$ (40,968)
Change to FY 2015 Enacted	\$ (1,115,747)	\$ (1,156,715)	\$ (40,968)

The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$2.1 million above the target.* **The enacted budget is \$3.2 million above the target.**

Administration

The Office of the Director is the Department's administrative program which develops and implements a wide range of programs to protect Rhode Island's environment, protects the citizens of the state from public health threats resulting from pollution, and provides facilities that support a diversity of outdoor recreational opportunities. The administrative program includes the offices of management services, legal services, administrative adjudication, the human resources services center, and the information technology service center. The Department has noted that there is a great deal of overlap between these areas. The personnel for the administrative program is discussed in greater detail in the item below.

Regional Greenhouse Gas Initiative. Prior to FY 2015, Rhode Island General Law allowed the Department of Environmental Management and the Office of Energy Resources to use \$0.3 million or 5.0 percent, whichever is less, of the receipts from the Regional Greenhouse Gas auctions for administrative purposes. Article 7 of 2014-H 7133, Substitute A, as amended, increased the administrative percentage to 10.0 percent or \$0.3 million, whichever is greater.

The Department's request includes \$136,191 more from restricted receipts to reflect this change. The Department indicated that it is utilizing existing staff for this purpose, and the change allows it to shift staffing costs from general revenues to restricted receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

Salaries and Benefits. The Department requested \$4.4 million, or \$0.3 million more than enacted for salaries and benefits in the Office of the Director, including \$0.3 million more from general revenues and \$20,968 more from restricted receipts. The request is for the enacted level of 34.0 full-time equivalent positions, and the proposed increase primarily reflects the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, and additional funding to reflect anticipated staffing costs. *The Governor recommended \$50,000 more than requested from all sources to better reflect the anticipated staffing needs for the Office of the Director.* **The Assembly concurred.**

Foundry Lease Payment. The Department requested \$2.5 million, or \$23,418 more than enacted from general revenues for lease-related expenses at its headquarters facility, located at the Foundry Building in Providence. This includes \$582 less for property taxes and \$24,000 more for utilities to reflect the anticipated payments. In March 2005, the Department entered a ten year lease agreement with Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. *The Governor recommended funding as requested. She subsequently requested an amendment to seek General Assembly approval for six long-term lease agreements for several agencies, including the Department of Environmental Management. The costs are estimated at \$6.0 million annually, including \$2.5 million for the Department.* **The Assembly concurred.**

Bays, Rivers and Watersheds. The Department requested \$0.2 million, or \$29,393 less than enacted from the Bays, Rivers and Watersheds restricted receipt account to more accurately reflect the anticipated funding for FY 2016. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds.

The Governor included Article 16 of 2015-H 5900, which would abolish the Bays, Rivers and Watersheds Coordination Team. Under this proposal, the restricted receipts would now be utilized by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. The Governor recommended total funding of \$0.2 million as requested, but the Department would instead use the funding toward the efforts specified in Article 16. **The Assembly concurred.**

Community Service Grants. The Department requested \$71,428, or \$500,000 less than enacted for the community service grants it administers. The 2014 Assembly added two new community service grants, including \$250,000 for Johnston Dams and \$250,000 for the City of Woonsocket athletic field improvements. The Department's request assumes that these will be one-time grants. *The Governor recommended funding as requested.* **The Assembly added \$450,000, including \$200,000 for North Providence drainage remediation and \$250,000 for the City of Woonsocket for athletic field improvements in FY 2016. The Woonsocket grant is the second year of a two-year commitment. It had been excluded from the recommended budget on the assumption that it was a one-time grant.**

Administration Other Operations. The Department requested \$0.2 million, or \$37,745 more than enacted for all other expenditures in the Office of the Director, including increases for information technology expenditures. The request includes \$29,545 more from general revenues and \$8,200 more from restricted receipts. The general revenue funding is for various information technology, legal, and management services, while the federal funds reflect \$150,000 for the one-stop reporting program that provides consulting and technology to the Department to upgrade its communication technology as well as ensuring it is capable of uploading air quality information to the national system. The restricted receipts primarily reflect \$100,000 for the abandoned vessel removal account which was created to reimburse public entities for their costs related to removal or disposal of an abandoned or derelict vessel, pursuant to Chapter 389 of the Public Laws of 2012. *The Governor recommended \$33,414 less than requested from general revenues to adjust for actual spending.* **The Assembly concurred.**

Bureau of Environmental Protection

The Bureau of Environmental Protection is composed of regulatory and assistance programs and includes the divisions of water resources, waste management, air resources, compliance and inspection, customer and technical assistance, and emergency response. The Department has noted that there is a great deal of overlap between these areas. The personnel for each of the divisions in the bureau are discussed in greater detail in the items below.

Water Resources Staffing. The Department requested \$6.7 million, or \$0.5 million more than enacted for salaries and benefits for 71.0 full-time equivalent positions for the Division of Water Resources. The division is responsible for the state's water resources that are used for recreation, habitat and commerce. The request primarily reflects the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.4 million, which would be achieved by eliminating 12.0 positions in the Bureau of Environmental Protection, but it did not specifically identify all of the positions that would be eliminated. The reduction requested for this division appears to equate to approximately four positions. The Department indicated that there are two currently funded vacancies in the Division. It is unclear whether or not all of the positions the Department intends to eliminate are filled or unfilled. *The Governor's recommendation did not include the Department's proposed position eliminations. She recommended \$0.2 million less from general revenues than the unconstrained request primarily to reflect additional turnover savings.* **The Assembly concurred.**

Waste Management Staffing. The Department requested \$3.1 million, or \$0.1 million more than enacted for salaries and benefits for 38.0 full-time equivalent positions for the Division of Waste Management. The division is responsible for providing fair, comprehensive and consistent regulation of the investigation and remediation of hazardous waste and hazardous material releases. The request primarily reflects the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.2 million in the Division of Waste Management, which would be achieved by staffing reductions. The Department did not specifically identify the positions that would be eliminated. The reduction requested for this division appears to equate to approximately two positions. The Department indicated that there is currently only one funded vacancy in the Division. It is unclear whether or not all of the positions the Department intends to eliminate are filled or unfilled. *The Governor's recommendation did not include the Department's proposed position eliminations. She recommended \$7,449 less from general revenues than the unconstrained request primarily to reflect additional turnover savings.* **The Assembly concurred.**

Air Resources Staffing. The Department requested \$3.5 million, or \$0.2 million more than enacted for salaries and benefits for 24.0 authorized full-time equivalent positions for the Division of Air Resources. The division is responsible for the preservation, protection and improvement of air quality in Rhode Island. The request primarily reflects the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.1 million in the Division of Air Resources, which would be achieved by staffing reductions. The Department did not specifically identify the positions that would be eliminated. The reduction requested for this division appears to equate to approximately one position. The Department indicated that all of the funded positions in the division are currently filled. *The Governor's recommendation did not include the Department's proposed position eliminations. She recommended \$63,380 less from general revenues than the unconstrained request primarily to reflect additional turnover savings.* **The Assembly concurred.**

Compliance and Inspection Staffing. The Department requested \$3.6 million, or \$35,273 more than enacted for salaries and benefits for 24.0 full-time equivalent positions for the Division of Compliance and Inspection, which is responsible for regulatory enforcement activities related to air, waste and water resources. The request primarily reflects the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.1 million in the Division of Compliance and Inspection, which would be achieved by staffing reductions. The Department did not specifically identify the positions that would be eliminated. The reduction requested for this division appears to equate to approximately one position. The Department indicated that there is currently only one funded vacancy in the Division. It is unclear whether or not all of the positions the Department intends to eliminate are filled or unfilled. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Salaries and Benefits. The Department requested \$4.6 million, or \$0.3 million more than enacted for all other salaries and benefits for the 24.0 remaining positions in the Bureau of Environmental Protection, including the division of environmental protection, the environmental response fund, the Rhode Island Pollutant Discharge Elimination System and the Office of Customer and Technical Assistance. The request primarily reflects the cost-of-living adjustment for state employees, updated benefit rates consistent with Budget Office planning values, and other changes to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$0.5 million in all other divisions in the Bureau, which would be achieved by staffing reductions. The Department did not specifically identify the positions that would be eliminated. The reduction requested for these divisions appear to equate to at least four positions. The Department indicated that all of the funded positions in these divisions are currently filled. *The Governor's recommendation did not include the Department's proposed position eliminations. She recommended \$0.1 million less from general revenues than the unconstrained request primarily to reflect additional turnover savings.* **The Assembly concurred.**

Rose Hill Landfill. The Department requested \$0.2 million, or \$17,500 more than enacted from general revenues for maintenance and monitoring activities at the state's Superfund site located at the former Rose Hill Landfill in South Kingstown. The requested increase primarily reflects a \$20,000 fee for an Environmental Protection Agency audit.

The Comprehensive Resource Conservation and Liability Act, known as the Superfund law, mandates that for fund financed remedial actions, the state is required to share a minimum of 10.0 percent and up to 50.0 percent for municipal or state-operated facilities. As part of the regulations, states must agree to assume responsibility for operation and maintenance of the implemented remedial action for the expected life of such action and states must ensure that any institutional controls implemented as part of the remedial action at a site are sustained. *The Governor recommended funding as requested.* **The Assembly concurred.**

Brownfields. The Department requested \$0.6 million, or \$0.1 million more from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot be developed, expanded or reused due to the presence of an environmental hazard. The state currently receives funding from federal sources as part of its ongoing program, and the additional funds requested reflect the Department's anticipated FY 2016 award. *The Governor recommended funding as requested.* **The Assembly concurred.**

Other Federal Grants. The Department requested \$4.0 million, or \$0.6 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for 24 grants in the Bureau of Environmental Protection. The grants relate to, for example, air pollution monitoring and control, dam incident reporting, Department of Defense sites cleanup, diesel emissions reduction, and water pollution control. Major changes include reductions of \$0.2 million for the Narragansett Bay study, \$0.2 million for underground storage tank programs, \$0.1 million for non-point source pollution management, and \$0.1 million for the diesel emissions program. *The Governor recommended funding as requested.* **The Assembly concurred.**

Oil Spill Prevention, Administration and Response Fund. The Department requested \$2,300 less than enacted from the Oil Spill Prevention, Administration, and Response Fund, which is derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government.

The Department spent \$0.8 million in FY 2012, \$0.5 million in FY 2013, and \$1.0 million in FY 2014. The Department indicated that the amount requested under environmental services is always an estimate and it can only predict how many oil spills will need contractual services in a given fiscal year. *The Governor recommended funding as requested.* **The Assembly concurred.**

Environmental Protection - All Other. The Department requested \$3.6 million from general revenues, restricted receipts, and other funds for all other operating expenditures in the Bureau of Environmental Protection. This is \$0.1 million less than enacted and primarily reflects \$80,743 less from clean water and drinking water state revolving funds. The restricted receipts amount includes \$0.1 million less for the Environmental Response Fund II to better reflect anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and used for expenses related to environmental emergency response and preparedness. The request also includes funding for underground storage tank reimbursement to reflect anticipated revenues derived from a \$0.01 motor fuel surcharge and used to reimburse responsible parties for costs associated with the clean-up of leaking underground storage tanks.

The Department's constrained request includes general revenue savings of \$27,408 for equipment, printing costs, and staff training which corresponds to the proposed staffing reductions in the Division of Water Resources, discussed previously. *The Governor recommended funding as requested.* **The Assembly concurred.**

Bureau of Natural Resources

The Bureau of Natural Resources provides stewardship of the state's finite water, air, land, agricultural and forest resources, conserves the state's aquatic resources, and provides people with well-maintained, scenic, and accessible recreational opportunities. The bureau includes the divisions of fish and wildlife, agriculture and marketing, enforcement, parks and recreation, forest environment, and planning and development. The Department has noted that there is a great deal of overlap between these areas. The personnel for the bureau are discussed in greater detail in the items below.

Minimum Wage Increase. The Department requested \$319,025 to reflect the increase in the state minimum wage from \$8.00 per hour to \$9.00 per hour, effective on January 1, 2015. The requested increase assumes that all seasonal employees would receive a raise of \$0.50 per hour or \$1.00 per hour, which the Department indicated would keep the pay for all seasonal positions competitive. *The Governor recommended \$453,734 more than enacted, which is \$134,709 more than requested.* *The changes include the \$319,025 requested by the Department to reflect the minimum wage increase from \$8.00 to \$9.00 per hour. The remaining increase of \$134,709 assumes the minimum wage will be increased from \$9.00 to \$10.10 per hour, but the Governor's budget did not propose or include any associated legislation.* **The Assembly reduced funding by \$61,231 to reflect legislation that has been signed into law to increase the minimum wage to \$9.60 per hour, effective January 1, 2016.**

Seasonal Program Additional Hours. The Department requested \$0.1 million more than enacted to reflect anticipated additional hours worked in the seasonal recreation program. The Department has approximately 426 temporary employees that perform seasonal work in the Division of Parks and

Recreation. These temporary employees complement the work of the Department's full-time staff at the state's parks and beaches. *The Governor did not include the requested increase.* **The Assembly concurred.**

Capital Consolidation. The Department of Environmental Management's Office of Planning and Development is responsible for several functions including the agency's capital development plan and projects. The Department's request includes \$0.9 million for salaries and benefits for the Office, or \$11,816 more than enacted. This includes \$0.6 million for staff directly involved in capital projects.

The Governor's budget consolidated construction, property and asset management functions into the Department of Administration. The positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Governor's recommendation removed \$0.6 million of general revenues from the Department of Environmental Management's budget to reflect the consolidation proposal.

The Governor subsequently requested an amendment to retain the \$0.6 million from general revenues in the Department's budget. **The Assembly concurred with the amendment.**

Other Salaries and Benefits. The Department requested \$19.7 million, or \$0.4 million more than enacted for other salaries and benefits to fund the 185.0 full-time equivalent positions in the Bureau of Natural Resources. The changes include \$0.2 million more than enacted from general revenues, \$0.2 million more from federal funds, \$20,505 less from restricted receipts and \$661 less from other funds. This includes an estimated \$1.1 million to fund the cost-of-living adjustment, including \$0.8 million from general revenues. The request primarily reflects the cost-of-living adjustment, updated benefit rates consistent with Budget Office planning values, and a reduction to reflect anticipated costs.

The Department's constrained request includes general revenue savings of \$1.3 million in the Bureau of Natural Resources, which would be achieved by reducing 14.0 positions. The Department did not specifically identify all of the positions that would be eliminated. The Department indicated that there are currently eight funded vacancies in the Bureau. It is unclear whether or not all of the positions the Department intends to eliminate are filled or unfilled. *The Governor's recommendation did not include the Department's proposed position eliminations. She recommended \$0.2 million less from general revenues than the unconstrained request primarily to reflect additional turnover savings.* **The Assembly concurred.**

Other Parks and Recreation. The Department requested \$3.1 million, or \$0.4 million more than enacted from general revenues for its Division of Parks and Recreation, excluding salaries and benefits. The Department's proposed increases are primarily for building maintenance, groundskeeping services, state vehicles and other areas to reflect the actual spending in recent fiscal years.

The Department's constrained request of \$2.6 million is \$0.1 million less than its FY 2014 spending and \$0.3 million less than its FY 2011, FY 2012 and FY 2013 spending levels. The Department noted that its spending in recent fiscal years was impacted by the extraordinary storm events of the March 2010 floods, Tropical Storm Irene, and Hurricane Sandy. The Department's constrained request does not contemplate any such events. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

World War II State Park Transition to Woonsocket. The 2014 Assembly provided the City of Woonsocket with \$250,000 from general revenues for FY 2015 as the first year of a five-year initiative to transfer maintenance and operation of the World War II State Park from the state to Woonsocket following the completion of a capital project to revitalize the currently closed park. This assumes the

Department of Environmental Management will enter into an agreement with the city to ensure support is available over the five-year period.

The Department indicated that the capital project currently has an estimated start date of April 2015 and will take approximately one year to complete. Given the expected timeline, the Department requested to delay the first \$250,000 of funding until FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

Capital Projects. The Department requested \$13.3 million from Rhode Island Capital Plan funds for 11 capital projects. This includes funding for repairs to state owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee and Newport, construction of a new office facility for the natural resources division in the Arcadia Management Area, and improvements to the state's recreational facilities. The request is \$3.7 million less than enacted to reflect the project schedules and revised construction cost estimates. The operating request is consistent with the Department's FY 2016 through FY 2020 capital request.

The Governor recommended \$8.9 million for nine capital projects, which is \$4.4 million less than requested. She subsequently submitted amendments to add funding to better reflect estimates of the work at Lincoln Woods, Fishermen's Campground, and George Washington Campground and for a feasibility study on the future use and development of the land at Rocky Point. **The Assembly concurred with the amendments and added funding for work on the fire suppression system at Colt State Park and the Natural Resources Offices/Visitor's Center project, which is ready for construction to begin in FY 2016. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

Federal Grants. The Department requested \$13.3 million for federal grants throughout the Bureau of Natural Resources. The request is \$2.4 million less than enacted, and reflects planned work and anticipated receipts for these grants in the Divisions of Agriculture and Marketing, Enforcement, Fish and Wildlife, Forest Environment, and Planning and Development. The funds are used for boating safety, enforcement of pesticide rules and regulations, forest fire protection on state lands, outdoor recreational programs, and wildlife habitat development.

Major changes include \$1.0 million less for public access projects as part of the fish and wildlife construction program, \$0.7 million less for providing public access and conducting habitat management in wildlife management areas, and \$0.5 million less to purchase additional land for management areas. *The Governor recommended funding as requested.* **The Assembly concurred.**

Payments to Host Beach Communities. The Department requested \$403,884, or \$9,384 more than enacted from general revenues for payments to host beach communities. The request reflects the anticipated payments to the host beach communities, consistent with the FY 2015 revised budget changes. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. Total payments to the host beach communities have averaged \$0.4 million over the last five fiscal years.

The Department also submitted a constrained budget request which would eliminate the payments to host beach communities. This would require eliminating the language in Rhode Island General Law, Section 42-17.1-9.1 that mandates the percentage share for municipalities. *The Governor recommended funding consistent with the unconstrained request.* **The Assembly concurred.**

Department of Transportation Recreational Projects. The Department requested \$0.1 million, or \$0.9 million less than enacted from other funds for recreational projects funded by a transfer of federal funds

from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. The request reflects the final work planned for FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

Local Agriculture and Seafood Fund. The Department requested \$0.1 million from restricted receipts for the Local Agriculture and Seafood Small Grants and Technical Assistance Fund, which was created by Chapter 37 of the Public Laws of 2012 and used to administer a new program to promote the marketing of Rhode Island seafood and farm products. *The Governor included Article 15 of 2015-H 5900, which would increase the commercial feed registration fee from \$60 to \$100 per year, per product with the increase to be deposited as restricted receipts into the Local Agriculture and Seafood Fund. The increase is estimated to generate \$0.3 million annually, but the recommendation includes only the \$0.1 million that was requested by the Department.*

The Governor subsequently requested an amendment to add \$50,000 from restricted receipts to the Local Agriculture and Seafood Fund for a total of \$150,000 in FY 2016. This is instead of Article 15 and reflects the Governor's proposal that Deepwater Wind's annual lease payments of at least \$150,000 be deposited into the Local Agriculture and Seafood Fund instead of the state General Fund. **The Assembly did not concur with the original proposal or the amendment. It provided \$100,000 from general revenues for this program.**

Natural Resources - All Other. The Department requested \$5.8 million, or \$40,829 less than enacted from all sources for all other expenses in the Bureau of Natural Resources. The request includes \$1.0 million from general revenues, \$2.7 million from restricted receipts and \$2.0 million from other funds. The general revenue funding is used primarily for enforcement activities, agriculture programs and development, and management and maintenance of the state piers. The restricted receipts are used primarily for open space preservation, wildlife development, and maintaining state-owned management areas, fishing areas, and boat ramps. The requested decrease better reflects anticipated funding for the coastal resources, enforcement, and forestry programs. The request includes the enacted level of \$0.2 million from restricted receipts for capital costs related to operations of the state's saltwater fishing license program.

The Department's constrained request includes \$0.1 million less from general revenues for various operating reductions in the divisions of agriculture, coastal resources, and enforcement. *The Governor recommended \$75,450 less than requested from general revenues to better reflect historical expenditures in the divisions of agriculture, coastal resources, enforcement, and fish and wildlife.* **The Assembly concurred.**

Coastal Resources Management Council

	FY 2015		FY 2015		FY 2016		FY 2016
	Enacted		Final		Recommended		Enacted
Expenditures by Category							
Salaries and Benefits	\$ 3,176,076	\$	3,481,435	\$	3,482,033	\$	3,482,033
Contracted Services	660,723		2,379,995		761,645		761,645
Subtotal	\$ 3,836,799	\$	5,861,430	\$	4,243,678	\$	4,243,678
Other State Operations	110,532		126,578		101,589		101,589
Assistance, Grants, and Benefits	200		251,700		250,200		250,200
Capital	1,012,150		3,684,086		752,141		1,073,916
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 4,959,681	\$	9,923,794	\$	5,347,608	\$	5,669,383
Sources of Funds							
General Revenue	\$ 2,185,538	\$	2,312,843	\$	2,433,260	\$	2,433,260
Federal Aid	1,774,143		7,110,951		2,614,348		2,614,348
Restricted Receipts	250,000		250,000		250,000		250,000
Other	750,000		250,000		50,000		371,775
Total	\$ 4,959,681	\$	9,923,794	\$	5,347,608	\$	5,669,383
FTE Authorization	29.0		29.0		29.0		29.0

Summary. The Coastal Resources Management Council requested \$6.5 million from all funds, which is \$1.5 million more than enacted including increases of \$0.9 million from general revenues, \$0.1 million from federal funds, and \$0.4 million from other funds. The Council requested 35.0 full-time equivalent positions, which is 6.0 more than authorized. The Council also submitted a constrained request that excludes the new positions and eliminates five currently authorized positions at an estimated savings of \$0.5 million. *The Governor recommended \$5.3 million, which is \$0.4 million more than enacted and \$1.1 million less than requested. She did not recommend the new positions.* **The Assembly adjusted funding for a capital project and concurred with the remainder of the recommendation.**

Target Issues. The Budget Office provided the Council with a general revenue target of \$2.1 million. The amount includes current service adjustments of \$0.1 million and a 7.5 percent target reduction of \$0.2 million. The Council's constrained budget is \$34,044 below the target. *The Governor's recommendation is \$0.3 million above the target.* **The Assembly concurred.**

FY 2016 Budget	Budget Office	CRMC	Difference
FY 2015 Enacted	\$ 2,185,538	\$ 2,185,538	\$ -
Current Service Adjustments	102,154	368,861	266,707
New Initiatives	-	575,343	575,343
Change to FY 2015 Enacted	\$ 102,154	\$ 944,204	\$ 842,050
FY 2016 Current Service/Unconstrained Request	\$ 2,287,692	\$ 3,129,742	\$ 842,050
Target Reduction/Initiatives	(171,577)	(1,047,671)	(876,094)
FY 2016 Constrained Target/Request	\$ 2,116,115	\$ 2,082,071	\$ (34,044)
<i>Change to FY 2015 Enacted</i>	<i>\$(69,423)</i>	<i>\$(103,467)</i>	<i>\$(34,044)</i>

New Positions. The Council requested \$0.6 million from general revenues for 6.0 new positions for FY 2016. This includes a supervising coastal policy analyst and coastal policy analyst who would develop and implement a series of special area management plans to address specific regional issues for the marine resources development plan team. A principal civil engineer and principal environmental scientist would act as an advanced permit review team for expected new projects for the permitting team, an environmental scientist who would enforce the Council's management program and issue notices of violation as well as cease and desist orders for the enforcement section. A coastal policy analyst would coordinate work associated with disbursement of habitat restoration funds, provide expert services and technical support on habitat restoration issues and projects, and advise the Council and the agency's technical staff for the coastal and estuary habitat restoration program.

The Council also submitted a constrained request that does not include the six new positions. *The Governor did not recommend the funding or positions.* **The Assembly concurred.**

Other Salaries and Benefits. The Council requested \$3.6 million, or \$0.4 million more than enacted from all sources, for salaries and benefits to fund its 29.0 authorized positions. The request includes an estimated \$0.2 million to fund the cost-of-living adjustment for state employees. The Council, which currently has two vacancies, a principal civil engineer and a technical support specialist, includes no turnover savings in its request to reflect that it expects to fill both vacant positions before the end of FY 2015. The Council requested to fund the principal civil engineer from general revenues, but the enacted budget assumes the position will be funded from federal sources, as in previous years. The Council attributed the shift to a potential reduction in federal funds, but it is uncertain whether a federal funds reduction will occur.

The Council's constrained budget request eliminates four positions for savings of \$472,328. The Council declined to publicly identify the positions it proposed to eliminate or the potential impact.

The Governor recommended \$0.1 million less than the unconstrained request from general revenues primarily to reflect additional turnover savings. She included the shift from federal sources to general revenues for the principal civil engineer. The recommendation did not include the staffing reductions proposed in the constrained request. **The Assembly concurred.**

Narragansett Bay Restoration. The Council requested no funding for FY 2016 for restoration projects in Narragansett Bay. The restoration was completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The Council indicated the Narragansett Bay Habitat Restoration project's end date was August 31, 2014, and it is in the process of paying final invoices to the vendors and closing out the project. *The Governor concurred.* **The Assembly concurred.**

Aquatic Invasive Species. The Council requested \$9,117, which is \$12,413 less than enacted from federal funds to reflect its anticipated award for the aquatic invasive species management program. Funding is used to coordinate and communicate early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommended funding as requested.* **The Assembly concurred.**

Coastal Ecosystems Adaptation to Sea Level Rise. The Council requested no funding for FY 2016 for a project to analyze potential impacts to coastal wetland ecosystems from climate change-induced accelerated sea level rise in the 21 Rhode Island coastal communities. The enacted budget includes \$25,013 from federal funds awarded by the National Oceanic and Atmospheric Administration. The Council indicated that this project has been extended until December 31, 2014, and it expects to complete the work in FY 2015. *The Governor concurred.* **The Assembly concurred.**

Capital Projects. The Council requested \$1.7 million, including \$0.4 million from federal funds, \$0.3 million from restricted receipts from the Oil Spill Prevention, Administration and Response Fund, and \$1.1 million from Rhode Island Capital Plan funds and other fund sources for three projects in FY 2016. This is \$1.0 million more than enacted. Included in the total is \$125,000 for a permit application and enforcement system, for which the Council may apply for available resources from the Information Technology Investment Fund, but this project does not appear to meet the definition of a capital expense and it appears the Council's request might be unnecessary. Additionally, the operating request includes the anticipated federal funds for the South Coast Restoration Project which were excluded from the Council's FY 2016 through FY 2020 capital request and restricted receipts for the Coastal and Estuary Habitat Restoration Program and Trust Fund.

The Governor recommended \$0.4 million less than requested to reflect a revised project schedule for the South Coast Restoration Project. She subsequently requested an amendment to shift \$0.6 million of Rhode Island Capital Plan funds from FY 2015 to FY 2016 and FY 2017 to reflect a revised schedule.

The Assembly shifted the \$0.6 million from FY 2015, including \$321,775 in FY 2016 and \$260,657 in FY 2017. A detailed analysis is included in the Capital Budget section of this publication.

Shoreline Change Beach Special Area Management Plans. The Council requested \$0.2 million, or \$0.1 million less than enacted for three special area management plans to address erosion issues along the Rhode Island shoreline. The funding includes \$193,090 from federal sources for two new projects and another \$50,000 from other funds for a shoreline protection initiative that was included in the enacted budget and recommended in 2012-S 2922, Substitute A, a resolution passed by the Senate. The funds would be used to identify at risk areas and infrastructure based on coastal hazard overlay, develop shoreline change mapping and analysis, and research storm surge inundation and wave analysis. *The Governor recommended funding as requested.* **The Assembly concurred.**

All Other Operations. The Council requested \$0.3 million, or \$16,512 less than enacted including \$1,440 more from general revenues and \$17,952 less from federal funds for all other expenditures. The changes include \$6,150 less for computer equipment, \$5,150 less for printing expenses and \$3,000 less for repairing state vehicles. The Council anticipates fewer computer purchases in FY 2016 because it recently replaced several computers, and its request for printing and state vehicle expenditures is largely consistent with its FY 2014 spending.

The Governor recommended \$1,440 less than requested primarily to reflect a further reduction in printing expenses. **The Assembly concurred.**

Department of Transportation

	FY 2015	FY 2015	FY 2016	FY 2016
	Enacted	Final	Recommended	Enacted
Expenditures by Program				
Central Management	\$ 10,970,706	\$ 14,887,305	\$ 10,722,215	\$ 10,722,215
Management and Budget	2,242,961	3,002,618	4,530,251	4,530,251
Infrastructure Program	511,906,879	471,564,200	443,615,534	448,564,012
Total	\$ 525,120,546	\$ 489,454,123	\$ 458,868,000	\$ 463,816,478
Expenditures by Category				
Salaries and Benefits	\$ 73,098,739	\$ 71,333,545	\$ 74,885,997	\$ 74,885,997
Contracted Services	39,168,300	35,092,300	30,898,800	30,898,800
Subtotal	\$ 112,267,039	\$ 106,425,845	\$ 105,784,797	\$ 105,784,797
Other State Operations	27,378,773	31,080,333	29,885,431	42,918,764
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	42,801,267	29,851,617	33,949,795	33,949,795
Capital	226,551,181	202,673,518	166,397,751	155,974,801
Capital Debt Service	-	-	-	-
Operating Transfers	116,122,286	119,422,810	122,850,226	125,188,321
Total	\$ 525,120,546	\$ 489,454,123	\$ 458,868,000	\$ 463,816,478
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	352,114,755	309,680,767	263,615,422	263,615,422
Restricted Receipts	12,352,761	2,250,000	1,000,000	1,000,000
Other	160,653,030	177,523,356	194,252,578	199,201,056
Total	\$ 525,120,546	\$ 489,454,123	\$ 458,868,000	\$ 463,816,478
FTE Authorization	752.6	752.6	752.6	752.6
FTE Average				

Summary. The Department of Transportation requested \$459.1 million from all sources, including \$263.6 million from federal funds, \$194.5 million from other funds and \$1.0 million from restricted receipts. The request is \$66.0 million less than enacted, primarily from federal funds, which reflects a revision to the Department's projected expenditures from Federal Highway Administration funds and the inclusion of GARVEE bond proceeds that are not typically shown in the Department's operating budget.

The Governor recommended \$458.9 million which is \$66.3 million less than enacted and \$0.2 million less than requested. Although the recommendation is essentially consistent with total funding included in the request, it excludes the \$13.2 million owed to the Highway Maintenance Account from general revenues, and replaces it with \$20.0 million from Rhode Island Capital Plan funds.

Current law provides that 25 percent of transportation related fees collected by the Division of Motor Vehicles, estimated at \$52.8 million, be transferred in FY 2016. For FY 2017, the transfer is 75 percent and all fees would go to transportation by FY 2018. She proposed that the FY 2016 transfer be eliminated, with

the remaining transfers made pursuant to current law. These changes are included in Article 21 of 2015-H 5900.

The Assembly rejected the Governor’s proposal to delay the transfer of transportation related fees and made several other adjustments consistent with the Governor’s requested amendments, which are noted below where appropriate.

Staffing. The Department’s request includes the enacted level of 752.6 positions. As of the final pay period in January, the Department had 660.0 filled positions or 92.6 less than enacted. Filled positions steadily declined throughout the first half of FY 2015, which the Department began with 680.0 filled positions. The Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017 that includes 2.0 percent salary increases effective April 6, 2014 and October 5, 2014. Based on the request, the cost for the increase is \$3.6 million from all sources. *The Governor recommended the authorized level of positions.* **The Assembly concurred.**

Transportation Funding Reform

Transportation funding on the state and national levels began to pose greater problems to governments as the cost of maintaining and replacing infrastructure outpaced the revenue sources historically used to support them. Rhode Island’s transportation funding plan relied heavily on debt and federal funds. Additionally, the state’s gas tax was the primary source to repay debt costs, with the remainder available for all maintenance activities, including winter operations and highway preservation.

The state’s transportation funding is affected by its reliance on the gasoline tax and the revenue it yields. The FY 2015 gas tax is 33.0 cents, with 32.5 cents of that going towards transportation. The Department receives 21.75 cents of the tax, with 2 cents automatically dedicated to debt service for Motor Fuel Tax Revenue bonds that were issued in 2003. As the following table illustrates, the per penny gasoline tax yield and the total funding available to the Department had steadily declined over the period. Even with the transfer of one additional penny in FY 2010, available funding through FY 2013 had decreased \$10.3 million, or approximately 10 percent. The per penny yield increased in FY 2014 for the first time in several years.

Fiscal Year	Per Penny Yield	Pennies	DOT Share
2005	\$ 4,834,986	20.75	\$ 100,325,960
2006	\$ 4,805,619	20.75	\$ 99,716,594
2007	\$ 4,707,603	20.75	\$ 97,682,762
2008	\$ 4,513,744	20.75	\$ 93,660,188
2009	\$ 4,327,710	20.75	\$ 89,799,983
2010*	\$ 4,289,568	21.75	\$ 93,298,104
2011	\$ 4,210,324	21.75	\$ 91,574,547
2012	\$ 4,205,959	21.75	\$ 91,479,608
2013	\$ 4,137,712	21.75	\$ 89,995,236
2014	\$ 4,236,402	21.75	\$ 92,141,744
2015**	\$ 4,428,478	19.25	\$ 85,248,202

*1 cent transferred from General Fund to DOT.

**3.5 cents transferred from DOT to Turnpike and Bridge Authority

Although declining gasoline tax revenue is a contributing factor to stagnant transportation funding, there were also other problems affecting Rhode Island. Beginning in 2011, the Assembly identified and addressed two of the major issues affecting the Department of Transportation: over reliance on debt and a limited amount of funding sources. In order to increase the amount of revenue for use by the Department,

the state moved from its traditional financing model for matching federal funds to a pay-go model by establishing motor vehicle fee surcharges that would be transferred to a highway maintenance account for use as a portion of the state's match. These funds, combined with Rhode Island Capital Plan funds, now provide the approximate \$40 million of annual match for federal funds, which was historically generated through borrowing. No new borrowing was necessary in November of 2012 for this match. All previously approved debt will be issued by FY 2015 and by FY 2016 the Department's state match will be entirely pay-go.

The 2014 Assembly made several additional changes to transportation funding in order to address concerns regarding the use of tolls, gasoline tax and Division of Motor Vehicles fees, while meeting the infrastructure needs of the state. The most recent changes to transportation funding were a culmination of efforts which began when the 2013 Assembly created the Joint Commission to Study Transportation Funding. The Commission met from September through December of 2013, and submitted its findings in January of 2014. During the 2014 session, both chambers of the Assembly proposed legislation that combined many elements discussed during the Commission meetings, including changes to funding sources and the governance of statewide transportation.

The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, to transfer new revenue sources, as well as existing general revenues, into the Highway Maintenance account for the Department of Transportation to use for costs related to maintenance and repairs to highways, roads and bridges. The following table summarizes the elements of the funding plan, with a focus on the increased resources.

Transportation Funding Plan	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Resources Changes from Previous Plans					
New Fines/Fees: <i>Inspection, Good Driving</i>	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4
Gas Tax: <i>Index to inflation every 2 years</i>	-	4.2	4.1	8.2	8.2
General Revenues: <i>Transfer of MV Fines & Fees, Net of Current GR</i>					
<i>Debt Service Plan</i>	(1.7)	0.4	14.8	23.4	25.2
DOT: Gas Tax Freed Up from Debt Service Plan: <i>Beyond DOT</i>					
<i>Structural Budget Fix</i>	2.9	9.8	20.5	28.4	29.7
Other Capital Sources: <i>Unallocated Prior GO Bonds, New RICAP</i>					
<i>Allocations</i>	23.0	13.0	4.0	4.0	4.0
Subtotal	\$ 29.6	\$ 32.7	\$ 48.9	\$ 69.4	\$ 72.5
Expenditures Changes from Previous Plans					
RI Turnpike and Bridge: <i>Dedicate 3.5 cents of gas tax</i>	\$ 14.7	\$ 14.6	\$ 14.6	\$ 14.5	\$ 14.4
RI Public Transit Authority: <i>5% All Fines and Fees deposited</i>	-	2.6	3.8	4.5	4.5
Subtotal	\$ 14.7	\$ 17.2	\$ 18.4	\$ 18.9	\$ 18.9
Net New Infrastructure Funding for DOT	\$ 14.9	\$ 15.5	\$ 30.5	\$ 50.5	\$ 53.7

In millions

New sources include an increase in the inspection fee from \$39 to \$55 and the addition of a \$25 surcharge to the good driving dismissal fee. The article also established a schedule to transfer the majority of other transportation related fees that are currently deposited as general revenues. Inspection fees and good driver dismissals were transferred beginning in FY 2015, and the remaining revenues will be transferred incrementally beginning with 25 percent in FY 2016 and 75 percent in FY 2017, and all in FY 2018.

The legislation also indexes the gasoline tax to the Consumer Price Index every other year, rounded to the nearest cent. Additional sources include the utilization of \$25 million of unallocated bond proceeds to bridge the funding gap that occurs as the fee transfers from general revenues are phased in. The proceeds are from previously authorized general obligation bonds that date back to before FY 2000, but had not been programmed by the Department. These were revealed following a FY 2014 review of bond proceeds as their use as federal matching was ending. The Department will also be allocated additional Rhode Island Capital Plan funds to stabilize the annual funding.

The Assembly also transferred 3.5 cents of gasoline tax to the Turnpike and Bridge Authority to be used in lieu of tolls that would have been used for operations and maintenance of the Sakonnet River Bridge. The Authority will also maintain ownership of the four bridges it currently operates. The legislation also transfers 5.0 percent of funding from the surcharges enacted in 2011 and motor vehicle fees to the Public Transit Authority to support its operations beginning in FY 2016. This amount was initially projected to be approximately \$2.7 million in FY 2016 and grow with increasing amounts of revenue into the fund.

The state also reduced the amount of debt service paid by the Department through the targeted use of general revenues in lieu of gasoline tax revenues, as well as the restructuring of debt in order to adjust the upcoming debt service payments to a more consistent amount. As part of the debt restructuring, \$9.3 million of general revenues was used to pay a portion of the Department's debt service in FY 2014. For each year thereafter, the amount of general revenue used for this purpose was to be increased in \$10 million increments until FY 2018.

Fiscal Year	Outstanding Debt Service	Build America		
		Bonds Reimbursement	Restructuring Savings	Debt Service
2015	\$ 54,580,237	\$ (1,870,830)	\$ (6,630,740)	\$ 46,078,667
2016	\$ 50,237,900	\$ (1,870,830)	\$ 393,114	\$ 48,760,184
2017	\$ 49,933,531	\$ (1,870,830)	\$ 254,612	\$ 48,317,313
2018	\$ 41,392,238	\$ (1,870,830)	\$ 227,605	\$ 39,749,013
2019	\$ 40,396,506	\$ (1,870,830)	\$ 183,245	\$ 38,708,921
2020	\$ 36,445,414	\$ (1,870,830)	\$ (12,936)	\$ 34,561,648
2021	\$ 43,706,060	\$ (1,870,830)	\$ (114,505)	\$ 41,720,725
2022	\$ 39,758,229	\$ (1,870,830)	\$ (136,997)	\$ 37,750,402
2023	\$ 38,969,053	\$ (1,870,830)	\$ (135,396)	\$ 36,962,827
2024	\$ 34,172,285	\$ (1,870,830)	\$ 82,795	\$ 32,384,250
2025	\$ 31,042,260	\$ (1,870,830)	\$ (332,024)	\$ 28,839,406
2026	\$ 30,881,740	\$ (1,870,830)	\$ (857,883)	\$ 28,153,027
2027	\$ 27,331,961	\$ (958,514)	\$ (1,422,286)	\$ 24,951,161
2028	\$ 25,529,306	\$ (730,480)	\$ (1,960,404)	\$ 22,838,422
2029	\$ 18,763,869	\$ (494,898)	\$ (1,860,590)	\$ 16,408,381
2030	\$ 18,515,394	\$ (251,496)	\$ (1,860,132)	\$ 16,403,766
2031	\$ 8,726,730	\$ -	\$ (1,860,270)	\$ 6,866,460
2032	\$ 8,724,622	\$ -	\$ (1,860,268)	\$ 6,864,354
2033	\$ 1,604,852	\$ -	\$ 1,450,998	\$ 3,055,850
2034	\$ 481,456	\$ -	\$ 1,090,761	\$ 1,572,217

The 2014 Assembly shifted debt service expenditures from general revenues to funds available in the Highway Maintenance account. This was part of the plan to align spending on transportation related costs with revenue raised from transportation sources. The remaining debt service from the Department's general obligation bonds are shown in the previous table.

At the end of May 2015, Governor Raimondo requested an amendment to her budget to permit the collection of tolls on large commercial trucks and authorize \$900 million of borrowing in order to provide \$700 million to partially fund the routes 6/10 connector project and her plan to ensure the number of structurally deficient bridges is reduced to less than 10 percent in the next decade. The Rhode Island Turnpike and Bridge Authority would issue the debt. The House Finance Committee considered this proposal on June 2 but did not incorporate it into the FY 2016 budget. Separate bills containing a revised proposal were introduced on June 16 and 18 in the Senate and House, respectively. The revised proposal reduced the borrowing total, incorporated a restructuring of previous debt as well as certain economic incentives for Rhode Island businesses. The House Finance Committee heard 2015-H 6321 on June 22

but took no further action. The House recessed its session on June 25. The Senate adopted a version of that legislation in 2015-S 997 Substitute A.

Fund Sources

The Department of Transportation receives funding through five major sources: federal funds, general obligation bond proceeds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds have 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. FY 2015 will be the last year in which general obligation bonds will be used for the state match. Although no new bonds have been authorized since 2010, the Department will be using \$7.0 million of unissued proceeds in FY 2015. 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 included for FY 2016.

Source	FY 2015 Enacted	FY 2016 Request	FY 2016 Recommended	FY 2016 Enacted
Federal Highway Admin. Funds	\$ 256,753,974	\$ 156,225,143	\$ 156,225,143	\$ 156,225,143
Other Federal Funds	106,999,687	105,167,068	95,512,090	95,512,090
Gasoline Tax*	68,290,950	95,201,174	101,529,160	105,176,353
General Obligation Bonds**	[7,000,000]	-	-	-
Unallocated Bond Proceeds	[17,000,000]	[8,000,000]	[8,000,000]	[8,000,000]
Land Sale Revenue	1,500,002	1,500,000	1,500,000	1,500,000
Interstate 195 Land Sales	19,800,000	9,300,000	9,300,000	9,300,000
Rhode Island Capital Plan Funds	36,323,529	38,531,000	52,300,000	52,300,000
Restricted Receipts	1,000,000	1,000,000	1,000,000	1,000,000
Motor Vehicle Fee Transfer	34,292,404	52,048,665	41,391,607	41,349,189
Other Funds	160,000	110,000	110,000	110,000
Total	\$ 525,120,546	\$ 459,083,050	\$ 458,868,000	\$ 462,472,775

*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

**Bond proceeds are not reflected as a fund source in the Department's budget, but are shown for illustrative purposes.

Federal Funds - Highway Administration. The Department receives an average of \$200.0 million annually from the Federal Highway Administration. 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 budget and operating requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This plan is prepared seven to nine months in advance of actual receipt of federal funds, which the Department notes can lead to increases or decreases in funding during the state fiscal year.

These federal funds are apportioned to states according to authorizations contained in federal law. The Moving Ahead for Progress in the 21st Century Act (MAP-21) is the most recent authorization for highway and transit programs; however, it was set to expire on September 30, 2014. Before the expiration, Congress provided a short term fix in July by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customs users' fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continues to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress extended the deadline for two additional months.

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 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 establishes priorities for planning, design, and project implementation. The Department, in conjunction with the State Planning Council, has recently completed the 2013 through 2016 program. The following table illustrates the proportion of funding allotted to each program area in the FY 2016 budget.

Program Area	FY 2016 Enacted	Share of Total
Administrative Program	\$ 4,277,549	3%
Bike/Pedestrian Program	3,912,968	3%
Bridge Program	18,009,377	14%
CMAQ Program	3,898,941	3%
Highway Program	11,013,455	8%
Interstate Program	7,157,034	5%
GARVEE Projects	19,637,264	15%
Federal Highway Earmark Projects	13,020,054	10%
Pavement Management Program	12,228,131	9%
Traffic Safety Program	13,828,813	11%
Transit	19,203,496	15%
Other Programs	4,013,461	3%
Total	\$ 130,200,542	100%

Other Federal Funds. This source is comprised of 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 commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. The Department's revised request includes \$105.2 million from these funds. *The Governor recommended \$95.5 million to reflect updated awards and expenditures from these grants.* **The Assembly concurred.**

General Obligation Bond Proceeds. The state has utilized General Obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General Obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. As noted previously, an initiative by the 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not include general obligation bonds for the Department.* **The Assembly concurred.**

Unallocated Bond Proceeds. During previous debt authorizations, the actual state match from general obligation bond authorizations fluctuated based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as “working capital” during the year to make payments to vendors.

In his FY 2015 recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to enhance available resources, including \$17.0 million in FY 2015 and \$8.0 million in FY 2016. It should be noted that, as with all general obligation bond proceeds, these sources are not shown in the Department’s operating budget. *The Governor recommended funding as requested. 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 for purchases related to the Department’s materials testing facility on Jefferson Boulevard, which is currently being built out. The Department requested \$1.5 million from this source in its FY 2016 request, which is based on projected land sales and anticipated purchases. *The Governor recommended funding as requested. The Assembly concurred.*

Interstate 195 Land Sales. The Department requested \$9.3 million in its FY 2016 request to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance approximately \$40 million 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 Commerce Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace.

The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. The Department requests \$9.3 million, \$8.6 million less than its revised request to reflect projected expenses during FY 2016. *The Governor recommended funding as requested. The Assembly concurred.*

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department’s capital budget request, and appear as other funds in the Department’s operating budget. Funds are used for projects such as the building of 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 Department requested \$38.5 million from this source in its FY 2016 request. This is \$1.7 million more than enacted, including \$2.8 million more for heavy equipment purchases, with the remainder of the increases included to reflect revisions to the Department’s capital plan.

The Governor recommended \$52.3 million, \$16.0 million more than enacted, which reflects the addition of \$20.0 million to offset the reduction of \$13.2 million of general revenue that was to be transferred to the Highway Maintenance Account, as well as reductions to departmental infrastructure projects. The Assembly rejected the Governor’s proposal to delay the transfer of transportation related fees and substituted \$13.0 million from Rhode Island Capital Plan funds for the transferred fees.

Restricted Receipts. This source is comprised of funds the Department receives when it performs work for municipalities, and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.0 million to the Department, and is based on projected municipal work. *The Governor recommended funding as requested. The Assembly concurred.*

Motor Vehicle Fee Transfers. The enacted budget includes a total of \$11.4 million of revenue derived from transportation related fees and surcharges collected by the Division of Motor Vehicles. This includes two separate initiatives established by the 2013 and 2014 Assemblies. The surcharges are being phased in from FY 2014 through FY 2016. As the surcharges are increased, more funding is transferred to the Department. The Department's FY 2016 request includes \$52.0 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This is \$17.7 million more than enacted to reflect the next increments of surcharge and fee transfers.

Fiscal year 2014 was the first year of the phased in vehicle surcharge fees, including a \$10.00 surcharge on biennial vehicle registrations, a \$5.00 surcharge on annual vehicle registrations and a \$10.00 surcharge on operator licenses purchased on a five year basis. The biennial registration surcharge will increase in \$10.00 increments to a total of \$30.00, the annual registration surcharge will increase in \$5.00 increments to a total of \$15.00, and the license surcharge will increase in \$10.00 increments to a total of \$30.00 beginning in FY 2014 and ending in FY 2016.

The following table summarizes the incremental fee increases:

Fiscal Year	Biennial Registration Fee	Annual Registration Fee	License Fee
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

These fees will be transferred to the Department for use as a portion of the state match for federal funds. These fees account for \$16.8 million in FY 2016. The table below shows the estimated revenue derived from the surcharge through FY 2016. Of the total \$17.7 million above the enacted budget, these increases account for \$5.4 million.

Fiscal Year	Biennial Registrations	Annual Registrations	Licenses	Total
2014	\$ 4,015,655	\$ 591,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,384,812	\$ 1,530,362	\$ 2,437,586	\$ 11,354,775
2016	\$ 10,945,319	\$ 2,268,210	\$ 3,612,842	\$ 16,828,387

The requested level of \$16.8 million reflects the last phase for these increases, and represents the approximate level of funding for future years. *The Governor recommended funding as requested. The Assembly concurred.*

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles will be 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 to highways, roads and bridges.

The new sources of funding include 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 establishes 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. These fees were initially estimated at \$50 million per year and are deposited as general revenues. The inspection fee, the good driver dismissal surcharge and car rental surcharges are transferred as of FY 2015, and the remaining revenues will be transferred incrementally beginning with 25 percent in FY 2016 and 75

percent in FY 2017, with all of the funds being transferred in FY 2018.

The new funds were established in the Highway Maintenance account, which is within the Intermodal Surface Transportation Fund, and account for \$37.1 million in FY 2016. This is \$14.2 million more than enacted to reflect the transfer of 25 percent of license and registration fees collected by the Division of Motor Vehicles and passed along to the Department.

Source	FY 2015	FY 2015	FY 2016	FY 2016
	Revised	Final	Recommended	Enacted
Inspection Sticker Increase	\$ 11,409,600	\$ 9,709,600	\$ 11,839,072	\$ 11,839,072
Title Fees	9,038,844	9,253,599	9,034,844	9,034,844
Rental Car Surcharge	2,836,911	2,876,583	3,015,352	2,939,601
Good Driving Surcharge	400,000	400,000	400,000	400,000
Total	\$ 23,685,355	\$ 22,239,782	\$ 24,289,268	\$ 24,213,517

Consistent with current law, the Department requested \$37.8 million from these sources.

The Governor included Article 21 of 2015-H 5900 to delay the transfer of transportation related fees collected by the Division of Motor Vehicles to the Department of Transportation. Current law provides that 25 percent of these fees, or \$13.2 million, are transferred in FY 2016, with 75 percent in FY 2017, and all fees transferred in FY 2018. The FY 2016 transfer would be eliminated, with the remaining transfers unchanged. The Governor proposed additional Rhode Island Capital Plan funding to offset the impact.

*The Governor subsequently requested an amendment to decrease expenditures by \$0.1 million based on revised estimates of revenues collected from rental car surcharge fees. **The Assembly concurred with the requested amendment but rejected the Governor’s proposal to delay the transfer of transportation related fees; it replaced the \$13.0 million from Rhode Island Capital Plan funds with the transferred transportation related fees.***

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 the Department’s maintenance facilities. The Department’s request includes \$110,000 from these sources. *The Governor recommended funding as requested. **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 is the first year the gasoline tax is related to changes in the Consumer Price Index, commonly referred to as inflation. This is projected to increase the gasoline tax by one cent, for a total of 34 cents. The Department’s request reflects this change by including the equivalent of one additional cent, which is projected to be \$4.2 million in FY 2016. The distribution of the gasoline tax is illustrated in the following table. *The recommendation maintains the current distribution of gasoline tax proceeds. **The Assembly concurred.***

Entity	FY 2014	FY 2015	FY 2015	FY 2016
	Final	Enacted	Final	Enacted
Department of Transportation	21.75	18.25	18.25	19.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	-	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
Total (in cents)	33.0	33.0	33.0	34.0

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline proceeds are deposited into the Intermodal Surface

Transportation Fund from which statutory transfers are made to the Department of Transportation, the Rhode Island Public Transit Authority (RIPTA) and 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 2016 enacted budget.

Non Federal Sources	FY 2014 Reported	FY 2015 Enacted	FY 2016 Request	FY 2016 Recommended	FY 2016 Enacted
<i>Gas Tax Yield per Cent</i>	4.236	4.195	4.185	4.275	4.428
<i>RIDOT Cents</i>	21.75	18.25	19.25	19.25	19.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	-	3.50	3.50	3.50	3.50
Transportation Revenues					
Balance Forward	\$ 382,715	\$ 1,034,900	\$ -	\$ -	\$ 111,954
Gas Tax	135,720,032	132,127,065	136,001,678	138,934,640	143,925,535
Motor Vehicle Fee Transfer	6,527,757	34,292,404	53,902,470	41,391,607	54,349,189
Surplus Property & Outdoor Advertising	-	160,000	110,000	110,000	110,000
Restricted Receipts	692,095	1,000,000	1,000,000	1,000,000	1,000,000
Interstate 195 Land Sales	-	19,800,000	9,300,000	9,300,000	9,300,000
Land Sales	333,119	1,500,002	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	11,465,301	36,323,529	38,531,000	52,300,000	39,300,000
Total Revenues	\$ 155,121,019	\$ 226,237,900	\$ 240,345,148	\$ 244,536,247	\$ 249,596,678
Transportation Expenses					
General Maintenance	\$ 21,335,110	\$ 18,617,726	\$ 25,166,963	\$ 23,814,080	\$ 23,814,080
Winter Maintenance	16,689,191	13,215,263	17,373,253	17,071,324	17,071,324
Vehicle Maintenance	5,130,586	3,795,817	6,329,149	6,254,149	6,254,149
Other Operations	10,927,040	17,975,211	20,414,276	34,024,223	36,630,818
GARVEE Bond Debt Service	8,472,804	8,389,020	8,369,334	8,549,824	8,856,956
G.O. Debt Service*	30,486,574	46,078,667	48,483,265	46,011,342	46,011,342
State Match - Gas Tax	3,315,957	1,376,507	2,778,696	2,616,814	2,616,814
State Match - RICAP	7,736,360	27,650,000	28,200,000	27,650,000	27,650,000
Internal Service Funds Transparency*	2,657,800	2,428,900	2,847,250	2,608,494	2,608,494
Restricted Receipts	692,095	1,000,000	1,000,000	1,000,000	1,000,000
Interstate 195 Land Sales	-	19,800,000	9,300,000	9,300,000	9,300,000
Land Sales	333,119	1,500,002	1,500,000	1,500,000	1,500,000
Surplus Property & Outdoor Advertising	-	160,000	110,000	110,000	110,000
Equipment Replacement	2,000,000	2,500,000	5,331,000	2,000,000	2,000,000
Facilities	-	6,173,529	5,000,000	2,650,000	2,650,000
RIPTA - Gas Tax	41,304,920	40,896,473	40,800,503	41,680,392	43,177,661
RIPTA - Highway Account - 5%	-	-	2,695,124	2,069,580	2,069,581
Turnpike and Bridge Authority	-	14,680,785	14,646,335	14,962,192	15,499,673
Total Expenditures	\$ 151,081,556	\$ 226,237,900	\$ 240,345,148	\$ 243,872,414	\$ 248,820,892
Surplus/Deficit	\$ 4,039,463	\$ -	\$ -	\$ 663,833	\$ 775,786

*Shown in the Department of Administration's budget.

The FY 2015 enacted budget was based on a per penny yield of \$4.2 million; however, for FY 2016 the estimate was reduced by approximately \$10,000 per penny. The Department utilized this estimate in its request, as well as a total receipt of 19.25 cents from gasoline tax proceeds. The estimate is consistent with the raise in the tax related to a projected increase in the Consumer Price Index, consistent with projections provided by the state's Department of Revenue.

*The Governor's recommendation utilized a gas tax yield estimate of \$4.3 million, \$0.1 million more than enacted based on a revised estimate from the Office of Revenue Analysis. The increase provides an additional \$1.8 million to the Department for its operations. **The enacted budget is based on a per penny yield of \$4.3 million, which provides an additional \$3.0 million for Department operations.***

Rhode Island Public Transit Authority Gasoline Tax. Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 33 cent gasoline 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 FY 2015 enacted budget was based on a per penny yield of \$4.2 million; however, for FY 2016 the estimate was reduced by approximately \$10,000 per penny. The Department utilized that same estimate for its transfer to the Authority in its FY 2016 request. Net of debt service for its share of general obligation bond proceeds, the Authority is estimated to receive \$40.8 million for FY 2016.

It should be noted that FY 2016 is the first year that the Authority will receive its share of funding from the Highway Maintenance Account. The share is based on 5.0 percent of all fines and fees collected into the account. This is projected to add \$2.7 million to the Authority to be used for operating expenditures.

The recommendation utilized a gas tax yield estimate of \$4.3 million, \$0.1 million more than enacted based on a revised estimate from the Office of Revenue Analysis. The increase provides an additional \$0.8 million to the Authority for its operations. This is offset by a decrease of \$0.6 million due to the impact of Article 21, for a net addition to the Authority of \$0.2 million. The Authority's budget includes the use of general revenues for debt service, and includes a projected deficit of \$5.0 million for FY 2016. The result of the changes described above would result in a deficit projection of \$4.8 million for FY 2016.

*The Governor subsequently requested an amendment to transfer an additional \$1.5 million to the Authority based on an upward revision to the gasoline tax yield estimate. **The Assembly concurred. The Assembly also provided \$2.0 million from general revenues in the Department of Administration's budget for operating support for FY 2016.***

Expenditures

Federal Highway Administration Projects. The Department's request includes \$130.2 million from federal funds matched by \$16.8 million from motor vehicle surcharges and \$28.2 million from Rhode Island Capital Plan funds for highway projects in FY 2016. This is \$85.9 million less than enacted to reflect planned receipts and a revised construction schedule. The Department noted it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department noted that this practice can lead to adjustments both during and prior to the state's fiscal year. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures.

Program Area	FY 2016 Enacted	Share of Total
Administrative Program	\$ 4,277,549	3%
Bike/Pedestrian Program	3,912,968	3%
Bridge Program	18,009,377	14%
CMAQ Program	3,898,941	3%
Highway Program	11,013,455	8%
Interstate Program	7,157,034	5%
GARVEE Projects	19,637,264	15%
Federal Highway Earmark Projects	13,020,054	10%
Pavement Management Program	12,228,131	9%
Traffic Safety Program	13,828,813	11%
Transit	19,203,496	15%
Other Programs	4,013,461	3%
Total	\$ 130,200,542	100%

For FY 2016, expenditures include \$19.6 million for the five GARVEE funded projects, \$18.0 million for repairs and maintenance on bridges, \$3.9 million for congestion mitigation and road enhancements, \$11.0 million for highways, \$7.2 million for interstate projects, \$12.2 million for pavement and resurfacing and \$13.8 million for traffic safety improvement projects.

The Governor recommended \$83.3 million less than enacted, \$2.6 million more than requested to reflect a correction to the state match portion of the program. There are no changes to expenditures for the federal highway projects. The Assembly concurred.

GARVEE Bonds Debt Service. The Department requested \$52.6 million from federal funds, \$4.3 million more than enacted for debt service on the state's Grant Anticipation Revenue Vehicle Bonds, which are referred to as GARVEE bonds. These bonds are part of a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. The debt service amount for these bonds has remained relatively flat since their issuance; however, the Department is requesting an increase in the debt service to reflect the actual amount to be paid in FY 2016. *The Governor recommended funding as requested. The Assembly concurred.*

Salaries and Benefits. The Department requested \$75.3 million, \$2.2 million more from all funds for salaries and benefits. This includes increases of \$2.3 million from federal funds and \$1.8 million from other funds, offset by a decrease of \$1.9 million from restricted receipts. The request includes \$3.6 million of funding for cost-of-living adjustments. The Department's request includes these costs and increased turnover savings. The request assumes turnover for about 34 positions; however, as of the final pay period in January, the Department had 92.6 vacant positions, which is the highest level of vacancies maintained by the Department through the first half of FY 2015. It appears the Department may have more turnover savings than identified in the request. *The Governor recommended \$0.5 million less than requested for overtime expenses. The Assembly concurred.*

National Highway Transportation Safety Administration Grants. The Department's request includes \$7.5 million, \$0.8 million less than enacted from the National Highway Transportation Safety Administration for FY 2016. The request reflects updated federal awards and expenditures. Major changes include decreases of \$0.7 million for highway safety, \$0.5 million for impaired driving prevention programs, \$0.2 million for racial profiling prevention and \$0.2 million for primary seatbelt law enforcement, offset by an increase of \$1.0 million for distracted driving countermeasures. *The Governor recommended funding as requested. The Assembly concurred.*

Commuter Rail. The Department requested \$23.8 million or \$3.8 million more than enacted from federal transit funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service operates between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department noted the request also reflects new projects at Kingston and Providence, as well as plans for future stops at Cranston and East Greenwich. The request for the Commuter Rail project reflects an updated construction schedule and is consistent with the Department's requested capital plan. *The Governor recommended funding as requested. The Assembly concurred. This project is explained in greater detail in the Capital Budget section of this publication.*

Equipment. The Department requested \$1.4 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$0.1 million more than enacted to reflect anticipated land sale revenue during FY 2016. Funding would be used for purchases related to the Department's materials testing facility on Jefferson Boulevard, which is currently being built out. It should be noted that these land sale revenues are separate and distinct from land sales associated with the

relocation of Interstate 195. *The Governor recommended funding as requested.* **The Assembly concurred.**

Interstate 195 Relocation. The Department requested \$9.3 million in its FY 2016 request to reflect updated payments for the relocation of Interstate 195. The Department sold the land made available from the relocation to finance approximately \$40.0 million 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 Commerce Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace. *The Governor recommended funding as requested.* **The Assembly concurred.**

Public Transit Authority Operations. The Department requested \$2.7 million from other funds to reflect a transfer from the Highway Maintenance account to the Rhode Island Public Transit Authority to support its operations. FY 2016 is the first year of the scheduled transfer, which is comprised of 5 percent of all motor vehicle related funds collected into the account and then distributed by the Department. This transfer is part of the transportation funding reform passed by the 2014 Assembly and will be used by the Authority to support its operations. *The Governor recommended \$2.1 million, \$0.6 million less than current law due to the exclusion of \$13.2 million from the fund, pursuant to Article 21. The Governor included \$1.7 million in the Department of Administration's budget to fund debt service.* **The Assembly concurred. It also provided \$2.0 million from general revenues in the Department of Administration's budget for operating support for FY 2016.**

Rhode Island Capital Plan Fund Projects. The Department requested \$10.3 million, \$1.9 million more than enacted from Rhode Island Capital Plan funds for six ongoing projects at the Department. The largest change from the enacted budget included in the request is an additional \$2.8 million for maintenance equipment purchases, for which the enacted budget includes \$2.5 million. This reflects the Department's desire to expedite the replacement of its heavy vehicle fleet. Requested funding is consistent with the Department's capital request. *The Governor recommended \$4.7 million, \$5.7 million less than requested to reflect the delay of funding for departmental infrastructure projects.* **The Assembly concurred. These changes are explained in greater detail in the Capital Budget section of this publication.**

Highway Drainage. The state has approximately 25,000 catch basins; however, the Department is only able to maintain approximately 1,000 each year. The enacted budget includes \$0.5 million for catch basin cleaning, inspection, and repair, and the Department has requested an additional \$1.0 million in its capital request for FY 2016.

The Governor recommended \$3.7 million for catch basin inspection and cleaning. Pursuant to the state's sewer systems permit, the Department must inspect and clean the state's 25,000 catch basins annually; however, the Department of Justice has cited the state for being out of compliance with the permit. Funding would be derived from a dedicated portion of the Highway Maintenance Account. Although the funding is identified in the recommendation, the ongoing dedication of these funds is not specified. **The Assembly concurred.**

Maintenance Operations. The Department requested \$17.6 million from other funds for maintenance operations, excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request is \$10.7 million more than enacted primarily to reflect increased resources made available from additional funding provided to the Department by the 2014 Assembly as part of transportation funding reform. The funding is intended to expand all operations of the Department, including resurfacing, bridge work and road repairs; however, the Department's request does not allocate expenditures to specific activities, nor does it include a list of

additional work that will be performed with the additional funding. *The Governor recommended \$6.6 million more than enacted, \$4.1 million less than requested primarily to reflect the dedication of \$3.7 million of funding available specifically for highway drainage maintenance.* **The Assembly concurred.**

Vehicle Maintenance. The Department requested \$6.4 million, \$1.1 million less than enacted from other funds for vehicle maintenance throughout the Department. The Department noted that vehicle maintenance costs have decreased with recent new vehicle purchases, which has impacted all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. *The Governor recommended \$2.4 million more than enacted for maintenance on its non-heavy equipment fleet. The increase aligns expenditures more closely with historical spending levels, despite the increase in new vehicles. It appears the recommendation reflects maintenance that will be due as a result of the severe winter of 2015.* **The Assembly concurred.**

Winter Maintenance Operations. The Department requested \$15.6 million for operating expenses related to the winter maintenance program for FY 2016. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2010 through FY 2014 is \$13.0 million, and the current request is \$2.5 million above that. The current request is \$2.4 million more than enacted to reflect anticipated increases in material costs and vendor contracts during the winter of FY 2016. *The Governor recommended \$0.1 million less than requested to reflect projected winter maintenance expenditures for FY 2016.* **The Assembly concurred.**

Turnpike and Bridge Authority Transfer. Consistent with the enacted budget, the Department's request includes \$14.6 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 bridges. 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. These sources are discussed in greater detail in the *Fund Sources* section of this analysis. *The Governor recommended \$0.3 million more than enacted and requested to reflect an upward revision in the gasoline tax yield.*

The Governor subsequently requested an amendment to increase the transfer to the Authority by \$0.5 million to reflect an upward revision of the gasoline tax yield estimate. **The Assembly concurred.**

All Other Expenses. The Department requested \$10.3 million, \$2.3 million more than enacted from all sources for all other operating costs. Funding includes \$8.4 million for debt service on motor fuel tax revenue bonds along with other expenditures for computer and office supplies. The requested changes reflect minor adjustments to operating expenditures, changes from federal grants for small scale capital improvements and disbursements of pass-through gasoline tax funding to the Rhode Island Public Transit Authority. *The Governor recommended \$0.8 million more than requested, primarily to reflect an increased transfer to the Rhode Island Public Transit Authority to reflect an upward revision in the gasoline tax yield.*

The Governor subsequently requested an amendment increasing gasoline tax expenditures by \$4.5 million based on an upward revision of the gasoline tax yield estimate. This includes \$1.5 million for the Rhode Island Public Transit Authority and \$3.0 million for operations of the Department. **The Assembly concurred.**